

By Mr. REED: Papers to accompany House bill 10809, granting a pension to Isaac Lunham; to the Committee on Pensions.

By Mr. ROSE: Memorial of the Chamber of Commerce of Johnstown, Cambria County, Pa., recommending that the existing revenue law be so amended as to authorize the payment of the total excess-profits taxes in four installments, on the 15th of June, August, October, and December of the year 1918, and each year thereafter; to the Committee on Ways and Means.

Also, memorial of the Chamber of Commerce of Roaring Spring, Blair County, Pa., recommending that the existing revenue law be so amended as to authorize the payment of the total excess-profits taxes in four installments, on the 15th of June, August, October, and December of the year 1918, and each year thereafter; to the Committee on Ways and Means.

By Mr. TEMPLE: Petition of the United Presbyterian Congregation of New Bedford, Pa., to prohibit the manufacture and sale of all intoxicating liquors to conserve food, fuel, shipping space, and men needed in useful employments; to the Committee on the Judiciary.

Also, evidence in support of House bill 10056, increasing the pension of Henry F. Sager; to the Committee on Invalid Pensions.

By Mr. STINESS: Petition of Providence Medical Association, favoring the passage of legislation creating advanced rank for officers of the Medical Corps of the Army; to the Committee on Military Affairs.

Also, petition of Shawmut Lodge, No. 1297, Loyal Order of Moose, favoring passage of the act to incorporate the Supreme Lodge of the World, Loyal Order of Moose; to the Committee on Interstate and Foreign Commerce.

Also, petition of L. D. Burlingame, of Providence, R. I., protesting against the withdrawal of House bill 2878 from the Committee on Coinage, Weights, and Measures; to the Committee on Coinage, Weights, and Measures.

Also, petition of A. J. Loepsinger, of Providence, R. I., protesting against withdrawal of House bill 2878 from the Committee on Coinage, Weights, and Measures; to the Committee on Coinage, Weights, and Measures.

By Mr. YOUNG of North Dakota: Resolutions adopted by the American Society of Equity, favoring Government control of railroads as a war measure; to the Committee on Interstate and Foreign Commerce.

Also, resolution of the American Society of Equity, urging modifications in grain-grading act; to the Committee on Agriculture.

Also, resolution adopted by Farm Managers' Association of Fargo, N. Dak., asking that if deferred classification can not be obtained that the call be postponed until after the crop is planted, owing to necessity of retaining skilled farm labor; to the Committee on Military Affairs.

SENATE.

TUESDAY, March 19, 1918.

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

Almighty God, we have come to the tragic time when patriotism means death, when the challenge of our devotion to our country puts in the balance the lives of many men, if not our own death the death of our boys whom we love better than our own lives. O God, grant us wisdom and grace as we make every preparation for the test that has been brought to us, that with clear judgment, with conscience void of offense, and with a consecration to the great purpose to which we are committed, we may be led on of God to the complete victory for the ideals for which we stand in the world. For Christ's sake. Amen.

The Journal of yesterday's proceedings was read and approved.

PETITIONS AND MEMORIALS.

Mr. MYERS. I present a joint memorial of the Legislature of Montana for the submission of a constitutional amendment to give women the right of suffrage, which I ask may be printed in the RECORD.

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

House joint memorial No. 2.

Memorial to the Senate in Congress of the United States to pass an amendment to the Federal Constitution and submit the same to the several States for ratification, extending and giving throughout the United States the right of suffrage to women.

To the honorable Senate in Congress of the United States of America:

Your memorialists, the members of the Fifteenth Legislative Assembly of the State of Montana, the senate and house concurring, respectfully represent:

Whereas the State of Montana has granted the franchise for the ballot to the women of this State and accorded to them equal political rights; and

Whereas the woman's suffrage in this State has been conducive to good government, has purified our politics, made better homes, and the ennobling influence of Montana's womanhood, exerted at the polls, has been for the best interests of this young and prosperous Commonwealth; and

Whereas there is now pending in the Senate in Congress of the United States a measure known as the "Susan B. Anthony amendment to the Constitution of the United States," the purpose of which measure is to propose an amendment to the Constitution of the United States extending and giving throughout the United States the right of suffrage to women, and which measure has been passed by the House of Representatives, and is now pending in the Senate: Now, therefore, be it

Resolved by the house of representatives (the senate concurring), That we, the members of the Fifteenth Legislative Assembly of the State of Montana, in extraordinary session assembled, do hereby petition and earnestly pray the Senate of the United States that such measure so proposing an amendment to the Constitution of the United States extending and giving throughout the United States the right of suffrage to women, be passed and submitted to the several States for ratification; and

Resolved further, That a copy of this memorial be forwarded by the secretary of the State of Montana to the Senate of the United States; and that copies hereof be transmitted to the Senators in Congress of the United States from the State of Montana.

JAMES F. O'CONNOR,
Speaker of the House.
W. W. McDOWELL,
President of the Senate.

Approved February 23, 1918.

S. V. STEWART,
Governor.
C. T. STEWART,
Secretary of State.

Filed February 23, 1918, at 2:30 o'clock p. m.

UNITED STATES OF AMERICA,
State of Montana, ss:

I. C. T. Stewart, secretary of state of the State of Montana, do hereby certify that the foregoing is a true and correct copy of house joint memorial No. 2, petitioning the Senate in Congress of the United States to pass an amendment to the Federal Constitution and submit the same to the several States for ratification, extending and giving throughout the United States the right of suffrage to women, enacted by the extraordinary session of the Fifteenth Legislative Assembly of the State of Montana, and approved by S. V. Stewart, governor of said State, this 23d day of February, 1918.

In testimony whereof, I have hereunto set my hand and affixed the great seal of said State. Done at the city of Helena, the capital of said State, this 12th day of March, A. D. 1918.

[SEAL]
C. T. STEWART,
Secretary of State.

Mr. MYERS presented a petition of the live-stock division of the National Food Administration for Montana, of Missoula, Mont., praying for the opening of certain withdrawn areas for the purpose of grazing, which was referred to the Committee on Public Lands.

He also presented a petition of the live-stock division of the Food Administration for Montana, praying for the enactment of legislation giving homesteaders credit for certain work performed on the homestead, which was referred to the Committee on Public Lands.

He also presented a petition of the live-stock division of the Food Administration for Montana, praying for the suspension of the operation of the 640-acre homestead act during the war and for one year thereafter, which was referred to the Committee on Public Lands.

Mr. KNOX presented a petition of sundry citizens of Altoona, Pa., praying for the adoption of an amendment to the Constitution to prohibit polygamy, which was referred to the Committee on the Judiciary.

He also presented petitions of sundry citizens of Philadelphia, of Local Branch No. 47, Glass Bottle Blowers' Association, of Sheffield, and of the National Woman's Party of Chambersburg, all in the State of Pennsylvania, 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 Typographical Union No. 77, of Erie, Pa., praying for an increase of pensions to veterans of the Civil War, which was referred to the Committee on Pensions.

He also presented a petition of the Newspaper Publishers' Association, of Pittsburgh, Pa., praying for the recoinage of the 2-cent piece, which was referred to the Committee on Banking and Currency.

Mr. THOMPSON. I have here resolutions passed by the Kansas State Live Stock Association at the annual convention in Wichita February 28, which I ask may be printed in the RECORD without reading. They are very short.

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

Whereas the President of the United States has declared that our present and immediate task is to win the war; and
Whereas he has set forth that the chief aim of the war is to secure a permanent peace guaranteed by a partnership of free nations: Therefore be it

Resolved, That the Kansas State Live Stock Association pledge its loyal support to the Government of the United States in the prosecution of the war; and further be it

Resolved, That the members of the Kansas State Live Stock Association, individually and as a body, in every available manner make known the high purpose and object of the war, to the end that at its conclusion a league of nations to safeguard an enduring peace may be established; and be it further

Resolved, That copies of this resolution be sent to the President of the United States, the Senators representing the State of Kansas at Washington, and to the Hon. William H. Taft, president of the League to Enforce Peace, 70 Fifth Avenue, New York City.

Mr. GRONNA. I have a brief telegram from citizens of my State, which I ask to have printed in the RECORD, and also a letter in regard to Federal prohibition and conservation of food, which I ask to have printed in the RECORD.

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

HATTON, N. DAK., March 16, 1918.

Senator ASLE GRONNA,
Washington, D. C.:

Three hundred citizens of Hatton and vicinity, North Dakota, respectfully request Congress prohibiting during war and reconstruction period the manufacture, sale, and transportation of all intoxicating liquors and nonessential beverages consuming large quantities of cereals, foodstuffs, man power, and transportation facilities now needed for winning of war.

T. T. JORNHOM.
T. E. TUFT.
E. G. KERR.

NORTH DAKOTA WOMAN'S CHRISTIAN TEMPERANCE UNION,
Fargo, N. Dak., February 15, 1918.

Hon. ASLE J. GRONNA,
Washington, D. C.

DEAR SENATOR: The executive committee of the Woman's Christian Temperance Union of North Dakota, in session at Fargo, February 13, 1918, by a unanimous vote extend to you the thanks of the 3,000 women whom they represent for your work and vote for the Federal prohibition amendment.

We also most respectfully urge and petition you to use your influence and vote for the enactment of a law prohibiting the manufacture and sale of any intoxicating beverages during the war and the period of demobilization. We also urge that Congress request England and France to forbid their people to sell or give any intoxicating liquors to our soldiers.

Yours, sincerely,

ELIZABETH PRESTON ANDERSON,
President.
BARBARA H. WYLIE,
Corresponding Secretary.

REPORTS FROM COMMITTEE ON MILITARY AFFAIRS.

Mr. WADSWORTH, from the Committee on Military Affairs, to which was referred the bill (S. 3874) providing medals for certain persons, reported it with amendments and submitted a report (No. 317) thereon.

Mr. HITCHCOCK. From the Committee on Military Affairs I report back favorably, without amendment, the bill (H. R. 9571) to authorize the appointment of officers of the Philippine Scouts as officers in the militia or other locally created armed forces of the Philippine Islands drafted into the service of the United States, and for other purposes, and I submit a report (No. 319) thereon. I ask that the bill take the place on the calendar of the Senate bill 3780, of a similar title, and that the Senate bill be postponed indefinitely.

The VICE PRESIDENT. Without objection, that action will be taken.

Mr. HITCHCOCK. From the Committee on Military Affairs I report back favorably, without amendment, the bill (H. R. 9003) to provide for restoration to their former grades of enlisted men discharged to accept commissions, and for other purposes, and I submit a report (No. 320) thereon. I ask that the bill just reported by me take the place of Senate bill 3800, of a similar title, now on the calendar, and that the Senate bill be postponed indefinitely.

The VICE PRESIDENT. Without objection, that action will be taken.

NATIONAL DEFENSE.

Mr. FLETCHER. Some weeks ago I introduced the bill (S. 4013) to amend certain sections of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, and for other purposes, which was referred to the Committee on Military Affairs. The committee has had that bill under consideration, and the action taken was to report an original bill, which I now do. The precedent, I believe, in similar instances where a bill was reported by the Senator from Oregon [Mr. CHAMBERLAIN] from the Committee on Military Affairs was that the bill was twice read and placed on the calendar. I therefore report this bill and ask that it take that course.

The bill (S. 4138) to amend certain sections of the act entitled "An act for making further and more effectual provision for the national defense, and for other purposes," approved June 3, 1916, and for other purposes, was read twice by its title.

The VICE PRESIDENT. The bill will be placed on the calendar.

STATUE OF JAMES BUCHANAN.

Mr. KNOX. From the Committee on the Library I report back favorably, without amendment, the joint resolution (H. J. Res. 70) authorizing the erection on the public grounds in the city of Washington, D. C., of a statue of James Buchanan, a former President of the United States, and I submit a report (No. 318) thereon. I ask unanimous consent for the present consideration of the joint resolution.

The VICE PRESIDENT. Is there any objection?

Mr. SMOOT. What was the request of the Senator?

Mr. KNOX. I ask unanimous consent for the present consideration of the joint resolution.

Mr. SMOOT. I object, Mr. President.

The VICE PRESIDENT. The joint resolution will be placed on the calendar.

DEVICES FOR PROTECTION OF TELEGRAPH AND TELEPHONE WIRES.

Mr. OWEN. On March 13 I introduced Senate resolution 214, calling for certain information, and I ask that leave be granted to dispose of it. It is a very short resolution. I will ask the Secretary to read it, if there be no objection.

The VICE PRESIDENT. It will be read.

The Secretary read Senate resolution 214 submitted by Mr. OWEN on the 13th instant, as follows:

Resolved, That the Secretary of War is hereby requested to immediately advise the Senate as to the available devices known to the War Department to prevent spies from tapping telegraph or telephone wires over which messages are sent by the War Department and to what extent such devices are employed.

The VICE PRESIDENT. The question is on agreeing to the resolution.

The resolution was agreed to.

CASUALTY LISTS OF AMERICAN EXPEDITIONARY FORCES.

Mr. NEW. On March 9 I submitted a resolution, Senate resolution 211, and on March 11, at my request, it was referred to the Committee on Military Affairs, and it has been favorably reported from the committee. I should like to ask unanimous consent for its present consideration.

The VICE PRESIDENT. The resolution is not on the calendar. It is in the committee.

Mr. NEW. I will ask unanimous consent to present it at this time with a favorable report from the committee. I was under the impression that it had been reported. It has had favorable action by the Committee on Military Affairs.

Mr. SMOOT. Let it be read.

The VICE PRESIDENT. The Senator from Indiana assumes the responsibility of reporting the resolution?

Mr. NEW. I do.

The VICE PRESIDENT. The Senator from Indiana, from the Committee on Military Affairs, reports the resolution which will be read.

The Secretary read Senate resolution 211 submitted by Mr. NEW on the 9th instant, as follows:

Whereas it has been stated in the public press of this date that the War Department in publishing the casualty lists of the American Expeditionary Forces now abroad will hereafter give names of soldiers only, withholding announcement of their residence and next of kin: Therefore be it

Resolved, That the War Department be requested to inform the Senate if such an order has been issued, together with the reasons for it, if not inconsistent with the interest of the service.

The VICE PRESIDENT. The Senator from Indiana asks unanimous consent for the present consideration of the resolution.

Mr. FLETCHER. May I inquire if the resolution was referred to the Committee on Military Affairs?

Mr. NEW. It was.

Mr. FLETCHER. And is now reported by the committee?

Mr. NEW. Yes, sir.

Mr. MYERS. Is there a request for immediate consideration?

The VICE PRESIDENT. There is.

Mr. MYERS. I object, and I will state to the Senator from Indiana why, with all due respect to him. My reason for objecting is that I am opposed to the resolution, and I shall oppose it whenever it comes up for action.

Mr. TOWNSEND. I trust the Senator will not object to the information being given to the Senate. That is all it asks for, and it is a serious matter with every Senator. Correspondence is constantly coming to us and we have no way of answering it. Would there be any possible reason why the department should not give us this information?

Mr. MYERS. I am opposed to the resolution. The information has already been given. A statement has already been given out by the War Department to the public press of this

city, which we can read as well as others, that it is done at the request of Gen. Pershing; and for me that is sufficient. When our commander in chief on foreign soil says he wants this done I think that is enough; and it would seem to me that it was time that the War Department was doing something or other that is not subject to criticism by this body and by the Senate Committee on Military Affairs.

Mr. TOWNSEND. Does the Senator know that Gen. Pershing wants this information suppressed? That is one of the things the Senate would like to understand.

Mr. MYERS. It was given out by the War Department in an authorized statement to the press of the city, and if the Senate Committee on Military Affairs wants any further information I think the proper source would be for the committee to ask the Secretary of War or some representative of the War Department to come before the committee and give the reasons for it.

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

Mr. MYERS. For the reasons I have stated, I will object.

The VICE PRESIDENT. Then it goes to the calendar.

COAL OUTPUT IN COLORADO.

Mr. THOMAS. Mr. President, I have the honor to submit the last information from the seat of fuel activities in Colorado. It is conveyed by telegram, from which I quote:

Herewith report on tonnage loss by mines, being down to Saturday: Fifty-five mines, total 21,200 tons; men at mines out of employment that day, 4,335. Normal output of all mines in State per day is about 40,000, or 1,000,000 tons a month. Saturday's loss, therefore, shows loss of over 50 per cent.

Mr. SMITH of Michigan. Over what period?

Mr. THOMAS. Fifty-one per cent of last year's output. Twenty-one thousand two hundred tons a day, Mr. President, are the equivalent of 636,000 tons a month, 7,622,000 tons per year. Four thousand three hundred and thirty-five men out of employment at \$5 a day is the equivalent of \$21,675 a day, or \$650,250 a month.

Mr. BANKHEAD. May I ask the Senator from Colorado if he is informed of any reason for this? I should like to have the reason stated.

Mr. THOMAS. Yes; on the 8th day of March the Fuel Commissioner issued an order reducing the price of coal to the operators at about the equivalent of cost, together with a further reduction to take effect beginning with the summer month of April, which at our altitude of more than a mile above sea level is a month quite as rigorous and disagreeable as are December and January.

I regret, Mr. President, to make these constant reports to the Senate, but I have exhausted every other means to secure redress and publicity is consequently my last alternative.

Mr. OWEN. Mr. President, I observe in the morning press, I would like to say to the Senator, that Great Britain is actively employed in keeping up her export business in order that she can carry on her business after the war ends and not disintegrate her industries. I think the Fuel Administrator might be better advised if he would not take the steps necessary to close down American industries but to keep American industries active.

Mr. THOMAS. I think the Fuel Administrator is discharging the duties of his office as he thinks he should. I make no reflection either upon his good intentions or upon his desire to comply with the law. But unfortunately there is a certain place mentioned in holy writ which is paved with good intentions.

Mr. OWEN. I should like to say to the Senate that recently the glass factories of Oklahoma that use natural gas were closed down under the influence of this branch of the Government, and that gas will be in a measure dissipated through the layers of earth because those wells are now plugged up and the material will be wasted. The men in those glass factories are thrown out of employment, and the only effect of it was to permit those who had the glass already made to raise the price of glass upon the American people while these laborers were thrown out of employment.

Mr. THOMAS. I think it was Rochefoucauld who said that we derive some pleasure from the misfortunes of our friends.

BILLS INTRODUCED.

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

By Mr. JONES of Washington:

A bill (S. 4139) repealing certain provisions contained in the urgent deficiency act approved December 22, 1911; to the Committee on Claims.

By Mr. TILLMAN:

A bill (S. 4140) to establish certain new ratings in the United States Navy (with accompanying paper); and

A bill (S. 4141) providing for the better administration of justice in the Navy (with accompanying paper); to the Committee on Naval Affairs.

By Mr. FRELINGHUYSEN:

A bill (S. 4142) for the relief of Mary A. Sutton; to the Committee on Military Affairs.

EXCESS RENTALS IN THE DISTRICT OF COLUMBIA.

Mr. GALLINGER submitted an amendment intended to be proposed by him to the bill (H. R. 9248) to prevent extortion, to impose taxes upon certain incomes in the District of Columbia, and for other purposes, which was ordered to be printed and, with the accompanying papers, referred to the Committee on the District of Columbia.

AGRICULTURAL APPROPRIATIONS.

The VICE PRESIDENT. The morning business is closed.

Mr. GORE. I move that the Senate proceed to the consideration of House bill 9054, being the Agricultural appropriation bill.

The motion was agreed to; and the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 9054) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1919.

Mr. NORRIS. Mr. President, when the producer fails to produce, the consumer will not be able to consume. We are told, and we are told truly, that one of the essential elements in this great war is the question of food, of production. There never has been a time, Mr. President, in the history of the world when the question of the production of food was of as great importance as it is now. There never was a time before in the history of the world when the production of food was absolutely vital to success. In all other contests there have been enough neutral nations, enough neutral people, to supply food for the armies and the belligerents, even though the production of food in the belligerent nations had absolutely ceased. But, Mr. President, in this war, with practically every civilized nation of the entire world engaged as a belligerent on one side or the other, there is an absolute necessity for the production and the conservation of food that never before existed in history. Of all those articles of food necessary for our Army, for our people, for the armies and the people of our allies, and for the people of some of the neutral nations, perhaps the most important one is wheat.

There is a shortage of wheat in the world. There is not enough wheat to go around. The people of the world will not be able in the next year to eat all the flour that under ordinary circumstances they would consume; and regardless of the price, regardless of what it costs, unless we are to run great risk of collapse, there must be a production of wheat greater than under ordinary conditions. We must have bread. The world must have bread. It must have wheat. We want to conserve every kernel of it. Therefore any system that will encourage the production of wheat is a step in the right direction, and a necessary step. A corollary to it all is that the man who produces wheat must receive a financial return that will pay him at least a reasonable profit for its production compared with the profit growing out of the production of other things that can be produced on the same soil.

Congress had that in view, Mr. President, when in the act of August 10, 1917, known as the food-control act, it gave to the President the right and the authority to fix a minimum price on wheat; and I want to clear away now a misunderstanding that exists to some extent in the country, and I think to a small extent even in Congress, that Congress by legislative act fixed a minimum price, or a price of wheat for the 1917 crop. In the food act, after giving the President the authority to fix the price of wheat for 1918 and subsequent years if the war should last, Congress fixed the minimum price of wheat of the 1918 crop—that is, the crop that will be harvested in 1918—at not less than \$2 a bushel.

Mr. REED. Mr. President—

Mr. NORRIS. I yield to the Senator from Missouri.

Mr. REED. I think the Senator has made a statement that he would not want to let go without attention being called to it. If I understood him correctly, he said that the food act had given the President the authority to fix the price of wheat. It gives authority to fix a minimum price.

Mr. NORRIS. I meant a minimum price. I thank the Senator.

Mr. REED. I want to say, and I want to keep on saying it until I have impressed it on every man in the Senate, that there is not in the food bill the authority to fix the price of a single foodstuff.

Mr. NORRIS. No.

Mr. REED. And any man who has undertaken it has been a usurper, and just to the extent that he has succeeded he has been a lawbreaker.

Mr. NORRIS. Mr. President, when Congress said that the price of wheat for the 1918 crop should not be less than \$2 per bushel, it had no idea, it had no intention, of interfering with the ordinary law of supply and demand for any price that might exceed that figure. There was no idea of interfering with the law of supply and demand except to say to those who would plant wheat for the 1918 harvest that they should be paid at least \$2 a bushel for it. No one here or elsewhere, as far as I know, had any idea that anyone thought for a moment that we were delegating to anybody the power to fix, or that we were fixing by statute, an absolute price for that crop. We passed the statute because some thought that the war might end before the 1918 crop could be harvested, and therefore there would be danger that people would not expand their wheat-planting operations as they otherwise would, for fear that if before their crop was harvested the war should end and the price should go down they would not be able to get enough to pay the actual expenses of putting in the crop, even the seed of which at that time was very high.

I want to call attention now to that particular phase of this question so that we may get what I believe to be the true perspective.

There was no intention of interfering with the law of supply and demand. There was no attempt even to fix a minimum price for the crop of 1917. But in the same law we gave to the President the power to license the elevators and mills, and so forth; and our Government being one of the largest buyers of wheat for our Army and our Navy, for the armies and the navies of our allies, for the people in all the allied countries, and even for the people in neutral countries, having power to buy that wheat, to license elevators and millers absolutely, it had the power to fix the price—indirectly though it may be, but effectively, without any question, the absolute price—of the 1917 crop, which had been produced and was in existence on the 10th of August, when that law became effective. So that the price which has been fixed by the President for the 1917 crop has been by virtue of those indirect powers, and on account of no direct statute of Congress, and Congress in no way undertook to fix by statute the price of the 1917 crop.

When we had that bill up, Mr. President, I voted against the provision fixing the price. That was before the Food Administration had gone into operation, although, if I remember rightly, I called attention to the fact that the other powers that were in the bill might enable the President to make the minimum price the maximum price. That is, in substance, what has been done. As I said, it was the theory of Congress to let the law of supply and demand take its course, if the war did not stop in the meantime. The day we passed the law wheat was selling at \$2.50 to \$3 a bushel in different parts of the country, although the market then was uncertain because of the uncertainty of the provisions of the pending food bill. Later on, before I close, I shall read some of the testimony of Mr. Hoover, given before the Agricultural Committee, in which he fully bears out the statement I have just made—that no one favoring the food bill had any idea that the powers conferred by it would be used to depress the price to the producer.

As I said, I voted against fixing that price at that time. I did not want to interfere in any way with the powers that we had given to the President in the matter, and it seemed better not to fix the price by statute. Since that time the Food Administration has been in active operation and the President has fixed the price of wheat of the 1917 crop and the 1918 crop, in both instances much lower than the crop would have sold for if the law of supply and demand had been allowed to take its course; and that is absolutely contrary to the very intention of Congress in the legislation. Every man who had wheat of the 1917 crop in the United States when the price was fixed practically donated \$1 for every bushel he owned.

I think the farmers would have been willing to do that without complaint if at the same time the things they had to buy were likewise cut down in the same proportion; but this was not done, although the same law gave the President the power to do it. The wheat producer of the crop of 1917 had the price of every bushel cut down practically \$1, while he saw the price of nearly everything he had to buy go soaring to the skies.

The result of fixing the price of wheat at a much lower figure than it otherwise would receive and sell for in the open unrestrained market has been to increase the demand and therefore the price of all wheat substitutes. That means that the consumer must pay a higher price for all those substitutes.

Mr. REED. For an inferior article.

Mr. NORRIS. Yes; for an inferior article.

Mr. REED. They make him buy it.

Mr. NORRIS. Yes; as the Senator from Missouri says, they make him buy it. They make him buy it even when he can not use it.

The object in getting the price of wheat down was to help our allies, to whom we must ship a large quantity of wheat, and who use the wheat rather than the corn and some other substitutes that we can use here. So that for the sake of getting a lower price of wheat for the allies we increased the price of corn and barley and rye and oatmeal and rice and almost every other article of food to all the American people, even conceding that we lowered the price of wheat to them. The amount of wheat that each individual eats in a year is a comparatively small matter when taken in dollars and cents. Now, Mr. President, I concede that we ought to get the wheat to the allies as cheaply as we can without doing an injustice to anybody else; but we are under no obligations to compel the American farmer to produce that wheat at a less profit than the same soil can be used to produce a substitute for wheat. That is unfair, unjust, and ought not to be required.

But that is speaking, you might say, just from the selfish standpoint. That is speaking just from the standpoint of profit. We ought to take, also, a broader view. As I said in the beginning, if the producer ceases his operations the consumer can not eat. In the end, Mr. President, it will be found that the consumer will suffer more than anyone else where the producer must produce at a loss, because he ceases to produce, and if the food is not produced, all the price fixing under heaven can not get it to the consumer. If it is produced in abundance, the effect will be to get it to the consumer at a lower price.

Now, there are three views to take of this matter. I have gone over them all briefly.

First, without regard to cost or anything else, we must have the wheat. If there were nothing else in it, no matter what it would cost, we must have the wheat produced. It is better to have wheat even at a high price than not to have wheat at all.

Second, it is unjust and unfair, even an injury to the consumer, that the wheat should be produced at less than cost and without a profit to the man who produced it when he can put his land to other uses and produce the substitutes at a profit.

Third, that kind of price fixing interferes with production and lessens it, and, on the broad world basis, if you lessen the production of a staple article like wheat, that we must have all over the world, to the extent of making it less profitable than the production of other cereals on the same soil, you have in the end increased the cost of living of everybody and made victory for our cause more remote and difficult.

Mr. SHERMAN. Mr. President—

Mr. NORRIS. I yield to the Senator.

Mr. SHERMAN. It is not alone the production of wheat, which, I think, is exaggerated somewhat in its necessity, but it is a fact that we do not conserve its substitutes that we have. I read from an unusual authority in the Senate, from the sixth chapter of John, of the New Testament:

When Jesus then lifted up His eyes and saw a great company come unto Him, He saith unto Philip, Whence shall we buy bread, that these may eat?

* * * * *

Philip answered Him, Two hundred pennyworth of bread is not sufficient for them, that every one of them may take a little. One of His disciples, Andrew, Simon Peter's brother, saith unto Him, There is a lad here which hath five barley loaves and two small fishes, but what are they among so many?

I have just been reading from the Statistical Abstract of the United States where more than 2,000,000,000 gallons of beer were brewed out of this same barley that might have been wasted for bread. We will never learn to fight an autocracy on this plan, because the American people are not a beer-drinking population. The authority given in the food act, commonly known as the Hoover act, says that "whenever the President shall find that limitation, regulation, or prohibition of the use of foods, fruits, food materials, or feeds in the production of malt or vinous liquors for beverage purposes," is necessary to conserve other resources, he may prohibit the use of them.

I am ready to testify that not only in Biblical times, when the new dispensation began, barley loaves were nutritious but that they are fit to eat now. I eat partly barley bread. If the Senator will permit me trespassing upon his time a little, it is as nutritious for a person engaged in physical exercise as wheat bread and much healthier for persons engaged in a sedentary occupation. But that is one of our resources that there is no conservation of. The price-fixing problem is not one of my institution; it came by other authority than by my vote. Like the junior Senator from Missouri, I had a pair, and did not vote. I would have voted against it if the Senator with whom I was paired had been present. We have engaged in

this enterprise, which I think is an endless task. Having embarked in it, we must pursue it to its logical conclusion. While we are doing that, instead of taking all these untoward means to increase the consumption, we had better save what we have now. If our allies can not eat corn bread, we can. If they can not eat barley loaves, as they did in Galilee, we can send them the wheat, and save the barley and the corn and the rice used in brewing beer and its imitations in this country, so that we may have an increased quantity for our home consumption.

Mr. NORRIS. Mr. President, I had not intended to talk about the conservation of food, because the particular motion before the Senate is not one of conservation, it is one of production; but since the Senator from Illinois [Mr. SHERMAN] mentioned it, I will say that, as far as I am concerned, I am ready to discuss here in the Senate the question of beer. I do not believe a bushel of wheat or any other food product in America ought to be used to make beer while we are in this war and trying so hard to conserve food. They not only use millions of bushels of grain but they use thousands of tons of coal and thousands of cars in the manufacture and transportation of beer. Since the 10th day of August when that act was passed it has been in the power of the President to suspend every brewery and close every saloon in the United States. I am sorry he has not suspended them. I voted when we had that bill up here for a provision that would have suspended them without the intervention of any act of the Executive, but from that time on every brewery and every saloon in the United States has been operating at the mercy and with the consent of the President, who has had the power at any moment by a stroke of the pen to conserve all the food that they put into beer.

Mr. President, as a fundamental proposition I do not believe in legislative price fixing or in governmental price fixing. I can see where it is necessary, where there is a combination or a monopoly which unduly enhances the price to the consumer; and that was the main object, as I understood it, of the food administration bill, so as to prevent between the producer and the consumer, by those who must necessarily or unnecessarily handle the product an undue and an unfair and an unjust enhancement of the price. Nobody ever contended that in the production of foodstuffs on the farm there was a combination or a monopoly of those who produced them. There are too many of them and they are too widely separated, even if they had the inclination. So there was no necessity for the Government to step in and set the price that the producer should get. There might be in the travel of this food from the producer to the consumer many places where governmental interference might be justified and ought to be undertaken. As an illustration of the necessity of such an instance I might mention the packers. However, the administration, while regulating them, permits them to make a profit of from 9 to 15 per cent under rules which will result in many instances in a much higher rate of profit on the actual money invested in the business while the feeder is actually losing money on every head he fattens. The idea of the law was to regulate monopoly—to prevent profiteering, not to drive the producer out of business by compelling him to produce at a loss.

But, Mr. President, contrary to that theory, contrary to the very intent of that law and of Congress when it passed it the price of wheat to the producer has been fixed by the President and fixed at a price that is lower, as every man who has studied the subject must admit, than he would otherwise have obtained under the law of supply and demand uncontrolled and uninterfered with.

Now what is the condition? The proposition now is to make that price \$2.50 for the 1918 crop, and Senators object to it because they say it is a legislative fixing of the price. It is a legislative attempt to remedy a situation that as the Senator from Illinois says we are already into; we can not get out of it. This price has been fixed by Executive order so low that the law of supply and demand with the producer of wheat all over this country has been nullified, and this is an attempt in reality to come somewhere near putting that law back into force and effect.

I wish to read a little of the testimony from some of the witnesses.

Mr. REED. Mr. President, the Senator is probably going to read some testimony to show the necessity for doing something, but he has just made a statement in regard to the law of supply and demand having been interfered with that was very forcibly and clearly put. However, he did not state how it had been interfered with. I desire merely for the sake of illustrating the Senator's statement to call attention to the fact that the proposition we now have before us is to fix a price by law or to permit a price to be fixed by monopoly agreements which have

been made for the purpose of controlling the price, and if the Senator will permit me—

Mr. NORRIS. I yield.

Mr. REED. I will read from a speech of Mr. Julius H. Barnes, who is the head of the Food Administration wheat section. Mr. Barnes is a great board of trade man, thoroughly familiar with the wheat business, and in his speech, which he made January 17 at the La Salle Hotel, in Chicago, he relates how the food bill came into conference, and he uses this language:

And the food bill finally passed, declaring its purposes to be to prevent private control and establish public control of necessities—and then without a single effective weapon in it—

Now, notice—

except an obscure clause which permitted voluntary agreements. And this bill, which came out of conference curtailed, robbed, and shorn of its power, was the only bill on which we had to build, and almost in 48 hours a plan had to be constructed to take control of the wheat crop of America, and to so fairly control it that it could be apportioned not only to satisfy our needs but to discharge obligations to our allies, which we were beginning to recognize as pressing and sacred. And it was only through the clause of voluntary agreements that any effective control was possible under the food bill as it passed—

Now, notice this language—

that we sought to create a price monopoly in this country by that weapon of voluntary agreements, when by enlisting so many of the mills with us, enlisting them to aid us by working under our direction, and, through the grain corporation, securing in our hands the agreement of the allies that all of their needs should be provided through that channel, taking advantage of the fact that the embargo had shut the neutral from our market. It was on that basis that a public control was proposed of this most vital crop. And when we had established by voluntary agreements a practical monopoly, the responsibility to make the price on the chief crop of America almost appalled us. Then a price commission was evolved, and after considerable hesitation they recommended to the President of the United States that a fair price, all things considered, was \$2.20 per bushel for the No. 1 grades at Chicago; and in response to the obligation laid upon the grain corporation by the President, we have endeavored from that day to this to fairly reflect that Chicago basis into every grade and every market.

It was on September 4 that that price was put into effect as a buying basis by the grain corporation, and from September 4 to this time there has been no fluctuation even of minor wheat in the wheat price of America.

Will the Senator let me say here, just in addition to this remarkable statement, that these so-called voluntary agreements are not voluntary agreements?

Mr. NORRIS. Of course they are not.

Mr. REED. The miller is brought in. He is told by the law he must take out a license, and he is in effect, if not in words, told that as a condition of that license he must comply with all the orders that come down to him, and among those orders that have been issued to him, and I have some of them, has been an absolute command that he shall pay only a certain amount for his wheat. In addition to that, he has been forced to sign agreements which compelled him to pay to the grain corporation 1 per cent on all the wheat handled by him. As I stated the other day, that will amount to over \$12,000,000 this year.

Tuesday, March 19, 1918.

Mr. NORRIS. Mr. President, when the Senate adjourned last night I was about to take up a brief consideration of some of the evidence that has been introduced before the Committee on Agriculture and Forestry on the question of wheat and wheat prices. Before I take up that evidence I want to read an extract from the testimony given by Mr. Hoover, the Food Administrator, before the passage of the food-administration bill last summer. His testimony was given before that committee on the 19th day of June last. Mr. Hoover was speaking in reference to the food-administration bill, which was then pending before the committee, and among several other statements he testified as follows:

From a number of current illusions about the legislation proposed, the first is the illusion in some quarters that the bill is directed against the producer. It would not be necessary to traverse this statement to anyone that had read the bill. It specifically excepts the producer from every one of its provisions, with the exception of one section, and that is the provision for a guaranty, and this section is designed to entirely benefit and secure the producer. The savings of the American consumer ought not and should not be made by a sacrifice on the part of the producer. They should be made by the exclusion of speculative profits from the handling of our foodstuffs.

The second illusion is that there is price fixing by this bill. There is no provision for price fixing, and no such thing can be carried out under the bill. What we hope to do is to stabilize prices by various devices and to regulate the profits and speculation out of handling commodities.

Mr. President, I agreed most fully with Mr. Hoover at that time, and I agree now, that that was the intention of Congress when it passed that legislation. Had nothing been done in the administration of the law contrary to the ideas outlined by Mr. Hoover, I do not believe we should be surrounded by many of the difficulties which now confront us so far as production is concerned. Under that statement, which was made by the man who was going to be, as everybody knew, in charge of the administration of the law, I think every producer of every character everywhere in the country had a right to assume that if,

in answer to the request of his fellow citizens and of the Government, of the President, and of the Food Administration, he went ahead in the production of food products, he would be rewarded at least fairly for the outlay and the effort. The patriotic farmers of our country manfully responded to that appeal, only to discover later that the wheat producer and the meat producer were to be recompensed under the very law that was intended for their protection, by an arbitrary fixing of their prices that brought to them a loss as compared to other products where the law of supply and demand was permitted to have its usual sway.

Mr. SHAFROTH. Mr. President, I desire to ask the Senator from Nebraska from what pamphlet he is reading?

Mr. NORRIS. I am reading from the hearings before the Committee on Agriculture and Forestry, and specifically from part 2, page 92, of the testimony of Mr. Simpson, who quotes the testimony which was given by Mr. Hoover on the 19th of June, 1917, before the committee.

Mr. SHAFROTH. Have we a report of the testimony of Mr. Hoover on the day referred to?

Mr. NORRIS. Yes, sir; I assume that we have. I have no doubt of that. I was present and heard the testimony. I can not quote it literally, but I assume this is a correct and literal quotation of Mr. Hoover's testimony.

Mr. SHAFROTH. It is a most significant statement and one that ought to be placed beyond question.

Mr. NORRIS. There is not any question about it.

Mr. GORE. Mr. President, I may say that I have on my desk an official copy of Mr. Hoover's testimony from which the quotation read by the Senator from Nebraska was taken.

Mr. NORRIS. Mr. President, I am not going to repeat my statements of yesterday in regard to wheat conditions, but I am going to read just a small portion of the testimony of one or two of the witnesses who appeared before the Committee on Agriculture and Forestry, and the testimony will illustrate the general rule. Testimony to the same tenor has come to the committee from practically all over the United States; I do not know of any exception to it. There appeared before the committee a Mr. Simpson, of Oklahoma. Mr. Simpson is known by the Senators from Oklahoma, and particularly by the chairman of the committee [Mr. GORE]. He would impress anyone who heard him and listened to his statement as being a fair-minded, honest, patriotic, intelligent citizen. He was and is an actual farmer; he is president of the Farmers' Union of Oklahoma; he is also the president of the Association of Presidents of Farmers' Unions. In speaking of the condition of wheat in Oklahoma, he testified as follows:

In Oklahoma we make around 3,000,000 acres of wheat, or better, and I believe there is at least a third of that wheat that can not possibly make more than from 4 to 6 or 7 bushels to the acre right now. It would not make any difference how favorable the weather is from now on, it could not make more than from 4 to 6 or 7 bushels to the acre, and with the \$2 price on wheat at Chicago, as it is now for 1918 crop, it would not be worth while to let that wheat stand; we would have to use the ground for something else. If the price was made sufficiently high so that we could afford to let that wheat stand and harvest it, it would save probably several million bushels of wheat.

Mr. President, Mr. Simpson has given the condition of a large part of the winter wheat in the winter-wheat belt. I know it can be said—and ordinarily that would control my vote and settle the question with me—that we are under no obligation to pay a high price for wheat when the yield of the wheat is small and when the ground would be worth more if put into something else. Under ordinary circumstances I would not offer this as one of the reasons why we ought to increase the price of wheat, but confronted, as we are, with a shortage of wheat, with a shortage of bread, and with a necessity for a large production of wheat with which to feed ourselves, our Army, the allies, and the neutrals, knowing that the crop of 1918, under the most favorable conditions which can exist from now on, is going to be short—under those circumstances we ought to make it within reasonable bounds an object to men who have wheat now standing not to plow it under this spring in order to put the land in corn or some other crop. I submit that that is one of the things we ought to consider. If we can save five or six million bushel of wheat by increasing the price it is our duty to do it, because it is absolutely necessary to have more wheat to insure victory to our arms. If we can not have bread hunger and perhaps disaster stare us and our allies in the face. Wheat is essential to victory, and to a great extent the responsibility for its production is now on us.

I am not going to discuss conditions in other localities, because that is a fair sample of the conditions that exist in the entire wheat belt.

Mr. GORE. Mr. President—

Mr. NORRIS. I yield to the Senator.

Mr. GORE. I should like to say to the Senator that it came to my attention last Saturday that one farmer who has 800

acres sown to winter wheat intends to turn all of it under, if he can get the labor, and plant the land to a more profitable crop.

Mr. NORRIS. Why, Mr. President, it is a simple proposition as I look at it. The farmer goes out and looks at his wheat and sees its condition. He says, "That wheat will, if the weather is ordinarily favorable from now on, yield 5, 6, 7, 8, or 9 bushels an acre, as the case may be. I had better put that into corn; I can not afford to let that ground lie idle and raise a crop that will bring a loss when I can make money by putting it into something else."

Mr. THOMPSON. Mr. President—

Mr. NORRIS. I will yield in just a moment. The farmer decides the question then and there. If the value of the wheat is going to be increased, then it will have a tendency to keep the land in wheat and to let it go to harvest. It is only a question as a financial proposition, whether it is good business to plow it or leave it stand, and that question is decided to a great extent by the value of the crop. I now yield to the Senator from Kansas.

Mr. THOMPSON. Mr. President, in that connection I desire to state that in my State, where we planted nearly 10,000,000 acres of wheat last year, the latest reports I have from the State board of agriculture show that approximately 5,000,000 acres are to be plowed up and put into oats, corn, sorghum, and other crops.

Mr. NORRIS. I thank the Senator. As I said, it is the same everywhere in the wheat belt.

Mr. GORE. Mr. President—

Mr. NORRIS. I yield to the Senator from Oklahoma.

Mr. GORE. I should like to say to the Senator that the wheat grown in ordinary years in the semiarid sections of the country, where the yield per acre is low, is essential to constitute our surplus for export. Eliminate that, and we fall below our own consumption.

Mr. NORRIS. Mr. Simpson says:

I work largely at organizing the farmers' unions in my State, and I am with the farmers day and night in that work—organizing the locals. Some one in the neighborhood will take me in a car during the day around where we are going to meet at a schoolhouse that night. I frequently see 25 or 30 farmers in a day on their farms, and invariably when you talk to them about hogs they say, "Well, I am just keeping enough for my own meat." I am on their farms and know what they are doing. That is about the hog situation in Oklahoma.

Mr. President, I did not intend to discuss the hog situation or the cattle situation or the sheep situation at this time, because the question before the Senate is purely one of wheat. At a later date, on the proper occasion, I expect to go somewhat into details in regard to the production of food animals, and I think the facts in that respect are as startling as they are in regard to wheat. I wish to read what Mr. Simpson says about the feeding of wheat to hogs:

Mr. SIMPSON. One of the worst effects of the fixing of a price on wheat is that it has not conserved the little bit we raised this last year. Now, I am giving you what I would be willing to go before any court and swear to, that in going around to these farms—and I am frequently on 25 different farms every day in the week—nine times out of ten they will tell me they have fed some wheat. I remember seeing not long ago in the little town of Rocky, in Washita County, a farmer come in with 24 head of hogs in 3 wagons that he said he had fattened on wheat. They weighed 240 pounds apiece, and that certainly took not less than 300 bushels of wheat. I have been on lots of farms where they told me they were feeding from 4 to 5 bushels a day. The reason for that is plain, they could not haul off a load of wheat and with the money bring back as many pounds of corn.

There was a Mr. Hyde who came to Washington from Oklahoma, sent here by the State council of national defense to see the Food Administration and the President and lay before them the condition which existed there in regard to wheat. He came before the Committee on Agriculture, and, speaking of the price of wheat, testified as follows:

The effect is this: They made wheat so much cheaper than the other cereals that a great deal of wheat was fed. Mr. Barnes—

He is president of the wheat corporation and one of the officials under Mr. Hoover in the Food Administration—

wired Mr. Sykes and myself that he would come to Oklahoma City, and that he wanted to get information at first-hand. He is president of the wheat corporation. I wired him the condition. He wanted to know the "conditions at first-hand"—that is, in his wire. I wired to farmers all over the State to come in and see him. I also wired to the county demonstration agents, and here I have a synopsis of the telegrams I received, telling whether the wheat was being fed or not. I have not all of them here. These are just what I showed Mr. Barnes that day.

Then Mr. Hyde goes through the list, and from every county that produces wheat in the State of Oklahoma came the same report. I will just read a few as samples:

Wheat fed in Comanche County, 100 bushels per day.

Guthrie—Logan County, 50 bushels of wheat per day being fed; 2,500 bushels will be estimate for amount fed this fall.

Anadarko, 55,000 acres; from 200 to 300 bushels of wheat being fed each day.

Mangum, 200 bushels of wheat fed daily; 20,000 bushels will be fed this fall.

Clinton, 400 bushels of wheat fed daily; 30,000 bushels will be fed this fall.

Alva, 300 bushels fed per day—

And so on through the list of counties.

Mr. President, that is not only true of Oklahoma, but that is true in the State of New York; it is true practically everywhere in the United States; it is true, says the Senator from Indiana [Mr. New], in his State. It is bound to be true wherever corn is worth more than wheat.

That is an item that we ought to consider in raising the price of wheat. Do we want to conserve wheat for human food? Then we ought to make the price so that the farmer will be able to feed corn or other grain instead of wheat to the hogs. If this price is raised, it will be in ample time to increase the acreage of the spring-wheat States. The same rule that is working in all the winter-wheat belt of the country, resulting in the plowing up of the wheat and the feeding of wheat to hogs, will decrease the acreage of wheat this spring in every spring-wheat section of our country; so that when we want a large yield we are going to cut down the yield away below normal. To my mind it is a fatal blunder. Regardless of theories and of everything else, we must pay the producer of foodstuffs a sufficient amount so that he can afford to produce.

Mr. President, I leave off as I began. If the producer does not produce, the consumer can not consume. The first essential of all is production. Conservation will not amount to anything when there is not enough food to go around to conserve. The idea that Congress had, I think, was the same that Mr. Hoover outlined when we passed the Food Administration act—that nothing should be done to take the profit away from production; that the operations of the Food Administration should be confined between the consumer and the producer, to see that from the time the food left the producer until it reached the consumer it was not unduly enhanced by monopoly or any unfair practice. But we are killing the goose that lays the golden egg when we make it unprofitable for the producer to produce the very thing that we all know we must have.

Food will win the war. We can not win the war without food. Therefore we should do everything and bend every effort to bring about the maximum amount of production. The producers are not in a monopoly. Nobody brings that charge. From the very nature of things they can not organize into a monopoly, and we ought not to repeal the law of supply and demand as to the producer of any product that is good for human food or that will sustain our armies or the armies of our allies.

Mr. President, to my mind it is a war necessity that we should take some step similar to the one proposed in regard to wheat. I think we ought to take it in regard to other things, perhaps. There ought to be something done in regard to the stock proposition, because nearly every hog producer and every man who feeds sheep and every man who feeds cattle in the United States to-day is losing money on every head. But, as I said, I am not going to discuss that now. It is a war necessity. If there ever was one, there is a war necessity before us now—increased production—and, regardless of disagreements that may have existed in the past, we must win this war at all hazards.

Before war was declared there was a disagreement. There were those who thought we ought to stay out. I was one of them. But when, by the legally constituted authority of our country, war was declared, it became my war as much as yours, and I do not want to see anything left undone that if done will bring victory to our armies. And, Mr. President, as the war progresses there are other things developing. The Civil War was commenced on the theory that the Federal Government would not permit a State to secede from the Union, and yet before that war was half fought out the real cause for its origin was forgotten, and even the ordinary citizen who looks back through the pages of history now does not think of its real cause, but remembers only that its result was the abolition of slavery. A race that had been held in bondage for centuries was made free, and that was the result, the outcome of that great catastrophe.

Mr. President, if the war in which we are now engaged, notwithstanding that we went into it for the announced purpose of protecting our citizens on the high seas, shall result in the disarmament of nations, in the abolition of secret treaties, and in the promulgation of the principle that no conquest of one people by another shall be recognized by civilization, and in the establishment of a court of international scope to settle international disputes in the future—in other words, in the death of militarism and in the establishment of a permanent peace—then the sacrifices made will not have been made in vain. Then there will be some recompense for the thousands,

the countless thousands of American boys who must lie in nameless graves on a foreign soil across the sea. We must unite our people by seeing to it that the millions of our loyal citizens who bend their backs in honest toil to produce the food necessary to make this great victory for humanity sure and certain are fairly recompensed for their patriotic efforts. We must not only be united, but we must be united in a purpose to leave nothing undone that will bring victory to our efforts and that will establish for the generations that shall follow us a peace that will be enduring and everlasting.

Mr. THOMPSON. Mr. President, I am favorable to the amendment offered by the Senator from Oklahoma [Mr. GORE] providing \$2.50 as a price for wheat at the local markets, and I shall therefore vote for his motion to suspend the rules in order that this provision may be in order as a part of this appropriation bill. I do this because I believe that it is only fair, just, and right to the farmer, and within the spirit of the legislation heretofore enacted, known as the food-control bill.

I desire briefly to refer to that act and its objects and purposes so far as the producer is concerned, and the treatment he was to receive under this legislation.

In section 14 it is provided:

That whenever the President shall find that an emergency exists requiring stimulation of the production of wheat and that it is essential that the producers of wheat produced within the United States shall have the benefits of the guaranty provided for in this section, he is authorized, from time to time, seasonably and as far in advance of seeding time as practicable, to determine and fix and to give public notice of what, under specified conditions, is a reasonable guaranteed price for wheat, in order to assure such producers a reasonable profit.

Mr. President, the farmers of the country, and particularly in my State, of which I have the best knowledge, do not feel that in the administration of this law they have been fairly dealt with, for several reasons.

When this bill was before the Agricultural Committee, of which I am a member, three propositions were presented.

One pertained to the voluntary association under this act for the purpose of extending production and controlling prices, and leaving the price proposition largely to the economic law of supply and demand. No one objected to this.

The second proposition related to the minimum price. The farmer did not object to the fixing of a minimum price, as I understand, providing it was fixed at such a figure as would enable him to receive, within the spirit of this law, a reasonable profit—all that he has ever asked and all that he requires. This, it was argued, would increase production. The fixing of a minimum price was for the purpose of guaranteeing to the farmer a price sufficient to give him a reasonable profit, so that he would plant more wheat; and within the spirit of the law and this promise by legislation the farmers of Kansas responded in every particular to the requirements of the Government by sowing the maximum proportion of area, 10,000,000 acres, in wheat. But they met with considerable misfortune. On account of the lack of moisture and insufficient labor there were some 5,000,000 acres—one-half of the entire crop—that had to be plowed up and put into other production.

I have a report from the Kansas State Board of Agriculture, dated December 21, 1917, in which it is stated:

Farmers of Kansas, responding nobly to their country's call for maximum operations, devoted a larger area to crops this year than at any previous time in the State's history. The total acreage in field crops in Kansas in 1917 amounted to 22,252,920 acres, as against 21,861,985 acres in 1916 and 19,359,663 acres in 1915. In fact, the more than 22,000,000 acres reported this year does not represent in full the area actually seeded, for the reason that approximately 5,000,000 acres of land on which wheat failed were replanted to oats, corn, the sorghums, and other crops.

Mr. REED. Mr. President—

The VICE PRESIDENT. Does the Senator from Kansas yield to the Senator from Missouri?

Mr. THOMPSON. I yield to the Senator from Missouri.

Mr. REED. If it will not interrupt the Senator, if I have understood him correctly—and I simply want to be sure that I have understood him—5,000,000 acres of the wheat which was sowed last fall has already been plowed up?

Mr. THOMPSON. Yes, sir; of the 10,000,000 acres.

Mr. REED. So that we will be that much short in the crop that is to come this year?

Mr. THOMPSON. Yes; this is a report on the 1917 crop, which, as I understand, includes the winter wheat.

The third proposition presented for our consideration in connection with the food bill was the fixing of a maximum price. The farmer objected to the fixing of a maximum price, as did everyone else, except as a last resort. Mr. Hoover himself testified that he did not contemplate fixing a maximum price; and in his statement before the committee, which has already been referred to by the Senator from Nebraska [Mr. NORRIS], he said:

The second illusion is that there is price fixing by this bill. There is no provision for price fixing, and no such thing can be carried out under the bill. What we hope to do is to stabilize prices by various devices and to regulate the profits and speculation out of handling commodities.

He also stated in his testimony that the fixing of a maximum price had proved a failure wherever tried, and that it was only used as a last resort. Of course, if it is a last resort in this instance, I presume under his testimony it would be justified; but the farmers of Kansas do not think, and I believe they are right, that the situation is such at the present time as to demand it.

Mr. Hoover was asked the following question:

Senator NORRIS. Has the minimum price been successful there?

That is, in Europe.

Mr. HOOVER. Yes; it has been used as an effective agent to stimulation.

Senator NORRIS. The maximum price has proved a failure?

Mr. HOOVER. The maximum price has proved a failure in all cases, except where the Government controlled enough of the commodity. * * * I might tell you why it fails. The establishment of a maximum price is, in itself, the result of a shortage of supply; otherwise we do not do it. You have less foodstuffs than will go around to the whole of the consumers' demand, and therefore you put on a maximum price.

But as to this, Mr. President, the farmers are not so particular, providing a price is fixed on other production, and particularly upon the things that the farmer is required to purchase. This is the complaint that he has made, and it is a justifiable one. He has demanded, and the bill which we have passed authorized, I think, the fixing of prices on agricultural implements and on the things he uses in bringing about production, and if this were done there would be no complaint. The farmer now feels that he has been unfairly and unjustly dealt with, and from the bill itself and from the representations made at the hearings when the bill was considered and written I feel that he is justified in making the complaint.

When the bill was before the Senate I voted for the fixing of a price on every article that the farmer was obliged to use in production. I am favorable to doing that now, and I think it should be done. I feel that with the high price of farming implements, the high price of labor, the high price of seed, and the insufficient labor, and all the conditions which have changed since the passage of this law, if \$2 was reasonable when the bill was passed certainly \$2.50 is not unreasonable now. This increase in price would give the farmer at last a chance to break even and would not necessarily increase the cost of flour to the consumer, for the profits of the middleman could be limited to prevent any rise in price to the consumer. For instance, the grain dealers, the millers, the wholesale dealers, and retailers could all be properly regulated and some of them cut out entirely, if necessary, to prevent any higher price to the consumer. In any event, it has been shown by figures to be only a fraction of a cent to a loaf of bread, and even if it had to be paid would be better than no loaf at all, which will be the result if the producer is required to operate at a loss. This he can not continue to do long, no matter how patriotic he is. The farmer is as patriotic as any other person, and by his great increased production, and much of it at a financial loss, he is doing as great a patriotic duty as can possibly be performed.

I desire to call attention to a few letters which represent the sentiment expressed in a large number of other letters received as illustrative of how the farmers feel about this matter. I have a letter, dated February 26, 1918, from a farmer of Norton, Kans., which says:

The people are dissatisfied about this food proposition—wheat \$2 per bushel and the Government allowing millers to advance the price of flour so the merchants can sell it for \$2.85 per sack, while a short time ago it was sold for \$2.65 per sack. Bran was advanced from \$1.65 to \$1.90 per sack and wheat at the same price. All kinds of feed going up, and so soon as a few cases of eggs arrive, down goes the price of eggs. Why not fix the price of all commodities and food supplies on a fair basis to consumer and producer alike?

I have here a letter relative to the price of farm implements, dated March 2, 1918, from a representative in the State legislature from Hays, Kans., where the farmers passed resolutions asking Congress to increase the price of wheat. He states:

As the increased cost of production is very large, and will be larger yet by the increased cost of machinery and labor, the wheat in western Kansas last year was a total failure, and hundreds of our farmers had to pay \$2.50 per bushel for their seed wheat without the cost of preparing the land.

As further evidence of the increased cost of machinery, headers that cost the farmers three years ago \$125 are now quoted on our local market from \$350 to \$375.

I have here a statement from a farmer at Hartford, Kans., dated February 20, 1918, relative to the price of farm implements, as follows:

Implements and hardware have advanced over 100 per cent. This was told by a traveling salesman of a large hardware firm. I have bought a disk gang plow, and my local dealer charged me just \$100. This is just \$50 more than it was three years ago. I asked one of our

hardware dealers what they will sell twine for, and he told me that it would sell right around 22 cents per pound, and everything is in proportion.

In this connection I desire to call attention to the testimony of Mr. Simpson before the Agricultural Committee, given on February 16 last. Mr. John A. Simpson, president of the Farmers' Union of Oklahoma, Weatherford, Okla., states:

When I came down here at wheat-pricing time I looked up all my old receipts for machinery that I bought when I moved to Oklahoma. I paid \$55 for my wagon and got two spring seats with it, because that was going to be my buggy as well as wagon. I went and priced the same thing 15 minutes before I took the train to Washington at wheat-pricing time, and that wagon then would have cost me \$135. My drill cost me \$50; it was then \$165. A lister that I bought for \$40 was then \$105. The barbed wire that went around my place that I paid \$2.10 for—and it had gone up just before I bought it—is now \$8. There were some other articles, but those are enough.

Mr. President, these are some of the reasons why I feel that the price, in all fairness and justice to the farmers, if we are going to fix a price, should be at least \$2.50 per bushel, as provided in the amendment of the Senator from Oklahoma. The testimony before the Agricultural Committee shows that \$2.75 would be about the fair market value under all existing conditions. I introduced an amendment fixing the price at \$2.65, but the committee seemed unwilling to report a bill for a higher price than \$2.50, and I shall therefore content myself by voting for this as the best we can do.

The War Department recognizes the importance of agriculture in connection with the winning of the war, and in the drafting of the soldiers, as is shown in the latest order made by the Provost Marshal General, on the 12th of March, 1918, pertaining to this subject, I wish to read the following:

There are difficulties confronting the Nation in the supply of labor appurtenant to agriculture. Class I, from which new levies are to be withdrawn, will contain many more men than are at present required for the Army. It would be a most unscientific and fatuous step if the men in Class I were called indiscriminately, without regard to the labor situation in agriculture. Therefore the local boards will be directed to fill their quotas in the order of liability of men in Class I as determined by the national drawing, except that where it is shown that a registrant is completely and assiduously engaged in the planting, cultivation, or reaping of a crop his call to the colors shall be deferred to the foot of the quota of his board as long as he continues to be so engaged.

* * * * *
As to further means to protect agriculture a new regulation has been promulgated authorizing agricultural students in their senior year in land-grant colleges to enlist in the Enlisted Reserve Corps of the Quartermaster Department, provided their class standing is such as to place them in the upper third of their class. By this means it will be possible to defer the draft call of such young men in order to enable them to perfect themselves as agriculturists and thereafter to protect them in such services as it may seem that they should perform in the best interests of the Nation.

The whole industrial and agricultural situation is being subjected to very comprehensive study in order to discover any means that may be taken to protect and augment the labor supply appurtenant to industry and agriculture without precluding the prompt and orderly progress of our military plans. It is confidently believed that great progress can be made along this line and that more effective measures than any yet devised can be put into operation to attain the desired end.

There are other references to the farmer in the order, which I shall ask to be made a part of my remarks without reading.

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

The matter referred to is as follows:

There are difficulties confronting the Nation in the supply of labor appurtenant to agriculture. Class I, from which new levies are to be withdrawn, will contain many more men than are at present required for the Army. It would be a most unscientific and fatuous step if the men in Class I were called indiscriminately, without regard to the labor situation in agriculture. Therefore the local boards will be directed to fill their quotas in the order of liability of men in Class I as determined by the national drawing, except that where it is shown that a registrant is completely and assiduously engaged in the planting, cultivation, or reaping of a crop his call to the colors shall be deferred to the foot of the quota of his board as long as he continues to be so engaged. Whenever any registrant whose call to the colors has been deferred by reason of his engagement in agriculture is shown to have been idle on the farm on which he is engaged or to have trifled with the deferment that has been accorded him, the boards will forthwith induct him into military service if his order number has been reached in the meantime. The effect of this expedient is to grant furloughs from service prior to actual call to the colors to the men so greatly needed in the production of this year's crop.

This is not, however, the only expedient that is to be adopted to conserve the supply of labor appurtenant to agriculture and to mobilize all means for increasing the harvest for the agricultural season of 1918.

There is now pending before Congress a bill authorizing the Secretary of War to grant furloughs, with or without pay, to men in the Army to enable them to engage in industrial and agricultural pursuits. The purpose of this bill is to relieve serious situations in particular instances in which men who are the mainstays of farms have been inducted into the service either through voluntary enlistment or selection, and whose services during the present emergency in agriculture are needed. These furloughs will be granted after consideration of the circumstances of the individual case in which they arise and when the military situation is such that they can be granted without too great disruption and disorganization of the Army or of any particular organization of the Army.

As to further means to protect agriculture, a new regulation has been promulgated authorizing agricultural students in their senior year in land-grant colleges to enlist in the Enlisted Reserve Corps of the Quartermaster's Department, provided their class standing is such

as to place them in the upper third of their class. By this means it will be possible to defer the draft call of such young men in order to enable them to perfect themselves as agriculturalists, and thereafter to protect them in such services as it may seem that they should perform in the best interests of the Nation.

