SENATE.

FRIDAY, *November 24, 1922.*

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

Our Father and our God, we are the recipients of Thy mercy. Enable us to appreciate with confidence in Thee the privileges given unto us. May we live assured day by day of Thy presence and help in all the duties that may come to us. Lead us into the light when darkness may be about us. Help us to an understanding of the ways along which we should travel, and be with us, we beseech of Thee. Through Jesus Christ our Lord. Amen.

CHARLES E. TOWNSEND, a Senator from the State of Michigan, appeared in his seat to-day.

The reading clerk proceeded to read the Journal of yesterday's proceedings when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL.

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

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

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

Ball	Glass	Nicholson	Stanfield
Bayard	Gooding	Norris	Stanley
Borah	Hale	Overman	Sterling
Brandegee	Harreld	Owen	Sutherland
Broussard	Harrison	Page	Swanson
Cameron	Heflin	Pepper	Townsend
Capper	Jones, Wash.	Pittman	Trammell
Caraway	Kellogg	Pomerene	Underwood
Culberson	Keyes	Ransdell	Wadsworth
Cummins	Ladd	Rawson	Walsh, Mass.
Curtis	Lodge	Reed, Pa.	Walsh, Mont.
Dial	McCumber	Sheppard	Warren
Edge	McKellar	Shortridge	Watson
Ernst	McKinley	Simmons	Weller
Frelinghuysen	McNary	Smith	Willis
George	Nelson	Smoot	

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

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

PETITIONS AND MEMORIALS.

Mr. CAPPER. Mr. President, I ask permission to have printed in the RECORD a resolution adopted by the semiannual conference of the National Board of Farm Organizations held recently in Washington, D. C., protesting against the passage of the Jones-Greene bill. I also ask that it be referred to the Committee on Commerce.

There being no objection, the resolution was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

[Adopted by the seminannual conference of the National Board of Farm Organizations held in Washington, D. C., October 11–13.]

Whereas it is apparent that the question of granting subsidies to our merchant shipping will soon be brought to a vote in Congress; and

Whereas the farmers of the United States have been traditionally opposed to the granting of such subsidies; and

Whereas the plan embodied in the Jones-Greene bill, which is now under consideration, contains many provisions that are extremely objectionable and would, in our opinion, be detrimental to the best interest of the country as a whole if enacted: Therefore be it

Resolved, That this body record an emphatic protest against the passage of this proposed legislation.

Mr. EDGE. I ask unanimous consent to have printed in the RECORD a telegram favoring the passage of the ship subsidy bill. I also ask that it be referred to the Committee on Commerce.

There being no objection, the telegram was referred to the Committee on Commerce and ordered to be printed in the RECORD, as follows:

[Western Union Telegram.]

TRENTON, N. J., *November 24, 1922.*

Senator WALTER E. EDGE,
Washington, D. C.:

Trenton Real Estate Board unanimously indorse ship subsidy bill and urge its passage.

ISAIAH BIRKS, *President.*

Mr. CURTIS presented a resolution of the Leavenworth (Kans.) Chamber of Commerce, favoring the passage of the so-called ship subsidy bill, which was referred to the Committee on Commerce.

Mr. LADD presented a petition of the Antelope Farm Bureau Association, of Fort Pierre, N. Dak., praying acceptance of the proposal of Henry Ford relative to the operation of the Muscle Shoals plant, which was referred to the Committee on Agriculture and Forestry.

He also presented petitions of J. P. Parkinson and 22 others, of Willow City; Louis Lehmkuhl and 12 others, of Center; Eva D. Vizina and 7 others, of Williston; John Fink and 21 others, of Dodge; M. L. Forbes and 22 others, of White Earth; Mrs. Ira Heidlebaugh and 25 others, of Pleasant Lake; N. O. Peterson and 32 others, of Turtle Lake; J. K. James and 2 others, of Rolla; Anton Tanberg and 3 others, of Mohall; John Haupel and 31 others, of Medina; J. J. Costella and 18 others, of Cavalier; Walter Ott and 19 others, of Elgin; Mrs. Dan McTucklan and 11 others, of Westhope; Earl Warner and 2 others, of Fessenden; Elizabeth Jones and 8 others, of Fort Rice; Henry Gisleberg and 9 others, of Maddock; Christian Unrich and 18 others, of Glen Ullin; Ludwig Kruckenberg and 8 others, of Stanton; Therisa Sasse and 8 others, of Zap; J. L. Laheck and 9 others, of Zahl, all in the State of North Dakota, praying for the enactment of legislation stabilizing the price of wheat, which were referred to the Committee on Agriculture and Forestry.

BILLS AND JOINT RESOLUTION INTRODUCED.

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

By Mr. SMOOT:

A bill (S. 4064) authorizing the issuance of patent to the legal representatives of Miles J. Davis, deceased; to the Committee on Public Lands and Surveys.

By Mr. WADSWORTH:

A bill (S. 4065) for the promotion of certain officers of the United States Army on the retired list; to the Committee on Military Affairs.

By Mr. NELSON:

A bill (S. 4066) to create a commission to recommend to Congress amendments necessary in order to simplify the pleading, practice, and procedure in certain Federal courts; to the Committee on the Judiciary.

By Mr. BALL:

A bill (S. 4067) to amend the law regarding assessment of real and personal property in the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

By Mr. KELLOGG:

A bill (S. 4068) granting a pension to Linda A. Baker; to the Committee on Pensions.

By Mr. CURTIS:

A joint resolution (S. J. Res. 248) to provide for the payment of salaries of Senators appointed to fill vacancies, and for other purposes; to the Committee on Privileges and Elections.

LIBERIAN LOAN.

The PRESIDENT pro tempore. Morning business is closed.

Mr. CURTIS. Mr. President, I ask unanimous consent that the unfinished business be laid before the Senate and proceeded with.

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the joint resolution (H. J. Res. 270) authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia.

The PRESIDENT pro tempore. The pending question is on agreeing to the amendment offered by the Senator from Mississippi [Mr. HARRISON].

Mr. NORRIS. I ask that the amendment may be read.

The PRESIDENT pro tempore. The amendment will be read.

The ASSISTANT SECRETARY. Add at the end of the joint resolution the following additional section:

SEC. 3. That to carry out the provisions of the act of February 17, 1911, "to promote the safety of employees and travelers upon railroads by compelling common carriers engaged in interstate commerce to equip their locomotives with safe and suitable boilers and appurtenances thereto," as amended, as follows:

"For salaries of 35 additional inspectors whose employment is hereby authorized for nine months at the rate of $3,000 per annum each, $78,750; for per diem in lieu of subsistence for said inspectors for nine months, $37,800; for transportation for said inspectors for nine months, $37,800; for allowances to said inspectors for nine months, $15,750; in all, fiscal year 1923, $170,100."

Mr. DIAL. Mr. President, for the main joint resolution establishing a credit such as is contemplated, I can find no constitutional authority whatever. I see no legal obligation and no moral obligation. It does seem to me that it is time that we should look after the people at home instead of trying to extend credits to other countries of the world where we will never collect the money. In my section of the country a great many people have not paid their taxes for last year, much less this year. We are tired of laboring under burdensome taxation.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

I can not understand how Senators should so far forget their oaths as to vote for a joint resolution which no one would claim is constitutional. There is no place for such legislation now, and I trust that it will be defeated.

Mr. President, in reference to the amendment proposed by the Senator from Mississippi [Mr. HARRISON] I desire to say that I can see no benefit whatever to be derived from increasing the number of locomotive inspectors; in fact, I do not know that there is any necessity for those who are provided for at the present time. Congress should regain its equilibrium and allow business hereafter to function in its accustomed way. The railroads have their own experts; they repair their engines and they know better than some little Government official whether or not those engines are safe; indeed, they know when the engines come out of the shop as to whether or not they are safe. Not only that, but I should much prefer to trust to the knowledge of the engineer who operates the engine than to some Government official who may go around theorizing about it.

We all know that the railroads owe to the public the highest degree of care. They are responsible not only to public sentiment but they are also financially responsible for any injuries that may occur in railroad transportation by reason of any defect in their instrumentalities. After we have gone through a great tie-up of the commerce of the country, to appoint more locomotive inspectors to bedevil, to hamper, and to harass the railroads in the conduct of their business would be absolutely unwise.

I have no brief to speak for the railroad companies, but I do sympathize with business, and I desire to say that if we do not let people transact their business in a reasonable way, without so much Government interference, after awhile there will be no one to carry on business—there will be nobody to pay taxes.

The enactment of this proposed legislation would tend to diminish the number of engines which might be put in operation; it would retard progress; it would retard the delivery of freight. Some little fellow might go around urging some slight captious objection to an engine with which there is nothing materially wrong and have it sidetracked. How in the name of common sense can such a man know more about an engine than the man who operates it? We need practical people, and it is morally wrong and it is financially wrong to keep on tying up the railroads and worrying them with all this kind of red tape.

I do not know whether the Interstate Commerce Commission recommends this proposed legislation or not, but even if they do I desire to say that I find emanating from governmental agencies a great many impracticable visionary suggestions. I understand that a great many of the railroads are getting tired of operating their property and would be glad for some excuse to hand it over to the Government.

If we shall keep on hampering them and preventing them transacting their business in a common sense way such will be the inevitable result. Then, indeed, it will be a sad day for the taxpayers of this country. I am opposed to Government ownership or operation of any kind of business. We have witnessed a great failure in the shipping enterprise in which we are now engaged; not that it necessarily should be a failure, but the chief man who is operating it operates it so as to make it a failure instead of making it a success. It will be the same way with the railroads when they pass into Government ownership.

Mr. President, it is well to talk about the safety of individuals and the public. Senators may get up here and with maudlin sentimentality talk about the care of the lives of women and children who ride on railroad trains; but who knows that hampering the railroads in the manner proposed would improve conditions? Let us carry that suggestion a little further to its logical conclusion. I expect to see some well-meaning, tender sentimentalist get up here and introduce a bill before long proposing to provide inspectors of automobiles in this country. Such a Senator could make a most eloquent speech suggesting that as the Government appropriates money for the purpose of building highways, that it is most desirable that the women and children be not injured; that accidents should be prevented in traveling on those beautiful highways which we have built; that we know that automobiles will get out of order, and therefore suggest it would be proper for the Government to have automobile inspectors at every crossroad and garage in the country. Such a suggestion might be made with just as much reason as it is now proposed that we have locomotive inspectors; and I do not know that many Senators would oppose such a proposition. I fear not.

It seems to me that we have lost pretty much all the common sense we ever had. We have gone to extremes. We forget that there are taxpayers in this country. I do not know what there is in the atmosphere of Washington to produce that effect, but when legislators come here they seem to forget the trials and the hardships of life; we seem to think that money is just simply printed by the printing presses of the Government, with nothing behind it, and that all Senators and Representatives have to do is to introduce a bill to appropriate money.

I am here now, and I intend to take a new start, and hereafter to oppose the creation of all unnecessary offices and all unnecessary taxation, notwithstanding there is not much encouragement to do so. If we do not pursue a different course, we will be heading directly in the direction of Russia and some of the other countries of the world which can not pay their obligations.

I do not want to warn my fellow Senators; that is a matter for them; but I do say that the people back at home are more aroused than they have ever been about the extravagance of government. I am sorry to say that one can hardly get in a Pullman car or enter a hotel lobby without hearing the expression, "To hell with Congress; its Members are antiquated; Congress is out of date; it is not in harmony with the people."

In all seriousness, I can see no use of encumbering the railroads with this additional and meddlesome restriction, and certainly the Treasury is in no condition forever to have offices heaped up and expense piled up from time to time. I thought after the war we would begin to go back to normal, but it seems that we are determined not to allow expenses to decrease. I am perfectly willing to help any set of men here to try to be reasonable and sane and practical, and I am prepared to vote against all unnecessary expense. I hope that we will wake up, and there could be no better time than at the beginning of this short session to realize the condition of the country.

If we pass this appropriation to Liberia, we will force some taxpayer to enjoin its payment.

The PRESIDENT pro tempore. The question is on agreeing to the amendment offered by the Senator from Mississippi. [Putting the question.] The Chair is in doubt.

Mr. HEFLIN. I ask for a division.

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

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

Mr. DIAL (when his name was called). I am paired with the Senator from Colorado [Mr. PHIPPS]. I transfer that pair to the Senator from Missouri [Mr. REED] and vote "nay."

Mr. HARRISON (when his name was called). I transfer my general pair with the junior Senator from West Virginia [Mr. ELKINS] to the junior Senator from Rhode Island [Mr. GERRY] and vote "yea."

Mr. NORRIS (when Mr. LA FOLLETTE's name was called). I was requested to announce that the senior Senator from Wisconsin [Mr. LA FOLLETTE] is unavoidably absent from the Chamber, and that if he were present, on this question, he would vote "yea."

Mr. McCUMBER (when his name was called). I transfer my general pair with the junior Senator from Utah [Mr. KING] to the junior Senator from Nevada [Mr. ODDIE] and vote "nay."

Mr. McKELLAR (when his name was called). I transfer my general pair with the junior Senator from Indiana [Mr. NEW] to the senior Senator from Alabama [Mr. UNDERWOOD] and vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT]. In his absence I withhold my vote. If at liberty to vote, I should vote "yea."

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS], but I am informed that if present he would vote as I shall vote. I, therefore, feel at liberty to vote, and vote "yea."

The roll call was concluded.

Mr. HALE. I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the junior Senator from New Mexico [Mr. BURSUM] and will vote. I vote "yea."

Mr. LODGE (after having voted in the affirmative). I have a general pair with the senior Senator from Alabama [Mr. UNDERWOOD]; but as he would vote as I have voted, I will allow my vote to stand.

Mr. GLASS (when his name was called). I transfer my general pair with the senior Senator from Vermont [Mr. DILLINGHAM] to the senior Senator from Arizona [Mr. ASHURST] and will vote. I vote "yea."

Mr. SUTHERLAND (after having voted in the affirmative). I transfer my general pair with the Senator from Arkansas

[Mr. ROBINSON] to the Senator from Maryland [Mr. FRANCE] and will let my vote stand.

Mr. TRAMMELL. I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the senior Senator from Washington [Mr. POINDEXTER] and will vote. I vote "yea."

Mr. CURTIS. I have been requested to announce the following general pairs:

The Senator from Maine [Mr. FERNALD] with the Senator from New Mexico [Mr. JONES];

The Senator from Illinois [Mr. MCCORMICK] with the Senator from Wyoming [Mr. KENDRICK]; and

The Senator from New York [Mr. CALDER] with the Senator from Georgia [Mr. HARRIS].

The result was announced—yeas 51, nays 9, as follows:

YEAS—51.

Ball	Glass	Nicholson	Smoot
Bayard	Hale	Norris	Stanfield
Borah	Harrison	Overman	Stanley
Brandegee	Heflin	Owen	Sterling
Cameron	Hitchcock	Page	Sutherland
Capper	Jones, Wash.	Pepper	Swanson
Caraway	Kellogg	Pittman	Townsend
Culberson	Keyes	Pomerene	Trammell
Cummins	Ladd	Rawson	Walsh, Mass.
Curtis	Lodge	Sheppard	Walsh, Mont.
Edge	McKellar	Shortridge	Watson
Fletcher	McKinley	Simmons	Willis
George	McNary	Smith	

NAYS—9.

Broussard	Frelinghuysen	McCumber	Wadsworth
Dial	Gooding	Myers	Warren
Ernst			

NOT VOTING—35.

Ashurst	Harreld	McLean	Reed, Mo.
Bursum	Harris	Moses	Reed, Pa.
Calder	Johnson	Nelson	Robinson
Colt	Jones, N. Mex.	New	Shields
Dillingham	Kendrick	Norbeck	Spencer
Elkins	King	Oddie	Underwood
Fernald	La Follette	Phipps	Weller
France	Lenroot	Poindexter	Williams
Gerry	McCormick	Ransdell	

So Mr. HARRISON's amendment was agreed to.

Mr. HARRISON. Mr. President, on line 17, page 2 of the joint resolution, I offer the amendment which I send to the desk.

The PRESIDENT pro tempore. The amendment will be stated.

The ASSISTANT SECRETARY. On page 2, line 17, after the word "resolution," it is proposed to insert a colon and the following proviso:

Provided, That no part of the sum herein authorized to be established as a credit for the Government of Liberia, or any part of the appropriation herein made to carry out the purposes of this act, shall be used for the payment of any commission to any agent, attorney, or commission by the Government of Liberia which may have been or may hereafter be contracted.

Mr. CURTIS. I have no objection to that amendment.

Mr. HARRISON. Mr. President, I have offered this amendment because it is pretty generally understood, I think, that certain persons have a contract with the Government of Liberia that in the event this loan is made they are to receive a fee or commission of $650,000. It is not a secret that the five persons who have this contract with the Government of Liberia are members of the colored race. They have been very conspicuous around the corridors of the Capitol, buttonholing Senators, and using every influence in order to obtain the passage of this legislation. If the rumors that are flying everywhere are correct—and I hope some one can put us right if they are not—the persons who are to receive this commission and share in the profits of $650,000 which the taxpayers of America will have to pay are the following:

William H. Lewis, of the city of Boston, a very prominent Republican member of the colored race. He was formerly an assistant to the Attorney General when Mr. Wickersham held that high office.

Emmett J. Scott, who is the secretary and treasurer of Howard University in the city of Washington, and who is generally seen at Republican conventions. He was, as I understand, one of the lieutenants for the manager of Leonard Wood when he was a candidate for the Republican presidential nomination some time ago.

James A. Cobb, of the city of Washington, a well-known colored attorney, who was assistant to the district attorney when Mr. Wickersham was Attorney General.

Another one is a preacher, Rev. Ernest Lyon, of the city of Baltimore, who was formerly minister to Liberia under one of the past Republican administrations. He is at present, as I understand, the consul general to this country from Liberia.

Another is William L. Houston, a lawyer and very prominent colored Republican in Washington, who was recently placed upon the Board of Education by President Harding.

These men, it is generally understood, have a contract for $650,000 in the event this body is generous and kind enough to-day to pass the Liberian loan. If this contract has not been written, and these facts that are so frequently stated are not true, then my amendment can do no harm; but certainly it should be adopted, so that these commissions shall not be paid or any commission paid in the event the proposed legislation should pass.

Mr. CURTIS. Mr. President, I think the rumor that the Senator has spoken about is like a good many others he has heard of; they originate in his own fertile mind.

Mr. HARRISON. May I ask the Senator if he will agree, pending this matter, to hold it up a few days until we can have a little investigation to see whether or not these charges are true. I have not seen the contract, but we can get these persons here, and we can ascertain the facts. No harm will be done thereby.

Mr. CURTIS. Mr. President, I will agree to the amendment. That will settle the question.

Mr. HARRISON. That is perfectly all right.

Mr. CURTIS. I want to say that all the time this joint resolution was before the Committee on Finance, and all the time it has been here, not one colored man, or, for that matter, one white man, has appeared in its behalf except members of the State Department and the Treasury Department. These rumors are without any foundation whatever.

I have no objection to the amendment, and hope there will not be one vote against it.

Mr. HARRISON. I am certainly thankful to the Senator for his pleasing address and indorsement of the amendment.

Mr. SMOOT. Mr. President, I think the Senator from Mississippi knew that we would accept the amendment before he made his speech.

Mr. HARRISON. No; I did not. I am glad I convinced the Senator, though.

Mr. SMOOT. No; the Senator did not convince me at all.

Mr. HARRISON. The proviso should have been in the original joint resolution, then.

Mr. SMOOT. No one thought of it. I have no objection at all to it.

Mr. HARRISON. That is all right. We are together, then.

Mr. SMOOT. I want to say to the Senator that no colored man has ever approached me at any time about the Liberian joint resolution.

Mr. HARRISON. They knew the Senator would be all right anyhow.

Mr. SMOOT. That may be. Whether the Senator is all right or all wrong is a question of judgment. The Senator believes in recognizing a moral or legal obligation on the part of the Government as well as he does on his own part. I have no objection to the adoption of the amendment.

The PRESIDENT pro tempore. The question is upon agreeing to the amendment.

The amendment was agreed to.

The joint resolution was reported to the Senate as amended.

Mr. HEFLIN. Mr. President, I discussed this question a few weeks ago during the last session of Congress, but I want to say another word before it is finally voted upon, in answer to the statement that this loan should be granted in pursuance of a moral obligation that this Government has to the people of Liberia. I think that suggestion has been exploded by the Senator from North Carolina [Mr. SIMMONS]. The facts show—and this is not a matter of imagination—that certain persons in New York are interested in this loan; that if this money is provided, about $3,500,000 of it will go to concerns in New York interested in the loan to Liberia.

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

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

Mr. HEFLIN. I do.

Mr. SMOOT. I am quite sure the Senator does not want to make a statement unless he knows it to be true. I want to say to the Senator that the Secretary of State says that all of the $1,500,000 of bonds that Liberia is now owing is owned in Great Britain and France, with the exception of about $58,000. If the Senator wants to read the statement of the Secretary, or will let me do so, he will find that that evidence was submitted before the committee of the House.

Mr. HEFLIN. I will ask the Senator a question. How much of this money will be paid to Wall Street for indebtedness on the part of Liberia?

Mr. SMOOT. On the part of Liberia?

Mr. HEFLIN. Yes.

Mr. SMOOT. Fifty-eight thousand dollars is all that Liberia owes America. But it is true that the National City

Bank is acting as agent for creditors in England and France, and that indebtedness amounts to about $1,500,000. That is the fact in the case.

Mr. HEFLIN. So you contend that about three and one-half million dollars will go to Liberia?

Mr. SMOOT. Yes; to be expended there for the establishment of schools, the building of roads, payment of internal debts, and for improving the rivers and harbors. That is what the money is to be expended for, over and above that which goes to the payment of obligations which Liberia owes to foreign governments to-day. Our Government took the position that they were not going to advance any money to Liberia, and still have foreign governments holding the obligations of Liberia.

Mr. SIMMONS. Mr. President, all of those obligations which the Senator from Utah says are due foreign governments, and which he now claims these New York bankers are merely collecting as agents for foreign governments, were contracted in 1912.

Mr. SMOOT. Some of them before that.

Mr. SIMMONS. They are old debts.

Mr. SMOOT. They are old debts, certainly. There is no question about that. But the Government of the United States was not willing to lend a dollar to Liberia and have a foreign government owning a first mortgage and we a second one.

Mr. SIMMONS. Then the Senator's statement of fact is this, that nearly half of this money is to liquidate debts of Liberia antedating the war.

Mr. SMOOT. A third of it is.

Mr. SIMMONS. And the balance of it is to be used for internal improvements hereafter to be made in Liberia?

Mr. SMOOT. There is no doubt about it. If necessary, I would be glad to tell the Senate just exactly why this was done, why the arrangement was made, and state the moral obligation we are under to-day.

Mr. NORRIS. Will the Senator from Alabama permit me to ask the Senator from Utah a question?

Mr. HEFLIN. I will.

Mr. NORRIS. I will ask two questions. The first one is this: When that part of this indebtedness which is owned abroad, in England and in France, was originally contracted, did these same banks in New York act as agents, did they sell the bonds to those foreigners, or were the bonds bought directly from Liberia?

Mr. SMOOT. They made the loan direct to Liberia. Not only that, Mr. President, but I think some of the bonds are still in Germany.

Mr. NORRIS. I have forgotten all the details, but there were at least two of these amounts—one to cover a floating loan of $350,000, I think, and some other indebtedness of $250,000, as to which the statement did not show who owned the indebtedness.

Mr. SMOOT. The statement shows that all the obligations are outside of America, with the exception of $58,000. I have not a statement as to just the amount of the loans.