The whole industrial and agricultural situation is being subjected to very comprehensive study, in order to discover any means that may be taken to protect and augment the labor supply appurtenant to industry and agriculture, without precluding the prompt and orderly progress of our military plans. It is confidently believed that great progress can be made along this line, and that more effective measures than any yet devised can be put into operation to attain the desired end.

To sum up, it may be said that there will be no sudden withdrawal of great numbers of men from the ranks of industry and agriculture during the coming summer, but that men will be drawn in relatively small groups throughout the year in such a way as to create the least possible interference with industry and agriculture. Men in deferred classes, as well as men in Class I, will be selected in small numbers, either on account of their special technical qualifications or for the purpose of sending them to schools where they will be given an opportunity to acquire such qualifications.

Mr. THOMPSON. Mr. President, there are three things essential to the winning of this war—the men, the money, and the food. We have already demonstrated that we have the men—volunteers 10,000,000 strong under the selective-draft system. We have already demonstrated that we have the money, the last Congress appropriating something over \$20,000,000,000, the greater portion of it going to the prosecution of the war. The people have generally all over the country responded freely to every liberty-loan call, the subscriptions so far being more than the amount required by the Government, and I believe that will be the result of the third call and of every call necessary to be made. The people have responded liberally and willingly to the Red Cross, contributing over \$100,000,000 in cash, and to every financial call necessary to the winning of the war.

The next and most important proposition is food, for without food it is conceded by all that the war will be a failure; for we must provide food not only for the people at home, but for our soldiers at the front as well as our allies and our allies' soldiers, and in order to do this we must have the production. The farmer of this country is producer of the things required for food at home and required for the sustenance of the Army, and he certainly in this emergency is entitled to at least fair treatment, which is all that he has ever asked. He is not objecting to fixing a price provided the price upon the things which he is obliged to use in order to produce the food is also fixed, even to the extent of a maximum price. And he does not object to the minimum price, and did not at the time of the passage of the act, if it assured him a reasonable profit, as indicated in the language of the bill itself and as fairly contemplated by the act.

For these reasons, Mr. President, I shall vote for the motion of the Senator from Oklahoma to suspend the rules in order that we may make this measure a part of this appropriation bill and have it enacted into law now. If that fails simply on account of a two-thirds vote, which has been held necessary in order to suspend the rules, we shall then have to introduce some other measure or proceed in some other way in order to secure that justice and fairness for the farmer which he is entitled to in the present emergency. The farmer knows no eight-hour day, but works hard from before daylight in the morning until long after dark at night. He is making every sacrifice possible to aid in the war. He is buying liberty bonds, savings stamps, and contributing to the Red Cross. He is giving up his sons to go to the front, and in many cases the women of the household are taking their places. No greater patriots can be found among our citizens. Let the Government, which demands and accepts so much from the farmer, give him at least what it promised him by law—a reasonable profit on the things he produces.

Mr. STERLING. Mr. President, much argument has been given in the course of this discussion in favor of the amendment of the Senator from Oklahoma. Letters have been read from farmers and grain dealers in the great wheat-growing States of the country showing the need of legislation that will stimulate the production of wheat. But, Mr. President, I clipped from the Washington Post of this morning an editorial inspired by the address of M. Andre Tardieu, the French high commissioner, delivered at Baltimore last night. It portrays the conditions in France. It shows the need not only of the civilians of France, but the soldiers of France themselves, who are now being rationed from the food products of America, and the principal one, of course, is wheat.

I send this editorial to the desk, with the request that it may be read by the Secretary.

The VICE PRESIDENT. Is there objection? The Chair hears none.

The Secretary read as follows:

[From the Washington Post, March 19, 1918.]

FOOD CONDITIONS IN FRANCE.

In his address at Baltimore last night, M. Andre Tardieu, French high commissioner, revealed many important facts which Americans should know. Whether the enemy is comforted by these facts or not, it is absolutely necessary that the people of the United States should not deceive themselves as to conditions in France. The first step toward giving effective aid is to know that aid is imperatively needed.

France has always been a heavy consumer of wheat. The consumption before the war was about 700,000 tons per month. It has now been cut to about 530,000 tons, a reduction of about 25 per cent. The ration of soldiers at the front has actually been cut down, although the heaviest cut has been made, of course, in the civilian ration. The French soldier now gets 21 ounces of bread instead of the 25 ounces he received at the beginning of the year. The civilian ration has been cut from the normal consumption of about 30 ounces to only 10 ounces.

In order to make even these rations available, France has been compelled to stop brewing in order to save barley, and to stop feeding of cereals to animals. This has resulted in a loss of 50 per cent of the horses and a large reduction in the number of cattle. Pastry making, fancy bread, confectionery, sandwiches, and all fancy uses of cereals have been absolutely suppressed.

Because of the shortage of cereals the French people have been compelled to kill off their cattle, and this has forced the consumption of meat instead of wheat to a large extent. In the meantime the consumption of other foods, such as sugar, rice, vegetables, oils, and fats has been reduced by dire necessity.

This drastic food régime has been borne with fortitude by the French people at a time when they have mobilized 7,000,000 men out of a population of 35,000,000, and have suffered the loss of nearly 1,000,000 men killed and 1,000,000 maimed.

Do Americans realize the full force of this information from the French commissioner? Do the citizens of this country individually feel that they are doing everything that in their duty lies to aid the lion-hearted ally that now holds two-thirds of the western front? Is each American thinking of the help that he might be giving to some heroic French soldier at the front, or an equally heroic French woman doing a man's work in France?

France needs no cargoes of faith or courage from the New World. She needs no messages telling her to do her duty. She is not in need of sermons on patriotism. But she does need food. If Americans are heart and soul in this war they will not see the army and people of France go hungry while there is food in the United States to share with them.

There must be fresh efforts in producing, saving, and transporting food to France. Americans must strive to picture the real conditions. They must sweep aside imaginary visions of easy victories over an intimidated and broken-down foe, and face the brutal fact that America and France, with their allies, are fighting for life against a terrible enemy. France is on the burning line, side by side with the British nation, fighting with dauntless courage. American soldiers are joining them in rapidly increasing numbers. All of these fighters must be fed and equipped. The civilian populations that supply the armies must be fed.

The United States is not doing its full duty in the production and delivery of food to the allies. More acres should be planted and more strict methods of saving should be adopted forthwith. By the convoy system fewer vessels laden with food are lost than heretofore, which is a most encouraging factor. There is fair assurance that every vessel carrying food will arrive in France or England.

There must be more vessels carrying food. It is the vital necessity of the situation, the trumpet call to every individual citizen of the United States. Every person can help, either by planting or by saving. Not to help is to incur terrible risk now and hereafter.

Mr. SHEPPARD. Mr. President, if I understand the situation correctly, the President, under the authority given him by the food-control act has already fixed the price of wheat for this year's crop at \$2.20, continuing last year's price for standard wheat at Chicago, with perhaps some changes in differentials as between Chicago and other points.

In his proclamation fixing the price of wheat this year the President said:

To increase the price of wheat above the present figure, or to agitate any increase of price, would have the effect of very seriously hampering the large operations of the Nation and of the allies by causing the wheat of last year's crop to be withheld from the market.

It would, moreover, dislocate all the present wage levels that have been established after much anxious discussion and would therefore create an industrial unrest which would be harmful to every industry of the country.

The President said in this proclamation that the price of \$2.20 would assure the farmer a reasonable profit, even if the war should end within the year.

Mr. President, that is sufficient for me. I would not knowingly vote for any measure that would hamper the operations of this Nation or of the allies in connection with the war.

I shall therefore vote against the motion of the Senator from Oklahoma.

Mr. GRONNA. Mr. President, it is with a good deal of reluctance that I shall take any time of the Senate at all, especially to discuss the question of wheat. It is pretty well known that I have a personal interest in the growing of wheat. It is pretty well known that I farm on a rather large scale. For that reason I dislike to discuss the question.

But, Mr. President, I think it can be truthfully said that at no time in the history of our country have the producers been able to combine, and at no time have they been able to fix the price of wheat or of any other of the products which they grow. So I regard it as somewhat different from an industry that can

be controlled by a combination of a few men. There are in this country, as we know, some 7,000,000 farms and farmers. There are in this country some 40,000,000 people depending upon this great industry.

Mr. President, I hope the Senate will pardon me for alluding to myself, but I said on the floor of the Senate nearly a year ago that if the Government of the United States wanted my farm during the period of the war it would be welcome to it. I said then that all I would ask in return would be that the Government should pay the taxes during the time it might operate the farm.

Were it not for the fact that the question of food is as important as is the question of munitions, and almost as important as is the question of men, I might not take the time of the Senate for a single moment to discuss this subject. I am going to eliminate the question of whether or not the farmer of the United States has made a profit during this last year. Let us eliminate that; let us say, for the sake of the argument, that he has made a profit, which would not apply to many of the States. It would not apply to the spring-wheat States—at least not for the year 1917.

It may be said that the result may be due to a partial failure of the crop in the spring-wheat States, but the average production for the five years previous to the war, however, was about 233,500,000 bushels of spring wheat, and we produced last year 232,758,000 bushels. The shortage was not so great in the spring wheat as it was in the winter wheat.

This is an important problem, and I feel that we ought to do everything in our power in order to induce the farmers of the country to plant as much wheat as practicable, so as to produce as much food as possible.

Mr. President, the press of the country realizes the importance of raising food. I shall read only one sentence from an editorial appearing in the Washington Post, dated February 27, 1918, under the heading of "Increased food production necessary." I read as follows:

It is a serious question whether the United States Government is not neglecting one of the most important precautions that could be taken by a nation at war—the adequate production of food.

Mr. President, the producers in this country can not afford, of course, to have it said that they are refusing to produce food; the farmers of the country can not afford to have it said that they are unpatriotic; that they will not produce wheat and other foods, because there is no profit connected with their production. The people of my own State showed their patriotism in that respect last year. Last year we increased our acreage by more than 2,000,000 acres. We had an acreage of all cereals of nearly 15,000,000 acres. We sowed to wheat during last year more than 2,000,000 acres above what we devoted to that crop the year before; and yet, due to climatic conditions, we raised but a small crop. Our average yield of wheat was not to exceed 6 or 7 bushels per acre for the entire State. While we ought to have produced 160,000,000 bushels of wheat, we produced less than 60,000,000 bushels. That can not be said to have been the fault of the farmer, because he did increase his acreage. He borrowed money very extensively; he went to large expense in harvesting his crop, which, in many instances, would not have been harvested, would not have been garnered if it had not been for the fact that those farmers considered that the food question was an important one and that they must conserve every bushel of grain, whether it paid them to do so or not.

These are questions, Senators, which you and I must consider. It is undoubtedly true that in some of the States—perhaps in many States—where the farmers produced a large crop of wheat they made a profit, but I repeat, that it is not true that the farmers made a profit, so far as the spring-wheat States are concerned. I see before me the distinguished Senator from Ohio [Mr. POMERENE] and I want to read what a distinguished gentleman from his State said with regard to price fixing. I read from pages 76 and 77 of the hearings before the Committee on Agriculture and Forestry for June, 1917.

He was asked by Representative McLAUGHLIN of Michigan why he did not discuss price fixing, and I will give you his reply:

Mr. McLAUGHLIN. I regret that you did not discuss the price-fixing proposition. We appreciate to some extent, but not as fully as you do, perhaps, the labor problem and the other difficulties confronting the farmers, but it may be up to us to do some legislating on the question of price fixing or to enact some regulatory measure in that regard, and I was hoping that you would give us your opinion.

Dr. THOMPSON. We recognize the seriousness of the situation. I think we all agree that the time has not yet arrived when we should fix prices for farm products.

That is the testimony of the eminent educator from the great State of Ohio. There are many other statements here which

bear upon this subject which I might read, but I shall not now take the time of the Senate to do so.

Mr. POMERENE. Mr. President, did I understand the Senator from North Dakota to say that the testimony which he read was given in June, 1917?

Mr. GRONNA. Yes, sir. It was given in June, 1917.

I desire to say further, Mr. President, that the Committee on Agriculture and Forestry has held extended hearings, lasting for five or six weeks, and yet not one of the witnesses who have appeared before that committee has advocated the fixing of prices of any of the food products. I have in mind now the distinguished gentleman from Iowa, Mr. Wallace, the editor of the Wallace Farmer, who is regarded as a great authority upon the subject of agriculture. When he was asked the question the other day if he believed in price fixing, he said, "Absolutely no."

He made the further statement—I shall not attempt to quote him verbatim now, although what I stated a moment ago was exactly his language—that last summer when the food bill was before the Senate he wrote the Senators from Iowa that he thought \$2 for wheat was too high, but, he says, "I have revised my opinion; I know now that I was absolutely wrong." That is the statement of Mr. Wallace.

I wish to read from the testimony of a distinguished gentleman from the city of Minneapolis, whom the Senator from Minnesota [Mr. NELSON] knows better than I do. I refer to Mr. H. N. Owen, who is publisher of an agricultural paper, I believe, in the city of Minneapolis. Mr. President, I ask leave to print some of the testimony, as I do not wish to take time of the Senate to read it all.

The PRESIDING OFFICER (Mr. NEW in the chair). Without objection, permission is granted.

Mr. GRONNA. Mr. Owen says:

Of course, you argue that a farmer should be perfectly satisfied with \$2.20 wheat, because it is so much more than he ever got before. Theoretically he should be, but, unfortunately for that argument, the farmer is not operating on a large surplus. He has not a great big surplus in the bank that he can afford to do business on for patriotic motives for two or three years. Here are just a few figures. They are taken from the 1916 Yearbook of the Department of Agriculture. We find that in Montana 50.9 per cent of the farms are mortgaged, and that the average mortgage is \$2,943; in North Dakota we find that 46.3 per cent of the farms are mortgaged, and the average mortgage is \$1,864; in South Dakota the farms mortgaged number about 38.2 per cent, with an average of \$2,897 per mortgage; in Minnesota 21.1 per cent of the farms are mortgaged, and the average mortgage is \$2,612.

We find for those four spring-wheat States 49.1 per cent of the farms are mortgaged. Then, on top of that, we find the average rented farms for those States is 18½ per cent. That makes 67.6 per cent of our farms are either rented or mortgaged, so that we practically have only 32.4 per cent of our farmers as free agents. The man who has got a mortgage, got interest to meet of \$100 or \$150, as the case may be, or if he is on a rented farm, has got to do as the owner says.

Mr. President, I think it is important to show the actual condition of the farmers. The Senator from New Hampshire [Mr. GALLINGER] yesterday asked some questions with reference to the prosperity of the farmers. I know that the farmers of the United States have no better friend than the Senator from New Hampshire, and I know that he would be the last man on earth to do an injustice either to the farmers or to any other body of citizens engaged in industry, but there has been so much confusion and there is so much ignorance about the condition of the farmers that I am not surprised at all that they are not getting justice.

Mr. GALLINGER. Mr. President—

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

Mr. GRONNA. I yield.

Mr. GALLINGER. I will ask the Senator if a good many of these mortgages do not grow out of the fact that when the ambitious farmer in the great agricultural States gets a quarter section of land paid for he wants another quarter section, and he is not fully satisfied until he gets a full section of 640 acres, and, as he adds to his farm, of course he mortgages it to a greater or less extent? I will ask the Senator if that is not a very common occurrence?

Mr. GRONNA. Well, Mr. President, I want to say that in some instances the reason the farmer has mortgaged his land is that he buys more land. There are perhaps many such instances. When a farmer is prosperous and is able to pay off the mortgage on the land he owns he may buy more; but I wish to say to the Senator from New Hampshire—and I say it with a fair knowledge of the situation—that I think the farmers in my State—and I think my colleague will corroborate my statement—know that it does not pay to farm on a large scale. Instead of the farms growing larger, in many instances they are growing smaller, and they would be much smaller than they are to-day were it not for the fact that immigration has

been stopped, that capital has not flowed into our State as it should, and that many of our people have gone across the border into Canada. Some 200,000 people have gone from this country into Canada in order to get free homes.

That of itself shows that those farmers were not prosperous, because the farmer, like every other American citizen, loves his home, and he will not abandon it if it is possible for him to make a decent living. He will remain on the farm.

Mr. McCUMBER. Mr. President—

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

Mr. GRONNA. I yield to my colleague.

Mr. McCUMBER. If my colleague will allow me, I think there are wrong impressions concerning the mortgages and also concerning the dealing especially in the Northwest, which ought to be corrected.

I have heard the reports which my colleague read, from the Agricultural Department, I assume, showing the percentage of mortgages upon farms; and the Senator from New Hampshire asked if these mortgages are not due to purchases of additional land. In the first instance, let me say that these mortgages as given by the Agricultural Department do not represent anywhere near the amount of indebtedness against the farm. My colleague will agree with me that in the State of North Dakota nearly all lands are sold to the farmer under what is called a crop-contract sale. If you sell a quarter section of land for \$5,000, the owner of the land may hold it clear, and there is no mortgage of record against it; and yet the farmer will not own it until he has paid, generally by giving a percentage of the crops each year. He is just as much indebted in that way as though it had been a trust deed, and just as much as though it had been a mortgage. It represents an indebtedness against the land, and yet that does not appear in the reports. In the case of most of this land that is sold, as I suggested, instead of being represented by mortgages, when a farmer in my State buys an additional quarter section he enters into a contract whereby the title will not pass to him until he has paid whatever indebtedness there is against it; and that does not appear of record.

Mr. GRONNA. I thank my colleague for calling my attention to that. It is true, as he has stated, that there are thousands and thousands of cases where that is being done; and while there is more indebtedness, it is not a matter of record, because the farmer or the man who buys the farm does not get a deed to it. He gets a contract, as my colleague has stated.

Mr. GALLINGER. Mr. President, if the Senator will permit me—

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

Mr. GRONNA. I yield.

Mr. GALLINGER. I thank the Senator for his suggestion that I would be one of the last men to take action that would be harmful to the agricultural interests of the country.

Mr. GRONNA. Or any other.

Mr. GALLINGER. Or any other. I thank the Senator again, and that is precisely my attitude on this question; but I regret to have it represented that the farmer is in sad straits in these great agricultural States.

The Senator has repeated what has been said so often before, that the farmers have left Iowa and the Dakotas and perhaps Minnesota and gone over to Canada because they could do better. Now, there is a reason for that. They had taken up land in Iowa, as an illustration, at \$1.25 an acre. It had come to be worth \$100 or \$150 an acre. There was virgin land in Saskatchewan and Alberta, in western Canada, that could be bought for \$8 or \$10 an acre, equally as good land, and they went over there as the Yankee goes from New England to the West, to better his condition. I think that explains to a very large extent why farmers from those great States are going into Canada.

Again, I recall the time when the savings banks of New Hampshire held thousands of mortgages on the farms in the great agricultural States of the Northwest. There was a panic, and very large losses were sustained by our banks. They, however, had been loaning money at an inordinate rate of interest, and we did not so much sympathize with them because of those losses. But time went on, and those mortgages were canceled to a very large extent, and I think the loans now are trifling in the matter of mortgages on Western lands. It was said at this time, when prosperity returned to the agricultural interests of those States, that they were sending their money even to the eastern banks; they had so much money that they did not know what to do with it; their own banks were filled with money. That was heralded all over this country as an illustration of the great prosperity of the farmers, and I believe it, and I hope now that it was true.

Of course there are many farmers who are in distress, as there are many people of every other vocation in life, but I still believe that the farmers are more prosperous than has been represented by Senators on this floor; and yet the testimony of the Senator from North Dakota, himself interested in agriculture, would have great weight with me.

I assure the Senator that whatever action I take, whatever vote I may cast, will be a conscientious vote; and if I can bring myself conscientiously to vote with the Senator on any proposition I certainly shall do it, because I do not want to do any harm to the agricultural interests of our country, especially at the present time, when the morning paper calls in a loud voice for more food for France; and I presume that is true of all the warring nations.

Mr. GRONNA. Mr. President, whatever may be the action of the Senator from New Hampshire, I know he will be actuated purely by patriotic motives, and I shall accept the result as it may come.

Mr. NORRIS. Mr. President, the mention by the Senator from New Hampshire of the prosperity of the farmer calls my attention to what the Senator from North Dakota heard this morning at the hearing before the Agricultural Committee in regard to the profits made and allowed under the regulation of the Food Administration to the great packing institutions of the country, which was a profit of 9 per cent on all of their investment, no matter where it was from, and without any question about it, and 15 per cent on all their investment in the by-products. The Senator remembers that in reaching a conclusion as to the profits, everyone connected with the business who did anything in regard to any of the packing establishments drew a salary. Every item was counted in, and then the dividend was allowed on the total; so, if no dividend had been allowed, the men who own it, if they had done the work as the farmer does, would have been getting a good salary.

I want to ask the Senator if he knows of a single instance in a single year where any farmer anywhere in the United States in the most prosperous days, if he had been allowed a salary for himself and all his family and everybody who worked, and interest on all the value of his farm machinery and everything connected with the business, would have had such a thing as a return. While, speaking in a general way, the prosperity of the farmer has been as the Senator from New Hampshire has stated, yet we are so apt to fall to consider—we always do, I think—that in bringing about that prosperity there never is an item allowed for the farmer's salary, the salary of his wife and his children; there is no percentage basis of any kind allowed on his investment. So that while he is prosperous, he brings about that prosperity by his own labor and the labor of his family. If they were paid a salary, there would not be anything left with which to declare a dividend on the value of the property.

Mr. GRONNA. Mr. President, I agree with what the Senator from Nebraska says. My colleague [Mr. McCUMBER] and I have so often explained that on the floor of the Senate that I do not think it is necessary for me to amplify it. I want to say, however, that we had Mr. Cotton before our Committee on Agriculture and Forestry this morning, and he stated that the method of dealing with the packers was this: Allow the packer 9 per cent on all the money that may be used in his business. Now, remember that that is not simply on the capital stock and the surplus, but 9 per cent upon the amount of money that may be borrowed. One of these concerns has a capitalization of one hundred and fifty millions. I presume it borrows into the billions. Yet, Mr. President, under this admission and under his own statement, they are allowed a profit not alone upon the capitalization, upon the bonds, and upon the surplus that this corporation may have, but they are allowed to figure a profit upon all the money borrowed. That was Mr. Cotton's statement. Oh, Mr. President, if the farmers of the country were dealt with as generously as that, do you think a single Senator on this floor would take the time of the Senate to delay these proceedings and to demand legislation that might encourage the farmers to produce?

Mr. CURTIS. Mr. President—

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

Mr. GRONNA. I do.

Mr. CURTIS. If the farmers were allowed such profits they would not ask any Senator to help them.

Mr. GRONNA. I thank the Senator. That is what I intended to say—that in that event the farmers would never think of such a thing as asking any Senator to ask for any legislation that might be helpful or beneficial to them. We have had farmers before the committee who have stated: "You allow us 6 per

cent and we will be glad to turn our farms over to you, and, besides, we will work for the Government without any pay."

My colleague [Mr. McCUMBER] has often called attention to the fact that the farmer and his family are never allowed any wages. My colleague has called attention to the fact that if the farmer can pay his obligations, pay interest on his debts, pay his taxes, and then have a little left, regardless of whether he is paid any wages or not, he is satisfied, and he ought to be satisfied during the period of the war. There is no reason why the farmer should make any more money during the war than he did before the war, and he should not complain, providing all the industries are treated alike. It would be just as unpatriotic, I say, for the farmers of the United States to ask for a larger profit during this war as it is for men engaged in other industries. But, Mr. President, touching upon that question, we made the mistake of our lives when we enacted the revenue law. When we had the taxing bill before us I said that I had no objection to letting people in the various industries make profits. I have none now; and if the farmers make unduly large profits, let us amend the law and increase the rates on the farmer who makes excessive profits and also increase the rates of the profiteers who are engaged in the manufacturing industries. If the farmers are profiteers, let us take the excessive profits away from them by taxation to help carry on this war. That is the only sound system. I am not asking for a special privilege for the farmer. But when I think of the hundreds of thousands of boys who have crossed the ocean, who are over in France, or the boys who are still here and are ready to go on the field of battle, these young men who have signified a willingness to sacrifice their all in defense of their country, and who are not asking for any profits—when I think of those boys and think of the possibility that we shall be unable to supply a sufficient amount of food for them, I feel that we are shirking our responsibilities. I want to say to you, Senators, this is a serious proposition. It is at least a question which deserves the most careful consideration by us here.

There is no question in my mind but that the farmers will produce. There ought not to be any question about it. So, speaking for the State which I in part have the honor to represent, I know that the farmers are willing to produce, but they feel that they are entitled to the same treatment as those engaged in other industries. In some portions of my State the crops last year were almost a failure, but in spite of that the farmers had enough interest in our country and in the boys who have gone to the front to try the experiment another year. And although many have to ask the State to help them out with seed wheat, because they did not raise enough for seed and feed for another year, this, I think, will answer the statement of the Senator from New Hampshire as to whether all our farmers are prosperous or not.

I hold in my hand a document entitled "Seed and feed bonding act. House bill No. 1, passed by the special session of the Fifteenth Legislative Assembly of North Dakota, January 29, 1918." That, I think, answers the Senator's question. The legislature was called together for the purpose of enacting a law enabling counties to bond themselves and furnish seed and feed to the farmers. That was a patriotic purpose.

We have heard a great deal said about legislation in the other House, asking for an appropriation of \$50,000,000 to furnish the farmers of the country with seed and feed. I understand that that measure was not favorably considered. Another bill is now pending before that body providing for seven and one-half million dollars for this same purpose and two and one-half million dollars to provide for the transportation of what is called migratory labor, and labor is a very serious question with the farmer. I am not going to enter into it. I could, if I wanted to, have a good deal to say on that subject, but I shall not do so now.

Mr. McCUMBER. Mr. President—

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

Mr. GRONNA. Certainly.

Mr. McCUMBER. If my colleague will allow me, I should like to interpose a suggestion right here in response to a statement made by the Senator from New Hampshire [Mr. GALLINGER] yesterday, I think, in which he said that grain was very high in his State; that the farmers who had to buy grain and feed for chickens could not buy it; and that they were compelled to sell off their chickens, which would naturally create a dearth of eggs and poultry next year, but at the same time they had any quantity of hay, which they could not dispose of. He should have added to that that the farmers in eastern Montana and western North Dakota last year, on account of the drought and no hay and feed, were compelled to ship the calves and

lambs and everything else they produced in the shape of food animals, because they did not have the hay to feed them and did not have the feed for them. I know there was an order made by the railway passing through our State that no cattle could be shipped within a given length of time whatever. They refused to take them. Why? Because they said, "Montana is worse off than you are; the Montana farmers have got to get their cattle to market immediately or they will starve." So we could not ship any and were compelled to wait until they could get rid of the cattle that were for sale in Montana, where the farmers had nothing to feed them. The Senator will see that we are just as badly off in the western part of our State and in eastern Montana, where we raise cattle, as he is in New Hampshire, where the farmers can not get feed for their chickens.

Mr. GRONNA. I thank my colleague. What he has stated is absolutely true. I want to add to what he has said that much immature stock was shipped out of the State because there was a scarcity of feed, both hay and grain. There were hundreds of thousands of immature animals shipped to the stockyards which never ought to have been shipped out, due to the fact that there was a shortage of feed and grain.

Mr. SHERMAN. Mr. President—

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

Mr. GRONNA. I yield to the Senator.

Mr. SHERMAN. Before the Senator leaves that subject, I should like to have his views on an order of the Food Department prohibiting the sale of hens for a while this spring. I have many inquiries and communications from housewives in my part of the country. They are unable to sell their hens without any regard to whether they are now producers or merely consumers and cumberers of the barnyard. A laying hen, I admit, ought to be conserved, but what about the one that has passed that period or has never been productive? That order has no discriminating features in it; it gets them all.

Mr. GRONNA. Mr. President, I confess that I can not go into the mysteries of the question propounded by the Senator from Illinois. It is possible, and I think it is true, that Mr. Hoover has made mistakes. I think he has made some very serious mistakes, not intentionally, of course.

Mr. GALLINGER. If the Senator will permit me, he has not made any mistakes in expending money. That has been a great success.

Mr. GRONNA. It is very true that he has caused the expenditure of a large amount of money, but I was not going into that at this time. However, since my distinguished friend from Illinois has called attention to it, I can only say to him what a friend of mine said to me some years ago. He was a man who would occasionally buy wheat or grain off the board of trade. It seems that he had been unfortunate, and instead of making profits he had made a loss. In a crowd of young men I asked him if he did not at one time try his luck on the board of trade. He came over to me and whispered to me: "I thought you were a friend of mine and that you were going to help me forget it." [Laughter.] I am going to try to help the Senator from Illinois to forget some of these unpleasant experiences if I can.

Mr. GALLINGER. Mr. President, if the Senator will permit me just a word more—

Mr. GRONNA. I yield gladly.

Mr. GALLINGER. I did call attention to the very circumstance that the senior Senator from North Dakota [Mr. McCUMBER] has alluded to, and it is a fact. The cost of grain to the people of New England, where they do not raise much, is at the present time a very great burden, and it was very natural that I should interpose the suggestion at least that by increasing the price of wheat it would increase the price of flour to the consumers of the East. That is true.

Now, as to hay, we have done our best in New England to teach the automobile to eat hay, and it will not do it. The result is that we have had a very large crop the past two years, and our barns are groaning with hay that is not salable. But the farmer is trying to be philosophical notwithstanding that fact, and some time he may get a market for hay, because there may be a shortage of the crop this year or next year or some other year, just as there has been a shortage of wheat in certain years.

The banks of New England are loaning the farmers money at 5 per cent, and hence we have no use for the new institution that has been created to loan money to farmers. Not a bond of that institution has been purchased in the State of New Hampshire, and I think the example that the banks of New Hampshire has set in that respect of loaning money to farmers at 5 per cent might well be copied by the banks of the West

that are loaning money to the farmers at a higher rate of interest.

We are trying all we can to encourage agriculture. We can not raise corn to much advantage; we can not raise wheat to much advantage. We might raise some oats and some barley in New England, but we are dependent upon the great agricultural States of the West for our grain and for our flour almost exclusively. I know a good many years ago I made a little investigation and found that six little New England States consumed between five and six million dollars' worth of flour, most of which came from the great State of Minnesota.

Of course, we have to look out for our own interests, as the great West has to look out for its interests. I have a great deal of sympathy with the view that has been suggested by the two Senators from North Dakota, that the farmer does not get wages, and his wife does not get wages, and, as a rule, his children do not get wages; in other words, there are no overhead charges on the farm as there are in manufacturing establishments.

I am very glad indeed to be instructed by these Senators and to get a broader vision of this question than I entertained a little while ago, because it was thoroughly well understood in the East not many years ago that the West did not need any money from the East to invest in farm mortgages as they used to do; that their banks were full of money, and it was being sent to the eastern banks to be taken care of. Likely that is a very great exaggeration. I have no question but the farmer is struggling for his living as every other class is struggling for a living, and we ought not to do anything, and I ought not to say anything, that would in any way lead to the conclusion that I was antagonizing the efforts that are being made to produce more wheat in this country, because I think it is a very important matter, and it may be almost a deciding matter in the conduct of the war sooner or later.

Mr. GRONNA. Mr. President, there is no disagreement between the distinguished Senator from New Hampshire and myself. I know that conditions are somewhat different in the East from what they are in the West, but the fundamental principle of production is the same. The fact that the United States ought to produce not only enough food for itself but for the allies, I think, is not a mooted question at this time. I think we all realize the necessity of producing not only enough for our own people but for the people who are allied with us in this war.

Now, Mr. President, if I may be permitted to read from Mr. Owen's testimony—Mr. Owen states:

The farmer is just as patriotic as anybody; he is willing to go the limit, and he is uncomplaining. But he does not like to be asked to grow wheat without a profit and then be damned because he does not buy liberty loan bonds when they come around to make the drive, when, in point of fact, he may have made sacrifices for the good of the country that means more to him than the \$50,000 bond subscription does to a man of the \$50,000 kind.

The cost of production has gone up very materially. Let us just take the items of machinery.

I want the Senator from Ohio [Mr. POMERENE] to hear this because I know he is very much interested in it—

I have these prices from a town in the Red River Valley, in the northern part of Minnesota.

This is the testimony of Mr. Owen:

I think they would be a fair reflection of what the farmer in our big wheat-growing country must pay, compared to 1914. In 1914 a 7-foot self-binder retailed for \$150. In 1917 that binder retailed for \$185 and in 1918 for \$250. A 20 double-disk drill was \$130 in 1914 and \$145 in 1917, and this year it costs \$200. A 14-inch gang plow was \$65 in 1914, \$85 in 1917, and now it is \$140. A lumber wagon, complete, just the ordinary farm wagon, cost in 1914, \$75; in 1917 it cost \$95; and in 1918 it cost \$150. You see the jump from 1915 to 1918 has been enormous. Binding twine has gone up from 9 cents in 1914 to 20 cents in 1917 and 26 cents in 1918. Harness is up about 200 per cent.

Mr. President, that seems to me to tell the story. Is it possible, I ask, to hold the farmer down and to restrict his price, willing though he may be, patriotic as he is? How long I ask you will he be able to go on and produce. There is not one farmer out of fifty who does not borrow money from the bank during his farming operations. How long will the bank be able, I ask you, to go on and extend credit to the farmer, willing though he may be from patriotic purposes and no other to go on and produce? It is exactly as I said here last year. It is not a question of willingness, it is not a question of patriotism, it is a question of being able to do it.

Mr. President, I do not feel that I hold any brief for farmers any more than any other Member of this body, but I know their condition; I know their difficulties; I know the farm is their home and they love it as much as the people in the cities love their homes. They will not stop producing things that they possibly can produce, and with their sons in a foreign land willing to die for this country, willing to die for democracy,

for liberty, and freedom, do not think that the farmers are unwilling to go on and produce. They are not.

Mr. President, I want to read an excerpt from a letter from Col. C. H. March, vice chairman of the Minnesota Commission of Public Safety. We have in North Dakota a farmers' organization known as the Nonpartisan League. The membership of this organization is composed of farmers. I know that the farmers of North Dakota are patriotic and loyal, and so far as it has reference to the farmers, I want to say from my own personal knowledge that this association has been scandalously misrepresented as to its patriotism and loyalty. I have been among them since I was a boy, and I know that they are patriotic. However, this letter comes from a man who is not a member of that organization, but one who I understand has strenuously opposed it in the State of Minnesota, so I suppose it is safe to quote him. I have met Col. March but once. I understand he is a splendid citizen and his patriotism and loyalty are not questioned. Of course, they have only good citizens in the State of Minnesota, the same as we have in North Dakota. Here is what Mr. March says. He writes this letter from Litchfield, Minn., under date of February 16, 1918, addressed to myself:

MINNESOTA COMMISSION OF PUBLIC SAFETY,
Litchfield, Minn., February 16, 1918.

Hon. Senator GRONNA,
Washington, D. C.

MY DEAR SENATOR: I arrived home yesterday and find the farmers of this State aroused over the present wheat prices and prices of other grains. I also found a number of letters on my desk from different parts of the State saying that the farmers would not sow wheat unless the price was higher. That would be a very foolish thing to do from a patriotic standpoint of view. I trust the bill for grading and fixing a higher price will be passed very soon, as it means a great deal to our country at this time.

Sincerely yours,

C. H. MARCH.

As I said, this does not come from one who is tinged with what you might call bolshevism, but one who represents the other side, or one, rather, who has been opposed to the farm organization.

Mr. President, I shall not ask a single farmer in my State to testify, because it might be said that you can not get anyone from North Dakota who is not personally interested in growing wheat, and therefore might be a prejudiced witness. I shall not offer here the testimony of a single farmer of my State, but I do intend to offer the testimony of educators of the highest standing from some of the larger Eastern States.

Mr. President, it must not be said that these men are prejudiced in the interest of the farmer. They have told cold facts; they have stated the truth; they have given the Committee on Agriculture facts which can not be controverted by anybody.

Mr. GORE. Mr. President—

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

Mr. GRONNA. Yes; I gladly yield.

Mr. GORE. I merely wish to say I am sorry the Senator intends to omit from his list of witnesses the name of Dr. Ladd, president of the Agricultural College of North Dakota. He is one of the highest authorities on this subject in the United States, and his name would command the respect of every one who is at liberty to speak for himself upon this subject.

Mr. GRONNA. I am very glad the Senator called my attention to that. Of course, Dr. Ladd is not a farmer. He is president of the agricultural college of our State and also a great chemist. Since the Senator from Oklahoma, the chairman of the committee, has called my attention to it, I want to read a brief letter written by Dr. Ladd on this question. This letter is written to Hugh J. Hughes, care of Farm, Stock, and Home, Minneapolis, Minn., under date of March 8, 1918.

AGRICULTURAL COLLEGE, N. DAK., March 8, 1918.

HUGH J. HUGHES,
Care of Farm, Stock, and Home, Minneapolis, Minn.

DEAR MR. HUGHES: Replying to your letter of February 22, I have gone over carefully the article submitted by you and can endorse the same. The price for wheat, \$2.20, is too low—

Now, remember this same Dr. Ladd is one of the members of the price-fixing committee. He has been a member of that committee since its organization—

with conditions as they are at the present time for the terminal markets. It is out of proportion to that of the price of other cereal crops that can be grown in this part of the country; and if the farmer is not wholly disposed to ignore the question of profits and grow the crop as a patriot, there will certainly be a considerable reduction in the acreage.

The conditions are not wholly favorable in North Dakota at this time for a large acreage of wheat, and to meet obstacles in the price will tend further to discourage; and I see no reason why the farmer should be expected to disregard the question of profitable crops, for I have not been able to see where any manufacturers or producers outside of the farmer have been taking such a course.

I am sure the farmers of North Dakota are ready to do their share, but with the exceedingly high price of feed at the present time and profiteering that has been done with wheat-mill products, will have a tendency to induce the farmer to provide for his own stock for the coming year, as the first step, and then to do what he can with un-nourished animals and the shortage of labor, to grow spring wheat; and there is bound to be a decrease rather than an increase in the acreage, if I can judge rightly.

Yours, very truly,

E. F. LADD, President.

Mr. President, that letter is in accordance with all the testimony that the members of the Committee on Agriculture have heard. I want to read now from a very distinguished gentleman—

Mr. GALLINGER. Mr. President, if the Senator will permit me—

Mr. GRONNA. I yield.

Mr. GALLINGER. Before he reads further, doubtless I have asked many questions in this debate that have not been highly intelligent, and very likely I am going to ask another along that line. At any rate, I am going to ask another.

Mr. GRONNA. I do not think the Senator could ask a question that is not intelligent.

Mr. GALLINGER. I am somewhat confused about this proposed legislation. As I understand the matter, Mr. Hoover, in virtue of a power conferred upon him through the President, fixed the price of wheat at \$2 a bushel.

Mr. GRONNA. May I correct the Senator? Not Mr. Hoover, but a committee.

Mr. GALLINGER. A committee fixed the price of wheat at \$2 a bushel originally.

Mr. GORE. A committee of which Dr. Garfield is chairman.

Mr. GALLINGER. It was \$2 a bushel originally, was it not?

Mr. GRONNA. No; Congress passed a bill guaranteeing a minimum of \$2 to the farmer for the 1918 crop. The committee fixed it on the basis of the Chicago market at \$2.20.

Mr. GORE. The crop of 1918.

Mr. GRONNA. Yes.

Mr. GALLINGER. I knew it was fixed at \$2.20. What is suggested to me just at this point in the discussion is this: If we pay by statute law \$2.50 for wheat, and then the next crop is a bumper crop, such as I believe you had in 1915—am I right?

Mr. GRONNA. Yes; in 1915.

Mr. GALLINGER. And the war comes to a conclusion and the demand for food abroad lessens, can we change the price of wheat by legislation? We have fixed it by legislation and can we change it by legislation if conditions change both as to the product in this country and as to the necessity for the product abroad?

Mr. GRONNA. If Congress should fix a price at \$2.50 as a minimum, of course, that would mean that the Government would guarantee the farmers a price not less than \$2.50. That is exactly what Congress did for the crop of 1918; it guaranteed to the farmers of the country a minimum price of \$2, but Congress did not pass legislation fixing any kind of a price for the farmer's product for the season of 1917.

Mr. GALLINGER. But we are proposing to fix by statute law—at least it is the proposition of the Senator from Oklahoma—\$2.50 as the price.

Mr. GORE. Mr. President—

Mr. GRONNA. I yield to the Senator from Oklahoma.

Mr. GORE. I wish to reinforce what the Senator from North Dakota has said in answer to the Senator's question by saying that all the authorities agree, including our Secretary of Agriculture and others, that the scarcity of wheat in Europe, with her 400,000,000 people, will constitute a sufficient demand for wheat, even though the war should terminate now, to keep and insure a reasonable price for the crop grown in America as well as the crop throughout the world. But if those authorities are in error—and all human authorities may be in error—it would leave us only in this situation.

Should the war end now we shall have hundreds of millions of dollars worth of heavy ordnance, of light arms, of shot and shell and munitions that would be unnecessary and of no service, and would constitute a dead loss on our hands; and yet the United States and the world would be glad to take that loss and see the war terminate now. The wheat situation would not be so bad as that, because even if the war should end and we should have vast supplies of wheat on our hands the wheat would still be serviceable; it would still be fit for human food; it would still be requisitioned; it would not be a dead loss, as the hundreds of millions of military supplies would be.

Mr. GALLINGER. Yes; but, Mr. President, notwithstanding that if we had this surplus of wheat on hand it could be consumed, there would not be very much justice in asking the

consumers of the East to use that wheat at \$2.50 per bushel if it were not worth that.

Mr. GORE. Mr. President, the taxpayers of this country, including the consumers of New Hampshire, would be glad to pay for war munitions, even if they should be allowed to rust, to deteriorate, and to become worthless; the consumers of New England would be glad to take that loss. Now, I think that we all ought to pray for a short war, but we ought to prepare for a long one.

Mr. GALLINGER. Yes.

Mr. GORE. It is eminently better for us to prepare for a long war and have it turn out to be a short war than it is to prepare for a short war and have it turn out to be a long war. It is merely a matter of providence and foresight. It is better to err on the side of abundance in respect to wheat, as it is better to err on the side of abundance with respect to munitions than to err on the other side; for an error on the other side might be fatal, and an error on the side of abundance will not be fatal.

Mr. GALLINGER. The Senator from Oklahoma is right in his general statement. Beyond a question when this war closes—and we all hope it will be before long, although some of us can hardly bring our minds to believe that possible—we shall have ships on our hands; we shall have munitions of war on our hands; we shall have cantonments on our hands; we shall have this job lot of buildings in Washington that disfigure the landscape on our hands and there will be very little value in them. The taxpayers will have to foot the bills; there is no doubt about that; but my question was of a little different character from that. I simply wanted to have my mind satisfied on the point suggested. If we fix the price of wheat by statute law, we can only unfix it by statute law; and if we have a surplus of wheat and no war on our hands, is it right that we should require our people to pay an abnormal price for that commodity and await the slow process of legislation to give relief? That is the point I have in mind.

Mr. GORE. Mr. President, I do not know that an unsupported statement from me would be sufficient to convince any Senator, but I want to read the testimony of Prof. G. F. Warren, of Cornell University, and I think his statement will satisfy any of us that there is no danger—I ought rather to say that there is no possibility of either the allies or of the United States having a surplus either of wheat or of other grain. I desire to say most emphatically that the best-informed men in our country agree—and I want the Senator from Ohio [Mr. POMERENE] to hear this—that we to-day are short 350,000,000 bushels of wheat; so there is not much chance of having a surplus; at any rate, not inside of a year; for it takes a whole year to grow a crop. We have never but once had in the United States—and that was in 1915—a wheat crop of more than approximately a little over a billion bushels.

We shall not produce this year to exceed 600,000,000 bushels, and at the utmost 700,000,000 bushels of wheat. In the United States 4½ bushels of wheat are consumed per capita, and it requires at least a bushel an acre for the 60,000,000 acres that must be reseeded next year, which means more than 500,000,000 bushels which we ourselves consume. We should not use that much wheat during the coming year. We must find a substitute; we must use other cereals and save the wheat for our soldiers on the field of battle, and for our allies and for their soldiers.

Mr. President, I want to read from a statement of Prof. Warren.

Mr. GORE rose.

Mr. GORE. Does the Senator from Oklahoma desire to interrupt me?

Mr. GORE. It may be that what the Senator from North Dakota is about to read will cover the matter, but I wanted to show the expectation for this year's crop of wheat based on the experience of the last 20 years.

Mr. GORE. I should be glad to have the Senator from Oklahoma state it.

Mr. GORE. Mr. President, it goes directly to answer the question of the Senator from New Hampshire [Mr. GALLINGER].

The vicissitudes of the weather can be reduced by the law of averages to an approach to certainty, or at least to a basis upon which human foresight may calculate. It is a good deal like life insurance. The statement issued by the Department of Agriculture on December 1 last showed that the winter wheat crop was in worse condition than it had ever been at the same time of the season since the department has kept a record upon the subject. It was seventy-nine and a fraction per cent, taking 100 as the measure. The nearest approach to that was in 1895, when the showing was 81 per cent. So the

probabilities are that this year's crop—the crop of 1918—will be one of the worst in our experience.

Taking the last 20 years upon which to calculate the expectation for the harvest of 1918, the showing is that there is one chance in 20 that the crop of 1918 will be 25 per cent less than the crop for 1917, which was itself an extremely short crop. The chances are 10 out of 20 that the crop for 1918 will be more than 6 per cent less than the crop of 1917, which, I repeat, was a short crop. There are only 5 chances in 20 that the crop of 1918 will be as good as the crop of 1917. In other words, the chances are 4 to 1 that the wheat crop of 1918—which may be the crop indispensable to our success in this war—will not be as good a crop as that of 1917.

Mr. President, this result is ascertained by the same methods practically employed in life insurance computations, which may be denominated a science. Weather is a factor in our crops; it must be taken into account; and unfortunately the odds are all against a generous crop in 1918, particularly when we consider the fact that the showing in December last for wheat was the worst in all our history since a record has been kept.

I say this because it tends to minimize the danger if not to remove the possibility of finding upon our hands an enormous and uncalled-for supply of wheat should the world be blessed by an early termination of this war. I think our calculations ought to be made on the other side. I think that providence and prudence alike would constrain us to do everything possible to encourage an increase in the spring sowing of wheat, which it is still possible for us to do. We ought to do everything possible to maintain the winter sowing already in the ground and to prevent it from being turned under and the land sown to a more profitable crop; a thing that is being done and that will continue to be done if the farmer realizes that other crops will pay him a more generous profit than will wheat.

Senators are sometimes misled by this fact; they insist that wheat at \$2.20 a bushel will return a profit. It may or it may not, but that is not the pivotal point in this controversy. The question is, Will wheat at \$2.20 per bushel, according to the law of averages and probabilities, promise as generous a profit as will other crops which the farmer is at liberty to sow? That is the controlling factor; and we ought not to ignore the factors which are to control this situation and which are to direct the future.

Mr. GRONNA. Mr. President, I thank the Senator from Oklahoma for his contribution. It is very valuable, and I desire to say that his statement is absolutely in accordance with the opinion of the great men who have made a study of agriculture.

Mr. NORRIS. Mr. President—

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

Mr. NORRIS. If the Senator will permit me, I desire the attention of the Senator from New Hampshire [Mr. GALLINGER] to the suggestion which I want to make. I listened to the Senator's question, and I wondered if I understood this amendment as he does, and if he might not be mistaken in the basis upon which he has been led to ask the question. It is only for the purpose of clearing up a possible misunderstanding of the Senator that I have asked permission to interrupt the Senator from North Dakota.

The Senator from New Hampshire asked if we fixed the price of wheat by statute and then the war ceases and we want to change it, shall we not have to change it by statute? Of course I take it that the Senator from New Hampshire, as well as every other Member of this body, would under no circumstances, after we had fixed the price of wheat, refuse to abide by our action. After we have given our word, we shall keep it. The same rule would apply if the President should fix a different price, as it does apply to the price which the President has fixed at \$2.20 a bushel on a certain grade. I wondered if the Senator from New Hampshire, when he asked his question, forgot for the time being that this amendment applies only to the crop of 1918; that it is not a permanent guaranty, but applies only to the crop of one year? Of course, if we adopt the amendment and the war ends, we shall carry out the guaranty. There can not be any doubt about that. But the guaranty ends by its own terms after that crop is disposed of. In other words, one of the things which the producer must show, if such a thing should come about as that the war should cease and the price of wheat should go down, would be that the wheat was produced in the United States and was produced in the year 1918.

Mr. GALLINGER. Mr. President—

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

Mr. GALLINGER. I thank the Senator from Nebraska for calling my attention to the fact which he has stated. In the multiplicity of work that is thrown upon us in these days, I had failed to observe what he has stated, and I had an impres-

sion that this was a permanent price which would have to be repealed by statute.

Mr. NORRIS. I thought probably the Senator from New Hampshire was under that impression.

Mr. GALLINGER. I thank the Senator from Nebraska for correcting me.

Mr. GORE. Mr. President, it would be no doubt interesting to the Senator from New Hampshire to be informed in this connection that in England they have actually guaranteed the price of wheat up to and including the year 1922, on a sliding scale, however, from last year or this year.

Mr. NORRIS. Mr. President, will the Senator from North Dakota be kind enough to yield to me again?

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

Mr. GRONNA. I yield.

Mr. NORRIS. I may be mistaken about this, and if I am I should like to be corrected. The Senator from Oklahoma [Mr. GORE] has given us the statistics and the chances under the law of averages, upon which he bases the statement, in regard to the coming crop of wheat. As I remember, the hearings before the Committee on Agriculture disclosed the fact that the census taken, notably in the great State of New York, showed that the figures of the Agricultural Department were in reality too liberal and that the prospects were not as good as those figures indicated. In the State of New York, where they had made an estimate during the preceding fall, they are taking a new census, and evidence was given to us that, with the figures for one or two counties yet to be completed, but applying the result to those counties which had been obtained in the other counties of the State, the actual census of the wheat acreage demonstrated that there were several hundred thousand acres less planted to wheat than indicated by the figures of the Agricultural Department. I have forgotten the exact number of acres.

Mr. GRONNA. The difference in percentage, I will say to the Senator, was very large.

Mr. NORRIS. Yes. So that the statement of the Senator from Oklahoma, as interesting as it is—

Mr. GRONNA. Is very conservative?

Mr. NORRIS. Is very conservative, and the actual facts would probably make the condition appear worse than the picture of the Senator from Oklahoma would show.

Mr. GORE. Mr. President, the figures are these: The department in its statement of December last estimated the winter wheat sowing in New York at 512,000 acres. The census to which the Senator from Nebraska has referred, which is 90 per cent complete, if the figures hold true for the other 10 per cent, shows 361,000 acres, a falling off, I believe, of something more than 25 per cent—approximately 30 per cent.

Mr. GRONNA. I think I have stated, Mr. President, that the statement of the Senator from Oklahoma, with reference to the decrease in the production of wheat is in accordance with the testimony of the best-informed men of this country who have studied the agricultural problems. Now, for the information of the Senator from New Hampshire and other Senators who favor me with their presence, I want to read a short statement from Prof. G. F. Warren, who is professor of farm management at Cornell University. I think I am safe in saying that Prof. Warren is one of the leading scientists in his particular work not only of his State but of the entire country. Prof. Warren; Prof. E. F. Ladd, of North Dakota; Mr. Wallace, of the Wallace Farmer, of Iowa; and Mr. Owen, of Minneapolis, editor of a farm paper, have all testified—and they are all men who have spent years and years in the study of agricultural questions and have made it their exclusive business to study the problems of agriculture and the problems of farm work—in confirmation of the statement I have made. I read from the testimony of Mr. Warren:

WHEAT ON HAND.

Statistics given out by the Government indicate the present wheat situation to be as given in Table 1. There seems to be enough wheat, but it is too far away. There is a shortage of about 350,000,000 bushels for our allies and ourselves. The thing to do, and the thing that the Food Administration promises to do, is to see that our allies get enough wheat to keep up their fighting spirits. We can eat something else. After we have eaten our share, which we are eating much too rapidly, there will doubtless be pressure to have wheat held for us. When that time comes, there should be a stronger pressure to see that our allies get all the wheat they need.

The estimated surplus of 540,000,000 bushels in countries too far away to make shipment has been cited as evidence that if the war should stop the price of wheat would drop below the price now fixed by the Government. There are millions of Poles, Belgians, Armenians, Turks, Austrians, and Germans who will need wheat when the war closes. Because of this great demand there will then be a greater shortage of food in America than now exists.

That bears out the statement made by the distinguished Senator from Oklahoma.

WINTER WHEAT PLANTED.

The comparative acreage of winter wheat and rye planted in different years are given in Table 2. This year there is a marked increase in rye, but only a small increase in wheat. The present wheat acreage is about the same as in 1914. The 1914 crop was planted without "advice" or "campaigns" or fixed prices. It was planted in anticipation of war prices that did not materialize until last year. The reason why prices did not rise in 1915 is shown in Table 6. Had prices of wheat not been regulated, the area planted this fall would probably have been much more. The acreage of winter wheat recommended for this fall by the United States Department of Agriculture was 47,337,000 and the rye acreage 5,131,000. The rye acreage is greater than that recommended by nearly one-fifth, but the acreage of wheat, with its fixed prices, is about the same as that of 1914.

Mr. President, this shows the foolishness of a great government, like the United States, or for any government, making any attempt to fix prices. If I wanted to delay the Senate, I could recite instances thousands of years before the birth of Christ where attempts were made to fix prices. It was tried in ancient Greece and in Rome, and in every instance it has been a failure. Senators, of course, know of the Diocletian edict. In that edict the penalty for not producing and for asking a higher price than a given price was death. What was the result? The result was that the people had to go hungry; and that, I am afraid, will be the result of the foolishness in which we have engaged.

Do not understand that I am asking Congress or that I have at any time asked Congress to fix prices for the farmer more than for anybody else, for I do not believe in the fixing of prices for any commodity. I believe in leaving prices to the law of supply and demand. During this war let those who are engaged in industries make profits, if they can, and then, by taxation, let us take away from them what the Government needs to prosecute the war.

Mr. GORE. And take it from all alike.

Mr. GRONNA. And take it from all alike, as the Senator from Oklahoma suggests. That is the only sound way of proceeding. You can not regulate these matters by fixing the prices of the products of either the farmer or manufacturer. It would be just as unfair to single out any other great industry of this country and say that we will fix a particular price, no matter how unjust or unfair it might be.

Now, Mr. President, let us hear what this great professor has to say about the fixing of prices; but, before I forget it, may I ask to have printed in the RECORD without reading a few tables submitted by Prof. Warren?

The PRESIDING OFFICER. Without objection, permission is granted.

The matter referred to is as follows:

TABLE 1.—*Millions of bushels of wheat.*

France, Italy, United Kingdom, Belgium:	
Average imports, wheat, three years before war.	381
Average production.	591
Total used.	972
Production, 1917.	394
Short.	578
Estimated export surplus:	
United States.	80
Canada.	150
Australia, on hand.	120
Australia, new crop.	120
India, on hand.	50
India, new crop.	70
Argentina, new crop.	180
	540

TABLE 2.—*Thousands of acres planted to winter wheat and to rye.*

Year planted.	Winter wheat.	Rye.
1908 ¹ .	29,301	2,324
1909 ¹ .	31,656	2,413
1910 ¹ .	32,648	2,415
1911 ² .	33,215	2,473
1912 ³ .	33,618	2,731
1913 ⁴ .	37,128	2,773
1914 ⁵ .	42,012	3,153
1915 ⁶ .	39,203	3,474
1916 ⁷ .	40,534	4,480
1917 ⁷ .	42,170	6,119

¹ U. S. Dept. of Agr.—The Crop Reporter, December, 1911, p. 99.

² U. S. Dept. of Agr.—The Crop Reporter, December, 1912, p. 96.

³ U. S. Dept. of Agr.—Farmers' Bulletin 570, p. 35.

⁴ U. S. Dept. of Agr.—Farmers' Bulletin 645, p. 37.

⁵ U. S. Dept. of Agr.—Monthly Crop Report, December, 1915, p. 84.

⁶ U. S. Dept. of Agr.—Monthly Crop Report, December, 1916, p. 122.

⁷ U. S. Dept. of Agr.—Monthly Crop Report, December, 1917, p. 134.

The corn crop: This year's corn crop is estimated at 3,150,000,000 bushels. The average for the preceding five years is estimated at 2,754,000,000 bushels, but this year's crop includes a large amount of

badly damaged corn. At the time when killed by frosts 18 per cent was in the dough stage as compared with 4 per cent in a usual year, 11 per cent was in the milk stage or earlier compared with 1 per cent in a usual year. (U. S. Dept. of Agr., Monthly Crop Report, November, 1917, pp. 105, 110.) Probably that in the dough stage is included in the estimated yield, but it is probable that farmers did not include that in the milk stage in their estimates of yield. Considering the inflated currency and the large amount of soft corn, it is to be expected that corn will sell for much more than the present prices of new corn.

Animals: The approximate efficiency of different animals as producers of human food is shown in Table 3. Dairy cattle are by far the most efficient animals for converting vegetable matter into animal food. Hogs and poultry are efficient, but they use a very high class of food that a cow could also get more out of. Cows also furnish hides.

TABLE 3.—*Proportion of food eaten returned for human use.¹*

	Per cent of protein returned.		Per cent of energy returned.		
	Of total food.	Of digestible protein.	Of total food.	Of digestible food.	Of production value of food.
Dairy herds.....	14.5	22.9	10.0	15.1	33.8
Steer.....	6.4	11.8	4.7	6.9	14.8
Poultry flock.....	14.5	18.6	6.4	7.5	12.6
Hog.....	10.2	13.2	15.1	17.5	29.9

¹ Eckles and Warren, *Dairy Farming*, p. 8.

The results for hogs are estimates. The results for both hogs and steers are too high, as no allowance is made for deaths and for maintenance of breeding stock. Accurate comparisons require that the feed for the entire industry be compared with the returns of the entire industry. Comparisons for mature animals alone are not sufficient.

The relation of population to animals before the war is shown in Table 4. When population becomes very dense men are forced to become the beasts of burden. They are then willing to do the work of a horse to get the horse's food.

TABLE 4.—*Relation of population to animals.¹*
[Live stock per 100 persons.]

	Animal units of cattle, reindeer, sheep, goats, hogs.	Horses, mules, asses.
Argentina.....	443	135
Australia.....	395	43
Canada.....	82	36
United States:		
1850.....	92	
1860.....	89	
1870.....	67	
1880.....	57	
1890.....	53	
1900.....	73	
1910.....	69	30
Roumania.....	38	11
France.....	37	19
Netherlands.....	23	6
Denmark.....	33	20
Germany.....	31	7
Russia.....	29	20
British Isles.....	29	4
Belgium.....	23	4
Japan.....	2	2
Iowa.....	219	75

¹ An animal unit is one head of grown cattle, or equivalent in other stock. For the United States from 1850 to 1900 the figures are a little low as some young animals are omitted.

The changes in numbers of live stock in various countries since the war began are given in Table 5. The number before the war is compared with the latest figures published by the International Institute of Agriculture. Live stock has decidedly decreased in some countries since these figures were obtained.

TABLE 5.—*Changes in numbers of live stock since the beginning of the war.*

	Percentage increase or decrease.				
	Cattle.	Sheep.	Hogs.	Poultry.	Horses.
Germany.....	-3	-8	-33		+4
France.....	-16	-34	-40		-29
Great Britain.....	+5	+3	-12		+21
Denmark.....		-7	-34	-19	+1
Norway.....	-2	-3	-3		+4
Netherlands.....	+10	-38	-12		
Canada.....	-1	-2	-27		+3
United States.....	+12	-2	+14	-1	+1
United States, Civil War period, 1860-1870.....	-7	+27	-25		+14

The results of this war agree well with the effects of the Civil War except in the case of sheep. In that war the impossibility of getting cotton made sheep increase. The hogs and poultry that consume food

fit for human use are decreasing most. A limited number of hogs and poultry can be kept as scavengers, but larger numbers consume grains fit for human use. When men are hungry enough they prefer 7 pounds of corn to 1 pound of dressed pork. There may be some question whether it is desirable for America to materially increase its hogs or poultry, since such an increase comes out of the grain supply. One advantage in increasing hogs now is that it will mean the holding over of corn in the form of pork. If we are not to hold it over as corn, it is certainly well to have it held in some form. Probably it is best to make every effort to keep up the supply of live stock. It will decrease rapidly enough in spite of all efforts. Live stock always tends to decrease in times of food shortage.

THE OUTLOOK FOR NEXT YEAR.

What crops may be expected: Weather and labor are the great factors in crop production and, of these, weather is the dominating one. How variable the seasons are in America is shown in Table 6. On the basis of average yields the area planted for 1915 should have given 838,000,000 bushels of wheat. It did give 1,026,000,000. The production in 1917 was 20 per cent less than that expected from the area planted. Nearly all of our land is subject to severe droughts. In times of peace this was not realized, because a drought merely meant decreased exports or possible imports.

TABLE 6.—Wheat in the United States.

[All figures are millions.]

Crop year.	Acres planted.	Acres harvested.	Expected production from acreage planted.	Raised.
			Bushels.	
1910-1914	53	49	728	
1915	61	60	838	1,026
1916	57	53	783	640
1917	60	46	824	651

Average yield per acre: The average yields per acre in pounds of grain calculated from the estimates of the Department of Agriculture are given in Table 7.

TABLE 7.—Pounds of grain per acre.

[Total pounds of corn, oats, wheat, barley, rye, and buckwheat divided by total acres of these crops in the United States from Yearbooks of the United States Department of Agriculture.]