Mr. SIMMONS. Mr. President, I will say to the Senator from Nebraska that in the agreement entered into by the Liberian Government and the Secretary of State October 28, 1921, it is stated first:

> Two hundred and thirty-three thousand dollars, or such less amount as shall be sufficient to enable the Government of Liberia to pay its internal funded debt——

Mr. NORRIS. Who owns that?

Mr. SMOOT. That is a local obligation, owned in Liberia.

Mr. SIMMONS. It says "internal funded debt."

Mr. SMOOT. Certainly; it is an internal debt.

Mr. NORRIS. It does not follow because it is an internal debt that it is owned in Liberia.

Mr. SMOOT. If it is an internal debt, it would have to be.

Mr. SIMMONS. Second, it was provided—

> Three hundred and fifty thousand dollars, or such less amount as shall be sufficient to enable the Government of Liberia to pay its internal floating debt.

Mr. NORRIS. Who owns that debt?

Mr. SIMMONS. Nothing is stated as to who owns that debt.

Mr. NORRIS. Those are the two items I was inquiring about.

Mr. HEFLIN. What was the amount of that floating debt?

Mr. SIMMONS. Three hundred and fifty thousand dollars. Then $1,650,000 is the debt represented by these bankers in New York. The Senator from Utah says that they have no interest in it but are simply acting as representatives.

Mr. SMOOT. Yes; I say so.

Mr. SIMMONS. I desire now to read what the agreement states about it.

Mr. SMOOT. Does the Senator doubt that the National City Bank is acting as agent for England and France?

Mr. SIMMONS. I do not know anything about it.

Mr. SMOOT. I say they are, and I know that they are.

Mr. SIMMONS. Let me read what the agreement states:

> One million six hundred and fifty thousand dollars, or such less amount as may be necessary for the purpose of enabling the Government of Liberia to purchase or redeem all of its bonds now issued and outstanding.

So that they are to pay, first, their funded debt, their floating debt, and all of their bonds outstanding.

Mr. SMOOT. That is true.

Mr. SIMMONS. This continues:

> Representing the 5 per cent sinking fund gold loan, due July 1, 1952, under the agreement for refunding loan dated March 7, 1912, between the Republic of Liberia, of the first part, and J. P. Morgan & Co., Kuhn, Loeb & Co., the National City Bank of New York, and First National Bank of New York, acting for themselves and for Robert Fleming & Co.—

"For themselves and Robert Fleming & Co."——

Mr. SMOOT. Yes.

Mr. SIMMONS. And M. M. Warburg & Co.—

> and such payments of interest, costs of notices, and other payments or deposits, as well as payments which may be due from the Government of Liberia, under the fiscal agency agreement dated March 7, 1912, between the Republic of Liberia, of the first part, and the National City Bank of New York, of the second part, as shall be necessary to terminate all obligations of the Government of Liberia under all of said bonds or under the agreement for refunding loan or the fiscal agency agreement above mentioned, as shall entitle the Government of Liberia in accordance with the terms of said agreement to the cancellation and destruction of all said bonds held by the fiscal agents in the sinking fund mentioned in said agreements. Advances for this purpose shall be made at such times and in such amounts as shall be determined by the Secretary of State of the United States. It is understood that the Secretary of State of the United States may determine the best method for acquiring part or all of the aforesaid bonds, but in no event shall more than par and accrued interest be paid therefor.

Mr. SMOOT. I do not deny that at all, Mr. President. That is exactly as I stated it was.

The PRESIDENT pro tempore. The Chair desires to ask the Senator from Alabama whether he has yielded the floor?

Mr. HEFLIN. He has not.

The PRESIDENT pro tempore. The Chair recognized the Senator from Alabama.

Mr. McKELLAR. Will the Senator from Alabama yield to me to ask a question?

Mr. HEFLIN. I yield to the Senator from Tennessee.

Mr. McKELLAR. I desire to ask the Senator from Utah who owns these bonds, and what was paid for them by the owners?

Mr. SMOOT. That I can not tell. I can not say who owns the bonds now. I know that British subjects own some, French subjects some, and some were owned in Germany; but I do not know what became of the German bonds.

Mr. McKELLAR. None of these American bankers own them?

Mr. SMOOT. Not a dollar of these bonds—this $1,500,000 of bonds.

Mr. McKELLAR. If they do not own the bonds, why are they named as the owners in the proposed agreement?

Mr. SMOOT. Because they may have a small amount of the $58,000. I do not know what the amount is.

Mr. McKELLAR. Should not the State Department furnish us the information?

Mr. SMOOT. The State Department has furnished us a statement of the total amount—$58,000. That is the amount that comes to America.

Mr. SIMMONS. Why is it stated, I will ask the Senator from Utah——

The PRESIDENT pro tempore. The Chair desires to advise the Senator from Alabama that he can not yield for an argument between other Senators.

Mr. McKELLAR. I am very much obliged to the Senator from Alabama.

Mr. SIMMONS. Mr. President——

Mr. HEFLIN. I gladly yield to the Senator from North Carolina.

Mr. SIMMONS. I simply desire to ask the Senator from Utah why, if these New York bankers have no interest in this, the agreement states that it is made for themselves and as agents?

Mr. SMOOT. They may have a small amount of this $58,000. I do not know what amount they hold, but the State Department says $58,000 of the total amount is owing in the United States. The original issue of $1,500,000 of the bonds was taken in Europe entirely, and the bonds are owned there to-day.

Mr. HEFLIN. Mr. President, the debate which has been going on between Senators discloses a situation very mystifying indeed. The Senate does not know yet who owns these

debts. The State Department says that $58,000 is owed to people in the United States, so far as the State Department knows. The Senator from Utah himself does not know what interest the National City Bank of New York has in these bonds, or how much commission that bank will get as the agent of the British interests and French interests for collecting this debt. So an agency in New York, having in charge this Liberian matter, is coming to the Senate of the United States to collect a debt due by the people of Liberia to various foreign powers. We do not know how much the debt is. We do know, under the facts which have been submitted, that this Government is under no moral obligation whatever to make this loan to Liberia.

Under the administration of President Wilson this Government offered to aid Liberia under certain conditions. Liberia was to do certain things. Liberia did not do any of those things, and when that administration went out of office and the war was over all that was connected with it was out of date and not binding in any way whatever upon the people of the United States, and I think it amounts nearly to a public scandal that the Congress of the United States is now solemnly about to go on record as favoring taking out of the Public Treasury $5,000,000 of the taxpayers' money and paying off obligations to New York and to foreign interests, when the people in America to-day are in distress and can not get money enough to carry on their own business at home.

The Senator from South Carolina [Mr. DIAL] has called attention to the fact that there are farmers all over the country who have not been able to pay their taxes for last year, much less this year, and Senators are standing here now about to go upon record as voting to appropriate $5,000,000 to make a loan to the people of Liberia for no purpose on earth except to pay obligations to concerns abroad and in New York City.

It seems to me that Senators would have profited by what happened to them on the 7th of November, but it seems that the lame-duck brood still lingering in the Senate is to be called upon now in the little time that remains to them to vote $5,000,000 out of the Public Treasury to pay speculators in bonds and floating debts of various kinds in Liberia.

Mr. President, I do not believe any of those Senators who were up for election would have told their constituents before the 7th of November that they would vote for this Liberian loan. It is simply ridiculous. Why should this Government take $5,000,000 out of the Public Treasury and make this loan? What excuse is there for it?

Yesterday Senators were telling us that we ought to stay out of foreign affairs, and here you are going into the very Treasury of the people, the strong box of the Government, running your arm up to the armpit to take out millions to loan to Liberia, a foreign country, without any excuse or justification whatever. I can not understand why Senators would advocate such a thing.

I want to say just this before I sit down. There is no moral obligation on the part of the Government to make the loan. There is no excuse or justification in right principle for making the loan. There is nothing to be gained by it from the standpoint of public policy. It is unjust and unfair to do this thing. The American people need our attention. If Senators have not learned yet, they will learn in the next two years that the people are going to take hold of the Government for themselves. We are going to have a housecleaning at Washington. Instrumentalities that used to operate in behalf of the whole people have been taken hold of and are now being used in the interest of a few to the hurt and injury of the many, and we are going out after them to restore them to their rightful uses, and Senators who vote to-day to appropriate $5,000,000 to make this wildcat loan to Liberia are simply getting ready to join the list of those who on that side went down on the 7th day of November. They are going to have repudiation coming to them. The people ought to repudiate them. Why should the people not do so? This is their Government. If a representative for a business firm were to come back and report that he had done such a thing as is about to be done here with $5,000,000, that private business would kick him out before the sun went down. Here we are, intrusted with this power on the part of the people, solemnly taking an oath in this Chamber to safeguard the rights and interests of the people, and yet it is proposed here to take out of the Treasury $5,000,000 for the speculative interests of New York, to satisfy interests here and abroad who are trying to make a collecting agency of the Congress of the United States. Senators, you can not justify a vote in favor of this preposterous thing.

Mr. SMOOT. Mr. President, the necessity of this bill results from one of the legacies left us by the Democratic Party. If there were not a moral obligation on the part of the Government to advance the money to Liberia, I certainly would not support the measure and I can truthfully say that it would not be before this body for consideration.

I know of no better evidence as to whether there is a legal or moral obligation than that which has been given to Congress by the Secretary of State himself. I wish that every Senator would read the testimony given by the Secretary. I doubt whether there would be one who would question the existence of a moral obligation on the part of this Government.

Mr. WALSH of Massachusetts. Mr. President, does the Senator mean the present Secretary of State or the former Secretary of State?

Mr. SMOOT. I mean the present Secretary of State.

Mr. POMERENE. Mr. Prsident——

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

Mr. SMOOT. I yield.

Mr. POMERENE. There is just one question, so far as I am concerned, and that is the question as to whether or not there is a moral obligation. I am not persuaded either way so far as that particular question is concerned. I tried to get a copy of the hearings, but I am advised that they are not available, being out of print.

Mr. SMOOT. I will say that is true. I this morning obtained the file copies of the State Department and have them here on my desk.

Mr. POMERENE. I make this statement as leading up to a suggestion. As that seems to be the point about which the dispute exists, would it not be well to have the bill recommitted, so we could have a reprint of the hearings and give us an opportunity to investigate the subject?

Mr. SMOOT. Oh, no; I do not think so.

Mr. SIMMONS. Mr. President——

Mr. POMERENE. Will the Senator allow me to ask a further question?

The VICE PRESIDENT. Does the Senator from Utah yield; and if so, to whom?

Mr. SIMMONS. I simply want to state to the Senator from Ohio that I intend at a later time to make a motion to recommit the joint resolution.

Mr. SMOOT. I yield to the Senator from Ohio for a question.

Mr. POMERENE. Did the Finance Committee of the Senate have any hearings?

Mr. SMOOT. I do not believe any hearings were had before the Finance Committee. We relied upon the hearings which were held before the committee of the House.

Mr. POMERENE. My information was that there were no hearings.

Mr. SMOOT. I do not think there were any hearings before the Finance Committee of the Senate.

I believe that I had better read a letter signed by Charles E. Hughes, Secretary of State, and directed to the President, dated July 29, 1921, as follows:

DEPARTMENT OF STATE,
Washington, July 29, 1921.

The PRESIDENT:

I beg to submit the following considerations with respect to the proposed loan to the Republic of Liberia:

An examination of the course of the negotiations produces the conviction that commitments have been made by this Government which imposes a moral obligation to make the loan. The negotiations were had and proceeded to the point of an announced commitment at a time when the broad authority conferred in connection with the prosecution of the war was adequate to the consummation of the plan, and the fact that this authority may not be deemed longer to exist, while making it impossible to proceed without congressional sanction, does not, in my judgment, change the fact that assurances were given which should be made good.

Mr. POMERENE. Will the Senator permit me to interrupt him at that point?

Mr. SMOOT. Had I not better read the letter through first?

Mr. POMERENE. Very well.

Mr. SMOOT. That would be the better way.

The history of the negotiations, as they appear from the information at my command, may be stated as follows:

Liberia being at war with the enemies of the United States, a loan credit of $5,000,000 was extended by the Secretary of the Treasury on September 9, 1918, under the authority of the act of April 24, 1917, "To authorize an issue of bonds to meet expenditures for the national security and defense, and for the purpose of assisting in the prosecution of the war, to extend credits to foreign governments, and for other purposes." On September 12, 1918, the Government of Liberia was notified of the opening of this credit and negotiations were initiated covering the terms, service, and general purposes of the loan. The loan plan drawn up was intended to safeguard the money so advanced by American administration of expenditures and collection of revenues, and also to provide for repayments of all moneys due other foreign creditors. * * * The Governments interested were advised of the opening of this credit. The loan plan for various reasons was not submitted to the Liberian Government until June 15, 1920, and the Liberian Legislature requested certain modifications. It was clearly

understood both by the Liberian Government and by the Government of the United States at that time that there was no question of a withdrawal of the offer of the money already promised, the time when the credit should be made available merely depending on a satisfactory agreement as to details of administration.

Remember, Senators, that was taken up on June 15, 1920.

Relying on the assurance that the United States was ready to enter into a definite agreement, the President of Liberia came to Washington some time ago with other plenipotentiaries to conclude the negotiations. In anticipation of this journey and at the request of this Government, the Liberian Government gave to him and his associates full and necessary authority to conclude the loan plan, and since that time it is understood they have been prepared to sign an agreement providing for the necessary administrative measures adequately to secure the loan.

It should also be pointed out, in appreciating the moral obligation of this Government, that the Republic of Liberia, which had her origin largely through the efforts of American citizens and at various times has sought the aid and counsel of this Government, decided, upon the entrance of the United States into the war, to make common cause with this country and the Allies against Germany. It was largely in consequence of this participation that the economic situation of Liberia was imperiled and that her Government was compelled to make appeal for financial aid. It was in these circumstances that Liberia was assured that the United States, her traditional friend, who had been generous in assistance to the other nations fighting against Germany, would come to her relief.

In view of these circumstances and of the obligation to which they give rise, to which we can not fail to be sensitive, I need not dwell upon the fact that the extension of this loan is highly important from the standpoint of the proper protection and promotion of American commercial interests on the West Coast of Africa. The advantages which will accrue to our people are not to be ignored, although in the presence of the considerations already mentioned they need not be detailed or stressed.

In conclusion, permit me to observe that, apart from any question of our obligation or of any benefits accruing to ourselves, our people have always been especially interested in the welfare of Liberia because of the close relation which its prosperity may be deemed to have to all that pertains to the advancement of the Negro race. The Republic of Liberia has been fostered through American interest, and at this critical time in her history we have opportunity to give a practical expression of our continued solicitude and by coming to her aid in this severe exigency to promote permanent relations of the closest friendship.

Respectfully,

CHARLES E. HUGHES.

The PRESIDENT,
The White House.

Now, Mr. President, unless the Senate wants me to read it, I shall merely ask to have placed in the RECORD a statement of the Secretary of State of date April 19, 1922, before the Ways and Means Committee of the House, in which he gives in detail the situation just as it exists. In that statement he not only takes the position that there is a moral obligation, but, after reciting what led up to the loan, he made this statement:

It was exercised, and I make bold to say to this committee that I do not think there is any question of legal authority that would survive the analysis of argument before any judicial tribunal.

He does not hesitate to say in his testimony and in his letter that there was a moral obligation, and he expresses the opinion that the transaction went so far that any judicial tribunal would hold that it was a legal obligation.

Mr. GLASS. Mr. President——

The VICE PRESIDENT. Does the Senator from Utah yield to the Senator from Virginia?

Mr. SMOOT. Certainly.

Mr. GLASS. May I ask the Senator what the Secretary of State meant, then, if he had the legal authority to do it, by saying that he could not make the loan without congressional action?

Mr. SMOOT. He does not say the legal authority at the present time.

Mr. GLASS. But the Senator is saying for him that he suggests that he had the legal authority to do it.

Mr. SMOOT. Yes; up to the time peace was declared with Germany, and after that he did not have the legal authority. I call the Senator's attention to the fact in his statement the Secretary said that for that reason he has to come to Congress and ask authority; but if he had taken action before peace had been declared with Germany and Austria-Hungary the Secretary said there was a legal right to advance the money.

Mr. GLASS. As a matter of fact, it has not been established here and it can not be established anywhere that there was any legal authority to make loans to fund the indebtedness of Liberia. The only legal authority that has ever existed for this Government to make any loan to any foreign nation was to make loans for the prosecution of the war and for the consummation of the security of this Government.

Mr. SMOOT. And that was what they decided to do, not this administration but the preceding administration, and this administration is carrying out that agreement.

Mr. POMERENE. Mr. President——

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

Mr. SMOOT. I yield.

Mr. POMERENE. I have listened very closely to the reading of the letter of the eminent Secretary of State. I have very great respect for his opinion, but I think I can fairly conclude that his opinion is based upon some facts or information that he may have which may not be fully detailed in that letter. I call attention to that for the purpose of strengthening the point I made a moment ago; that it seems to me under all of the circumstances the further consideration of this joint resolution should be postponed until we can have an opportunity to read that record. I hesitate about voting these foreign loans, while at the same time I am pretty jealous of our moral obligations and the duty that we may have under them. If I were called upon to vote now, my vote certainly would not be satisfactory to me, whichever way I should vote.

Mr. SMOOT. I will say to the Senator from Ohio that here, for instance, is a portion of a statement which I expect to put into the RECORD:

Now, what is the basis of a moral obligation? I take it to be a promise on which another has acted. We told the Liberian Government that, assuming that the proper provisions for the protection of the loan were provided, this credit was open.

We went further than that. And now I must refer to a confidential paper which I hope will not be put upon the minutes, but which I think you should closely study, and which is found on page 58 of the confidential print.

After further discussion, that was decided not to be printed in his testimony.

Mr. WALSH of Montana. Mr. President, like the Senator from Ohio [Mr. POMERENE], I listened attentively to the reading of the letter, because I was curious to know how it came about that, although this loan was authorized in the month of October, 1918, upon certain conditions to be observed with respect to its repayment and application, and so on and so forth, it never has been consummated, but was held in abeyance until the treaty of peace with Germany was signed.

I suppose that the advances were not made and the loan was not actually consummated because, not unlikely, the conditions respecting the repayment of the loan and the security and that kind of thing were not complied with.

I did not observe from the reading of the letter exactly what those conditions were and exactly what had been done or what had been omitted to be done with respect to the observance of those conditions. Nor are we advised now, so far as I know, that the terms and conditions have even yet been complied with so that the security which was demanded in October, 1918, has been provided.

Mr. SMOOT. I thought that I could turn to the statement which was made by the Secretary of State in which he outlined some of the reasons why action had not been taken even by the former administration. Mr. President, I now ask that the statement of Hon. Charles Evans Hughes, Secretary of State, which was made before the Ways and Means Committee of the House of Representatives on April 19, 1922, be printed in the RECORD. The copy which I hold in my hand is a file copy, and I shall have to ask the official reporters to be sure to return it to me, because I have to return it to the State Department.

Mr. POMERENE. As I understand, the Senator refers to a file copy of the hearings before the Ways and Means Committee of the House of Representatives.

Mr. SMOOT. It is a file copy of the hearings before the Ways and Means Committee of the House of Representatives.

The VICE PRESIDENT. Without objection, the statement referred to by the Senator from Utah will be printed in the RECORD.

The statement is as follows:

[From hearings before the Committee on Ways and Means, House of Representatives, on House Joint Resolution 270, authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia, April 19, 1922, part 2.]

CREDIT FOR GOVERNMENT OF LIBERIA.

COMMITTEE ON WAYS AND MEANS,
HOUSE OF REPRESENTATIVES,
Wednesday, April 19, 1922.

The committee met at 10.30 o'clock a. m., Hon. Joseph W. Fordney (chairman) presiding.

The CHAIRMAN. Gentlemen of the committee, the Secretary of State is here this morning and has said that he wishes to get away as soon as convenient.

Mr. Secretary, the committee has before it the resolution providing for a loan to the Liberian Government. Certain gentlemen of the committee would like to hear your statement as to why the loan should be made.

STATEMENT OF HON. CHARLES EVANS HUGHES, SECRETARY OF STATE.

Secretary HUGHES. Mr. Chairman, I thank you for the opportunity of appearing here and to state the considerations which I think ought to prompt us to make this loan to the Republic of Liberia.

I shall greatly appreciate it if you will permit me to make a consecutive statement, which will only take a few minutes, and then I shall be glad to answer any questions which any members of the committee may desire to put.

There are several considerations which seem to me to support the making of this loan. There is the consideration of the good faith and moral obligation as a consideration of this Government. There is

the further consideration of our historical relation to the people of Liberia, and there is also the consideration of the national interests which are involved.

These various points of view are not wholly independent, and they are not to be considered in a way entirely separate from each other. They are all important.

The consideration of primary importance, as it seems to me, is the one I mentioned first. I think it a point of honor that this loan should be made, and I shall briefly endeavor to explain why I think that the question of primary importance—that is to say, the moral obligation of the United States—is involved.

In September, 1918, the executive department of the Government, acting under the authority of the second Liberty loan act, informed the Republic of Liberia that a credit of $5,000,000 was opened in its favor.

I shall not go into any lengthy discussion of the question whether that action was authorized under the terms of the second Liberty loan act. I am speaking now not of the legal obligation but of a moral obligation, and I take it that the facts which underlie that obligation are not in dispute.

I may say this, however, as to the authority under the act: The act provided that the Secretary of the Treasury, with the approval of the President, for the purpose of more efficiently providing for the national security and defense in the prosecution of the war, was authorized to establish credits with the United States for any foreign government then engaged in war with the enemies of the United States.

Liberia had entered the war, you might say, at the instance of the United States, and came within the description of these governments. Liberia had greatly suffered by reason of her relation to the war.

I notice from a perusal of the hearings that there has been a good deal of discussion in the committee upon that point. I shall not, for that reason, review the matter.

The authority conferred upon the President was a very broad one, and in time of war was not to be rigidly or strictly construed as to what it was intended to be.

I was here in the summer of 1918. I know the tension of that time. I know that through the summer of 1918 there was the greatest fear that the war would be won by the Central Powers. I know this Government was going to the extreme of expedition in providing every possible resource. There is one consideration alone which, from my point of view, justified the President in this action, and puts aside any legal question. Liberia is a great producer of palm oil, and palm oil is essential in the manufacture of munitions. Palm oil is of great importance in connection with the tin-plate industry, and in connection with the soap industry, and a by-product of that industry is important in the making of munitions; and no court in this country would have considered for a moment, in my judgment, any question of lack of authority on the part of the President of the United States to support the Republic of Liberia as an ally in this war, and to make arrangements to secure to the Allies access to that great source of necessary war supplies.

There is not any reason now, in my opinion, why we should consider this was wise or that was wise. This was a matter of discretion vested in the only one to whom, in time of emergency, it is practicable that this broad discretion can be given under our system of government.

It was given. It was exercised, and I make bold to say to this committee that I do not think that there is any question of legal authority that would survive an analysis or argument before any judicial tribunal.

Of course, you will understand, Mr. Chairman, I have no personal interest in this. I am speaking here merely from the conviction that has been produced from my study of the subject.

Now, what was done, however, quite apart from any legal consideration was this: On August 14, 1918, as you will find on page 114 of the hearings, President Wilson stated to the Secretary of State, referring to this loan of $5,000,000, that he was in sympathy with the representation which had been made. On August 27, 1918, the Treasury Department informed the Secretary of State that the President had approved the establishment of credit in favor of the Liberian Government in the amount of $5,000,000.

Further formal communication was made on September 9, 1918, to the Secretary of State by the Treasury Department to the same effect. On September 12, 1918, the Secretary of State directed the legation at Monrovia, Liberia, to inform the Liberian Government of the establishment of that credit.