Year:	Pounds per acre.
1866	1.120
1867	1.050
1868	1.134
1869	1.112
1870	1.241
1871	1.233
1872	1.280
1873	1.086
1874	957
1875	1.221
1876	1.097
1877	1.217
Average 12 years	1,146

Year:	Pounds per acre.
1878	1.101
1879	1.263
1880	1.188
1881	806
1882	1.114
1883	1.032
1884	1.138
1885	1.138
1886	1.025
1887	948
1888	1.121
1889	1.184
1890	920
1891	1.231
1892	1.046
1893	1.002
1894	934
1895	1.209
1896	1.221
1897	1.105
Average 20 years	1,094

Year:	Pounds per acre.
1898	1.157
1899	1.138
1900	1.135
1901	913
1902	1.260
1903	1.143
1904	1.215
1905	1.310
1906	1.358
1907	1.167
1908	1.181
1909	1.221
1910	1.256
1911	1.074
1912	1.380
1913	1.122
1914	1.222
1915	1.342
1916	1.109
1917	1.259
Average 20 years	1,198

Judging by the past 20 years there is 1 chance in 20 that next year's yield per acre will be less than three-quarters of this year's. In that event, a large part of the live stock would have to be eaten. There are 10 chances in 20 that the yield will be more than 6 per cent below this year's production, and only 5 chances in 20 that the yield will be as good as this year. Or, the chances are 4 to 1 against a crop as good as this year's and 1 to 1 of a crop more than 6 per cent below this year's.

A yield per acre of 10 per cent below this year's production is so common that we should make plans for a year at least this unfavorable. In other words, if we desire reasonable assurance of being able to live as well next year as this year and at the same time export as much as this year, plans should be made to do man's part for a total production of 10 per cent more than was planned for last year. Considering the present condition of the winter wheat, even this is taking enough risk.

Total production of grain: The total production of the six grains in pounds is given in Table 8. The crop of 1915 was the largest ever produced and 1917 was the next largest.

TABLE 8.—Total pounds of corn, oats, wheat, barley, rye, and buckwheat produced in the United States.

Year:	Pounds.
1808	176,000,000,000
1809	180,000,000,000
1900	180,000,000,000
1901	161,000,000,000
1902	222,000,000,000
1903	198,000,000,000
1904	209,000,000,000
1905	233,000,000,000
1906	250,000,000,000
1907	217,000,000,000
1908	226,000,000,000
1909	243,000,000,000
1910	249,000,000,000
1911	219,000,000,000
1912	278,000,000,000
1913	230,000,000,000
1914	252,000,000,000
1915	294,000,000,000
1916	235,000,000,000
1917	281,000,000,000

Mr. GRONNA. This portion of Prof. Warren's statement which I now desire to read is headed "Some proposed remedies." That is what Senators are waiting for—some proposed remedies—and Prof. Warren gives them:

Price control: One of the important problems of the war is whether to attempt to arbitrarily keep down prices and wages in spite of an inflated currency, or let the cheaper dollar do part service by letting prices and wages rise. Thus far the public agitation has been in the direction of price control. The public seems to have decided to repeal the law of supply and demand. Unfortunately, the repeal applies to supply as well as to demand. Some persons believe that since we are at war, the law of supply and demand fails to operate. It would be as logical to say that a heavy weight repeals the law of gravitation. We should not make the mistake of assuming that man can repeal either law.

When the consumer is in power the goose that lays the golden egg is in danger. We have regulated our railroads for the past decade so completely to the satisfaction of the public that the investor has put his money elsewhere. We are now beginning the same experiment with farming. Much of the agitation for price control fails to distinguish between large corporations that are more or less monopolistic and farming that is made up of millions of small independent units.

The motives for price control are numerous. Business interests want food regulated so that wages will not rise. In effect this means that the farmer's wage is to be reduced so that city wages need not rise. The employer who hopes for cheaper food is in a mood to cause industrial disturbances. The vain hope that food can be made cheap when the supply is decreasing and when its price is measured by a shrinking dollar, leads employers to delay giving inevitable wage increases and thus favors industrial disturbances. Wage demands that may be high at the moment may be amply justified in the near future because of the further decrease in the purchasing power of money. The employer who faces the facts squarely is the one who is in a mood to meet the situation wisely.

Mr. President, there is the whole situation. I agree absolutely with Prof. Warren, and I believe he is right. Prof. Warren further said:

Increased production means more labor: There is no solution of the food problem except more food, and the only way to get more food is either to get out of the way and let it be produced or else do the things that will cause it to be produced. We can not get it by wishing or by editorials or by reducing prices.

I am going to read a letter from a newspaper man in my State, the owner of the largest newspaper in North Dakota. His paper has "roasted" me, and I might say misquoted me, more frequently than any other paper in the State, but I am going to read his letter just the same, because it touches upon the question of production and fair prices. The letter is not addressed to me, but to Mr. H. M. Owen, who testified before our committee, and as he offered it for record I feel at liberty to use it. The letter is as follows:

GRAND FORKS, N. DAK., March 8, 1918.

Mr. H. M. OWEN,
Minneapolis, Minn.

DEAR MR. OWEN: I have your wire and note you ask my judgment as to the feeling of our people in regard to the wheat-acreage situation. Replying, will say most of our people really want to be patriotic and conform to the wishes of the Government regarding crops, but you realize what human selfishness is, and there is no question whatever but that a great many people will seed the kind of grain they believe they can make the most money out of.

We have felt ever since the price was fixed last fall, that the spring-wheat grower was discriminated against in that the price made by supply and demand, which was \$3.06 per bushel the day Mr. Hoover made his statement, and it dropped down to below \$2 per bushel at the point of loading, especially so in the face of the fact that wheat was the only food commodity on which we were short, and the further fact that the winter-wheat growers had an opportunity to deliver their wheat at the supply-and-demand price, and we were just beginning to deliver ours.

At the present price of corn, oats, barley, etc., wheat is the cheapest food product, even for live stock. A good many of our people will sow the wheat anyway, but you realize that when wheat is lower than other commodities, and the facts are that it is cheaper to feed, even to live stock, and the further fact that at present prices barley or oats, either one, would be more profitable to grow, it will certainly have a tendency to increase consumption and decrease acreage, when the opposite is just what we want. All real loyal citizens are using every opportunity to urge increased acreage of wheat, but you know the results of selfishness and can judge as well as I.

I do not understand why the Government does not either lift the restrictions and let supply and demand govern all these products or else put them all in the list, fix all prices, and that would be comparatively fair to everyone concerned. The Government experts at Washington, I am sure, will agree with us along the line of cost and production.

I am inclosing you copy of brief I furnished the price-fixing committee last fall, and in this schedule there could be added some extra amounts for wages, as they are going to be much higher this year.

Trusting that this may be of some service to you, I am,

Yours, very truly,

J. D. BACON.

Mr. President, I agree with this gentleman in what he says, that if we fix the price of one commodity we ought to fix the price of all commodities. That is the position that the Committee on Agriculture and Forestry took when it had the food bill before it last year. You will all remember that that bill included everything—steel, iron, oil, and their products; timber, hides, wool, and their products, and do not forget cotton and its products. That was also in the bill.

When the Senator from Mississippi [Mr. WILLIAMS] said the other day, "We do not need to eat your wheat," I could respond, "We do not need your cotton." Sir, we can produce more flax on 1 acre of land, and spin it into linen, than you can produce on 10 acres of cotton; but that is not the spirit that should prevail among citizens of the United States. Mr. President, we do not need, either, to sow wheat. We have in my State other resources. We have some 20,000,000 acres underlaid with lignite coal; but up to the present time it has not been marketed, because it contains too large a percentage of moisture. But now machinery has been invented for manufacturing coal into briquettes, to take out of the coal the 40 or 50 per cent of moisture and manufacture it into coal briquettes, and I say here that it is as good as the best bituminous coal you can find anywhere. We have 20,000,000 acres underlaid with this coal in my own State. We have more than seven thousand billions of tons of this coal, and we have a vast area of pottery clay. We do not need to raise wheat. So I hope that the Senator from Mississippi, upon reflection, will not contend that he meant his statement seriously when he said: "We do not need to eat your wheat." We do not need to wear your cotton. We can raise sheep, any amount of sheep, in my State. It is the best sheep country in the world, because the air is pure and dry. We can take the fleeces from the sheep's back and manufacture them into cloth, which, I think, even the Members from the cotton States will admit is as good as cotton cloth.

But, Mr. President, I do not want to hear, nor do I want to discuss, the question of North and South, of cotton and wheat. We are a united country. We must be a united country. The amity and good feeling which for years and years has existed between the North and the South ought to and will exist in the future. No man, whether he is from the North or the South, can justly accuse me of discriminating against legislation that has favored the South. There never has been a bill before this body or the other body when I was a Member of it but that I have as willingly voted for appropriations that would benefit the South as for appropriations that would benefit the North.

Mr. President, I want to say that my personal interest in the production of wheat is a secondary and small matter. I want to say that if it had not been for the fact that after hearing these men, patriotic men, coming as they did from all over the United States and testifying to the fact that there will be a shortage of food, I should not have taken a single moment to express any opinion upon this amendment. But I do feel, and I know that every Member of this body, whether he is from a grain-raising State or not, realizes that it is of just as much importance to produce food as it is to manufacture powder, to manufacture guns and munitions of all kinds, and of just as much importance as it is to furnish men.

Mr. President, there were those of us who were not willing, at the particular time the declaration was made, to enter into this war; but I hope that at least no Senator will challenge the patriotism of any of those of us who were in the minority at

that time. We are as much interested in the outcome of this war as those of you who were in the majority. We have as willingly given our sons, and many of us have given sons who did not have to go on the field of battle under the law; but after war had been declared, speaking for myself, I knew it to be my patriotic duty to do everything in my power to successfully prosecute the war. Mr. President, we have contributed as liberally as we have been able to contribute to every fund necessary to successfully prosecute the war. It is no longer a mooted question. We are facing a powerful enemy. Every true American must realize that it is his duty as a citizen of this Government to see that a victory with honor is won. Our faces must be turned to the future. We are not living in the past. Autocracy and oligarchy must be crushed wherever found in the interest of people's governments, in the interest of liberty and freedom.

Mr. JONES of Washington. Mr. President, I am not going to discuss the question of price-fixing. That policy has been a failure from the earliest recorded history, and I am afraid it will be a failure in this country. We hope for the best from it, however, because we have started upon it; but it is bound to be unjust where the cost of the article the price of which we try to fix is not also fixed and determined. But what I rose to do was to call attention to a paragraph in a letter which I have received from a farmer who calls attention to what I think is really the most serious situation that confronts the farmer in connection with the production of his crop.

I do not minimize the effect of the increased cost of farm machinery, to which the Senator from North Dakota has referred; but many farmers may not need to buy machinery this year. They can make the old machinery do the work of this year. They may not have to pay these increased costs. But there is one element that the farmer can not escape, and that is the labor proposition.

I want to read just a paragraph of a letter from this farmer that is illustrative of the conditions throughout the country. I do not know; it may be worse in our State than in other States, because of the governmental demands for labor; but this shows about the situation all over the country. He says:

Another matter, Senator, of very great importance to farmers is the matter of extreme high wages. In the first place, the country is being robbed of its young men and that depletes the supply of labor.

I want to say that the writer is not condemning the taking of young men for war purposes, because he was a soldier in the Civil War, and he is for this war; but he simply states the fact in those terms.

We had to pay much more for labor on the farm last year than in former years, and this year it will be still more. My ranch, 40 acres, is just north of "Camp 4" on Cowiche Ridge. Mr. Clarence Livergood has charge of it. He says the Government at Camp 4—

That is an irrigation camp—

is paying \$3.30 per day this year for 8 hours, and that at "Rimrock," where the big dam is being built, the Government pays \$3.30 for 8 hours, and that we on the farms will have to pay the same. I notice by the papers that the Government has agreed to a schedule of 45 cents and 50 cents per hour in all the lumber regions of Oregon and Washington, and I am expecting the men who work on the farms will make that a clue for demanding the same from us. We are straining every nerve to raise stuff to feed the millions of Europe.

What does that mean to the farmer, Mr. President? That means \$100 or more a month for farm labor, for farm help; and he can not escape it. Not only is what he has said here true, but the shipyards of our State are taking men from the farms and men from the shops in the small country towns, men from every line of business, and they are making from six to eight or ten or twelve or fifteen dollars a day. These wages will have to be reflected upon the farm, or else the farmer will not get any help. That is all there is to it. So that must be taken into account in the consideration of this proposition.

While I have the floor, I am going to read another letter. It does not bear particularly upon this point, but it simply shows the effect of this constant touch of some governmental bureau or governmental agency upon the industries of our country.

We authorized the President to place an embargo upon exports of our products from this country. Of course it was expected that that power would be exercised wisely. We have a War Export Board here in Washington City. They have an agent out in Seattle; and I have here a letter from the chairman of one of our county councils of national defense giving one instance of his experience in connection with this matter. He says:

We have a hard time preaching patience, when we can not give a valid reason for delay. Seems to me the machinery of the Government is cumbersome in the extreme; there does not seem to be the adaptability and tact on the part of some of these bureaus which would inspire confidence.

Those of us down here who are brought in touch with these bureaus can sympathize, I think, pretty strongly with this gentleman's experience in one or two particular instances.

Have before me an application to the War Trade Board for license to ship 20 dressed hogs across the line into Canada. It was flatly denied without any reason whatever being assigned.

He sent me the slip. It was a regular printed form, with blanks to be filled out—one blank for the number of hogs, another blank for the number of the application, and then it had printed on it "This application is denied," with no reason given, no excuse for the action, nor anything of the sort. Now, the application for the shipment of these hogs was to have permission to send them to Grand Forks, in British Columbia. He says:

Grand Forks, British Columbia, is the location of the Granby smelter. It is as much of an employer of American labor as any other, making copper for war purposes. The country is one of our allies. Farmers are feeding these hogs on wheat. There is nothing else to feed them on.

I know that in that section of the country they raise wheat very largely—

What are they to do, eat the pork themselves, or feed seed wheat, which they do not have to spare, until the hogs are fat enough and large enough to sell to the packing houses? They do not want them now, for they are not large enough. I can not explain such actions; I can not satisfy my people, for I do not know what to say.

It is not any wonder that this chairman of the county council of national defense does not know what to say to the farmers whom he has been asking to subscribe to liberty bonds and for Red Cross work and all that sort of thing. It is no wonder that he does not know what to say to them when they make an application to send 20 dressed hogs over to British Columbia, just across the line, to the smelter that is employing American labor as well as Canadian labor, whose product is copper, so necessary in the conduct of the war, and the application is denied without any reason whatever being given for it; yet that is the situation. It does not bear particularly on this wheat proposition, and yet it shows that the wheat is being used for the fattening of these hogs that the Government officials will not permit to be sent where they are especially needed.

Mr. POMERENE obtained the floor.

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

The PRESIDING OFFICER. The absence of a quorum is suggested. The Secretary will call the roll.

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

Baird	Hitchcock	New	Sterling
Bankhead	Johnson, Cal.	Norris	Stone
Beckham	Johnson, S. Dak.	Nugent	Sutherland
Calder	Jones, N. Mex.	Owen	Swanson
Curtis	Jones, Wash.	Page	Thomas
Dillingham	Kellogg	Pomerene	Tillman
Fall	Knox	Ransdell	Trammell
Fletcher	Lewis	Reed	Vardaman
Frances	Lodge	Shafroth	Wadsworth
Gallinger	McCumber	Sheppard	Warren
Gore	McKellar	Sherman	Watson
Gronna	McLean	Simmons	Weeks
Hale	McNary	Smith, Ga.	Williams
Harding	Myers	Smith, Mich.	
Hardwick	Nelson	Smoot	

Mr. CURTIS. I have been requested to announce the unavoidable absence of the Senator from New Jersey [Mr. FRELINGHUYSEN].

Mr. REED. I take this opportunity to announce that the Senator from Utah [Mr. KING] and the Senator from Delaware [Mr. WOLCOTT] are engaged in work of the Judiciary Committee.

Mr. LEWIS. I announce the absence of the Senator from Maryland [Mr. SMITH], caused by illness, and at this time beg to announce the absence of the Senator from Kentucky [Mr. JAMES], by reason of illness, and the Senator from Nevada [Mr. HENDERSON], upon official business.

Mr. GORE. I announce the unavoidable absence of the senior Senator from Kansas [Mr. THOMPSON].

Mr. WARREN. I wish to announce the absence from the city of my colleague [Mr. KENDRICK] on public business. I ask that this announcement may stand for the day.

The VICE PRESIDENT. Fifty-eight Senators have answered to the roll call. There is a quorum present.

Mr. McCUMBER. Mr. President—

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

Mr. POMERENE. I yield to the Senator from North Dakota.

Mr. McCUMBER. As the Senator from Ohio is about to discuss the subject under consideration I am asking him to allow me to put into the RECORD at this time a table which will not only partially explain what my colleague [Mr. GRONNA] has said with reference to farming conditions at the present time but will also answer some of the queries made by the Senator from New Hampshire [Mr. GALLINGER]. I am placing it in the RECORD at this time so that the Senator from Ohio may, if he will do me the honor, make such comments upon it as he may desire and criticize it if I am wrong.

I am going to ask to take a family of five persons as the basis of my calculation. Those five persons will consist of the husband and father, the wife, and, we will say, two sons and one daughter. That will give the most favorable conditions to start out in farming, because, under my computation, there will be three laborers capable of performing the labor of a man upon the farm, and two women for the house. Now, we will suppose that this family want to buy a farm and go into the farming business, and I will direct them to go to Ohio and buy a farm there. I asked the Senator from Ohio privately what the general average value of good farm lands in his State was, outside of those tracts which are in close proximity to the great cities and which would be used for gardening rather than farming, and I judge from his statement that in the good sections of Ohio the average value of a farm would be about \$125 an acre. The Senator from Illinois [Mr. SHERMAN] informs me that it would average about \$175 an acre in the State of Illinois, so I will take the cheaper land of Ohio; and this farmer proceeds to buy that land.

Here is my table: I will take 160 acres. At \$125 an acre it will cost him \$20,000. He will need, in the way of stock and machinery and cows and pigs and the other things that are necessary to start farming on 160 acres, at the present prices, about \$5,000. That will be an initial cost of \$25,000. Now, I am going to compute this the same as you would if you went into the mercantile business.

Six per cent interest on \$25,000 would be an annual interest payment of \$1,500. This 160 acres must be fertilized. I think it will cost the farmer nearly \$2 an acre to keep it well fertilized, but I will try to be very careful not to overstate the figure, and I will place it at \$1 an acre. That will make \$160 for fertilizing. This farmer will undoubtedly pay taxes on that farm of 160 acres and all of the personal property which he uses in connection with it to the amount of about \$100.

He will also be compelled to buy new machinery and new stock, or his horses may die, and it is a fair and reasonable estimate that you must allow for depreciation, loss in machinery and in horses about \$200 per year. Now, he must buy his coal and his fuel. It is safe to say that he can not buy his coal and his fuel for a year for less than \$100 at the very least.

Mr. SMITH of Michigan. He can not get coal at all.

Mr. McCUMBER. But if he bought cordwood and used that instead it would cost him at least \$100. It is safe to say that he will have to pay out at least \$75 in insurance on all this property—fire insurance and insurance of his stock, and so forth. Then there will be, under my estimate, miscellaneous expenses upon that farm of about \$125 to buy the hundreds of little things that have to be bought on the farm outside of what is necessary for clothing and for what we call ordinary living expenses. Now, you will see that that will immediately amount to \$2,200. That man, even with those two boys, will have to hire two men about a month and a half during the busy season—that is, from the time the harvest begins until the grain is thrashed. That would be equivalent to three months for one man. He must pay to-day about \$80 a month and board. If you hire for the entire year, of course it will be less than \$80 a month, as probably in Ohio; but where he hires probably for only a month and a half he will have either to hire by the day or, at the very least, it would cost him \$80 a month and board. Now, putting the board at only \$20 a month per man, you would have \$100 per man, and for the three months you would have \$300. So you have now paid out \$2,500 during that time.

Remember, if he has 160 acres he must have horses, he must have cattle, he must raise pigs, he must have a portion of that 160 acres to put his buildings on, and he must have pasture for his cows, he must raise potatoes and garden truck, and he must raise oats for his horses or other feed and hay, and altogether he would have to take at least 60 acres out of the 160 acres for that purpose. That would leave him only 100 acres, then, to raise his wheat on. Now, let us take the average yield, both in Ohio and other places in the United States, at 14 bushels per acre. At 14 bushels per acre, on 100 acres he will have raised 1,400 bushels of wheat. One thousand four hundred bushels of wheat at the present price as fixed by the Food Commissioner would yield him about \$2 per bushel. Remember that I have not taken out anything for thrashing this wheat, which would be about 6 or 7 per cent. Remember also that the \$2.20 a bushel is for the highest grade of grain, and not one-fifth of the grain in the United States measures up to the highest standard.

So, when you take his distance from the principal interior market and the cost of shipping, the cost of just the thrashing

that he will have to pay per bushel, after he furnishes the men himself and his own work, if he gets \$2 a bushel at his own elevator he will be doing well. But I will compute it at \$2 a bushel, and he would have \$2,800.

Now, it has already cost him \$2,500. That would give him \$300 for one year's work for five adults, and probably there will be children to support and take care of besides those that are working. Dividing that \$300 among five people, you have \$60 for each one for his year's work. You have \$5 a month, or 20 cents a day. That is the estimate that I made some years ago, and it will hold good even at \$2 a bushel with the cost of everything that the farmer has to purchase. Now, just stop and think of that for a single moment.

Mr. FLETCHER. Mr. President—

Mr. McCUMBER. I will yield in just a minute. He must purchase all his groceries; he must buy all his medicines; he must pay all his doctor bills; and he must buy everything that is needed in the shape of the ordinary things that enter into the life of an individual for \$60 a year, or \$5 a month, and he will not have a great deal left for the Red Cross unless he cuts out his tobacco and other little comforts of that kind. I simply give that table to show that his year's labor will not give him a sufficient additional sum to buy two suits of clothes a year, and it will not give him as much as your ordinary laborer in the steel mills in Ohio and Indiana will earn in two weeks.

Therefore, you can draw your own conclusion. I have not given anything but the most moderate figures here. With wheat at \$2 a bushel, and with the number of acres that must be taken out of the total of 160 to raise his other cereals, his hay, his corn for his pigs, his pasture for his cow, and his oats for his horses, 100 acres would be as much as he could possibly put in wheat, and that would be all he would get his money for.

Mr. President, I think that table demonstrates rather conclusively that under present conditions, even with \$2 wheat, the farmer will not and can not raise wheat, especially when he buys land at \$125 an acre. I now yield to the Senator from Florida.

Mr. FLETCHER. I merely wish to say that my sympathies are with the farmer, and I will not enter into any details regarding the calculation made by the Senator. I simply wish to suggest that his man made a mistake in the beginning. He ought to have gone down to Florida and bought land at \$10 an acre, cleared it, put it in cultivable condition for about \$30 an acre, and grown four full crops a year.

Mr. McCUMBER. But the Senator will remember that all our Florida people are protectionists, and he gets a pretty good protection upon the oranges and citrus fruits and all that, while wheat, which we raise up North, is on the free list. So the farmer down there would have a distinct advantage.

Mr. FLETCHER. I do not think there is any protection on the orange crop.

Mr. POMERENE. Mr. President, I am not going to discuss the statement made by the distinguished Senator from North Dakota [Mr. McCUMBER], save and except to say that I neither agree with his premises, his conclusions, nor his process of reasoning. If the Standard Oil Co. would employ him as an accountant, I am sure there would be no income tax to pay by that company.

I only want to allude to one particular fact. When he speaks of the average crop of wheat in Ohio as being 14 bushels to the acre, I hope my friend knows more about farming in North Dakota than he does about farming in Ohio. The average production in Ohio is, I believe, about 23 to 25 bushels to the acre. I do not have exact figures before me. Last year in many sections 40 bushels to the acre was not an uncommon yield. I have been told in one township in Wayne County the entire township averaged 40 bushels to the acre.

But I do not intend to discuss the question of the yield. Sufficient to say that in my judgment the price fixed by the President of \$2.20 per bushel is ample as a minimum price, and I can neither find it in my conscience nor in my heart to attempt to place a minimum price of \$2.50 upon wheat at this particular time.

I am not here to challenge the loyalty of North Dakota's farmers. I am not here to question their good citizenship. In my judgment the vast majority of all the people in all the States are absolutely loyal to America and to America's cause. But I want to point out one or two facts which seem to have been overlooked by the distinguished Senator from North Dakota [Mr. GRONNA]. I was touched by his eloquent words when he referred to the farmer boy from North Dakota who had gone to the trenches, and I indorse everything he has said about that boy, but when it comes to the fixing of prices to be charged for wheat I want to ask him this question:

There are hundreds of thousands of boys from all over the States of the Union who are going to the trenches, giving their

all, placing their very lives upon the altar of their country, and while they are there fighting this battle for you and for me there is an effort made on behalf of certain farmers to enable them to charge their wives and babies at the rate of \$2.50 per bushel for the wheat out of which their bread is made. Let us pause and think whether that is right or not.

I yield to no man in my love for the farmer. I do not question his loyalty or his patriotism, neither do I question the loyalty or the patriotism of the workingman or the working woman who must buy bread in order to sustain life. I believe in the loyalty of the washerwoman and the seamstress who must pay these excessive prices for wheat and for flour and for bread.

Now, Mr. President, I happen to know a little bit about farming myself.

Mr. GORE. Mr. President—

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

Mr. POMERENE. Only for a question.

Mr. GORE. Not for a question; but I wish to cite an instance where a young man in my State had been drafted and is now in the service. I will divert it into a question. He raised 2,700 bushels of wheat last year, enough to feed 550 soldiers. He has a wife and children. He is now in the service, and his Government, in behalf of which he is now imperiling his life, compelled him to take \$2,000 less for his wheat than it was worth in the markets of the country, and his family must subsist in his absence, and they lack the \$2,000 and probably need the \$2,000 that they would otherwise have received.

Mr. POMERENE. Mr. President—

Mr. GORE. Does not that appeal to the Senator's sympathies as well as to his sense of justice?

Mr. POMERENE. Oh, it does appeal to my sympathy to think that any man is going abroad; but the man who has 2,700 bushels of wheat is not a pauper by any means.

Mr. President, up until two years ago, I dare say, there was not a farmer in either North Dakota or Ohio who would not have been glad to have contracted his entire crop at \$1 per bushel. Make it \$2 and you still have room for doubling his cost, and a handsome profit besides.

Our friends in North Dakota speak of the poor crop they have had there, and I have a good deal of sympathy with them because of the partial failure of the crop in North Dakota and other States, particularly in the arid regions. But let us talk seriously about this matter. Assuming that it was a total failure, is that a reason why we should place an exorbitant price upon wheat? They are not in the habit of having failures in North Dakota. In 1915 they raised 151,000,000 bushels of wheat. Last year, I believe, according to the figures presented by the junior Senator from North Dakota they raised 60,000,000 bushels. The minimum price fixed in the law which we passed last year was \$2. The minimum price provided for in this bill is \$2.50. If they should have a crop equal to the crop in 1915 of 151,000,000, the 50 cents a bushel means just \$75,500,000 to the one State of North Dakota. In my own State of Ohio last year we raised over 41,000,000 bushels of wheat. Fifty cents a bushel means just \$20,500,000 to the farmers of my State.

I am glad to say for one, speaking for the farmers of Ohio generally, I thank God they are not here asking for this increase in price.

Mr. President, this subject matter was before the Congress last year—in September, I think. Out in my own State we have a Mr. A. P. Sanders, who for years was secretary and later president of our agricultural board. He is one of the most wide-awake and well posted men I know of on the subject of farming and farm products. He took it upon himself to make an independent investigation as to what should be the minimum and maximum prices fixed for wheat. He sat down and sent out a questionnaire to 210 citizens of Ohio scattered throughout the State. He tells me that among them were institute lecturers, leading farmers, a few grain-elevator men, leading stockmen, and officials of the State grange. He got replies from 149. He subdivided them as follows:

The farmers from northwestern Ohio sent in their report and the average maximum price by those farmers was \$1.9921. The average minimum price they fixed was \$1.4732.

In northeastern Ohio the average maximum price was \$2.2317; the minimum price, \$1.528.

In southeastern Ohio the average maximum price which they fixed was \$2.0311; the average minimum was \$1.50.

In southwestern Ohio the average maximum was \$2.2211; the average minimum, \$1.563.

The average throughout the States was as follows:

Average maximum, \$2.119.

Average minimum, \$1.5162.

Mr. WADSWORTH. Will the Senator yield?

Mr. POMERENE. For a question only.

Mr. WADSWORTH. May I ask what the date of that estimate was?

Mr. POMERENE. It was some time in August of last year, as I recall the statement in the letter to me.

Mr. WADSWORTH. Has the Senator made any effort to get an estimate for the present time?

Mr. POMERENE. I have not.

Mr. REED. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Missouri?

Mr. POMERENE. I yield for a question.

Mr. REED. Does the Senator have the general average?

Mr. POMERENE. That is what I gave a moment ago. The Senator overlooked it. Those were the last figures I gave. The average minimum throughout the State was \$1.5162, and the average maximum \$2.119.

Mr. REED. My question is not as to the general average, but the two smallest numbers give the average minimum, and you get the average maximum by taking the two largest. What I am trying to get at is how these figures show an average.

Mr. POMERENE. I hope the Senator will do me the credit of believing that I would not intentionally deceive the Senate in a statement of facts.

Mr. REED. Certainly not. I have not intimated anything of that sort.

Mr. POMERENE. I am sure of that; but the suggestion would indicate that my figures might be misleading, and in view of that statement I propose to explain them.

Mr. REED. If the Senator will pardon me, since he takes that view of it, I understood he was giving all the figures, and I was merely asking for light as to how he arrived at the average. I hope the Senator will not construe anything I have said as anything more than an effort to get at just what the facts are.

Mr. POMERENE. I do not so construe it, but in view of the question I wanted to make my position perfectly clear. While this investigation was going on some 94, as I remember, of these reports were sent to my own office. The returns were then not all in, and I had the clerks in my office add together all the minimum prices and divide them by the number of minimum prices, and add together all the maximum prices and divide them by the number of maximum prices which were given, and the minimum price at that time on the ninety-odd reports we had was \$1.40, the maximum was \$2.10 $\frac{1}{2}$. The figures I have just given are from memory, but I am certain I am not out of the way 1 cent a bushel. The averages I give to-day are based upon 149 answers, and they raise the minimum slightly and the maximum slightly.

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

Mr. POMERENE. Yes.

Mr. GRONNA. I ask the Senator if the figures he is now presenting were the figures he presented about a year ago?

Mr. POMERENE. Not exactly, as they were presented at that time. At that time the conclusions I gave were based upon figures contained in about 94 reports, as I remember. They are included in the averages I have given here to-day.

Mr. GRONNA. I thank the Senator.

Mr. POMERENE. Mr. President, I know some of these farmers, and I know some of the men who answered this questionnaire, and they are intelligent men. They are prosperous farmers; they are patriotic citizens. There were several who put the prices high. I remember of one man who placed a maximum price of \$3.50, but when I investigated his pedigree I found he had some official position connected with agriculture, catering to the farmer element, himself a political farmer, one of that type of farmers who farm farmers and not farms.

Mr. President, looking at this from the standpoint of a Senator from Ohio, when the farmers of the State fix a minimum of \$1.5162 and a maximum of \$2.119, would I be justified in asking all the people of Ohio and all the breadeaters everywhere to pay for their wheat at the rate of \$2.50 a bushel?

Mr. GORE. Mr. President—

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

Mr. POMERENE. For a question.

Mr. GORE. I wish to ask the Senator a question, and I wish to eliminate one point on which we two agree first. There can not be any possible doubt that the farmer can produce wheat in Ohio at a profit. Where the yield is 40 bushels to the acre \$2 is a splendid remuneration. The Senator says last year the average in Ohio was 23 bushels per acre. In the United States there were 60,000,000 acres sown last year and there were 651,000,000 bushels.

Mr. POMERENE. I am yielding for a question.

Mr. GORE. I am basing it on this statement—

Mr. POMERENE. I want to get through with this argument, not that I care to avoid a controversy at all, but I do not care to consume too much time.

Mr. GORE. The point is this: The average in the United States was 10 bushels to the acre. There must have been millions of acres which produced less than 10 bushels to the acre to bring the splendid crop of Ohio down to the average of 10 bushels. Does not the Senator think in a crisis like that the problem which we must solve is to devise ways and means to enable the man who produces below the average to produce near the margin of profit?

Mr. POMERENE. Mr. President, I will answer the question and I will answer, "Yes." My answer is that when the people of my State say that \$1.51 is a good average minimum price for wheat, then it is my judgment that \$2.20 ought to be a good minimum elsewhere.

Mr. McCUMBER. Mr. President, will the Senator from Ohio allow me merely to ask him a question?

Mr. POMERENE. I will.

Mr. McCUMBER. My first question was simply whether or not I understood the Senator correctly to say that the average yield of wheat in Ohio is 23 bushels per acre?

Mr. POMERENE. It is 23 bushels per acre; I think I put it from 23 to 25 bushels per acre; something like that. I have not looked at the figures recently.

Mr. McCUMBER. I know the Senator wants to be accurate. I sent for the Agricultural Department report, and I find that for the past 10 years the average yield of wheat in Ohio has been 15.9 bushels per acre.

Mr. POMERENE. Mr. President, it has been some time since I looked at the figures relative to the yield of wheat in Ohio, but I think it will be found that the Senator is in error. It may be that in certain years the yield would be as low as that stated by him.

Mr. McCUMBER. I have taken the average yield for the last 10 years, I will state to the Senator.

Mr. HARDING. Mr. President—

Mr. POMERENE. I yield to my colleague.

Mr. HARDING. I think the statement as to average yield in 1917 is correct when it is placed at 23 bushels per acre, and the lower average yield, as stated by the Senator from North Dakota, must cover a period of years when we, along with others, had our crop failures.

Mr. POMERENE. That may be so.

Mr. President, the plea has been made here for higher prices for wheat because of a crop failure in certain States. I ask my friends everywhere, is it fair to base an average price upon the fact that there has been a partial failure or a total failure of the crop in certain sections of the country? The proposition needs only to be stated to fall.

Mr. GORE. Mr. President, was the Senator from Ohio asking me a question?

Mr. POMERENE. No; I was just putting a question generally.

Mr. GORE. I beg pardon.

Mr. POMERENE. Last year the yield of wheat in the United States was 650,828,000 bushels. Assuming that the yield this year will be the same, an additional 50 cents per bushel to the price of wheat means \$325,414,000. In these days, when the prices of foodstuffs are going skyward, what answer can I make to the poor and the laboring classes everywhere when I seek to do that?

Mr. GORE. Mr. President—

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

Mr. POMERENE. I yield for a question.

Mr. GORE. The Senator, I believe, voted to give the railroads the right to go into court to determine whether or not the standard return to be fixed by the President was just compensation. Is the Senator willing to let the farmers go into court when the Government arbitrarily fixes the price of their wheat and have the question determined as to whether or not it is just compensation under the Constitution?

Mr. POMERENE. Mr. President, when we take the wheat, yes; but we are called upon here to fix a minimum price for wheat for the purpose of encouraging production; that is the reason for fixing a price.

Mr. GORE. Mr. President, another question. Does the Senator understand that the price of \$2.20 recently fixed by the President is the minimum and that the farmer will be allowed to receive whatever price above that amount he may be able to obtain?

Mr. POMERENE. It is a guaranteed price, as I understand.

Mr. GORE. Does the Senator understand that the farmer will be allowed to take for his wheat any price over and above \$2.20 a bushel?

Mr. POMERENE. I do not know; I have not gone into that.

Mr. GORE. But is not that vital?

Mr. POMERENE. It may be so, but I want to say that \$2.20 a bushel, with an average crop, is all that any man ought to ask for his crop.

Mr. GORE. Is that a legislative or a judicial question? Who ought to decide that, and who is to decide it under the railroad bill?

Mr. POMERENE. In the case of the railroad legislation, we are taking their property whether they are willing or not.

Mr. GORE. So we are that of the farmers.

Mr. POMERENE. No; we are not taking over their property; we are trying to encourage their production. That is why we have this legislation. The Senator asked me whether it is a legislative problem? My answer is, "No"; it ought to be an executive problem under reasonable and proper regulations.

Mr. REED. Mr. President—

THE VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Missouri?

Mr. POMERENE. I yield for a question.

Mr. REED. Does the Senator from Ohio not understand that, whether we call this price a minimum price or a price given for encouragement or by whatsoever name we call it, as a matter of fact it is the only price that the farmer is permitted to receive?

Mr. POMERENE. I do not know that.

Mr. REED. Does the Senator not know that, through the medium of the licensing power, through the medium of the voluntary agreement between the board of trade men and also between the millers, and by virtue of the fact also that all wheat for foreign shipment is purchased through the wheat corporation, there is but one price possible to be received by the farmer and that price is the price which has been fixed?

Mr. POMERENE. Mr. President, that has affected the price; there can not be any question about it.

Mr. REED. To be frank, has it not absolutely fixed the price?

Mr. POMERENE. In the main, perhaps, it has.

Mr. REED. Well, not in the main, but altogether?

Mr. POMERENE. Well, I have gone as far as I care to go with that. I know that the Senator's views on this subject and mine are diametrically opposed.

Mr. REED. But they are not diametrically opposed on this fact, I hope.

Mr. POMERENE. Perhaps not on the fact. It has been deemed wise to have but one buying agency for the purpose of supplying our allies and ourselves.

Mr. REED. Very well. Now, the only question I am asking is, whether that one buying agency does not have one price; and with one buying agency with one price, if that does not fix the price for the seller?

Mr. POMERENE. Mr. President, I have made the statement that it was a controlling factor, but it does not control all of the prices; it is not the whole element. I do not care, however, to go into that question very much further except to point out, if I can, the position the Congress ought to take.

I recognize the fact that we can not put a dollar into the pocket of the farmer without taking it out of the pocket of the washerwoman or other consumer, and that when we are fixing the price of foodstuffs proper regard should be had for the encouragement of production; but ought we not also to pay a proper regard to those who must eat? The other day something like this was said facetiously, that \$3 per bushel wheat was better than no wheat at \$2 a bushel; but, like all half truths, it is the worst kind of a falsehood. What does \$5 a bushel wheat mean if the consumer has not the money to pay for it?

Mr. WADSWORTH. Mr. President—

THE VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from New York?

Mr. POMERENE. I do, for a question.

Mr. WADSWORTH. Would the Senator from Ohio contend that when the consumer has not the money to pay for it, wheat would stay at \$5 a bushel?

Mr. POMERENE. Well, Mr. President, here comes our old friend, supply and demand; the rule which is invoked upon every occasion; and there never was a worse abused rule in the world than just that one. The great economists, who pored over their books dreaming long years ago announced the rule, and, as a general proposition, it is sound; but when the law of supply and demand is not permitted to operate, it does not control the price. It never did and it never will.

Mr. GORE. Then, who does and what does in that case?

Mr. POMERENE. I will answer the Senator, if he will be a little patient.

Mr. GORE. I am perfectly patient, and I shall wait a long time for an answer.

Mr. POMERENE. Well, if it is to get an answer that will satisfy the Senator, he will, perhaps, never get it, because his ideas are fixed upon that proposition.

Mr. President, last year in the course of a few weeks the price of wheat went skyward, until in some localities it was sold for \$3 a bushel and \$3.25, and even as high, if my memory serves me aright, as \$3.50 a bushel.

Mr. GRONNA. Mr. President, I know the Senator wants to be correct. I desire to inform him that the highest price which was paid for wheat in the foremost terminal market in the country was \$3.06.

Mr. POMERENE. I am trusting to my memory, but I think the Senator from North Dakota is wrong about that. However, I will accept his statement.

Mr. GRONNA. Mr. President, may I ask the Senator a question while I am on my feet?

Mr. POMERENE. Yes.

Mr. GRONNA. The Senator from Ohio is complaining because the washerwoman will have to pay for wheat or flour the increased price provided by the amendment offered by the Senator from Oklahoma [Mr. GORE]. That increase is 30 cents a bushel, is it not?

Mr. POMERENE. Yes.

Mr. GRONNA. The Senator from Ohio knows as well as I do that per capita we do not consume more than one barrel of flour per year, which never exceeds 4½ bushels.

Mr. POMERENE. I have heard that statement made before, and I trust the Senator from North Dakota will not encroach upon my time in that matter.

Mr. GRONNA. I hope the Senator will permit me to finish the question. The increased cost of the flour will be from \$1.25 to \$1.35 per capita, possibly, for the entire year. Is it not a fact right now that the Senator from Ohio is compelling the same washerwoman to eat something else than wheat, which is costing her more and which is not so valuable for food?

Mr. POMERENE. My answer is "no." Every Senator knows that the very minute that we add 25 cents to the price of a bushel of wheat by the time it gets around to the consumer there will be several times 25 cents added to the flour produced from that bushel of wheat.

Mr. REED. Will the Senator from Ohio make the assertion that that is the case when Mr. Hoover is in control and regulating it from the farmer to the consumer?

Mr. POMERENE. The Senator from Missouri is "still harping" on my daughter.

Mr. REED. Oh, the Senator ought to set that up in quotation marks.

Mr. POMERENE. I realize that very fully.

Mr. REED. I want to ask the Senator from Ohio if it is true now—and we can not get away from these things by any fulminations—I want to know if the Senator means that since Mr. Hoover has taken control conditions are still so bad that 25 cents added to a bushel of wheat will mean three or four or five times that amount added to the flour that the consumer buys?

Mr. POMERENE. Mr. President, I have made no such statement, and the Senator from Missouri has no right to draw any such inference from any statement that I have made on the subject.

Mr. REED. I trust the Senator will read the notes of his speech.

Mr. POMERENE. I recognize the fact that when it comes to the question of Hoover the Senator from Missouri and I can not agree. I have no doubt that Mr. Hoover has done some things that he perhaps ought not to have done, but on the whole he has done a great service to the people of this country and to the allies generally. If it had not been for what we have been doing on this subject, legislatively as well as through the Food Administration, the price of flour to-day would be from \$20 to \$25 per barrel. It did get to \$18 per barrel in this city just before he took charge.

Now, Mr. President, I want to call the attention of the Senate, if I may do so briefly, to another proposition. On March 1, according to the report of the Agricultural Department, there was a wheat supply on the farms amounting to 111,272,000 bushels; on that day there were in the country mills and elevators 68,972,000 bushels; or, in round numbers, about 180,000,000 bushels. Note that about two-thirds of this wheat was then in the possession of the farmers. I have letters from leading farmers in Ohio in which they estimate that from one-fourth to one-third of the crop of last year is still in the bins on their

farms waiting for higher prices. Certain legislation was proposed in the Senate, one bill suggesting a minimum of \$2.50 per bushel and another bill suggesting \$2.75 per bushel; and partly in anticipation of the higher prices suggested by this legislation this wheat is still kept on the farms and in the bins, and the allies are suffering for the want of it to-day.

Mr. GORE. Mr. President, the Senator, of course, is aware that the proposed increase to \$2.50 applies only to wheat harvested in 1918, and does not apply to a single bushel of wheat harvested in 1917? So this bill would not have any effect on the wheat that has already been harvested.

Mr. POMERENE. Mr. President, I understand that suggestion is made; but I suspect we would have to send the Senator from Oklahoma and some others out to tag all the 1917 crop of wheat so as to be able to distinguish between the products of 1917 and that of the year 1918.

Mr. GORE. In Ohio?

Mr. POMERENE. No; not in Ohio; we are not asking for this increase.

Mr. REED. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Missouri?

Mr. POMERENE. I yield for a question.

Mr. REED. The Senator states that, by virtue of this proposed price, wheat has been held up and the allies are suffering for wheat. That statement ought not to go to the country unless the Senator knows it to be true.

Mr. POMERENE. Well, Mr. President—

Mr. REED. I want to ask the Senator if it is not true that there are millions of bushels of wheat in the ports of America to-day waiting for bottoms to transport them to Europe?

Mr. POMERENE. Mr. President, I have stated that there were 68,972,000 bushels of wheat in the country mills and elevators; that is, there were on March 1. I have not anything later on the subject. It may be that a part of this wheat was in the ports.

Mr. REED. Then, how can the Senator say that by virtue of this bill the allies are to-day suffering for the wheat when he admits there are 68,000,000 bushels in the market to-day, practically every bushel of which is under the control of the Food Administration?

Mr. POMERENE. Well, Mr. President, I can not refer to every fact in connection with this subject at one time. One of the distinguished Senators—I think, the Senator from South Dakota [Mr. STERLING], perhaps—this morning offered a report of a speech made by M. Tardieu, the French commissioner, bearing upon this subject, showing the decrease in the allowance of bread to the French people during the last few months, due to the fact they could not get the usual supply. They are not getting enough to meet their requirements. It may be that they are not suffering, as I have suggested; I hope they are not—

Mr. GORE. Mr. President—

Mr. POMERENE. Just one moment, please; but it seems to me it ought to occur to Senators that while we are trying to boost prices in this kind of a way the men who still have wheat in their bins will probably continue to hold it. I can read some letters on the subject, if it is required.

Mr. GORE. Mr. President—

Mr. POMERENE. I yield for a question.

Mr. GORE. Does not the Senator know that, under section 4 of the food-control act, the Government of the United States can commandeer every bushel of wheat in the United States?

Mr. POMERENE. I suspect it can.

Mr. GORE. In the hands of the farmer or anybody else, except what he needs for feed and domestic use?

Mr. POMERENE. The Government no doubt can commandeer it at any time.

Mr. GORE. Will the Government of the United States permit its allies to suffer when it has the power to commandeer wheat in the hands of the people who are hoarding it and withholding holding it from them?

Mr. POMERENE. Mr. President, I do not care to take the time to answer a question like that.

I will read part of a letter which I received from one of the most intelligent business men in Ohio, whom I have known personally for many years. He is a patriotic man and is in constant touch with farmers, and among other things he makes this statement:

There have been offered lately in the Senate two bills proposing to raise the price of wheat to \$2.50 or \$2.75—the best means I know of to withdraw wheat from the market—

I will not read the whole of the letter—

This eternal tinkering with measures has done more to retard preparations for the war than all other causes combined. When the price of wheat was fixed some time ago they ought to have had enough data

at hand to have known whether the price was right or not. If the price is not high enough, the change ought to be made without a moment's unnecessary delay and settle the question so that the wheat would again come from its hiding. There is more wheat over the country than is generally believed, if our observations amount to anything, and I am in pretty close touch with the farmers. The great complaint of the farmers is that there is no market for their wheat. I was talking to one farmer in an adjoining county not long ago, and he said he had 300 bushels of wheat, but could find no market for it. He said that another neighbor had 400 bushels in the same shape. He told me that one of his neighbors last fall had to sack and haul his old crop to a neighbor for storage before he could thresh his new crop. A man in our office stated just this morning that he saw a man the other day who had 900 bushels of wheat and could not find a market, as the Alliance Mills would not buy it on account of restrictions—

And so forth.

Mr. GORE. Mr. President, is that letter from Ohio?

Mr. POMERENE. That letter is from Ohio.

Mr. WADSWORTH. Will the Senator yield to me for a moment?

Mr. POMERENE. For a question.

Mr. WADSWORTH. Does the Senator know why it was that those farmers could not sell their wheat? I happen to know, and if the Senator will permit me two or three sentences I will be glad to tell him.

Mr. POMERENE. I think I understand. There was some question of transportation—

Mr. WADSWORTH. Not at all.

Mr. POMERENE. There was some question of regulation about it, which affected the situation. Suffice it to say that the wheat has not yet been sold.

Mr. WADSWORTH. Mr. President, the reason is that the Food Administration issued an order which in effect prevented mills purchasing wheat. I know of many mills now closed down, and the farmer drawing his wheat to those mills has had to draw it home again. That is just what has happened.

Mr. POMERENE. I think that is true in certain sections.

Mr. WADSWORTH. It is true all over the country, in many sections.

Mr. POMERENE. But we are discussing now the question as to the price of wheat, and everything else is incidental to it. I have a number of other letters here bearing upon the same subject, but I do not believe I will take the time to read them. Many of these farmers are holding for higher prices, and this legislation is just the kind of legislation that encourages that practice.

Mr. GORE. Mr. President, the Senator stated a moment ago that the wheat has not been sold because the farmers could not find any buyers, and now he states it is because they are holding it for higher prices.

Mr. POMERENE. I state both facts, and there is nothing inconsistent between them, in my judgment.

Mr. GORE. Well, of course, the Senator may himself be able to reconcile contradictory statements of that sort, but they do not seem consistent with each other.

Mr. POMERENE. I think they are thoroughly reconcilable. Mr. President, it has been suggested that the price of wheat ought to be raised because wheat is now being fed to stock, due to present low prices. There has been wheat fed to stock, but my judgment is, from a report made by the Agricultural Department, that it is not more than usually is so fed. I have before me the monthly crop report for March. The statistician made a special telegraphic inquiry, under date of March 2, in 15 of the leading wheat-producing States concerning the amount of 1917 wheat crop fed to live stock.

The responses show that the amount of wheat fed to live stock is less than in former years, except in a few States or sections where there was difficulty in obtaining other feed stuffs.

The highest figure reported, 7 per cent, was from Montana, where in some sections feeding of wheat was necessary to prevent live stock from starving. In Oregon 6 per cent was fed. These two States together account for about 2,000,000 bushels thus fed. Washington reports 4.5 per cent, being 1,500,000 bushels, against 2,300,000 usually fed. Moderately heavy feeding in western and west central Texas and Oklahoma in sections where other crops were almost a total failure, in order to save live stock, has required about 800,000 bushels in the former State and 900,000 in the latter, being 5 per cent and 2½ per cent of the total crops of those States. Something over 1,000,000 bushels have been fed in North Dakota, about 2 per cent of the crop. Ohio has fed less than a million bushels, and less than 2 per cent of its crop.

Pennsylvania reports almost 1,500,000 bushels, or about 6 per cent of the crop.

The remaining States report very small quantities of wheat being fed. It appears that the total quantity of wheat fed to live stock will not exceed 2 per cent, and that the sound wheat fed is probably within 1 per cent of the crop. A large part of the wheat fed is inferior or musty grain unfit for milling. A considerable amount of it represents the screenings from seed wheat. In Ohio it is reported that 49 per cent of the wheat fed was of grades 1 and 2, 15 per cent of grade 3, and 36 per cent of grade 4, screenings and spoiled wheat. Sixty-four per cent of that was fed to poultry, 26 per cent to hogs, and 10 per cent to other animals.

Except in some of the Western States named, the principal consumption of wheat fed has been by poultry.

Mr. President, I regret exceedingly that there is in any locality a necessity for feeding wheat to stock, if there is a necessity; and I doubt not that there is a necessity in some places to do it. That is one of the things which will happen in a great country like this; but I do not believe that there is going to be very much \$2 or \$2.20 wheat fed to stock.

I realize that it has been said that barley and rye and oats and corn have reached abnormally high prices. That is true; but is it not due to the general rule of supply and demand? The fact is, as I was informed on yesterday, that within the last few days the price of corn has fallen 30 cents per bushel. The reason for these high prices for other cereals, as I have been informed by students who have investigated the subject, is that because of the great car shortage during the last three or four months it has been impossible to get the necessary transportation to move the corn and the barley, the rye, and the oats from the producer to the consumer. Perhaps two weeks ago one of the leading farmers in my own State said that 60 per cent of his corn was still in the shock.

The transportation situation has greatly improved within the last few weeks, and last week I was informed at the office of the Director General of Railroads they were then moving the corn at the rate of 3,000,000 bushels per day; and we have had the resultant fall in the price of corn as it gets to the market.

Mr. President, perhaps I am wrong in my economic theories. In normal times I have no sympathy with price-fixing legislation. I have so expressed myself repeatedly; and if the law of supply and demand were permitted to operate I would not advocate price fixing. But when it is not permitted to operate, when prices are out of all reason compared with the cost of production, when we know that the supply is in the country, then are we to have these prices mounting higher and higher, and is Congress simply to sit here and say: "The law of supply and demand shall control"? It is true that, covering a period of years, it may be said, generally speaking, that supply and demand will control prices; but I should dislike to think of the suffering that would have occurred in this country if it had not been for price fixing in connection with wheat and sugar. We knew last year that the prices were going higher than they had ever been before, and it was only the drastic methods adopted by the Congress and the Food Administration that kept them within bounds.

I think there has been one mistake made in this legislation. In my judgment, when we sought to fix the price of wheat the price within reasonable limits should have been fixed upon the cereals competing with wheat. Of course, some one asks me: "Well, how far would you go?" Mr. President, that is a difficult question to answer. I wish it were not necessary to take the first step; but when it comes to the basic articles it does not hurt my conscience in the least to say that the producer shall be satisfied with a reasonable price. I have no sympathy with profiteering, whether it is by a banker, by a steelmonger, by a copper producer, by a wheat raiser, or by a cotton grower.

Mr. REED. Mr. President—

The VICE PRESIDENT. Does the Senator from Ohio yield to the Senator from Missouri?

Mr. POMERENE. For a question.

Mr. REED. I asked the Senator the other day a question to which I hope he will give us a direct answer. Is he in favor now of regulating the other cereals produced upon the farm and reducing their prices so that they will be in proportion to the present price of wheat?

Mr. POMERENE. I just answered that question a moment ago, and said that I was in favor of legislation of that character.

Mr. REED. I did not understand the Senator's statement to have gone as far as that; but I now understand his statement to mean just that—that he is in favor of reducing the prices of the other grains so that they will correspond and bear their proportion to the wheat price. Now, I want to ask him another question: Is he willing to carry the price regulation to the point of regulating the wages of farm hands, so that they will be in proportion?

Mr. POMERENE. I am not.

Mr. REED. Is the Senator willing to carry it so far as to regulate the price of the harness which the farmer has to buy and the shoes which he has to buy?

Mr. POMERENE. Mr. President, I recognize the Senator's viewpoint on the subject. I have said before that he and I could not agree, and I emphasize that now. I voted for the legislation to place agricultural implements under the price-fixing powers of the Government, and I favor it now.

Mr. REED. I am asking about harness, and shoes, and clothing, and hats, and caps, and shirts—the things that the farmer has to consume.

Mr. POMERENE. Mr. President, I understand the Senator's question, and I think he understands my position.

I have said in substance that so far as the basic articles are concerned I am willing to fix those prices. When it comes to the details of the manufactured articles, I would go step by step as conditions might seem to justify.

Mr. REED. If the Senator will be patient with me, I am simply trying to get his viewpoint. I think he is entirely willing to give it to us, and I think the country is interested in it.

Mr. POMERENE. I think I have made myself perfectly clear to anyone who wants to understand me.

Mr. REED. I wanted to ask the Senator this question—well, I will not ask it, for I think the Senator is out of patience with me.

Mr. POMERENE. Mr. President, I think the Senator realizes that that line of questioning has gone about as far as it ought to go. I think he understands my position, as I understand his position.

Mr. President, I have some further information on the cost of wheat production which I intended to submit earlier in my remarks.

I desire to say in advance that I have made an effort to find out from the Agricultural Department the cost of wheat production in the various sections of the country. My messenger was informed that there has been no general investigation of this subject since 1910, and of course figures as of that date would give us very little light now. I have, however, some other data. There has been some investigation made by a part of the Agricultural Department, or some bureau in it. They decline to give such information as they have, realizing that there are many uncertain elements about it. I make that explanation because I want to be perfectly fair about the statement that I am about to read.

I have a letter from a grain dealer in Indiana, under date of March 9. He incloses to me a circular which was issued by the agricultural extension department of Purdue University. This article deals with wheat and several other farm products, and I am going to read that part of the statement which relates to wheat:

Last August this office secured for the Department of Farm Management at Washington an itemized statement of the cost of producing the 1917 crop of wheat on four farms in this county. The average cost of growing a bushel of wheat on these four farms, including its delivery to market, was found to be \$1.11.

That was last year—

A summary of similar data collected from 207 farms in Indiana, Ohio, and Michigan shows that the average cost of producing a bushel of wheat in 1917 was \$1.20. Twenty-five men in this county are now cooperating in keeping records on the cost of producing the wheat crop sown last fall.

I know the high reputation of the University of Purdue. I took pains to inquire of my friend the distinguished Senator from Indiana, and he advises me that the investigations made by this university are of a high order. I do not know that I quote him accurately, but he said that in substance; and I have no doubt that this price of \$1.20 per bushel is an outside figure in those States. The President saw fit the other day to fix a price of \$2.20 per bushel, and we are now asked to add 30 cents a bushel more to that price.

Mr. GORE. Mr. President—

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

Mr. POMERENE. I yield for a question.

Mr. GORE. Is the Senator aware that the president of the Agricultural and Mechanical College of North Dakota made a study as to the cost of production in North Dakota for the season of 1917 and found that the price was \$2.19 per bushel, and that in Minnesota a study was made and it was found to be \$3.01 a bushel? I may add, if the Senator will pardon me, that I do not know whether it was the Agricultural Department or not; I assume that it was; but somebody has caused the county demonstrators in my State to make a survey, taking 10 typical farms in the wheat counties. I say, I presume it was the Department of Agriculture. Several of their answers have been sent to me, clippings from newspapers and otherwise; and when I saw their statements I was satisfied that whoever it was that was gathering the data was going to make it public.

Mr. POMERENE. The Senator from Oklahoma must find himself in the same predicament that everyone else does when he quotes the cost of wheat production or the cost of farm products. We must have a whole lot of other facts and details before we can fix an average figure for the whole country. I recognize the fact that in the State of Oklahoma, in its semiarid regions, last year there was a partial failure of the wheat crop, but that partial failure does not occur every year. It is an exception when it occurs there, as it is an exception when it occurs elsewhere. The same may be said of certain sections

of Minnesota and North Dakota and South Dakota and the Intermountain States. But I submit that no business man would attempt to estimate the cost of production upon his knowledge of what the cost of production was upon a farm when the crop was a complete failure or a partial failure. That is why I was so anxious to get a statement of the average cost. If I knew the average cost in Ohio and North Dakota and South Dakota and Oklahoma and all the wheat-producing States, then I would be better able to determine within reasonable bounds what the price should be. I do not lose sight of the fact, when we are discussing cost prices, that the advantage, generally speaking, is all with the Western and the North-western farmer, because he has cheaper land, and it is more easily farmed.

Mr. President, a word further about the cost of labor.

I have some figures here before me. They do not bear out the inference that there is a general increase in farm labor to \$5 per man per day. I have no doubt that there are occasions when and places where some men make some demands of that character. We were told the other day, in the course of this debate, that an I. W. W. in the State of North Dakota had been employed at \$4 a day, and later wanted \$5, and quit work because he could not get it. I have no doubt that that is so, but I would demand more evidence before I could be made to believe that the people of North Dakota who work upon the fields are, generally speaking, I. W. W.'s. I do not believe they are.

Mr. McCUMBER. Mr. President—

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

Mr. POMERENE. I yield for a question.

Mr. McCUMBER. I should like to ask the Senator if he believes that the figures which I gave for a month and a half of work in the busy season, we will say, or what will be the busy season in 1918 in Ohio, would be less than at the rate of \$80 a month and board?

Mr. POMERENE. I did not catch the first part of the Senator's question.

Mr. McCUMBER. I want to ask the Senator if he believes that the farmer in Ohio during the harvest season can expect to hire men for less than \$80 a month and board for just a month and a half, when they are not hired by the season?

Mr. POMERENE. For \$80 a month?

Mr. McCUMBER. Yes.

Mr. POMERENE. Unquestionably, he can.

Mr. McCUMBER. Those are the figures that I gave a short time ago, and it would be worth \$20 a month to board that man, would it not?

Mr. POMERENE. Mr. President, I will say to the Senator that there are mighty few men in Ohio who are getting \$80 per month on the farm.

Mr. McCUMBER. Mighty few farmers; yes.

Mr. POMERENE. Mighty few men on the farm—I mean, farm hands.

Mr. McCUMBER. Possibly the Senator misunderstood me, or I misunderstood him.

Mr. POMERENE. Possibly I did.

Mr. McCUMBER. What I am asking the Senator is whether or not, in his opinion, during the busiest season of the year, while the farmer is harvesting his crop of wheat, he could this year engage men to work for a month and a half during harvest season for less than \$80 a month and board?

Mr. POMERENE. Mr. President, in the first place, the wheat harvest season does not last in Ohio on any farm for a month. If it lasts two weeks on a given farm, that is the extreme.

Mr. McCUMBER. Does that include the thrashing?

Mr. POMERENE. Oh, no.

Mr. McCUMBER. Well, harvesting as it is generally understood consists not only in cutting the grain, but in caring for it and thrashing it. I include in my question the time during the harvesting and the thrashing seasons.

Mr. POMERENE. I must say—and I want to be perfectly frank with the Senator—that I think he has his figures entirely too high. I am not able to give him the exact figures, because I have not lately inquired.

Mr. President, just one other observation.

Mr. GRONNA. Mr. President, will the Senator allow me to say to him that I know, as a matter of fact, that we have to pay our men \$90 a month now, and we are unable to get all the men we want at that price.

Mr. POMERENE. I accept the Senator's statement. If he makes that statement, I accept it as correct.

Now, Mr. President, there is another proposition to which I want to refer for just a minute.

It has been stated that unless the price of wheat is raised farmers will sow barley or rye or oats instead. I suppose some

of them will, but that does not alarm me very much, assuming it to be so, because all those cereals are now used for food purposes, and, so, if we did lose some wheat, we would perhaps gain in oats and rye and barley. The winter wheat, of course, is sown. The spring wheat is to be sown. I can speculate quite as well as other Senators as to whether or not there is going to be a substantial shrinkage in the amount of acreage which will be sown because of the fact that the price is only \$2.20 a bushel; but that is guesswork.

I am informed by a gentleman whom I believe to be well posted upon this subject that an analysis of the spring planting of wheat would show that the only expansion in area which would be obtained by a higher price would be in the arid regions, and that the area of expansion has a maximum of probably not over 4,000,000 acres.

Mr. REED. Mr. President, those figures are interesting; but I want to ask the Senator now—

Mr. POMERENE. Will not the Senator wait until I finish reading this paragraph, please?

Mr. REED. Oh, certainly.

Mr. POMERENE. At its average yield this would be, at the outside, 60,000,000 bushels of wheat—that is, the average of 15 bushels per acre. For this quantity of wheat it is proposed that the country should pay 50 cents a bushel bonus on the entire crop of, say, 750,000,000 bushels.

In other words, to encourage the raising of 60,000,000 bushels we want the consumer to be taxed at the rate of 50 cents per bushel on the entire crop of 750,000,000 bushels, or we would pay \$375,000,000 in order to encourage the production of 60,000,000 bushels of wheat.

Mr. REED. Mr. President, now will the Senator yield for a question?

Mr. POMERENE. Yes.

Mr. REED. I wanted to ask who is the author of that statement that the only place where you can expand spring-wheat production is in the arid regions?

Mr. POMERENE. I may say that he is one of the best-informed men in this city on this subject: I am not at liberty to give his name now. I should be very glad to give it if I were.

Mr. REED. Mr. President, will the Senator permit me to say that Iowa is a spring-wheat State, and that the contest in Iowa is between corn and wheat and hay and oats. I wonder if the author of these figures means to say that if wheat was a more profitable crop than corn or rye there would not be room for plenty of expansion in a State like Iowa, or a State like Minnesota, or a State like Missouri, or a State like Ohio?

It seems to me that the statement that there is no place for an expansion of the spring-wheat crop except in the arid regions could only have been made by a man who never saw a farm.

Mr. POMERENE. I assume that this is a general statement, and I do not assume that he has gone to the very acre. He has given this as the outside of expansion which would be encouraged by this increase in price. He does not say that there would not be other wheat in the arid regions, but he says the outside maximum of expansion would be 4,000,000 acres.

Mr. GORE. Mr. President, does not the Senator think it is just as important to keep in the winter-wheat acreage already sown where the yield threatens to be low and unprofitable on a basis of \$2.20 a bushel?

Mr. POMERENE. Mr. President, that is one of those questions which can not be answered unless you have some further facts. If the acreage would promise a 5 per cent yield, the answer would be one thing; if it promises a 10 per cent yield, the answer might be another thing; if it promises a 25 or 50 per cent yield, another.

Mr. GORE. Mr. President, just one further point. Whoever prepared the figures for the Senator seems to proceed on the theory that this bill proposes an increase of 50 cents a bushel. The Senator is aware, is he not, that the President has already issued a proposition—

Mr. POMERENE. Oh, Mr. President, that is being contrasted with the present law on the subject, and not with the present Executive order.

Mr. GORE. The President found it necessary to raise the price 20 cents a bushel.

Mr. POMERENE. He did.

Mr. GORE. And this proposal is to raise it only 30 cents more.

Mr. POMERENE. As between the price fixed by the President and the price fixed by this amendment, if it should be adopted, there is only a difference of 30 cents a bushel.

Mr. GORE. Yes, sir.

Mr. POMERENE. That, of course, must be taken into consideration.

Mr. President, I have taken very much more time than I intended to take; but I feel that I would be doing a thing which

is not asked by the farmers of my State, and which is contrary to the interests of the public generally, if I were to vote in favor of this increase of the minimum price.

Mr. GORE. Mr. President, the Senator is, of course, aware that rye is now selling at \$3 and as high as \$3.38?

Mr. POMERENE. Well, it has advanced in price. I do not know what the present figure is; but it seems to me it simply demonstrates the correctness of my position, that when we are fixing the price of the one cereal we ought to fix the price of the competing cereals.

Mr. GORE. Does not the Senator think if you reduce the market price of rye the Government ought to take the loss instead of obliging the producer to take the loss?

Mr. POMERENE. We are talking about the future now. We are speaking about fixing the minimum price. If we are to fix the minimum price for rye, are you taking anything from the farmer?

Mr. GORE. There would not be any controversy between the Senator and myself or anyone who thinks as I think if this was a minimum price. It is not a minimum price, and I ask the Senator to take the judgment of farmers in Nebraska and the Dakotas and in Kansas last year who were obliged to sell their wheat for 80 cents less than it was worth in the market, and out of the diminished proceeds we propose to make those farmers stand guarantor, and we guarantee the Burlington Railroad 26 per cent return on its capital stock, and if the Burlington is not satisfied with that 26 per cent it has a right to go into the courts. If the Senator thinks that is just and equal rights to all—

Mr. POMERENE. Mr. President, there are certain people who think they have a right to charge for any of the necessities of life what they can get. I do not.

Mr. GORE. What does the Senator think the farmer has a right to get for what he raises?

Mr. POMERENE. In a time of war a man has a right to a reasonable price, and has not any right to charge the public these enormous prices. I care not whether he is an iron producer, a copper man, a cotton planter, or a wheat farmer.

Mr. GORE. Does the Senator think you can stimulate production by fixing the price on an article at less than the law of supply and demand would award?

Mr. POMERENE. Well, there comes supply and demand again. We always get back to that.

Mr. GORE. The Senator is in favor of repealing that law?

Mr. POMERENE. That is a very learned question to ask.

Mr. GORE. It ought to be very easily answered.

Mr. POMERENE. If you will so adjust conditions here in this country that the law of supply and demand will operate, I am in favor of the law of supply and demand, but in these products it has not been operating for more than a year, many economists to the contrary notwithstanding.

Mr. GORE. Do I understand the Senator to say if the law of supply and demand would oblige the farmer to take less than \$2.20 a bushel for his wheat he would be in favor of the law, but if the law would give more than \$2.20 he is opposed to its operation?

Mr. POMERENE. The law of supply and demand is not controlling this situation.

Mr. GORE. I ask the Senator, then, what is controlling rye and corn and barley?

Mr. POMERENE. Because it is largely in the hands of those who can boost prices, and they are boosting prices, and because of failure to get needed transportation.

Mr. GORE. Is the Senator aware that corn is largely in the hands of the farmers; that it has not been moving even normally; that according to the normal movement there ought to have been during the last few weeks 80,000,000 bushels of corn in the elevators, and there are only about 4,000,000 bushels?

Mr. POMERENE. I got through discussing that a while ago. I made the statement that the increased price of corn, as I had been reliably informed, was due to lack of transportation. The supply was not where it could be had. The supply was not at the point of consumption; the supply was still in the hands of the producer, and he could not get it to market. Now, does the Senator think that when the product is in the hands of the producer and he can not get it to the consumer it is still the law of supply and demand that regulates it generally throughout the country?

Mr. GORE. I remember distinctly the statement of the Senator to that effect, and I was tempted to bring up against it his later statement that the reason why the price of corn and rye is so high is that they are in the hands of people who are trying to boost the price. I could not reconcile the two statements.

Mr. REED. In this connection I wish to ask the Senator if he thinks that corn and rye and barley in Canada are in the hands of those who are trying to boost prices?

Mr. POMERENE. It so happens that they do not raise very much corn in Canada.

Mr. REED. But corn has a market in Canada and rye and barley have a market there, and the prices of corn and rye and barley in Canada are the identical prices in the United States, subject to the differences which naturally occur in the matter of freight.

Mr. POMERENE. I have not looked into the question of the price of barley and rye in Canada, and I know nothing about it.

Mr. REED. I have. I have looked it up.

Mr. POMERENE. Very well; then I suppose we will hear about it.

Mr. McCUMBER. Mr. President, I want the attention of the Senator from Ohio [Mr. POMERENE] for just a moment. I have listened to the patriotic sentiments of the Senator from Ohio. I have always been struck by the fairness of his utterances, and my admiration for his courage in dealing with all matters has been very great indeed. I confess I was somewhat abashed and chagrined when I listened to the first statement made by the Senator from Ohio, after having given him some figures which I asked if he would kindly reply to. I left my seat and went over to see the Senator, just before giving my figures, and asked him the average price of good farm lands in the State of Ohio, and he told me they would run from \$100 to \$150 an acre. I asked him if \$125 per acre would be a fair estimate, and he said he thought it would in the good grain-raising section of Ohio. I then based my estimates upon the figures that were given by the Senator from Ohio, and the Senator from Ohio, when he started to reply, used this language:

Mr. POMERENE. Mr. President, I am not going to discuss the statement made by the distinguished Senator from North Dakota [Mr. McCUMBER] save and except to say that I neither agree with his premises, his conclusions, nor his process of reasoning.

Upon any ordinary question of fact, Mr. President, I could have the Senator from Ohio make that statement without any feeling upon my part, if it was a question on which minds might naturally differ, but I dislike to have the Senator say he does not agree with my premises after I have received my premises from his own lips. I dislike to have the Senator—

Mr. POMERENE. Mr. President—

Mr. McCUMBER. I yield to the Senator, because I want to be perfectly fair with him.

Mr. POMERENE. I certainly did not mean any offense. The only premise that the Senator got from my lips was the one as to the price of land. Is not that right?

Mr. McCUMBER. That is true, and that is the premise upon which I based all the other calculations which the Senator from Ohio challenged.

Mr. President, the Senator also disagreed with my conclusions. I regret that my probity is such that the Senator will deny, if the expression comes from my lips, the natural rules of mathematics. When I conclude that 160 acres of land at \$125 an acre will amount to \$20,000 I am more than surprised to have the Senator question it, because it is one of mathematical deduction only, and when I also compute 6 per cent interest on \$25,000—

Mr. GORE. Mr. President—

Mr. McCUMBER. Just a moment—and arrive at the conclusion that that means \$1,500. I am confounded when I listen to the Senator's statement that he denies my conclusion. I thought 6 per cent upon \$25,000 did really amount to \$1,500 per annum. I yield to the Senator from Oklahoma.

Mr. GORE. Has not the Senator overlooked the possibility that the principles and axioms and rules of mathematics have gone glimmering with the law of supply and demand like a schoolboy's dream?

Mr. McCUMBER. They have gone somewhere. I have not been able to chase them down, and I am not assisted very much by my genial friend from Ohio.

Now, that is not the only conclusion. The Senator says:

If the Standard Oil Co. would employ him as an accountant, I am sure there would be no income tax to pay by that company.

My colleague a short time ago gave a little of the method of accounting which I suppose would be adopted by the Standard Oil Co. in arriving at what was a reasonable profit for those who convert our cattle into food products. After allowing them what we would call most fabulous salaries upon the farm, after allowing them all expenses, they were allowed, I think, 9 or 10 per cent profit above that upon everything that they had made in all the years, and which they had added to their original plant in the shape of surplus; and when it came to the by-products they were allowed 15 per cent upon the capital invested in the by-products.

Mr. REED. Mr. President—

Mr. McCUMBER. I yield to the Senator.

Mr. REED. The Senator is speaking of packing houses?

Mr. McCUMBER. I am speaking of packing houses.

Mr. REED. The Senator is for once slightly in error.

Mr. McCUMBER. I do not want to exaggerate. I am very careful about it.

Mr. REED. The Senator is not exaggerating.

Mr. McCUMBER. I am keeping within conservative lines.

Mr. REED. Will the Senator pardon me if I call his attention to the rule that is laid down in the circular sent out by the Food Administration under the date of November 24?

Mr. McCUMBER. I will yield for a question, if the Senator can put it in that form. I do not wish to lose the floor, because I desire to close in just a few minutes.

Mr. REED. I know the Senator will want this. The statement is:

After investigation and consideration, it has been determined to permit the packers (except the five large packers, whom we shall speak of in a moment) to earn an annual profit equal to 2.5 per cent of their total annual sales. This profit is to be net after expenses are paid; interest on money borrowed will be treated as an expense, but not Federal taxes, which the packer must pay himself out of his profits. Regulations will be so drawn.

That is, as to the smaller packers. Now, coming to the larger ones:

The five large packers stand in a different class. They have important and vital service to perform for the National Government in this war. Upon them rests the burden of preparing the bulk of the meat-food products which our allies and our armies require. They must become national agencies for war service. They are, with such help as we will require from the smaller packers, to be called on, month by month, for whatever meat products may be required at prices and in quantities approved by this division. For the reasons thus stated, and no others, it has been determined to treat these five concerns as a separate class.

Now I give the Senator the rule as to them:

After full consideration it has been determined that the meat business of the large packers will be subject, first, to the same restriction as the small packers—that is, 2.5 per cent on sales—and, second, to a further and additional restriction: That the total annual earnings of the large packer from his "meat business" shall be limited to 9 per cent on his average capital necessarily used by him in that business, including borrowed capital. This profit is to be net after expenses are paid, but United States taxes, interest on bonds and borrowed money, and dividends may not be treated as expenses, but must be paid by the packer out of this profit. If, however, the rate paid on borrowed money be over 5 per cent, such excess will be treated as an expense.

What I am calling the Senator's attention to is this, that the 9 per cent is not figured upon the bonded indebtedness plus the capital stock, but it is figured upon all the money which may be invested in the business, including borrowed money—and most concerns have invested in their business several times their capital stock. So they get 9 per cent upon all of it, and if their interest is 5 per cent they are bound to make 4 per cent the difference between that and 9 per cent. As I estimate roughly they will probably make from 20 to 40 per cent. In addition to that, when the companies make a by-product, they get a larger amount, being allowed 15 per cent upon that capital.

Mr. McCUMBER. I thank the Senator for his contribution. I simply wish to say to my friend from Ohio that the farmers are not receiving the treatment that was suggested by him would be given to them by an accountant for the Standard Oil Co.

Mr. President, I do not think the Senator from Ohio will deny that it requires about \$1 an acre per year for fertilizer in Ohio. I thought I was overly conservative, because I had asked some one else and they had stated it at about \$2 per acre per year. Then I think he will not say that I exaggerate the figures when I say that the taxes on all the property owned by a farmer on a farm of 160 acres in the State of Ohio, with all the farm machinery upon it, would probably be about \$100 a year. I would rather the Senator would have corrected me and shown wherein I was in error rather than to make the sweeping charge that he had no confidence in any of the figures that I might see fit to present on the subject.

Mr. POMERENE. Now, the Senator ought to be fair with me. I did not say that I did not accept any of the figures. I said I did not agree with his conclusion, and what I intended by the conclusion was that he had a family on a 160-acre farm not making any money, and, as I remember, if they were not in debt, at least they had nothing on the profit side of the ledger. That is what I intended.

Mr. McCUMBER. No, Mr. President; I gave my figures, and if the figures were in error I think the Senator should have attempted to correct the figures, because I desired to be absolutely accurate. I showed that at \$2 a bushel, allowing the farmer 6 per cent interest on his investment and giving him farm labor very much cheaper than my colleague says can possibly be obtained in our State, he would have at the end of the year, for his whole family about \$300, which would be equivalent in a family of five to \$60 a year, \$5 a month, or an average earning capacity of 20 cents a day, on \$2 wheat.

Mr. POMERENE. Mr. President, I do not care to get into any controversy with the Senator on this subject. I am simply going to refer to a fact or two to show how manifestly unfair his premises are. In Ohio, for instance, on farms that are valued at \$125 an acre it is a very rare case where land of that kind produces only 14 bushels to the acre. There is another thing.

Mr. McCUMBER. I want to touch on that in just a minute.

Mr. POMERENE. I simply want to add this: There are many other things. We rotate our crops in Ohio constantly. After the wheat crop is sown we sow timothy or clover in the wheat. Usually in the fall the farmers pasture the growing clover for a month or two. The Senator takes no account of that.

When it comes to the fertilizers, a large part of the fertilizers is produced upon the farm. The Senator takes no account of that. We have our corn, our oats, sometimes our rye, and our potatoes; we raise our stock, and so forth. Wheat is not the only crop; it is only one of three or four principal crops that are raised. So no man can take the figures, with all due respect to the Senator—and I meant no reflection upon him—which are presented by the Senator and get any exact estimate as to the amount which will be earned upon one of these farms.

Mr. McCUMBER. Mr. President, the Senator from Ohio is mistaken when he says I do not take into account all of those things—I do take them into account—but I am now particularly taking into account the question of raising wheat, because that is the only thing we are discussing in this bill.

Mr. POMERENE. No, Mr. President—

Mr. McCUMBER. Just a moment. When the farmer sows his land to timothy he is not raising wheat that year; when he is raising corn he is not raising wheat that year. After all, no matter whether in the Senator's State the farmers rotate the crops or not, they can raise but one crop a year upon the land. We will allow those other crops to take care of themselves, and we will allow them to take care of the fertilization for the next year, but this year we are asked to sow wheat, irrespective of what was on the land last year.

The Senator from Ohio has been so led astray by his enthusiasm in defense of the washerwoman of whom he has spoken so pathetically that he has not given us a fair statement of the average yield of wheat in Ohio. Let me again quote what the Senator said. He said:

I want only to allude to one particular fact. When he—

Referring to me—

speaks of the average crop of wheat in Ohio as being 14 bushels an acre, I hope my friend knows more about farming in North Dakota than he does about farming in Ohio. The average production in Ohio is ordinarily about 23 to 25 bushels an acre. Last year in many sections 40 bushels an acre was not an uncommon yield—

And so forth.

Mr. President, I am afraid either that the Senator from Ohio is in error in his statement or else that I really do not know more about farming both in Ohio and in North Dakota than does the Senator from Ohio. When he made the statement concerning the yield of wheat in Ohio, I confess I was startled, because, representing an agricultural State, I generally keep pretty accurate information of the yield of wheat in every State in the Union, and the figures that I gave were those of the average yield for 10 years throughout the United States. The average yield in the United States is about 14 bushels per acre. Therefore I took that as my basis. In North Dakota, taking the last 10 years, the average yield was 12.2 bushels per acre. The Senator stated that in Ohio the yield is from 23 to 25 bushels an acre. I immediately sent over to my office for the Yearbook of Agriculture for 1916, and taking the average in Ohio for 10 years—from 1907 to 1916, inclusive—the yield was shown to be 15.9 bushels per acre. Very little, indeed, over what my estimate was for the entire United States. I am surprised to have the Senator from Ohio, who has lived in Ohio so many years, and who so ably represents that State, criticize my estimate of the yield of wheat for the United States and claim that Ohio raises from 23 to 25 bushels per acre, when the agricultural statistics show that she raises on an average but 15.9 bushels an acre. If Ohio averages in her yield of wheat what the Senator says she averages, I would not be surprised if he should think that \$2 a bushel would be an exorbitant price for wheat, but she does not raise that amount of wheat, and the figures that I have given in my estimate are substantially correct.

Mr. GORE. Mr. President, I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 27 minutes p. m.) the Senate adjourned until to-morrow, Wednesday, March 20, 1918, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

TUESDAY, March 19, 1918.

The House met at 11 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

Eternal God, our heavenly Father, strengthen every fiber of our being and help us to concentrate our thought and energy on the successful prosecution of the war which we have entered in behalf of human liberty and human rights. Encourage us by the great truth that right reenforced by wisdom, integrity, courage, and imperishable faith in Thee, the living God, is the greatest force vouchsafed to man.

Hear us, O God our Father, and grant speedy success to our arms, for the sake of humanity, in His Name. Amen.

The Journal of the proceedings of yesterday was read and approved.

EXTENSION OF REMARKS.

Mr. LONERGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on House joint resolution No. 154.

The SPEAKER. The gentleman from Connecticut asks unanimous consent to extend his remarks on House joint resolution No. 154. Is there objection?

There was no objection.

LEAVE TO ADDRESS THE HOUSE.

Mr. JOHNSON of Kentucky. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. The gentleman from Kentucky [Mr. JOHNSON] asks unanimous consent to address the House for three minutes.

Mr. GILLETT. Mr. Speaker, inasmuch as it was agreed that we should have an hour's debate this morning, I do not think it is fair to curtail that.

The SPEAKER. The gentleman from Massachusetts objects.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Waldorf, its enrolling clerk, announced that the Senate had passed the following resolutions:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of Hon. JOHN H. CAPSTICK, late a Representative from the State of New Jersey.

Resolved, That a committee of eight Senators be appointed by the Vice President to join a committee appointed by the House of Representatives to take order for superintending the funeral of the deceased.

Resolved, That the Secretary communicate a copy of these resolutions to the House of Representatives.

Resolved, That as a further mark of respect to the memory of the deceased Representative the Senate do now adjourn.

And that in compliance with the foregoing resolution the Vice President had appointed the senior Senator from New Jersey [Mr. FRELINGHUYSEN], the junior Senator from New Jersey [Mr. BAIRD], the Senator from West Virginia [Mr. SUTHERLAND], the Senator from Indiana [Mr. NEW], the Senator from Idaho [Mr. NUGENT], the Senator from Tennessee [Mr. MCKELLAR], the Senator from Arizona [Mr. ASHURST], and the Senator from Georgia [Mr. HARDWICK] as the committee on the part of the Senate.

The message also announced that the Vice President had appointed Mr. FRANCE and Mr. HOLLIS members of the Joint Select Committee on the part of the Senate, as provided for in the act of February 16, 1889, as amended by the act of March 2, 1895, entitled "An act to authorize and provide for the disposition of useless papers in the executive departments," for the disposition of useless papers in the Department of Labor.

The message also announced that the President had, on March 18, 1918, approved and signed bill of the following title:

S. 3471. An act to authorize the Secretary of War to grant furloughs without pay and allowances to enlisted men of the Army of the United States.

LEAVE OF ABSENCE.

Mr. THOMAS F. SMITH, by unanimous consent, was granted leave of absence for two weeks, on account of illness.

INDUSTRIAL CREDITS.

Mr. KITCHIN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 10608) known as the war corporation finance bill.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10608, with Mr. GARRETT of Tennessee in the chair.

The CHAIRMAN. The Clerk will report the bill by title. The Clerk read the bill, as follows:

A bill (H. R. 10608) 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.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Chairman, I really ought not to undertake to speak, for I have not been very well and my throat is bothering me a lot, yet I feel I ought to say a word about the pending bill.

We are living in an extraordinary period, and we are required to do extraordinary things. The pending bill, known as the war-finance corporation bill, is one of the radical pieces of legislation that has been submitted to the consideration of Congress, and I confess when it was first submitted it amazed me. But I realize, after careful study of the problems involved, that we are called upon to do many things during this war period that we would not even have stopped to consider for a moment in times of peace.

Mr. GARNER. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. GARNER. I venture the suggestion, if the gentleman will permit, that when this bill was first submitted nine men out of ten were astounded at the suggestion of such legislation, and that if they had been called upon right at that moment nine out of ten would have voted against it, and I think to-day probably nine out of ten are in favor of the bill.

Mr. MADDEN. I agree with the gentleman from Texas. It is a radical departure from the ordinary movements of Government in times of peace. But we are in a period of war, and everything we do is radical and must of necessity be radical. And the main object of the Government and the people of the United States during this war period must be the winning of the war, and anything that will aid in the accomplishment of that purpose must be done.

There ought not to be any hesitation about it. This bill, when it first came to the light, proposed, as it does to-day, the organization of a corporation with \$500,000,000 of capital, to be furnished from the Treasury of the United States, and the right to issue securities amounting to \$4,000,000,000 more, to be managed by the Secretary of the Treasury in fact, although in name it was proposed to associate with him four other gentlemen, called a board, over which board he was to preside. He was to have the power to name the board, to discharge it, and to veto anything that it might do. That seemed to be radical. I was pleasantly surprised upon consultation with the chairman of the Ways and Means Committee and other members of the committee, both Democrat and Republican, to find that they did not agree that such a radical course should be pursued. In the course of the consideration of the bill before the Committee on Ways and Means I had the privilege of appearing, and I made two or three suggestions which I may reiterate.

I thought that instead of the Secretary of the Treasury having the power to name a board to manage this great corporation, the Federal reserve banks, the regional banks, ought to have the power to either name or nominate to the President the men who were to act as the board of directors, and the reason why I thought that should be so is that the capital of the regional banks, amounting to \$72,000,000, is all furnished by the member banks, and the members furnishing the directors of the regional banks, and that these national banks have on deposit in the regional banks about \$1,500,000,000, on which they draw no interest; and they, it seemed to me, would be sufficiently interested in the proper management of the corporation provided for in this bill to see that no improper loans were made.

I feared that with the enormous weight of duty imposed upon the Secretary of the Treasury through the manifold positions that he occupies he would not be able to give the consideration to the problems involved in the operations of this corporation that their importance entitle them to. And I also thought, and still think, that there should be advisory boards elected by the regional banks, to pass upon the applications for loans through this corporation, originating within the region, and that the board itself should be limited in its power to make such loans as might be recommended by the regional boards—the advisory boards. The purpose of my suggestion was to furnish the board that takes final action the specific information as to the validity and the justice of the claims for assistance. I realize that some such legislation as this must be enacted, and I also realize that it should be surrounded by every safeguard possible.

The Ways and Means Committee entered upon the consideration of this bill with the determination so to amend it that it would, when reported to the House, come as nearly as possible

to meeting the expectations of the business public. The only justification, the real justification, for the enactment of the law is that the Government itself has absorbed all of the financial life of the country, if I may so speak, in the sale of its liberty bonds, and that has made it almost, if not quite, impossible for the banks themselves to furnish the needed help to industrial enterprises. And so the Government having taken the place of the financial institutions of the country and absorbed all the loaning power of the country, it seemed that there might be danger of destroying a great many business activities unless the Government itself came to the rescue. And so the thought was suggested that this corporation might fill that place.

Mr. MEEKER. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MEEKER. I would like to know the gentleman's opinion, as a practical business man, as to the wisdom of having the Secretary of the Treasury a part of this board at all.

Mr. MADDEN. Well, it seems to me you could not permit any board to be organized to manage a great corporation like this, where its activities must in a large sense coordinate with the Treasury of the United States, without the Secretary of the Treasury in a sense being the guiding spirit. Everything that this corporation does must be done in harmony with the policy of the Treasury of the United States, and the Secretary of the Treasury, being the responsible Government official to direct the movements of the Treasury, he must of necessity be a member of this board, not having the veto power over the actions of the board except in cases where their action might conflict with the policy of the department. In that case he ought to have the veto power.

Mr. JOHNSON of Washington. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. JOHNSON of Washington. Does not that mean, in essence, that the board will be simply advisory to the Secretary of the Treasury?

Mr. MADDEN. Not necessarily. The board, as I proposed it, should either have been elected by the regional banks, or nominated by such banks to the President for submission to the Senate for confirmation, and I suggested that there should be 12 members of the board, or 13 including the Secretary of the Treasury.

Mr. JOHNSON of Washington. Will the gentleman offer that amendment?

Mr. MADDEN. I think the committee has fairly met that suggestion.

Mr. JOHNSON of Washington. Then that suggestion is out of the question?

Mr. MADDEN. No. I think they have met the suggestion under the circumstances fairly. I suggested that they ought to have a board of 12, with the Secretary as ex officio chairman; that the 12 members should be elected by the regional bank directors, or that they should be nominated by the President to the Senate and confirmed by the Senate. That would make the board absolutely independent of the Secretary of the Treasury. But I believe, from the way in which the Ways and Means Committee have provided for the selection of the board, they will be independent of the Secretary of the Treasury except in cases where the Secretary of the Treasury should decide whether what they do conflicts with the policy of the Treasury Department.

Mr. LONGWORTH. Mr. Chairman, if the gentleman will pardon me, for instance, the interest rate of these securities—the Secretary of the Treasury ought to supervise that. Otherwise it might be dangerous competition with the bonds.

Mr. MADDEN. Yes.

Mr. MEEKER. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MEEKER. Take this situation: The Secretary of the Treasury is chairman of the board. All well and good. Everything that is to be done can be done by the three of the five members with the approval of the Secretary.

Mr. LONGWORTH. No; the gentleman is quite wrong. That applies only to one particular section of the bill. In every other part of the bill it is a majority of the board, without the approval of the Secretary of the Treasury.

Mr. MEEKER. Well, then, on the issuance of this stock the president of the board, the Secretary of the Treasury, must act on that, must he not?

Mr. MADDEN. There will be only one certificate of stock.

Mr. MEEKER. On the amount of money paid in. The Secretary of the Treasury, who is chairman of the board, passes on that, and then reports back to himself as to the amount paid in.

Mr. MADDEN. He reports to the board. The board is an independent entity. The Secretary of the Treasury, as such, has nothing to do with this board except to veto any action taken by the board that will conflict with the policy of the department, as in the case suggested by the gentleman from Ohio [Mr. LONGWORTH].

Mr. MEEKER. While acting on the board he is Secretary of the Treasury.

Mr. MADDEN. That is true; but the two functions are distinct and apart, and the obligations of the Secretary of the Treasury, as such, have no relation whatever to the chairman of this board, as such. One of the great dangers in the organization of this corporation, as I saw at the beginning—and it still may exist—is that when the corporation commences to do business it will find itself compelled to issue securities, perhaps bonds—short-time bonds. These bonds, perhaps, will be handed over to those who need financial help.

They in turn will go to the banks, member banks of the Federal reserve, and they will borrow money on the bonds, and later on these member banks will be obliged to go to the regional banks to borrow money, and they will make their own paper, no doubt, and they will furnish the bonds of this corporation as security for the paper which they themselves make, and upon that paper, rediscounted, backed up by the collateral of this corporation, the Federal reserve banks of the United States may find themselves issuing new notes. Now, to guard against the possibility of issuing too large a number of notes on the security which this corporation will supply, the Ways and Means Committee have provided that there shall be a 1 per cent additional charge for any loan made or currency issued by the regional banks upon the security of this corporation.

Mr. STERLING of Illinois. Mr. Chairman, on that point will the gentleman yield to me?

Mr. MADDEN. Yes.

Mr. STERLING of Illinois. Does the gentleman think that 1 per cent is too high?

Mr. MADDEN. No.

Mr. STERLING of Illinois. There has been some controversy about that.

Mr. MADDEN. The important thing is to protect the integrity of the Federal reserve banks, and the charge of 1 per cent interest over that prevailing on ordinary rediscounts will help to do that.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MADDEN. I would like to ask for five minutes more.

Mr. MOORE of Pennsylvania. I regret that I will not have the time to extend the gentleman's time.

Mr. MADDEN. All right.

Mr. JOHNSON of Washington. Mr. Chairman, I ask unanimous consent that an additional five minutes be taken out of no one's time and given to the gentleman from Illinois.

Mr. MADDEN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. MADDEN. It will no doubt be argued that the creation of this corporation, with authority to issue securities and make loans amounting to \$4,500,000,000, will result in an expansion of credit which must prove dangerous to the business structure of the country. But when we consider the fact that the Government is monopolizing the finances of the country by the sale of liberty bonds, it will be apparent that since it has closed the doors of the banks to many deserving enterprises needing financial assistance it must in justice to these enterprises come to their aid if they are to continue to do business, and this is especially true if the business is one producing war material. We must not forget that the war is now the most important activity of the Government, to win which all our energies, financial and otherwise, must be exerted.

The savings banks find their deposits falling by the withdrawal of funds for the purchase of liberty bonds. These banks have good securities in their vaults for which there is now no market, and this corporation will have authority to loan them its bonds, taking the notes of the banks secured by such collateral as they have, on the basis of \$1.33 of value for every dollar advanced. The savings banks would thus be able to go to the national banks, members of the Federal reserve banks, and borrow on the bonds of this corporation. The national banks could, in turn, go to the regional reserve banks and rediscount their notes with the corporation bonds as collateral and secure regional notes to meet the demands of business. But why not give the Federal reserve banks authority to do

what it is proposed to do through this corporation, since it seems the Federal reserve banks are to be permitted to issue notes for circulation against the nonliquid paper of the war-finance corporation.

The answer must be obvious. This corporation is authorized to make direct loans to needy, deserving business concerns whose activities are essential to the successful prosecution of the war. That relief could not be granted through the Federal Reserve System. It is proposed that the war finance corporation shall make advances to banks or bankers who have loans outstanding to corporations doing a war business—that is, a business which is being conducted for the purpose of aiding in the prosecution of the war. But advances made to such banks can not exceed 75 per cent of the face value of such loans, and must be secured by the note of the bank, supplemented by such security as the bank holds as the basis for the advance. The war finance corporation is authorized to buy, sell, and deal in bonds of the United States—the purpose being to stabilize the market on liberty bonds and other obligations of the United States.

There are many important phases of this bill which I should like to discuss, but the time allotted me will not permit. I shall, therefore, conclude by calling the attention of the House to the fact that the first draft of the bill conferred the power on the board to license every business in the country and prevented the issue of securities in excess of \$100,000 by any corporation without express authority of this board. That has been changed to provide for the creation of a capital-issues committee, whose duty it will be to pass on the question of whether security issues by private corporations in excess of \$100,000 is compatible with the public interest during the war.

The committee has no power, however, to prevent such security issues, but it is believed its advice and counsel will have great weight in preventing the use of capital in industries that have not part in fighting the war. Extraordinary as the legislation is, so far afield from what one would consider sane and safe finance in times of peace, I am bound to believe that conditions created by the war may call for just such financial assistance as this legislation is intended to afford, and I give it my sanction because I wish nothing to be left undone to insure the success of our armies and the preservation of the country's business integrity. I hope the President will select men of ability and experience to administer the law, and that each man selected will do his best to meet the needs of the hour by devoting himself to his task with an eye single to the country's prestige at home and abroad.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio [Mr. FESS].

The CHAIRMAN. The gentleman from Ohio is recognized for 15 minutes.

Mr. FESS. Mr. Chairman, I am persuaded that the question asked by the gentleman from Missouri [Mr. MECKER] as to the power of the Secretary of the Treasury in the administration of this law was inspired by his desire, as expressed in the hearings, in which the Secretary of the Treasury made this quite remarkable statement—

Mr. JOHNSON of Washington. On what page?

Mr. FESS. On page 76. He said:

I have great respect for boards and commissions. In peace times I think they are very desirable things. In war times I do not know of anything that is less desirable.

Further down on the same page, in illustrating his desire to be not interrupted by having a divided responsibility, he uses his own position as Secretary of the Treasury to illustrate it. He says:

Now, take the Assistant Secretaries of the Treasury to illustrate the point. There are five splendid men who are Assistant Secretaries of the Treasury. I do not know of a finer spirit than those men exhibit. They will work all night and all day and go no limit to help out and do the job. There is perfect harmony, and we all get along splendidly. I have my conferences with them, and we sit down and talk things over, and we decide upon a policy, and everybody gets busy and puts it through. I imagine, though, that if the Assistant Secretaries of the Treasury were not my subordinates, so that they would have to accept my decision, I might find it very much more difficult to get quick action, because very frequently when men all have an equal vote they are more tenacious of opinion and more willing to assert it.

An opinion of the necessity of absolute control of this proposed corporation by the Secretary of the Treasury could not be more clearly expressed. It leaves no doubt in any mind on that point.

That evidently was the thing that was in the minds of those who have been concerned over the question of control.

Mr. SHERWOOD. Is that the testimony before the Ways and Means Committee?

Mr. FESS. I will say to my friend that it is. I have read from the hearings the Secretary's own words.

Mr. MOORE of Pennsylvania. Does the gentleman object to my reading in that connection the reply paragraph of the bill which pertains to that point?

Mr. FESS. I will ask my friend not to insist on it now, since my time is so limited.

Mr. MOORE of Pennsylvania. I think the committee have corrected it.

Mr. FESS. I will state frankly that the committee have corrected that. And may I say this, too—

Mr. JOHNSON of Washington. We depended on these hearings for information.

Mr. FESS. May I say that I felicitate this House upon the position of the Committee on Ways and Means in refusing to follow the sickly, sickening servility that has been manifested in so many committees in the House in the last few years? [Applause.]

Mr. LONGWORTH. May I add in that connection that in the original bill the words "with the approval of the Secretary of the Treasury" appeared seventeen times? The committee cut out those words in all except three cases, where we thought they were necessary on account of the broad governmental policy that ought to be pursued as between the two functions of the Government.

Mr. FESS. The committee has displayed a healthful attitude in respect to its function as a committee of a legislative body. The tendency in recent years to await the orders of a department, organically coordinate but rapidly becoming the head of legislation, as well as the executive, can have but one result if allowed to run its course uninterrupted.

The bill as it appears now, compared with what it was when it came from the Treasury Department, bears the mark of a real legislative committee. It is shorn of many symptoms of bureaucratic government.

The observation of my colleague, Mr. LONGWORTH, a member of the committee, is another evidence of the independence of the committee in doing their own thinking and not taking orders. I am intent on this, that the House is in danger of a state of atrophy if it does not exercise its right to initiate legislation and leave it to the Executive to sign or to veto it, which is its proper function, and not to initiate it. This is a splendid display of that independence, and I congratulate the committee. As I said before, I am in hearty sympathy with the purpose of this legislation.

Mr. JOHNSON of Washington. One question.

Mr. FESS. I have only a little time, and I had hoped to have an hour on this subject. Some of the statements made by the Secretary of the Treasury and also by Mr. Warburg when they officially informed the committee of the needs of this legislation have aroused tremendous suspicion in my mind; and I admit that although recognizing the emergent condition that faces us in war, I was greatly disturbed as to what this legislation might mean in the minds of the men who proposed it. I do not refer to the committee but to the Treasury officials. When we raise the question, as it has been raised throughout the country, of the danger of inflation, I do not mean expansion of the currency but inflation of credit which is identical with inflation of the currency in its effect. We are assured that no danger can come from that source. If you inflate credit you have an abnormal price of goods on sale just as you would have if you inflate the currency of the country. Such movement is an increase in price but not an increase in value, and in the nature of the case such artificial price current must be a serious condition financially when the country goes upon an inflated basis, whether you express it in currency or in credit. There must not be a confusion here by attempting to differentiate where there is no distinction. When the question was asked in the Committee on Ways and Means, the Secretary of the Treasury made the statement that there would not be any inflation. He said:

There has been some criticism of the bill on the idea that in some way or other there will be currency inflation. Any idea of currency inflation must result from a misconception as to the bonds issued by the corporation, for there is no danger that such securities will cause inflation through an undue expansion of the circulating medium of the country.

Here is his assurance against the inflation of the circulating medium which is no assurance against the same result under another terminology.

In another place the Secretary of the Treasury says that this proposed legislation is to prevent inflation that otherwise would come if we did not have some legislation of this sort. The Secretary of the Treasury may be correct to the letter when he says it will not inflate the currency. Technically that may be true, but certainly no such assurance can come from the bill itself. I do not believe that there will be any surer results than a great expansion of the currency. While he says that you

can not take these bonds and directly convert them into Treasury notes or Federal reserve notes, he does not say that you can not do it indirectly by allowing the banks to take the bonds, and then take the credit of the bank to the Federal reserve, and thereby convert it into Federal reserve notes. Now, that is an inflation of the currency. We are assured that the corporation bonds have no circulatory function. True, but the credit represented by them can indirectly be converted into circulating notes.

This is conceded by the requirement to charge a penalty of an additional 1 per cent to discourage the transaction and also to hasten their retirement.

I am confident in my own mind that this proposal will furnish the basis for a vast increase of our circulation.

It is not enough to say they will not be issued. The supreme question is, Can they be issued? They can be and in war time they will be issued.

Mr. SLOAN. If the gentleman from Ohio will yield, I have an important statement to make. Is the gentleman aware that he is specially favored, not only by the attendance here in the Chamber but an audience in the gallery the superior of which seldom appears in an American auditorium. [Applause.] I refer to several hundred splendid young American engineers of the One hundred and twenty-third who have come from Laurel this morning to visit the House of Representatives, to honor the gentleman who is addressing us, and to honor this body with their presence. It is especially fitting that the gentleman from Ohio [Mr. FESS], one of America's leading educators and statesmen, should speak in the hearing of the young militant manhood of whom all are school men and 75 per cent are college men.

To the young men of the One hundred and twenty-third United States Engineers, many of whom "have come out of the West," permit me to say that the debate to which you have listened was upon the most gigantic financial war measure ever considered by Congress or Parliament. It is designed to aid the business of the country so that your arms and those of your million comrades may be sustained in the mighty world conflict. Your technical learning and skill will be a great factor in the fight. We know you will do your part. We are trying to do ours. Your purposes and ours merge into a unit to inspire friends and dismay all who would stand against our national will. You are all clean, brave, estimable, gallant young Americans, who will prepare the way for the boys in the multiplied thousands to go over the top in France, where many of you soon expect to be. We wish you Godspeed. We bespeak victory. [Applause.]

Mr. FESS. It is fitting that Mr. SLOAN, a distinguished member of the committee which has charge of this measure, has called attention to the presence of these sons who have come to the colors. It but intensifies the country's situation which calls upon the Congress to enact war legislation such as we are now considering and such as has held this Congress for more than a year of intensive preparation. To you young men we give a Nation's devotion, for we well know you are offering a costly sacrifice if necessary for her honor, and safety.

Now, if I may have the attention of the committee, I had hoped to have something to say that would invite the closest attention of the Members of this House. While it may be true—which I will not admit—that there is no inflation of the currency in this bill, nobody would think of saying that there is no inflation of credits in the bill. And in the last analysis inflation of credits is inflation of the currency, for you can not separate them. The truth about the matter is that any attempt to finance this war outside of the income of the Nation as measured in the savings of her people represents inflation. We have only two ways to utilize the income in the prosecution of the war. Our income is variously estimated at from \$40,000,000,000 to \$50,000,000,000 annually. Probably our savings will not reach more than \$6,000,000,000, but that is because we are wasteful.

Mr. MADDEN. Our average savings are \$4,000,000,000.

Mr. FESS. They ought to reach many times that.

Mr. MADDEN. No; they could not do that.

Mr. FESS. And what we should do is to finance the war through the real wealth of the country as it is found in the hands of the citizens of the country. One way is to do it by taxation. All will admit that such a war as we now face can not be financed by taxation alone. Another way is to do it by taking the earnings of the people through the form of loans in the issuance of Government bonds. Taxation has reached the annual sum of \$2,500,000,000, which is pretty high. Loans probably will reach \$6,000,000,000 or \$7,000,000,000. The cost of the war, on the other hand, will reach a figure double the sum of the two sources—tax and loans—and the difference between

the cost of the war and the money that is raised either by taxation or loans must measure the amount of credit that we must create, and which is proposed to be extended when this bill becomes a law. Here is the danger: When you undertake to do business by borrowing from banks instead of borrowing from individuals, just in that degree you undertake to lend by borrowing, and that is always a dangerous proposition unless within paying ability. It is precisely what we do if I go to the bank and say to my bank, "I want \$1,000 of a loan that I wish to invest in liberty bonds." The Government lets me have the bonds. I turn the bonds over to the bank as collateral security for the money I borrow from the bank. I, of course, give my note to the bank. Here are two credits. The one is the Government giving its credit to me because I give it the money that I borrow from the bank, and the other is the bank loaning me the money which I must some day pay out of my earnings. Now, if I do not save and pay the bank, you have still got two sources of credit there piling one on the other. Is it possible?

The CHAIRMAN. The time of the gentleman has expired.

Mr. MOORE of Pennsylvania. Since the gentleman's speech was interrupted, I yield to him two minutes more.

Mr. FESS. This transaction by which I borrow in order to lend is one of the chief incidents of expanded credit. If bonds are purchased by the banks instead of by the individuals, it is expanding credit.

I am persuaded much of this was done in the last liberty loan campaign. Many of these bank notes remain still unpaid, which of itself will prove a deterrent in the next loan campaign.

I want to announce one or two principles as principles of sound finance which must not be lost sight of even in time of war. If the production of the country runs behind the credit of the country, then you have inflation. If the service and the goods that are sold in the form of labor and products of labor keep pace with the credit of the country, there is no inflation. But if credit runs ahead of that stage to that degree, it is inflated. I admit that in war times it is probably impossible to keep the two things together, and therefore inflation of credit is almost inevitable in a time of war. That being the case there is bound to be abnormal prices, as is so apparent to us all. To-day we are in an inflated era. People speak about the amount of interest demanded. People are demanding more interest, which is invariably the case in war times, and that is only a measure of inflation, and whenever you disturb the relationship between the circulating medium and the goods to be exchanged in the market by increasing the volume of the purchasing power without increasing the real purchasing power, you thereby decrease the net purchasing power, and in that case you have inflation. By increasing the volume of the measuring units, you decrease the purchasing power of the unit.

Mr. Chairman, we here propose a bill the ostensible and openly avowed purpose of which is to expand our credits. We do it at the end of the first year of the war.

England did the same thing, only in a different way. It is true all Europe has long ago gone on a paper basis, which took off all restraints of expansion.

On December 13, 1917, a special committee of the Treasury appointed to report on the cause of the cost of living in England made its report public.

I here insert a brief abstract of that report:

Your committee have consequently found themselves obliged to extend their inquiry into the causes of the increase in prices and the possible checks that may be applied.

The chief causes are:

The expansion of credits during the war.

The demand of commodities exceeding the supply and the inadequacy of Government action to control prices.

Increase of wages and consequent increase in the cost of production.

Increase in the rates of profits.

Unfavorable rates of exchange in some of the countries from which supplies are imported.

Some of these are at once effects of the increase of prices and causes of further increases.

It would be difficult, and it is also unnecessary, to determine what is the order of importance of these various factors. But it is certain that among the most important is the expansion of credits.

If it had been possible to finance the war from day to day by means entirely of the process of taxation and of loans of money drawn from the savings of the people, there can be no doubt that the general increase of prices would have been considerably less than it has been; the result would have been to transfer purchasing power from the hands of individuals to the hands of the Government. But the Government, through the Bank of England and the joint-stock banks, has created large new credits to enable its contractors to expand their production. It has also borrowed from the Bank of England large sums on ways-and-means advances, and, in so far as these advances have not been offset by equivalent borrowings from the market on the part of the bank, which has not always been the case, this operation has been a pure creation of credit.

The recommendations for remedial legislation to correct the errors were as follows:

Our recommendations in respect of those aspects of the question of prices which are dealt with in this report are as follows:

1. Whatever measures are possible should be taken by the Government to avoid the creation of new credits in financing the war.
2. An inquiry should be set on foot to ascertain what has been the actual increase in the cost of living to the working classes and how far it has been counterbalanced by advances apart from wage advances due to war conditions.
3. The measures for the limitation of profits should be continued and stronger and should be made more widely known to the people.
4. The strongest case should be required to be established before any advance in wages is conceded on any grounds other than the rise in the cost of living. Nor should it be regarded as a rule—and we have no reason to think that labor in general would wish that it should—that wage earners in receipt of not inadequate pay before the war should be exempted from the share in the economic sacrifices involved by a state of war.
5. A single policy under the general direction of one authority should be adopted in all industries in the determination of wage questions.

These recommendations are in line with the American Economic Association.

Mr. Chairman, while I recognize the serious state of affairs produced by the war and note the reason urged by the committee that we have no other recourse, we can not saddle this on the Federal Reserve System, and war commands this relief as here proposed, I can not help but also observe that the statement the Federal Reserve System can not carry it is an admission of the danger of the proposal.

The statement that war demands it and we must grant it leads all thoughtful Members here to inquire what will be our attitude when before long almost inevitably a measure will come in here demanding a lowering of the gold reserve. When we are told that we must go on a paper basis because of the war, what then will be our answer?

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Chairman and gentlemen, since the members of the Ways and Means Committee are coming, one by one, before this House, which is sitting in Committee of the Whole for consideration of the war-finance bill, are confessing that when they first looked at this proposition, this bill that passed the Senate of the United States, they were astounded and thought it preposterous, they can not blame the membership of the House for going through a hard mental process in trying to arrive at a determination to support the revised bill of the Ways and Means Committee, which is the Senate bill cut in half.

It was stated here a moment ago that the words "subject to the approval of the Secretary of the Treasury" had appeared in the bill as it first came to the House seventeen times. The members of the Ways and Means Committee point with much pride to the fact that they reduced the number of times that expression appeared in the bill to three.

Now, Members like myself, who have served only five years or less, and who are not in position to demand much time for debate, will find themselves in the course of a short time compelled to accept whatever comes out of conference between House and Senate. Nobody can say whether that expression will be found in the final bill three times or any number of times up to seventeen.

Mr. HELVERING. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes.

Mr. HELVERING. The gentleman realizes that when the matter involved directly affects the Treasury and the amount of money in the Treasury, undoubtedly it should be subject to the approval of the Secretary of the Treasury.

Mr. JOHNSON of Washington. I agree to that, of course.

Mr. HELVERING. And the gentleman will find in the bill that there are no things left to the final decision of the Secretary of the Treasury except where it affects the Treasury itself.

Mr. JOHNSON of Washington. Nor do I object to that. I am calling attention to the work the committee congratulates itself on having done. Further, I am doing everything I can to follow the debate to the point where I can vote for the bill. But I can not bring myself to think that the Federal corporation bonds are not to bear the absolute approval of the United States. If we must have a central bank, why not have a full-fledged central bank?

I can not relieve myself of a conviction that the new War Finance Corporation, with its \$500,000,000 of capital stock, paid for out of the United States Treasury, and its \$2,000,000,000 of bonds of the corporation's own issue, is to become a great holding company for the railroads and the public-service corporations—even the water-power corporations. The War Finance Corporation will give its bonds for the bonds of the railroads and these corporations.

In course of time the railroads will find that they are unable to take back their bonds. The physical property of the railroads is the security. Your War Finance Corporation is then

the real owner of the railroads. We do not seem to be able to come out in the open. We do not discuss whether, in voting for this bill, we are voting for Government ownership of railroads. The railroads are now scrambled, and I doubt if they can ever be unscrambled. How will the unscrambling take place if this War Finance Corporation holds and can not rid itself of the railroads' bonds? This is, in my opinion, the big problem which the bill presents, aside from the immediate necessities of extending credits. These might be cared for through an extension of the Federal Reserve System.

I regret that during the debate on this bill, which, I think, the most important measure in Congress since the declaration of war itself, that some of the great committees of the House are obliged to sit in the committee rooms outside of the Chamber while the House is in session. Hearings of the special committee on water power are on, the hearings before the Military Affairs Committee are on, the hearings before the Naval Affairs Committee are on—all attended by distinguished and far-sighted Members of this House—and so the attendance here, both yesterday and to-day, is limited—limited during discussion of a measure which will cause more discussion and controversy than any law enacted in connection with the war. This is a radical and revolutionary bill. In spite of the statement of the great Ways and Means Committee that they have harmonized it and cut it down and have done the best they could, it is still radical and revolutionary. I am inclined at this time to follow the position taken by the gentleman from California [Mr. HAYES] and by the gentleman from Pennsylvania [Mr. McFADDEN]. I regret that the bill was not referred to the Committee on Banking and Currency.

Mr. Chairman, I hope that a vote will not be reached on this bill to-day, so that gentlemen who have spoken may be able to place their speeches in the Record. The debate has run two days. The statement has been made that it is hoped to reach a vote to-night. In endeavoring to read in the Record the speeches made on the floor, I find that in quite a number of instances remarks have been withheld. I think the membership of the House should have the benefit of all the remarks in addition to the printed hearings. From time to time recently I have spoken of the bill as a bill to incorporate Mr. McAdoo. But the bill has been revised. Now it is a bill to incorporate Mr. McAdoo and four others, the chief of whom is likely to be Mr. Warburg. Now, we might just as well come out in the open. If it is necessary to do this thing, let us take off the camouflage and do it. Let the tail go with the hide. We are in the war game to the end. I doubt if many will pretend to a belief that the war will be over in less than four or five years, and it is my belief that this War Finance Corporation, once authorized, will not come to an end in 50 years. [Applause.]

I desire to emphasize and call attention to the statement made yesterday by the gentleman from Pennsylvania [Mr. McFADDEN], as follows:

Let the United States make such loans as are absolutely necessary to win this war direct to the public utilities, railroads, and industry—supervised by the best brains that this country affords, and thus instill into the public mind an air of confidence instead of suspicion. This confidence when thus acquired by the people will respond in a patriotic manner in the payment of an equitable amount of taxes and subscribe for bonds of the United States on long time, bearing a proper rate of interest. Stop the profiteering and the 10 per cent plus contracts. Convince the public that the billions are being used wisely, honestly, and efficiently to win the war and the best people on the face of this earth, the American people, will respond in the granting of all the credit that is necessary to win this war, if it takes the last dollar that America possesses.

Mr. Chairman, I reserve the right to vote for or against the measure. It has room for much amendment. Some proposed amendments should be adopted. Time for the debate should be extended. I do not criticize the Ways and Means Committee. I presume the members reached a harmonious report by the same processes that brought out the last fearful and wonderful war-revenue bill, for which we all voted, most of us under protest.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield five minutes to the gentleman from New Jersey [Mr. PARKER].

Mr. PARKER of New Jersey. Mr. Chairman, the time limit allows only a general statement as to the principles of this bill. It creates a corporation greater than the former United States Bank, one charged with the same kind of powers but immeasurably greater, and to be exercised with much more liberty in time of war. In war our trouble is generally inflation by the issue of United States bonds and money and, most of all during the Civil War, by the issue of greenbacks. The Federal reserve notes are in their nature greenbacks. They have a reserve of 40 per cent only. Their increase is something to look at with fear when we see that there are—I think I am right—already sixteen hundred and sixty-five million dollars of Federal reserve notes.

They are issued to bolster credits in the banks. Those credits originally were intended to be commercial paper, which means paper issued on a transaction, a bargain, and a sale. They are now intended openly under this bill to be permanent loans for the industries of this country, whether it be factories, farms, transportation, or shipbuilding or for general purposes, for work only must win this war. I share the views of the gentleman from Ohio [Mr. FESS], so well stated by him. I believe that income only can finance this war, and I shall ask permission, by way of showing how income can be derived, to insert as an appendix to my remarks section 75 of the internal-revenue act of 1862-63, whereby every industry, as the goods went over the counter of the manufacturers, paid 2 or 3 per cent or a specific tax, so that money came in and was paid every month. Ancillary to internal revenue there were, of course, tariff duties.

Our present scheme of collecting by a yearly accounting up to the 1st of January is becoming very onerous and dangerous. It is upsetting our money market, because it is all paid at one time. Now that the income-tax limit has been reduced to \$1,000 for exemption it is offending great masses of the people of the country who are not used to going into a careful accounting every year. We must have something that will give us real power to get revenue.

I want now to point out one or two other matters. Neither credit nor money will produce labor if it does not exist. During the Civil War, when we had not the labor, immigrants flocked from all over the world and filled not only our armies but our railroads, our factories, and our farms. We get none now. We must send to the war or to occupations connected with the war a very large proportion of our able-bodied men, and we must make the rest do much more than they ever did before in order to do the necessary work of the war. In order to do that we may have to "dilute" our labor, as the phrase is abroad, by educating even women to work in the iron mills and run the lathes, the planes, the punch, and the crane. We must get away from all rules, as Europe has done, which prevented apprentices of any kind going into work. We must get rid of the idea that an employer can discharge his men or that the men can leave their work. They must stay at that work, the work of the war. We must come to that; but just at the present time I enter my protest against the immense waste of labor that is taking place. It is said we want to put 30,000 or 80,000 or 100,000 new people as clerks into this city. Perhaps there are too many clerks, but if there were 200,000 a city of 300,000 could double up and the clerks could be billeted in the various houses and quartered there, according to the Constitution, in time of war, according to law, and then there would not be waste of the labor of carpenters and mechanics who ought to be employed now in building ships if we are going to win this war. We are wasting labor.

I fear that this great corporation may be used to encourage something other than mere war work. If this corporation is used to encourage in the United States work in the erection of buildings when we can use what we already have, it will waste labor. If it be used only to encourage and control the enormous quantities of things which must be produced for the war, and will take care of our soldiers, then that is proper labor. We will have to trust the Executive, and probably, therefore, we shall all vote for this bill; but we almost have to look above for aid to see that labor is not wasted.

Mr. FESS. Mr. Chairman, will the gentleman yield?

Mr. PARKER of New Jersey. Yes.

Mr. FESS. We are inclined to vote for the bill because of necessity that faces us. What will be our attitude when the necessity comes that we must reduce our gold reserve?

Mr. PARKER of New Jersey. I do not know. These new notes will drive the gold out of the country. We all know that. I want to say one thing more: That I am worried by the provision in our bonds that the interest on the old bonds shall go up to the rate of the new, so that we will have to pay the same rate on the old bonds if we have to borrow at high rates.

The CHAIRMAN. The time of the gentleman has expired.

Mr. PARKER of New Jersey. Mr. Chairman, under leave to extend my remarks, I add the following:

That interest will not have to be raised to that of the corporation bonds authorized by this act. But they will raise the current rate in the money market.

Our real trouble is with the issue of Federal reserve notes. During the Civil War we provided that greenbacks would be redeemable at any time by a five-twenty bond, and the repeal of that provision caused great needless expense. Perhaps we might well provide that Federal reserve notes could be exchanged at will for a Liberty bond. In the Civil War we had to make customs payable in gold. I hope that

measure will not be necessary now. All Europe prohibits the export of gold, except by Government license. We may have to follow their example.

But our real financial strength must be in revenue—direct, certain, and continuous. I append a letter from a friend in New Jersey as to the working of our war-revenue act, as well as a copy of the section of the acts of 1862-63, which taxed manufactures other than cigars and tobacco. The details of this taxation have been forgotten by most of us.

[Phineas Jones & Co. (Inc.), manufacturers of wheels.]

NEWARK, N. J., February 6, 1918.

Hon. R. WAYNE PARKER,
House of Representatives, Washington, D. C.

My DEAR CONGRESSMAN: A matter of taxation has interested me quite a bit. Both of us go back to the War of Rebellion, when manufacturers were taxed on sales and not on profits.

We have in our firm the old original receipts that show when the Government first began taxation, to pay the war debt, of 2 per cent, increasing it 1 per cent at a time until they reached as high as 6 per cent. Then when they began to get money enough, they dropped down in the same ratio. When they got back to 2 per cent they gave up taxation.

This method did not tax brains, but taxed the sales. If any concern was foolish enough to do business without a profit, they had to pay tax just the same. To illustrate:

As you know our firm started business in 1855. We have been in it ever since and have always paid 100 cents on the dollar. Now, suppose three of our foremen in different departments should get together and say, "Let us raise a little money, go into business, and buck the old house. We can afford to sell 10 per cent cheaper than they do." They run along four or five years or more, being a thorn in the sides of ourselves, or the man who has brains and does make money, all these years paying no tax whatever for profit as per the present taxation plan, and then quit business.

The need of money was great, to pay the war debt, which was about \$4,000,000,000, and the rate of 6 per cent we gave the Government, was plenty of money, and they were soon out of debt.

Why would not this be a better plan now? The United States Government with their taxation plan now makes it so complicated that not one business man out of a thousand hardly understands it. We have even read in the papers that the Attorney General of the United States does not quite understand what the law means. Then, again, the expense of collecting the tax is enormous. The old way, the tax was due and payable the 10th of the month following shipment with the advantage of a very little expense of collecting the money, twelve times a year, and the Government in so short a time had first chance at the party's business to get their money, and at that time we remember that no one seemed to object to it. The plan was so simple that a boy going through common school could understand it. No cash discounts, no rebates, or freights, or anything was allowed. Why couldn't our beloved country follow this plan, which did have the benefit of the previous trial during our War of Rebellion?

Your mind will readily understand many more advantages of this plan as now the Government with its citizens causes a good bit of trouble and annoyance to the same, thereby antagonizing the business of the country rather than fostering the same.

Yours, very truly,

(Signed) HENRY P. JONES.

[July 1, 1862, 37th Cong., 2d sess., ch. 119.]

An act to provide internal revenue to support the Government and to pay interest on the public debt.

SEC. 75. *And be it further enacted*, That from and after the said 1st day of August, 1862, upon the articles, goods, wares, and merchandise hereinafter mentioned, which shall thereafter be produced and sold, or be manufactured or made and sold, or removed for consumption, or for delivery to others than agents of the manufacturer or producer within the United States or Territories thereof, there shall be levied, collected, and paid the following duties, to be paid by the producer or manufacturer thereof, that is to say:

On candles, of whatever material made, 3 per cent ad valorem.

On all mineral coals, except such as are known in the trade as peat and dust coal, 3½ cents per ton: *Provided*, That for all contracts of lease lands made before the 1st day of April, 1862, the lessees shall pay the tax.

On lard oil, mustard-seed oil, linseed oil, and on all animal or vegetable oils not exempted nor provided for elsewhere, whether pure or adulterated, 2 cents per gallon: *Provided*, That red oil, or oleic acid, produced in the manufacture of candles, and used as a material in the manufacture of soap, paraffin, whale and fish oil, shall be exempted from this duty.

On gas, illuminating, made of coal, wholly or in part, or any other material, when the product shall be not above 500,000 cubic feet per month, 5 cents per 1,000 cubic feet; when the product shall be above 500,000 and not exceeding 5,000,000 cubic feet per month, 10 cents per 1,000 cubic feet; when the product shall be above 5,000,000, 15 cents per 1,000 cubic feet; and the general average of the monthly product for the year preceding the return required by this act shall regulate the rate of duty herein imposed; and where any gas company shall not have been in operation for the year next preceding the return as aforesaid, then the rate shall be regulated upon the estimated average of the monthly product: *Provided*, That the product required to be returned by this act shall be understood to be the product charged in the bill actually rendered by any gas company during the month preceding the return, and all gas companies are hereby authorized to add the duty or tax imposed by this act to the price per thousand cubic feet on gas sold: *Provided further*, That all gas furnished for lighting street lamps, and not measured, and all gas made for and used by any hotel, inn, tavern, and private dwelling house, shall be subject to duty and may be estimated; and if the returns in any case shall be understated or underestimated, it shall be the duty of the assistant assessor of the district to increase the same as he shall deem just and proper: *And provided further*, That coal-tar produced in the manufacture of illuminating gas, and the products of the redistillation of coal tar thus produced, shall be exempt from duty: *And provided further*, That gas companies so located as to compete with each other shall pay the rate imposed by this act upon the company having the largest production.