Now, what is the basis of a moral obligation? I take it to be a promise on which another has acted. We told the Liberian Government that, assuming that the proper provisions for the protection of the loan were provided, this credit was open.

We went further than that. And now I must refer to a confidential paper which I hope will not be put upon the minutes, but which I think you should closely study, and which is found on page 58 of the confidential print. [After further discussion off the record.]

A plan was proposed to the Liberian Government which carried the provision for the supervision and handling of this loan. I may say here, incidentally, that this Government has tried to be very careful in the protection of the interests of the Government in case this loan were made, to see that adequate security was obtained and that the repayment of the loan would be properly assured.

The Liberian Government did not like the terms of that plan, and made certain objections. That was within their competency. Because we had offered to grant the loan did not mean that they had to submit to anything that was proposed, and there was correspondence on the point—insistence on one side and opposition on the other side. They did not think that the plan was a fair one. The result was that President King, of Liberia, with a justice of his supreme court and one or two others, came as a special commission to this country to see if they could work out a suitable plan, and I think they arrived just about the time of President Harding's inauguration. It fell to my lot to look into this matter. I considered it, reviewed what had been done, and I came to the conclusion that as we had notified Liberia that this credit was open, as we had asked the British and French to retire and to make no further plans, and assured them that we had an American program here and did not want or desire anything to stand in the way of carrying out that American program, after Liberia had lost her reasonable opportunities in the meantime to enter into negotiations with others, it was our duty to go ahead and make our word good. I thought that to default on one's word in such case would be regarded among business men in private affairs as very sharp practice, and I felt that it was our duty to go ahead, and I so informed the President. I went over the matter with him.

The result was that this matter was taken up by the present administration. Now, there came about this difficulty: Of course, the war being over, considerable time having elapsed, there was no disposition in Congress to make foreign loans, and there had been many speeches, if my memory serves me correctly, in debates upon the floor, indicating antagonism to any further credit to foreign powers. Further than that, what is more important, was that the second Liberty loan act, as amended, put a certain date of termination upon the credits under the act. I refer to the provisions of the amending act, approved April 4, 1918, that the authority granted by this act to the Secretary of the Treasury to establish credits for foreign governments shall cease upon the termination of the war between the United States and the Imperial German Government.

You remember the resolution of March, 1921, and the proclamation made by the President, if I recall the date correctly, July 2, 1921, and it was my opinion that the foundation for a legal authorization had fallen, and that there should be an authorization by Congress; that that was the only safe way to proceed. I do not think that any executive officer after that situation had been created could safely take the responsibility of either advising or paying any money under the original act, regardless of the fact the credit had been opened in the way I have stated. That, however, did not affect the practical situation at all, and I am not now dealing with the legal question. The legal basis, as to this authority, was gone, but the fact is we had told Liberia she could have the money, and told other governments that we were going to let Liberia have the money, and if that legal basis had not failed, that money would have been put up.

Now, I may come to the second consideration, as I wish to pass very briefly over these matters—our general interest in Liberia. This is one point upon which President Roosevelt, President Taft, President Wilson, and President Harding have agreed. There ought to be some presumption in favor of a view which has such an extraordinary concurrence.

In 1909, at the time of the appointment of the commission to investigate matters in Liberia, Mr. Roosevelt, then President, speaks of our historic relation to, and interest in, the welfare of that country.

Then, Mr. Taft, a little later, said the same thing. It was upon that basis, in connection with the relation of Liberia to the war, that President Wilson directed the Secretary of the Treasury to open this credit. The same consideration appealed to President Harding when he reviewed the circumstances.

We have a very deep interest in the welfare of that Republic.

Now, as to the loan plans: I notice in the hearings that there was some discussion about—at least, it seemed to breathe through the pores of the record—that there was some idea that bankers were back of this, that somebody wanted to get their bonds paid off. There is absolutely nothing in that. I have not had a communication in the last year, since I have been dealing with this matter, from a banker or from anyone interested in bonds.

The truth of the matter is this: These bonds are held, the outstanding bonds, amounting to probably $1,500,000, which are to be retired under this plan—and I will speak in a moment of the reason for retiring them—they are not held by Americans or by anybody that would be interested in the influencing of this Government. I understand that there are about $58,000 of the total of $1,500,000 held in this country.

Mr. MILLS. I got the figures in New York, and there it is estimated that they are $10,000.

Secretary HUGHES. I know, and I was going to say in a moment that that was my personal information, that it was only about $10,000; but my record information, the only thing that I am entitled to state to this committee, is that it is approximately $58,000. Personally, I believe it to be much less.

There is a considerable amount held in England; a considerable amount held in Holland; a considerable amount held in Germany; widely distributed among private investors.

It is quite obvious that we can not as a Nation enter into the plan with respect to Liberia and be in the position of a second mortgagee. We can not go into that and leave this so-called international receivership outstanding. If we go into it, we should go in and clean up the outstanding loans; that is, go in just as any business man would go into an enterprise of that sort with his rights secured by a first lien and with nobody to question his supervision, because it is important that there should be very close supervision there.

If I may say to the committee, I do not think that the provisions we have put into this agreement to secure us ought to be less effective than they are. Those provisions make sure that everything will be done in the way of supervision which will be necessary to secure the results we want to see obtained, and I do not think that provisions of the agreement go beyond that. I hope you will think it is adequate for that, but we can not afford to go in without cleaning up the loans that are already outstanding and have the others withdraw from the participation in the existing receivership and have a new organization of Americans designated by the United States, appointed, of course, by the President of Liberia, who will have the sole supervision.

Now, of course, I do not think that the margin is very great between what these bonds are held at in the market and what will be paid for them at par under this plan. That sort of thing is inevitable, but it does not mean that there has been any attempt to influence this transaction or that anybody else has had anything to do with this plan for their personal advantage.

Nothing has arisen or come to the attention of the State Department of that sort in any way, shape, or form. This is a business proposition. I feel that we should make this loan.

We should not make this loan unless we go in there with a first lien adequately protected. We can not get that unless we pay the others off.

I also wish to say this, that to which I have already adverted, I will say for the record that the consequences of a failure to give this authority, from my point of view, which, of course, with all deference, I merely submit for your consideration, would be lamentable in the first place with respect to the position of the United States before the world, not only before Liberia, but before the world.

Next, it would be most lamentable for Liberia and, third, it would forfeit to the United States an opportunity which ought not to be held as the chief motive in entering into this enterprise, but which we can very properly consider an opportunity which confers without prejudice to the interests of the people of Liberia certain natural advantages from the association which the making of this loan would create.

I thank you very much for permitting me to come before you.

The CHAIRMAN. Are there any members of the committee that desire to ask the Secretary any questions?

Mr. FREAR. I should like to ask a couple of questions, which you may answer outside the record if you care to do so. And I think it is proper to say that we will accept your opinion above that of anyone else upon this question.

From September, 1918, to November, 1920, the time that the loan was withdrawn by the Government, a period of over two years, could you tell the committee what occurred in reference to this credit during that time? The record does not seem to indicate fully, and I thought possibly you had the information.

Secretary HUGHES. During the first year of that period you will find what took place stated in Secretary Lansing's letter, which is a confidential communication, which I read.

Mr. FREAR. That is the one you read to the committee?

Secretary HUGHES. Yes; he states what had been done during that time. Then a plan was developed and submitted to Liberia. That was discussed by them, and they were opposed to it. That took the remaining period to which you refer.

Mr. FREAR. That is, during two years?

Secretary HUGHES. Yes.

Mr. FREAR. There is one other question that occurs to me. One and a half million dollars of the amount to be loaned will practically cover the liability of Liberia. They have founded this claim on the agreement of the President during the war to extend a credit of $5,000,000. At this time what is the necessity for extending a credit of $5,000,000 unless Liberia has been put to some disadvantage by reason of the credit, in view of the fact that only $1,500,000 will cover their indebtedness? Of course, some additional amount, I assume, will be necessary; but why place the amount at $5,000,000?

Secretary HUGHES. Well, there is a reason for the loan being in excess of the $1,500,000, and this is the reason: We are not obliged, and the United States should not desire, to make this loan merely to take up the other loans. That is only a condition precedent, and it is a necessary preliminary to undertaking the thing that has to be done. The loan is for the purpose of resuscitating Liberia. They have not got their public works, their roads, and can not develop their resources. They largely lost, during the war, their trade. They were impoverished. We would not make any loan at all to them, as a business proposition, until we could see that there would be resources developed, and that sufficient resources would be developed to give reasonable results.

Now, of course, as I explained a moment ago, the payment of this first loan, the existing loan, is necessary to get into position to help them. The question is, how much money is needed after they get in that position to accomplish results?

We have studied the general proposition——

Mr. FREAR (interposing). I was going to say that the committee has read the general purposes contained in the report. There is one other question that I want to ask. What would be the effect of this proposition as a precedent for claims upon the Government for loans by other Governments?

Secretary HUGHES. I do not know of any case like this. I do not know of any case for which this would be a precedent. I think that our relations with Liberia are such, and we have offered to loan them under such circumstances, that in view of the present difficulty and of what we have told other Governments there has been created a unique situation. I think that I know the relations of the United States to every other Government, and I do not think that there is one which this would furnish a precedent by which we could be called upon to make another loan.

Mr. TREADWAY. May I ask one question in connection with those of Mr. FREAR?

The CHAIRMAN. Yes.

Mr. TREADWAY. I judge from your statement that you did not consider, Mr. Secretary, the fact that Liberia declined the conditions made by Secretary Lansing in 1918 or 1919, and the fact that she declined those conditions, would in any way renew our moral obligations?

Secretary HUGHES. No; that declination was immediately followed by the resumption of negotiations to secure other terms. We continued in treaty with her.

Mr. TREADWAY. It did not conclude the agreement President Wilson made to make the loan?

Secretary HUGHES. Oh, no. It merely led to their sending a commission, sending their President over here to thrash out these difficulties, and in that way succeed. And we have gotten their signature to a more comprehensive plan at the present time than before. Of course, we were governed somewhat in that by the conditions that intervened. But the negotiations continued.

Mr. GARNER. Mr. Secretary, when did Liberia enter the war?

Secretary HUGHES. In 1917. I have forgotten the time—August, I think.

Mr. GARNER. August, 1917?

Secretary HUGHES. Yes.

Mr. CRISP. Was it not 1918, Mr. Secretary?

Secretary HUGHES. No; I think it was 1917.

Mr. GARNER. And this credit was created then?

Secretary HUGHES. In 1918.

Mr. GARNER. This loan was authorized in 1918?

Secretary HUGHES. Yes.

Mr. GARNER. Liberia's interest in this war was really to benefit Liberia, was it not?

Secretary HUGHES. Well, I should think that one would have to be a very close judge of benefits and disadvantages in order to pass judgment upon that. I should say that Liberia was in a terrible plight, and we wanted her cut off from the Central Powers; we wanted her cut off from any opportunity of their utilization of its resources in carrying on the war.

Mr. GARNER. Well, when Liberia declared war she was in a very precarious condition with reference to trade matters?

Secretary HUGHES. Yes.

Mr. GARNER. And she entered the war and thereby got the benefit of having the Allies purchase her palm oil and other necessary articles?

Secretary HUGHES. Yes.

Mr. GARNER. But she did not contribute either men or money to the Allies for the conduct of the war?

Secretary HUGHES. Her contribution was that the Germans were shipped out of the country. The Allies had a complete opportunity for utilization of her resources. She was absolutely denuded from the standpoint of resources and revenue, and in that plight some help was necessary, and the United States said, "We will give it." Then we said to Great Britain and France, "Now, we are going to handle this," and then long negotiations resulted by which that arrangement was made.

The conditions to which you refer were the conditions which led to the United States pledging its credit.

Mr. GARNER. I merely want to get the idea of our moral obligation. I think you will agree, probably, that the purpose of Congress at the time they authorized the loaning of money to the foreign countries was that they might contribute to the success of the war.

Secretary HUGHES. Well, Liberia did.

Mr. GARNER. And giving money at this time to the development of the Republic of Liberia undoubtedly will not contribute to the success of the war.

Secretary HUGHES. If you will look at the matter from the standpoint of August, 1918, consider the condition that we were in then, the control of the resources of Liberia could be regarded as just as essential to the effective prosecution of the war as that which attended the development of a railway to reach spruce out at Olympia, or anything else that was done.

Indeed, anybody looking at the situation then with regard to the manufacture of munitions and not knowing when the war would terminate would very naturally have reached the conclusion that was reached. It was not a question at all whether Liberia could furnish men, but that was a strategic point. That was a place with resources which should be conserved for the benefit of the allied arms.

Now, may I say that on the question of legal authority on the part of the President, Mr. Wilson, it is necessary merely to find whether that was a possible point of view on his part, and not whether it was the point of view of anyone else.

Mr. GARNER. Well, admitting that he had the legal right—and whether he had or not he assumed that legal obligation, that right, when he authorized the loan—but the Treasury Department was in such doubt about it that the Secretary asked the President to give special authority?

Secretary HUGHES. Yes.

Mr. GARNER. Indicating that there was some doubt. Anyway, the Treasury did not want to take that responsibility.

Secretary HUGHES. Well, the President did take it.

Mr. GARNER. Yes, Mr. Secretary. Do you consider the correspondence in your office in the matter of making loans to foreign governments a moral obligation on the part of Congress?

Secretary HUGHES. I consider the direction of the President of the United States and the act of the Secretary of the Treasury authorizing the Secretary of State to inform foreign governments of the opening of the credit, and the action in reliance upon that, created the highest possible moral obligation, certainly when that action was taken under an act of Congress which had given that authority.

Mr. GARNER. In other words, if your office should negotiate with foreign governments with reference to a loan to any particular government, you would consider that a moral obligation on the part of Congress to appropriate the money?

Secretary HUGHES. That is as far from what I said as the east is from the west. I said nothing which would permit of such an inference, with all deference. I was considering a case where the President had acted under the authority of Congress, believing undoubtedly he had authority to act, authority couched in general terms; and I think that he certainly felt that he was basing his judgment upon the fact that the action was needed, and, after the Secretary of the Treasury had also acted under that authority, under the same authority of Congress, and the Secretary of State had communicated this to foreign governments, this action authorized by our own legislation in time of war created a moral obligation to make the promise good.

Now, that is as far from any suggestion that we can create an obligation by negotiating loans—which, by the way, we do not undertake—that I would not discuss it.

Mr. GARNER. You base your statement upon the moral obligation that the loan was already authorized, the lending of this $5,000,000, in 1918?

Secretary HUGHES. Well, I would say that I base it upon that and the fact that it was communicated and relied upon and was an announced program to other governments and was the basis on which they withdrew from negotiations.

There is nothing like it in any other case.

Mr. GARNER. If the Congress should disagree with the President as to his legal authority to make this loan, would the Congress then be morally bound?

Secretary HUGHES. The Congress must be its own judge of its moral obligations.

Mr. GARNER. Well, you stated, and if you were a Member of Congress—I will put it very clearly—if a Member of Congress investigated this matter and came to the conclusion that the President was not authorized under the Liberty loan act to order this credit of $5,000,000 to Liberia, would he be morally bound to support this bill?

Secretary HUGHES. Well, I do not think that his conviction as to the lack of authority of the President could in any way dispose of the question of moral obligation. He would first have to consider whether that was merely arbitrary action on the part of the President or whether he believed that it was taken in good faith, assuming that authority existed. He would have to consider whether there was a reasonable basis for that judgment on the part of the President. He would necessarily have to consider the light in which this country would be placed when this country, through its President and its executive officers, had acted and communicated that action through diplomatic channels to the other Governments, and he would be presumed to know that a question of legal right and a question of moral duty are not the same.

Of course, you can never settle a question of moral duty by a mere question of legal right. If you could, there would be no distinction between a legal and moral obligation.

We are dealing here in a forum of honor. Now, in that forum you have nothing to guide you but your individual conscience, as I think you appreciate.

I submit that these are my convictions, and that this is a point of honor. I can do no more than state it.

Mr. FREAR. Mr. Secretary, from your study of the record, do you think that when President Wilson acted in creating the $5,000,000 loan it was for war purposes only, or do you think that it was for the payment of these indebtednesses which had been incurred before, and for exploitation as well as the conduct of the war?

Secretary HUGHES. I do not think that it had anything to do with the payment of existing indebtedness, except as that was a necessary preliminary to giving the help which he thought ought to be given.

Mr. FREAR. You think that it had nothing to do with the proposed method of exploitation?

Secretary HUGHES. The loan—I think I should not use the word "exploitation," because that is a word which is susceptible of different meanings, a good and a bad——

Mr. FREAR. I mean the better.

Secretary HUGHES. I think that the President had in mind the economic rehabilitation of Liberia, but I do not think that the President is justified in loaning money on that alone, and it must be assumed, consequently, under our system of government, that he believed that that would be a very effective method of prosecuting the war. He tried to put it on a sound basis, and the mere fact that the money was to be used for the economic rehabilitation of a country which could be an effective ally would not detract from the authority to make the loan. But that, as I said a moment ago, is not the whole consideration when you come to look at the situation which has been created by the fact that the loan was authorized, that these negotiations were continued, and that we stand before the world as having promised this $5,000,000, of having said we would do this thing. We go ahead and proclaim to the rest of the world that we would help this country, in which we have said for generations that we had a special interest, and then, in the language of the street, we "duck" it.

Mr. CRISP. Mr. Secretary, have you any figures as to the total amount of indebtedness of Liberia, bonded and floating, that this loan was to pay, such indebtedness having arisen even before the European war started?

Secretary HUGHES. I think that you will find those figures in this statement, in the record of the hearings, at page 47. You will find the various items of floating indebtedness, and, running over to page 48, you will find a list of small items. The total is $2,189,000, which I understand was the amount. This is the amount of the present indebtedness.

Then the rest of the purposes of the loan are indicated in the items stated below that.

Mr. CRISP. Now, Mr. Secretary, there is one other question. As I understand, the population of Liberia is partly civilized and partly uncivilized. How many are civilized?

Secretary HUGHES. About 60,000.

Mr. CRISP. Do you know how many others there are?

Secretary HUGHES. About 2,000,000 in all.

Mr. TILSON. Mr. Secretary, I would like to get your opinion as to whether the terms upon which this loan is proposed are such as to reasonably assure us that it will be wisely spent for the proper development of Liberia.

Secretary HUGHES. Those things were all very carefully gone over in the State Department and then submitted to the Secretary of the Treasury, and his letter reporting upon the plan is in the record of the hearings. It was gone over from the point of view of assuring to the utmost extent that we should have the necessary supervision; and, of course, while some of those features were not popular with the Liberians, we felt that when we came to this point we could not afford to be placed where we would not have the security which would protect us.

Mr. TILSON. Then, as to the repayment of the loan, do you regard the conditions upon which the loan is made are such as to justify us in the belief that this loan is a good loan in a business sense?

Secretary HUGHES. I think it will be; yes. I think it will be a good loan, both in the direct sense and in the indirect sense.

Mr. OLDFIELD. Has a contract been drawn up between our State Department and the Government of Liberia, giving the terms of the loan?

Secretary HUGHES. That is in the record.

Mr. OLDFIELD. That is in the record?

Secretary HUGHES. Yes, sir. Now, I will tell you what was done. When Mr. King, the President of Liberia, with his commission, was here, we had a plan prepared which you will find in the record of the hearings, beginning on page 124, a plan for this loan, and we had it signed up by the representatives of Liberia, subject to the approval of Congress; that is, subject to the authorization for making the loan, so that the thing is all done so far as they are concerned. They are committed, so far as that is concerned.

Mr. OLDFIELD. What is the date of that contract, if you have it there?

Secretary HUGHES. It is in the record. It was dated October last.

Mr. MILLS. They have never defaulted on any of their bonds, have they?

Secretary HUGHES. I think not.

Mr. HAWLEY. Mr. Secretary, your judgment is that this is a matter that should be handled under contract with Liberia rather than with a treaty?

Secretary HUGHES. Yes, sir; it is a loan contract.

Mr. HAWLEY. Would we enter into such an arrangement with a larger country, like England——

Secretary HUGHES. We have.

Mr. HAWLEY. Where we would go into and develop the country and also take charge of their Government, so far as the collection of the taxes are concerned, in paying their employees as well as our own?

Secretary HUGHES. Those conditions, of course, do not apply in the case of other countries. We are going to do that in order to insure that they get the benefit of the loan and to meet a necessary situation, which, of course, would not exist elsewhere.

Mr. GREEN. Mr. Secretary, there is just one other thing with reference to the practical question that the committee finds in the way of the passage of this bill. You spoke of the opposition in Congress to further loans. I feel somewhat like the State Department may have underrated that opposition. We had so much difficulty, even under the conditions which we presented in a most pitiful situation with reference to Austria, where we were not advancing a single cent or not releasing anything of any value to this country in the passage of that bill, that the committee feels very strongly this opposition.

Secretary HUGHES. I can well understand that; but, on the other hand, my duty and obligation end in presenting to the Congress through the committee what I believe to be the essential facts, and I can not bring myself to believe that under the circumstances of this particular and important situation Congress would not realize how deeply the honor and the good faith of the United States are involved.

The CHAIRMAN. Gentleman, if that is all——

Mr. CRISP (interposing). Mr. Chairman, in view of the confidential nature of this subject, in the preparation of the record, when the proof is prepared I would suggest that it be submitted to the Secretary, and let him strike out such portions as he sees fit.

Secretary HUGHES. I thank you very much. Of course, I do not want to hold anything back from the Members of Congress, but many of these things get across the 3-mile limit.

Mr. CRISP. I understand that thoroughly.

(Whereupon the committee adjourned.)

ADDENDA.

THE WHITE HOUSE,
Washington, April 1, 1922.

Hon. JOSEPH W. FORDNEY,
Chairman Ways and Means Committee.

MY DEAR CHAIRMAN FORDNEY: I have just learned that the Ways and Means Committee has informally decided to defer action for a couple of weeks in dealing with the proposed loan to the Republic of Liberia. I most heartily approve of the thought of the committee to fully understand the uses to which the loan is to be applied, and it is quite proper that Congress should be assured that there is abundance of security. Surely this information can be given to the committee in the most satisfactory manner without great delay.

My understanding is that the committee was furnished by the State Department with full information as to what application of the funds the Government of Liberia desires to make. These purposes were approved by the State Department in its conferences with the Liberian Plenary Commission. There seems to be no doubt about the loan being perfectly safe as a financial proposition, and arrangements are agreed upon to make certain of the payment of interest and the redemption of the principal. If there is a lack of satisfactory information, I am sure the State Department would be more than pleased to make a speedy response to any inquiry on the part of the committee.

The simple truth about this loan situation is that our Government is unable to deal with the Republic of Liberia in that good faith which is becoming a great Republic like ours. This loan was pledged to the Republic of Liberia by the previous administration, and the funds would long since have been furnished that Government except for the delay incident to the making of arrangements to guarantee its wise expenditure and certain repayment. Pending these arrangements our Government has stood in the way of the grant of the loan by any other nation, and we find ourselves in the position of denying financial assistance from others and unable to keep faith in the pledges made for ourselves. I do not believe your committee or the Congress wishes to put the Government in this position. I wish you would place the matter before the committee, so that we may have the earliest possible decision.

Very truly yours,

WARREN G. HARDING.

DEPARTMENT OF STATE,
Washington, April 5, 1922.

MY DEAR MR. FORDNEY: I have received your letter of April 4, 1922, with reference to the resolution to grant a loan credit of $5,000,000 to Liberia, now before the Committee on Ways and Means, upon which action has been postponed.

It is very gratifying to learn that you are personally in favor of this loan and that at your request further consideration of the resolution was merely postponed for two weeks rather than indefinitely, as proposed in the committee.