On coal illuminating oil, refined, produced by the distillation of coal, asphaltum, shale, peat, petroleum, or rock oil, and all other bituminous substances, used for like purposes, 10 cents per gallon: *Provided*, That such oil refined and produced by the distillation of coal exclusively shall be subject to pay a duty of 8 cents per gallon, anything in this act to the contrary notwithstanding: *And provided further*, That distillers of coal oil shall be subject to all the provisions of this act, hereinbefore set forth and specified, applicable to distillers of spirituous liquors with regard to licenses, bonds, returns, and all other provisions designed for the purpose of ascertaining the quantity distilled and securing the payment of duties, so far as the same may, in the judgment of the Commissioner of Internal Revenue, and under regulations prescribed by him, be necessary for that purpose.

On ground coffee and all preparations of which coffee forms a part, or which is prepared for sale as a substitute for coffee, 3 mills per pound.

On ground pepper, ground mustard, ground pimento, ground cloves, ground cassia, and ground ginger, and all imitations of the same, 1 cent per pound.

On sugar, refined, whether loaf, lump, granulated, or pulverized, 2 mills per pound.

On sugar, refined or made from molasses, syrup of molasses, melado, or concentrated melado, 2 mills per pound.

On all brown, muscovado, or clarified sugars produced directly from the sugar cane, and not from sorghum or imphee, other than those produced by the refiner, 1 cent per pound.

On sugar candy and all confectionery made wholly or in part of sugar, 1 cent per pound.

On chocolate and cocoa prepared, 1 cent per pound.

On saleratus and bicarbonate of soda, 5 mills per pound.

On starch made of potatoes, 1 mill per pound; made of corn or wheat, $1\frac{1}{2}$ mills per pound; made of rice or any other material, 4 mills per pound.

On tobacco, cavendish, plug, twist, fine cut, and manufactured of all descriptions (not including snuff, cigars, and smoking tobacco prepared with all the stems in or made exclusively of stems), valued at more than 30 cents per pound, 15 cents per pound; valued at any sum not exceeding 30 cents per pound, 10 cents per pound.

On smoking tobacco prepared with all the stems in, 5 cents per pound.

On smoking tobacco made exclusively of stems, 2 cents per pound.

On snuff manufactured of tobacco, ground dry or damp, of all descriptions, 20 cents per pound.

On cigars valued at not over \$5 per thousand, \$1.50 per thousand.

On cigars valued at over \$5 and not over \$10 per thousand, \$2 per thousand.

On cigars valued at over \$10 and not over \$20 per thousand, \$2.50 per thousand.

On cigars valued at over \$20 per thousand, \$3.50 per thousand.

On gunpowder and all explosive substances used for mining, blasting, artillery, or sporting purposes, when valued at 18 cents per pound or less, 5 mills per pound; when valued at above 18 cents per pound and not exceeding 30 cents per pound, 1 cent per pound; and when valued at above 30 cents per pound, 6 cents per pound.

On white lead, 25 cents per 100 pounds.

On oxide of zinc, 25 cents per 100 pounds.

On sulphate of barytes, 10 cents per 100 pounds: *Provided*, That white lead, oxide of zinc, and sulphate of barytes, or any one of them, shall not be subject to any additional duty in consequence of being mixed or ground shall have been previously actually paid.

On all paints and painters' colors, dry or ground in oil, or in paste with water, not otherwise provided for, 5 per cent ad valorem.

On clock movements made to run one day, 5 cents each; made to run more than one day, 10 cents each.

On pins, solid head or other, 5 per cent ad valorem.

On umbrellas and parasols made of cotton, silk, or other material, 5 per cent ad valorem.

On screws, commonly called wood screws, $1\frac{1}{2}$ cents per pound.

On railroad iron and all other iron advanced beyond slabs, blooms, or loops and not advanced beyond bars or rods, and band, hoop, and sheet iron, not thinner than No. 18 wire gauge, and plate iron not less than one-eighth of an inch in thickness, \$1.50 per ton; on railroad iron, rerolled, 75 cents per ton; on band hoop and sheet iron thinner than No. 18 wire gauge, plate iron less than one-eighth of an inch in thickness, and cut nails and spikes, \$2 per ton: *Provided*, That bars, rods, bands, hoops, sheets, plates, nails, and spikes manufactured from iron upon which the duty of \$1.50 has been levied and paid shall be subject only to a duty of 50 cents per ton in addition thereto, anything in this act to the contrary notwithstanding; on stoves and hollow ware, \$1.50 per ton of 2,000 pounds; cast iron used for bridges, buildings, or other permanent structures, \$1 per ton: *Provided*, That bar iron used for like purposes shall be charged no additional duty beyond the specific duty imposed by this act; on steel in ingots, bars, sheets, or wire not less than one-fourth of an inch in thickness, valued at 7 cents per pound or less, \$4 per ton; valued at above 7 cents per pound or less, \$4 per ton; valued at above 7 cents per pound and not above 11 cents per pound, \$8 per ton; valued above 11 cents per pound, \$10 per ton.

On paper of all descriptions, including pasteboard and binders' boards, 3 per cent ad valorem.

On soap, castile, palm-oil, erasive, and soap of all other descriptions, white or colored, except soft soap and soap otherwise provided for, valued not above $3\frac{1}{2}$ cents per pound, 1 mill per pound; valued at above $3\frac{1}{2}$ cents per pound, 5 mills per pound.

On soap, fancy, scented, honey, cream, transparent, and all descriptions of toilet and shaving soap, 2 cents per pound.

On salt, 4 cents per 100 pounds.

On pickles and preserved fruits, and on all preserved meats, fish, and shellfish in cans or air-tight packages, 5 per cent ad valorem.

On glue and gelatine of all descriptions in the solid state, 5 mills per pound.

On glue and cement, made wholly or in part of glue, to be sold in the liquid state, 25 cents per gallon.

On patent or enameled leather, 5 mills per square foot.

On patent japanned split, used for dasher leather, 4 mills per square foot.

On patent or enameled skirting leather, $1\frac{1}{2}$ cents per square foot.

On all sole and rough or harness leather, made from hides, imported east of the Cape of Good Hope, and all damaged leather, 5 mills per pound.

On all other sole or rough leather, hemlock tanned, and harness leather, 7 mills per pound.

On all sole or rough leather, tanned in whole or in part with oak, 1 cent per pound.

On all finished or curried upper leather, made from leather tanned in the interest of the parties finishing or currying such leather not previously taxed in the rough, except calfskin, 1 cent per pound.

On bend and butt leather, 1 cent per pound.

On offal leather, 5 mills per pound.

On oil-dressed leather, and deerskins dressed or smoked, 2 cents per pound.

On tanned calfskins, 6 cent each.

On morocco, goat, kid, or sheep skins, curried, manufactured, or finished, 4 per cent ad valorem: *Provided*, That the price at which such skins are usually sold shall determine their value.

On horse and hog skins, tanned and dressed, 4 per cent ad valorem.

On American patent calfskins, 5 per cent ad valorem.

On conducting hose of all kinds for conducting water or other fluids, a duty of 3 per cent ad valorem.

On wine, made of grapes, 5 cents per gallon.

On varnish, made wholly or in part of gum copal or other gums or substances, 5 per cent ad valorem.

On furs of all descriptions, when made up or manufactured, 3 per cent ad valorem.

On cloth and all textile or knitted or felted fabrics of cotton, wool, or other materials, before the same has been dyed, printed, bleached, or prepared in any other manner, a duty of 3 per cent ad valorem: *Provided*, That thread or yarn manufactured and sold or delivered exclusively for knitted fabrics, or for weaving, when the spinning and weaving for the manufacture of cloth of any kind is carried on separately, shall not be regarded as manufactures within the meaning of this act; but all fabrics of cotton, wool, or other material, whether woven, knit, or felted, shall be regarded as manufactures, and be subject to the duty, as above, of 3 per cent ad valorem.

On all diamonds, emeralds, and all other jewelry, a tax of 2 per cent ad valorem.

On and after the 1st day of October, 1862, there shall be levied, collected, and paid, a tax of one and one-half of 1 cent per pound on all cotton held or owned by any person or person, corporation, or association of persons; and such tax shall be levied thereon in the possession of any person whomsoever. And further, if any person or persons, corporations, or associations of persons, shall remove, carry, or transport the same from the place of its production before said tax shall have been paid, such person or persons, corporation or association of persons shall forfeit and pay to the United States double the amount of such tax, to be recovered in any court having jurisdiction thereof: *Provided*, however, That the Commissioner of Internal Revenue is hereby authorized to make such rules and regulations as he may deem proper for the payment of said tax at places different from that of the production of said cotton: *And provided further*, That all cotton owned and held by any manufacturer of cotton fabrics on the 1st day of October, 1862, and prior thereto, shall be exempt from the tax hereby imposed.

On all manufactures of cotton, wool, silk, worsted, flax, hemp, jute, india rubber, gutta-percha, wood, willow, glass, pottery ware, leather, paper, iron, steel, lead, tin, copper, zinc, brass, gold, silver, horn, ivory, bone, bristles, wholly or in part, or of other materials not in this act otherwise provided for a duty of 3 per cent ad valorem: *Provided*, That on all clothes dyed, printed, bleached, manufactured into other fabrics, or otherwise prepared, on which a duty or tax shall have been paid before the same were so dyed, printed, bleached, manufactured, or prepared, the said duty or tax of 3 per cent shall be assessed only upon the increased value thereof: *And provided further*, That on all oil-dressed leather, and deer skins dressed or smoked, manufactured into gloves, mittens, or other articles on which a duty or tax shall have been paid before the same were so manufactured, the said duty or tax of 3 per cent shall be assessed only upon the increased valuation thereof: *And provided further*, That in estimating the duties upon articles manufactured when removed and sold at any other place than the place of manufacture there shall be deducted from the gross amount of sales per the freight, commission, and expenses of sale actually paid, and the duty shall be assessed and paid upon the net amount after the deductions as aforesaid: *And provided further*, That printed books, magazines, pamphlets, newspapers, reviews, and all other similar printed publications; boards, shingles, and all other lumber and timber; staves, hoops, headings, and timber only partially wrought and unfinished for chairs, tubs, pails, snares, lasts, shovel and fork handles; umbrella stretchers, pig iron, and iron not advanced beyond slabs, blooms, or loops; maps and charts; charcoal; alcohol made or manufactured of spirits or materials upon which the duties imposed by this act shall have been paid; plaster or gypsum; malt; burning fluid; printer's ink; flax prepared for textile or felting purposes until actually woven or fitted into fabrics for consumption; all flour and meal made from grain; bread and breadstuffs; pearl barley and split peas; butter; cheese; concentrated milk; bullion, in the manufacture of silverware; brick; lime; Roman cement; draining tiles; marble; slate; building stone; copper, in ingots or pigs; and lead, in pigs or bars, shall not be regarded as manufactures within the meaning of this act: *Provided*, That whenever, by the provisions of this act, a duty is imposed upon any article removed for consumption or sale, it shall apply only to such articles as are manufactured on or after the 1st day of August, 1862, and to such as are manufactured and not removed from the place of manufacture prior to that date.

[Mar. 3, 1863. 37th Cong., 3d sess. Chapter 74.]

An act to amend an act entitled "An act to provide internal revenue to support the Government and pay interest on the public debt," approved July 1, 1862, and for other purposes.

That section 75 be, and hereby is, amended by inserting, after the words "Provided, That white lead, oxide of zinc, and sulphate of barytes," the words "and paints and painters' colors"; by inserting, before the words "on lard oil," and attached to the next preceding sentence, as follows: "and all duties or taxes on coal mined and delivered by coal operators at the mines on contracts made prior to July 1, 1862, shall be paid by the purchaser thereof"; by striking out the following words: "on sugar, refined, whether loaf, lump, granulated, or pulverized, 2 mills per pound; on sugar, refined, or made from molasses, syrup of molasses, melado, or concentrated melado, 2 mills per pound," and inserting in lieu thereof as follows: "Sugar refiners shall pay 1 and one-half of 1 per cent on the gross amount of the sales of all the products of their manufactures: *Provided*, That every person shall be regarded as a sugar refiner under this act whose business it is to advance the quality and value of sugar by melting and recrystallization or by liquoring, claying, or other washing process, or by any other chemical or mechanical means; or who shall advance the quality or value of molasses and concentrated molasses, melado, or concentrated melado, by boiling or other process"; and by inserting therein, in lieu

of any other duties or rates of duty on the articles hereinafter enumerated in this section, or provisions existing in relation thereto, the following:

"On marine engines, 3 per cent ad valorem.

"On rivets exceeding one-fourth of 1 inch in diameter, nuts, wrought railroad chairs, bolts, and horseshoes, \$2 per ton: *Provided*, That where a duty upon the iron from which said articles shall have been made has been actually paid, an additional duty only shall be paid of 50 cents per ton.

"On rolled brass, copper, and yellow sheathing metal, in rods or sheets, 1 per cent ad valorem.

"On sails, tents, shades, awnings, and bags made of cotton, flax, or hemp, or part of either, or other materials, 3 per cent ad valorem: *Provided*, That the sewing of sails, tents, shades, awnings, carpets, and bags, the materials whereof belonged to the employer, shall be exempt from duty where the cloth or material from which they are made was imported or has been subject to and paid a duty.

"On tobacco, cavendish, plug, twist, fine-cut, and manufactured of all descriptions (not including snuff, cigars, and smoking tobacco prepared with all the stems in or made exclusively of stems), 15 cents per pound.

"On smoking tobacco prepared with all the stems in and on smoking tobacco made exclusively of stems, 5 cents per pound.

"On snuff manufactured of tobacco, on (or) stems, or of any substitute for tobacco, ground, dry, or damp, of all descriptions, 20 cents per pound.

"On mineral or medicinal waters or waters from springs impregnated with minerals, 1 cent for each bottle containing not more than 1 quart; when containing more than 1 quart, 2 cents for each bottle.

"Tailors, boot and shoe makers, milliners, and dressmakers making clothing or articles of dress for men's, women's, or children's wear to order as custom work, and not for sale generally, shall to the amount of \$1,000 be exempt from duty, and for any excess beyond the amount of \$1,000 shall pay a duty of 1 per cent ad valorem.

"On umbrellas and parasols made of cotton, silk, or other material, 3 per cent ad valorem.

"On all ships, barques, brigs, schooners, sloops, sailboats, steam-boats (not including the engine), canal boats, and all other vessels or water craft hereafter built, made, or constructed, 2 per cent.

"On sugar candy and all confectionery made wholly or in part of sugar valued at 14 cents per pound or less, 2 cents per pound; when valued at exceeding 14 cents and not exceeding 40 cents per pound, 3 cents per pound; when valued at exceeding 40 cents per pound or when sold otherwise than by the pound, 5 per cent ad valorem.

"On all gold leaf, 15 cents per pack containing not more than 20 books of 25 leaves each.

"On castings of iron exceeding 10 pounds in weight for each casting, not otherwise provided for in this act or in the act to which this act is an amendment, \$1.50 per ton: *Provided*, That there shall be deducted from duties assessed upon railroad cars any duties which may have been assessed and paid upon car wheels under the provisions of this act.

"On clocks and timepieces and on clock movements when sold without being cased, 3 per cent ad valorem."

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield three minutes to the gentleman from Ohio [Mr. SWITZER].

Mr. SWITZER. Mr. Chairman, while I think the Committee on Ways and Means are to be congratulated because of the changes and modifications made in the bill, yet I can not concur in that high compliment paid by my colleague from Ohio [Mr. Fess] a few moments ago. While the power of appointment of these four members of the board is removed from the Secretary of the Treasury and given to the President, yet does anyone believe that the father-in-law will appoint a member of this board who is not approved by the son-in-law?

But I rose chiefly to call the attention of the Ways and Means Committee to what I consider to be a discrimination or unfairness in this matter. This bill appropriates \$500,000,000 of the people's tax money or the money from sale of liberty bonds to prosecute the war to aid big business. You say to the small taxpayer, to the small business concern, "Come across on the 15th of June next with your money"; and when they petition you for a few days' relief through paying in installments, the Ways and Means Committee so far has given no heed and the ear of the Secretary of the Treasury can not be reached; but in the hearings, and it has been intimated on the floor in the speeches, it is said that by appropriating the five hundred millions of the tax money of the people you can aid certain big business concerns of the country to pay their taxes. That is to be found in the hearings or somewhere along the line. That is, the big business concern that can get the ear of the Secretary will receive help, but the small business concern out in my district in southeastern Ohio, in the coal and iron industry, or whatever manufacturing enterprise it may be, can not get his ear. At least they have not been able apparently to get his ear up to the present time or the ear of the Ways and Means Committee, to get an extension of time for the payment of these excess war taxes, which is to go to make up this \$500,000,000 to help big business. Suppose there are some street railways up in the State of Michigan, and suppose some Wall Street gentlemen have started a great corporation up there and have loaded up with more street railways than they can carry and now they want to come to the United States Government and have it get back of it and give them credit. I do not know but if we had a list of these concerns I could vote more intelligently.

Many industries and business concerns of my district desire an extension of time for the payment of the excess-profits tax. I have a score of letters from representative concerns stating

that the requirement to pay the whole tax in June will work a great hardship and likely interfere seriously with the coming sale of liberty bonds. These industries have had to carry heavy stocks and shipping conditions have been so abnormal as to prevent them from realizing on their manufactured product and required an additional borrowing. It seems to me that if Congress passes legislation to assist big business through this great crisis it should not fail to pass an act granting the temporary relief so generally petitioned for by the medium-sized and small industries of the country. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. SWITZER. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Ohio? [After a pause.] The Chair hears none.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield eight minutes to the gentleman from Missouri [Mr. MEEKER].

Mr. MEEKER. Mr. Chairman and gentlemen, I have not been a Member of this House very long, but I will say to you that in private conference with men whom I consider the level-headed Members of the House I have never heard as universal private condemnation of anything that has been proposed as there has been of this bill. Men say both publicly and privately that in time of peace this thing would be nothing short of rotten and criminal, and the thing I can not figure out is, why adopt a program that would be in time of peace rotten and depend upon it in an hour of the greatest financial strain?

It seems to me we are saying: "There is an old boat I would not trust my family in on a picnic, but if we are going into war I will put them into it." Here is a financial program that is privately denounced by the men on the committee and by men on other committees of this House, and yet they are saying under their breath: "We do not know of anything else that can be done." Now, I am going to move when we come to consider the bill—I will not have time to discuss all the features of the bill that seem to be objectionable and are—I am going to move to strike out section 9. I want to say now that since war was declared I have gone beyond what seemed to be good judgment in supporting some of the administration measures. I hope to be able to vote for this bill; but with section 9 in it I do not see how any man can vote for it, and I desire the committee, when the time shall come, to devote its time to clearing up as to why it permitted section 9 to remain in the bill. Look at that section for a moment, especially lines 22 down to 25. The secretary of this corporation shall be permitted to loan directly 16 $\frac{2}{3}$ per cent of all of the capital stock and the bonds sold to corporations only for the purpose of conducting said business in the United States—that is, war business—and only when such firm, corporation, or association is unable to obtain funds through banking associations or from the general public. Now, what does that mean in plain terms? It means that just about \$400,000,000 of this money, if we were up to the total of our stock and our bonds, which can be done on the advice of the Secretary and two members of this board, and we would get out the two and a half billion dollars, \$400,000,000 of the money is available at the choice of three men on this board to give out to bankrupt concerns that will have machinery—and that is all they do have—whose business is so rotten that they can not get accommodation either from the banks or from private loans.

Mr. MADDEN. Will the gentleman yield?

Mr. MEEKER. I will yield.

Mr. MADDEN. What about the savings banks who may be in very great trouble?

Mr. MEEKER. If the gentleman would take out the manufacturing concerns, that is another proposition; but here, gentlemen, now, when you think for a moment of the possibility on the other side, let us take some great corporation, whether transportation or otherwise. A gentleman's agreement is always possible. Suppose that great corporation is hard pressed for money or for whom and over whom a certain other concern wishes to get control, all the banks need to do is to say to that concern, "We can not let you have the money. We have no money to loan to you." And the great private loaning institutions can say, "At this time we have no money to turn over to you." Then these men are upon the Government because of this relief that is being offered. Now, then, whenever you put the United States Government into the category of a three-gold-ball concern, as section 9 puts it, when you demand 13 $\frac{2}{3}$ per cent of security for the loan for a man, a public utility, or a railroad who can not get money elsewhere, it is nothing more than the game of a man who holds out the three balls in front of his store, and we convert our corporation and our Secretary of the Treasury into a Shylock, as he holds

this threat over these men, and then their business is to be turned over to whoever can take that loan off their hands because the railroads and all public utilities have not the securities to put up the extra margin.

Mr. MADDEN. Will the gentleman yield?

Mr. MEEKER. I will.

Mr. MADDEN. Does the gentleman think that is a fair statement of the case?

Mr. MEEKER. Will the gentleman state it fairly? I will say to you, of all the vicious things in it that is the worst.

Mr. MADDEN. I thought the purpose of this provision was to enable a concern, which needed money and could not get it, but which had collateral that it could not sell, to get the money from the corporation that we are about to organize by putting up the collateral. That is the purpose.

Mr. MEEKER. Yes; but think of the unthinkable situation to the gentleman himself, to say that here is a concern that has collateral, a going concern, which can not get money either from banks or from the general public—the very thing points at fraud and the possibilities of fraud, and you can not get away from it when you say here is a man who has got collateral and everything, but he can not get a little money from the bank or from some private institution, nobody will furnish him money, and then turn to the Government, and it says, "Put up 133 per cent, and we will take over your institution, and what will be done with it—

The CHAIRMAN. The time of the gentleman has expired.

Mr. MEEKER. Mr. Chairman, I ask unanimous consent to extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Missouri. [After a pause.] The Chair hears none.

Mr. MOORE of Pennsylvania. Mr. Chairman, I yield eight minutes to the gentleman from New Hampshire [Mr. BURROUGHS].

The CHAIRMAN. The time for general debate expires at 12 o'clock and 10 minutes.

Mr. MOORE of Pennsylvania. Mr. Chairman, I think the agreement was that there would be an hour and 10 minutes of debate.

The CHAIRMAN. No; it expires at 12.10.

Mr. MOORE of Pennsylvania. I ask the attention, then, of the gentleman from North Carolina [Mr. KITCHIN], and say, if the gentleman will agree to permit us to run by unanimous consent to the conclusion of this speech, and five minutes more for the other side, that will conclude all debate.

Mr. KITCHIN. We want to start reading the bill at 10 minutes after 12. I will yield my time.

The CHAIRMAN. The time expires at 12 o'clock and 10 minutes.

Mr. KITCHIN. There are four minutes due now for general debate.

Mr. MOORE of Pennsylvania. I wanted to keep the agreement with the gentleman from New Hampshire [Mr. BURROUGHS]. I yield so much of the time as is remaining to the gentleman from New Hampshire.

Mr. BURROUGHS. Mr. Chairman, it seems to be generally conceded by all those to whom I have had the pleasure of listening in the course of this debate, and I have, I think, heard practically all of those who have spoken on the bill on both sides so far, that this would not be considered wise legislation in ordinary peace times and under ordinary circumstances. I take it that perhaps no man in this House would think for a moment of voting for this bill under such circumstances. I think that no committee of this House would think for a moment of seriously proposing this legislation under ordinary circumstances in times of peace. But, gentlemen, these are not ordinary circumstances, and these are not times of peace. This legislation is frankly presented here to the House as emergency legislation, and for that reason only are we asked to vote for it. It is a condition and not a theory, to quote the language of a former Chief Executive of this Nation, that confronts us at this time.

The CHAIRMAN. The Clerk will read the bill.

Mr. MOORE of Pennsylvania. Mr. Chairman, I ask unanimous consent that the gentleman may be permitted to proceed for four minutes.

Mr. GARNER. You can not do that. Let them read a section and then let the gentleman continue.

Mr. BURROUGHS. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none. The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc.

TITLE I.—WAR FINANCE CORPORATION.

That the Secretary of the Treasury and four additional persons (who shall be the directors first appointed as hereinafter provided) are hereby created a body corporate and politic in deed and in law by the name, style, and title of the "War Finance Corporation" (herein called the corporation), and shall have succession for a period of 10 years: *Provided*, That in no event shall the corporation exercise any of the powers conferred by this act, except such as are incidental to the liquidation of its assets and the winding up of its affairs, after six months after the termination of the war, the date of such termination to be fixed by proclamation of the President of the United States.

Mr. BURROUGHS. Mr. Chairman, I move to strike out the last word.

Mr. Chairman and gentlemen, I wish to ask the attention of the committee for a few moments to the condition of the savings banks of the country as they are related to this war-emergency legislation. Now, I sympathize with much that has been said here by those who are opposed to this legislation. I sympathize with much that has been said by the gentleman from California [Mr. HAYES] and the gentleman from Pennsylvania [Mr. McFADDEN], but I note that the gentleman from California in the course of his remarks took occasion to state that he saw no particular reason why this legislation was necessary in the interests of the savings banks.

Now, Mr. Chairman, I do not agree with the gentleman on that proposition. I believe that the legislation is necessary, and vitally necessary, to the savings bank institutions of this country at this time.

Why is it necessary? It is necessary because the great credit facilities of the country have been preempted, as the Secretary of the Treasury said in the hearings before the Ways and Means Committee, by the Government; and, in view of the enormous borrowings of the Government in the great liberty loans which we have had and those which are forthcoming, it is inevitable that there will be great withdrawals from the savings banks of the country. In fact, those withdrawals have already begun.

Now, let me for just a moment call attention to the magnitude of these interests. The mutual savings banks in my section of the country are of greater importance and of greater magnitude, even, than the national banking interests. You take New England and the Middle States, and the total deposits in the mutual savings banks of those States amount to more than four and a half billions of dollars, while deposits of all kinds in national banks in those same States amount to a little more than four billions of dollars. So that the deposits in the mutual savings banks of New England and the Middle States to-day exceed the deposits in the national banks in those same States by practically \$500,000,000. Now, these mutual savings banks, gentlemen, are restricted in the investments which they can make. They do not make what they call liquid investments. Their investments are in long-term bonds and securities, running over a considerable length of time. They are restricted by the laws of these several States in the matter of the investments that they can make, and they are held down by a strict supervisory power in the hands of the bank commissions in the several States.

In my own State of New Hampshire, a small State as compared with the larger States of the Union, the total mutual savings bank deposits amount to \$126,000,000. Now, that is more than three times the assessed valuation of all the railroad property in our State. It is practically three times the assessed value of the manufacturing plants in the State of New Hampshire. It is about one-half of the assessed valuation of all improved and unimproved land and buildings in the State of New Hampshire. There are \$50,000,000 of deposits that are loaned out to residents of our own State, and there are \$76,000,000 of those deposits that are loaned beyond the limits of the State of New Hampshire.

Hon. James O. Lyford, of Concord, N. H., chairman of our State board of bank commissioners, and one of the most accomplished and able officials in the country, in testifying before the Senate Finance Committee, said:

Of the \$126,000,000 of accumulations of the savings banks of New Hampshire nearly \$50,000,000 are loaned or invested in the State; nearly \$26,000,000 are loaned on real estate mortgages at a rate not exceeding 5 per cent. Thirteen millions are loaned to the business interests of the State, loans that could not be collected without disastrous results to business and employment. One million dollars is loaned to New Hampshire municipalities at a low rate of interest, besides the amount invested in the bonds of these municipalities. These bonds bear interest rates of from 3 to 4 per cent. Another \$10,000,000 is invested in securities of New Hampshire industrial and transportation companies, and in the bonds of cities, towns, and districts of the State. These investments within the State would be larger if our demands were larger.

Seventy-six millions of our accumulations, or three-fifths, are invested in other States and contribute to the growth and prosperity of those States. In round numbers \$17,000,000 are loaned to farmers of

the West and South at an average rate to the savings banks of not over 5½ per cent. Eleven millions are invested in municipal bonds, of which amount probably \$8,000,000 are in municipal bonds of the West and South. Thirty-three millions are invested in railroad securities, of which amount probably one-half are in the securities of railroads west of the Mississippi and south of the Potomac. Eleven millions are invested in the securities of public utilities, of which amount probably one-third is invested in the securities of public utilities of the West and South. Nearly \$3,000,000 are invested in the stock of manufacturing companies of New England and other States.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SNYDER. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for five minutes further.

The CHAIRMAN. The gentleman from New York asks unanimous consent that the gentleman from New Hampshire may proceed for five minutes further. Is there objection? [After a pause.] The Chair hears none.

Mr. BURROUGHS. I thank the committee for this extension of time.

As I was saying, \$76,000,000 of our deposits are loaned beyond the limits of our own State, to residents and people in the western country. Now, while in general I shall support this bill and believe in it as being absolutely necessary in this war emergency, and for that reason only, I am very much opposed to one provision in the bill relating to the savings banks, and I am going to call attention to that in the few minutes remaining of my time.

If you will refer to section 8, I think it is, of the bill, relating to the loans to savings banks, you will note that the savings banks, when they go to this war-finance corporation for aid to meet the withdrawals which are bound to come and which have already begun, let me say, in my State. In the last six months of the year we lost a little more than \$2,500,000 of our deposits and also, in addition to that, lost the normal increase amounting to about \$3,500,000, which has been the normal increase for a number of years, making a total loss of about \$6,000,000 in our savings banks deposits in the last six months of the last year. I say when these savings banks go to this war-finance corporation for aid to meet these withdrawals that are bound to come, and especially bound to come if another liberty loan goes up to 4½ per cent, which is a greater per cent, let me say, than any of our savings banks pay, under those circumstances what does the savings bank have to do?

They have not only got to put up this gilt-edged collateral which they now hold—the best collateral in the world—to the extent of 133 per cent of the market value at the time of the loan, but they are also subject to a discriminating interest rate of 1 per cent—not less than 1 per cent, the bill states, over and above the rate of the Federal reserve bank in the district in which the borrowing institution is located.

Now, gentlemen, I maintain that that is wrong, so far as it relates to the mutual savings banks, and I will tell you why it is wrong. It is wrong for this reason: The mutual savings bank is the people's institution. It is the institution that contains the savings of the common man—the common, everyday worker. These savings-bank deposits in my own State average less than \$500 to a man, and that is true throughout New England and the Middle States. There are over eight and one-half millions of these depositors in that section of the country, and these depositors are very largely made up of the common, everyday working people. These savings-bank deposits are made up of their little savings. They are trying to save their money to build a home, many of them. They are ordinarily wage earners.

Now, I say it is wrong to charge this discriminating interest rate of 1 per cent for that reason, and also for the reason that these banks are not money-making institutions, as an ordinary State bank is. In the case of the mutual savings banks, whatever money they make goes to the credit of the depositors. Every dollar of it goes to the credit of these small depositors. It is not, I repeat, an ordinary money-making institution like your State bank. It has no stock. It has no expense of any account except what it pays to its treasurer and the few assistants that he has, and the tax that it pays to the State. The institution is run with little expense, and all for the benefit of the depositors. Now, why should the Government of the United States, which is responsible for this condition, charge a discriminating rate of 1 per cent interest over and above the reserve rate? I say that it is wrong, and I shall move to amend the bill in that particular when the time comes. [Applause.]

The CHAIRMAN. The time of the gentleman from New Hampshire has again expired.

Mr. WELLING. Mr. Chairman, I ask unanimous consent to address the House in opposition to the pro forma amendment for 15 minutes.

The CHAIRMAN. The gentleman from Utah is recognized.

Mr. WELLING. I ask that by unanimous consent I may proceed for 15 minutes.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. WELLING. Mr. Chairman, the war-finance bill for industrial credits was presented to the House last Saturday, March 16, by the Committee on Ways and Means. It was debated all day Saturday and Monday by distinguished members of that committee. I listened to every word of that debate.

MR. KITCHIN SUPPORTS THE PRESIDENT.

The presentation of the bill by the chairman of the committee [Mr. KITCHIN] was at once candid and illuminating. There was no evasion and not the least disposition to deceive the House as to the sweeping powers conveyed to the executive branch of the Government under the proposed measure. His presentation not only showed a brilliant intellect loyally supporting the President and his advisers but fearlessness in criticizing the provisions of the original administration draft of what is now the pending war-finance bill for industrial credits. I think every member of the committee who discussed the bill in general debate, and many of those who will discuss it under the five-minute rule, have paid or will pay generous tribute to Mr. KITCHIN's patriotic service in perfecting the bill in committee and to his ability in advocating its passage upon the floor of the House. We have been advised repeatedly by those who have followed him that not much remained to be said in general explanation of the measure.

MR. FORDNEY SUPPORTS THE PRESIDENT.

The chairman of the committee was followed by the ranking Republican member of the committee, Mr. FORDNEY, of Michigan. He, like the chairman, contributed helpful and valuable information upon which the membership of the House were expected to base their judgment of the wisdom of this legislation. To those of us who had formed our impressions of the warfare of party government from reading the proceedings of former fiscal legislation in this body it was and has been for a year past an inspiring lesson in self-forgetting, patriotic service to see these old veterans of former wars come in here together and advocate with equal zeal a measure which in normal peace times would provoke the most bitter and violent controversy.

Of course no responsible party would bring into this House a measure so sweeping in its grant of executive power in time of peace, and if they did, even those of us whose chief function has been for a year past to sit at your feet and absorb some of your political wisdom would have rejected such leadership and done what was possible, however little that might be, to defeat such a measure.

Both of the great leaders of the Ways and Means Committee here referred to spoke without notes. Out of the abundance of a lifetime of thoughtful service devoted to their country's welfare, both with the same measure of patriotism and intelligence gave equal service to the country and to the House.

MR. HULL SUPPORTS THE PRESIDENT.

Two additional speeches were made upon this bill in general debate on Saturday—one by the gentleman from Ohio [Mr. LONGWORTH]; one by the gentleman from Tennessee [Mr. HULL]. These latter speeches were entirely and absolutely dissimilar, except in one particular—both were carefully prepared set speeches. Both were evidently the matured and settled convictions of these gentlemen. It is proper to assume that both represented what each of these gentlemen conceived to be his most helpful contribution to the debate on the bill before the House. I said that these speeches of the gentleman from Ohio and the gentleman from Tennessee were alike in their careful preparation and formal presentation. They do not admit of any further analysis together, except to say that both represent the author's individual estimate of what constitutes support of the President of the United States.

They went in opposite directions and were intended to accomplish entirely different purposes. The contribution from the gentleman from Tennessee was perhaps the most illuminating technical presentation the bill will receive in its entire progress from the committee-room draft to the finished product of Congress which will receive presidential approval. He had but one purpose in making his speech, and that was to bring within the reach of all the ripened wisdom of his own thought. He gave intelligent direction to the thought of his associates here, and contributed much to the enlightened public opinion of his countrymen elsewhere.

MR. LONGWORTH'S ATTITUDE.

The gentleman from Ohio [Mr. LONGWORTH] likewise, I assume, brought to this discussion his most helpful contribution to assist us to understand the measure. The result of his effort was a cleverly contrived and pleasantly expressed political utterance. It could not, by any stretch of the imagination, be said to serve a useful purpose in adding to our fund of informa-

tion on the merits of the bill itself. I hope that some of our faces, at least, have grown familiar to the gentleman from Ohio. I want to give him my respectful assurance that I am personally grateful for his genial good humor. I shall appreciate any scrap of helpful information he may contribute to my legislative experience while I am here. But what he said on Saturday was not intended to assist even the humblest of us to arrive at a just conclusion upon this great and sweeping measure.

He merely used the House of Representatives to punctuate his clever partisan harangue with desultory and single-handed applause, culminating at the end with what some fiction writer has set down as "prolonged applause." I like to read that sort of a speech, and, of course, the gentleman from Ohio knows that his constituents, for whom it was built, will also like to read it. I undertake to say, however, that those of you who put in the applause added more to the readability and effectiveness of the thing than the author himself contributed between those perfunctory performances.

Mr. LONGWORTH. Mr. Chairman, will the gentleman yield for a brief question?

The CHAIRMAN (Mr. WINGO). Does the gentleman yield?

Mr. WELLING. I can not yield very well, but I will yield to the gentleman.

Mr. LONGWORTH. I really want to ask only one question, and that is whether the speech that the gentleman is reading is a prepared speech? [Laughter.]

Mr. WELLING. Yes; I submit cheerfully that it is.

Mr. STAFFORD. It is on the war corporation bill?

Mr. WELLING. Yes, sir. [Laughter.]

It will look well, however, as a campaign document, and having succeeded in that, I cheerfully congratulate the gentleman from Ohio upon his self-appointed contribution to this debate.

It is a rather sad commentary, however, upon the generosity of the House to applaud the support (?) which the gentleman from Ohio in his speech gave to the President, and accept with stolid indifference the reasoned analysis of the bill and the splendid support to the President given by the gentleman from Tennessee. The speech of the gentleman from Ohio shows that we like to be amused. It proves that Mr. Barnum was right when he said, "The American people love to be humbugged." [Laughter.]

The debate of last Saturday was illuminating, and characteristic of the best and the worst of that which is heard in this Hall. Three-fourths of it was wholly self-forgetting and dedicated to the public welfare. One-fourth of it was purely partisan and dedicated to Cincinnati, Ohio. [Applause.]

Three-fourths of it was a conscientious effort to support the President of this Republic and help him bear the heavy burden of this unprecedented hour. One-fourth of it was conceived with the thought—to use the gentleman's own words—that it would help to put some one else where Woodrow Wilson now stands, "whether within or without the family circle."

Three-fourths of these men did not find it at all necessary to proclaim their support of the President in his great war policies. They suspected, and rightly, too, that every right-thinking man in America would take their support for granted, as a mere matter of routine. One-fourth of these men found it necessary to assert loudly, in every paragraph, that he was most valiant in supporting the President. After each protestation of affection and support, he characterized the President as an isolated autocrat, asking for, if not exercising, despotic power.

It is entirely in keeping with the eccentricities of human nature that he who most loudly proclaims his support conceals beneath a smiling self-complacency a stiletto thrust intended to wound and to destroy. [Applause.] I challenge any man to read the RECORD of last Saturday and come away from it with the honest impression that the gentleman from Ohio was supporting the President or his war policy in his contribution to that debate.

THE PRESIDENT'S DUTY TO CONGRESS.

The gentleman is an able critic of what he denounces as executive usurpation of legislative functions. He does not want any Cabinet officer to come to his committee with a prepared bill, but the gentleman comes empty handed to the deliberation of this committee without a bill of his own to meet the crisis. [Applause.] Of course, the bill presented by the administration was imperfect. It was, I dare say, merely intended to guide the judgment of Congress in meeting an issue first seen by these "watchmen upon the tower." [Applause.]

The President presents the skeleton of a great piece of emergency legislation to the House and asks this Congress to build the completed body and breathe into it the breath of life. [Applause.]

Mr. KNUTSON. Mr. Chairman, will the gentleman yield?

The CHAIRMAN. Does the gentleman from Utah yield to the gentleman from Minnesota?

Mr. WELLING. I can not yield to my good friend until I get through.

ALL SERVE IN HONOR.

Now, gentlemen of the committee, I think no American would feel satisfied if the President had done less than he has done. For the thing which he has done every patriot has reason to be grateful for his constructive genius and far-seeing statesmanship. [Applause.] They appreciate the courage which meets these great problems fearlessly as they arise, alike indifferent to the opposition of the demagogue and the disappointed wail of partisan politicians who secretly wish that they had invented the idea themselves. [Applause.]

The gentleman from Ohio indulged in the cheapest sort of partisanship in exalting Republican volunteers who have resigned from this House to enter the Army and denouncing Democratic Members as mercenary who have resigned to serve their country in civil life. We all share with the gentleman his admiration and affection for the lamented Augustus P. Gardner. [Applause.] His tribute to Maj. Gardner would have been more effective if unenforced with a veiled criticism of John J. Fitzgerald, than whom this House has never known a more useful or devoted servant. [Applause.] The appearance upon this floor of Capt. HEINTZ in uniform would cause this House to rise in pride to his service in the Army; but the House would not greet him with more affection or with greater pride than it would greet that grizzled old statesman, Judge Adamson, of Georgia, if he were to appear here in the despised habiliments of civil life. [Applause.] It was mere bunk of the cheapest sort to say these soldiers are serving without pay. The gentleman must know and does know that this salary question is wholly a matter of law and that no man in this Congress would wish to deprive these men of a single cent of it.

PARTISANSHIP INDEFENSIBLE.

Gentlemen of the committee, partisan politics and partisan action can not be defended during this world conflict. The life of the Nation is at stake, and it is as much my Nation as yours. I have said with pride, many times, that Republicans were as loyal as Democrats to the Nation, to the flag, and to the President. No man ought to stand here unrebuked and seem to arraign Democrats, as a class, against Republicans, as a class. The gentleman labored painfully to show that Democrats gave less loyal support to the President in the vote on the selective-draft law than did the members of his own party. I voted with the gentleman from Ohio for the draft law, but better men than he or I, on both sides of this isle, believed the volunteer plan of raising an army the better plan. I should feel a certain contempt for myself if I intimated, here or elsewhere, that they are less loyal to the President than I am solely because of that vote. [Applause.]

It has been repeatedly said that executive officers of the Government were partisan in their appointments to positions in the civil branch of the Government. I deny the truth of the charge. I welcome whatever strength the President can obtain by surrounding himself with trusted men who can harmonize their viewpoint with his lofty conceptions of this Nation's mission and its ideals. I care not what the political convictions of these men may be. The men who are demanding a reconstruction of the Cabinet ought to come to us with proof of their wisdom by showing just how the proposed changes would benefit the situation. [Applause.] If gentlemen really know just how to manage the problem of this colossal conflict let some one rise in his place, before a policy has been decided upon or proposed elsewhere, and give proof of his wisdom by offering a saner and a better plan. [Applause.]

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. WELLING. It will take me only three minutes to finish, Mr. Chairman. I ask unanimous consent for time in which to close.

The CHAIRMAN. The gentleman from Utah asks unanimous consent to proceed for three minutes additional. Is there objection?

Mr. MOORE of Pennsylvania. What additional time, Mr. Chairman?

The CHAIRMAN. Three minutes.

Mr. GREEN of Iowa. Reserving the right to object, Mr. Chairman, I would like to know if any more time is to be allowed under the five-minute rule for political speeches on the other side? If so, I want to object now.

Mr. WELLING. I want to say in reply to that that I disclaim any intention of speaking for the Democratic side. I did not mention this talk to any human being before I stood up

on my legs here to deliver it. I am not in collusion with leaders on either side. What I say here is my own, and I am personally responsible for it.

The CHAIRMAN. Is there objection?

Mr. GREEN of Iowa. Well, I think the gentleman is doing no harm. Let him go ahead.

The CHAIRMAN. Without objection, the gentleman is recognized for three minutes more.

THE CALAMITY HOWLER DISAPPOINTED.

Mr. WELLING. It was stated boldly in the beginning that the Navy Department should be reorganized. No man to-day has the temerity to stand up in his place and demand a change in that great, alert, and increasingly powerful Army of our fighting strength. [Applause.]

A few months ago it was the fashion in some quarters to assert that our war policy and our War Department were in inefficient hands. It is the growing and deliberate judgment of the country to-day that no mistake was made either in policy or personnel. [Applause.]

A few months ago men said that the selective-draft law could not be superimposed upon our military structure. It has been accepted to-day by every loyal and thoughtful American. There is not one word of criticism. It has succeeded better than its best friends predicted it would succeed.

Not long ago men criticized the manner of floating our first and second liberty loans. Every candid man to-day will acknowledge they were brilliantly conducted and wisely managed.

Some months ago, without a word of criticism, we enacted the great soldiers and sailors' insurance law. It is universally conceded to be the just and generous action of a great, free people to care for our soldiers in the field and to provide for their relatives and loved ones at home. Unable to find a flaw in the law itself, the critics say it has been put in operation by Democratic officials, employing Democratic clerks, under the direction of the Bureau of War-Risk Insurance. That would be unimportant even if it were true, but it is not true. The thing I am proud of to-day is that no gentleman has ever said upon this floor that the work of the Bureau of War-Risk Insurance was not effectively, efficiently, and courteously administered. [Applause.]

I am glad to say that the criticism here pointed out has not been chiefly political. I assert here again that it is bipartisan. It is equally true that every great constructive measure since the beginning of the war has received loyal and helpful support from both great political parties.

It has pleased God, in His infinite wisdom, to place at the head of this Nation a great Democratic President during this war. No criticism yet aimed at him has been potent enough to shake the faith of the American people in the lofty patriotism and masterful statesmanship of Woodrow Wilson. [Applause.]

He has of necessity exposed himself to every form of criticism and abuse. But he stands to-day where he has stood for years past, the best loved and most honored Executive this Nation has ever had since martyred Lincoln died. [Applause.]

The CHAIRMAN. The time of the gentleman from Utah has again expired.

Mr. MOORE of Pennsylvania. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The pro forma amendment is withdrawn. The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. Moore of Pennsylvania: Page 2, line 3, before the word "years," strike out the word "ten" and insert "eight."

Mr. MOORE of Pennsylvania. Mr. Chairman, if this amendment should be adopted, it would mean that the life of the War Finance Corporation as such would be reduced from 10 to 8 years. The moral effect of cutting down the life of this corporation at this time would be good.

The public is in no frame of mind to continue indefinitely the life of a corporation such as this. So much doubt has been expressed as to the wisdom of establishing this corporation at all that it seems advisable we should say to the people that this is not a permanent organization, is not intended to be permanent, but is a temporary organization called into life and being solely because of the exigencies of the war.

Mr. GARNER. May I interrupt the gentleman?

Mr. MOORE of Pennsylvania. Yes.

Mr. GARNER. I wish to direct the attention of the gentleman to the remainder of that section, the latter portion of it, in which its active work is limited to six months after the war is over.

Mr. MOORE of Pennsylvania. That is correct. Six months after the termination of the war, and the bill provides that also in the case of the Capital Issues Committee; but no one can tell how long the war will last. I am speaking of the effect of informing the public at this time of the propriety of limiting the life of the corporation. The affairs of the corporation can not be closed up within six months after the close of the war, no matter when that is, if the business of the corporation continues during the period of the war.

Mr. GARNER. But its active life ceases six months after the President's proclamation of peace.

Mr. MOORE of Pennsylvania. It does; but I question whether the members of the corporation will not continue to receive their \$12,000 per annum. The business will have to be continued. Somebody will be obliged to go on for the purposes of liquidation.

Mr. STERLING of Illinois. Mr. Chairman, will the gentleman yield for a question?

Mr. MOORE of Pennsylvania. Yes.

Mr. STERLING of Illinois. Does the gentleman think that the salaries would go on after the affairs of the corporation were wound up?

Mr. MOORE of Pennsylvania. Yes; unless we have some new legislation, because somebody must carry on this business.

Mr. STERLING of Illinois. It seems to me that the business of the corporation must stop when its affairs are wound up, and the corporation ends at that time. It may end sooner than 10 years, it may end sooner than 8 years, and certainly the salaries of these officers would cease at that time.

Mr. MOORE of Pennsylvania. I addressed myself to this matter for the purpose of calling attention to the fact that the obligations of this corporation are to be made for a period of five years. If the war continues three years and obligations are made up to the expiration of three years for a five-year period, that means that the business of the corporation necessarily will cover a period of three years plus five years, or eight years.

Mr. STERLING of Illinois. And six months in addition to that.

Mr. MOORE of Pennsylvania. Yes; and six months in addition to that. If the war lasts for 10 years, plus the six months for closing up the affairs of the corporation, and obligations are made for five years, it will mean that 15 years plus 6 months will be the life of this corporation. I am in favor of giving notice to the corporation itself and to the banking interests and to the Treasury Department that we do not desire a permanent corporation here, but wish it to limit its business, to get through as speedily as possible, and then quit. There can be no harm in reducing the period of the life of the corporation. If necessary the corporation can come to Congress and ask for an extension of its life. It should be made to understand that it is not supreme, but that it must come to Congress to ask for a continuance of its life or for any extension of its powers. That is the whole point of the argument. I want Congress to retain its hold upon this corporation. If at the end of eight years it is necessary for the corporation to prolong its life it can come here and ask Congress for such an extension as may be necessary.

Mr. McFADDEN. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman has expired. The question is on the amendment of the gentleman from Pennsylvania [Mr. Moore].

The question being taken, on a division (demanded by Mr. Moore of Pennsylvania) there were—ayes 22, noes 41.

Accordingly the amendment was rejected.

Mr. GILLETT. Mr. Chairman, I have hesitated a good deal whether I should say anything at all upon this bill, because my feelings about it are very mixed. Up to this time I have voted willingly and cheerfully to give the administration all the powers it has asked, I think, but in this instance I confess I have serious misgivings. I think I shall vote for the bill, though I am still going to listen to the debate; but I should like to say a word as to the way I look upon it. A great many men on both sides of the House have said that when they first read this bill it shocked them, and I admit I sympathize with that experience. It is an old adage of philosophy that the possession of power begets the greed for power. I am inclined to think this administration is illustrating that old adage, and I know of no instance that to my mind illustrates it more forcibly and clearly than this bill, as it was originally presented to this House. The Secretary of the Treasury has never, to my knowledge, been charged with shrinking modesty, but if he has it he certainly did not betray it in the drafting and presenting of this bill, because I can not conceive of more assurance than was required to ask the power proposed in this bill as it originally was presented. It gave to the Secretary of the Treasury,

subject to the approval of the President—and that was to the reigning family—absolute power to appoint the five directors, to discharge at will the five directors, and to fix the salaries of the five directors. So that as this bill was originally presented to this House it gave power to the Secretary of the Treasury to control absolutely through a board of dependent directors the business life of this country and to force upon corporations either bankruptcy or prosperity at his pleasure. And I am sure that is a power which very few would think any administration could safely be trusted with. The gentleman from Texas this morning said that nine-tenths of the Members of this House when they first read the bill were opposed to it, and nine-tenths of the Members now are in favor of it. Very likely that is true, but I think that the distinction is not that the nine-tenths of the Members have changed their minds, but the bill has been changed, and while we could not approve it as it first came to the House, improved as it has been by the Ways and Means Committee, we probably can now give it our assent.

But to me the fundamental danger about the bill is that it establishes this great corporation, which is really a banking corporation, which can exercise absolute favoritism over the business community. We have all boasted that the Federal Reserve System—I certainly have boasted—was prepared to meet emergencies, and that it has splendidly met emergencies. I hoped that it could meet every emergency. This is a great banking proposition, and I am not at all sure that this can not be met best not by such a corporation as this but by ordinary banking facilities, improved and assisted by legislation.

It might be necessary to proclaim a moratorium. I suppose that the most crying necessity for such a corporation is that there are falling due enormous quantities of bonds and other obligations which can not be met or renewed because the United States is floating bonds and absorbing the savings which would naturally flow into these bonds, and therefore the bonds can not be floated. That probably is true. But it seems to me that a remedy even safer than this might be to apply a moratorium with a fair readjustment of interest so that these great issues of bonds which are coming due might be compelled to be continued and held and renewed, not by loans of the United States, for that is practically what this bill provides, but by the present holders. There would occasionally, of course, be individual instances of suffering under that, but after all it would not generally be unfair to compel people to continue their investments with more favorable interest, and if that were done, it seems to me, our present banking system could rise to the emergency and in that way we would not be obliged to go into this new field of finance and establish this new corporation, which after all is founded on the same old principle that the Greenbackers always indorsed, that the Government should furnish money for the people, and is subject to the charge if not to the accomplishment of favoritism and discrimination and graft. The most of us agree that that is a very unfortunate idea to place in the minds of people. Here we are doing it for the big business of the country, because it is said that that is the only way it can be met. It may be true. I recognize that the committee have studied the bill and its necessity far more deeply than I and I am disposed to defer to their opinion; but I have great misgivings, a fundamental antagonism to allowing such an opportunity for favoritism and control over the business of the country to any man or corporation. [Applause.]

Mr. GLASS. Mr. Chairman, the Federal reserve banking system was not intended to meet war emergencies of this description. No strictly commercial banking system could possibly meet emergencies such as the refunding of the indebtedness of great private corporations. If we were to do as England did, and as the gentleman from Massachusetts [Mr. GILLET] has suggested we might do; that is, declare a moratorium in matters of that kind, we might appreciably get over our difficulties and the Federal reserve banking system might, in circumstances of that sort, meet every requirement. But it was not intended to meet emergencies in the investment securities system of the country, and was not devised of it, and ought not to be prevented to that use.

I do not think, Mr. Chairman, that we should obscure the meaning or prejudice the intent of this proposed legislation by constantly adverting to one particular phase of it, as has been done in all the discussion so far had. Gentlemen talk about the extraordinary power that this bill confers on the Secretary of the Treasury. One gentleman this morning congratulated the Ways and Means Committee on the fact that it had not manifested abject servility to suggestions from the executive branch of the Government. Well, I admit that we are improving in that respect; but, singularly enough, when the gentleman from Ohio [Mr. LONGWORTH] interposed the statement that the original draft of this bill contained 17 instances in which the approval

of the Secretary of the Treasury was required, I took my copy of the national banking act, then in my hand, and in about two minutes of cursory reference to the Vreeland-Aldrich Act I found 16 provisions requiring the approval and the exercise of the discretion of the Secretary of the Treasury. That act was about one-third as long as this proposed bill.

Mr. LONGWORTH. Will the gentleman yield?

Mr. GLASS. Yes.

Mr. LONGWORTH. That is an entirely different thing. The trouble with this bill is that it gives an opportunity for discrimination in favor of certain interests.

Mr. GLASS. In answer to that I may say that if the gentleman will take the pains to examine the Vreeland-Aldrich currency act, he will find that the act afforded unprecedented authority to the Secretary of the Treasury of the United States to exercise discrimination, to exhibit whim and prejudice in the matter of granting credit and the issuance of currency in this country.

That act gave the Secretary of the Treasury absolute dominion over the credits and currency of this country in time of emergency. Care was not even had to surround him with a "dummy directorate," as has been suggested here that this bill does; but he was the whole thing. He was "It." He could even determine in his discretion what banks should become members of the credit associations.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GARNER. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for 10 minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GLASS. Mr. Chairman, the Secretary of the Treasury was expressly charged with the power to admit banks to these loan associations, and could deny them admission. See what tremendous power was there vested in one single officer of this Government! The Secretary of the Treasury, under that act, was charged with the duty of determining all credits that might be granted in time of emergency both as to their nature or volume. He was charged with the extraordinary discretion of determining whether any section of this country, whether any State of the 48 States of the American Union, was entitled to the credit for which it might apply in time of panic or emergency.

Mr. SNYDER. Mr. Chairman, will the gentleman yield?

Mr. GLASS. Yes.

Mr. SNYDER. Is it not a fact, however, that all those loans that were presented to the Secretary of the Treasury at that time were passed upon by local banking committees?

Mr. GLASS. Certainly.

Mr. SNYDER. And did they not have to be accompanied by the usual collateral?

Mr. GLASS. I am talking about the ultimate power of the Secretary of the Treasury. The Secretary of the Treasury was clothed with the ultimate power, no matter what had been the banking judgment of the local committees, to decline to permit a loan to be made.

Mr. SNYDER. That is true. He had the right to decline, but they were first presented by the local committees.

Mr. GLASS. Oh, yes; and the loans applied for under this bill have to go through the process of examination by local committees and receive the indorsement of the local banks. Nobody raised any objection when that was done. I was a member of the Banking and Currency Committee of the House at the time. I do not recall that anybody suggested that the Secretary of the Treasury would so far forget his duty to his country as to exercise that unusual power in a way that would prejudice the private or public interests of the United States. When it comes to the exercise of power in an emergency you have got to trust somebody in the last analysis. Take the banking business from its foundation up to its capstone. You see all along the line that the power of discretion and quick action is vested in a few men. Your local bank has its small committee, composed usually of not more than three directors, to pass on loans. Power is delegated to a single cashier of a bank in time of emergency calling for quick action to pass definitely on an application for a loan, without reference to the loan committee or the action of the board of directors. See what has been done for 50 years under your national banking system. The autocrat of the banking and currency system of the country is the Comptroller of the Currency. He has the most extraordinary powers of any man who is brought into relationship with the banking and currency system. He can destroy a bank by a word. The Comptroller of the Currency can alone thrust a bank into receivership. And yet now, in time of war, facing a situation such as the world never dreamed of before, gentlemen attempt to obscure the intent and the real

necessities of legislation proposed by constantly adverting to the power it confers on the Secretary of the Treasury. I congratulate the Committee on Ways and Means that it did not fall a servile victim to executive suggestion, and that, as the gentleman from Ohio [Mr. LONGWORTH] says, it struck out 14 of the 17 phrases in the bill that gave power to the Secretary of the Treasury. The Banking and Currency Committee of the House of Representatives and the Finance Committee of the United States Senate 12 years ago fell a victim to that sort of "subserviency," if it may be called "subserviency," which I very much doubt. We have got to trust the patriotism and the wisdom and the courage of men whom we have put in power; and if he were a Republican rather than a Democrat, I would stand here and say that well may we trust to the wisdom and the courage and the discretion of the occupant of the office of Secretary of the Treasury of the United States. [Applause.] I would despise myself if I complaisantly could conceive of the appointment by the President, and the confirmation by the United States Senate, of any man as Secretary of the Treasury who in this time of all other times could not implicitly be trusted to use the power of his office in behalf of the public weal and with an intent to win this war for the United States and the allies. [Applause.]

Mr. STAFFORD. Mr. Chairman, I move to strike out the word "four," in line 4, page 1, and insert the word "eight."

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STAFFORD: Page 1, line 4, strike out the word "four" and insert in lieu thereof the word "eight."

Mr. STAFFORD. Mr. Chairman, the purpose of this amendment is to increase the membership of the board of directors from five to nine. I am not in favor of vesting these great powers, unheard of in the history of our country since its foundation, unheard of in any of the foreign belligerent powers, to meet the emergencies occasioned by this world war, in a close corporation consisting of the Secretary of the Treasury and four directors, even though those four directors are to be appointed by the President and confirmed by the Senate of the United States. If this were money of our own, we would be loath indeed to charge any five members with the powers that this bill seeks to vest in this board of directors. We all know that in numbers there is security and safety; that the consummate judgment of many is better than the judgment of one. I do not believe that four members, as this bill provides, should be vested with this great power, even though the Secretary of the Treasury has the right to determine the general policy. Rather would I lodge the power in a larger board of directors. There is no bank in the country to-day that has the capital or approaches the capital and resources that this bank will have. The distinguished chairman of the Committee on Banking and Currency cited the autocratic power of the Comptroller of the Currency. Yes, the present Comptroller of the Currency is vested with great power and has used that great power at times autocratically against the banks that did not yield to his individual opinion; but this bank is not to be subject to the supervision of the Comptroller of the Currency. It is to be supreme in itself, and business men whom I expect to be appointed to this board of directors should be in such number that they would be able to give their individual judgment to the questions of policy that will be presented to this bank for its decision. It was hinted that the Secretary of the Treasury, when he first went before the Committee on Ways and Means in advocacy of the original bill, cited the railway system of Detroit—the D. U. R.—as an instance of funds being needed to rehabilitate that rather bankrupt street-railway corporation.

Why is that street railway system in need of support? Because it has no franchise. The municipality of Detroit is unwilling to grant it a franchise, and yet this bank, this national bank is to be called upon out of the people's funds to advance money to bolster up some local institution that has not standing enough to get support from their own local bankers.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. Mr. Chairman, I ask to proceed for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Wisconsin? [After a pause.] The Chair hears none.

Mr. STAFFORD. If it is the purpose of this bill to bring succor and relief to these corporations that have not financial standing in their local communities to get support, and I believe that is one of the main reasons advanced for it, if you will look into the bill closely, then those powers should be lodged in a larger directorate than provided in the bill. The directors should be so large in number—I have proposed eight,

nine with the Secretary of the Treasury acting as chairman ex officio—so that a director could go and give it his personal investigation as to whether there is warrant for the advance of the Government's money to support the loan. The gentleman from Virginia [Mr. GLASS] grew eloquent in citing the autocratic power that was lodged in the Secretary of the Treasury under the Vreeland-Aldrich Act, and he rose in his peroration in grand style, saying that even if it were a Republican Secretary of the Treasury he would not in this emergency do ought to withhold those powers. But I want to call his attention to the fact that when the Republicans were in control of the administration of this Chamber, at the time of the passage of the Vreeland-Aldrich bill, when we had had a stringency of the money market occasioned by the failure of some local banks in New York City, which spread its influence over the whole country, and the leaders on the Republican side believed it was necessary to prevent a recurrence of such a condition again if it would develop before we could take up and enact a permanent measure for the relief of the financial institutions of the country, that Democrats as a unit, in that patriotic hour and to meet such a condition, voted solidly against the Vreeland-Aldrich bill. They lived to eat their own words, because in the Federal reserve act that they themselves brought into the House, because they happened to be in power at that time, they incorporated and adopted the Vreeland-Aldrich currency act in substance in the Federal reserve bank act until the new system could be established.

Mr. GLASS. Will the gentleman permit an interruption?

Mr. STAFFORD. I shall be very glad to do so.

Mr. GLASS. I will say to the gentleman that nobody on this side voted against the Vreeland-Aldrich bill or the principle embodied in that bill on account of the power which was conferred upon the Secretary of the Treasury, and the gentleman is totally mistaken if he thinks the Federal reserve act embodied the Aldrich-Vreeland bill in its provisions. It embodied a very much changed Vreeland-Aldrich bill.

Mr. STAFFORD. Oh, yes; but the fundamental principle, notwithstanding, was there and they were obliged to have it retained in the Federal reserve act until that system was established; and the gentleman does not controvert the statement that I made that the Democrats unitedly voted against that entire measure or system for the relief and amelioration of the financial condition of the country to meet a crucial emergency that might confront the country because of the stringency of the money market.

Mr. SWITZER. Will the gentleman yield?

Mr. STAFFORD. I will.

Mr. SWITZER. Have not they still adopted the fundamental principles of the Aldrich bill in allowing them to take all the bonds and notes by Federal reserve banks—

Mr. STAFFORD. This goes way beyond the Vreeland-Aldrich bill, and I am seeking in all seriousness to submit to the attention of this committee the need and the value of having this directorate increased. You gentlemen here, if you were advancing your individual funds for the purpose of stock of this \$500,000,000 corporation, would not be willing as stockholders in that corporation to lodge this great power in a directorate of four. You would necessarily say that if that money was to be voted as this is going to be voted and advanced throughout the country it should be lodged in a larger directorate. I offer this amendment in all seriousness, realizing the many duties that the present Secretary of the Treasury has and the need of this great power and authority being lodged in a larger board of directors.

Mr. DEWALT. Will the gentleman yield?

Mr. STAFFORD. I will.

Mr. DEWALT. I ask for information. Can the gentleman cite any instance, or is there any recorded instance, of the abuse of power granted to the Secretary of the Treasury under the Aldrich-Vreeland bill?

Mr. STAFFORD. Oh, the Secretary of the Treasury did not have much occasion to use the privileges contained in the Aldrich-Vreeland currency bill. That was an emergency measure, and that was passed in case the same condition would arise following its enactment as during the year 1907-8, when we had a financial stringency.

The CHAIRMAN. The time of the gentleman from Wisconsin has again expired.

Mr. KITCHIN. Mr. Chairman, I hope the amendment of the gentleman from Wisconsin will not prevail. Your committee discussed and considered well the question whether the number of directors of this corporation should be increased. It was the thought of the committee, I believe it was the unanimous thought of the committee, that in this emergency measure a directorate of five, the Secretary of the Treasury and four

others, could render more harmonious, cooperative, and efficient service than a larger directorate. Outside of the ex officio officers of the Government there are only five directors of the Federal Reserve Board; there are only five members of the Federal Trade Commission; there are only six members of the Tariff Board; and, according to the provisions of this bill, this creates a directorate of five.

Your committee is of the opinion that five directors will be sufficient. It gives a majority of these five the right of action, with one or two or three possible exceptions where the approval of the Secretary must be obtained. But we all agree that it is wise that his approval in those instances should be had, because they relate to bonds and obligations of the United States and the money in the Treasury. The Secretary of the Treasury is given the power and authority and responsibility of offering for sale and selling the bonds of the United States Government. It is important that the Secretary of the Treasury have some say-so as to how many bonds this corporation should buy or sell and when these bonds should be bought or sold. He should have some say-so, which we gave him when we appropriated the amount of \$500,000,000 to be paid in, when and as called by the corporation, because he is in a position to know whether the Treasury condition at the time the directors may call for any particular amount would justify taking that amount from the Treasury at the particular time. Suppose they did not have in the Treasury \$500,000,000, and the board of directors should call for \$500,000,000, the full amount of this authorized capital stock? Why should not the Secretary of the Treasury, who is responsible for paying out of the appropriation that Congress makes, have some say-so as to when and how much of this capital stock should be called for and when it should be paid? Now, the directors must act with respect to the payment of the capital stock, with the approval of the Secretary of the Treasury.

Gentlemen, I do not think you need to fear that with these four outside directors, with the Secretary of the Treasury as chairman, that there is going to be any autocratic power or that there can be any autocratic power used. And, as I said at the beginning, we believe, and I believe the judgment of the business men of this House will agree with us, that a directorate of five, in enforcing a great emergency act like this, would be more harmonious and more efficient than a larger directorate.

And I hope the gentleman's amendment will not carry.

Mr. MONDELL. Mr. Chairman, I desire to be heard on the amendment.

I have a great deal of sympathy with the amendment of the gentleman from Wisconsin [Mr. STAFFORD]. I presume that it is his hope, in offering his amendment providing for a larger number of directors for the corporation to be created, that there will be more chance, at least, of having the directorate reasonably and fairly represent the country—all sections, all views, economic, industrial, and political. If I believed his amendment would accomplish that purpose, which I think the gentleman must have in his mind, I should support his amendment. But if we are not to have four men of the proper sort and kind appointed, we could scarcely hope that out of eight we would secure a better selection. It is true, and it is profoundly regrettable that it is true, that up to this time the country has had reason to be disappointed in the matter of many appointments made to places of high trust and great responsibility. I have no special criticism of the gentlemen who have been appointed, but I do believe that I am justified in saying that they have not always represented the highest character and ability that the majority party has within its ranks. Appointments have failed utterly to fairly represent the differing political views of the country, even in the cases where Congress has provided for such appointments. That has been true in the past, and yet we are compelled under these circumstances to paraphrase the statement of the old patriarch Job, in his affliction, of, "Though He slays me, yet will I trust in Him," by saying, "Though the Chief Executive continue to disappoint us in the matter of appointments, still we must trust him."

The appointing power is his under the Constitution. We have no disposition to take it away from him. But we do hope that inasmuch as men of all parties in all parts of the country are supporting those things believed to be necessary for the conduct of the war, for the maintenance of good conditions in the country, supporting propositions with regard to which they have serious doubts and misgivings—we do hope that in the future, at least, these appointments shall be made of the men best qualified, men with the widest and broadest experience, the men most likely to command the respect of all the people and the confidence of all the people. It also is our hope that where Congress in good faith provides, as in this case, that the

appointments shall represent not only the majority but the minority, that provision shall be carried out in good faith, so that the appointments will represent the different and divergent political views held by the American people.

The CHAIRMAN. Without objection, the pro forma amendment of the gentleman from Wyoming will be withdrawn. The question is on the amendment of the gentleman from Wisconsin [Mr. STAFFORD].

The question was taken, and the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 2. That the capital stock of the corporation shall be \$500,000,000, all of which shall be subscribed by the United States of America, and such subscription shall be subject to call upon the vote of three-fifths of the board of directors of the corporation, with the approval of the Secretary of the Treasury, at such time or times as may be deemed advisable; and there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$500,000,000, or so much thereof as may be necessary, for the purpose of making payment upon such subscription when and as called. Receipts for payments by the United States of America for or on account of such stock shall be issued by the corporation to the Secretary of the Treasury, and shall be evidence of stock ownership.

Mr. FESS. Mr. Chairman, I move to strike out the last word.

I would like to ask the chairman of the committee as to the statement made by the head of another committee in a responsible body in the country, that last September this bill was framed and provided for \$50,000,000 capitalization, with the permission to issue \$500,000,000 of bonds. That statement was made in the last few days.

Mr. KITCHIN. I will say in answer to the question that I never heard of this bill or this scheme until some time between the 20th and the 25th of January. The first information I had in connection with the bill was given me in the presence of the gentleman from Michigan [Mr. FORDNEY] and two or three Senators, including Senator Lodge, of Massachusetts. I do not think there is anything in the statement suggested by the gentleman from Ohio. No doubt the authors of the bill themselves, who thought of this scheme, had been working on it for months before I saw it.

Mr. FESS. I simply wanted to make the observation that the difference between \$50,000,000 and \$500,000,000 is only a difference of 1,000 per cent, and if the suggestion was made six months ago by a very responsible man in a very responsible position in our financial organization, and he thought that \$50,000,000 six months ago was sufficient and now this \$500,000,000 is necessary, it might be a suggestion as to what we would be asked to do later on. And it is another item in this general condition of mind that the country is in to jump at conclusions, to make great leaps, and it causes me considerable bewilderment.

I think that the chairman of the committee will agree with me that if that was suggested, as was stated in another body a short time ago, and that then in this short time we have discovered that that has fallen so far short, and this later suggestion comes, that it is a ground for all of us, desirous of doing the right thing, to take pains to be quite certain of our grounds before we take the step, because finance is such an abstract proposition, and there seems to be such a variety of opinion on it, that a little difference between \$50,000,000 and \$500,000,000 is rather bewildering, particularly when it comes from the head of the financial institutions of the country.

Mr. LONGWORTH. Mr. Chairman, will my colleague yield to me there?

Mr. FESS. I yield to my friend.

Mr. LONGWORTH. In that connection I have been informed that the proposition as finally submitted to the Secretary of the Treasury from the Federal Reserve Board called for a capitalization of \$250,000,000 and the right to issue in excess of eight times that, so that the amount thereby authorized would be exactly what is authorized in this bill, a total of \$2,500,000,000.

Mr. FESS. Was that the suggestion made originally?

Mr. LONGWORTH. I am told that that was the suggestion made by the Federal reserve officers to the Secretary of the Treasury. I have only been told that.

Mr. KITCHIN. I have never heard of that before, but if it be true that the original design was \$50,000,000, they did not at that time contemplate such extensive powers and such extensive loans. Perhaps only \$50,000,000 was the first limit of the capital stock. If that was so, no doubt they only intended at that time to simply include loans to the banks that were loaning direct to war industries.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FESS. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN (Mr. GARRETT of Tennessee). The gentleman from Ohio asks unanimous consent for five minutes more. Is there objection?

There was no objection.

Mr. KITCHIN. I can see how the \$50,000,000 of capital stock proposed could have been contemplated when they were simply going to confine the advances to certain institutions. But now this bill contemplates advances to all banking institutions that are making loans to industries necessary or contributory to the war, for instance, railroads or public utilities that are contributing or are necessary to the prosecution of the war. This bill also contemplates the making of advances to savings banks and trust companies that receive deposits.

Mr. FESS. That was probably not in it, then?

Mr. KITCHIN. No. That was probably not in it, then. And if it was confined to \$50,000,000, it was not contemplated to loan to the banks that had taken securities of war industries.

Mr. FESS. Would the chairman mean by the statement a moment ago that originally that might have contemplated only loaning to banks, and then later on taking in the larger field?

Would I understand from that that these exceptional cases, where the corporation will loan money directly, will measure the additional amount that was not originally considered?

Mr. KITCHIN. No. What I intend to convey is that while I never heard of this original limit of \$50,000,000, if any intelligent man in or outside of the Treasury Department contemplated the vast advances and the vast aid to be rendered to industries contributory or necessary to the prosecution of the war and thought they could do that with only \$50,000,000 as the limit, he was a financial idiot, almost. It could not be done.

Mr. FESS. What had the committee in mind when they reduced the issue from \$4,000,000,000 to \$2,000,000,000?

Mr. KITCHIN. We thought it would be a safer proposition; that the corporation would be better protected; and that in many ways it would be better. For instance, we thought if we left the limit at \$4,000,000,000 there would be a hundred times more applicants for those loans. If it was left at \$4,000,000,000 many would think that we had piled up a mountain of greenbacks and money down in Washington and would say, "We will come in and get our part."

Mr. FESS. Have you any assurance that that will not come about anyway?

Mr. KITCHIN. And another thing: We thought that with bonds of \$2,000,000,000, with \$500,000,000 to back it, it would be better than to authorize an issue of \$4,000,000,000. For instance, say I was worth \$100,000. My note for \$10,000 could be more easily sold and at a less rate of discount than if I were to give a note of \$50,000 or \$75,000. We thought the bonds of the corporation would be more salable and would come less in competition with the sale of Government bonds under a \$2,000,000,000 limit than under a \$4,000,000,000 limit. It occurred to us, too, that if it became necessary at a later time for the Treasury Department or for this corporation to issue more than \$2,000,000,000 to aid industries requiring aid, after the corporation had loaned out or advanced, say, \$1,500,000,000 they could come back to Congress, and after Congress had looked over the reports and had seen that this \$1,500,000,000 had been wisely conserved and expended in accordance with the provisions of the act, that Congress would, if necessary, grant authority to issue additional bonds.

Mr. FESS. I think this change that the committee made is one of the most important that was made, and the reason why I asked the ground for your cutting it down was that I wanted to know whether you thought \$2,000,000,000 would be sufficient when they asked for \$4,000,000,000?

Mr. KITCHIN. Entirely so.

Mr. LONGWORTH. Mr. Warburg stated that the Secretary of the Treasury expected that at no time would there be more than \$2,000,000,000 outstanding.

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. GREEN of Iowa. Mr. Chairman, I move to strike out the last two words.

The CHAIRMAN. The gentleman from Iowa moves to strike out the last two words.

Mr. GREEN of Iowa. Mr. Chairman, with reference to the matter that the gentleman from Ohio [Mr. FESS] has just mentioned I would say that in my judgment from the beginning the amount of capital provided for this corporation has been altogether too large. In England provision was made under the name of the "British Trade Corporation" for the creation of a corporation for somewhat similar purposes. The total capital of that corporation is only \$50,000,000.

Mr. FESS. Mr. Chairman, will the gentleman yield there?

Mr. GREEN of Iowa. Yes.

Mr. FESS. Will not the Member sometimes get an idea of confusion of lack of discrimination between the war-trade bill in England and this particular bill? There is a very wide difference, is there not?

Mr. GREEN of Iowa. Yes; there is a very wide difference. That was made practically for the purpose of advancing overseas transactions, but I am unable to go into those details at this time. I intended to call the attention of the committee more particularly to another matter.

I want to say, Mr. Chairman and gentlemen of the committee, that I am frightened at these enormous appropriations that are being made for corporations to be carried on under the direction of the Government at this time. We appropriated \$500,000,000 for the purpose of carrying on the railroads. We appropriate in this bill \$500,000,000 more, a total of \$1,000,000,000. One-fourteenth of the highest amount that I have heard fixed for the next liberty loan is to go into these two items alone. Where is this thing to stop, gentlemen, and how is this Nation, with all of its enormous resources, to provide these prodigious sums that are being continually called for? I say we can not go on in this manner. In my judgment the amount of capital provided in this bill should have been much smaller. It is entirely unnecessary that we should have this amount.

Mr. McFADDEN. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. McFADDEN. I should like to call the attention of the gentleman to the statement made by the gentleman from North Carolina [Mr. KITCHIN] the other day when he said that the almost immediate demands upon this corporation would be for \$4,000,000,000.

Mr. GREEN of Iowa. The gentleman has stated the reason why this bill has been expanded, I have no doubt, but he has also stated one of the chief objections that can be made against the bill. The moment you start with Uncle Sam paying expenses, then the whole country descends upon you and wants to have money for all conceivable purposes. I have said before, and I say it now, that instead of this corporation being a national one, and one carried on by the Government, it ought to have been a subsidiary corporation to the Federal reserve bank—a private corporation—then it would not be expected that the Government would furnish the money for every project that had become in some way involved and was having difficulty in obtaining credit.

Mr. McFADDEN. Will the gentleman yield further?

Mr. GREEN of Iowa. Yes.

Mr. McFADDEN. Will the gentleman explain how a demand for \$4,000,000,000 is to be taken care of by the organization of a corporation with only \$2,500,000,000?

Mr. GREEN of Iowa. I have not undertaken to explain that. I say these demands are too much, that they ought not to be made, that the Government ought not to undertake to provide any such sum, and undertake to supply every demand that may be made for funds.

Now, Mr. Chairman, I want to mention at this time another matter. The gentleman from Pennsylvania on yesterday, as I remember, said that this bill was a species of camouflage. Some one remarked at that time that the word "camouflage" has been somewhat overworked of late, and I entirely agree with that statement so far as this bill is concerned. Whatever may be the objections to this bill, whatever may be its faults, its defects, or its merits, they are perfectly apparent. The Ways and Means Committee have taken every pains in the world to make all of its provisions as clear as possible, and the purpose and intent of the bill shines out in every paragraph as clear as a star on a winter night. There is no reason for anyone mistaking the purpose of this bill or misunderstanding it. The purpose for which it may be used is there, the appropriation is there, and the object is perfectly plain and clear.

The CHAIRMAN. The time of the gentleman has expired. Without objection, the pro forma amendment will be withdrawn.

Mr. DILLON. Mr. Chairman, I offer an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The gentleman from South Dakota offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DILLON: Page 2, line 11, after the word "subscription," insert "by installments."

Mr. DILLON. Mr. Chairman, the subscription is made at one time, and I take it that the intent is to call this subscription by installments or by percentages, and that is the purpose of my amendment. If you will examine the language of the bill you will see that it refers to one act of subscription, and then it says subject to a call or calls at such time or times as may be deemed advisable.

That is all I desire to say. I trust my amendment will be agreed to.

Mr. STERLING of Illinois. The gentleman's amendment proposes that the subscription may be paid in installments?

Mr. DILLON. That is what I propose.

Mr. STERLING of Illinois. They can call for it in installments now, as they need it.

Mr. DILLON. The subscription is one act, and I want to put in the words "by installments," so that they may be paid in that way as called for.

Mr. KITCHIN. If the gentleman will permit me, his amendment would clarify the section if further on in the same section it was not perfectly plain, and so stated, that—

Such subscription shall be subject to call * * * at such time or times as may be deemed advisable.

That means in such amounts, from time to time, as the Secretary of the Treasury and the board of directors may determine. The gentleman's amendment mystifies it. It says "in installments." That might mean that they must make a rule that the installments should be in certain fixed amounts. As it is, they may call for it as the condition of the finances of the Treasury may justify. Evidently the gentleman overlooked lines 17, 18, and 19, which make it perfectly clear that they can call for it in such amounts at such times as they think proper. After making the appropriation, this is the language:

the sum of \$500,000,000, or so much thereof as may be necessary, for the purpose of making payment upon such subscription when and as called.

Mr. DILLON. I think the gentleman is correct in regard to that. I had not noticed those lines.

Mr. KITCHIN. I think the gentleman's amendment is unnecessary.

Mr. DILLON. I withdraw my amendment.

The CHAIRMAN. The amendment of the gentleman from South Dakota is withdrawn. The Clerk will read.

The Clerk read as follows:

Sec. 3. That the management of the corporation shall be vested in a board of directors, consisting of the Secretary of the Treasury, who shall be chairman of the board, and four other persons, to be appointed by the President of the United States, by and with the advice and consent of the Senate. Not more than three of the five directors shall be members of the same political party. No director or officer of the corporation shall in any manner, directly or indirectly, participate in the determination of any question affecting his personal interests, or the interests of any corporation, partnership, or association, in which he is directly or indirectly interested; and each director shall devote to the business of the corporation all of his time not devoted to the business of the United States. Before entering upon his duties, each of the four directors so appointed, and each officer, shall certify under oath to the Secretary of the Treasury that he will comply with the provisions aforesaid, and he shall also take an oath faithfully to discharge the duties of his office. Nothing contained in this or any other act shall be construed to prevent the appointment as a director of the corporation of any officer or employee under the United States or of a director of a Federal reserve bank.

Mr. GREEN of Iowa. Mr. Chairman, as this section was originally presented to the committee it provided, as every one will remember, for the appointment of the other directors by the Secretary of the Treasury, and their dismissal at his pleasure. I think that the change in this provision has greatly improved the bill, and I think it will be found, with reference to this change, as with reference to the other changes made by the members of the committee, that in no case has the efficiency of the bill or its power for good been limited or decreased in the least by these changes. If it be so found, I assume that those changes will be approved.

In discussing this matter a short time ago the gentleman from Virginia [Mr. GLASS] referred to the powers which were conferred upon the Secretary of the Treasury under the Vreeland-Aldrich Act, and stated that in his opinion the powers which were given to the Secretary of the Treasury under that statute were much larger than those sought to be conferred by the bill under consideration. I do not so view it. The powers that were conferred on the Secretary of the Treasury under the Vreeland-Aldrich Act were more in the nature of a limitation on the acts of others. The gentleman from Virginia gave the impression to the House, although perhaps he did not so intend, that the Secretary of the Treasury under the Vreeland-Aldrich Act could determine just which banks should belong to the association which might obtain the benefits of this act. Such is not the case. The Vreeland-Aldrich Act provided in the first section thereof that certain banks, specifying them, might form credit associations; and the approval of the Secretary of the Treasury applied only where some bank had been excluded from these associations and wished to join them, in which event, with the approval of the Secretary of the Treasury and upon proper application, it might be permitted to join. So in various parts of the bill it provided for the action of the Secretary of the Treasury, and for control by him where privileges had been abused by some other party.

It was not so much the conferring of power upon the Secretary of the Treasury as it was the limiting of the powers of others and preventing the abuse of those powers under the provisions of the act. So far as I know, no objection was ever made against the Vreeland-Aldrich Act that it conferred too great power on the Secretary of the Treasury. The bill we are now considering confers extraordinary powers on the corporation thereby created and its directors, even as it stands. In this particular case, under the section we are now considering, if the Secretary had been given the power not only to appoint co-directors but to remove them at his pleasure, it is obvious that these men would have been but dummies; there would have been in fact one sole director, because the others would be absolutely subservient to his wish. No such power as that was ever conferred on a director of a great institution, and ought not to be conferred in this case.

The Clerk read as follows:

Of the four directors so appointed, the President of the United States shall designate two to serve for two years, and two for four years; and thereafter each director so appointed shall serve for four years. Whenever a vacancy shall occur among the directors so appointed, the person appointed director to fill any such vacancy shall hold office for the unexpired term of the member whose place he is selected to fill. Any director shall be subject to removal by the President of the United States. Three members of the board of directors shall constitute a quorum for the transaction of business.

Mr. McFADDEN. Mr. Chairman, I move to strike out the last word. I want to call the attention of the chairman to the fact that in the appointment of the members of this board the Secretary of the Treasury will be one, the Comptroller of the Currency the second one, and the vice governor of the Federal reserve bank the third one. That leaves two men to be appointed. I do not intend to suggest or dictate as a Member of Congress, but I want to call attention to the fact that in the selection of these other two men that they ought to be representatives of the great business interests of this country.

Mr. GILLETT. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. GILLETT. Does the gentleman think that the Comptroller of the Currency can be one? He has been appointed chairman of the purchasing board of railroad supplies. Does not the gentleman think that would be enough in addition to his other duties?

Mr. McFADDEN. I do.

Mr. KITCHIN. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. KITCHIN. I have never heard anyone suggest that the Comptroller of the Currency would be appointed; in fact, I have not heard but one man suggested. I am pretty certain that the Secretary of the Treasury and the President are going to try to find the best qualified men to have on this directorate that can be found in this country. If they do not find well-qualified men the Senate will not confirm them. The President will have to pass on them, and perhaps the Secretary of the Treasury would naturally have some suggestion to make, but the nominations must pass in review of the committee of the Senate, and then in executive session the Senate will confirm or reject the appointments.

Mr. McFADDEN. I am glad the gentleman from North Carolina has made that statement. I hope his prediction will be proven. I withdraw the pro forma amendment.

The Clerk read as follows:

Sec. 4. That the four directors of the corporation appointed as hereinbefore provided shall receive annual salaries, payable monthly, the amount of which shall be fixed by the Secretary of the Treasury, with the approval of the President of the United States, not exceeding \$12,000. Any director receiving from the United States any salary or compensation for services shall not receive as salary from the corporation any amount which, together with any salary or compensation received from the United States, would make the total amount paid to him by the United States and by the corporation exceed the amount fixed as the annual salary of a director of the corporation, as hereinbefore provided.

Mr. SLOAN. Mr. Chairman, I offer the following amendment, which I send to the Clerks' desk.

The Clerk read as follows:

Page 4, line 9, strike out after the word "monthly," all down to and including the word "exceeding" in line 11, and insert in lieu thereof the word "of."

Mr. KITCHIN. How will it then read?

The Clerk read as follows:

Sec. 4. That the four directors of the corporation appointed as hereinbefore provided shall receive annual salaries, payable monthly, of \$12,000.

Mr. KITCHIN. Mr. Chairman, I see no objection to that amendment. I think we will accept it.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Nebraska.

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

The Clerk read as follows:

SEC. 5. That the principal office of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in any city or cities of the United States under rules and regulations prescribed by the board of directors.

Mr. MOORE of Pennsylvania. Mr. Chairman, I offer the following amendment which I send to the desk.

The Clerk read as follows:

Page 4, lines 22 and 23, after the word "offices," strike out the words "in any city or cities of the United States" and insert the following: "such cities as have been designated as Federal reserve cities," so that the section as amended would read as follows:

SEC. 5. That the principal office of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in such cities as have been designated as Federal reserve cities under rules and regulations prescribed by the board of directors.

Mr. MOORE of Pennsylvania. Mr. Chairman, the disposition to create offices has grown upon us. I believe we should not indulge it too much in this bill. If the paragraph is permitted to stand as it reads, it would be within the power of the corporation to establish a large number, an unlimited number, of branch offices and agencies throughout the United States. I hesitate to say it, but it is a fact that during the last two or three years, since we have been creating commissions of one kind or another, a large number of cities, boroughs, hamlets, and villages have been designated in one way or another as Government agencies, and that carries with it the employment of a vast number of men and women. Take the Food Administration, for instance, and the Fuel Administration, which are doing more or less useful work just now. It developed that they, while intended for useful purposes, have from necessity or otherwise employed substantially 5,000 men and women in all the cities of the Union, covering all sorts of places, byways, and highways. If commissions we create are to continue and we are to employ people by the thousand under the present auspices, it will not be long before almost every man, woman, and child in the United States will be a Government employee. I question whether that is a good thing, economically or politically.

Mr. MCKENZIE. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. MCKENZIE. I would like to have the gentleman, a member of the committee, explain the necessity for any branch office under a bill of this kind.

Mr. MOORE of Pennsylvania. I question whether all the business done by the corporation could not be done in the city of Washington; but it may be that some corporation out in Oregon or Washington may desire to present a claim to some agency nearby rather than to come to Washington and present its claim here.

Of course any corporation that needs help from this war finance corporation ought to be ready to bear the expense of a trip to Washington to get it, but local conditions and local environment will have their influence with regard to these loans. I have contended right along that the Federal reserve bank ought not to be so far dissociated from the operations of this corporation that it can not advise the local banks or that the local banks can not advise the Federal reserve banks or that in turn they may not advise the board here in Washington as to the financial standing of the people away back yonder who want to borrow money. The amendment I have offered proposes that the number of agencies to be created by this war finance corporation shall be limited to 12, just as the agencies of the Federal Reserve Board are limited to 12. We gave the reserve board the option of creating from 8 to 12, and they at once seized the opportunity to create 12. That was supposed to contribute to the convenience of the people having to do business with the banks. If we limit the number of agencies of this war finance corporation and put them in the same cities in which the Federal Reserve Board has located its agencies, then we will really work an economy, because the Federal reserve bank is best posted as to the financial standing of the man who desires to borrow money. If he is a man unable to get money from the banks, the banks ought to at least be consulted as to whether it is wise to make that loan. It seems to me the machinery would move smoother, it would be more economical, to have these war finance corporation agencies located alongside of or within the existing agency cities of the Federal reserve banks. The two are going to work together anyway, and probably they ought to work together for consultation purposes and to exchange information.

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. STAFFORD. I wish to inquire what the gentleman includes in the term "Federal reserve cities"? Does he limit that to the original 12 cities where the Federal reserve banks are located?

Mr. MOORE of Pennsylvania. Yes. I think that would add to the convenience of all sections of the country.

Mr. STAFFORD. The gentleman in his remarks in favor of this amendment referred not only to the cities where Federal reserve banks are located, but also where branch banks of the Federal reserve banks are located.

Mr. MOORE of Pennsylvania. If I said branches I meant those cities designated as Federal reserve cities.

Mr. STAFFORD. Of course, under the law there is nothing known as a Federal reserve city.

Mr. MOORE of Pennsylvania. Yes. I am pleased for once in my long legislative experience here to be able to correct the gentleman from Wisconsin. I hold in my hand the Federal reserve act, which, in section 2, provides that the Federal reserve bank organization committee shall designate "not less than 8 nor more than 12 cities to be known as Federal reserve cities."

Mr. STAFFORD. The gentleman from Wisconsin stands corrected.

Mr. MOORE of Pennsylvania. That is the finest tribute—

Mr. STAFFORD. That has ever been paid to the gentleman from Pennsylvania. [Laughter.]

Mr. MOORE of Pennsylvania. No; to the fairness of the gentleman from Wisconsin.

Mr. Chairman, this is a business proposition, and it seems to me wise and in the line of efficiency and economy.

Mr. STERLING of Illinois. Mr. Chairman, personally I do not pretend to know whether this corporation would need more or less than 12 branch agencies. I do not think that the gentleman from Pennsylvania [Mr. Moore] knows, and I do not think anybody in this House at this time can form any definite judgment as to how many branch agencies the corporation may need to carry on its business properly. I presume the Secretary of the Treasury does not know now how many branch agencies are needed, and he does not know now where they will be most needed; and I can see no reason why Congress should limit the number of agencies at this time. It is purely an administrative feature of the bill as to how many branch agencies will be established, and I certainly think that we ought to assume that the corporation would establish no more branch agencies than are necessary to carry on its business and that they would put them where they would best facilitate the business of the corporation. It does seem to me that branch agencies will be necessary. It would be a great hardship for people to come from long distances in this country to Washington to negotiate loans from the corporation.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. STERLING of Illinois. In just a minute. It is true, if they are in great need of money, they would be willing to pay the expense of coming to Washington for the purpose of securing a loan; but if there are no agencies throughout the country, necessarily the corporation must then be at the expense, which I dare say would be greater than the maintenance of branch agencies, of sending inspectors and investigators throughout the country to see whether loans ought to be made and determine the value of securities offered. I yield to the gentleman.

Mr. MOORE of Pennsylvania. Would not all this be simplified if we accepted these Federal reserve cities as locations for the new war corporation branches and used the machinery of the Federal reserve, which is to be a part of this system, to ferret out and acquire information?

Mr. STERLING of Illinois. It might be that that would be a very good plan, as far as it goes. It might be determined that it does not go far enough. It might turn out to be very important that there should be an agency in some of the other larger cities of the country, and certainly agencies established in large cities where there are no Federal reserve banks could better ascertain the necessity of the loan or the value of the securities offered than the Federal reserve bank could. Many important industrial cities have no such bank. Many war industries are located in these cities, and an agency of this corporation would be of great help to those industries.

Mr. GLASS. Is not that demonstrated by the fact itself that the Federal Reserve Board has established agencies in such great cities as Detroit? Would not an agency of this corporation be very apt to do very much more business in Detroit than in Atlanta or in Dallas or in Richmond?

Mr. STERLING of Illinois. I should think so. It seems to me that the needs of this corporation can not be fully understood at this time. It seems to me, further, that if a branch could be established at some great city where there would be possibilities of loans being made by the corporation, the mere fact that

there is an agency in that city where the war industries know and understand they can go for relief would give confidence to the financial situation, that would steady business, to the end that it might relieve this corporation of a great deal of business that it would otherwise be called upon to transact. It being an administrative feature, it seems to me it will be wholly unwise for the House to undertake to limit the operation of the corporation by prescribing in the law where it shall have its corporate representatives.

Mr. SMITH of Michigan. Mr. Chairman, I rise to oppose the amendment. I think this bill is an emergency measure. I think it is a war measure. I think it is necessary to have a corporation or some other kind of an organization in order to furnish the means to properly conduct and carry on this great war. I think the terms of the bill in relation to establishing these agencies provide a better means than is provided by the amendment of the gentleman from Pennsylvania. The purpose of furnishing this money is to supply and aid our war industries with means to manufacture and furnish ammunition to win the war. It seems to me that the corporation board of directors itself is the one to determine the places where that money is most needed and can be used and utilized to the best purposes, and that should be where these great war industries are being carried on. At the centers of these great war industries are the places where the branch corporation should be established. For that reason I think the amendment offered by the gentleman from Pennsylvania [Mr. Moore] ought not to prevail. Now, I want to answer another question. It was asked here this morning about how much money will be needed. Some one has suggested that we should have not only \$2,000,000,000, but it should be increased to \$4,000,000,000. Well, I will tell you just how much money we should have. We should have enough money to whip Germany.

Mr. BURNETT. How are we going to get it?

Mr. SMITH of Michigan. How does Germany get it? Earn it. We are worth twice as much as Germany. We produce and add to our national wealth forty billions each year. I, for one, stood here and I voted all the resources of my country for the purpose of bringing Germany to her senses. That has proven to be no small undertaking, but before I would submit to the yoke that Germany has put upon Belgium I would be willing to forfeit not only everything I possess but I would subscribe to the principle of our forefathers and pledge my life, my fortune, and my sacred honor. This war is a war of principle which we are fighting. We are fighting the most delusive, the most unfair, the most barbarous enemy that ever conducted a warfare. While we are trying to observe some of the principles of international law and decency, they are not reciprocating or observing either international law or the laws of humanity. We can not trust our enemy. He boasts about his agreements being worthless, mere scraps of paper. If Germany wins, the world is at her feet; we lose our Republic and civilization is turned back to the olden days of the feudal lords. I think the amendment of the gentleman ought not to prevail, and this corporation that has to furnish these funds ought to be the one to determine the places for establishing these loaning institutions. [Applause.]

Mr. SWITZER. Mr. Chairman, while I, with other Members of this body, voted to mobilize the resources of this country to prosecute this war waged against Germany to a successful termination, I have to submit that the question at this time is not so much the question of mobilizing of these resources as it is the question now of distributing some of these resources that we are mobilizing by taxation and through the sale of liberty bonds. And when it comes to that matter this body ought to have a little something to say about it, and we ought to throw about this distribution and this system of favoritism that we are creating here all the possible limitations that we can possibly devise. It is rather amusing to me to note how difficult it is for some gentlemen to maintain their consistency here in the support of this measure who, on January 4 last, when the proposition was up here to divert \$200,000,000 of the money in the United States Treasury raised by taxation or by the sale of bonds to the farm-loan banks of this country it was then argued in another body of this Congress and upon the floor of this House that the offering for sale of the farm-loan bonds at that time, when we were offering to sell liberty bonds, would be an unpatriotic act. It was stated that it would prevent the sale of liberty bonds; that it would increase the interest upon those bonds to allow these farm-loan bonds to be offered, especially at a higher rate of interest; and yet we find the same gentlemen to-day say that if you only give this corporation \$500,000,000 of the people's money it can throw upon the market \$2,000,000,000 of bonds other than liberty loan bonds, and I believe it is argued now it will stimulate the sale of lib-

erty bonds, even though bearing a higher rate of interest. When the gentleman from California [Mr. HAYES] made the statement that it would increase the interest of liberty bonds and cost this Government millions and millions of dollars more, these same gentlemen who made the argument January 4 last before this House scoffed at the remark. However, I will admit that something should be done possibly in this critical moment, but I rather agree with the gentleman from California. The gentleman from Pennsylvania [Mr. Moore] said that these agencies ought to be where the Federal reserve banks are located so that they could advise one another. The truth of the matter is you do not expect those \$2,000,000,000 of bonds to be sold to the general public. You expect this Federal Reserve System to raise this money. You have merely in an indirect way adopted the principle of the Aldrich-Vreeland Act. If I understand, you are going to allow men who can get enough credit to procure these bonds to bring all the old junk in the country to the extent of 133 per cent to go to a Federal reserve bank and receive currency on it. If that is what you wanted, why not amend the Federal reserve act? What is the use of having all this camouflage and these other agencies provided and this great expense upon the Treasury?

Mr. MADDEN. Will the gentleman yield?

Mr. SWITZER. I will.

Mr. MADDEN. Does the gentleman think that a thing worth 133 per cent would be classed as old junk?

Mr. SWITZER. No; if it is worth that, but it is just simply a question of value that is put upon it. It developed in the hearings that a railway system in Michigan—the matter was brought out before the Ways and Means Committee in the hearing that it did not have a franchise, and that is brought in here as evidence that this bill should become a law.

Mr. McCORMICK. Will the gentleman yield?

Mr. SWITZER. I will.

Mr. McCORMICK. Does the gentleman think these \$2,000,000,000 are going to be placed on the market at one time—all of them—as the gentleman indicated a moment ago?

Mr. SWITZER. I do not.

Mr. McCORMICK. That was the inference to be drawn from the gentleman's remarks.

Mr. SWITZER. If the report of the hearings is correct, as it has been stated here during the consideration of this bill, the danger is imminent that the bonds are going to be put out in large amounts; millions and millions of dollars will be thrown upon the market soon, and will be thrown upon the market at a time when we are trying to raise money by the sale of liberty bonds in order to prosecute the war.

Mr. BURNETT. Will the gentleman yield?

Mr. SWITZER. I will.

Mr. BURNETT. Is the gentleman going to vote for or against the bill?

Mr. SWITZER. I am not right sure. [Laughter.] I possibly may vote for the bill, but I would rather vote for a proposition that would so amend the Federal Reserve System as to allow this agency we created some years ago and which has now had a wide and broad experience to administer this act. I think it is better capable of doing it. I see no reason why these gentlemen should not administer it justly as wisely, and more wisely, than some new corporation you create here to meet the exigencies of the Government on the spur of the moment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SWITZER. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

Mr. KITCHIN. Mr. Chairman, reserving the right to object, and I am not going to object, I hope the gentleman, since he has been speaking on section 12 and we are on section 6, and five or six pages will have to be read before we reach that subject on which he is talking, that he will not talk any more than that time on it now.

Mr. SWITZER. I wish to say to the chairman of the Ways and Means Committee—

Mr. KITCHIN. The real point that I want to make is that just as soon as the gentleman finishes, let us get through with the vote on the amendment of the gentleman from Pennsylvania [Mr. Moore].

The CHAIRMAN. Is there objection to the gentleman from Ohio proceeding for two minutes more? [After a pause.] The Chair hears none.

Mr. SWITZER. I wish to say to the chairman of the Ways and Means Committee that I have been detained in my home on account of trouble with a tooth for the last 8 or 10 days, and I was not able to be here during the general debate except for a short time yesterday, and I had scarcely any time in general debate. And I was following a course of procedure for which a precedent had been set for me, and was delivering myself

of a few observations that I thought I would like to make to this body.

Mr. SMITH of Michigan. Will the gentleman yield?

Mr. SWITZER. Yes.

Mr. SMITH of Michigan. I have heard it stated here once or twice, and I heard you make a remark to that effect, that there is a railroad up in Michigan that has not any franchise. I wish to know whether or not you know about that?

Mr. STAFFORD. The gentleman from Michigan apparently is not acquainted with the franchise of the Detroit United Railways that controls the railway systems in the city of Detroit.

Mr. SMITH of Michigan. I deny that there is any railroad operating in Michigan without a franchise.

Mr. STAFFORD. The gentleman is not acquainted with conditions in his own State.

Mr. SWITZER. Now, while I am on my feet, I desire to recur to that old hobby that I have advanced here two or three times, and I want to ask the chairman of the Ways and Means Committee whether or not his committee is going to give any consideration to these people who are petitioning his committee to have the time extended for the payment of the excess-profit tax? I have people in my district who state to me, and they are just as loyal as the people in any district and are not seeking to avoid payment of the tax, that they want temporary relief.

Mr. SMITH of Michigan. We all have them.

Mr. KITCHIN. That is not pertinent to this bill. I will write the gentleman a letter about that. [Laughter.]

Mr. SWITZER. All right.

Mr. TREADWAY. Mr. Chairman, in view of the statement made by the gentleman from Ohio [Mr. SWITZER] in reference to the throwing of \$2,000,000,000 of bonds, or \$4,000,000,000, if that is the amount that will eventually be agreed upon—this bill calls for \$2,000,000,000 of bonds—upon the market, and floating subscriptions, and that sort of thing, it seems to me wise that the House should understand exactly what is expected to be done with those bonds. They are not to be sold in the general market in the ordinary sense that a man goes into an exchange and invests \$1,000 or \$2,000 in a bond. It is not the intention to have this bond a general marketable bond. As I understand it, the bond is to be used solely as collateral. It will have a marketable value not less than par as provided in the bill.

If a company or a bank comes to this newly established board and endeavors to secure a loan, that loan, not being in the form of cash, can be in the form of a bond, which later on the borrower can use as collateral to secure cash from, not a business transaction in the sense of the purchase or sale of a bond, as such is known in the general market.

Mr. SWITZER. Mr. Chairman, will the gentleman yield there?

Mr. TREADWAY. Yes.

Mr. SWITZER. The truth of the matter, then, is that you expect to raise this money from the Federal Reserve System by using these bonds as collateral?

Mr. TREADWAY. Not at all. The gentleman considers that that represents \$2,000,000,000 of cash. It does not. It simply represents \$2,000,000,000 of credit, which further can be used to a greater extent for credit through loans in the various banking channels of the country. It will not, as the gentleman conceives, tend to concentrate cash when we want to subscribe cash for liberty bonds, but it will make more credit and release money that can be used for liberty bonds, actual cash, whereas this is solely collateral. I think there is a very marked distinction between the idea that the gentleman has of this bond in the general bond market and the actual use that this bond will be put to.

Mr. SNELL. As I understand it, these bonds are not to be sold to individual investors?

Mr. TREADWAY. That is my understanding of it. I think the chairman of the committee will confirm it. They are not expected to be in the ordinary sense, as I endeavored to explain, a purchasable, marketable bond. It is, of course, expected that the bonds will be negotiable, and undoubtedly there will be sales from time to time.

Mr. SNELL. What, then, does the Secretary mean in his statement before the committee, when he says?

The intervention of a corporation of this character, with its large capital, will provide the class of security which will appeal to the minds of even the most timid investors, and will naturally assist in converting what might become a dangerous bank expansion into a legitimate investment of free capital. Even though the corporation were not called upon to make any considerable advances itself, so that the issue of its own securities to a large extent might not be required, it has been the experience in Great Britain, and I believe it will be our experience also, that the restraint imposed upon unnecessary capital borrowings, through Government intervention such as is proposed, not only allays the fears of timid investors but stimulates a demand generally for issues of licensed securities. Such securities sell promptly and their distribution is general and effective. This again provides a check to unwise expansion of bank credits.

Mr. TREADWAY. That confirms exactly the idea I have of it—that the bonds can be used as collateral security for further loans in the local home banks by borrowers through this banking corporation.

Mr. SNELL. He further says, in substance, "This will stimulate a demand for general issues"—of this corporation, as I understand it.

Mr. TREADWAY. There is a difference between the bonds and the cash. Cash can be secured to the extent of \$500,000,000. That is the capital of this corporation. Then the bonds, as the gentleman of course understands, are an entirely separate thing.

Mr. SNELL. I would like to understand whether or not these bonds can be sold on the market.

Mr. TREADWAY. That is my understanding of it. I will be glad if the chairman will explain it, if I am in error. While the bonds will be negotiable, as I have stated, it is not expected they will be largely dealt in on the various exchanges.

Mr. KITCHIN. Mr. Chairman, if I understand the modus operandi of these bonds it is this: The borrowing institution will come to the corporation and say it wants a million dollars. The corporation has not the money, but it advances to this borrower a million dollars of its bonds and takes a secured note for the direct loan. Then this borrower takes the bonds to a bank and gets money on them. If the borrowing institution desires to do it, it can sell the bonds of the corporation to the investor and get the money in that way. Most of the loans will be made by advancing bonds of the corporation, and at the same time if the corporation desires money, and has use for actual money, it will sell to investors or to the banks.

Mr. McCORMICK. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. McCORMICK. Some of us are not clear on that. The corporation will issue bonds for what—the unsecured note?

Mr. KITCHIN. For the note with security.

Mr. McCORMICK. Then, the financial corporation lends its superior credit to the private corporation?

Mr. KITCHIN. Yes; that is right. And you must understand always that when the corporation makes a direct loan, such as the gentleman mentions—as the gentleman must comprehend the object of the bill clearly, and no doubt he does as clearly as I do—it means that under the provisions of the bill the borrower must put up its note, and, in addition, security amounting to 133 per cent of the amount advanced. For instance, if the Dupont Powder Co., for example, wanted to borrow \$10,000,000, and the corporation did not have the money, the corporation would issue \$10,000,000 worth of its bonds. The Duponts would give the corporation their note for \$10,000,000, and, in addition to that, security amounting in value to 133 per cent of the amount advanced.

Mr. McCORMICK. The chairman of the committee has made very clear that operation. Will he not make equally plain, in a few words, the operation when the private corporation applies through the bank?

Mr. KITCHIN. When the private firm or individual applies through the bank, one of the methods of procedure under section 7 will be as follows: The bank will make a loan to the industry contributing to the prosecution of the war. The bank will then bring the note of the borrower to the War Finance Corporation, together with all the security which the bank holds as collateral for such note. The bank will give its note to the War Finance Corporation, secured by the note and security of the borrower, and receive from the corporation an advance equal to 75 per cent of the loan made by the bank to the borrower. The advance may be in money or in the bonds of the corporation.

Mr. SNELL. Is it understood that these bonds will be listed and dealt in as are liberty bonds and other bonds?

Mr. KITCHIN. Oh, no.

Mr. STERLING of Illinois. Mr. Chairman, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. STERLING of Illinois. If the gentleman has correctly stated the modus operandi, as he puts it, it is a little different from my standpoint. I do think the business will be carried on largely as the gentleman suggests, but this corporation can go on the market and sell these bonds wherever it can find purchasers?

Mr. KITCHIN. Yes. The corporation has got the power under this bill to sell its bonds or to dispose of them in any way it sees fit.

Mr. STERLING of Illinois. That is what I was trying to get at.

Mr. KITCHIN. When the corporation needs money it can put the bonds on the market, or sell them to an investor. But I think it was illustrated by Mr. Warburg in his testimony by practically the illustration I gave a while ago, without men-

tioning his name, that the large part of the business is contemplated to be done by advancing the bonds of the corporation.

Mr. SNELL. Then if it is possible to sell them, they will probably be listed on the stock exchange?

Mr. KITCHIN. Yes. They have that power.

THE CHAIRMAN. The time of the gentleman has expired.

Mr. KITCHIN. Mr. Chairman, I ask unanimous consent for two minutes.

THE CHAIRMAN. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

Mr. KITCHIN. I imagine that they are going to sell some on the market, because they must have some money in addition to the \$500,000,000 of capital stock after they are in operation a year or two.

They may sell bonds either publicly or privately, but it is provided that they must sell them for not less than par.

Mr. SNELL. He says:

Such securities sell promptly and their distribution is general and effective.

I should think from that that he intended to distribute them among general investors.

Mr. GARNER. Oh, surely.

Mr. KITCHIN. In every way.

Mr. SNELL. Then Mr. TREADWAY's position that they are not for sale is incorrect?

Mr. KITCHIN. Mr. TREADWAY, as I understood him to intend to convey to the House, said it is contemplated that the larger part of their business will not be selling the bonds and getting the money and loaning the money direct, but in advancing these bonds. Mr. Warburg said that, too. But they can do just exactly what the gentleman says, and sometimes they will do it. Whichever way they think is necessary or wiser to take care of the war industries they will pursue. They have the power to do it in either way.

Mr. PLATT. Since we are talking about section 12, that provision in section 12 that they may be offered for sale publicly, and so forth, does the gentleman regard that as vital to the bill? Why not strike it out?

Mr. KITCHIN. I think they ought to have authority to sell privately or publicly, just so they are sold not below par.

Mr. PLATT. They can put the rate of interest high enough to sell them at par.

Mr. KITCHIN. I expect that many individual investors will buy them, just like they buy liberty bonds.

THE CHAIRMAN. The time of the gentleman has expired. All time has expired. The pro forma amendment is withdrawn. The question is on the amendment proposed by the gentleman from Pennsylvania [Mr. Moore].

Mr. MOORE of Pennsylvania. I ask that the amendment be read again, since the discussion has taken a different range.

THE CHAIRMAN. Without objection, the amendment will be reported again.

The Clerk read as follows:

Amendment offered by Mr. MOORE of Pennsylvania: Page 4, lines 22 and 23, after the words "offices in," in line 22, strike out the words "any city or cities of the United States" and insert the words "such cities as have been designated as Federal reserve cities."

Mr. MOORE of Pennsylvania. So that it will read—

The Clerk read as follows:

So that the section as amended will read:

"Sec. 5. That the principal offices of the corporation shall be located in the District of Columbia, but there may be established agencies or branch offices in such cities as have been designated as Federal reserve cities, under rules and regulations prescribed by the board of directors."

THE CHAIRMAN. The question is on the amendment proposed by the gentleman from Pennsylvania [Mr. Moore].

The question was taken; and on a division (demanded by Mr. Moore of Pennsylvania) there were—ayes 8, noes 41.

Accordingly the amendment was rejected.

Mr. PLATT. Mr. Chairman, I desire to offer an amendment.

THE CHAIRMAN. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. PLATT: Page 4, line 21, strike out the words "District of Columbia" and insert "city of New York."

Mr. PLATT. Mr. Chairman, this is a great financial institution, a tremendous bank of banks. There is no good reason why it should be located in the city of Washington, which is already overcrowded, and which is not nearly as accessible a place as the city of New York. It should be located at the financial center of the country, where all great financial enterprises obtain their capital. There is no reason why it should be in the District of Columbia, except that the Secretary of the Treasury is chairman of the board of directors, and he is in New York almost as much as he is in Washington. When the directors meet he

could just as well attend a meeting in New York as here. Business men from all over the United States will be coming here and overcrowding the hotels, trying to get accommodations from this corporation, which ought to be located in the financial center of the country, New York City. [Applause.]

THE CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. PLATT].

The question being taken, the amendment was rejected.

The Clerk read as follows:

Sec. 6. That the corporation shall be empowered and authorized to adopt, alter, and use a corporate seal; to make contracts; to purchase or lease and hold or dispose of such real estate as may be necessary for the prosecution of its business; to sue and be sued; to complain and defend in any court of competent jurisdiction; to appoint, by its board of directors, and fix the compensation of such officers, employees, attorneys, and agents as are necessary for the transaction of the business of the corporation, to define their duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, subject to the approval of the Secretary of the Treasury, by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, and prescribing the powers and duties of its officers and agents.

Mr. WOOD of Indiana. Mr. Chairman, I desire to offer an amendment.

THE CHAIRMAN. The gentleman from Indiana offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WOOD of Indiana: Page 5, line 13, after the word "directors," strike out the words "subject to the approval of the Secretary of the Treasury."

Mr. WOOD of Indiana. Mr. Chairman, if this section is permitted to remain in this bill not a single by-law can be framed, adopted, amended, or repealed without the sanction of the Secretary of the Treasury. Not a single duty can be prescribed for any officer or agent without the sanction of the Secretary of the Treasury. I do not believe it is essential that this language should remain in this section. I believe it would be infinitely better to leave out this language, for there is nothing peculiarly within the knowledge of the Secretary of the Treasury that warrants him in having any more to do with the framing and prescribing of the by-laws, or under the by-laws prescribing the powers and duties of the officers or agents, than of the other four men who are on this directorate with him. The gentleman from Ohio this morning stated that there were but three places in this bill now remaining where it provided that such and such action should be taken with the approval of the Secretary of the Treasury. There are four places, this being the first one. In my opinion these words should be eliminated, for there is no reason why these other gentlemen who are selected as members of this directorate should not have as much voice in framing and prescribing or in amending or repealing the by-laws for the conduct of the prudential affairs of this corporation as the Secretary of the Treasury himself. There is no more reason why the Secretary of the Treasury should have supreme power in prescribing and declaring what shall be the duties of the individual officer than any other director should have, and it occurs to me that if this corporation is in fact to be conducted as other corporations are conducted in the United States, this language should be eliminated, for it destroys the very character of a corporation when you are placing all the power with reference to the formation of it and the conduct of its prudential affairs, with reference to the finding and prescribing the duties that its agents are to perform, in the hands of one man. I think it would be infinitely better if this language were stricken out, and it would tend to strengthen rather than weaken the bill.

Mr. SMITH of Michigan. If this amendment is adopted and those words are stricken out, the Secretary of the Treasury will still be on the board of directors and will have a voice.

Mr. WOOD of Indiana. Absolutely; and he will bring to the board all the peculiar knowledge that he has by reason of his office. Further, all the other directors, who will be selected by reason of their business prominence and vast experience, should have a voice in the determination of these matters. If they do not, of what consequence are they as directors? What will all their ability and business experience avail if they are permitted to have no voice in framing the by-laws for the control of the prudential affairs of this corporation?

Mr. FESS. Will the gentleman yield?

Mr. WOOD of Indiana. I will.

Mr. FESS. In the creation of the board the principle was that each member should be coordinate; that the Secretary of the Treasury should not be superior to any member of the board, but equal to him. Does not this make them in a sense subordinate to the Secretary of the Treasury, if your amendment is not adopted?

Mr. WOOD of Indiana. Absolutely; it occurs to me that it takes the virtue out of the bill so far as having the combined

experience of men who are to act for the good and common weal of the Nation is concerned. So I say if this is to be a representative corporation, as corporations are supposed to be representative, then this language should go out.

Mr. STERLING of Illinois. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. STERLING of Illinois. I want to ask the gentleman a question and submit a suggestion. I agree with the gentleman in this proposition. It seems to me that if the Secretary of the Treasury has the approval of the by-laws he has absolute domination over the corporation. If he can make the by-laws, he can control the corporation. It seems to me that way, and I presume it does to the gentleman from Indiana.

Mr. WOOD of Indiana. That is my idea. I am offering it for the good of the bill, for I believe that gentlemen are trying to get the best possible bill to do this emergency work, and especially, if it is to inspire confidence in the people, it is because of the fact that it is made up of a number of gentlemen whose combined wisdom they are looking to instead of one man. I care not how wise that one man may be, he may lack in the special knowledge that would be of consequence to the framing of by-laws or prescribing the duties of men, which peculiar knowledge another director may have. There should be no dummies on this board, and no one should have autocratic power over it.

Mr. MOORE of Pennsylvania. Mr. Chairman, I rise in opposition to the amendment. This is a case in which I can not agree with my colleague from Indiana. The committee did what it could to limit the power of the Secretary of the Treasury over this board. It limited his power with respect to financial transactions generally, but in this instance the committee felt that it was proper that the Secretary of the Treasury should be consulted. For instance, it is provided that the Secretary of the Treasury shall be consulted as to "by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, and prescribing the powers and duties of its officers and agents."

Why not? Why should not the Secretary of the Treasury have submitted to him for approval, he being the representative of the United States, the by-laws governing the corporation in which we are placing \$500,000,000 of the people's money?

Mr. WOOD of Indiana. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. WOOD of Indiana. Would not the by-laws be submitted to the Secretary of the Treasury as a member of this board?

Mr. MOORE of Pennsylvania. Yes; and as such he would have a voice in them, but as Secretary of the Treasury of the United States, the direct representative of the Government on this board, he should have the right to say whether the rules and regulations of this corporation conflict with the interests of the United States, which has \$500,000,000 invested here.

Mr. WOOD of Indiana. Another question. What purpose would the other four directors serve?

Mr. MOORE of Pennsylvania. They can prepare the by-laws, work under them, and agree with the Secretary as to the business to be done. [Laughter.]

Mr. GORDON. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. GORDON. Is it not a fact that the Government of the United States is the only person or corporation financially interested in this corporation?

Mr. MOORE of Pennsylvania. Up to date; yes.

Mr. GORDON. Is not the Secretary of the Treasury the only official on the board that is in any way responsible?

Mr. MOORE of Pennsylvania. That is true, as to Treasury money; but all will be responsible.

Mr. STERLING of Illinois. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. STERLING of Illinois. I submit to the gentleman whether it is true that the Secretary of the Treasury is the only official that has any responsibility for this corporation. If we left the bill as it originally came to us, he would be the only man that had any responsibility in connection with it. But let me submit this in reference to the gentleman's amendment: It would be a proper subject of the by-laws to determine where these branch offices should go, what cities they should be placed in, how many cities should have branch offices—would it be better to leave that to the Secretary of the Treasury alone, and if we do leave the by-laws subject to the approval of the Secretary of the Treasury he can determine just where these branch agencies shall go? As an illustration, would the gentleman say that the Secretary of the Treasury alone and not other members of the board should have the decision of determining where they should go?

Mr. MOORE of Pennsylvania. I will answer by asking the gentleman this question: Would the gentleman vote for a provision in the bill to give the four men on this board the right to adopt and put into effect regulations for the expenditure of this money in spite of the Secretary of the Treasury; would the gentleman do that?

Mr. STERLING of Illinois. The gentleman in his statement goes right back—

Mr. MOORE of Pennsylvania. To the very marrow of the matter.

Mr. STERLING of Illinois. Goes back to the question of whether you are going to make the Secretary of the Treasury the whole thing in this corporation. I say no; that the Secretary of the Treasury should not have the sole voice in it.

Mr. MOORE of Pennsylvania. I realize that there are some gentlemen who do not want the Secretary to have too much power. I am one of them. There are many gentlemen on this side who do not approve of the great grant of power thus far given to the present Secretary of the Treasury. But I am looking at this proposition as one who penetrates the future. There may be other Secretaries of the Treasury. There is no political meaning in that. But no matter who the Secretary of the Treasury is, he is the custodian of the funds of the Government. He holds the purse strings; he is the man whom we hold responsible for the money which we collect and which we appropriate, and I do not care to put it in the power of five men, of whom he is one only, to enact rules and regulations for the expenditure of money appropriated to an independent corporation that may run counter to the United States Treasury.

Mr. ROBBINS. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. ROBBINS. Will the gentleman cite any corporation, private or public, where the power to make by-laws is vested in one man, when there is a directorate of five men, all of whom are appointed with equal power, but with no power to make by-laws?

Mr. MOORE of Pennsylvania. Yes.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. MOORE of Pennsylvania. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MOORE of Pennsylvania. I can point to J. P. Morgan & Co. I suggest that nobody in that corporation would appropriate large sums of money or make any large contracts without the approval of J. P. Morgan, the head of the concern. I will point to the great Pennsylvania Railroad Co., and suggest that the board of directors, nor any combination of the board of directors, would undertake to do vital business of that road without the approval of Samuel Rea, president of the company. I will point to various other institutions where big business would not be done without the approval of the head of the concern.

Mr. LITTLE. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. LITTLE. Is it not a fact that the Secretary of the Treasury has so many duties that he never in the world would be able to have anything to do with the making of these by-laws, and that somebody else would make them?

Mr. MOORE of Pennsylvania. That is a popular impression with respect to the Secretary of the Treasury.

Mr. LITTLE. If that is true, why had we not better designate the person who is going to do it instead of putting it up to a dummy figure?

Mr. MOORE of Pennsylvania. Mr. McAdoo is not a dummy.

Mr. LITTLE. Is he not in this?

Mr. MOORE of Pennsylvania. I am not boasting Mr. McAdoo, but I would admonish the gentleman that Secretary McAdoo is no dummy. Anybody who picks up Mr. McAdoo for a dummy will drop him like a red-hot poker.

Mr. LITTLE. Is it not a fact that in this business he will be a mere figurehead?

Mr. MOORE of Pennsylvania. I do not think the Secretary of the Treasury could be regarded as a figurehead; he is a pretty live wire.

Mr. LITTLE. I am asking the question for information.

Mr. MOORE of Pennsylvania. And I am not boasting the Secretary of the Treasury, either.

Mr. LITTLE. I concede that he is, as you say, a wise man. I was not looking for information on that. I am posted on that myself. [Laughter.]

Mr. MOORE of Pennsylvania. The gentleman led up to it unconsciously; that is all.

Mr. LITTLE. What I am trying to get at is this: Is it not a fact that he has so many other duties that when it comes to writing these by-laws he will not have more to do with it than you or I?

Mr. MOORE of Pennsylvania. Even so, he is still the Secretary of the Treasury of the United States.

Mr. LITTLE. Is not that job enough for any man on earth, anyway?

Mr. MOORE of Pennsylvania. It certainly is. The Secretary has plenty to do, and I am not sure he is hunting trouble. He has plenty to do, but he is not disassociated from the Treasury of the United States. He is still in control there.

Mr. SNYDER. I would like to say to the gentleman that the Secretary of the Treasury is the healthiest looking overworked man that I ever saw.

Mr. MOORE of Pennsylvania. That was verified by a critical observation of the gentleman before the Committee on Ways and Means.

Mr. GORDON. Mr. Chairman, will the gentleman yield?

Mr. MOORE of Pennsylvania. Yes.

Mr. GORDON. Who is the sole and only stockholder in this corporation that you are talking about?

Mr. MOORE of Pennsylvania. Does the gentleman mean the Morgan concern?

Mr. GORDON. No; I mean the War Finance Corporation.

Mr. MOORE of Pennsylvania. I was thinking of the great law firm of Gordon & Black, of Cleveland, Ohio, and I was wondering whether, Mr. Black being dead, Mr. Gordon would not have to be consulted before any business is done. [Laughter.]

Mr. GORDON. Is it not a fact that the Government of the United States is the sole stockholder in this corporation?

Mr. MOORE of Pennsylvania. Exactly. The gentleman is right, as the gentleman frequently is. The United States has an investment of \$500,000,000 in this corporation, and that is all the money there is in it at the present time. There is to be no more money except such money as is raised upon the strength and credit of that \$500,000,000, and that money has got to come out of the Treasury—not all at once. I want Mr. McAdoo, the Secretary of the Treasury, to check that out carefully. I do not care to have four other men dictate to him that they shall have \$500,000,000 all at once, when they may not need more than \$100,000,000.

The CHAIRMAN. The time of the gentleman from Pennsylvania has again expired.

Mr. MEEKER. Mr. Chairman, I ask unanimous consent that the gentleman may proceed for one minute more in order to ask him a question.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MEEKER. I would like to ask the gentleman a question: That being the case, why the other four directors?