The matter of granting this loan to Liberia is regarded as of such importance as to move me earnestly to urge the Committee on Ways and Means to take prompt favorable action on the resolution as soon as possible. I am fully convinced that this Government has made commitments which have placed it under a moral obligation to make this loan. The origin and nature of this obligation is, I feel, completely disclosed in the documents already transmitted to the committee and included with the printed hearings on this question.

It should not be forgotten that Liberia made common cause with this country and the Allies in the war against Germany, and largely as a result of this action so imperiled her economic situation that her Government was compelled to appeal for financial assistance. In response to this appeal a loan credit of $5,000,000 was extended by the Secretary of the Treasury on September 9, 1918, pursuant to an act of April 24, 1917, "to authorize an issue of bonds to meet expenditures for the national security and defense, and for the purpose of assisting in the prosecution of the war, to extend credits to foreign governments, and for other purposes."

Because of unavoidable delay, a plan to control the application and administration of this credit was not submitted to the Liberian Government until June 15, 1920. Certain modifications were requested in this loan plan by the Liberian Legislature, but there was no question of the withdrawal of the offer of the money already promised, the time when the credit should be made available merely depending on satisfactory agreement as to details of administration.

Such an agreement was concluded on October 28, 1921, with the Liberian Plenary Commission, which came to Washington for that purpose. President King, of Liberia, was the head of this commission. The loan arrangement was laid before the Liberian Legislature at its last session by President King, and that body approved the plan without change on January 23, 1922. The terms of this loan plan are now publicly known in Liberia, and those European countries interested in Liberian affairs, as well as in the United States. While the broad authority conferred in connection with the prosecution of the war may have been considered adequate to the consummation of the plan, the fact that this authority may not be deemed longer to exist, although making it impossible to proceed without congressional sanction, does not alter the fact that assurances were given which should be fulfilled.

Failure to grant this credit would not only display an unfortunate indifference toward our moral obligation in the premises but also it would undoubtedly react disastrously upon the welfare of Liberia and reverse the policy of disinterested helpfulness which has characterized the attitude of this Government toward that Republic throughout its history.

The information furnished the committee as to the uses to which Liberia desires to put the loan is entirely reliable. These uses were determined by the Department of State in conjunction with the Liberian Plenary Commission after extended conferences. Every item was given careful consideration, and the proposed expenditures for public works were based on reliable estimates by competent American engineers.

The department is also satisfied that the loan is a sound financial venture and that the resources and revenues of the Republic under normal conditions and proper administration are adequate to meet the

administrative expenses of the Government of Liberia as well as to carry the interest and repay the principal of this loan.

These observations are made with the hope that they may be serviceable to the committee in reaching a full understanding of this matter and facilitate action on the resolution.

Sincerely yours,

CHARLES E. HUGHES.

Hon. JOSEPH W. FORDNEY,
House of Representatives.

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DEPARTMENT OF STATE,
Washington, April 17, 1922.

MY DEAR MR. FORDNEY: Referring to my letter to you dated April 5, with regard to the urgency of the matter of reestablishing the $5,000,000 credit for the Government of Liberia, I have to advise you that the department has just received additional information by cable from President King of Liberia that, due to the prolonged delay in securing financial aid, a very serious financial crisis confronts the Republic.

I am also informed that the current financial arrangement under which the Government was being advanced sums for administrative expenses comes to an end this month on account of the exhaustion of the credit upon which it operated. The Government is therefore gravely embarrassed.

In view of these circumstances the President of Liberia has urgently requested this Government to make some definite expression as to when the financial assistance requested may be expected.

I am so thoroughly impressed that we should fulfill without further delay the moral obligation of this Government to reestablish the credit that it seems necessary to call these recent developments to the attention of the Committee on Ways and Means in keeping with your recent request for information. Unless prompt action is taken on the credit for Liberia, events seem sure shortly to develop into a situation with grave consequences for the Republic.

Any information you may be able to furnish me as to the progress the matter of granting this loan credit is making will be highly appreciated.

Sincerely yours,

CHARLES E. HUGHES.

Hon. JOSEPH W. FORDNEY,
House of Representatives.

Mr. POMERENE. I desire to ask the Senator from Utah a couple of other questions in regard to this matter. The agreement to which the Senator from Montana [Mr. WALSH] referred a moment ago was made, as I recall, in October, 1918. The statement was made on yesterday that the Liberian Republic had no army or navy and that it had furnished no troops, as I recall. I drew the inference, therefore, that whatever was done with respect to this loan was for the purpose of securing the fund for purposes other than war purposes. The Secretary of State, Mr. Hughes, refers to the fact that the Liberian authorities, relying upon this conditional agreement, had made certain commitments. What were those commitments?

Mr. SMOOT. I think one of the commitments was that they should pay the obligations owing to foreign governments.

Mr. POMERENE. But many of those obligations were not yet due.

Mr. SMOOT. Oh, yes; some of them were due; in fact, I think most of them were overdue.

Mr. POMERENE. But the statement which was read this morning indicated that some of those bonds will not be due until 1952.

Mr. SMOOT. That is true only as to a small part of them, I will say to the Senator from Ohio. The loans were made in 1912.

Mr. POMERENE. Then, it all resolves itself into this: The Liberian Government had a proposition from the United States Government to the effect that the United States would make a certain loan to the Liberian Government provided that Government complied with certain conditions, and those conditions have not yet been complied with. It would seem, from the statement which the Senator from Utah has made, that with this conditional proposition before them the Liberians went to some of their creditors and suggested that when they got this money they would pay.

Mr. SMOOT. Mr. President, the Government of the United States took the position—and the Secretary of State so testified—that it would not advance any money to Liberia so long as Liberia owed debts to any foreign countries. We must remember that as soon as Liberia declared war against Germany the German submarines attacked the Liberian ports. Prior to her declaration of war nearly all of the business of Liberia was done with Germany. Nine of the leading institutions in Liberia were operated by Germans. Liberia's whole trade, outside of the little carried on with England, France, and the very little with the United States, was transacted with Germany. Liberia declared war upon Germany. It is true that any navy that Liberia may have had and any army she may have put in the field had no effect upon the result of the war; but her position was such that at least the administration prior to the present one thought that it was the best of policy to have her declare war against Germany, and I myself think that declaration had a good effect upon the colored race in this country during the recent war.

Mr. WALSH of Montana. Mr. President——

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). Does the Senator from Utah yield to the Senator from Montana?

Mr. SMOOT. Yes.

Mr. WALSH of Montana. Can the Senator tell us when Liberia declared war on Germany?

Mr. SMOOT. As I recall it was in August of 1917.

Mr. NORRIS. It was in August, 1917.

Mr. WALSH of Montana. So the transaction in regard to the loan occurred a year or more after Liberia had declared war.

Mr. SMOOT. Yes; there is no doubt as to that.

Mr. WALSH of Montana. So that Liberia was not induced to declare war by this arrangement at all.

Mr. SMOOT. Not by this arrangement, so far as I know; but the effect of her declaring war put her in a disadvantageous position so far as her former trade was concerned.

Mr. GLASS. Mr. President, may I not ask the Senator if, as a matter of fact, it did not put her in a very advantageous position?

Mr. SMOOT. No; it did not.

Mr. GLASS. The German fleet had been swept from the sea; the British fleet was dominant in all the waters of the earth; and had Liberia not declared war and had she undertaken to pursue any trade with Germany the British Navy would have interrupted that trade and would have destroyed it; so that when Liberia declared war she practically put herself under protection of Great Britain and the United States and opened the channels of trade.

Mr. SMOOT. The German submarines attacked Liberia's trade, and, as the Senator knows, her commerce fell off until it amounted to nothing to speak of; she was living within herself. Not only that, but her ports were bombarded by the submarines.

I wish to say further to the Senate that former President Theodore Roosevelt, former President Taft, and former President Wilson, in letters written by them, spoke of the advisability of this Government having close connection with Liberia; and, furthermore, I should like to say to the Senator from Ohio that it was very necessary for us to secure some of the products of Liberia found necessary during the war.

Mr. NORRIS and Mr. POMERENE addressed the Chair.

The PRESIDING OFFICER. Does the Senator from Utah yield; and if so, to whom? The Senator from Nebraska first addressed the Chair.

Mr. SMOOT. I will yield to the Senator from Nebraska, and then I will yield to the Senator from Ohio.

Mr. NORRIS. I will yield to the Senator from Ohio, because my question does not pertain to this particular branch of the subject.

Mr. POMERENE. Mine does; and so I thank the Senator. The Senator from Utah has referred to letters written by former President Roosevelt, former President Taft, and former President Wilson. Did they in their letters have reference to this particular loan?

Mr. SMOOT. They did not have reference to this particular loan but to the advisability of close relations between the United States and Liberia.

Mr. POMERENE. They spoke generally of relations between the two countries?

Mr. SMOOT. That is what I said.

Mr. POMERENE. I would accept that view. However, I am not on the committee which has had the opportunity to study this question. I have listened to the opinion which has been expressed by the distinguished Secretary of State in declaring that there is a moral obligation, and I have heard expressed with equal positiveness the opinion of the distinguished Senator from Virginia [Mr. GLASS], a former Secretary of the Treasury, who usually informs himself before he expresses an opinion, that there is no such moral obligation. I can not, in view of these diametrically opposite opinions, come to a conclusion that is going to satisfy myself. I have come to the conclusion, however, that if a motion is made to recommit this bill I shall vote to recommit it, and I think that Senators ought to permit that to be done. If there is a moral obligation, I am going to vote for this loan; but I have got to be satisfied on that point.

Mr. SMOOT. I wish to say to the Senator that, so far as I am concerned, I feel in my very soul and being that there is a moral obligation on the part of the Government of the United States to Liberia to advance this money to her. If I, as an individual, were in the position of the Government and the same transaction had occurred between Liberia and myself, I would feel under a personal obligation to carry it out.

Mr. POMERENE. If the Senator will permit me, if I felt as he does, I should certainly vote for the joint resolution. On

the other hand, if I felt as does the Senator from Virginia, I would vote against it; all of which indicates, it seems to me, the wisdom of having the joint resolution recommitted, so that Senators who want to investigate the question shall have an opportunity to read very carefully the entire record.

Mr. NORRIS. Mr. President——

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

Mr. SMOOT. I yield.

Mr. NORRIS. I desire to ask the Senator a question as to another phase of the subject. I understand that there was advanced out of the Treasury of the United States $26,000 to pay the expenses of a delegation from Liberia to the peace conference. Is that to be repaid to our Government out of the proposed loan to Liberia?

Mr. SMOOT. Every indebtedness incurred by Liberia in relation to this loan is to be paid out of the money appropriated by the joint resolution.

Mr. NORRIS. Am I correct in my information that we did pay out of the Treasury of the United States the expenses of the Liberian delegation?

Mr. SMOOT. I can not tell the Senator whether that is the exact amount or not.

Mr. NORRIS. There was a delegation here from Liberia?

Mr. SMOOT. Yes; but I do not know—I can not say as to the amount our Government paid.

Mr. GLASS. The record shows it very clearly, Mr. President. The record shows that we paid $26,000 for the expenses of that delegation to the peace conference; and I have said, and I repeat, that it is the only commitment made by this Government that I think can not be justified.

Mr. NELSON. Mr. President——

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

Mr. SMOOT. Yes; I yield to the Senator.

Mr. NELSON. If the Senator will allow me, in the report sent up by the Treasury Department to the Judiciary Committee, containing all the data they had in the departments in reference to these foreign loans and commitments, there was this item for Liberia—$26,000, I believe. That was actually advanced to pay these expenses, and the Treasury Department so reported.

Mr. SMOOT. Mr. President, I said that I had not seen any papers in which it was stated positively that that advance was made; but, be that as it may, whatever advances have been made by the Government will come out of the $5,000,000 loan. There is no question about that.

Mr. President, yesterday the statement was made that this was simply a gift to the bankers in New York. I do not think a statement of that kind ought to be made upon the floor of the Senate. There is nothing to justify it. I feel just as positive as that I live that no such thing is ever going to happen. If this loan is made to Liberia, she will have to give a first mortgage, as it were, upon Liberia to the Government of the United States. No obligations will be left unpaid, and whatever there is over and above the obligations now owed by Liberia between the amount owing and the advance of $5,000,000 will be expended by Liberia, I think, in a way that will ultimately result in an increase in the commerce of the United States. While that need not be taken into consideration in deciding how we shall vote on this joint resolution, I think it is worthy at least of passing notice, and it is only carrying out the desires expressed by the last four Presidents of our country.

Therefore, Mr. President, apologizing to the Senate for occupying this length of time, I will close by simply saying that I hope this joint resolution will become a law.

Mr. NORRIS. Mr. President, I am somewhat amazed and astounded that any Senator should oppose the granting of this paltry sum of $5,000,000 to Liberia for the great efforts she put forth and the great results she accomplished in winning the World War.

How soon we forget! Senators have forgotten, when we were in the midst of that terrible struggle and President Wilson was engaged in deliberations with the Liberian Government with a view to having them come in on our side, how we all held our breath and prayed that he would be successful. It was a stroke of genius on the part of our President when he undertook to perform this masterpiece of diplomacy by getting that great Government in on our side. We seem to have forgotten it, Mr. President. When those deliberations were going on, there were going up from all parts of our country hopes and prayers that he would be successful in those negotiations. The widow whose only son had volunteered to fight on foreign soil was praying that Liberia would come in. The banker in the countinghouse, in order that his bonds and obligations might be good, was hoping and wishing that President Wilson would be successful in convincing Liberia that our side of the cause was just. Not only was there great hope on the part of our people and all of our allies that Liberia would lend her wonderful power on our side, but there was great fear in the camp of the enemy that our President would succeed in getting Liberia in.

Liberia came in, Mr. President; and when she did there was great rejoicing everywhere. Everybody knew that the issues of the World War were practically settled. They knew that in no war in history had the Liberian hosts ever been defeated, or the Liberian Navy ever been conquered; and again the enemy shuddered with fear. The aim of the German soldier became less steady. The very foundations of the German Government began to shake in fear and trembling. The Kaiser himself turned from a dark brunette to a pale blond. His hair stood on end, and his mustache straightened out when Liberia entered the war. Rich and poor alike were rejoicing over that great accomplishment of statecraft that our President had brought about. Even the shepherd on the hills, with a heart full of rejoicing and joy, turned his face to the rising sun and cried aloud: "The world is made safe for democracy! Liberia has entered the war!"

She did not come in halfway. She put her entire army into the fray; she put her whole navy out against the German submarines; and it is a historical fact, Mr. President, that during that long and bitter struggle the banner of Liberia never once went down to defeat. Her soldiers were so well trained, her officers were so well equipped in military affairs, that never once was a Liberian soldier captured as a prisoner; and, Mr. President, within six months after she came into the war there was not a single, solitary German submarine in the rivers or the harbors of the great continent of Africa.

But Liberia did not stop at fighting the war. Her loyalty continued after it was over. She was at the peace conference at Versailles. It is true that at that time she was hard up; she did not have any money, and the expenses of that delegation were defrayed out of the Treasury of the United States.

Congress had not appropriated any money; Congress had not passed any act that authorized it; but, knowing the wonderful help and assistance that Liberia could be to America at that conference, President Wilson or some of his advisers took the money out of our strong box, sent it to Liberia, and paid their expenses—$26,000, Mr. President. I doubt whether our President would have succeeded in getting his League of Nations over there if it had not been for the assistance of those diplomats from Africa; and think of it, Mr. President—those dark-colored statesmen from Liberia in Paris with 26,000 good American dollars in their pockets! Ah, Mr. President, in this far-away, prohibition-afflicted land, it almost makes your mouth water; it almost gives me the hiccups, Mr. President, to talk about it.

But they were successful; and now, after all of this great assistance from this great country, they have come here and said: "We want our pound of flesh," and the cry is even made: "We can not afford it. It will increase taxation." Why, Mr. President, can we overlook such a little obligation as that when the results of their labors have been so great? Can we forget so soon that they brought certain success out of what might have been absolute failure and defeat? And are we going now to say that we will not pay them this little sum of $5,000,000?

It is true that we have some expenses at home. We have not yet paid our soldiers adjusted compensation, but our soldiers have been waiting a good while. They are used to it. They can wait a little longer. These Wall Street bankers who will get a large portion of this sum if we pay it have been waiting some time, and they can not wait any longer. There is but one course to take, it seems to me; and we ought without delay and without any hesitancy to pass this joint resolution and open up the Treasury of the United States to that great Government over in Africa that came to our relief when our Nation's very life was in danger.

Mr. SIMMONS. Mr. President, I send to the desk and ask to have read a motion which I desire now to lodge.

The PRESIDING OFFICER. The Secretary will read the motion.

The reading clerk read as follows:

I move that the pending joint resolution be recommitted to the Committee on Finance, with instructions to said committee to report the same back to the Senate with all matter stricken therefrom except the amendment proposed by the Senator from Idaho [Mr. BORAH], and agreed to, appropriating $20,000,000 for aid for Government reclamation projects, and the amendment proposed by the Senator from Mississippi [Mr. HARRISON] relative to additional inspectors to carry out the provisions of the railroad safety appliance law of February 17, 1911.

Mr. SIMMONS. Mr. President, I simply desire to say a few words in reference to some statements made by the Senator from Utah [Mr. SMOOT].

Mr. CURTIS. I understand the motion of the Senator from North Carolina is not in order until after the third reading of the bill.

Mr. SIMMONS. The bill is in the Senate, I understand.

The PRESIDING OFFICER. The bill is in the Senate, but the Senate has not yet acted on the amendments made as in Committee of the Whole. The Chair did not understand the Senator from North Carolina to make the motion at this time.

Mr. SIMMONS. I simply wished to lodge it.

The PRESIDING OFFICER. That is what the Chair understood.

Mr. SIMMONS. Mr. President, in the remarks of the Senator from Utah he expressed the opinion that it was important to this country that we should have friendly and active trade relations with the little Republic of Liberia. He stressed the importance of that trade. He also said we had never enjoyed very much of it.

It is true, Mr. President, that Liberia seems to have pretty fair trade for a country of its size. It was brought to the attention of the Senate on yesterday that at one time, about the beginning of the war, the customs revenues of that Republic amounted to very nearly half a million dollars a year. Her indebtedness is small, and half a million dollars of revenue, with an indebtedness of probably less than $3,000,000, creates a financial situation as favorable, I think, as the financial situation of the United States at this time, so far as its relative obligations and revenues are concerned. Before the war the bonds of Liberia were selling at a fairly good price and are now selling at a fairly good price, so that, so far as her financial obligations to the balance of the world are concerned, Liberia is in no financial distress, certainly none calling for charitable consideration of a financial character from this country.

But what I desire to say with reference to the remarks of the Senator from Utah upon this subject is this: If this loan is to be treated as in the nature of inducement to Liberia to do business with us, to enter into trade relations with us, to cut aloof from Germany and other nations with which she has been heretofore chiefly dealing, it is the first time in the history of the United States, except when we raped the Treasury to pay Colombia $25,000,000 in order to secure her good will in trade, that the United States has ever gone into the business of purchasing with money good will and trade relationships with the other nations of the world.

I had hoped that the tragedy of Colombia would end the business of the United States buying its way into the markets of the world, but it seems that is to be revived in the case of Liberia.

An examination of the facts discloses one thing about which there can be no dispute. If we lend Liberia this money, thus enabling her to pay off and discharge all her obligations of whatever kind to all the world, to pay all of her floating indebtedness, all of her bonded indebtedness, and leave her something like $3,000,000 to be devoted to the improvement of her rivers and harbors and other transportation facilities, if we shall do that, we will place Liberia, by reason of our munificence, in a finer financial situation than that to-day enjoyed by any other country upon the face of the earth, including ourselves. The question to my mind is whether, with an indebtedness of over $20,000,000,000 pressing down upon the distressed people of this country, with a Treasury in such a state of depletion that we are unable, according to the President of the United States, to pay the soldiers who fought and won the Great War a small pittance in recognition of their services to their country, we have any right to call upon the Treasury, at a time when it is in financial straits, almost verging upon bankruptcy, to relieve Liberia or any other country of all its indebtedness, whenever or however incurred, and finance its requirements for transportation and other internal schemes of development.

Under these circumstances, unless, Mr. President, it can be shown that the United States is under a fast, binding legal obligation to do this, or under a compelling moral obligation to do it, a clear, undisputed, incontrovertible moral obligation to do it, I say, to thus tax the American people for these purposes would be a crime against a people who are to-day taxridden almost to the point of ruin.

Nobody questions that the Secretary of the Treasury said to these gentlemen representing the Liberian Government, "If you will do certain things, comply with certain requirements, the United States will extend you, for the purpose of the prosecution of the war, a credit of $5,000,000."

Upon any just and proper interpretation of what that commitment meant it must be admitted that that obligation did not live a day beyond the time of the final making of peace between this country and Germany. If it was a commitment that we were in honor bound to recognize, we were not in honor bound to recognize it except upon the happening of two conditions: First, the compliance by that country with the conditions and terms imposed by the Secretary of the Treasury; secondly, a compliance within the time limit.

Shall it be said that a commitment of that kind has no limitation of time, especially when the commitment is to accomplish a definite and a specific purpose? I contend that whatever obligation there was, therefore, that obligation expired when the purposes for which that obligation was entered into had expired and terminated, and did not live a day longer.

I want to make only one further observation. Administrative officers are in the habit, as the present Secretary of State has done in this case, of going forward and entering into agreements with foreign governments involving the expenditure of large sums of money on the part of the Government of the United States, and then coming to Congress and asking that Congress shall ratify and approve those commitments. If Congress shall fall into the practice, whenever one of these administrative officers has committed the Government, as it is contended the Government was committed in this case, of saying, because an administrative officer has made a commitment, that we are under a moral obligation to see that the thing which he has agreed to do is done and the Congress must sanction it, we shall establish in this country a practice of the most dangerous character, and for that reason I do not want to see any such practice established. I want it distinctly understood, when an administrative officer makes an agreement or an understanding that he is not authorized by the law to make, that he does not by that act obligate the Congress of the United States to its ratification; that it comes to us to be determined and decided upon its merits, and not upon the theory of some obligation.

Here we have an illustration of the danger of that proposition. The facts in this case are so vague, uncertain, and indefinite that men differ as to whether there was any commitment at all which was justified and warranted under the law, and whether that commitment created a moral obligation or not.

We have this joint resolution here and we have the insistence of its proponents that we shall pass it and appropriate the money without regard to the merits of the commitment and the transaction. That is the position of Senators on the other side. "Do not analyze the facts in this case. Do not bother yourselves about whether the loan ought to be made in the public interest or not. Do not trouble yourselves about any fact connected with the transaction, but blindly, and without the exercise or the approval of your judgment as to whether the thing is in the public interest, vote this enormous sum of money out of the pockets of the people." I do not wish us to be put in that position. I want it to be understood that whatever the obligation to which the administrative officers may seek to commit the Government, when it comes to the question of whether we shall approve of that or not, we shall not act upon any theory that we are compelled to do it, because it has been promised, without reference to the merits of the case or the authority to make the promise or commitment. I undertake to say that if the question were to be tried upon its merits, as it ought to be, I do not believe there are a half dozen Senators in the Chamber who, upon investigation of the facts, would have any doubt that the measure ought not to pass.

The PRESIDING OFFICER. The Chair was not passing on that question. The Chair was simply suggesting that the amendments made as in Committee of the Whole have not yet been concurred in in the Senate.

Mr. SIMMONS. I understand the motion is not in order until the amendments have been agreed to in the Senate. That is undoubtedly correct.

Mr. HEFLIN. Mr. President, the distinguished Senator from Tennessee [Mr. MCKELLAR] called attention on yesterday to the fact that there were a whole lot of offices to be created in connection with the proposed loan. I have figured up the number, with the salaries. They are as follows: A financial commissioner, at $15,000 a year; a deputy financial commissioner, $10,000; an auditor, $6,000; 10 administrative assistants, at $4,000 each; 10 others, at $3,000 each; aggregating $101,000 a year, and the United States Government is to pay the money. That is, we are putting up the $5,000,000, and the $101,000 a year will be paid out of that money. It creates a nice junketing

arrangement for quite a lot of fellows who will be appointed to office.

Mr. McKELLAR. Mr. President——

Mr. HEFLIN. I yield to my friend from Tennessee.

Mr. McKELLAR. I call the attention of the Senator to the further fact that, as disclosed by the record, the revenues of the Liberian Government in 1921 amounted to $163,000. I imagine they have to spend some money for their own Government. After spending money for their own Government, I am wondering where they are going to get the money with which to pay these salaries. Of course, if the United States appoints the officers, it must pay them. Even if the Liberian Government is not able to pay them, of course the American Government has to pay them. So we find in addition to the $5,000,000 that we are putting a permanent charge upon the Treasury of the United States of over $100,000 a year, and as we know how these bureaus constantly grow, within a few years it will undoubtedly put a charge upon the Treasury of the United States of probably a quarter of a million dollars a year to pay salaries.

Mr. HEFLIN. I thank my friend from Tennessee for his suggestion.

Mr. OWEN. Mr. President——

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

Mr. HEFLIN. I yield.

Mr. OWEN. I observe that the joint resolution has been amended so that the commission of $650,000, which it has been suggested will be due from the Liberian Government, shall not come out of the $5,000,000; but there appears to be no reason why the Liberian Government itself, if left in control of its own resources, should not use those resources to liquidate the indebtedness due under the contract of commission which has been suggested here.

Mr. HEFLIN. Absolutely. What right have we to say to them what they shall do with the $5,000,000 if we let them have it?

Mr. McKELLAR. It is proposed by the contract which they have that the New York creditors, who are made the preferred creditors, shall be paid direct by our Government, and our Government is directed to pay them.

Mr. OWEN. But after that has been done, I take it under the amendment adopted here to-day, no part of the $5,000,000 could be used to pay the $650,000 which was to be paid by Liberia under the proposed contract. But I do not know of any reason why the revenues of Liberia might not be used to liquidate the contract which has apparently been entered into. I do not see why we should not cause an examination to be made of the contract. I would like to see the contract. I want to know who is behind the measure and I want to know what is going to become of the $650,000. If there is such a contract in existence, if it is true that William H. Lewis, of Boston; Emmett J. Scott, of Washington; James A. Cobb, of Washington; Ernest Lyon, of Baltimore; and William L. Houston, of Washington, have a contract of this kind with the Liberian authorities, I think we have a right to know it.

Mr. HEFLIN. I agree with the Senator.

Mr. SMITH. What is the nature of the contract?

Mr. OWEN. That they shall receive a commission out of the $5,000,000.

Mr. McKELLAR. I call the attention of the Senator to the fact that the revenues of Liberia are negligible and they can not pay anything out of the very small revenues which now come from that source. Just think of it a moment. The interest on the $5,000,000 loan is more than the annual revenues of Liberia.

Mr. OWEN. But, as I understand it, our security from the Liberian revenues will be affected by the obligation of $650,000 if the contract is an existing fact, and yet we are willing to pass the joint resolution without ascertaining whether it is an existing fact. I want these men summoned. I want them to state whether there is a contract of this kind or not.

Mr. HEFLIN. Mr. President, the Senator from Oklahoma is eminently correct. We, as the representatives of the people in this body, ought to have this information. I want it just as he wants it, and I can not understand why Senators are driving this measure through and will not permit us to have a proper hearing—a hearing that will give us the facts in the case.

I want to suggest this thought to the Senate. I do not know when the Finance Committee ever acted on the measure and reported it favorably. There are members of that committee on the floor of the Senate to-day who do not recall that a meeting was ever had for the consideration of this measure. That is a rather strange and serious situation. I remember that yesterday the Senator from North Carolina [Mr. SIMMONS], ranking Democrat on that committee, had no knowledge of the Finance Committee ever acting.

Mr. SIMMONS. No recollection.

Mr. HEFLIN. Yes; no recollection. How did the measure get in here? When was a meeting held? What hearings were had, and how did the joint resolution ever slip into the Senate with a favorable report when members of the Finance Committee do not know when action was had? The more we discuss the matter the worse it gets.

The Senator from Utah [Mr. SMOOT] is very serious in contending that we ought to pass the measure because it is a moral obligation growing out of the Wilson administration. It is really touching and pathetic to see the Senator from Utah and some others speaking seriously of living up to an obligation created under the Democratic administration. I remember that in the national convention of his party in session in Chicago in June, 1920, the senior Senator from Massachusetts [Mr. LODGE] delivered the keynote address. He said among other things, "We are going to wipe out the last vestige of the Wilson administration." Here is a vestige that you are charging to us, and we are trying to help you wipe it out, and you will not let us do it. That is a queer situation, Mr. President.

They want us to live up to a so-called moral obligation. I say again there is no moral obligation on our part. This Government under President Wilson said to Liberia during the war, "If you will do certain things, the loan will be made to you." Liberia did not comply with those conditions. The war ended. The Wilson administration passed out, to the hurt and injury of everybody in the country, and a new administration came in. The new administration, through some suggestions and influences at work in the Government, has taken up the matter with Liberia, and now, in order to excuse this monstrous thing, are hooking it back onto the Wilson administration. As a Democrat I repudiate it. It is in no way a moral obligation growing out of the preceding administration.

Mr. McKELLAR. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama yield to the Senator from Tennessee?

Mr. HEFLIN. I am glad to yield to my friend from Tennessee.

Mr. McKELLAR. In connection with what the Senator now says I want to quote from the testimony of Mr. Dearing, as published in the report of the hearings. Congressman FREAR was examining him:

> Mr. FREAR. That was, as I say, just prior to the end of the war. Nothing more was done regarding the loan until June, 1920, by Liberia, and the reason advanced, as I get it from the record, is that the conditions or terms imposed were not satisfactory and Liberia refused to take action until 1920, in June. That was over a year and a half after the conclusion of the war.
>
> Mr. DEARING. Yes, sir.

That shows that Liberia refused to take the loan during the war or to meet the conditions by which she could obtain the loan during the war, and did not bring the matter up, did not even make an application for any loan until June, 1920, or some year and a half after the war was over.

Mr. HEFLIN. If any Senator needed any evidence to convince him that the pending measure is not justified, the testimony just read by the Senator from Tennessee would do it. A year and a half had gone by after the war had ended, and here was a witness who testified before the committee in behalf of Liberia and who stated that Liberia refused to comply with conditions laid down by that administration, which was the Wilson administration.

What justification can there be for Senators solemnly voting to appropriate this money when our people are debt ridden and tax ridden, as the Senator from North Carolina has pointed out? Where will this thing stop? I have seen three groups of special interests come here and take money out of the Public Treasury since the Republican Party has been in power. The pending measure and the ship subsidy are the two remaining ones. It now remains to be seen whether Senators will vote to take these two sums out of the Treasury in order to satisfy these special interests.

Do you not know, Mr. President, and do not other Senators know that but for the Wall Street interests which are connected with the Liberian loan we never would have heard of it in this body; and but for the millions that the Shipping Trust expects to make out of the ship subsidy bill we should not hear of a ship subsidy in this Congress?

However, I am not going to detain the Senate further. I wish merely to submit this statement in conclusion. The pending joint resolution ought to be recommitted. The Senator from Oklahoma [Mr. OWEN] has raised some points which ought to be considered. We ought to have hearings right on

the point which the Senator has raised; there ought to be an investigation along that line. The able and distinguished Senator from Ohio [Mr. POMERENE] has stated that he would have to vote against the proposition, or that he felt inclined to do so, unless he could be satisfied in reference to certain points. Why not satisfy him? Why not let Senators investigate the matter? There is some doubt as to how the joint resolution came into the Senate from the Finance Committee. I submit, mysterious as it is, some suspicious things being connected with it, we ought to have an opportunity very thoroughly to investigate the measure before we pass it through this body. It ought either to be recommitted or defeated outright. It should not become a law by the action of Congress.

Mr. OWEN. Mr. President, I notice that there is no Senator listening to the argument, and I suggest the absence of a quorum.

The PRESIDING OFFICER. The Senator from Oklahoma suggests the absence of a quorum. The Secretary will call the roll.

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

Ball	Gooding	Nelson	Smoot
Bayard	Hale	Nicholson	Stanfield
Broussard	Harreld	Norris	Stanley
Cameron	Harrison	Overman	Sterling
Capper	Heflin	Owen	Swanson
Caraway	Jones, Wash.	Page	Townsend
Culberson	Kellogg	Pepper	Underwood
Cummins	Keyes	Pittman	Wadsworth
Curtis	Ladd	Pomerene	Walsh, Mass.
Dial	Lodge	Ransdell	Walsh, Mont.
Edge	McCumber	Rawson	Warren
Ernst	McKellar	Sheppard	Willis
France	McKinley	Shortridge	
George	McNary	Simmons	
Glass	Myers	Smith	

The PRESIDING OFFICER. Fifty-seven Senators have answered to their names. A quorum is present.

Mr. SMITH. Mr. President, I have been interested in watching the peculiar features of the debate on the pending measure. We are afforded the spectacle of a Republican majority insisting that it is their duty to see that a moral obligation, alleged to have been assumed by a Democratic administration, shall be carried out. They do not bring any proof as to the moral obligation having been assumed in a national sense by the Democrats. If the Republican Party in good faith had substantial and incontrovertible proof that while the Democrats were in control of the Government they committed the Government to a solid moral obligation, we could understand why they should stand up and rebuke us if we attempted to repudiate it when the administration had shifted into the hands of the Republicans; but they have brought no such proof. On the other hand, certain members of the former Democratic administration who are alleged to have entered into and become the agents through whom the obligation was incurred, men of undoubted character and integrity, have risen here and declared that no such obligation exists. It is just such proceedings as this which cause the American people, when they analyze the situation, to doubt the serious integrity of this body when it comes to the fulfillment of the solemn obligations which rest upon us as Senators of the United States.

It can not be said that the difference which exists between the other side of the Chamber and this side of the Chamber is based upon a relation that the Government has assumed by virtue of any promise made which has appealed to the intellect of all Senators on the other side of the Chamber in one way and to all on this side in another way. Therefore the reason for the advocacy of this measure must be found in some other than a moral obligation.

I, for one, should feel as though I were bound to give serious consideration to the indebtedness of the Republic of Liberia had the debt which we are asked to furnish the money to liquidate been incurred subsequent to her negotiation with this Government; but these obligations all antedate even the outbreak of the war. They are obligations which were incurred before ever the world had entered into the war or had any suspicion that a war would be engaged in. There is not a scintilla of evidence to show that the Liberian Government rendered any assistance whatever in the prosecution of the war. However, that has all been gone into in minute detail. As there is not only serious doubt about the matter, but not a scintilla of evidence to show any moral or legal obligation on our part to pay the Liberian indebtedness, suppose we assume that we are guardians of the Republic of Liberia—and I believe that Senators on the other side claim some such attitude on the part of the American Government—and waiving the moral and legal obligation, let us look at the matter from the standpoint of a business venture.

We propose now to fund the indebtedness of the Republic of Liberia. We are the guardians of the money of the people of America. When we have taken the bonds of that Government in lieu of the money that we give them, and allow them to retire the bonds that are now outstanding against them, and the floating debt, the internal funded debt, what assurance have we that we will ever get a nickel of it back even then?

I have before me here the facts as alleged from the statistical department. The total revenue of the Liberian Government in 1920 was about $260,000. The amount that we propose to lend the Liberian Government is $5,000,000, at 5 per cent, which means $250,000 annually. The board of officers that we propose in the law to make the administrative officers for this Government to see that the terms upon which we lend the money are carried out carries with it $100,000. This makes a total of $350,000 for the bare items of interest and salary of the administrative officers appointed by this Government, leaving a deficit of something like $100,000 from the total revenue of the Liberian Government in meeting the expenses of administration and interest on the bonds. There is no one but that knows that in the ordinary execution or administration of the laws of Liberia perhaps half of that revenue will be required; so that, brought to its last analysis, it means that the other side of the Chamber is proposing without rhyme, reason, legal obligation, moral obligation, or any kind of a business obligation, to make a present to the Government of Liberia of $5,000,000 out of the Treasury of the United States without ever intending to get back one penny of it.

It is needless for me to go into any of the details. This side has challenged the other side to point to the document that renders the obligation a moral one. This is an old indebtedness, held by foreigners. We have not even the official statement and the itemized account as to who holds this Liberian indebtedness. The Senator from Utah says that it is principally held by foreign governments, and that only $58,000 of it is held by citizens of America. We have his statement, and doubtless he believes that the statement given him is right; but what official facts have we to show that it is right? Even if we did have, that does not enter into the merits of this question at all. The question for us is, Have we a moral obligation or a legal obligation to carry out this contract? That would answer the question if the proof were forthcoming.

As a business proposition it might appeal to us if it was good business for a foreign account; but it is not a business proposition, it is not a moral obligation, it is not a legal obligation. Then why do we go into the Treasury of the United States and take $5,000,000 and turn it over to this Government?

If the advocates of this measure would be honest and come out and say "It is for the purpose and the sole purpose of marshaling the negro vote in this country, as we will sorely need it in 1924," and do it openly and aboveboard, I think they would perhaps muster more votes in certain quarters than they will get now. That is my opinion—that it is purely a piece of politics, playing to the colored vote by catering to their Republic and giving it $5,000,000 out of the Treasury of the United States.

Regardless of color, regardless of what the nationality might be, if we were under moral obligations to carry out a contract, do you not suppose that amongst these on this side there would be found men whose moral sense is as acute as yours? If there were a legal obligation, do you not suppose that you would find men on this side whose sense of legal obligation would be as acute as yours? If it were a business proposition, do you not suppose that there would be men on this side as acutely alive to a business proposition as those on the other side? And yet the line of demarcation along political lines is going to determine this vote.

This matter has been before the Congress now for several weeks, and there should have been presented incontrovertible arguments that would force us to recognize whatever obligation there may be; but I state here this afternoon that it is my opinion that this is pure, unadulterated politics, costing this country $5,000,000.

During all the discussion of the unfortunate affair from Michigan I never referred to it; but the people of the State of Michigan and the American people have set their seal, in a manner that saddens me for the parties interested, against the use of money, even private money, in an attempt to control the votes and politics of this country; and they will rebuke the party that without any reason other than a political reason will go into the Treasury of the United States and take $5,000,000, and, under the guise and camouflage of a moral obligation coming from another party, will seek to entice the votes of the colored people of this country.

Mr. President, I want to say in conclusion that we as Democrats and you as Republicans can play the game without involving moral or official turpitude. We can do that. You have that by which you can appeal to the people of this country, and we have that by which we hope to appeal to them. It is not to the credit of the Republican Party or to the credit of the Senate of the United States that there is seriously discussed in this body a question so flagrant as this question. Do you not suppose that the American people know why this Liberian loan is here and why we are asked to pay $5,000,000 to the Liberian Government? Not one man in ten thousand believes that we are under any obligation to pay them a nickel. Not one man in fifty here believes that we are under any obligation to pay them; but political exigency is here. Nineteen hundred and twenty-four is approaching, and $5,000,000 spent in this way might count at that time. It does not augur well for the United States Senate; it does not augur well for doing away with the spirit of unrest that is abroad in the land; and I hope that if this matter shall come to a vote a rebuke will be given to this proposition by this body that will reflect credit on the sitting Members here.

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

The amendments were concurred in.

Mr. SIMMONS. Mr. President, I send to the desk a proposed unanimous-consent agreement, which I ask to have stated.

The PRESIDING OFFICER. The Secretary will read the proposed unanimous-consent agreement.

The reading clerk read as follows:

It is agreed by unanimous consent that at not later than 2.30 o'clock p. m. on the calendar day of Monday, November 27, 1922, the Senate will proceed to vote without further debate upon any amendment that may then be pending or that may be offered in the Senate, and immediately thereafter upon the passage of the joint resolution (H. J. Res. 270) authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia.

Mr. CURTIS. Mr. President, it was understood that there would be a provision in reference to a vote on the motion to recommit.

Mr. SIMMONS. Yes; I ask that that be added.

Mr. CURTIS. The Senator might say "all amendments and all motions."

The ASSISTANT SECRETARY. After the words "or that may be offered in the Senate" insert:

And immediately thereafter upon any motion or motions that may be made to recommit the said joint resolution to the Committee on Finance.

Mr. SIMMONS. "With or without instructions."

Mr. OWEN. Mr. President, what hour is suggested?

The PRESIDING OFFICER. Two-thirty o'clock p. m.

Mr. OVERMAN. The joint resolution will remain the unfinished business until the vote is taken?

Mr. CURTIS. Certainly; and I may state, for the benefit of the Senate, that I understand that it will be almost impossible to have a quorum to-morrow, and if this unanimous-consent agreement is entered into I shall ask unanimous consent that when the Senate adjourns to-day it stand adjourned until Monday at 12 o'clock.

Mr. SIMMONS. I suppose it is necessary that we shall have a quorum for the purpose of passing on the proposed unanimous-consent agreement. I therefore make the point of no quorum.

The PRESIDING OFFICER. The Senator from North Carolina suggests the absence of a quorum. The Secretary will call the roll.

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

Bayard	Frelinghuysen	McNary	Smith
Borah	George	Myers	Stanfield
Broussard	Glass	Nelson	Stanley
Cameron	Gooding	Nicholson	Sterling
Capper	Hale	Norris	Swanson
Caraway	Harrison	Overman	Townsend
Culberson	Heflin	Owen	Underwood
Cummins	Jones, Wash.	Page	Wadsworth
Curtis	Kellogg	Pepper	Walsh, Mass.
Dial	Keyes	Ransdell	Walsh, Mont.
Edge	Ladd	Sheppard	Willis
Fletcher	McKellar	Shortridge	
France	McKinley	Simmons	

The VICE PRESIDENT. Fifty Senators having answered to their names, a quorum is present. The Senator from North Carolina [Mr. SIMMONS] proposes a unanimous-consent agreement, which the Secretary will read for the information of the Senate.

The Assistant Secretary read as follows:

It is agreed by unanimous consent that at not later than 2.30 o'clock p. m. on the calendar day of Monday, November 27, 1922, the Senate will proceed to vote without further debate upon any amendment that may then be pending or that may be offered in the Senate to the resolution (H. J. Res. 270), and immediately thereafter upon any motion or motions that may be made to recommit the said joint resolution, either with or without instructions, to the Committee on Finance; and, in the event that no such motion shall prevail, the Senate will, without further debate, proceed to vote upon the passage of the said joint resolution (H. J. Res. 270) authorizing the Secretary of the Treasury to establish a credit with the United States for the Government of Liberia.

The VICE PRESIDENT. The question is on entering into the unanimous-consent agreement. Is there objection? The Chair hears none, and it is entered into.

ADJOURNMENT TO MONDAY.

Mr. CURTIS. Mr. President, I ask unanimous consent that when the Senate concludes its business to-day it adjourn to meet on Monday next at 12 o'clock.

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

ADJOURNMENT.

Mr. CURTIS. As no Senator rises to present further business, I move that the Senate adjourn.

The motion was agreed to, and the Senate (at 2 o'clock and 50 minutes p. m.) adjourned until Monday, November 27, 1922, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

FRIDAY, *November 24, 1922.*

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Almighty God, infinite in righteousness, boundless in mercy, and perfect in law, to Thee we come. In our breasts is the hymn of praise and the silent chant of adoration. O let Thy blessed Spirit find its way into our hearts, there to nourish those virtues which were taught and exemplified by the Divine Teacher of men. Let us labor this day with wise energy and be glad with a new joy. Lead us in Thy light that we falter not. As the mornings come and the evenings die away give us to feel that they are bringing us nearer the haven of eternal truth and eternal love. Through Christ. Amen.

The Journal of the proceedings of yesterday was read and approved.

APPROPRIATIONS FOR MILEAGE, ETC.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent to call from the Speaker's table the bill (H. R. 12859) making the mileage appropriations available, and ask that the House agree to the Senate amendment providing for the Senate pages.

The SPEAKER. The gentleman from Illinois asks unanimous consent to take from the Speaker's table the bill referred to, with a Senate amendment. The Clerk will report the bill by title.

The Clerk read as follows:

A bill (H. R. 12859) to provide certain expenses incident to the third session of the Sixty-seventh Congress.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the Senate amendment.

The Senate amendment was read.

Mr. MADDEN. Mr. Speaker, I move that the House agree to the Senate amendment.

The motion was agreed to.

NO QUORUM—CALL OF THE HOUSE.

Mr. GREENE of Massachusetts. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Massachusetts makes the point of order that there is no quorum present. It is clear that there is no quorum present.

Mr. GREENE of Massachusetts. Mr. Speaker, I move a call of the House.

A call of the House was ordered.

The SPEAKER. The Doorkeeper will close the doors, the Sergeant at Arms will bring in the absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Almon	Black	Burroughs	Chandler, N. Y.
Anderson	Bowers	Burton	Chandler, Okla.
Andrew, Mass.	Brand	Byrnes, S. C.	Christopherson
Ansorge	Brennan	Byrns, Tenn.	Clague
Anthony	Brooks, Ill.	Cable	Clark, Fla.
Barbour	Brown, Tenn.	Campbell, Kans.	Classon
Barkley	Browne, Wis.	Campbell, Pa.	Clouse
Bell	Burke	Cantrill	Cockran

Codd	Hudspeth	Mills	Sinnott
Colton	Humphreys, Miss.	Montague	Sisson
Connolly, Pa.	Hutchinson	Montoya	Slemp
Copley	Ireland	Moore, Ill.	Smith, Mich.
Coughlin	Jacoway	Moore, Ohio	Stafford
Crowther	James	Morin	Steenerson
Cullen	Jeffers, Ala.	Mott	Stiness
Curry	Johnson, Ky.	Mudd	Sullivan
Davis, Minn.	Johnson, Miss.	Nelson, Me.	Summers, Wash.
Dempsey	Johnson, S. Dak.	Newton, Mo.	Swank
Denison	Jones, Pa.	O'Brien	Tague
Dickinson	Kahn	O'Connor	Taylor, Ark.
Dominick	Kelley, Mich.	Ogden	Taylor, Colo.
Drane	Kendall	Olpp	Taylor, N. J.
Dunbar	Kennedy	Osborne	Taylor, Tenn.
Dunn	Kiess	Overstreet	Temple
Dupré	Kindred	Parker, N. Y.	Thompson
Echols	King	Patterson, N. J.	Tinkham
Fairchild	Kirkpatrick	Perkins	Treadway
Faust	Kitchin	Periman	Underhill
Fess	Kleczka	Petersen	Upshaw
Fish	Kline, N. Y.	Porter	Vare
Focht	Kline, Pa.	Pringey	Vestal
Fordney	Knight	Purnell	Volk
Free	Kopp	Rainey, Ill.	Ward, N. C.
Freeman	Kraus	Ramseyer	Wason
French	Kreider	Reber	Weaver
Frothingham	Lanham	Reece	Webster
Funk	Larson, Minn.	Reed, N. Y.	Wheeler
Gallivan	Lee, N. Y.	Reed, W. Va.	White, Kans.
Gernerd	Linthicum	Riordan	White, Me.
Gifford	Longworth	Roach	Williams, Ill.
Goldsborough	Luce	Robsion	Williams, Tex.
Goodykoontz	Luhring	Rosenbloom	Wilson
Gould	McArthur	Rossdale	Winslow
Graham, Pa.	McCormick	Sabath	Wood, Ind.
Griest	McFadden	Sanders, Ind.	Woods, Va.
Hardy, Colo.	McKenzie	Sanders, N. Y.	Woodyard
Hawes	McLaughlin, Nebr.	Schall	Wurzbach
Henry	Maloney	Scott, Tenn.	Yates
Herrick	Mann	Shaw	Zihlman
Hickey	Mansfield	Shreve	
Himes	Mead	Siegel	
Hogan	Michaelson	Sinclair	

The SPEAKER. Two hundred and twenty-three Members have answered to their names.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The SPEAKER. The gentleman from Wyoming moves to dispense with further proceedings under the call. The question is on agreeing to that motion.