Mr. MOORE of Pennsylvania. Because Mr. McAdoo could not attend to the details of this business, and the judgment of the four other directors will be highly important and extremely valuable in the conduct of the business. They are to be experienced men to advise with the Secretary of the Treasury, if need be. They will give hearings to individuals and concerns desiring loans and attend to other matters. The whole thing is this: Do you propose to give \$500,000,000 of public money in a lump sum to four gentlemen constituting an independent corporation and say they shall not consult the Secretary of the Treasury? And if the Secretary of the Treasury says they do not need \$500,000,000 in a lump sum, but only \$100,000,000, so far as the Treasury interests are concerned, do you mean to say you will vote to give \$400,000,000 additional to this corporation, a private corporation, in spite of the recommendation of the Secretary of the Treasury? I do not propose to do it. I would put this additional check upon the Treasury of the United States—

The CHAIRMAN. The time of the gentleman has again expired.

Mr. LITTLE. Mr. Chairman, I ask that the gentleman be given one minute. I would like to ask him a question. I will ask for a minute myself in order to ask the question.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. LITTLE. The gentleman from Pennsylvania is on the Committee on Ways and Means, and, of course, he is posted as to this bill. He has just said that Mr. McAdoo would not attend to the details of this business. Just what is he actually going to attend to in reference to this business?

Mr. MOORE of Pennsylvania. If the gentleman will read the bill carefully—

Mr. LITTLE. I have.

Mr. MOORE of Pennsylvania. The gentleman will observe that, as a member of the corporation, Mr. McAdoo will be required to join with his fellow incorporators in the conduct of this business. It is patent that he can not attend to all the details; but, from my point of view, they are going to transact big business, and the Secretary of the Treasury should know about it.

Mr. LITTLE. Just what is he going to do?

Mr. MOORE of Pennsylvania. If the gentleman will read the bill—

Mr. LITTLE. I have read it. But he is not going to attend to it in detail. The gentleman has dismissed him from attending to a large part of such details—

Mr. MOORE of Pennsylvania. If somebody comes from Kansas City, Kans., desiring a loan, and the board is in session, they will consult with the board without it being necessary for Mr. McAdoo to be present. And—

Mr. LITTLE. That is the information I want to get.

Mr. MOORE of Pennsylvania. And, I presume, that board, if it proposed to lend a city like Kansas City, Kans., so large an amount as \$100,000,000, would first consult Mr. McAdoo before making him pay over the money.

Mr. LITTLE. I do not know; they borrow a great many millions there—the big packers and millers.

Mr. MOORE of Pennsylvania. It is a great city, and they are great borrowers. We will admit that.

Mr. LONGWORTH. Mr. Chairman, just a word in opposition to the amendment offered by the gentleman from Indiana. As I stated this morning, the bill as originally submitted to the committee contained the words "with the approval of the Secretary of the Treasury," as I recollect it, about 17 times. Thus this board could do absolutely nothing except with the approval of the Secretary of the Treasury; in other words, he had the absolute veto over any action this board might take.

Mr. STERLING of Illinois. Will the gentleman yield for one question?

Mr. LONGWORTH. I will.

Mr. STERLING of Illinois. Now, this gives him power to approve or disapprove the by-laws. Does not the gentleman from Ohio think that the striking out of that clause in this bill in the other 16 places is of very little importance unless we strike it out in this?

Mr. LONGWORTH. No.

Mr. STERLING of Illinois. Because this gives him absolute control over this corporation. He can approve the by-laws under this provision, and when he has done that he has determined the entire policy and the entire method under which this corporation shall operate.

Mr. LONGWORTH. Well, I can not quite agree with my colleague. My mind has been running in this way: I do not believe that any human being—I have the highest regard for Mr. McAdoo; if it had been a Republican Secretary of the Treasury with this new machinery to be given into his charge I would have thought the same—I do not believe that any human being ought to have the power of absolute veto, particularly in cases where it involves the use of his judgment as to the advance of credit to this man or the withholding it from that man. So, after much consultation in the committee, we came to this sort of general understanding, that where it was a case of determining a fixed line of policy the Secretary of the Treasury ought to lend his approval to that policy. This machine, while apart theoretically from the Treasury Department, is nevertheless intimately interwoven with it in its various functions. In the question, for instance, of determination of interest on these bonds to be issued by the corporation, it seemed to us that the Secretary of the Treasury ought to lend his approval to the rate of interest in order that the issues of those bonds might not conflict or be in competition with issues of liberty bonds and other obligations of the United States. For that reason we left it as it is. Now, this particular section simply applies to by-laws laying down a general policy to be pursued by this corporation.

Mr. GREEN of Iowa. Will the gentleman yield right there?

Mr. LONGWORTH. Yes.

Mr. GREEN of Iowa. I think right there my friend inadvertently misquotes. The by-laws hardly go so far as to confer any power; in fact, on the contrary, they do not relate to powers at all, hence it would be somewhat doubtful whether they would really pertain to the policy of this corporation. They would regulate the manner of the meeting and the calling of the meeting, the time and places when they should act and the manner of bringing up motions and all that referred to the manner of carrying on the business, but not to powers conferred or powers to be exercised.

Mr. LONGWORTH. Well, I can not read this provision in any other way than merely a provision determining the general policy to be pursued by these directors. Here is the provision:

And to prescribe, amend, and repeal, by its board of directors, subject to the approval of the Secretary of the Treasury, by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, and prescribing the powers and duties of its officers and agents.

I can see no danger in giving the Secretary of the Treasury the power of veto over any set of by-laws which, in his judgment, might be prejudicial to the interests of the Treasury or of the United States.

Mr. SLOAN. Mr. Chairman, this provision was one of the provisions that was left open for the free action of the members of the committee to oppose on the floor of the House. I think probably a large majority of the Members of this House or this committee at different times have drafted by-laws for corporations. I think it is very simple here to see just what we are doing. We have organized, if this becomes a law, a great corporation, and the first thing to do is to say who will manage the corporation. Now, the management is vested by this law, which will be the charter of the corporation, as provided in section 3, and is as follows:

That the management of the corporation shall be vested in a board of directors—

Consisting of whom?—

consisting of the Secretary of the Treasury, who shall be chairman of the board, and four other persons.

The only difference in the grant of power to control is that one of those five is especially designated as chairman. Now, then, if we intend to say that this shall be given to the control of one man, and that four individuals shall be granted unto him as mere company and as a matter of entertainment during the meetings of the board of directors, it ought to be left as it is. But the management is given to these five men with apparent coordinate and equal powers, except the chairmanship being given to one. We come to section 6, where it says:

That the corporation shall be empowered—

And so on, and down to where the amendment of the gentleman from Indiana comes in, where it says:

and to prescribe, amend, and repeal, by its board of directors.

In other words, when this corporation is organized, before it can do any business, before it can hold a meeting, before the meeting can be conducted, before any determination can be taken with reference to any business whatever, the by-laws must be presented, must be prescribed, as it were. These four men, each a \$12,000 man, equal in salary to the Secretary of the Treasury, equal in integrity, equal in ability, as managers of that bank, come in and agree that they shall hold their regular meeting on Wednesdays. The Secretary of the Treasury says, "No. Wednesday is 'meetless' day; we will not meet on that day." They say, "Then we will meet on Saturday." "No," says the Secretary; "we will not meet on Saturday, as that is also 'meetless.'" And so for the whole week. And it is within his power to say that there shall not be a meeting day fixed by this corporation. Then, coming to the question of when they should pass upon their loans, there ought to be rules and regulations for that. They present the most reasonable rules, and four of them say, "It is reasonable that the loans should be considered; lay them over for one week and investigate them by the committee." No; that can not be done, because the Secretary of the Treasury under this says you shall not consider loans.

Mr. McCORMICK. Then, what is the purpose of making the Secretary a member of the board?

Mr. SLOAN. So that he may be one member of the board, and not the board.

Mr. McCORMICK. And regularly in attendance at meetings.

Mr. SLOAN. The difference is simply this: We want to make him a member of the board. The gentleman from Pennsylvania [Mr. Moore] wants to make him the board. I think that distinction is clear.

Mr. PLATT. Would the gentleman say no loans could be made on porkless day?

Mr. SLOAN. No. I will simply confine myself to "meating" the question. This corporation is to be at Washington, not at Hog Island. The section says, "subject to the approval of the Secretary of the Treasury." That means now, for instance, if they would start out, all in good humor, and agree upon a set of by-laws under which they would be permitted to dispose of the \$500,000,000 of capital of this corporation, and suppose things should go not so well, and they find they ought to amend it. They could meet on another day and adopt another order of business, and a rule for shorter terms, better security, and greater care of securities. However imperative the necessity for amendment, the four members would be powerless over the

objection of one member who happened to be chairman under the law.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SLOAN. Mr. Chairman, I ask unanimous consent that I may have five minutes longer.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. GORDON. May I interrupt the gentleman at that point?

Mr. SLOAN. The gentleman may.

Mr. GORDON. I wanted to ask the gentleman if he were to invest \$500,000,000 in a corporation such as this, and nobody else was putting in the money, would he not feel that he would like to have the final say as to by-laws?

Mr. SLOAN. But this is not the money of the Secretary of the Treasury. This is the money of the people of the United States.

Mr. GORDON. Oh, no; the Government of the United States.

Mr. SLOAN. And the Congress of the United States, acting for the people of the United States, takes this \$500,000,000 and places it not under the control of the Secretary of the Treasury but under the control of five men, every one of them as good a man as the Secretary of the Treasury, and each one with the same authority. And those five men, with equal responsibility, should be allowed to be coequal in the conduct of affairs.

Mr. MOORE of Pennsylvania. Will the gentleman yield?

Mr. SLOAN. I will be pleased to do so.

Mr. MOORE of Pennsylvania. I think the gentleman misinterpreted me a moment ago when he said that I wanted the Secretary to be the board. And I call the gentleman's attention to section 2, where it is provided that this appropriation of \$500,000,000 shall be available at such time or times as may be deemed advisable, and only with the approval of the Secretary of the Treasury. Does not that illustrate what I was trying to say, that the Secretary of the Treasury should be consulted as to the rules. Because the appropriation is not to be available at once, and should not be available in lump until the Secretary of the Treasury approves.

Mr. SLOAN. I agree that the Secretary of the Treasury should be consulted. Each of the other four should be equally consulted. But it is not a consultation that is granted to him. It is giving him absolute, arbitrary power instead of a consultation. If these by-laws for any reason need amending, four members are absolutely powerless.

Mr. LONGWORTH. Will the gentleman yield?

Mr. SLOAN. I will.

Mr. LONGWORTH. Does not my colleague draw any distinction between the power of approval of a set of regulations that have been drafted and the power of the original draft of those regulations? The gentleman states that the Secretary of the Treasury is so powerful; that therefore he prescribes the rules and regulations, whereas all this does is to require his approval of a set of regulations drafted by the others.

Mr. SLOAN. Why, the law says one of five managers, when a proposition is presented to him by a majority, will have the power to say, "I will not accept it." We grant this power to these five men. You practically take it away from four entirely and invest it in the fifth man. I quite agree with the gentleman—I have forgotten who it was—that it was practically bootless to have taken away the discretion of the Secretary of the Treasury in these 14 or 15 places and leave it here from the beginning in his power and discretion to say, first, that there should or should not be any by-laws adopted. That if he should consent to the adoption of a set of by-laws they would become as the laws of the Medes and Persians, which change not. And if a by-law controlling the business of the corporation were adopted, however obnoxious it might be to the business of the country, or however much it might obstruct the business of this corporation, four members of that directorate could not compel its amendment. It gives absolute power to the Secretary of the Treasury to lay down the manner and plan of conducting the business.

Gentlemen seem to confuse this with the idea that the Secretary of the Treasury is the one person who is in control of this \$500,000,000 because it is the property of the United States. The Secretary of the Treasury is not in control nor is he entitled to the custody of the property of the United States. The large majority of the property of the United States he never saw. A large majority of the property of the United States he never will see and will never have possession or control of. As Secretary of the Treasury he has no more control of the money placed in this corporation than he would have of a United States battleship paid for out of the United States Treasury or of the Virgin Islands for which the Treasury paid \$25,000,000.

The CHAIRMAN. The time of the gentleman from Nebraska has again expired.

Mr. GREEN of Iowa. Mr. Chairman, with all deference to my friend from Nebraska [Mr. SLOAN], with whom I usually agree, it seems to me that this is a case of "much ado about nothing," and arises entirely from a mistake as to what these particular provisions apply. These provisions have nothing to do with what loans shall be made or who shall receive the loans. Those are covered by other paragraphs of the bill. They do not pertain to the amount which shall be approved. All these matters are to be determined by the whole board of directors, without the approval of the Secretary of the Treasury. In short it has nothing to do with the powers which are to be exercised by this board. It does not in any way limit them or expand them, and the only power it confers on the Secretary of the Treasury is to say, as my friend indicated—he might desire that the board should not meet on Wednesday, or he prefers that they should meet on Saturday.

What extraordinary power is that? What does that amount to? He might say that the order of procedure of business should be such and such. What difference does that make? It pertains only to the manner in which the business shall be transacted, the plans for which must be presented to him for his approval.

My own idea is, as suggested by the gentleman from Kansas [Mr. LITTLE] in this connection, that he probably never will draft these regulations at all; that they will be submitted to him for the purpose of ascertaining whether they agree with his convenience or with the convenience of his office in connection with the other business that he must transact. These additional powers here amount to nothing except as they relate to the manner of the transaction of the business.

Mr. FESS. Mr. Chairman, will the gentleman yield there?

Mr. GREEN of Iowa. Yes.

Mr. FESS. In reading section 6 I thought originally that the approval of the Secretary had to go to all the orders included in the paragraph. In rereading it it seems to apply to lines 12 and 13.

Mr. GREEN of Iowa. I think the gentleman has on the re-reading come to the correct conclusion and the only conclusion that can properly be drawn. Of course, if it applied to all the powers and privileges that are covered by this paragraph, it would be very different, but I can not see how that construction can possibly be put upon it.

Mr. FESS. If it is limited to that, it would not give to the Secretary the power to dominate the board in all matters.

Mr. GREEN of Iowa. No; it would not.

Mr. WINSLOW. Mr. Chairman, will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. WINSLOW. I would like to ask the gentleman if my interpretation, as I shall state it, is correct?

Mr. GREEN of Iowa. Very well.

Mr. WINSLOW. Assuming that the five directors adopt by-laws, and so forth, is it not a fact that, at a later time, if four of them should feel that the by-laws were insufficient and ought to be modified, regardless of their unanimous opinion, the one member could check the amendment or repeal of the whole or a part of the by-laws?

Mr. GREEN of Iowa. The gentleman is correct about that. But, as I said before, that relates only to the time and manner in which the business shall be transacted and not to the business itself.

Mr. WINSLOW. To stick to the point at issue, is it not a fact that the by-laws, when once adopted, can never be amended or repealed unless one man against the other four, if he happens to feel that way, agrees to it?

Mr. GREEN of Iowa. Yes. They could not even be adopted without his assent, but that does not show that the matter is of any importance.

Mr. WINSLOW. Now, under section 3, if this bill passes and that section stands, we shall have five men designated by this act to run the affairs of that \$500,000,000 corporation, and has not every one of those five as much responsibility and as much accountability to the Government of this country as any other one?

Mr. GREEN of Iowa. That is perfectly true. But what responsibility attaches to the question of whether or not the board shall meet on Wednesday or Friday? Or what responsibility attaches to it as to whether the order of business shall be, first, the reading of the minutes, or something else?

Mr. WINSLOW. I do not think there is any responsibility as to that.

Mr. GREEN of Iowa. That is all that this provision pertains to. The matter is of no importance except that it makes the transaction of business subject to the convenience of the Secretary and the other demands on his time.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. SLOAN. Mr. Chairman, I ask that the gentleman be given three minutes more. I want to ask him a question.

Mr. CANNON. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Illinois moves to strike out the last word.

Mr. CANNON. Mr. Chairman, it seems to me that there is no trouble about this bill, if I understand it. I read from section 3:

The management shall be vested in a board of directors.

Who are the directors? The Secretary of the Treasury is one and four are to be appointed.

Now, if you will turn clear through the bill, you will see under section 7 that "the corporation shall be empowered and authorized to make advances on such terms, not inconsistent herewith, as it may prescribe." The Secretary of the Treasury can not make any advances.

Mr. WOOD of Indiana. Read section 6, the last half of it.

Mr. CANNON. I will read section 6, page 5:

That the corporation shall be empowered and authorized to adopt, alter, and use a corporate seal; to make contracts; to purchase or lease and hold or dispose of such real estate as may be necessary for the prosecution of its business; to sue and be sued; to complain and defend in any court of competent jurisdiction; to appoint, by its board of directors, and fix the compensation of such officers, employees, attorneys, and agents as are necessary for the transaction of the business of the corporation, to define their duties, require bonds of them and fix the penalties thereof, and to dismiss at pleasure such officers, employees, attorneys, and agents; and to prescribe, amend, and repeal, by its board of directors, subject to the approval of the Secretary of the Treasury, by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed, and prescribing the powers and duties of its officers and agents.

Now, that is merely to provide as to its general business, its days of meeting, and so forth. Does the gentleman claim that you can make a by-law that will nullify the corporation? If you can, then one of two things ought to be done, or there is but one thing that ought to be done: If the by-laws can overcome all these different sections where the corporation has power to turn down the Secretary of the Treasury, then you had better, if you want to give supreme power to the Secretary of the Treasury, discharge and cut out of the bill these four unnecessary people.

Mr. WOOD of Indiana. Mr. Chairman, will the gentleman submit to a question?

Mr. CANNON. Certainly.

Mr. WOOD of Indiana. If that is all the purpose, then why should the approval of the Secretary of the Treasury be so important with reference to the adoption of the by-laws?

Mr. CANNON. I do not think it is of the slightest importance whether he approves them or not.

There are to be five directors. So far as the by-laws are concerned, they can not be made to conflict with the law, and the law declares all through it that the corporation shall tell when and to whom advances shall be made. It seems to me that we are quarreling about a thing here that does not amount to anything.

Mr. WOOD of Indiana. Does not the gentleman think it is of some importance, when this very section provides that these by-laws shall prescribe the powers and duties of the officers?

Mr. CANNON. As against a positive provision of the law?

Mr. WOOD of Indiana. You must read these different sections together. This section is the one that limits the other sections with reference to fixing the powers of the agents and officers; and under the by-laws that can only be done with the approval of the Secretary of the Treasury, and not a single duty of a single officer can be delegated to him without the approval of the Secretary of the Treasury.

Mr. CANNON. Why, the law itself?

Mr. WOOD of Indiana. That section is the law.

Mr. CANNON. The law itself determines what the corporation shall do.

Mr. WOOD of Indiana. That section is the law with reference to that.

Mr. CANNON. Even if the gentleman were correct, the whole act would be construed together.

Mr. WOOD of Indiana. That is what I am asking the gentleman to do.

Mr. CANNON. The whole act must be construed together, and I would be glad to know what members of the committee intended when they said that the corporation shall be empowered and authorized to make advances from time to time, and that the corporation shall be empowered and authorized in exceptional cases to make advances directly to any person, and so on, clear through.

Mr. HELM. Mr. Chairman, will the gentleman yield?

Mr. CANNON. Yes.

Mr. HELM. It is an old saying, and I think it has its applicability in this case, that a stream can not rise higher than its source. In other words, no by-law that this board can pass can be of superior force or repeal or affect in any way the powers conferred on anyone by an act of Congress.

Mr. CANNON. I quite agree with the gentleman in that. If the Secretary of the Treasury, without action by the corporation, which means three of the directors for a quorum, should authorize an advance you could go into any court and enjoin the advance. I have no doubt about that as a legal proposition.

Mr. HELM. In other words, the by-laws can not exceed the powers conferred by this act.

Mr. CANNON. Precisely. That is the way it seems to me.

Mr. EMERSON. Mr. Chairman and gentlemen of the committee, I intend to vote for this bill, and I do not intend to vote for any amendments unless the same are recommended by the committee reporting this bill.

I have voted for all the war measures recommended by the administration, and intend to do so until this war is fought through to a successful conclusion. It is the only way to win this war. I consider this bill a part of a scheme for the successful prosecution of this war, and it should be supported and will be supported by a great majority of the Members of this House.

This bill is recommended by the great Ways and Means Committee of this House, and I must confess that some of the ablest Members of this House are on that committee. It is their judgment as to what is best under the circumstances.

We will hold the President responsible if this war ends disastrously to this country. We look to him as our constitutional leader in this great conflict.

We should give such power, authority, and means as are necessary to carry on this war efficiently and successfully.

There have been some measures before this House that I did not feel were necessary, but I felt that perhaps those higher up, who were in possession of more information than I, knew better what to do and what was best for the country.

As a Member of this House, I want to do what is best for my country in this crisis, and I am not here to set up my opinions against the combined opinion of any committee that recommends legislation here. I might feel that my ideas were better, but I am willing to yield my personal views on many matters to the combined judgment of this House, or to the President and his Cabinet.

I have on numerous occasions paid my respects to the distinguished chairman of the committee, Mr. KIRCHIN, and alongside of him I place the gentleman from Pennsylvania [Mr. MOORE] and the gentleman from my own State [Mr. LONGWORTH]. [Applause.] As I have said, I have voted for all war measures and intend to do so, and I am not going to go through each bill with a fine-tooth comb to see if I can find fault with some part of the bill. All measures depend upon the honest and wise administration of such measures when enacted into law.

We hold this administration responsible, and we will hold it responsible for what is done in this war. We should not hamper the administration in trying to do the things which it deems essential for the successful conclusion of this war, and if this administration fails to so properly advise us, then we will hold the administration responsible. But to growl and whine about this part of a bill or that line or some other word, or this clause is no part of the duty of a Member of this House in this crisis. [Applause.]

Mr. STERLING of Illinois. Mr. Chairman, it is useless for gentlemen to undertake to minimize the importance of the by-laws of a corporation. If what the gentleman from Iowa [Mr. GREEN] has said about the functions of the by-laws of this corporation is true, of course this clause ought to go out. If they simply determine the question of when the board shall hold their meetings and similar questions, the Secretary of the Treasury ought not to be annoyed by it, and the gentleman's remarks answer his own argument. There can not be any serious question about the functions of the by-laws.

Mr. GREEN of Iowa. Does the gentleman think that the Secretary of the Treasury will have no interest in the time when these meetings shall be held?

Mr. STERLING of Illinois. There will not be any dispute on that. Any one of them would agree they should be held when it is convenient for all. These men will be too big to quarrel about that.

Mr. GREEN of Iowa. There will not be any dispute about anything.

Mr. STERLING of Illinois. If the Secretary has the power to make the by-laws, it would be useless for other members of the board to dispute anything.

I have no doubt that all five will agree as to when they shall have their meetings. It is idle for Congress to spend any time on that. The functions of the by-laws of a corporation are well known. They are important. They are the absolute authority for the action of the corporation within the law that creates it. They control the corporation. They are its rule of conduct. Under the by-laws of this corporation the entire scope of their action within this law will be determined. The by-laws will determine the manner in which they shall exercise the power given them by this law. The law provides that the by-laws shall determine the manner in which they shall exercise their powers. This bill expressly says that the by-laws, which must be approved by the Secretary of the Treasury, shall determine the manner in which the corporation shall exercise its privileges under the law.

Mr. SNYDER. Would it not be possible under this grant of power for the board of directors in making up their by-laws to say that the Secretary of the Treasury should have full power to determine who should have loans?

Mr. STERLING of Illinois. I think so. I think they could determine the character of the loans they will make and the character of the securities they will take. I think they could determine those things by their by-laws within the scope of the law.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. STERLING of Illinois. Yes.

Mr. GRAHAM of Illinois. In verification of what the gentleman says, section 7 provides that the corporation may be authorized to make advances on such terms as the board may prescribe. Could not the Secretary of the Treasury absolutely dictate that matter?

Mr. STERLING of Illinois. They could prescribe that in the by-laws, and the only limitation would be this law.

Mr. GRAHAM of Illinois. Yes.

Mr. O'SHAUNESSY. Will the gentleman yield?

Mr. STERLING of Illinois. In a moment, please. The gentleman talked about the Secretary of the Treasury being the representative of the Government on this board. He is no more the representative of the Government than every other man on the board.

Mr. SMITH of Michigan. That is correct.

Mr. STERLING of Illinois. The other four men ought to have the same interest in the success of the corporation and the same interest in the relief that it is proposed to offer to the business interests of the country. They will be appointed by the President and confirmed by the Senate, and they will be officers of this corporation. Certainly the President of the United States will undertake to appoint men whom we can trust, and on whom we can rely, just as much as on the Secretary of the Treasury.

I agree with what gentlemen say about Mr. McAdoo. I have a very high estimate of his ability, but he is not the depository of all the wisdom in the country. I dare say that many men can be found and men will be found to go on this board who are just as wise and who have just as much knowledge of the financial needs of the country as has Mr. McAdoo.

Mr. O'SHAUNESSY. Will the gentleman yield now?

Mr. STERLING of Illinois. I will yield to the gentleman from Rhode Island.

Mr. O'SHAUNESSY. Does the gentleman consider the fact that Mr. McAdoo, in addition to being a member of that board, would also be Secretary of the Treasury, and does he consider the duties and responsibilities laid upon Mr. McAdoo as Secretary of the Treasury?

Mr. STERLING of Illinois. As director of this corporation he has no duties to perform as Secretary of the Treasury.

Mr. O'SHAUNESSY. Does he not go in there as Secretary of the Treasury?

Mr. STERLING of Illinois. He is Secretary of the Treasury, and these other gentlemen, or some of them, may have official positions in connection with the Government. But as directors of this corporation they all have duties to perform which are wholly apart from other official duties. It is certainly wise to have the Secretary on the board, because of his superior opportunity to know the condition of the Treasury. He can advise them on that point, but that is no reason he should dominate them.

Mr. SNYDER. Is there anything in the law we are now considering that would make it impossible for the makers of the by-laws to fix it so that one member of that board could not be made the disbursing officer of the corporation?

Mr. STERLING of Illinois. That is a matter that would come within the scope of the by-laws.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. STAFFORD. I ask unanimous consent that the time of the gentleman be extended five minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the time of the gentleman from Illinois be extended five minutes. Is there objection?

There was no objection.

Mr. LONGWORTH. Will the gentleman yield?

Mr. STERLING of Illinois. Yes.

Mr. LONGWORTH. I think the gentleman's answer to this question will settle the whole discussion. Would the gentleman approve of the adoption of a set of by-laws relating to this corporation which Mr. McAdoo, in the capacity of Secretary of the Treasury, would not approve?

Mr. STERLING of Illinois. Probably not.

Mr. LONGWORTH. That is all there is in this question.

Mr. STERLING of Illinois. No; it is not all there is in this question; because I would probably agree with the Secretary is no reason at all why I should be denied the right to differ with him if my judgment so prompted me. And we must not forget that it is not Mr. McAdoo to whom this relates. It is the Secretary of the Treasury on whom we are conferring power. That is Mr. McAdoo to-day, but who will it be to-morrow? We may be giving to some person, unknown to us all, practical dominion over this corporation which is to control the destiny of the business world. There will probably be no dispute between the other directors of the corporation and Mr. McAdoo as to what the by-laws should be. But the danger is to give this unnecessary power to anybody. If you have four men there, why is not the combined wisdom of all better than the wisdom of one man?

Mr. MOORE of Pennsylvania. The Secretary of the Treasury, whoever he may be, proposes to issue a liberty loan and make a heavy draft upon the public for that purpose. The board of four directors, not including the Secretary of the Treasury, make up their minds to make a large issue of corporation bonds about the same time, at a different rate of interest; does not the gentleman think it is important that the Secretary of the Treasury should be consulted in a matter of that kind?

Mr. STERLING of Illinois. Before I answer let me suggest this question to the gentleman from Pennsylvania. The gentleman agrees that that would be a subject matter to be covered by the by-laws?

Mr. MOORE of Pennsylvania. Not necessarily.

Mr. STERLING of Illinois. I think he assumes that, or his question is not pertinent. I think it would, and it shows the importance of the by-laws. It disposes of the arguments of gentlemen who undertake to minimize the importance of the by-laws.

Mr. MOORE of Pennsylvania. The clause we are discussing is this: "Subject to the approval of the Secretary of the Treasury, by-laws regulating the manner in which its general business may be conducted and the privileges granted to it by law may be exercised and enjoyed." I submit to the gentleman that in the rate of interest, if there are two conflicting issues of bonds, the rights of the Government, through the Secretary of the Treasury, ought first to be considered.

Mr. STERLING of Illinois. I agree with the gentleman from Pennsylvania, and I desire to say that the four men—the members of the directorate—will have the interests of the Government just as much at heart as will Mr. McAdoo. [Applause.] Gentlemen assume that the four men on the board with Mr. McAdoo are going to be irresponsible men, not men accountable for their conduct, men not faithful to the trust imposed upon them. You have got to assume that when you undertake to say that Mr. McAdoo should control absolutely the methods of the corporation.

Mr. LONGWORTH. Assume that you have got the four ideal men, this is an entirely new proposition, one never before tried; it is a new machine in the history of American legislation. Is it not conceivable that these four men might agree on a set of by-laws which for some reason or other might be very disadvantageous to the interests of the Treasury Department?

Mr. STERLING of Illinois. They might.

Mr. LONGWORTH. All we are providing for is that in that event the Secretary of the Treasury may have the approval of it.

Mr. STERLING of Illinois. Ah, these four men might agree on a set of by-laws that would be very detrimental to the Treasury of the United States, but these four men are just one-fourth as liable to agree on such by-laws as is the Secretary of the Treasury, because they are just as wise as he is; they will know just as well what ought to be done as will Mr. McAdoo. The mere fact that they stand on one side of the proposition and Mr. McAdoo on the other, it does not necessarily follow that they are against the interests of the Government. I am going to assume that the President will appoint

four strong, loyal men, and the combined wisdom of all of them should be made available for the success of this law. [Applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. MEEKER. I ask unanimous consent that the gentleman have one more minute.

The CHAIRMAN. The gentleman from Missouri asks that the gentleman from Illinois have one more minute. Is there objection?

There was no objection.

Mr. MEEKER. Does not the gentleman think that the argument of the committee all the time is that it is discussing personal legislation, that inasmuch as it happens to be Mr. McAdoo just now, they are willing to go ahead, but to trust four other men not named, they hesitate? What would become of us if Mr. McAdoo died?

The CHAIRMAN. The pro forma amendment is withdrawn and the question is on the amendment offered by the gentleman from Indiana [Mr. Wood].

The question was taken, and on a division (demanded by Mr. Wood of Indiana), there were 36 ayes and 73 noes.

Mr. WOOD of Indiana. Mr. Chairman, I ask for tellers.

Tellers were ordered, and the Chair appointed as tellers the gentleman from North Carolina [Mr. KITCHIN] and the gentleman from Indiana [Mr. Wood].

The committee again divided; and the tellers reported—ayes 33, noes 83.

So the amendment was rejected.

Mr. DILLON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. DILLON: Page 5, line 3, strike out the words "purchase or" and also the words "and hold or dispose of."

Mr. DILLON. Mr. Chairman, this amendment seeks to eliminate the power to buy and purchase real estate, but it retains the right to lease property for the purposes of the bill. This being an emergency measure and the corporation may commence liquidation within a few months, I think we ought not to grant the power, because there is no need of buying real estate.

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. DILLON. Yes.

Mr. MOORE of Pennsylvania. Has it occurred to the gentleman that in the course of its business, some of which will undoubtedly include the acquisition of real estate, some of which may have to be purchased in the course of the business, it would be wise to keep that purchase clause in the bill? For instance, a loan is made to a concern which is unable to make good and a sheriff's sale may result. The property would have to be turned over.

Mr. DILLON. Yes; but that does not reach the point that I am making. The point that I am urging is that it is for the purpose of conducting the business. The point the gentleman refers to would be a mere incident that would grow out of the loan-making power. I do not seek to reach that question, but why should this Congress grant power for this temporary purpose and allow the corporation to purchase real estate all over the country? They can rent the real estate. They can rent whatever may be necessary for conducting the business, but there is no necessity to go out and buy real estate for the conduct of this corporation business, and this power ought to be eliminated.

Mr. MADDEN. Mr. Chairman, I rise in opposition to the amendment. It seems to me that to own real estate may be one of the vital things in connection with the conduct of this organization. It may advance money and be compelled to take real estate to satisfy the loan. If it should take it, it ought to have the power to lease that real estate while it conducts the business of the corporation. Then it ought to have the power to dispose of the real estate that it takes, and to eliminate this language from the section now under consideration would be to restrict the right of the corporation to protect the interests of the country whose money it is using in the conduct of the corporation's business. What we should do is to broaden the power of the corporation rather than to restrict it. We ought to give the corporation every power necessary to recoup on any loans that it may make. It will have undoubtedly the right to foreclose if it should take a mortgage.

Mr. DILLON. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. DILLON. My amendment does not seek to reach the question of foreclosure. That is a mere incident. It follows that the Government would have the right, the corporation would have the right, to take over the titles, but I have

reference to purchases for the purpose of conducting this business.

Mr. MADDEN. This language does not mean that at all, in my judgment. The purchase may mean the right to acquire title. That would be classed as a purchase, and the acquisition of the title would be to protect the interests of the Government against loss on any loan that the corporation may make.

Mr. MCKENZIE. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MCKENZIE. If the stories that we have been hearing about rents in the District are true, does the gentleman not think, in order to protect the Government, that we ought to give them the power to condemn as well as to purchase?

Mr. MADDEN. We ought to give them any power that may be necessary to conduct this business without loss. While I am on my feet talking about purchase I hope I shall not be considered as going outside the field of discussion when I say that I do not think we would have any such trouble as we have now in the District if we should make the headquarters of the Food Administration and several other administrations elsewhere than in the District of Columbia.

We ought to have established the headquarters of a lot of these bureaus in other sections of the United States where rents are cheap, where people can be found to work, and not center all of the activities of the Government in the city of Washington, where there is no place to house those that come and where rents are exorbitant, and where there is a disposition on the part of the people of the city of Washington to impose upon the Government. Men and women are idle everywhere else in the United States; buildings are idle, easy to obtain at normal rents, and the people everywhere in the United States would be glad of an opportunity to work, and I commend to the executive authorities of the Government the suggestion of dividing these activities of the Government among the great cities of the country, so that all sections of the country will have an opportunity to contribute to the war and to its success and not impose these unusual burdens on the people of Washington, who seem to take affront at having them here.

Mr. MEEKER. Mr. Chairman, will the gentleman yield?

Mr. MADDEN. Yes.

Mr. MEEKER. If we should scatter these around, the chief job would be for the poor people to haul the bonds, and that would give labor to the common laborer.

Mr. MADDEN. I can not quite grasp the purpose of the gentleman's question, but I am sincere in my suggestion that we ought to distribute the activities of the Government throughout the country and not try to center them all in the city of Washington. There are a great many bureaus here that are not needed here. They might just as well be anywhere else. They would perform better work somewhere else and we would get better results.

Mr. MOORE of Pennsylvania. Does not the gentleman think we could actually reduce rents in Washington if we distributed some of the governmental work now centered here somewhere else?

Mr. MADDEN. We would reduce the rents and find opportunity for housing people here on reasonable terms. We would reduce the cost of food; we would find employment in other sections of the country for people who are now idle; and we would prevent the necessity for transporting people from every section of the country to Washington, and we could transact our business by mail with the headquarters of these different bureaus distributed all over the United States.

Mr. ROBBINS. Will the gentleman yield?

Mr. MADDEN. And that is where they ought to be. If an activity is one that can carry on its work successfully in New York City, that is where the bureau ought to be; if it is in Chicago, that is where the bureau should be; if it is in Denver, that is where the bureau should be, and so on all over the United States, and what I am saying now is said with the hope that those who are in the responsible charge of the Government will take notice of it and try to so distribute the war activities of the country as to impose the least possible burden upon the Government, facilitate the transaction of the Government's business, and at the same time lighten the burden upon the people.

Mr. ROBBINS. Will the gentleman now yield for a question?

Mr. MADDEN. I will.

Mr. ROBBINS. Does not the gentleman know in the city of Pittsburgh there is a large building devoted to the Bureau of Mines that could well house the Mining Department?

Mr. MADDEN. Yes.

Mr. ROBBINS. And in the city of Chicago there is a building for the Food Administration—

The CHAIRMAN. The time of the gentleman has expired.

Mr. MADDEN. I would ask for two minutes additional.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MADDEN. I know there are buildings everywhere throughout the United States except in Washington. Here there seems to be a combination of owners of property who are imposing upon the Treasury of the United States by charging exorbitant rents; and while we have to build temporary buildings here we might just as well put them somewhere else. We are expending millions of dollars for the construction of those buildings, not one dollar of which would need to be expended if we would give proper consideration to the questions involved. We will have a bill here in a few days—a housing bill for the city of Washington, to accommodate those who have come here. We would not need to expend that money and make that charge against the people of the United States if we used wisdom in distributing the activities throughout the United States. I call the attention of the House to this because I believe it is important. It should have been done from the start, but it is not too late, for we are going to have more and more people called from every section of the country into these activities, and we ought to put them at work where they live rather than bring them here where they will not have a chance to live on what they get. [Applause.]

The CHAIRMAN. The time of the gentleman has again expired.

Mr. KITCHIN. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment proposed by the gentleman from South Dakota.

The question was taken, and the amendment was rejected.

The Clerk began the reading of section 7.

Mr. ROBBINS. Mr. Chairman—

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. ROBBINS. To offer an amendment to this section.

The CHAIRMAN. The gentleman will wait until the section has been concluded.

Mr. LONGWORTH. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LONGWORTH. Is this bill being read by paragraph or section?

The CHAIRMAN. By section.

Mr. LONGWORTH. Then we have not yet concluded the reading of the section.

Mr. KITCHIN. The gentleman can offer his amendment after the completion of the reading of the section.

Mr. LONGWORTH. But we have not read the section.

The CHAIRMAN. The Chair so held.

The Clerk read as follows:

Sec. 7. That the corporation shall be empowered and authorized to make advances, upon such terms, not inconsistent herewith, as it may prescribe, for periods not exceeding five years from the respective dates of such advances:

(1) To any bank, banker, or trust company, which shall have made since April 6, 1917, and which shall have outstanding, any loan or loans to any person, firm, corporation, or association, conducting an established and going business in the United States, whose operations shall be necessary or contributory to the prosecution of the war, and evidenced by a note or notes, but no such advance shall exceed 75 per cent of the face value of such loan or loans; and

(2) To any bank, banker, or trust company, which shall have rendered financial assistance, directly or indirectly, to any such person, firm, corporation, or association by the purchase since April 6, 1917, of its bonds or other obligations, but no such advance shall exceed 75 per cent of the market value of such bonds or other obligations at the time of such advance, as estimated and determined by the board of directors of the corporation.

All advances shall be made upon the promissory note or notes of such bank, banker, or trust company, secured by the notes, bonds, or other obligations, which are the basis of any such advance by the corporation, together with all the securities, if any, which such bank, banker, or trust company may hold as collateral for such notes, bonds, or other obligations.

The corporation shall, however, have power to make advances (a) up to 100 per cent of the face value of any such loan made by any such bank, banker, or trust company to any such person, firm, corporation, or association, and (b) up to 100 per cent of the market value at the time of any such advance (as estimated and determined by the board of directors of the corporation) of such bonds or other obligations by the purchase of which financial assistance shall have been rendered to such person, firm, corporation, or association: *Provided*, That every such advance shall be secured in the manner described in the preceding part of this section, and in addition thereto by collateral security, to be furnished by the bank, banker, or trust company, of such character as shall be prescribed by the board of directors, of a market value, at the time of such advance (as estimated and determined by the board of directors of the corporation), equal to at least 33 per cent of the amount advanced by the corporation. The corporation shall retain power to require additional security at any time.

Mr. ROBBINS. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 6, line 2, after the word "business," insert "or a business about to be established."

Mr. ROBBINS. Mr. Chairman and gentlemen of the committee, the purpose of this amendment is quite obvious, because the way the bill reads there are but two classes of corporations that can have the benefit of it. The first are the corporations that have an established business and corporations that have a going business; in fact, it is really one class of corporations. If this war has developed anything more prominently than another it is the new inventions that have been brought forth; as for instance, the Browning gun, the explosive shell, the deadly gas, the improvements of undersea craft, improvements of the aeroplane, and so forth. Now, if an improvement of that kind is brought forth and patented, a genuine invention that it is believed will be to the benefit of this Nation in the war, this War Finance Corporation can not advance the money to a bank or trust company that has taken the paper or notes of the proposed corporation that is to be organized to put that new invention on the market, because it must be a "going business," it must be an "established corporation" before any advances can be made to it. Now, I do not know that there ought to be any objection to that provision being in this bill. It surely should not be limited, because it is a war measure, it is for the purpose of helping us to win this war, and why should we limit and restrict it to that class of inventions that are already established and not allow its benefits to be used for inventions that may be developed during the war for the use and benefit of the war.

Mr. JOHNSON of Washington. Will the gentleman yield for a question?

Mr. ROBBINS. I will.

Mr. JOHNSON of Washington. There is some business man out in the district I have the honor to represent who would like to put up and can whale meat, which is quite common. Would he be entitled to come in if the gentleman's amendment is added to the bill?

Mr. ROBBINS. Well, this corporation is to be handled by a board of five directors, four appointed by the President and one is the Secretary of the Treasury, and all of these inventions that present their paper for discount or ask credit are to be passed on by this board of directors. I think that is the purpose of the amendment. We can not legislate here as to what character of paper is to be taken. That is the business of the board of directors. The bill authorizes its directors to make by-laws and rules to govern its proceedings.

Mr. MCKENZIE. Will the gentleman yield?

Mr. ROBBINS. I will.

Mr. MCKENZIE. Does not the gentleman believe that if his amendment were adopted that it will absolutely destroy the very purpose of this bill?

Mr. ROBBINS. Why, no; it will only add to it another class of business, namely, new inventions that are about to be manufactured to the list that may be aided. It is to develop a new kind of enterprise that is not now established and a new product not now being made. Now, I do not quite agree with the chairman of this committee as to the operation of this bill. This bill is going to work inflation. If you will turn to the testimony that was given before the committee you will find, on page 64, the evidence of Mr. Warburg as to how this corporation is going to work. The purpose of this corporation is to advance bonds in exchange for the paper and bonds that are taken by this Federal aid corporation in helping companies that are engaged in making war munitions or connected with furnishing activities of war.

These bonds will be taken by banks, but no bank can take and invest all its money in bonds. It would have to close its doors. It would be compelled to suspend payment. What do they do? They take the bonds of these banks and trust companies that received them from war industries and take them for discount to the Federal reserve banks, and receive therefore Federal reserve notes and put them into circulation.

Mr. MADDEN. Not on the bonds.

Mr. ROBBINS. On the bonds or the paper of the banks together, no matter what it is. The thing that I inveigh against here, and the danger I see in enacting this law, is the great inflation that is going to result by the large increase of Federal reserve bank notes in actual circulation.

Mr. STAFFORD. Will the gentleman yield?

Mr. ROBBINS. I have not much time to yield in five minutes. But I do not want to be discourteous to the gentleman, and therefore I will yield.

Mr. STAFFORD. I understand the argument of the gentleman to be that if these inventors who are seeking to have their inventions floated by local capital can not secure support from the local banks they should come to this national bank?

Mr. ROBBINS. Under this clause of the bill they must go to local banks.

Mr. STAFFORD. As I understand the gentleman's argument, he would come to the relief of such noted inventors as Mr. Giragossian?

Mr. ROBBINS. I do not consider him a noted inventor. I do not know what he has invented. I mean by the amendment I offer only inventions of merit, the actual manufacture of which has not been begun on a large scale.

Mr. STAFFORD. Nobody else does.

Mr. MOORE of Pennsylvania. Has the gentleman read section 9?

Mr. ROBBINS. Yes.

Mr. MOORE of Pennsylvania. That relates to exceptional cases that I think would cover his point.

Mr. ROBBINS. I did not so understand it.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. ROBBINS. Mr. Chairman, may I have two minutes more?

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent for two minutes more. Is there objection?

There was no objection.

Mr. ROBBINS. In the hearings this was a question that was asked about the expansion. Senator Gore asked:

It could only be used by the Federal reserve bank as collateral?

Mr. Warburg answered:

Yes, sir.

Then Senator Smoot asked this question:

Now, when these 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?

To which Mr. Warburg replied:

They might not get currency. They might want credit.

Senator Smoot. Suppose they do get it?

To which Mr. Warburg replied:

Yes.

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

Mr. WARBURG. Expansion.

They would get this \$500,000,000 in these reserve notes, which would be added to the circulating medium of the United States. In the last statement of the Comptroller of the Currency, which I have in my hand, under date of March 1, 1918, as compared with March 1, 1917, we find that these Federal reserve notes have this year expanded to \$1,442,088,335 in this country. On the 1st of March, 1917, there was only \$338,934,225, and on the 1st of March, 1918, there was \$1,442,088,335, or over a billion of expansion of our credit during the past year. Just think of this! If this wild inflation goes on—and somebody has well said that the printing presses are still running down at the other end of Maryland Avenue—and we adopt the scheme proposed in this bill, as Mr. Smoot and Mr. Warburg say in their testimony, we would have "inflation" of the wildest kind. We are by this bill proposing to allow borrowers to take these bonds from the Federal aid corporation, take them around to the Federal reserve bank, and get Federal reserve notes for them, and put these notes in circulation. Therefore, gentlemen, we are going to have "expansion" here that may, unless restrained by the directors, bring on all the ills that expansion has always brought in this country—panic, financial distrust, and financial ruin.

But in explaining the fact that this corporation may lead to "inflation and expansion," as Mr. Warburg characterizes it, it must be understood that it is essentially a piece of war legislation and therefore must be enacted into a law. This, then, is war legislation and is to remain in force during the war only.

On page 64 of the hearings before the House committee Mr. Warburg makes this statement:

We are just now in a terrific state of inflation, worst that the world has ever seen, taking the world as a whole—not the United States, but the world as a whole.

Therefore the situation that confronts the United States is not different from that which confronts other commercial nations.

This bill is being enacted to meet a crisis that now confronts us.

In the first place, we have a large number of banks that are carrying the paper of corporations engaged in the manufacture of war materials. These corporations are solvent, but they are not able to pay their maturing debts as they fall due. Under the operation of the War Finance Corporation these banks carrying company loans can apply for relief to the War Finance Corporation and secure from that corporation against the pledge of utility or corporation bonds and notes of the member bank

an equal amount of short-term bonds of the War Finance Corporation. The utility corporation would turn over its bonds for each of the maturing obligations delivered by the borrowing bank. In that way either the holder of the maturing obligation would receive in the form of securities guaranteed by the bank or the bank would receive the War Corporation bonds for the bonds of the borrowing companies that it had deposited. The banks could take these War Corporation bonds in turn and deposit them with a Federal reserve bank and get securities or Federal reserve notes, which are a circulating medium, in exchange therefor.

The Federal reserve notes are based on 40 per cent gold reserve and 60 per cent commercial paper, or, in this case, the notes of the borrowing bank would be perfectly secure. The safeguard against this inflation would be that the reserve notes could only be issued to the extent of the gold reserve held by the Federal banks; and while it is true the free gold is constantly diminishing, yet the limit at this time is two and one-half billion dollars, and beyond that there could be no inflation. The strict compliance with the law under which the Federal reserve banks operate is our only safeguard against inflation.

Inflation to that extent at this time of business activity would be about what the country could stand without overstraining our credit system.

The second class of borrowers, of course, are the savings banks, which are provided for in section 8 of the bill, and this provision is a very salutary one, because the liberty bond sales have caused large withdrawals of the deposits in these institutions, and if the next loan is to be floated at 4½ per cent the depositors in savings banks who receive but 4 per cent for their money will quickly convert their savings into liberty loan bonds, and this will drain the savings banks of their deposits.

Savings banks, to preserve their liquid capital, can take securities that they have to the Federal War Corporation and quickly obtain from it bonds, which they could in turn deposit in the Federal reserve bank and secure Federal reserve circulating bank notes therefor. In this way the solvency of our savings banks, which are very extensive, and all other institutions operating like them, will be preserved, and their capital, surplus, and deposits practically guaranteed.

This second great benefit to be derived from this corporation far overbalances any danger from "inflation and expansion." We have come to a time in this war when every step necessary, financially and otherwise, must be taken to prepare our Nation, equip our Army, and sustain our gallant soldiers who are fighting in Europe.

No one can halt now to speculate on events that may never happen. We are in the presence of a foe that menaces our liberties and our entire fabric of government and also organized society. Our soldiers have gone forth and are going forward to offer their lives in our defense and in the defense of our flag.

I have voted since the declaration of war for every measure that would protect our troops and assist in any way toward winning the victory over the Germans and the central powers. The administration wants this bill and deems it necessary to that end.

The President has asked its enactment by a letter to one of the members of the committee, and I shall zealously and earnestly support it, believing, as I do, that I am sustaining the President and the Government in taking another step forward in the direction of a complete victory for our boys in the trenches and for our flag on land and sea.

Mr. MCKENZIE. Mr. Chairman and gentlemen of the committee, it may be that I do not have a clear conception of the purpose of this bill, but, if I do, then surely the amendment proposed by the gentleman from Pennsylvania [Mr. ROBBINS] will absolutely destroy every particle of virtue there is in this proposed law.

He speaks about inflation. If his amendment is adopted and every new concern in the country that may be organized by a lot of promoters shall be permitted to come to the Government of the United States to get their project financed, God knows where the end would be of a proposition of that kind.

Mr. Chairman, I want to say that I am for the policy underlying this bill from the very bottom of my heart. It may be that the bill is not properly drawn in every particular. There is no doubt but that the committee has amended it very wisely. I think they have acted judiciously when they have undertaken to throw around the financial institutions of this country, or, rather, the finances of the people, every safeguard that is possible. It is perfectly right and proper that the minority at all times should be jealous of the rights of the people when the majority undertakes to legislate, and should not spare

criticism when justified by the facts. This bill is simply an emergency measure to tide the Government through this great crisis of war. How tide it through? By controlling the credit of the country, as proposed in the bill, by organizing a corporation into which shall be put \$500,000,000 capital stock and authority to sell bonds of the corporation to the amount of \$2,000,000,000 to replenish from time to time the fund of \$500,000,000; to incidentally take care of the industries, the lines of business, that are necessary to help win this war, but primarily to control credits and absolutely prevent the diverting of the finances of the country in every direction into the hands of men and corporations who are not so patriotic but that they would exploit their Government and the people in time of war.

And again the purpose of this legislation is to invite the money of the people into this one great channel flowing toward the Treasury of the United States whereby the President and those under him, provided for in this legislation, may control the finances of the country in such a way that we can sell our bonds and furnish all necessary material and equipment and pay the soldiers who are fighting the battles of our country. [Applause.] And I as a Republican, forgetting all partisanship, feel that we must at this time trust the men that are at the head of the Government to administer this legislation wisely. If they do not, if they fail in this hour of the Nation's great trial, then they will be overthrown the first time the people have an opportunity to get at them. For the time being we must trust them. I shall vote for the bill cheerfully, because I believe it is one of the necessary things we must have to safeguard the very liberty of our country in this hour. [Applause.]

The CHAIRMAN. The question is on agreeing to the amendment proposed by the gentleman from Pennsylvania.

The question was taken, and the amendment was rejected.

Mr. PHELAN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. PHELAN offers to amend by striking out line 23, page 5, and inserting in place thereof the following: "(1) To any bank or trust company established under the laws of the United States or any State thereof, or to any banker who is a citizen of or is doing business in the United States."

Mr. PHELAN. Mr. Chairman, the purpose of this amendment is to limit the banks and bankers who can get accommodations from the Finance Corporation to those doing business in the United States and those established under the laws of the United States or any State. As the bill is written, if I interpret it correctly, there is no limitation. The War Finance Corporation could loan money to a Canadian bank or to a bank in any other country in the world. That ought to be amended.

Mr. FESS. Why do you say "banker," using the term "banker"?

Mr. PHELAN. I am coming to that in a moment.

Mr. GARNER. Mr. Chairman, will the gentleman yield?

Mr. PHELAN. Yes.

Mr. GARNER. Has the gentleman read the entire paragraph?

Mr. PHELAN. I have; but I may have missed something about it.

Mr. GARNER. I call the gentleman's attention to line 4, page 6, "conducting an established and going business in the United States, whose operations shall be necessary or contributory to the prosecution of the war." That would confine it to the United States.

Mr. PHELAN. That refers to firms, corporations, or associations. Those are war industries, the public-utilities companies, or something of that sort; but there is nothing in this bill, so far as I know, to limit the banks that can get accommodations under this proposed law to the banks of this country. I think there ought to be that limitation.

Mr. GARNER. The description of this banker is very plain. It is to "any bank, banker, or trust company, which shall have made since April 6, 1917, and which shall have outstanding any loan or loans to any person, firm, corporation, or association, conducting an established and going business in the United States."

Mr. PHELAN. Yes. It is possible that the Canadian banks might have loaned a good deal of money up in Detroit, for example, or some place like that.

Mr. GARNER. I do not know of any bankers making loans to the United States.

Mr. PHELAN. Well, since we do not know, it is only safe to put in this limitation.

Now, there is another item, however, that I would like to ask the committee about. You have the word "banker" there

now. If the word "banker" there means what it seems to mean, it means that J. P. Morgan & Co., or Kuhn, Loeb & Co. can get accommodation from this corporation. In other words, while you put a restriction around the corporation and say that only in such exceptional cases can the banking organization get accommodation from the War Corporation, a bank or banker can get the same terms as a national bank or State bank. Probably the committee has good reason for putting in the word "banker," but if the committee intends that the private bankers shall have the same accommodations as the banking associations and trust companies, we ought to say "banking firm, partnership, or bankers," because as the bill reads, I believe it would be construed to refer to a single individual. Is it intended to give this accommodation to private individuals?

Mr. KITCHIN. Yes; if they have made loans.

Mr. PHELAN. Should you not insert "banker or concern"?

Mr. KITCHIN. No; "banker or trust company." If you will notice the testimony of Mr. Warburg, we went into that and raised that very question that the gentleman raises. We concluded that this would cover all private bankers and banks and banking institutions not organized as associations. We looked into that.

Mr. PHELAN. I think that ought to be put in.

Mr. KITCHIN. I have no objection, and I do not think the committee has, to adopting substantially the suggestion of the gentleman from Massachusetts by putting in on line 23, on page 5, after the word "company," the words "organized or established under the laws of the United States or any State thereof."

Mr. PHELAN. The same amendment ought to be made on page 6, line 7.

Mr. KITCHIN. "Any bank, banker, or trust company, established under the laws of the United States or any State."

Mr. GLASS. It should not say "establish a banker" or "organize a banker." God Almighty established him.

Mr. GARNER. You say "in the United States"?

Mr. KITCHIN. Yes; say "in the United States." Of course, a foreign banker may do business in the United States. Say "any bank, banker, or trust company in the United States."

Mr. STAFFORD. That would not cover the objection of the gentleman from Massachusetts [Mr. PHELAN]. It would allow these loans to be made to branches of Canadian banks.

Mr. KITCHIN. Such a bank might be doing business in the United States.

Mr. STAFFORD. The actual location would be in the United States, but their organization and capitalization would be in a foreign country. What objection has the gentleman to the language suggested by the gentleman from Massachusetts?

I ask unanimous consent, Mr. Chairman, that the amendment offered by the gentleman from Massachusetts may again be read.

Mr. KITCHIN. To "any bank, banker, or trust company in the United States which shall have made since," and so forth.

Another thing, while we do not intend it, when we really consider the proposition, why should we not accommodate the Canadian banks? What objection is there to it if a Canadian bank is willing to lend money to help a war industry in this country and put up its credit and its security and buy one of these corporation bonds? We are not going to limit the sale of corporation bonds to banks of the United States. We are willing to allow the Canadians to buy our bonds.

Mr. PHELAN. It is not a question of buying our bonds. It is a question of advancing money to them.

Mr. KITCHIN. They are advancing it. They must put up the security.

Mr. STAFFORD. As I understand this bill, we want to help the industries of this country that are necessary to carrying on the war. That is a big enough job of itself.

Mr. KITCHIN. Yes.

Mr. STAFFORD. We are not concerned in trying to advance the industries that are established in Canada or foreign countries.

Mr. KITCHIN. If the gentleman would just read the bill, he would see that there is no necessity of that, because this bill in two or three places specifically confines the war industries. They must be war industries whose operations are in the United States—existing in the United States, and not a foreign corporation.

Mr. STAFFORD. What objection has the gentleman to the language offered by the gentleman from Massachusetts [Mr. PHELAN]?

Mr. KITCHIN. I have no objection to the substance of it, and this provision will get the substance of it. The gentleman from Massachusetts [Mr. PHELAN], I believe, will agree that this is the substance of it, to put in after the words "trust company" the words "in the United States."

Mr. PHELAN. I think that will cover it, because I think no foreign banks can do business in the United States.

Mr. KITCHIN. Then, another thing: Adding the words "In the United States" will mean the same thing, because they will be doing business under the laws of the United States. If a Canadian bank were doing business in this country, it would have to get the privilege of doing business here from some State. They would have to be organized under the laws of the United States or some State, and it would be the same thing identically.

Mr. LONGWORTH. Mr. Chairman, I think the amendment is without merit. I see no possible objection to loaning money to a Canadian bank, a branch of which has loaned money to a going concern engaged in war industry in the United States.

Mr. KITCHIN. I really see no objection to it, because they are using their credit to help our war industries.

Mr. LONGWORTH. The cases will probably be very rare. I doubt whether there will be any such case, but if there is any such, what objection is there to our doing this?

Mr. KITCHIN. I am willing to accept that amendment, because cases of that kind are going to be very few and far between.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Massachusetts [Mr. PHELAN].

Mr. KITCHIN. I move to insert, in line 23, on page 5, after the word "company," the words "in the United States."

The CHAIRMAN. Is that offered as a substitute?

Mr. PHELAN. I am willing to withdraw my amendment.

The CHAIRMAN. Without objection, the amendment offered by the gentleman from Massachusetts will be withdrawn. The gentleman from North Carolina offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KITCHIN: Page 5, line 23, after the word "company," insert the words "in the United States."

The CHAIRMAN. The question is on the amendment offered by the gentleman from North Carolina [Mr. KITCHIN].

The amendment was agreed to.

Mr. MOORE of Pennsylvania. Mr. Chairman, I move to strike out the last word, merely for the purpose of calling the attention of the gentleman from North Carolina to page 6, line 7.

Mr. KITCHIN. I have a note to offer the same amendment there, and if the committee will permit me I will make that motion now. I move on page 6, line 7, after the word "company" to insert the words "in the United States."

The CHAIRMAN. The gentleman from North Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. KITCHIN: Page 6, line 7, after the word "company," insert the words "in the United States."

The amendment was agreed to.

Mr. STERLING of Illinois. Mr. Chairman, I want to ask the chairman of the Committee [Mr. KITCHIN] a question. Does he not think that the word "banker" in that same line should be changed to "banking house"? "Banker" means an individual.

Mr. KITCHIN. The gentleman will recall that we had this very matter up in the committee during the testimony of Mr. Warburg.

Mr. STERLING of Illinois. I remember it.

Mr. KITCHIN. In fact, the gentleman himself asked the question.

Mr. STERLING of Illinois. Yes; I remember it.

Mr. KITCHIN. And he said that "banker" would, of course, include a firm of bankers like J. Pierpont Morgan & Co., or would include one individual banker, and I should think, myself, that it would.

Mr. STERLING of Illinois. I remember what Mr. Warburg said about it, and I made just this point, that the word "banker" could apply to an individual. He might have acted in his individual capacity, not as a banker, and still the use of that word there would cover that act. As I further remember, I think Mr. Warburg said it might be better to substitute the words "banking house." I am not sure about that.

Mr. KITCHIN. If the gentleman will allow me—

Mr. STERLING of Illinois. I am not going to make any motion.

Mr. KITCHIN. I think the distinction is this: When you say "bank, banking institution, or trust company," you mean an organized, chartered company.

The word "bank" includes a private banker. I know that is so in my State, for I was at one time a bank examiner for State banks.

Mr. McFADDEN. Does the word "banker" include member banks of the Federal Reserve System?

Mr. KITCHIN. Yes; I think that would cover them.

Mr. McFADDEN. Cover the member banks?

Mr. KITCHIN. Sure; any bank or banker.

The CHAIRMAN. Without objection, the pro forma amendment is withdrawn.

Mr. MORGAN. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 6, line 5 after the word "notes," insert the following: "including short-term loans made for agricultural purposes, the proceeds of which have been used to purchase seed or otherwise directly to increase food production."

Mr. STAFFORD. Mr. Chairman, I reserve a point of order on the amendment.

Mr. KITCHIN. I hope the gentleman from Wisconsin will withdraw that and let the gentleman have it out.

Mr. STAFFORD. Mr. Chairman, in deference to the chairman of the committee I withdraw the point of order.

Mr. MORGAN. Mr. Chairman, if there is one thing more important to the Nation at this time than any other, it is that we should be able to increase our food production that we may supply ourselves and our allies with sufficient food. I call attention to the fact that this amendment is restricted in its application. It only covers loans to banks that have made loans to aid in purchasing seeds, or for a purpose which has directly contributed to increased food production. I ask that the amendment be again read. I want you to clearly understand it. Then I want to know whether or not you will turn down this proposition.

The CHAIRMAN. Without objection, the Clerk will again report the amendment.

There was no objection, and the Clerk again reported the amendment.

Mr. WINGO. Will the gentleman yield; I am in sympathy with the gentleman.

Mr. MORGAN. I want the gentleman's vote as well as his sympathy.

Mr. WINGO. I want to call the gentleman's attention to the fact that that class of paper is now eligible for rediscount by the Federal reserve bank under existing law. Why does the gentleman want to repeat the present law?

Mr. MORGAN. I am surprised that the gentleman from Arkansas should make such a statement because he certainly knows that the Federal reserve banks are not rediscounting the notes of the farmers made for such purposes.