The motion was agreed to.

The SPEAKER. The Doorkeeper will open the doors.

The doors were opened.

THE MERCHANT MARINE.

Mr. GREENE of Massachusetts. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12817.

The motion was agreed to.

The SPEAKER. The gentleman from Connecticut [Mr. TILSON] will please resume the chair.

Thereupon the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12817, with Mr. TILSON in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12817, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield to the gentleman from New Jersey [Mr. LEHLBACH] 30 minutes.

The CHAIRMAN. The gentleman from New Jersey is recognized for 30 minutes.

Mr. LEHLBACH. Mr. Chairman, I was amazed yesterday to hear the merchant marine act of 1920 referred to as a Government ownership bill and the statement made that in advocating the measure under consideration we were departing from the policy for which we stood in 1920. Permit me to read the first section of the act of 1920:

Be it enacted, etc., That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, in so far as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws, keep always in view this purpose and object as the primary end to be attained.

A merchant marine to be privately owned and privately operated.

Now, if the proposition under discussion were the creation of an American merchant marine by means of Government aid, direct and indirect, there might be room for debate as to the practicability, desirability, and feasibility of such a plan. But that is not the situation that is confronting us at all at the present time. We have a merchant marine, and the question is, What shall become of it? We own 1,442 steamships, of a gross tonnage of some 7,000,000 tons.

We have in actual operation to-day 338 of these ships and the remaining 1,104 are tied up. Of these ships that we are operating, 28 are passenger ships, of which 5 are ex-German and the other 23 are Shipping Board vessels. Our total passenger tonnage is 500,000 tons, of which 300,000 tons are ex-German. One hundred and forty thousand tons of these ships are so old that they have no continuing potential value, but in the course of a few years they will go to the scrap heap; so that we have about 160,000 tons in German passenger ships to be reckoned with for the future. We have a fewer number of fast freighters, but the bulk of this tonnage that we have consists of the standard type of smaller and slower cargo ships.

Now, what are we doing with these ships that are being operated? They are in the hands of private companies to whom they are allocated for operation under contracts by the Shipping Board. The standard contract under which these ships are being operated, and which is the best contract that after years of experiment has been found to be obtainable by the Government, is this: The Government places the ship in charge of a steamship company or a private operator to run. The Government pays all the expenses of running the ship exclusive of the overhead office charges of the operating company or ship operator. The Government pays for the maintenance of the ship, it pays for the fuel, it pays the wages of the crew, it pays for the subsistence of the crew, it pays the terminal charges, and the incidental charges for repairs or replacement of equipment, and so forth. It pays the insurance, or insures the ship itself. It pays all these incidental expenses and receives the gross freights that are earned by the ship. Out of that it repays to the operator on outgoing voyages 5 per cent of the gross freight receipts, and on incoming voyages 2½ per cent of the gross freight receipts, and in addition thereto pays a husbanding fee which approximates about $350 per ship for each voyage.

In the operation of these ships under these contracts and under other contracts then in existence, the Shipping Board in 1920 lost, as nearly as can be ascertained from the state of its books, from $150,000,000 to $200,000,000 a year. The present Shipping Board, by rigid economy, by efficient methods, and by eternal vigilance, has reduced the losses to approximately $50,000,000 a year, and the testimony bears out and the fact is that that is the rock bottom to which the expenses of the Government can be reduced—$50,000,000 or thereabout for operating these ships.

Now, what does that mean? What is that in practical effect? We give these ships to private owners to operate. We get all the revenue there is, and it is not sufficient to cover the operation, but we turn around and pay them 5 per cent gross commissions on the freight for outgoing and 2½ per cent for incoming freights, and $350 per voyage per ship. Where do we get that money? The income from the operation of the ships is not sufficient to pay it. We take the remainder out of the Treasury; and if that is not a subsidy, in heaven's name will somebody tell me what this money is that we are paying to the private operators of the ships to-day?

Mr. J. M. NELSON. Will the gentleman yield?

Mr. LEHLBACH. I yield to the gentleman from Wisconsin.

Mr. J. M. NELSON. Is it not a fact that the Shipping Board have not attempted to compete with American shipping lines, and that they have not sought to get foreign trade, and that they have not made competition in any way to get business?

Mr. LEHLBACH. The Shipping Board have spent thousands and thousands of dollars in advertisements here and abroad to get business. They do compete throughout the world wherever it is possible to compete.

Mr. J. M. NELSON. In rates?

Mr. LEHLBACH. In rates and in every way. Why, immediately when a reduction of rates to South America was advertised by British lines the Shipping Board met that rate in order to compete.

Mr. J. M. NELSON. But the gentleman knows that Mr. Lasker has repeatedly said that we are not competing with American shipping.

Mr. LEHLBACH. We are trying to build up American shipping.

Mr. J. M. NELSON. Yes; of course we are.

Mr. LEHLBACH. And the American shipping not owned by the Shipping Board and not operated, as I have described, is negligible in the foreign trade. We are not going to compete with the few American private lines that there are which are not owned by the Shipping Board, and put them out of business completely. If there were privately owned American lines operating to a substantial degree, the Shipping Board could shut up shop and go out of business, and we would not need this bill, but it is foreign shipping that we are competing with for foreign trade.

Mr. SNYDER. Will the gentleman yield?

Mr. LEHLBACH. I yield to the gentleman from New York.

Mr. SNYDER. The gentleman from New Jersey [Mr. LEHLBACH] knows and the gentleman from Wisconsin [Mr. J. M. NELSON] ought to know that we not only advertised through the Shipping Board, but we have commissioners all over the world hunting for business for our ships in practically every trade market in the world.

Mr. J. M. NELSON. But not competing with our own.

Mr. SNYDER. Competing everywhere.

Mr. LEHLBACH. The gross tonnage carried in world commerce to-day is materially less than it was a year ago. Yet notwithstanding that falling off in the gross tonnage of the commerce of the world the Shipping Board has maintained for its vessels an amount of tonnage equal to that which it had a year ago. That shows how persistently and how effectively the Shipping Board is going after business and competing with foreign rivals.

Mr. FAIRFIELD. Will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. FAIRFIELD. Are other countries in the same condition that we are, in so far as we find ourselves with an insufficient amount of tonnage to carry? Are their ships also laid up without commerce to carry?

Mr. LEHLBACH. To a very large extent the ships all over the world owned by nationals of all countries are tied up.

Mr. FAIRFIELD. Our present situation then may be due in part at least if not largely to the shipping conditions of the world?

Mr. LEHLBACH. Our condition with respect to volume of business may be due to the condition throughout the world, but freight rates to-day are about 30 per cent lower than they were a year ago.

The amount of commerce that is carried is much lower than it was a year ago, but notwithstanding the fact that the freight rates are lower and the amount of commerce is less we are now under the Shipping Board operations carrying an equal amount of commerce that we did a year ago with 30 per cent less freight rate than a year ago. That shows that the operations of the Shipping Board are as efficient and effective as they possibly can be under this system. Notwithstanding that fact we must reach into the Government Treasury and take $50,000,000 as a subsidy for running our ships.

All we ask is to reduce this subsidy, to end this improvident, reckless, and extravagant expenditure which merely enables us to operate our ships to-day with no thought of to-morrow. We wish to substitute a reduced subsidy, devised in accordance with a rational plan which will enable the operation of an American merchant marine, not only to-day and to-morrow and the next day, but 10 and 20 years from now. That is what this bill intends to do.

Mr. FAIRFIELD. Will the gentleman yield?

Mr. LEHLBACH. Certainly.

Mr. FAIRFIELD. Admitting that conditions are getting better, is it possible for the next two or three years when the business of the world is recovering, that no losses would be sustained, or is it inevitable that with the present method no matter how much the tonnage may be increased the operators of the ships will continue to lose money?

Mr. LEHLBACH. I stated a while ago, and I will repeat, that the losses to-day under the present method of operating the ships has reached rock bottom and will not get less no matter what the conditions of the world may be. We can not under the present system operate the ships without a loss; we have reduced it to the least possible amount.

Mr. J. M. NELSON. Will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. J. M. NELSON. Will not the gentleman admit that this shipping situation is universal throughout the world. Are not we in the same boat with all the other nations of the world?

Mr. LEHLBACH. I will admit that the shipping business is at a low ebb and that a good many boats are tied up. Comparatively few are operated, and the freight charges are low. But I know of no case where the shipping of another country is carried on at a loss save in this country, a loss that must be made up out of the government treasury of that country as it is out of the Treasury of this country.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. LEHLBACH. I will.

Mr. GRAHAM of Illinois. I have been interested in a statement I found—I think in the hearings—that the ships built by the British Government, somewhat on the same plan as our ships were built, have been sold since the war, and a great proportion of them for something like $125 a ton; that the British Government to-day did not have the same problem that we have. Can the gentleman tell us whether that is substantially correct or not?

Mr. LEHLBACH. I am not informed about that. If any such price was obtained it must have been immediately following the armistice. The standard price for tonnage throughout the world to-day is about $30 a ton.

Mr. GRAHAM of Illinois. The information I have is that the ships were turned over to a certain man for the purpose of sale, and soon after the armistice they were sold at that considerable price. I am wondering whether that information is correct. The gentleman does not know?

Mr. LEHLBACH. I no not know, but I know that shortly after the armistice we had an opportunity to sell ships at a high price, but on account of opposition by injunction and great opposition by certain minority members of the then Shipping Board who said that we ought to hold them to get higher prices, we were not permitted to sell them at $125, so we lost the sale.

Mr. LONDON. Will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. LONDON. Is there enough tonnage in the world to-day to carry the commerce of the world?

Mr. LEHLBACH. I think there is at the present time.

Mr. LONDON. Under normal conditions is there enough tonnage to carry the commerce?

Mr. LEHLBACH. I should say at the present time there was. Of course ships are always depreciating and have to be renewed.

Mr. LONDON. The present conditions are subnormal?

Mr. LEHLBACH. They are.

Mr. LONDON. To what extent has the destruction of ships by the submarines affected the carrying tonnage of the world?

Mr. LEHLBACH. I believe that when peace came the tonnage of the world, notwithstanding the destruction of ships by submarines, exceeded the tonnage of the world when war was first declared. In other words, there were more ships built during the war than were destroyed.

Mr. LONDON. We are now called upon to build up a merchant marine when there is an oversupply of ships.

Mr. LEHLBACH. No; we are called upon to utilize the merchant marine that we already have.

Mr. LONDON. The ships that we have are ships built because of the necessities of war?

Mr. LEHLBACH. That is true.

Mr. LONDON. Just as were the supplies of ammunition and artillery. We are now entering upon a new enterprise, the building up of a private merchant marine. Is not that so?

Mr. LEHLBACH. Possibly the gentleman uses the term "building up"——

Mr. LONDON. I will say developing.

Mr. LEHLBACH. The gentleman predicates his question on the statement that there are enough ships now, and then asks why we should build up a merchant marine. We are attempting to utilize the merchant marine that we have which is counted in with the tonnage of the world. We ought to utilize the tonnage that we have.

Mr. LONDON. We are attempting to develop a merchant marine which we have not to-day.

Mr. LEHLBACH. We are attempting to utilize the boats that we already have.

Mr. LONDON. And the gentleman says that the world has too much tonnage?

Mr. LEHLBACH. No; not too much tonnage.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. BLANTON. If it is true that we now have leading experts in charge of the shipping business of the Nation, and they are conducting it on a businesslike basis, and if it is true that with ships furnished to these people free, when they do not have to account for any investment, they can not make a profit, but it is costing the Government admittedly, according to the President, $50,000,000 a year, then how does the gentleman expect private enterprise to buy these ships and make a profit out of them?

Mr. LEHLBACH. Because there is not any line of human endeavor or human activity that can not be made to pay by private people whose heart is in the business and whose future is staked in the business when it does not pay when run by Government officials.

Mr. BLANTON. Oh, I agree to that, as applied to the Shipping Board.

Mr. LONDON. And if the gentleman will permit an addition to that—whose hands are in the pockets of Uncle Sam.

Mr. BLANTON. Yes; and I agree to that. I agree to both statements.

Mr. ARENTZ. Is it not a fact that the operators of these ships do not know what the minority Members of the House will do in the future if this bill is not passed? They are not going to build up their capital and their dockage, and so forth.

Mr. LEHLBACH. Mr. Chairman, it was stated yesterday by one of the speakers in opposition to this bill that he was unequivocally opposed to Government ownership, but that it was better to continue Government ownership for a little while longer than to adopt the remedy suggested in the measure now under consideration. However, neither he nor any other man who has spoken in opposition to this bill—and I predict now that that will prove true in respect to any who may speak in opposition to it—has suggested how much longer Government ownership and operation, wasteful and extravagant as it is, must continue, if this remedy is not adopted. What on earth in the future will keep the boats afloat if some such constructive measure as this is not adopted? No alternative has been suggested by anyone at any time anywhere. [Applause on the Republican side.]

Mr. BANKHEAD. Mr. Chairman; will the gentleman yield?

Mr. LEHLBACH. Yes.

Mr. BANKHEAD. I presume the gentleman was referring to the statement made by me yesterday with reference to a temporary continuation of Government ownership. Does the gentleman think that any prudent business man with the assets now owned by the Shipping Board, under the present depressed financial condition of the country, would sacrifice that property for 10 cents on the dollar?

Mr. LEHLBACH. A prudent business might not and ought not to, but a Government under the circumstances certainly ought to get out of this and out of the loss the operation of it entails as quickly as possible, when by getting out of it it can get some of its investment back by selling the ships and at the same time reduce the cost of the maintenance of a merchant marine by one-half, conservatively speaking.

Mr. BANKHEAD. In other words, a prudent business man should not do this thing, but a prudent Government should.

Mr. LEHLBACH. Certainly; because a business man ought to be in business and the Government ought not to be in business. That is the difference. [Applause on the Republican side.]

Mr. HARDY of Texas. Is not the present argument of the gentleman a wholesale indictment of operators who are employed by the Government, when he says that working for the Government they will create a loss, but that if we should give it to them they would make a profit?

Mr. LEHLBACH. Oh, no; it is not an indictment of the operators. It is the experience of human nature in all walks of activity, under all circumstances, that a man will work with his heart in his work if he is working for himself, but that he will get what he can out of it if he is simply working temporarily for some one else, and has opportunity to use some other person's material.

Mr. HARDY of Texas. Is not that an indictment of the grossest kind against these operators?

Mr. LEHLBACH. No; it is not. It is simply ascribing to them the human nature and the human motives that actuate the average man throughout our civilization.

Mr. LONDON. Is not this a good reason for the disbanding of Congress? [Laughter.]

Mr. LEHLBACH. It may be that some people view the disbandment and dissipation of our merchant marine with equanimity, and say, as long as shipping exists, what difference does it make, that ships are common carriers and are available to everybody who has a cargo to send. But that is not the fact. The merchant marine of a nation engaged in foreign commerce is not like a common carrier. It is not available to all who seek to travel or seek to transport. The merchant marine of a commercial nation is not like a common carrier, but it is like the delivery system of a big mercantile establishment. That delivery system may be induced to carry the goods of a competitor or of a rival establishment which had no delivery system of its own, when it suits the purpose and convenience of the establishment that owns the delivery system; but you can not rely upon the delivery system of a rival if he is seeking to sell goods to the same customer at the same time that you are. You can not get the ships at that time.

There seems to have been an impression created by some of the remarks made yesterday that this bill provides for an extensive building program, and the question was asked, Why should we build new ships when we already have 7,000,000 tons of ships ready at hand? Mr. Chairman, a merchant marine is like a railroad. You can not run it entirely with one style of equipment. You can not run a railroad simply with freight flats or with box cars or with passenger coaches. You must have a balance of equipment. You must have coal carriers, box cars, flat cars, passenger coaches, Pullman cars, and you must have a repair equipment and wrecking apparatus. In your rolling stock you have to balance the equipment. For a merchant marine that is to be equal to the carrying of 50 per cent of our commerce, both outgoing and incoming, and that is all that anybody seeks to accomplish, we need about 1,250,000 tons of passenger ships, 1,250,000 tons of cargo ships; we must have a certain number of tankers and a certain number of refrigerator ships, and we have to have a certain number of ships especially adapted to certain kinds of freight and certain kinds of commerce going to certain parts of the world, such as the Tropics, and so forth. Then the balance of the fleet would be made up of the ordinary standard type of slow freighters. We have plenty of slow freighters. We have some fast freighters. We have a fair supply but not an adequate supply of fast passenger ships. The provision for a revolving fund to lend to those who are willing to build ships is not a new provision. It is merely an amplification of what you all voted for when the act of 1920 was passed, and the only thing new in the provision for a construction fund in this law that has not already been law for the last two years is to say that the interest on the money so loaned shall not be at less than 2 per cent. There was no limitation of the interest to be charged under existing law.

I will not take the time to point out the little details in which the law is amended by the proposed bill.

Mr. HARDY of Texas. Will the gentleman yield for a question for information?

Mr. LEHLBACH. I will.

Mr. HARDY of Texas. I understood the gentleman in the beginning of his remarks to say we had 160,000 tons of passenger ships now.

Mr. LEHLBACH. German passenger ships.

Mr. HARDY of Texas. How many passenger ships have we got in all?

Mr. LEHLBACH. Five hundred thousand tons.

Mr. HARDY of Texas. I understood the gentleman a moment ago to say we ought to have 1,250,000 or 1,500,000 tons of passenger ships to complete the complement. Is that correct?

Mr. LEHLBACH. Eventually. We now have a nucleus for a merchant marine and desire to complement this shipping with vessels of necessary types which we do not at present have. To that end, out of this construction fund, created by the act of 1920, we intend making loans, under proper safeguards and at a comparatively low rate of interest, to stimulate and facilitate the building of such types of ships. No money for building can be loaned except for such types of ships as may be approved by the Shipping Board, and there is no opportunity under the act of 1920, as amplified by the existing measure, to loan Government money merely to duplicate existing shipping.

Mr. HARDY of Texas. And the purpose is to lend private shipbuilders $125,000,000 in the bill in order to build additional ships?

Mr. LEHLBACH. Is not that what the gentleman voted for when he voted for the law of 1920?

Mr. HARDY of Texas. The law of 1920 was to build ships necessary for our use and the ships were to be sold at a fair price, if possible, or chartered, or if neither was possible the Government was going to run them itself and establish desired lines under the law of 1920.

Mr. LEHLBACH. And that provision, coupled with the aids provided for in this, will insure that private operators will operate them and we will not need to invoke the reservation that if private owners will not build and operate, the Government will. That is what this bill is for.

Now, there has been some discussion as to certain taxation features in this bill. The proposition that such part of the net profits derived from the operating of ships in the foreign trade as is reinvested in new ships shall not be subject to taxation is in the law of 1920, so unanimously voted for by this House and the Senate, including both sides of this center aisle. The same is true of the provision that such money may be placed in a trust fund and within a reasonable time applied to building new

ships. That is not a change in the law. It is merely a change in details of administration, and we provide in the bill safeguards which in the original law were left to rules and regulations to be established by the administrative body. If anything this is a restriction rather than an enlargement of the act of 1920.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREENE of Massachusetts. I yield 10 minutes additional to the gentleman.

Mr. LEHLBACH. Now, in the act of 1920, which, as I say, everybody joyfully and wholeheartedly voted for, including gentlemen who are now opposing this measure, there is a provision in section 34 directing the President of the United States to serve notice that certain treaties were to be abrogated or denounced.

The purpose of denouncing those treaties was this: To allow a 10 per cent customs duty rebate on all goods imported into the United States in ships flying the American flag; and everybody, as I say, voted for it. That was a tax remission of 10 per cent on goods brought into this country to be marketed here in competition with goods manufactured and produced in this country. It not only was a tax rebate to the importer, but it was a tax rebate made in such a way as to enable him more successfully to compete against home producers, and you all voted for it. It was furthermore a tax rebate which was of advantage only to those who imported goods into this country and did not give any advantage to the shipper who exported from this country. It gave no advantage to the farmer who sent his grain abroad, to the cotton planter who sent his cotton abroad, to the cattle raiser who sent his cattle abroad, to the manufacturer who sent his goods abroad. They got no tax rebate under the plan of 1920, but only the importer who brought goods in here in competition with our own producers got the 10 per cent rebate in customs duties. But there was not any opposition raised to that provision of the act of 1920 for which everybody voted. Now it is impracticable to apply that benefit, and in substitution thereof it is now proposed to give a credit on income taxes amounting to 5 per cent of the freight paid on shipments in American ships. That is practically giving a trading stamp with a shipment of goods under the American flag. It is a comparatively trifling amount, does not come to much, but is just sufficient to call attention to the fact that he ought to ship in American ships rather than foreign ships, to ship in our merchant marine instead of that of our competitors. This benefit will accrue to the farmer who ships his grain, to the cattle grower who ships his cattle, to the cotton planter who ships his cotton, to the manufacturer who ships his goods, to every American producer who sends stuff abroad, if he will only avail himself of American ships and send his goods in those ships——

Mr. BANKHEAD. Will the gentleman yield for one question? I do not want to interrupt the gentleman.

Mr. LEHLBACH. I will.

Mr. BANKHEAD. The gentleman stated the amount of the drawback in reference to the income tax would be trivial?

Mr. LEHLBACH. As to the individual shippers.

Mr. BANKHEAD. But in the aggregate can the gentleman state approximately how much?

Mr. LEHLBACH. If full advantage is taken of this rebate by the shippers and when our shipping is developed up to our highest expectations, it will amount to in the neighborhood of $7,000,000.

Mr. SNELL. Mr. Chairman, will the gentleman yield to a further question?

Mr. LEHLBACH. Yes.

Mr. SNELL. I wanted to see if I understood correctly the rebate proposition. As I understand it, with your explanation, the rebate now is in favor of the American producer, while the rebate under the old measure was in favor of the importer. Is that correct?

Mr. LEHLBACH. Exactly; and gentlemen who now have qualms of conscience about allowing this little rebate to a man who is patriotic enough to ship his goods to the world in American ships in place of foreign ships are the very same gentlemen who voted for this 10 per cent customs duty rebate. You are straining at a gnat when you have swallowed a camel. [Applause on the Republican side.]

Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman from New Jersey yields back three minutes.

Mr. BANKHEAD. Mr. Chairman, I yield one hour to the gentleman from Tennessee [Mr. DAVIS].

The CHAIRMAN. The gentleman from Tennessee is recognized for one hour.

Mr. DAVIS of Tennessee. Mr. Chairman and gentlemen, we are confronted with an anomalous situation. For the first time in the history of the Republic the same Congress is called into extra session for the second time. We would naturally infer that there was some very impelling reason to prompt such extraordinary action. And what is the reason? It is for the sole purpose of forcing through this ship subsidy bill.

DEFIANCE OF PUBLIC WILL.

This is not in response to any demand from the American people. It is contrary to the expressed verdict and emphatic protest of the American people. It is to be passed upon, not by the Congress that was recently elected, but it is to be passed upon by a Congress that was elected two years ago, when this bill and this subject was in no wise an issue. It is to be acted upon by the present Congress, of which nearly one hundred Members were defeated in the recent primaries and election, for the bold, specific purpose of preventing action upon this bill by a Congress that comes fresh from the people. This is representative government with a vengeance.

The greatest member of the Republican party who ever lived pronounced the doctrine that this should be a "Government of the people, by the people, and for the people." He would turn over in his grave if he knew that a proceeding of this kind was taking place; if he knew that the President of the Nation and the head of the administration that is now parading under the name of the Republican Party had appeared before the Congress and asked the Members thereof to vote, not in accordance with the will of their constituents, but to vote against the will of their constituents.

Last spring, after the effort had failed to muster enough Members to put this bill through the House, the President, in a letter to the majority leader, asked that the Members take this proposition back to their people and, as some papers expressed it, to "sell it to their people." He asked them to discuss it with their people and obtain a favorable reaction. Now, having gone before the people, and it having been an issue, and an unfavorable reaction having been recorded, he comes before the American Congress and in effect says that, "Having had a solemn referendum, having ascertained that the American people repudiate this thing, along with other policies, I now ask you to vote contrary to that verdict, to support this measure in spite of such unfavorable reaction."

The situation was well expressed by an editorial appearing in the New York Globe (Republican), June 16, 1922, as follows:

> The Republican Party made its first great fight in behalf of human liberty in order that government of, by, and for the people might not perish from the earth. The high priests of privilege now in Washington are endeavoring to destroy the principles which Lincoln bequeathed.

Now, what prompts this extraordinary action? As stated, it is not prompted by the people. It is not prompted by the demands or pronouncements of any party, because, as has already been stated, neither party has ever at any time in national platform asked for the enactment of this legislation or indorsed ship subsidies. Attention was called to this by the gentleman from Alabama [Mr. BANKHEAD] yesterday—to the fact that the last Republican platform, instead of asking for legislation of this kind, boasted of the merchant marine act of 1920—Jones Act—which had recently been enacted, and stood upon that, proudly declaring that that measure would "insure the promotion and maintenance of the American merchant marine."

Now, where does the demand come from? There is no indication that the inspiration comes from any member of the Cabinet, no intimation that it comes from any of the great Republican leaders in the Senate or in the House. According to undenied newspaper reports that have appeared from time to time, the pressure of this measure is contrary to the advice of numerous Republican leaders in the Senate and in the House. In fact, from expressions which we hear on all sides, I believe I am safe in estimating that not 10 per cent of the membership of this House wanted this question brought up. I believe I am also safe in estimating that, if left to the individual judgment and will of the Members of this House alone, not 25 per cent of them would vote for this measure.

PRESIDENT MISLED BY LASKER.

Where does the demand come from? Where does the inspiration come from? And in this connection I want to say that I do not for a moment question the sincerity of the President of the United States. I accord him full honesty of purpose. Although he is advocating this bill with a zeal which he has not manifested with respect to any other measure, and in spite of the fact that soon after he was elected he said he was not going to dictate to Congress, yet I assume that he has been convinced that this is the wisest course to pursue.

However, if the President had displayed as much interest and energy in behalf of measures for the benefit of the people, his administration would not now be confronted with many of the embarrassments with which it is beset.

By whom and upon what information has the President been convinced of the correctness of his course in pressing this ship subsidy bill to the full extent of his ability?

There is where the trouble comes, because there is no question in my mind but that the President has been sadly imposed upon, that he has been misled. In the very nature of things it was impossible for him, considering the multitude of duties he has to perform, to give a close study to the question. He had to rely upon the investigation and advice of others. And who is it who has had his ear? Who is it who has his ear now?

It is not necessary for me to dwell upon that. I simply want to call attention to some typical references that have been frequently appearing in the press for a year, without ever any denial. For instance, in the Washington Star of the 16th instant, among other things, it is said:

Within the last day or so the President conferred with Chairman Lasker, of the United States Shipping Board—

And so forth. Then further:

It is intimated that Chairman Lasker will attend further conferences with the President between now and the time that he finally completes the portion of his message referring to the merchant marine.

Then the Washington Times has this reference:

President Harding devoted yesterday afternoon and part of the evening to drafting his ship-subsidy message. Immediately after luncheon he summoned Chairman A. D. Lasker, of the United States Shipping Board, and with him went over a number of the important points and facts to be incorporated in the address. The President and Mr. Lasker were in conference for more than an hour.

Those are typical of what we have all been reading all the time, and the address made by the President contained no new matter, no new argument, no new alleged facts. It contained substantially, with somewhat changing language, the same alleged facts and the same arguments that were presented by Chairman Lasker in his original address at the hearings and that have appeared from time to time in the propaganda that has been so extensively disseminated. It contained arguments and allegations which have been already completely answered out of the mouth of Chairman Lasker upon cross-examination and out of the mouths of various other proponents of the bill, answered upon the floor of this House, answered in the minority report. But in view of the reiteration of these alleged facts and arguments it becomes necessary, at the expense of repetition, to again present facts in refutation of such arguments.

However, before doing that I want to state that neither I nor any other member of the committee on the Merchant Marine and Fisheries opposed to this bill, nor the Democratic Party, is opposed to an adequate American merchant marine, or is in favor of permanent Government ownership of an American merchant marine. On the other hand, the Democratic Party is now, as it ever has been, the zealous friend and champion of a strong American merchant marine. The Democratic Party is not now, nor has it ever been, in favor of Government ownership of this or any other public utility.

PENDING BILL PRESENTS NO SOLUTION.

I also want to say that the proponents of this bill have from the very beginning persistently insisted that this bill presents the only solution, when, as a matter of fact, it presents no solution whatever. It presents the antithesis of a solution. The fact of the business is that Chairman Lasker and his highly paid associates, after having pretended to study this question for a year and more, offer no remedy, offer no solution of the ills of which they all complain with regard to our merchant marine. They admit their inability to present any businesslike, constructive solution of the problem. All that they offer is simply to change the method by which the money shall be paid out of the Public Treasury. Instead of paying the money for voyage losses to the managing agents now operating the lines, they propose to shift it and permanently pay at least fifteenfold as much directly to the shipowners after they give them the vessels. That is the only solution they offer. They simply propose to administer a very expensive artificial stimulant which will leave the patient in a worse condition. They have not even correctly diagnosed the disease. They only offer to treat the symptoms with a poisonous nostrum instead of treating the disease with a scientific remedy. Suppose you should call an efficiency expert to study and offer a remedy for a sick business, and he made a report to you in which his only recommendation was that you continue operating the business at a loss and then call upon the stockholders to make up the annual deficit. You would immediately discharge him and call in somebody to discover the inefficiency, the leaks, the extravagances, the errors of management, and to suggest remedies.

A member of the Shipping Board naïvely suggested that, as we are spending $50,000,000 a year through the Shipping Board, we may as well give it to the private shipowners. We say, "Why not save it?" which can be done by the application of economic, scientific, and businesslike methods.

Mr. SNYDER. Will the gentleman yield?

Mr. DAVIS of Tennessee. I yield for a brief question.

Mr. SNYDER. A short time back in your argument you stated that there was no demand for this bill, and that no member of the Cabinet had called upon the President to bring this measure before the country. I thought at that time you were going to tell us who did prevail upon the President to bring it before the country. You have not done so yet.

Mr. DAVIS of Tennessee. I read the press notices which I said were typical, showing the constant waiting upon the President by Albert D. Lasker.

Mr. SNYDER. Who would the President be likely to consult in his efforts to get up a proper statement to make to the country if not the chairman of the Shipping Board?

Mr. DAVIS of Tennessee. I think he would naturally consult the man whom he had seen proper to appoint chairman of the Shipping Board, and he is the man who was appointed, a man who admitted that he knew absolutely nothing about the business when he came to it. He was simply a publicity expert. And right in that connection I want to say that, assuming that the President is acting upon the advice of the chairman of the Shipping Board, it is the merest chance that this bill is presented for the consideration of the American Congress; because the President first offered this chairmanship to James A. Farrell, and held up the appointment for weeks in an effort to induce Mr. Farrell to accept. If Mr. Farrell, who has had a wide experience in the construction and operation of ships, had been appointed, no ship-subsidy proposition would have been presented to this Congress.

Everybody understands that Lasker is controlling the policy of the administration with regard to this proposed legislation. That is what I am talking about—the blight of Laskerism. While it does not yet seem to be appreciated by some, before you get through with this thing those standing for this policy will find that Laskerism is more embarrassing than Newberryism.

Mr. SNELL. Will the gentleman yield for a short question?

Mr. DAVIS of Tennessee. If it is very brief. I have a great many things that I want to say.

Mr. SNELL. Do I understand correctly that the Shipping Board at the present time is made up of four Republicans and three Democrats? Is that correct?

Mr. DAVIS of Tennessee. Why, yes; three alleged Democrats.

Mr. SNELL. As I understand the Democrats and Republicans both are unanimous in the support of this bill and the general provisions of it. Is that correct?

Mr. DAVIS of Tennessee. Yes; that is true. And right in that connection I want to say that two newspaper men who were present at a newspaper conference with Chairman Lasker said that Chairman Lasker told them that the President had advised him that, if any member of that Shipping Board did not go along in harmony with Chairman Lasker in his policies, he—Lasker—should notify the President, and he would discharge such member of the Shipping Board; that the only reason he appointed any of them, except Mr. Lasker, was because the law required it. [Applause.]

Mr. LONDON. Will the gentleman yield for a short question?

Mr. DAVIS of Tennessee. I should like to get along, but go ahead.

Mr. LONDON. The gentleman does not mean to say that any Democrat would recommend something against his conscience and against his judgment simply for the sake of holding on to a job, does he? [Laughter.]

Mr. DAVIS of Tennessee. I said "alleged Democrats." [Applause on the Democratic side.]

RELATIVE LOSSES AND CAUSES THEREFOR.

Much has been said about the relative losses under the former and present administrations; in both of his merchant marine messages the President mentioned $16,000,000 monthly losses before the present Shipping Board took charge; and extravagant claims have been advanced as to the reduction in losses effected by the present Shipping Board.

The net profits from the operation of Shipping Board vessels from the beginning to March 31, 1920, were $132,783,781.29, as reported by the Shipping Board, and as incorporated in the re-

port on the merchant marine bill of 1920, filed by Chairman JONES for the Senate Committee on Commerce.

According to the report of the Shipping Board, the excess of cash outgo, Division of Operations, for May, 1921, was $6,000,000 and for June was $1,714,000. The present Shipping Board took charge as of July 1, 1921. It is a fact that the largest losses in the operations of the Shipping Board vessels occurred during the fiscal year ending June 30, 1921, although I have seen no report showing a loss of $16,000,000 per month except for one month. During the fiscal year mentioned there came the slump in business and commerce, not only applicable to our own country but world-wide in scope; our foreign commerce dwindled tremendously. When the depression arrived there were about 1,300 Shipping Board vessels in operation busily carrying our foreign commerce. The slump in commerce naturally brought a slump in cargoes for our ships. Our large number of ships could not continue operating profitably when there was only cargo sufficient for one-third or one-half of their number. This situation required expert attention. However, commencing about the time the depression arrived in full force, our immense Government shipping interests were left practically leaderless and rudderless, the business being largely directed by subordinate officials, due to the following situation, to wit: The merchant marine act of 1920 increased the Shipping Board to seven members and directed the appointment of an entirely new board. Congress adjourned the day following the passage of that law. Not even was an appropriation made to pay the salaries of the new board. President Wilson made recess appointments of the new board. When Congress reconvened the Senate refused to confirm his appointments. President Harding did not appoint the members of the Shipping Board until June 8, 1921, they being sworn in a few days later, so that the largest business in the world's history was permitted to drift from June 5, 1920, to March 4, 1921, without a Shipping Board which had been confirmed by the Senate, and from March 4, 1921, until after June 8, 1921, a period of more than three months, without any Shipping Board whatever. Under those conditions, what else could be expected except the result which followed? Of course, Mr. Lasker naturally found the business in a sick and demoralized condition. However, the former Democratic administration can certainly not be justly held responsible for that situation.

In laying up all of the ships except slightly over 400, and doubtless in tying up those sustaining the heaviest losses, the present Shipping Board certainly should have effected very great savings. Furthermore, they certainly ought to do better than no Shipping Board at all.

In a recent and apparently inspired article that appeared in the Washington Post, generally regarded as the official organ of the administration, appeared the following:

The views of the supporters of aid to American shipping are pithily set forth in an editorial written by Edward G. Lowry, appearing in yesterday's issue of the Philadelphia Public Ledger.

"Here is the argument," writes Mr. Lowry, "that won President Harding:

"The United States owns 1,500 ships. Of these, 1,100 are rotting in idleness and 400 are being operated by the Shipping Board at an annual loss of about $50,000,000. That is what the ships are now costing the taxpayers. This sum may be reduced. The estimated first-year cost of the subsidy will be about $15,000,000, and it will run up to about $30,000,000 a year if the proposal is a complete success. If the subsidy is a success, it will increase the value and sale price of the ships which the Government will turn over to private shipping firms."

Now, according to this article, those are the alleged facts that were presented to the President, that have induced him to take the course he has, and are substantially the same arguments made by him in his message as a reason for his persistent advocacy of this measure.

If you will recall, the chief argument that was made by the President in his recent address was that we should enact this legislation in order to stop the annual $50,000,000 loss.

WILL NOT STOP $50,000,000 ANNUAL SHIPPING BOARD LOSS.

Now, what are the facts in regard to that? In the first place, only a small portion of that $50,000,000 goes to the payment of voyage losses. The appropriation for the Shipping Board this year, based on the estimate furnished by the Shipping Board, was $50,000,000, and the Shipping Board themselves itemized it so as to provide $5,497,000 for the payment of the voyage losses for the current year. All of the balance of the $50,000,000 is for administration, repairs and betterment, insurance, lay up, and advertising. They were conservative in their estimate, because the voyage losses are running less than that, and the last monthly report of the voyage losses and profits showed no losses at all, but a small profit. Under the worst depression in the history of shipping, under the wasteful, inefficient, red-tape management of the Shipping Board, the 400 ships that are being operated were operated without any voyage loss for the month that was last reported. A better showing could and should have been made than that, but now it has reached the point where there are no voyage losses. Moreover, the sum total of all the expenses, instead of reaching $50,000,000, according to the estimate, is now running about $35,000,000 annually.

WILL NOT GET GOVERNMENT OUT OF BUSINESS.

But, as I say, will this legislation stop that? I say emphatically that it will not; I say emphatically that it will not get the Government out of the business. I say emphatically that it will not promote any substantial sale of the fleet. If you will hear me I will prove each and all of these assertions by the testimony of those who appeared at the hearings in behalf of this bill. I did so in my speech in this House June 13, and the same was repeated in the minority report on this bill.

The Shipping Board is operating but 13 ships directly, or at least that was the number operating at the time of the hearings. They are operated in the name of the United States Line, of which Thomas H. Rossbottom is manager on a salary of $10,000 per annum. He is managing it for the Shipping Board, and although he has been operating these vessels in the North Atlantic trade, which is recognized as embracing the sharpest and the most pronounced competition of any section of shipping in the world, and although in part he was operating some "old German tubs," as he termed them, 21 years old, which he said no man could operate at a profit anywhere, yet with a few good vessels he has been operating the fleet at a substantial profit, and that, too, under the worst depression in the history of shipping and in competition with the strongest maritime nations on earth.

Mr. EDMONDS. Will the gentleman yield?

Mr. DAVIS of Tennessee. Oh, I know the gentleman from Pennsylvania is going to say that that did not include interest on the investment.

Mr. EDMONDS. And depreciation and advertising.

Mr. DAVIS of Tennessee. It included advertising. Mr. Rossbottom said that it did include advertising, but the profits he reported did not deduct anything for interest and depreciation. But the profit was sufficient to count and overcome interest and depreciation and still leave a profit, and he said if they would give him all the fleet like some of the ships he had he would not take off his hat to any nation on earth under any conditions. [Applause.]

You will find these facts fully stated in the hearings, and in this connection I want to say that if every Member of the House would read the hearings from beginning to end I know that this bill would not have any more chance of passage through this House than the proverbial snowball.

Mr. J. M. NELSON. Will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. J. M. NELSON. I wish the gentleman would tell the experience that Mr. Rossbottom has had.

Mr. DAVIS of Tennessee. I am going to state that in connection with what I think ought to be done to meet the situation. Now, remember that although the Shipping Board is operating only about 13 ships directly and all the others are operated by managing agents who are operating them on a commission basis, each and every one having its own organization, yet the Shipping Board, according to information they furnished the Appropriations Committee, had 8,280 employees. Oh, I tell you, my friends, the trouble is there. This political job house in which they persist in paying such high salaries——

Mr. EDMONDS. Will the gentleman yield? On November 15 there were 4,079 employees. I know the gentleman does not want to make a mistake.

Mr. DAVIS of Tennessee. I do not want to make a mistake, but I do not concede those figures. I have seen no statement to that effect and it is contrary to the ones I have seen. No claim of reduction was made at the hearings when Chairman Lasker and others were asked why they had been unable to reduce the number of employees in view of the fact that such a large number of ships had been laid up. I know that they have discharged a great many employees down there, but they have filled their places with deserving Republicans.

A MEMBER. I hope that is so.

Mr. DAVIS of Tennessee. I am sure many of you gentlemen who are hoping it is so are helping to bring it about. That is all right; that is politics. I am discussing the facts. I am showing the trouble is not in the operation of vessels, but the trouble is that they have an extravagant organization. All the work that is necessary to be done by the Shipping Board can be better performed by less than a thousand men. That is the trouble, and if you want to clean house, there is the place to begin.

Now, what else? What will happen if we pass this bill with regard to the reduction in expenses? Will this $50,000,000 expenditure stop by the operation of this bill? I say nearly all

of it ought to stop whether this bill passes or not. But right in that connection I want to say that I believe any fair-minded man who will carefully read the provisions of this bill will agree with me that there are more functions imposed upon the Shipping Board in the pending bill than are imposed upon them by existing law. It will take a larger force of permanent employees to carry out the provisions of this bill than are actually required to perform the present services. It will not reduce the number of employees.

Chairman Lasker was asked why it was that there had not been a reduction in Shipping Board expenses in view of the fact that there had been a large reduction in the number of ship operations. I read from the hearings:

Mr. DAVIS. Well, you are only operating less than one-third of the vessels now.

Mr. LASKER. Well, as a business man, you know this: That whether we are operating 400 ships or 1,200 ships, there isn't much difference in your overhead.

That is some of the business acumen displayed. Of course we emphatically denied that. Now listen further:

Mr. DAVIS. Even under the operation of this law, and at least until the ships that are sold on time are paid for, will it not be necessary to continue a very substantial Shipping Board force?

Mr. LASKER. Do I understand you to ask "until the ships are paid for will it be necessary"?

Mr. DAVIS. Yes.

Mr. LASKER. The answer to that is no; but if your question means as long as we have to operate the ships, where we have to keep substantially the same organization as now, the answer is yes.

Now, it being conceded that the present expenses of the Shipping Board will continue until our ships are disposed of and the Shipping Board ceases to have any of same operated, the query naturally arises as to when that time will arrive, and when there will be no longer any operations under the supervision of the Shipping Board. During the cross-examination of Mr. Lasker he made the following statement:

It will be a good many years before we do not have any stuff left, with most favorable legislation. I want to make it plain here that I do not think the proposed legislation is going to, by the wave of a magic wand, give us a merchant marine.

In his original statement at the hearings, Chairman Lasker said:

The Shipping Board wishes to emphasize to your committee and to Congress that world shipping is now more depressed than it ever has been in proportion to world tonnage.

We believe that of the 700 good freight ships we have, the Shipping Board would feel very happy if, within 30 months from the time of the passage of this bill, it could dispose of sufficient ships to take care of the routes it is now operating and put the Emergency Fleet Corporation out of business as an operating company.

He makes no prediction as to the disposition of the remainder of the 1,700 vessels owned by the Shipping Board. The following also occurred on the cross-examination of Mr. Lasker:

Mr. DAVIS. Now, you stated yesterday that if this bill should pass you estimated it would take 30 months within which to dispose of the 400 vessels owned by the Shipping Board now in operation. I want to ask you how long it would take you to dispose of the balance of the Government fleet and other shipping property?

Mr. LASKER. That is a very difficult thing to answer. First, we would have to solve what is to be done with the figures 5,000,000 dead weight of questionable ships, because as long as they are in existence it hangs as a pall over the whole market for the good ships, and whether or no the last 300 would sell very fast would be determined by world conditions, on the one hand, and how successful we were in building up an American merchant marine, on the other hand.

It will be noted that Mr. Lasker does not even pretend to say how many years it would take to dispose of those that are not now in operation on trade routes. If Mr. Lasker, the zealous father and champion of the bill, is unwilling to say upon cross-examination that this expense would stop under 30 months, at best, and then only in part, I want to ask you in all fairness if he did not impose upon the President when he led him to believe and to make the statement to this Congress, which I think the President did in all sincerity, that the passage of this bill would stop this $50,000,000 annual loss? [Applause.]

WILL NOT CAUSE SALE OF SHIPS.

However, my conclusion is not only conceded by Lasker, but it is proven by numerous other proponents of this bill, and I want to call your attention to the fact that Winthrop L. Marvin, the general manager of the American Steamship Owners' Association, who has taken a more active interest toward procuring the passage of this bill than any man except Chairman Lasker, testified at the hearings and gave, perhaps, the most favorable testimony as to what effect the passage of this bill would have upon promoting the sale of our vessels; and I want to read briefly from the hearings on that point:

Mr. BRIGGS. Now, do you feel that the policy of pushing those ships upon the market for sale, to get them in the hands of private operation and the Government out of the business, even after the passage of this bill, will result in any material increase in the price of those ships?

Mr. MARVIN. That can not be answered yes or no, very easily. If general world conditions improve, if the volume of traffic returns to normal, it is possible—and, indeed, probable—that there will be an appreciation in the world price of ships.

Right in that connection I want to say that the Shipping Board is already offering these ships at specified prices, and at prices about a third or a fourth or a fifth, not of what the ships cost, but of what they would have cost under normal conditions before the war, and of what they will cost when conditions again become normal; and no member or representative of the Shipping Board indicated that they even expected to ask for more after the passage of this bill, but, on the other hand, stated the opposite. Therefore, do not delude yourselves into the belief that the Government will ask or get any higher prices after the passage of this bill.

Right along the line of what Mr. Marvin said about world conditions, I want to make this assertion, without the fear of contradiction, that no subsidy, no Government aid, can increase commerce. It can not produce a single ton of freight, and ships can not be operated successfully or profitably without commerce to carry unless you propose to pay sufficient subsidies to justify them to operate in ballast. This fact was recognized by the majority report on this bill, which states:

Fundamentally, the existence of a merchant marine is dependent upon actual carrying of cargo. All privileges, economies, and aids, notwithstanding the ultimate success or failure of a merchant ship, lie in its employment at sea carrying cargo. Then, and then only, does the vessel become a producer.

The difficulty is not a lack of subsidies, but a lack of cargoes, due to diminished commerce.

Let us read further from the hearings:

Mr. BRIGGS. What I am asking you is, even if the bill should pass, as suggested, whether you think there would be really any substantial increase in the price the fleet would bring? Some gentlemen seem to think so. I am asking your opinion about that.

Mr. MARVIN. With no substantial improvement in world trade conditions, I am of the opinion—no man can be absolutely certain——

Mr. BRIGGS. Certainly.

Mr. MARVIN. But I am of the opinion that the passage of this bill will insure in a reasonably short time the sale of a substantial proportion of the good cargo steamers of the Shipping Board at prices comparable with the present-day world market price of such ships, of $25 to $35 a dead-weight ton.

Mr. BRIGGS. When you say a substantial proportion, what do you mean, and of the good ships? Just put that in concrete terms.

Mr. MARVIN. Some hundred thousand tons of cargo ships.

Mr. BRIGGS. A half million?