Mr. WINGO. The gentleman does not want to let that statement stand. Will the gentleman name one single reserve bank that has refused to rediscount agricultural paper?

Mr. MORGAN. Can the gentleman tell me how many million dollars' worth of that kind of paper the entire reserve system has discounted?

Mr. WINGO. I am not interested in the statistics, but in practical relief.

Mr. MORGAN. While the Federal reserve act does make agricultural paper eligible for rediscount at the Federal reserve banks, as a matter of fact, if the gentleman had pursued his inquiry he would have found that the Federal reserve banks have rediscounted the notes of farmers only to a limited extent.

Mr. WINGO. Will the gentleman name a single one of the banks in Oklahoma that has had paper of that kind turned down by the Federal reserve bank?

Mr. SNYDER. Will the gentleman from Oklahoma allow me to ask the gentleman from Arkansas a question? Do I understand the gentleman from Arkansas to say that the Federal reserve banks are rediscounting unrated agricultural paper?

Mr. WINGO. Not unrated.

Mr. SNYDER. Where do they get the rates from?

Mr. WINGO. The Federal Reserve Board has made farmers' notes eligible for rediscount at the same rate as commercial paper for the same time, and they are now being rediscounted from Oklahoma in the Federal reserve bank at Kansas City.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent that I may proceed for five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Oklahoma?

There was no objection.

Mr. MORGAN. I have not the statistics at hand. I do know that the Federal reserve banks confine their discount business almost entirely to rediscounting what is known as commercial paper, and that term is well understood among bankers and the commercial world. The ordinary notes given by farmers to purchase seed, to buy implement and stock animals, or used to pay for improvements on land, or to employ labor, and to meet the household wants, covering 90 per cent of the loans obtained by farmers, are not commercial paper, and are not

eligible for rediscount at the Federal reserve banks. The agricultural paper accepted by the Federal reserve banks for rediscount is paper based upon transactions where agricultural products are the basis of a commercial transaction. Exporters, grain buyers, shippers, and middlemen, dealing in agricultural products, no doubt make notes eligible to rediscount by the Federal reserve banks. But the note of the average farmer is not commercial paper, and banks holding such paper can not use it at the Federal reserve banks. Now, the purpose of this corporation is to create an institution that may make advances to banks which have made loans to persons and corporations whose notes are not commercial paper. The corporation is to rediscount paper like the bulk of notes given by farmers, which is not commercial paper. I do not want any misunderstanding about this matter. I want the law made definite, specific, and certain. I do not want the rights of the farmers or the opportunity to increase food production to depend upon a construction of the statute. I want to make it plain that this big corporation, endowed by the Government with \$500,000,000 capital and given extraordinary powers, shall not confine its benefits to the big commercial and manufacturing corporations, to the railways, public-utility companies, and savings banks. If there is any way that this war-finance corporation can contribute to increased food production, I do not want to see it refraining from action by reason of doubtful authority.

Mr. Chairman, I hope no one will interrupt me.

Mr. PLATT. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. For just one question.

Mr. PLATT. The gentleman is a close student of finance and of rural questions, as his name indicates, for he is connected with the great Morgan family, but he has also introduced a very important bill for personal agricultural credits, and I want to know, if this amendment be adopted, whether or not it would not interfere with the passage, possibly, of his own bill to provide for personal credits.

Mr. MORGAN. I thank the distinguished gentleman from New York for his kind personal reference, but here is the point: Secretary McAdoo in the hearings—I can not give the page—was asked the question whether under the provisions of this bill agriculture could be given assistance, and, as I remember it, he expressed himself to the effect that it could. What is the condition to-day in North Dakota? The farmers are called upon to plant an increased acreage of spring wheat. In certain sections they have not the money to purchase the seed, and, consequently, there will be a limitation on the amount of spring wheat sown. The local banks can not furnish the necessary seed. My colleagues from Oklahoma know well that in the western part of Oklahoma last year there were a number of counties in the same condition, when an increased acreage of wheat would have been sown if there had been some way whereby the local banks could have furnished the money to purchase seed. There is nothing improper about this amendment. It is confined simply to where banks have made loans for the purpose of purchasing seed or in a way that will directly increase food production. Oklahoma and North Dakota do not alone suffer occasionally from crop failures. Why is it that this great corporation which we are creating, and I think wisely, should not have the power, in its discretion, to help out the banks in any locality where it is necessary to have increased funds to purchase seeds or to do something else that will directly increase food production?

Mr. MOORE of Pennsylvania. Mr. Chairman, will the gentleman yield?

Mr. MORGAN. For a question.

Mr. MOORE of Pennsylvania. Does not the bill provide for that very thing?

Mr. MORGAN. Does it? Does the gentleman say that the bill provides that they can make loans to banks and to farmers?

Mr. MOORE of Pennsylvania. That is not specifically stated in the bill.

Mr. MORGAN. That is the point I want to make specific.

Mr. MOORE of Pennsylvania. The bill already gives you that.

Mr. MORGAN. It may be it does, but it does not specifically. I want the banks in agricultural districts to know that when they render financial aid to farmers for purposes which will contribute to larger food production that they can have the assistance of the war finance corporation.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Oklahoma [Mr. MORGAN].

The question was taken; and on a division (demanded by Mr. MORGAN of Oklahoma) there were—ayes 20, noes 45.

So the amendment was rejected.

Mr. MOORE of Pennsylvania. Mr. Chairman, I move to strike out the last word. I do not want the opportunity to compli-

ment the gentleman from Oklahoma to go by. I know how dear to his heart is the farmer. I know how he labors to obtain seed for the farmer, loans for the farmer, and other things for the farmer that the farmer needs. It might as well be admitted now as at any other time that the farmer has no more devout or devoted friend in this House than the gentleman from Oklahoma, the Hon. DICK MORGAN. In sunshine and in storm he seeks for the farmer those things that an unrelenting Congress does not seemingly yield. He fights on valiantly, confident that the farmers have rights, some of which may be superior to the rights of others. And I predict he will continue his fight until the last drop of blood leaves the veins of his body. But the gentleman can not get away without hearing a few words from the Secretary of the Treasury on this point. The gentleman apparently did not accept my suggestion that this bill provides the very thing for which he contends. He continued his eloquent and earnest plea for seeds and was supported on the vote by dozens of the other farmers' friends, who rose to declare their undying faith in the proposition submitted by the gentleman from Oklahoma. And there are some splendid and stalwart farmers' friends in this House—even from Pennsylvania they joined the cohorts. The bill, I am persuaded, contains what the gentleman wanted—the chance to borrow money for the farmer, for the farmer's seed, for the farmer's machinery, for everything that the farmer needs. But the opportunity to offer an amendment was not to be resisted. See you gallery filled with admiring farmers, horny-handed tillers of the soil, their plows and harrows idle in the ground, while they listen to this great discussion and see these splendid Representatives rise in their defense. [Laughter.]

But the Secretary of the Treasury was asked about this matter before the Committee on Ways and Means. After all these other institutions were considered, the Secretary was asked this:

Would farmers come in under the scope of this bill, or a farmers' association?

And he answered:

I think farmers would have the right, of course, to apply for relief if they could not get credit through the banks.

Think of it! If the farmer has nothing on which his bank will lend him money except his splendid reputation and his host of congressional friends, he can come in under this bill and still get money.

But—

Says the Secretary of the Treasury—

But farmers are now very well provided for in other ways.

Would you believe it, that the Secretary of the Treasury, also a devoted friend of the farmer, would make such an admission—that the farmer had been provided for in other ways? What if such damning evidence should penetrate the district of the gentleman from Oklahoma or those North Dakota or Pennsylvania districts so happily represented here by the farmers' friends?

The Secretary was asked:

You think farmers have already been provided for through farm-loan banks?

And the Secretary of the Treasury, the friend of the farmer, almost as much a friend as the gentleman from Oklahoma, I would say, said:

Yes. But in an exceptional case—

Think of it, farmers' banks, farmers' appropriations, farmers' agricultural bills. Even these are not sufficient to shut out this new loophole for the wretched, downtrodden farmer.

The Secretary of the Treasury says:

But in an exceptional case a farmer could apply to the War Finance Corporation for relief.

Mr. PLATT. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Is the gentleman a true farmer's friend?

Mr. PLATT. I am, sir. I want to know whether as a farmer I can borrow money from this corporation to buy an automobile? I need one badly.

Mr. MOORE of Pennsylvania. The gentleman can, if he is a friend of the farmer, on proof being made that he needs the automobile for war purposes or that his automobile adds anything to the production of food for our boys "over there." That is all you have got to prove. But it is a poor farmer, indeed, I would say to my friend, who has to ask for an automobile.

Mr. JOHNSON of Washington. Will the gentleman yield?

Mr. MOORE of Pennsylvania. Does the gentleman qualify?

Mr. JOHNSON of Washington. Oh; I qualify as an old practical farmer. Does it not say somewhere else in this hearing that all one needs in order to get a loan is a postage stamp? Does not the Secretary say that?

Mr. MOORE of Pennsylvania. I can not say it goes that far. Mr. JOHNSON of Washington. In the House hearings—I wish I had them here.

Mr. MOORE of Pennsylvania. If a postage stamp will carry proof in this corporation that there is some farmer in the gentleman's State who can not borrow money at a local bank because he has not got anything to offer by way of collateral, and he can prove up that he needs the money for the purpose of raising food for our allies, possibly he could get some of these funds. Now, what more does the gentleman from Oklahoma want? [Laughter.]

The CHAIRMAN. The time of the gentleman has expired. Without objection, the pro forma amendment will be withdrawn.

There was no objection.

Mr. NORTON. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment. The Clerk read as follows:

Page 60, line 2, after the word "business," insert "and including all agricultural industries."

Mr. NORTON. Mr. Chairman and gentlemen of the committee, we are always entertained when we listen to the gentleman from Pennsylvania [Mr. Moore], especially when he discusses agricultural questions and particularly when he discusses the welfare of the farmer. If there is any friend of the farmer in this House, if there is any man in this House who is more deeply interested in the farmer in a way in which the farmer does not care to have men interested in his welfare, it is the gentleman from Pennsylvania. The gentleman says that this bill permits, as it is now written, that loans may be made to farmers. That is true. I think, however, that it is well to write in this bill in specific terms that it is the intent and purpose of this Congress to extend the benefits of this act to the agricultural industries of this country. I believe that it is wise that there be added to line 2, on page 7, after the word "business," the amendment which I have offered, "including all agricultural industries."

I say this from the experience I have had with the Treasury Department and from the experience I have had with other departments of the Government in my endeavors to get some fair consideration for the agricultural interests of the country. While during the past year millions of dollars have been loaned to commercial industries in this country to carry on business connected with the war, I ask you to show me where the Government has loaned any considerable amount of money to the agricultural industries of the country?

Mr. GLASS. Will the gentleman yield? The Government loaned \$200,000,000 to them about three weeks ago.

Mr. NORTON. It is true that this Congress passed a bill providing an appropriation of \$200,000,000 to be used by the Federal Farm Loan Board, to be loaned to the farmers during the next two years, on the very best security existent in this country. In doing that the Government did for the farmers of this country, for the agricultural interests of the country, for the production of food in this country, very little in comparison to what the Nation has done for the financial, commercial, manufacturing, and shipbuilding interests in the district and the section of the country represented by the gentleman from Pennsylvania [Mr. Moore], who spoke so patronizingly concerning the farmers. One hundred million dollars or \$200,000,000—

Mr. DOWELL. Will the gentleman yield for a question?

Mr. NORTON (continuing). Is simply a bagatelle to what has been spent and to what has been advanced by the Government to industries in the State of Pennsylvania.

Mr. DOWELL. May I ask how much the gentleman from Pennsylvania [Mr. Moore] has secured from the Treasury of the United States in his district since he has been a Member of this body? Does the gentleman know?

Mr. NORTON. No. But I will say to the gentleman that \$200,000,000 in comparison with the amount that has gone in the direction of Pennsylvania since the gentleman from Pennsylvania, who spoke so lightly about the needs of the farmer, has been in this House is a mere bagatelle.

Mr. MOORE of Pennsylvania. Does not the gentleman think it was worth it all?

Mr. NORTON. I think the Hog Island incident that we have heard so much about during the past six weeks—

Mr. MOORE of Pennsylvania. That will be your greatest shipyard.

Mr. NORTON (continuing). May be considered one of those beneficences of big business interests that have come from Pennsylvania to the Nation.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. WINGO. Mr. Chairman, I did not intend to say anything on this bill, but in some parts of the country, especially in the Southwest, there are efforts being made to embarrass the Government by leading the farmers to believe that they are being discriminated against in war activities, which is not true.

I believe that I have shown in a practical way that I am a friend of the farmer, and do not have to introduce bills and offer amendments in order to display that friendship. I should not speak now except that I do not want the farmers who may read the RECORD of to-day's proceedings and the statement of the gentleman from Oklahoma [Mr. MORGAN] to be misled into believing that the class of paper covered by his amendment is not taken care of, when as a matter of fact agricultural notes by existing law have a better privilege than that proposed by the amendment of the gentleman from Oklahoma.

Now, the gentleman says they are not doing it in Oklahoma. He is mistaken about that, and I think if he will investigate he will find the Federal reserve bank in Kansas City, the bank for the district in which Oklahoma is located, has accepted for rediscount all the agricultural notes presented to it from that State, and the long-term agricultural paper that has been accepted in that territory and is now held by the Federal reserve bank of Kansas City amounts to \$2,337,000. And the reason they have not got more is because they have not asked for more. And if the farmer of Oklahoma is complaining that he has not been given the short-term credit, or even the long-term credit, up to the limit of the Federal reserve act his local banker is to blame, and he ought to go to him and insist that he take advantage of the law and procure for his farmers funds, which he may do, at 4½ and 5 per cent.

Mr. MORGAN. Does the gentleman understand that when a farmer uses his note for six months to purchase wheat and things of that kind that his paper is subject to rediscount by the Federal reserve bank?

Mr. WINGO. If properly secured and indorsed, it is. If you will read the law, you will find that agricultural paper was given a longer classification than any other class of paper.

Mr. MORGAN. I know the gentleman wants to be right, as I do. I have read these hearings on this bill, and they show, according to Mr. Warburg and Mr. McAdoo, that the Federal reserve banks confine themselves almost exclusively to what is called commercial paper, and they do not use anything else, and the note of the farmer is not commercial paper. The kind of commercial paper used by these reserve banks is the agricultural paper of the shipper. It is not that of the average farmer.

Mr. WINGO. I venture the assertion that not a note of an Oklahoma farmer has been rejected by the Federal reserve bank if it was in due form and properly indorsed and presented for rediscount. But, to the contrary, the bank at Kansas City now holds over \$2,000,000 of agricultural notes which it has accepted and upon which Federal reserve notes were issued, or credit given, and at a rate of 5 per cent if due in more than 90 days and 4½ per cent if due in less time. And it does not charge any higher rate of interest upon the agricultural paper from Oklahoma under 90 days than it does on any other class of paper, such as the notes of the merchants and oil dealers. The increase of one-half of 1 per cent is controlled by the element of time, not the fact that it is agricultural paper. I repeat that if the farmers of Oklahoma have not had their notes rediscounted it is the fault of their local bankers, who can take their paper to the Federal bank at Kansas City and get the credit or Federal reserve notes they need.

The gentleman from Oklahoma overlooks the fact that the object of this bill is to take care of that class of securities that we excluded from the Federal Reserve System at the time it was created; that is, long-time investment paper. If the gentleman's amendment had been adopted it would not have added anything to the present law.

The bill as it is drawn now takes care of agricultural paper; and the Federal reserve banks are now under existing law taking care of all agricultural paper that is brought to them, and are taking care of it on the same terms that it gives commercial paper. As I said, the Kansas City bank now holds agricultural paper amounting to \$2,337,000; another holds \$4,124,000; and still another has \$1,744,000; and another \$1,217,000; and the reason why they do not hold more is because the farmers' notes in larger volume have not been presented to them. The Federal reserve bank can not go out and compel the farmers to take advantage of the provisions that have been made.

Mr. MADDEN. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Yes.

Mr. MADDEN. That shows that the farmers do not need the class of credit the gentleman is talking about?

Mr. WINGO. They do need the class of credit the gentleman suggests, but we have already on short-term notes met their needs to the same extent as other classes. I agree with the gentleman that we ought to go further in establishing a system of short-term rural credits, but that proposition is not involved in this bill. We are dealing here with another proposition entirely.

By the Federal reserve act we provided for a note issue, called Federal reserve notes, against commercial paper running not longer than 90 days, and against agricultural paper due within six months, and such notes are now being issued at the rate of 4½ per cent on both classes of paper running not longer than 90 days, and at the rate of 5 per cent on farm paper running longer than 90 days. Later on, by the farm loan or rural credit act we provided long-time loans for the farmer at a low rate of interest. But under neither the Federal reserve act nor the farm loan act is any provision made for long-time industrial securities, and the object of this bill is to make some provision for such of this class of securities that have been issued by concerns engaged in war activities, but can not get relief because the Government by sale of war bonds has preempted the source of supply which was sufficient during times of peace, and it is to be done by a separate agency to be called the War Finance Corporation. In other words, we propose by this act to give the same relief during the war to long-time paper of war industries that by permanent law we have already given during both peace and war to commercial and agricultural paper. That is all there is to the proposition, and the farmer is not discriminated against by it.

The CHAIRMAN. The time of the gentleman from Arkansas has expired. The question is on agreeing to the amendment offered by the gentleman from North Dakota.

The question was taken, and the amendment was rejected.

Mr. DILLON. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from South Dakota offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DILLON: Page 5, strike out the word "bankers" wherever it appears in section 7.

Mr. DILLON. Mr. Chairman, this brings to the attention of the committee the question of whether the word "banker" should be retained in this bill or not. In section 7 the words "any bank, banker, or trust company" appear six times. It seems to me that the word "banker" ought to be eliminated from this phraseology in the six places where it occurs. The word "banker" means an individual. It is included in the words "bank or trust company." I see no good reason why we should make a special privileged class and allow the banker that special privilege when we deny it to other persons.

Section 9 in this bill allows loans to be made to individuals of every class. Let the banker take his place in section 9. There ought to be no objection to that. I hope my amendment may be adopted.

Mr. KITCHIN. Mr. Chairman, just a word. The gentleman must have stepped out momentarily a while ago, as I discussed this whole question.

Mr. DILLON. I know; but nothing was done with it. We left it in.

Mr. COOPER of Wisconsin. Mr. Chairman, I heard the last half of the explanation of the gentleman from North Carolina, which I could not quite comprehend as to why the word "banker" was left in there.

Mr. KITCHIN. It was done so that private bankers that are not chartered or incorporated, who loan money to these necessary war industries, should have the privilege of these advances. Why should they not?

Mr. COOPER of Wisconsin. Why do not you say it, so that it does not require a technical interpretation? Why not make the language of the statute express clearly and precisely what you mean, using apt language?

Mr. KITCHIN. Because I understand that every man in the banking business, the whole banking world, understands that the word "banker" implies a private banker or a firm of private bankers. That is the distinction made in the Virginia laws and in the North Carolina laws, and Mr. Warburg says that is what is understood in the banking world. He explains that very thoroughly in his testimony. That is the reason why the word "bankers" is put in.

Mr. COOPER of Wisconsin. I think the language should be such as would convey the proper meaning to the average reader. If you go into any town in the country and ask what is this

man's business they will say, "He is a banker." That is what they will say, "He is a banker."

Mr. KITCHIN. Take the Bethlehem Steel Works, and the question is asked, Who is Mr. Schwab? and the reply is that he is a steel manufacturer. Let me say to the gentleman that we are using the technic: language, the intelligible language, the usual language that is used in all banking circles.

Mr. COOPER of Wisconsin. You say that a man is a merchant because he conducts a business of buying and selling goods. A man is a banker if he is president of a national bank—that is his business.

Mr. KITCHIN. He is in the banking business; he is an officer of the bank.

Mr. COOPER of Wisconsin. Then why do not you use the language in full in your statute which you referred to a moment ago and say "a person conducting the business of a private banker"?

Mr. KITCHIN. I do not think that it would add to it at all. I think it is so well understood by all who would deal with the concern, all who would construe the language, that there is no use of adding to it. I see what the gentleman is trying to get at.

Mr. O'SHAUNESSY. I think that the gentleman from Wisconsin is identifying the man in the banking business or corporation or firm engaged in a general banking business, while the gentleman from North Carolina refers to the man who would be a banker, although in a subordinate capacity; but the fact is he would not be loaning money.

Mr. KITCHIN. The gentleman from South Dakota wanted to strike out the word "bankers" because it would let in private bankers.

Mr. DILLON. Let me submit this proposition. Here is a banking institution which has a president, a vice president, and a cashier. Now, they are all bankers, and each one of these individuals could come in and get protection under this bill.

Mr. KITCHIN. Oh, no.

Mr. DILLON. Oh, yes; because they are bankers. The bank comes under the protection of the bill and the cashier can get protection and the vice president or the president can get protection.

Mr. KITCHIN. Oh, no; the gentleman is in error.

Mr. DILLON. Is not the president of a bank a banker?

Mr. KITCHIN. No; he is an officer of the bank.

Mr. MADDEN. I think what is meant by a banker is an investment banker, a man who places bonds, buys and sells them, and deals in mortgages; he is a banker.

Mr. KITCHIN. Yes. Investment bankers would be one class of bankers who would come within the classification of a banker.

Mr. JOHNSON of Washington. Mr. Chairman, for the purpose of calling the attention of the gentleman from Pennsylvania to the "postage-stamp" cost of application of getting a license, to which I referred in asking him a question, I want to read from page 77 of the hearings before the committee:

Mr. CRISP. Mr. Secretary, what expense would attach to a corporation or an individual seeking to put securities on the market for the licensing permit to offer such securities?

Secretary McAOO. None whatever. It would involve the postage on their request or the payment of railroad fare to Washington to present their case, or, if they employed a lawyer, the payment of a fee to the lawyer to present the case for them. I think, however, that a lawyer would not be necessary.

So it will amount almost to an invitation. These hearings will be widely read. The cry will be, "On to Washington; on to Washington. Loans for everybody. Dig into the Treasury." Farmers will apply, regardless of their rights or what they think their rights are with the Federal reserve bank. Bring on your short-line railroads, bring on your old sawmills, your business propositions. Of course, they will not all get into the public chest, but they will try.

Mr. MOORE of Pennsylvania. The gentleman has recalled a very interesting piece of testimony. It is true that the Secretary did say that it would not be necessary for the applicant to employ a lawyer. Therefore, if the farmers in Oklahoma and North Dakota desired to apply, they could do it by means of a postal card.

Mr. JOHNSON of Washington. Yes; and the cry goes merrily on, "Let Uncle Sam do it." Let Uncle Sam raise the money, lend it, give it away, run the railroads, the telephones, the telegraph, build houses, build towns, do the work, run the farms, conduct the markets, carry on a high-grade brokerage business, and win the war.

Mr. MORGAN. The farmers will not get very far?

Mr. JOHNSON of Washington. It is not likely they will get very far.

Mr. MOORE of Pennsylvania. On the other hand, it will let the farmer in.

Mr. JOHNSON of Washington. Well, there is likely to be a grand rush, anyway. Another governmental corporation—an-

other great bureau. Once started, how can it stop? I see by the Shipping Board News, the official newspaper of the Shipping Board Corporation, that that corporation is talking of commandeering four or five banking buildings in the city for additional space in which to do business. I see also that Congress is scolded for not giving the board a fine building of its own. And I saw in both of yesterday's local afternoon papers an inspired dig at Congress, criticizing this body because it is not more active in getting out the District housing bill. The attitude of the men who inspired these particular articles seems to be that the biggest war measure is the housing in the city of Washington.

There has come to Washington an army of publicity agents to represent the new activities of the Government. Each publicity expert contends that the particular activity which he represents is the only real governmental activity; that the agency for which he boasts is the one which will win the war. Confidentially, he will tell you that the other activities do not amount to much; that investigation is needed; that money is squandered, and so on. Why, it seems that official press agency publicity is running riot. And the great bureaus and governmental corporations encourage it. Give them an inch and they take an ell, war or no war. Their free Government newspapers and their advance notices swamp the mails. They will not stop. They have got the money and the power.

One great trouble with all these sort of bills is that Congress does not seem to retain enough control. A great bureau is established and started, and away it goes. The Food Administration went far. The Fuel Administration went further. And this money administration will go a little further and last longer than any other. No one can see its end. Few seem to care to tie any sort of string to this \$500,000,000 in cash or to look into the future concerning a couple of billion dollars worth of a new kind of "near" Government bonds.

The bill is still unamended. But section 9 and other sections are still to be considered. I am glad the consideration goes over to another day.

I withdraw the pro forma amendment.

The CHAIRMAN (Mr. HUMPHREYS). The pro forma amendment is withdrawn. The question is on the amendment offered by the gentleman from South Dakota [Mr. NORTON].

The question being taken, the amendment was rejected.

The Clerk read as follows:

Sec. 8. That the corporation shall be empowered and authorized to make advances from time to time, upon such terms, not inconsistent herewith, as it may prescribe, for periods not exceeding one year, to any savings bank, banking institution or trust company, which receives savings deposits, or to any building and loan association, on the promissory note or notes of the borrowing institution, whenever the corporation shall deem such advances to be necessary or contributory to the prosecution of the war or important in the public interest: *Provided*, That such note or notes shall be secured by the pledge of securities of such character as shall be prescribed by the board of directors of the corporation, the market value of which, at the time of such advance (as estimated and determined by the board of directors of the corporation) shall be equal in amount to at least 133 per cent of the amount of such advance: *And provided further*, That the rate of interest charged on any such advance shall not be less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrowing institution is located. The corporation shall retain power to require additional security at any time.

Mr. BURROUGHS. Mr. Chairman, I desire to offer an amendment.

Mr. KITCHIN. I should like to say that if we can finish section 8 by 5.30 we will rise and go on to section 9 to-morrow. I simply want to make that statement, so that we will not have a prolonged debate and go into other matters, but so that we can rise at 5.30.

The CHAIRMAN. The gentleman from New Hampshire offers an amendment, which the Clerk will read:

The Clerk read as follows:

Amendment offered by Mr. BURROUGHS: Page 8, line 10, after the word "advance" insert a comma and after the comma insert the following words: "except in the case of a mutual savings bank."

Mr. BURROUGHS. Mr. Chairman and gentlemen, I will take only a minute to explain what I have in mind by this amendment. I tried to cover it in my remarks this morning. Frankly, the effect of it will be to eliminate the mutual savings banks; I mean those savings banks that do not have any capital stock and whose whole profits go to the small depositors; it will exempt them from the terms of this proviso, so that the restrictive interest rate, the discriminatory interest rate of 1 per cent in addition to that imposed by the Federal Reserve Bank in that district, shall not apply in the case of a mutual savings bank. I see no reason why it should apply to them.

Mr. MADDEN. Will the gentleman yield?

Mr. BURROUGHS. With pleasure.

Mr. MADDEN. Will the gentleman state the reason why it should not apply?

Mr. BURROUGHS. My reason for offering this amendment, and the reason why this proviso should not apply to the mutual savings bank—

Mr. MADDEN. That is what I am interested in.

Mr. BURROUGHS. Is because the mutual savings bank is not a profit-making proposition to any stockholder. It has no capital stock whatever.

Mr. GLASS. Is it not a profit-making institution to its depositors?

Mr. BURROUGHS. Certainly.

Mr. MADDEN. Is not that merely a difference in terms?

Mr. BURROUGHS. It seems to me that the distinction is very clear and that we ought not to discriminate here in any way against these mutual savings banks.

Mr. GLASS. As I understand it, we are not discriminating against them, but what the gentleman is trying to do is to make of them a privileged class.

Mr. BURROUGHS. I understand we have just adopted a section which is for the benefit of all bankers, banks, and banking institutions, which does not contain this discriminating interest rate. I find nothing in that section which relates to it.

Mr. LONGWORTH. But that section relates to banks which have loaned money to war concerns.

Mr. BURROUGHS. This whole thing is in the interest of the war.

Mr. LONGWORTH. No; this applies only to matters of public interest.

Mr. BURROUGHS. What can be more a matter of national interest than the maintaining of deposits in the great savings banks of this country?

Mr. SMITH of Michigan. Will it not give the mutual savings banks an advantage over the other banks, if they are excepted from this proviso?

Mr. BURROUGHS. No; it will not give them any advantage so far as I can see, any more than they should have. I think a mutual savings bank, not being engaged in business for profit for any stockholder, should not be discriminated against.

Mr. HICKS. Mr. Chairman, will the gentleman yield?

Mr. BURROUGHS. Yes.

Mr. HICKS. These mutual savings banks can not make loans to any corporation that is engaged in the manufacture of munitions. They are restricted in their loans, and therefore why should they get the benefit of this provision?

Mr. BURROUGHS. The mutual savings banks can make loans now, can they not, if they see fit to do so?

Mr. HICKS. They can not make outside commercial loans in the sense that these other banks can.

Mr. BURROUGHS. True enough; but I can not see why you should put a discriminating interest rate on the savings banks. I would strike it out as against all savings banks. Why should you put a discriminating rate of interest against savings banks, when you have not imposed such a rate on any of the other banks in the preceding section? You certainly seem to me to have made a discrimination here against the savings banks.

Mr. MADDEN. I will ask the gentleman to show where?

Mr. BURROUGHS. I say you have not put the provision in the preceding section, while you have put it in the section relating to the savings banks.

Mr. MADDEN. The conditions under which the banks in the preceding sections are treated are totally different from the conditions under which these banks are treated.

Mr. KITCHIN. Mr. Chairman, the first banking class provided for in section 7 is not to help the banks, but is to help the war industries. The War Finance Corporation gets a double security. It gets not only the war-industry notes as a security, but also the notes of the bank that loans the money to the war industry. The corporation makes no extra charge in such cases, because the advance is not made for the interest of the banks, but the corporation gets the bank's note and as additional security the note of the war industry and the assets behind the loan. Therefore we do not charge that bank anything additional, for the reason that if we charged that bank 1 per cent more than the prevailing rate, that bank would have to charge the war industry that we propose to help in that section 1 per cent more, and therefore it would not help the war industry, because it would not pay it. We provided the 1 per cent additional on savings banks for the reason that the money loaned to the savings bank is going to be loaned direct by this corporation and for the interest of the savings bank. We do not require the savings bank, before it can get any of this money, to loan the money to a war industry, but we simply require that the savings bank shall be important to the national interests, and it is to protect the savings bank, and it is doing it to protect its life for its interest. Therefore we put the sav-

ings bank upon the same terms as we do any other direct loan by the corporation.

If the corporation, under section 9, made a direct loan to the du Ponts or to the Bethlehem, it would charge the du Ponts and the Bethlehem that 1 per cent extra, just exactly as it would charge the savings bank. Why? Because nothing is added to the security of the du Pont or the Bethlehem for this direct loan, but if it makes the du Pont go through the bank channels, then it would have the security of the bank added to that of the du Pont Co., and it would not charge the 1 per cent extra.

The CHAIRMAN. The time of the gentleman from New Hampshire has expired.

Mr. BURROUGHS. I ask for one minute more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BURROUGHS. In reply to the remarks of the gentleman from North Carolina I wish to quote from the testimony of Mr. Warburg before the House committee. It is found on pages 36 and 37 of the hearings. Mr. Warburg was questioned about this matter by Mr. FORDNEY, of the committee:

Mr. FORDNEY. What is the maximum rate of interest charged now by the Federal reserve banks for commercial loans? I ought to know, but I am not positive that I do know.

Mr. WARBURG. Five and a half per cent is the highest, and that is for six months.

Mr. FORDNEY. Then this law provides not to exceed 1 per cent above that amount?

Mr. WARBURG. I think that limit probably would drop out if you removed the 90-day limit.

You must remember that this bill as it was originally drawn provided that these loans to savings banks should not exceed 90 days. Now the bill is changed, and it is not limited to 90-day notes, but these loans may be made for the limit of a year, so that Mr. Warburg says:

I think that limit—

Meaning the 1 per cent limit of interest to which I have referred—

I think that limit probably would drop out if you would remove the 90-day limit, because that was only to serve as an index for 90-day loans. If you decide to make these savings banks loans up to one year, I think then you want to strike out the limit entirely and leave it to the board of directors.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BURROUGHS. I would ask for one minute more.

The CHAIRMAN. Is there objection to the request of the gentleman? [After a pause.] The Chair hears none.

Mr. BURROUGHS. Mr. Warburg says further:

If you decide to make these savings-banks loans up to one year, I think then you want to strike out the limit entirely and leave it to the board of directors; and I think it is very important that the board of directors should have a free hand in fixing those rates of interest, because you can not put down any rule which would cover a one-year loan and a five-year loan at the same time.

Mr. KITCHIN. Will the gentleman yield for a question?

Mr. BURROUGHS. I will.

Mr. KITCHIN. Would not the gentleman's amendment at once practically destroy the stock savings banks? Is not the discrimination against them? If the mutual savings bank has four times more deposits than the stock savings bank and can get its money from this corporation at 1 per cent less rate of interest than the stock savings bank, would it not be very unfair and unjust and discriminatory?

Mr. BURROUGHS. It does not seem so to me; if I may be permitted to put my judgment against that of the distinguished chairman of the committee. But even if it is, it seems to me to be a justifiable discrimination because of the clear distinction between the mutual savings bank, which is in no sense engaged in a profit-making business for any stockholders, but whose whole profit goes to the benefit of its large number of small depositors who make up the working classes of the community, and the stock bank, which is engaged in the profit-making business and whose whole profits go to the benefit of its stockholders. I am entirely willing and I understand the mutual savings banks are entirely willing to trust their case to the directors of this corporation as to the rate of interest they shall pay. That is what my amendment contemplates. It would leave the fixing of the rate of interest entirely in the hands of the directors of this corporation. These directors might see fit to make the rate as great as the minimum rate prescribed by the bill. Why can you not trust them to exercise this power wisely? Why attempt to fix by law a minimum rate of interest that the mutual savings banks of this country must pay in order to protect themselves against the withdrawal of their deposits in this war emergency? Especially why do you do this when you have not done it in the case of advances to be made to banks, bankers, and trust companies under the preceding section of this bill? I think the savings bank, which is to a greater extent than any

other bank we have the people's bank, should be entitled at least to as fair treatment as you accord to other banking institutions of the country.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GLASS. Mr. Chairman, the distinction presented here of a bank that is not a money-making institution for its stockholders but is a money-making institution for its depositors and a bank that makes money for its stockholders and not its depositors is a distinction practically without a difference in the final analysis. No more dangerous or unreasonable proposition has been presented to this House than that presented by the gentleman from New Hampshire. He is proposing that banking institutions which have never borne one particle of the burden of the Federal Reserve System shall, so to speak, be made "God's chosen people," a privileged class unto itself, and granted loans at 1 per cent interest lower than that accorded banks which have borne the burden of the Federal Reserve System from the beginning. I think it is a misfortune—it is distressing—that it was found necessary at all to put this provision in the bill. I concede that perhaps it was essential to do so; but, as I understand it, it was put there to serve a more or less psychological purpose—to use a term that is somewhat threadbare—to prevent possible embarrassment to savings banks. There is some apprehension that persons desiring to invest in liberty-loan bonds bearing an inviting interest rate, as well as persons desiring, from purely patriotic promptings, to aid the war by investing in Government securities, might withdraw their deposits from the mutual savings banks. And in order to give assurance and stability to these banks this provision is put in, according to them, upon the same terms that prevail as to all other banks, the right to obtain loans with which to replenish their vaults when deposits are withdrawn. The investment securities of mutual savings banks are not eligible to rediscount operations in the Federal Reserve System. This bill gives them a status. But to put them on a privileged basis, giving them rediscount at a less rate than is given commercial banks of the Federal Reserve System using the same class of securities, would be to clutter up the Federal reserve banks with long-time maturities. That would simply prove disastrous.

Mr. BURROUGHS. Will the gentleman yield?

Mr. GLASS. I will.

Mr. BURROUGHS. Is it the gentleman's idea that this legislation is for the purpose of relieving burdens that now rest upon the Federal Reserve System?

Mr. GLASS. I do not exactly comprehend the gentleman's question. The purpose of the proposed legislation is not simply to relieve burdens of the Federal Reserve System; that system can carry its own burdens easily. The purpose of this bill is to finance this war in general and in particular to finance those banking institutions that have loaned or shall loan money to concerns and corporations that are engaged in producing supplies whereby the war may successfully be conducted. Another purpose of the measure is to help the refunding operations of great corporations, the failure of which might embarrass the whole financial situation of the country.

But surely the bill is not designed to make a favored class of banking institutions that have not borne any of the burdens of the Federal Reserve System or to discriminate against banks that are taxed to maintain the system.

Mr. LONGWORTH. Does not the gentleman think that the only reason this section should be in the bill is that it would prevent a calamity that might come from the collapse of the saving institutions?

Mr. GLASS. Yes.

Mr. LONGWORTH. And that is the only reason it is in this bill.

Mr. KITCHIN. And not for the benefit of the war industries or the prosecution of the war.

Mr. MOORE of Pennsylvania. And this paragraph was put in here to meet just such an emergency as might arise in case of a raid on the savings funds.

Mr. ROWE. Mr. Chairman, I believe that this amendment is absolutely essential. In the first place, it is wrong to say that the mutual savings banks have no part in carrying the burden of this war. If you will look over the statistics you will find that they are the only banks that have lost in deposits during the sale of United States bonds. These bonds have been sold so extensively to people of small means that the money has been withdrawn from the savings banks of the country.

Now, with this provision in the bill the savings banks can not take advantage of it, and you might as well leave it out. The savings banks deal only in money at low rates. They can not talk of money at above 4 per cent. To-day in the city of New York, for instance, the Federal reserve banks are rediscounting paper at 4½ per cent. Add 1 per cent to that and you have 5½

per cent—a prohibitive rate. The savings banks can not pay it, for on the money that is deposited with them in the city of New York they pay 4 per cent. Over the entire country they are now paying 4 per cent, and this interest goes entirely to the poor man, for in the State of New York and in many of the New England States they are limited to the payment on deposits not to exceed \$3,000. It is just the poor man's bank. The average deposits in the State of New York are \$576.

The CHAIRMAN. The time of the gentleman has expired.

Mr. ROWE. Mr. Chairman, I ask unanimous consent for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. ROWE. The money is being taken very largely out of the savings banks to pay for the small bonds, and the savings banks are the very institutions that are going to suffer. All the State and national banks have to-day more money on deposit than they had when this Government began to sell Liberty bonds. It is time we were thinking of the common people and the people of small properties, to whom the savings banks have opened their doors. These savings banks have sold and are selling the bonds of the Government over their counters, knowing that the people were going to take deposits out of their banks to pay for them.

Mr. GLASS. Have not all banks done that?

The CHAIRMAN. Will the gentleman yield?

Mr. ROWE. I can not yield.

Now, this amendment does not change the law in reference to banking. For all commercial banks this board of directors is to fix the rate of interest. Why not fix it for the savings banks also?

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire [Mr. BURROUGHS].

Mr. HAYES. Mr. Chairman, may we have the amendment again reported?

The CHAIRMAN. Without objection, it will be again read. The amendment was again read.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New Hampshire [Mr. BURROUGHS].

The question was taken, and the amendment was rejected.

Mr. WALSH. Mr. Chairman, I move to strike out the last word. I want to ask the chairman of the committee the reason for the concluding sentence of this section:

The corporation shall retain power to require additional security at any time.

Does that mean in addition to the security the market value of which shall amount to at least 133 per cent they can come in the next day and say, "You must put up security to raise that to 175 per cent"?

Mr. KITCHIN. Of course, they will have that power, just like every bank does, and to have every loan it makes secured by collateral. I think that I have borrowed about as much money on little notes as anybody, and I do not think that I ever put up one that did not have that provision in it; and this is to give the corporation power to protect itself. If my security had depreciated, say, from 133 per cent down to 75 per cent, I would have to put up additional security.

Mr. WALSH. I appreciate that they should have that power, but here these directors would make a loan on being satisfied that the securities pledged were 133 per cent of the amount, and the next day, without any change, they might come in and require additional security.

Mr. KITCHIN. I would say that under that language they could do it, just like the banks can do it under the notes they take. Of course, this corporation would not do it, because the very object and purpose of the bill is to loan money to these concerns that are contributing to the war.

Mr. WALSH. Of course, I agree that the directors ought to have that power in the case of depreciation in the value of the securities; but by this very broad language here it is not limited to such instances as that.

Mr. KITCHIN. I think it is an additional safeguard. I am sure they will never use the power in the way the gentleman thinks.

Mr. WALSH. I simply wanted to get the idea of the committee. I withdraw the pro forma amendment.

Mr. MORGAN. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

Mr. KITCHIN. Mr. Chairman, I wish to offer an amendment. On page 7, section 8, line 22, after the word "company," insert "in the United States"; and in line 23, page 7, after the word "association," insert "in the United States." Then that harmonizes with the other.

The CHAIRMAN. The gentleman from North Carolina offers an amendment, which the Clerk will report.

The Clerk read as follows:

Page 7, line 22, after the word "company," insert the words "in the United States"; and in line 23, after the word "association," insert the words "in the United States."

The CHAIRMAN. The question is on agreeing to the amendment proposed by the gentleman from North Carolina.

The amendment was agreed to.

Mr. KITCHIN. Is there any other amendment to be offered to section 8? If not, we will read section 9, and then I will move to rise.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 9. That the corporation shall be empowered and authorized, in exceptional cases, to make advances directly to any person, firm, corporation, or association conducting an established and going business in the United States whose operations shall be necessary or contributory to the prosecution of the war (but only for the purpose of conducting such business in the United States and only when such person, firm, corporation, or association is unable to obtain funds through banking channels or from the general public), for periods not exceeding five years from the respective dates of such advances, upon such terms and subject to such rules and regulations as may be prescribed by the board of directors of the corporation. In no case shall the aggregate amount of the advances made under this section exceed at any one time an amount equal to 10% per cent of the sum of (1) the paid-in capital stock of the corporation at such time plus (2) the aggregate amount of bonds of the corporation authorized to be outstanding at such time. Every such advance shall be secured by adequate security of such character as shall be prescribed by the board of directors of a market value at the time of such advance (as estimated and determined by the board of directors), equal to at least 133 per cent of the amount advanced by the corporation. The corporation shall retain power to require additional security at any time. The rate of interest charged on any such advance shall not be less than 1 per cent per annum in excess of the rate of discount for 90-day commercial paper prevailing at the time of such advance at the Federal reserve bank of the district in which the borrower is located.

The corporation shall file quarterly reports with the Secretary of the Senate and Clerk of the House of Representatives, giving the name and place of business of each person, firm, corporation, or association receiving advances under this section, the amount advanced, the terms, and the security accepted therefor.

Mr. HAYES. Mr. Chairman, I move to strike out the section.

The Chairman. The gentleman from California moves to strike out the section.

Mr. KITCHIN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. GARRETT of Tennessee, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 10608) 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, and had come to no resolution thereon.

Mr. MORGAN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

The SPEAKER. The gentleman from Oklahoma asks unanimous consent to extend his remarks in the RECORD.

Mr. KITCHIN. On this bill?

Mr. MORGAN. Yes.

The SPEAKER. On the pending bill.

Mr. ROBBINS. Mr. Speaker, I ask the same privilege.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that all gentlemen who participated in the debate on this bill, either in the general debate or under the five-minute rule, be given the privilege of extending their remarks in the RECORD within five days.

The SPEAKER. Is there objection to the request of the gentleman from North Carolina?

There was no objection.

LEAVE OF ABSENCE.

Mr. SMITH of Michigan. Mr. Speaker, I wish to ask a few days' leave of absence for my colleague, Mr. FORDNEY, on account of illness.

The SPEAKER. The gentleman from Michigan asks unanimous consent for leave of absence for his colleague, Mr. FORDNEY, indefinitely, on account of illness. Is there objection?

There was no objection.

COMMITTEE TO ATTEND FUNERAL OF THE LATE REPRESENTATIVE CAPSTICK.

The SPEAKER. The Chair wants to make an announcement before he forgets it. The gentleman from California [Mr. HAYES] can not go on the Capstick funeral party on account of public business, and the Chair appoints Mr. SWIFT, of New York, in his place.

NAVAL APPROPRIATION BILL.

Mr. PADGETT, by direction of the Committee on Naval Affairs, reported the bill (H. R. 10854) making appropriations for

the naval service for the fiscal year ending June 30, 1919, and for other purposes, which, with the accompanying report (No. 393), was ordered printed and referred to the Committee of the Whole House on the state of the Union.

Mr. BROWNING. Mr. Speaker, I reserve all points of order on the bill.

EXTENSION OF REMARKS.

Mr. CRAMTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD.

Mr. KITCHIN. On what?

Mr. CRAMTON. On the censorship rule with reference to casualty lists—a brief statement.

The SPEAKER. The gentleman from Michigan asks unanimous consent to extend his remarks in the RECORD on the censorship rule with reference to the casualty list. Is there objection?

Mr. KITCHIN. Reserving the right to object, is it your remarks, or some newspaper, or what?

Mr. CRAMTON. It is some remarks that I hope to incorporate. It will all be a very brief statement. I will incorporate some data that I could not prepare otherwise.

Mr. KITCHIN. I wish the gentleman would withhold that to-night and ask for it some other time.

The SPEAKER. Does the gentleman from North Carolina object?

Mr. CRAMTON. It is a very brief statement.

Mr. KITCHIN. I suggest that the gentleman withdraw his request now and make the request later.

Mr. CRAMTON. I think I will let the gentleman object, if he prefers to. It is a very brief statement, however.

Mr. KITCHIN. I will object.

The SPEAKER. The gentleman from North Carolina objects.

CALENDAR WEDNESDAY.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent that the business in order on Calendar Wednesday to-morrow be dispensed with.

The SPEAKER. The gentleman asks unanimous consent to dispense with Calendar Wednesday business to-morrow. Is there objection?

Mr. GILLETT. Is it the purpose to go on with this bill to-morrow?

Mr. KITCHIN. Yes; and I want to say that if Members will attend pretty well to-morrow we can finish this bill, and on Thursday we will be able to take up the Madden bill, the postal employees' bill, under the rule, and we hope to get through with that on Thursday. I am sure that absent Members on both sides have been notified that that bill will probably come up on Thursday. I hope the debate under the five-minute rule to-morrow will be confined to the amendments offered, so we can get along without so much outside debate.

Mr. BROWNING. Mr. Speaker, I reserve the right to object, although I shall not object eventually. Quite a number of the Members of the House will be absent to-morrow on official business, and I think most of them would like to have the privilege of voting on this bill, especially if there is to be a record vote.

The SPEAKER. If the Chair was going to guess about it, he would guess that they will have that chance.

Mr. KITCHIN. There will be no trouble about the statement being made in the RECORD that all those who are in favor of the bill would vote for it if they were present.

Mr. BROWNING. The gentleman knows as well as I do that there are some 16 Members of the House who are going to be absent to-morrow in attendance on the funeral of our late colleague, Mr. CAPSTICK, and if the vote were to be taken on Thursday we would all be back and have the opportunity to be recorded on this bill.

The SPEAKER. The gentleman from North Carolina [Mr. KITCHIN] asks unanimous consent to do away with Calendar Wednesday business to-morrow. Is there objection?

There was no objection.

BOHEMIAN NATIONAL ALLIANCE.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to print in the RECORD a general resolution of the Bohemian National Alliance, which contains a great deal of valuable information that I know the Members of the House will be pleased to have.

The SPEAKER. The gentleman from Illinois [Mr. SABATH] asks unanimous consent to extend his remarks in the RECORD by printing certain data which he mentions. Is there objection?

Mr. WALSH. Mr. Speaker, I object.

ADJOURNMENT.

Mr. KITCHIN. I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 45 minutes p. m.) the House adjourned until to-morrow, Wednesday, March 20, 1918, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. CARTER of Oklahoma, from the Committee on Indian Affairs, to which was referred the bill (H. R. 10590) to provide for a determination of heirship in cases of deceased members of the Cherokee, Choctaw, Chickasaw, Creek, and Seminole Tribes of Indians in Oklahoma, conferring jurisdiction upon district courts to partition lands belonging to full-blood heirs of allottees of the Five Civilized Tribes, and for other purposes, reported the same with amendment, accompanied by a report (No. 392), which said bill and report were referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII, private bills and resolutions were severally reported from committees, delivered to the Clerk, and referred to the Committee of the Whole House, as follows:

Mr. LINTHICUM, from the Committee on Pensions, to which was referred the bill (H. R. 10843) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors, reported the same without amendment, accompanied by a report (No. 390), which said bill and report were referred to the Private Calendar.

Mr. LONERGAN, from the Committee on Invalid Pensions, to which was referred the bill (H. R. 10850) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war reported the same without amendment, accompanied by a report (No. 391), which said bill and report were referred to the Private Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. ROBBINS: A bill (H. R. 10844) authorizing the Postmaster General to cancel or readjust contracts entered into between the Post Office Department and contractors and carriers of mail over star routes or rural routes; to the Committee on the Post Office and Post Roads.

By Mr. CARY: A bill (H. R. 10845) to provide for the acquisition, ownership, and operation by the Commissioners of the District of Columbia of all gas and electric lighting systems in the District of Columbia; to the Committee on the District of Columbia.

By Mr. MILLER of Minnesota: A bill (H. R. 10846) granting reduced rates on railroads within the United States to persons in the military and naval service of the United States; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 10847) to prohibit hotels and innkeepers in the District of Columbia from charging extortionate rates of persons in the military and naval service of the United States; to the Committee on the District of Columbia.

By Mr. DOREMUS: A bill (H. R. 10848) for improvements and alterations of the Federal building at Detroit, Mich.; to the Committee on Public Buildings and Grounds.

By Mr. PADGETT: A bill (H. R. 10849) to establish certain new ratings in the United States Navy; to the Committee on Naval Affairs.

By Mr. WEBB: A bill (H. R. 10851) to provide a method for disposing of intoxicating liquors now or hereafter in the possession of United States court officials; to the Committee on the Judiciary.

By Mr. TILSON: A bill (H. R. 10852) to provide for the appointment of a commission to standardize screw threads; to the Committee on Coinage, Weights, and Measures.

By Mr. NORTON: A bill (H. R. 10853) to provide further for the national security and defense by authorizing the President to take possession and assume control of packing plants and other enterprises engaged in the slaughtering of cattle, hogs, and sheep for food, or in curing, preserving, or packing beef, pork, or other meats, or in the manufacture of by-products therefrom; to the Committee on Agriculture.

By Mr. PADGETT: A bill (H. R. 10854) making appropriation for the naval service for the fiscal year ending June 30, 1919, and for other purposes; to the Committee of the Whole House on the state of the Union.

By Mr. SIEGEL: Resolution (H. Res. 285) expressing the hope that Representative LAGUARDIA may speedily recover and

authorizing the expenditure of \$1,000 from the House contingent fund to be paid to him; to the Committee on Accounts.

By Mr. MASON: Joint resolution (H. J. Res. 267) directing the Secretary of War to correct report on casualties; to the Committee on Military Affairs.

By the SPEAKER (by request): Memorial of the Legislature of the State of Montana to pass an amendment to the Federal Constitution, and submit the same to the several States for ratification, extending and giving throughout the United States the right of suffrage to women; to the Committee on Woman Suffrage.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. LINTHICUM: A bill (H. R. 10843) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; to the Committee of the Whole House on the state of the Union.

By Mr. LONERGAN: A bill (H. R. 10850) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; to the Committee of the Whole House on the state of the Union.

By Mr. BRODBECK: A bill (H. R. 10855) granting a pension to Noah Stump; to the Committee on Pensions.

By Mr. CARAWAY: A bill (H. R. 10856) granting an increase of pension to John Small; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10857) granting an increase of pension to Horace B. Morgan; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10858) granting an increase of pension to Clara J. Shoemaker; to the Committee on Invalid Pensions.

By Mr. CONNELLY of Kansas: A bill (H. R. 10859) granting an increase of pension to James Walton; to the Committee on Invalid Pensions.

By Mr. DAVIDSON: A bill (H. R. 10860) granting an increase of pension to Lawrence Miricle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10861) granting an increase of pension to John N. Stone; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10862) granting an increase of pension to William H. Chapin; to the Committee on Invalid Pensions.

By Mr. DEWALT: A bill (H. R. 10863) granting a pension to Emma Rogers; to the Committee on Pensions.

By Mr. DOREMUS: A bill (H. R. 10864) for the relief of William J. Nagel, postmaster, Detroit, Mich.; to the Committee on Claims.

By Mr. DOWELL: A bill (H. R. 10865) granting an increase of pension to James F. McLuen; to the Committee on Invalid Pensions.

By Mr. DRANE: A bill (H. R. 10866) granting a pension to Etta C. Bartholomew; to the Committee on Invalid Pensions.

By Mr. DYER: A bill (H. R. 10867) granting an increase of pension to William H. Thomas; to the Committee on Invalid Pensions.

By Mr. ELSTON: A bill (H. R. 10868) granting an increase of pension to De Witt W. Toll; to the Committee on Pensions.

By Mr. FRENCH: A bill (H. R. 10869) for the relief of Me-yone-yah; to the Committee on Indian Affairs.

By Mr. GODWIN of North Carolina: A bill (H. R. 10870) granting an increase of pension to John L. Skinner; to the Committee on Invalid Pensions.

By Mr. KEY of Ohio: A bill (H. R. 10871) granting an increase of pension to Moses Reeves, Jr.; to the Committee on Invalid Pensions.

By Mr. LEA of California: A bill (H. R. 10872) granting an increase of pension to Walter J. Shelley; to the Committee on Pensions.

By Mr. MILLER of Minnesota: A bill (H. R. 10873) for the relief of Humphrey Jones; to the Committee on Claims.

By Mr. NEELY: A bill (H. R. 10874) granting an increase of pension to Inez M. Batson, etc.; to the Committee on Pensions.

Also, a bill (H. R. 10875) granting an increase of pension to Thaddeus Clark; to the Committee on Invalid Pensions.

By Mr. NORTON: A bill (H. R. 10876) granting a pension to Ella Sinclair; to the Committee on Invalid Pensions.

By Mr. OVERMYER: A bill (H. R. 10877) granting a pension to James Moore; to the Committee on Invalid Pensions.

By Mr. ROBBINS: A bill (H. R. 10878) authorizing the Postmaster General to cancel or readjust the mail contract of M. D. L. Brooks, of Jones Mills, Pa., contractor and carrier on star route

numbered , between Mount Pleasant and Jones Mills, Pa.; to the Committee on the Post Office and Post Roads.

By Mr. RUBEY: A bill (H. R. 10879) granting an increase of pension to John Clark; to the Committee on Invalid Pensions.

By Mr. SHOUSE: A bill (H. R. 10880) granting a pension to Nora Harris; to the Committee on Pensions.

Also, a bill (H. R. 10881) granting an increase of pension to Almeron D. Martin; to the Committee on Invalid Pensions.

By Mr. STRONG: A bill (H. R. 10882) granting an increase of pension to Robert Kelly; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10883) granting a pension to Lena Demozzi; to the Committee on Pensions.

By Mr. THOMAS: A bill (H. R. 10884) granting an increase of pension to Bradford P. Thornberry; to the Committee on Invalid Pensions.

By Mr. WEBB: A bill (H. R. 10885) for the relief of F. E. Taylor and B. C. Broom; to the Committee on Claims.

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): Memorial of Railway Technical Engineers, asking for increased compensation for the civil engineers in railroad work; to the Committee on Appropriations.

Also (by request), memorial of the Plastic Club, of Philadelphia, favoring military rank for nurses; to the Committee on Military Affairs.

Also (by request), petition of the members of the Campbellton Farm Club, of Washington, Mo., and a memorial of the Brunswick (Mo.) Farm Club, asking that prices for farm products be so fixed as to assure the farmers at least production cost plus a small profit; to the Committee on Agriculture.

Also (by request), a resolution of the Wholesale Coal Trade Association, asking that the order of the Fuel Administration concerning contracts be modified; to the Committee on Agriculture.

Also (by request), memorial of National Retail Dry Goods Association, favoring the payment of the excess-profits tax in installments; to the Committee on Ways and Means.

By Mr. DALE of New York: Petition of the Paris Literary Club, of Paris, Ky., against zone postal laws; to the Committee on Ways and Means.

By Mr. DOOLING: Petition of the Central Federated Union, relative to Government ownership of the railroad lands; to the Committee on the Public Lands.

Also, petition of Association of National Advertisers, against increase in second-class postage; to the Committee on Ways and Means.

By Mr. ESCH: Papers in support of House bill 10795, granting an increase of pension to William P. Visgar; to the Committee on Invalid Pensions.

By Mr. FULLER of Illinois: Memorial of Illinois State Bankers' Association, favoring universal military training; to the Committee on Military Affairs.

Also, petition of the National Retail Dry Goods Association, for a measure to permit the payment of income and excess-profits taxes in installments; to the Committee on Ways and Means.

Also, petitions of the Woman's Civic Club, of Radford, Va.; the Penelope Club, of Fort Worth, Tex.; the Woman's Press Club, of Cincinnati, Ohio; and the Wednesday Club, of Fort Smith, Ark., urging the repeal of the second-class postage provisions of the war-revenue act; to the Committee on Ways and Means.

Also, resolution adopted by the U. S. Grant Post, No. 28, Department of Illinois, Grand Army of the Republic, favoring a bill granting a pension of \$50 per month to all surviving veterans of the Civil War; to the Committee on Invalid Pensions.

By Mr. HILLIARD: Petition of Susette E. Pease, John Beaton, Z. M. Wright, C. W. Blake, J. Engle, Verne L. Capron, G. A. Yeager, Metta L. Bremmels, and 30 others, all citizens of the State of Colorado, praying for immediate war prohibition; to the Committee on the Judiciary.

Also, petition of Gertrude Blakesley, Lillian S. Fisher, Alice W. Andrews, Laura S. Brannan, Gertrude R. Scholasser, Grace O. Krout, Ida A. Gilland, Mrs. E. H. Mohrbacher, A. F. Culbertson, Gretchen Brechnermann-Smith, and 41 others, all citizens of the State of Colorado, praying for immediate war prohibition; to the Committee on the Judiciary.

By Mr. McCLINTIC: Petition of sundry citizens of Jackson County and Custer, Okla., asking relief for farmers in manufactured articles they must buy; to the Committee on Agriculture.

Also, petition of sundry citizens of Olustee, Okla., favoring closing all breweries during the war; to the Committee on the Judiciary.

By Mr. MADDEN: Petition of Lithuanians of the State of Illinois, relative to independence for Lithuania; to the Committee on Foreign Affairs.

By Mr. O'SHAUNESSY: Resolution of the army and navy committee of the city of Newport, R. I., in re extension of the naval training station; to the Committee on Naval Affairs.

By Mr. RAINES: Petition of E. F. Crane and other citizens of Mount Sterling, Ill., favoring universal military training; to the Committee on Military Affairs.

By Mr. TIMBERLAKE: Petition of Morgan County Federation of Farm Women's Clubs, Fort Morgan, Colo., against any increase in second-class postage; to the Committee on Ways and Means.

Also, petition of Walter M. Long, Boulder, Colo., relative to patent for 10 claims, Sugar Loaf mining district, Boulder County, Colo.; to the Committee on Mines and Mining.

SENATE.

WEDNESDAY, March 20, 1918.

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

Almighty God, we worship Thee and hold in reverence and godly fear Thy holy name. We pray Thee to help us to see it through in these tragic times, that we may understand that God is working through men against blind force and hate and rage for the establishment of order and justice and peace in this world. Give us the inspiration of this noble and divine enterprise in all that we do in this Chamber. We ask for Christ's sake. Amen.

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

SEACOAST FORTIFICATIONS (S. DOC. NO. 203).

The VICE PRESIDENT laid before the Senate a communication from the Acting Secretary of War, stating that upon information the appropriation of \$1,000,000 for contingent expenses incident to the construction of seacoast fortifications and other accessories carried in the law of June 15, 1917, does not apply to the insular possessions, the Panama Canal, or Porto Rico, and recommending that a proviso authorizing the extension of this appropriation be placed in the fortifications bill for 1919, which was referred to the Committee on Appropriations and ordered to be printed.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed a joint resolution (H. J. Res. 154) authorizing the erection of a memorial in Washington to the memory and in honor of the members of the various orders of sisters who gave their services as nurses on battle fields, in hospitals, and on floating hospitals during the Civil War, in which it requested the concurrence of the Senate.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H. R. 9314) making appropriations for the Diplomatic and Consular Service for the fiscal year ending June 30, 1919, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. Flood, Mr. LINTHICUM, and Mr. Cooper of Wisconsin managers at the conference on the part of the House.

MEMORIAL TO CIVIL WAR NURSES.

Mr. WEEKS. Is it in order at this time to take up the joint resolution just received from the House of Representatives?

THE VICE PRESIDENT. By unanimous consent.

Mr. WEEKS. I ask unanimous consent that immediate consideration be given to the joint resolution.

THE VICE PRESIDENT. The Chair lays before the Senate the joint resolution, and it will be read at length.

The joint resolution (H. J. Res. 154) authorizing the erection of a memorial in Washington to the memory and in honor of the members of the various orders of sisters who gave their services as nurses on battle fields, in hospitals, and on floating hospitals during the Civil War was read the first time by its title and the second time at length, as follows:

Resolved, etc., That the Chief of Engineers, United States Army, be and he is hereby authorized and directed to grant permission to the Ladies Auxiliary, Ancient Order of Hibernians in America, for the erection on public grounds of the United States of America in the city of Washington, D. C., other than those of the Capitol, the Library of Congress, and the White House, of a memorial to the members of the various orders of sisters who gave their services as nurses