Mr. MARVIN. Well, I had rather not name any specific number of hundred thousand tons.

So here is one of the chief advocates of this bill, a man on a salary paid by the American Steamship Owners' Association, that is pressing this legislation, who, when put to the test on cross-examination, would not go any further than to say that if this bill passed and if world conditions improved he thought that within a reasonable length of time some hundred thousand tons could be sold at the low prices which he named.

Mr. J. M. NELSON. And out of how many?

Mr. DAVIS of Tennessee. Out of over 10,000,000 tons that the Government owns, not counting the wooden ships. I am now quoting their own witnesses. It is not necessary to refer to the illuminative and convincing and irrefutable testimony introduced by the opponents of the bill. No legislation which you pass will get the Government out of business, will promote a sale of ships at any price worth while, until world conditions improve.

The Government ought to do just what any prudent business man would do when, according to the testimony of all who have testified on the subject, there is now no sale for ships because there is no use for them. It is no time to throw them upon the market in order to be gobbled up at sacrifice prices by a syndicate which will later sell them at advanced prices when conditions do improve. Their own witnesses repeatedly said what I am saying. J. B. Smull, one of the $35,000 experts, said before the Committee on Appropriations that "there is no possibility of selling the boats at any price," and he further stated that the time when they could sell the boats would arrive when financial conditions improved. Even Chairman Lasker said at those same hearings that "you can not give a ship away to-day; I mean that literally, if a man must pay the cost of operation." Before the Committee on Appropriations about a year ago Mr. Lasker further said, before this subsidy bug had gotten into his system:

When the world's shipping gets buoyant the avarice of men will make them want to increase their fleets, and we will sell the ships, and that day is sure to come; and the Government has got to keep the ships going and put confidence either in ourselves or some others to keep them going as efficiently as can be under the circumstances, until such time arrives.

In an address last year Mr. James A. Farrell, president of the United States Steel Corporation, whom the President first wanted to be chairman of the Shipping Board, said:

It is questionable whether under present conditions any considerable tonnage could be sold except at a sacrifice which is not warranted, pending a revival of business in foreign markets, and considering the nominal cost of maintenance laid up.

Of course, there has been no appreciable improvement in conditions, as recognized by Chairman Lasker at the hearings on this bill when he stated:

At the present time there is, by and large, no market for our vast tonnage. We can not sell ships to-day at all.

Lasker further stated at the hearings on this bill:

While world trade is at the moment at its lowest, the time will come when trade will expand.

Attention is also called to the following quotations from the large study prepared and distributed under the direction of the Shipping Board in behalf of this bill, to wit:

One of the most difficult problems confronting the Shipping Board is the sale and transfer of Government-owned ships to private owners. The task has been made especially difficult by the present world-wide depression in industry and by the large overproduction of ships. These two important factors have delayed the sale of Government-owned tonnage to such a degree that only a few ships have been sold in the 18 months that have elapsed since the passage of the Jones Act. * * *

The present depression in shipping will doubtless continue for several years. Ships can not, therefore, be sold except at very low prices, as is evidenced by the low prices at which privately owned British tonnage and a few Shipping Board ships have been sold in recent months. * * *

W. J. Love, vice president of the Emergency Fleet Corporation, in charge of traffic, and one of the $35,000 experts, stated at the hearings:

The foreign lines have been hit just as well as we have, and, while they have not abandoned a single essential route or service that they covered prior to 1914, they are reducing their tonnage in keeping with reduced revenue and volume of cargo moving.

There is a large amount of idle tonnage all over the world. France pays the most liberal subsidies of any nation, and yet on March 1 one-third of her tonnage was laid up. Sixty-five per cent of Italian, 50 per cent of Belgian, 40 per cent of Danish, 40 per cent of Swedish, 38 per cent of Spanish, and 25 per cent of Greek merchant tonnage are laid up. A large amount of Japanese tonnage is idle, but the exact figures are not available. Great Britain, which pays no subsidies, and whose seamen receive the largest wages of any country except the United States, has the smallest percentage of idle tonnage—I believe about 10 per cent—except that there is probably a smaller percentage of idle German tonnage, although their entire fleet is very small. Italy, which pays the lowest wages of any country except the oriental countries, has the largest percentage of idle tonnage, although she pays ship subsidies.

However, even if the passage of this bill would result in the immediate sale of our ships at the hoped-for price of $200,000,000, it would be the costliest sale imaginable, as the subsidies and aids provided in the bill would cost more in three years than such $200,000,000, not to speak of the $125,000,000 loan at 2 per cent interest for at least 15 years, and the further fact that the annual cost of at least $75,000,000 would continue indefinitely. The argument that the passage of this bill is necessary in order to enable us to sell the fleet is without merit, either from the standpoint of fact or economy. From the standpoint of economy it would be infinitely cheaper to absolutely give the ships away in the first instance than to sell them for the insignificant sum of $200,000,000 and pass this bill involving the enormous permanent expenditure which it would entail.

CHARGES UPON THE PUBLIC TREASURY IMPOSED BY THIS BILL.

It has been repeatedly asserted that if this bill should pass the cost the first year would be only about $15,000,000, and thereafter about $30,000,000 annually. Even the President in his recent message repeated this assertion in substance. While such assertions doubtless have reference alone to the voyage subsidies, and therefore constitute only half truths, in view of the various other burdens upon the Treasury imposed by the bill, yet such an assertion is very inaccurate even as applied to voyage subsidies alone.

As fully appears on pages 239 to 241 and 273 of the hearings, Chairman Lasker admitted that if this bill should pass and its provisions get into full operation, certain specified provisions of the bill would impose a direct charge on the Public Treasury of $52,000,000, and this did not include certain provisions, the cost of which he was unwilling to estimate.

This bill creates a "merchant marine fund" for the payment of the voyage subsidies, "which shall be subject to withdrawal by the United States Shipping Board on requisition approved by the chairman of the board." This fund is to be derived from 10 per cent of our custom receipts, which Chairman Lasker estimated will amount to about $30,000,000 per annum; by tonnage taxes, which he estimated will amount to about $4,000,000 per annum; and by the amounts which would otherwise be paid for carrying the mails, which he estimated at $5,000,000; making a total of $39,000,000; and all of which amounts the Secretary of the Treasury is directed to pay into said merchant marine fund without any appropriation by Congress.

Since Chairman Lasker thus testified, the bill has been changed so as to not cover the amount which would otherwise be paid for ocean postage into the merchant marine fund, but such is to be paid direct for carrying the mails, which thus increases the pay to the shipowners to the extent of about $5,000,000.

Attention is called to the fact that the Secretary of the Treasury is directed by the provisions of the bill to annually pay into said merchant marine fund 10 per cent of custom receipts and all of the tonnage taxes, and the only way such funds can be paid out is upon vouchers signed by the chairman of the Shipping Board for the payment of subsidies. The fund is cumulative. The burden upon the Public Treasury consists of the amount paid into said fund, regardless of the fact as to whether all of same should be paid out the first year or any year. However, in view of the fact that the Shipping Board has the power to double the basic subsidies provided in the bill, and in view of the fact that the shipowners contended at the hearings that the subsidies provided were not sufficient, we may rest assured that the amounts paid into the merchant marine fund will be paid out for subsidies.

Another direct charge on the Public Treasury is involved in the provision authorizing deductions from net Federal income taxes of 5 per cent of the freight paid on goods imported or exported in American-flag vessels, which Chairman Lasker and the Shipping Board report estimate would amount to about $10,000,000 per annum when the program gets into operation; as a matter of fact, it would amount to much more than that.

Mr. Lasker also conceded that in lending the $125,000,000 at 2 per cent interest the Government would be losing at least 2½ per cent, which would amount to $3,125,000 per annum. Furthermore, the 2 per cent interest, amounting to $2,500,000 annually, if collected, will go into this loan fund and not the General Treasury.

It will be noted that these different items involving a direct charge on the Treasury aggregate $52,125,000, according to Mr. Lasker's admissions and figures, and not including the $2,500,000 annual interest, which should also be counted.

Lasker's estimate of $30,000,000 from 10 per cent on import duties was predicated upon the supposition that such import duties would amount to $300,000,000 per annum, whereas it is estimated by Treasury experts that under the operation of the recently enacted tariff act such revenues will amount to $450,000,000 per annum, so that this item should be increased from $30,000,000 to $45,000,000. Accepting Lasker's figures on the other items, all of which are entirely too low, and also adding the 2 per cent interest on the loan fund, which would go into the loan fund instead of the General Treasury, we have a total cost of $69,625,000 per annum under the above-mentioned items.

Furthermore, this bill exempts the operators or vessels from the payment of "war-profits and excess-profits taxes imposed by Title III of the revenue act of 1918 or any and all taxes on income, corporate or individual, imposed by the revenue act of 1921, or by any subsequent revenue act, an amount equivalent to the net earnings of such vessel during such taxable year," provided the owner "invests or sets aside in a trust fund for investment" for the construction of new vessels.

The bill further provides for the exemption from taxation of the profits made upon the sale of vessels built prior to January 1, 1914, provided such owner "invests or sets aside in a trust fund for investment for the building of new vessels." I do not know why this advantage is accorded to privately owned vessels but not to those built by the Shipping Board.

Of course, it is impossible to state the extent of the charge upon the Public Treasury of these tax exemptions and none of the representatives of the Shipping Board would give any estimate thereon.

The bill further provides for the elimination of the Army and Navy transports so as to require our troops, munitions, and supplies to be carried in privately owned vessels without any distinction in time of war. Chairman Lasker and the Shipping Board report estimated that the income to privately owned ships from this source would amount to $7,500,000 per annum in the Pacific alone, of which amount they state that approximately $5,000,000 would be net profit to the ship operators. It will be noted that this amount does not include the Army and Navy transport service to the Canal Zone, Porto Rico, the Virgin Islands, Haiti, and so forth.

One of the provisions of the bill provides that 50 per cent of the immigrants to this country shall be transported in American vessels. Mr. Thomas H. Rossbottom, a representative of the Shipping Board, who testified at the hearings, estimated

that under the present 3 per cent quota law "this traffic would give the transporting companies a gross income of $17,600,000 per year, of which one-half, or $8,800,000 should come to American owners." He further stated that one-half of this sum would be net profit.

There are other indirect aids carried in the bill, which I shall not now discuss.

However, Lasker stated at the hearings that the indirect aids provided in the bill were of much greater value than the direct aids.

Wherefore, as previously stated, it is a conservative estimate to state that this bill would constitute a direct charge upon the Public Treasury of at least $75,000,000 per annum, not to speak of additional costs to the American public.

I have quoted the estimates made by the proponents of the bill with regard to the cost to the American people. Their estimates are entirely too low. The charges upon the Public Treasury which would accrue from the operation of this bill may be fairly and conservatively estimated as follows:

10 per cent of customs duties	$45,000,000
Tonnage taxes	4,400,000
Ocean postage	5,000,000
Rebate on income taxes of 5 per cent of ocean freight	15,000,000
Ship operators' exemption from all Federal taxes on profits, incomes, etc	15,000,000
Exemption from taxation of the profits upon sale of certain vessels	(1)
Additional expense for Army and Navy transport service	5,000,000
	89,400,000

The difference between the proponents of this bill and those of us opposing it is this: We are in favor of the Government getting out of the business; but when the Government gets out we want it to get out entirely. We do not want it to stay in there to the extent of maintaining a tremendous and expensive force of employees to perform the different functions enumerated in the bill. We do not want the Government to stay in it to the extent of at least $75,000,000 additional burdens of taxes upon the American people.

AGAINST INTERESTS OF FARMERS.

I revert for a moment to the lesson taught in the recent election. The majority floor leader is reputed in the Washington Times of the 16th instant to have given out an interview in which he said in substance that the farmers had defeated the Republican Party in the recent election, and that "the closer a candidate was to the administration the harder he got hit." He goes on to explain, according to this interview, that the farmers did it because they were discontented and dissatisfied with their intolerable condition. They were protesting against the burdens of taxation and the conditions which have obtained in regard to agriculture during the past two years. Yes; that is true. We all know the prostrate condition of agriculture.

The President himself recognized it but not to the extent of calling an extra session to relieve that prostrate condition, although our agricultural element constitutes nearly half of our population, the bone and sinew of our country, and our chief and only absolutely necessary industry. Yes, they cry out for relief, and the answer is that instead of relieving them of some of the tax burdens you will impose upon them additional and very large tax burdens. They asked for bread and they are handed a stone. They asked for fish and they have been handed a serpent. But one of the most ridiculous arguments made in behalf of this bill is that it is in the interest of the farmer. However, it being apparent that it is not deceiving the farmer any more than the claim that this bill was in the interest of labor is deceiving labor, the proponents of this bill, many of them, have lost their temper and are indulging in criticism of the farmers because they say, "You have got your subsidies and now you are complaining at the Shipping Trust getting theirs." Different speakers, even including the President in his address, have referred to the pitiably small appropriations that have been made from year to year in the interest of agriculture. This great industry, constituting such a large proportion of our population, has been given less consideration by the American Congress than any other class or industry in it. Out of the billions and billions of dollars of annual appropriations the appropriations for agriculture are $25,000,000 or $30,000,000 a year, and they are prating of that, and now in the next breath they say that this bill is in the interest of the farmer. I deny it. I say that it will impose additional burdens upon the farmer not only without helping him but without any intention of the framers to help him. This bill is not in the interest of commerce, this bill is not in the interest of the cargo carriers. This bill is in the interest alone of the palatial ocean greyhounds, which cross the seas for the comfort of those who are able to travel abroad.

Mr. HIMES. Will the gentleman yield?

Mr. DAVIS of Tennessee. Why do I say that—I think I will answer the gentleman's question, if he will pardon me for a moment, and then I will yield.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. DAVIS of Tennessee. I will.

Mr. GARRETT of Tennessee. It has always been my impression that the theory upon which appropriations for agriculture are made is that they are not made for the benefit of the farmer alone, but were made in an effort to increase production.

Mr. DAVIS of Tennessee. Yes; and reduce the cost of production.

Mr. GARRETT of Tennessee. Of those things essential, the food and clothing of the world.

Mr. DAVIS of Tennessee. Absolutely.

Mr. GARRETT of Tennessee. And thereby try to benefit all the people. I do not think that the appropriations for agricultural purposes can in any proper manner be dubbed a subsidy of any private or special interest.

Mr. DAVIS of Tennessee. My distinguished colleague is absolutely correct. None of the things they cite constitutes a subsidy. They are in the interest of all of the people and not in the interest of individuals, absolutely not. They are in no sense a subsidy or bounty.

Mr. EDMONDS. Will the gentleman yield?

Mr. DAVIS of Tennessee. In just a moment. I was referring to the ridiculously small amount of appropriation of these particular classes, and as suggested by my colleague the thing that is in the interest of agricultural production is in the interest of every man, woman, and child of America, because each and all of them are consumers of farm products. I yield.

Mr. EDMONDS. Who receives the financial benefit of the agricultural subsidies?

Mr. DAVIS of Tennessee. Well, those who sell their goods to the farmer receive about all he makes, because the farmer receives less upon his investment and in return for his labor than any other class of people in America. [Applause.]

However, there have been no agricultural subsidies.

Mr. J. M. NELSON. Before the gentleman proceeds further along that line I want to ask him a question.

Mr. GARRETT of Tennessee. If the gentleman will permit, not a dollar appropriated for agriculture goes directly to any farmer. The money is used for the purpose of employing educators, publishing literature, and matters of that sort. It is not taking money out of the Treasury and giving it to the farmer.

Mr. DAVIS of Tennessee. Certainly not. And it is for studying diseases in order to increase production of the crops and to make the production correspondingly cheaper.

Mr. J. M. NELSON. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

NO REDUCTION OF OCEAN FREIGHT RATES.

Mr. J. M. NELSON. In this connection, what will be the effect of eliminating competition in freight for farmers on products that go to Liverpool?

Mr. DAVIS of Tennessee. There is not any assurance, not even a claim, by any of the proponents of the bill that these subsidies and burdens upon the people will result in any reduction of ocean freight rates. On the other hand, it is predicated upon the alleged basis that it is necessary to pay these subsidies in order to equalize them; and, more than that, I want to say that Chairman Lasker at the hearings called attention to the fact, in explaining the benefit of the provision which permits shippers in American bottoms to deduct 5 per cent of their freight money paid from their income taxes—I say, in discussing the benefits of that Chairman Lasker said that the shipper could afford to pay 4 per cent more freight for carrying in an American bottom than he would have to pay for carrying in a foreign bottom and still save 1 per cent. There is no provision in this bill providing for the regulation of ocean freight rates.

Mr. BANKHEAD. Mr. Chairman, the time of the gentleman from Tennessee will expire in 2 minutes. I desire to extend to him 30 minutes more.

The CHAIRMAN. Without objection, the time of the gentleman from Tennessee will be extended for 30 minutes. The Chair hears no objection.

Mr. HIMES. Mr. Chairman, will the gentleman permit a brief question? I want to ask it now, because I must leave the Chamber presently.

Mr. DAVIS of Tennessee. Yes.

[1] Can not estimate.

Mr. HIMES. In the very interesting argument of the gentleman it seems to me the outstanding point that he is trying to make is that the $50,000,000 expense will not cease immediately. Does not the gentleman believe that after a period of years the Government and the taxpayers will be saved a considerable amount? I know, having served with the gentleman on a committee, that he is frank, and I ask him that question, whether money will not eventually be saved in a period of years as the result of this subsidy?

Mr. DAVIS of Tennessee. No; because the passage of this bill will not only not eliminate the Shipping Board expenses but will impose very heavy additional burdens that will continue indefinitely, as I have heretofore explained. And in that connection I want to warn those of you who may be deluded in the idea that if this policy is once fastened on the American people it will be only temporary. That is not the history of such things. It is not the purpose of the proponents, and it will not be the result.

However, I want to get back to the proposition I was discussing, and that is this, that this bill is not designed in the interest of commerce nor in the interest of the farmer. Under the provisions of this bill the direct subsidies, the voyage subsidies, are from one-half cent to 2.6 cents per ton for 100 miles traveled. The increase in subsidy is effected by increased speed. Seventy-five per cent or over of the world's commerce is carried in tramp cargo steamers of about 5,000 to 7,000 gross tons and of 8 or 9 or 10 knots speed, and a ship must have 12 knots speed before it can get in excess of the one-half cent.

Homer L. Ferguson, one of the witnesses for the Shipping Board, and R. T. Merrill, their star witness, in fact their "pinch" witness, both testified that an ordinary 5,000 gross ton cargo steamer under 12 knots speed running on regular time would draw $7,500 annual subsidy. A 7,000-ton ship of the same kind, which would be about 10,500 tons dead weight, would draw $10,500 subsidy per annum; a comparatively small sum in the year's operation of a ship. And various witnesses appeared in behalf of the bill who testified that if you are going to pay subsidies, that is not nearly enough for the cargo steamers, the ones that carry the farm products and the commerce of the world, and which meet the sharpest competition.

Now, what is this bill for? It is admitted that the $125,000,000 fund to be loaned at 2 per cent interest is to go for the construction of other classes of ships, and it is conceded that most of the voyage subsidies will go to other than these cargo steamers. You have seen it stated in the press from Chairman Lasker and others that negotiations are under way for the construction of two 1,000-foot passenger liners, each of 70,000 gross tons, the largest in the world, their construction being contingent upon the passage of the pending bill. It is entirely possible that these ships may be constructed, as under the provisions of the Lasker subsidy bill the owners could borrow two-thirds of the cost of construction on 15 years' time and at 2 per cent annual interest. Then under the provisions of this bill those ships would be entitled to more than $4,000,000 annually, according to the basic subsidies, and twice that amount if the Shipping Board doubles the basic subsidies, under the discretion lodged in them by the pending bill; so that the two ships would be entitled to more than $60,000,000 in voyage subsidies during the 15-year period, and $120,000,000 if such subsidies were doubled by the Shipping board. Also they would be exempt from the payment of all Federal taxes, provided they set same aside for reinvestment. And they would be entitled also to various other benefits under this bill.

Take the *Leviathan*, of 54,000 tons, which Mr. Merrill, the Shipping Board witness to whom I referred, conceded at the hearing would be entitled to more than $900,000 voyage subsidy annually, according to the basic rates, and twice that if doubled. I say that he is entirely too conservative, as anybody can see by taking a pencil and a piece of paper and figuring out what it would be entitled to. Of course these are large vessels that I am talking about, but there are numerous passenger vessels already in existence that would be entitled to subsidies of one-half or one-third or one-fourth as much as these. And who would use them? Who would travel upon these palatial steamers? None except the very wealthy. How many farmers would be able to travel upon them?

I have referred to the subsidy that would be received by 5,000 to 7,000 gross-ton cargo vessels, which would be about 50 per cent more dead-weight tonnage. These two giant liners would be entitled under the provisions of the Lasker bill to basic subsidies equal to that received by 522 5,000-gross-ton cargo steamers, or 389 7,000-gross-ton cargo steamers, with an aggregate tonnage of 2,660,000 gross tons. If the subsidies of the said liners were doubled, as could be done, and the cargo vessels received the basic subsidy, the bounties received by the two large passenger vessels would equal the subsidies received by 1,064 of the 5,000-ton or 760 of the 7,000-ton cargo steamers with an aggregate tonnage of 5,320,000 gross tons or about 7,750,000 dead-weight tons.

In other words, under the basic subsidies provided in the bill for the different classes of vessels these two large liners would be entitled to over half as much subsidy as the entire Government fleet of cargo vessels, and if the Shipping Board should exercise their discretion of doubling these subsidies to the two liners they would receive as much as all of the cargo vessels, figured upon the basic rate to which they are entitled.

The pending bill is thus framed in spite of the fact that it was conclusively shown at the hearings that American passenger vessels labor at a less disadvantage than do cargo vessels, according to the admission of the witnesses introduced by the Shipping Board and controverted by no man. Now, this is the way that this bill is drafted in the interest of the farmers!

PACIFIC MAIL SCANDAL.

Right on the question of those two liners I want to call your attention to something. In this connection I want to make this assertion, that if this bill becomes a law—I do not think it will—there will result the worst scandal in the history of the American Republic. Bad as subsidies are in principle, they have proven worse in practice; and with the enormous powers and opportunities which this bill confers upon the Shipping Board and which they are zealously seeking, and which they have steadfastly refused to yield in any particular, I repeat my statement. But you may say, "You are extravagant in your assertions." But, my friends, we have something in our history to which I wish to call your attention at this time. I referred to it on the last day of the last session. I read from two standard authorities, Meeker's History of Shipping Subsidies and Grosvenor M. Jones's Government Aid to Merchant Shipping. Both these gentlemen were then and are now United States officials. On pages 40 and 41 of Jones's Government Aid to Merchant Shipping appears the following:

In 1872 the Pacific Mail Steamship Co. proposed the establishment of another monthly mail steamship line to China and Japan for an additional subvention of $500,000 per year. After much debate Congress adopted the proposal and a contract to that effect was entered into. This contract, however, was abrogated by act of March 3, 1875, after it was discovered that the law had been passed as a result of corruption and the company had failed to carry out its part of the agreement.

During this period, however, the policy of granting mail subventions received a deathblow. The disclosures as to the maintenance of a corrupt lobby to secure congressional approval of the second Pacific Mail contract left such an unfavorable impression upon the popular mind that no serious attempt was made to institute subvention payments for at least 10 years.

And Meeker's History of Shipping Subsidies, on pages 160 and 161, discusses the same subject as follows:

In 1872 the Pacific Mail Co. offered to run another monthly service to China and Japan for an additional $500,000 a year. With considerable difficulty a bill authorizing such a contract was passed by Congress June 1, 1872. In 1874 it was discovered that bribery had been employed to secure the passage of the measure. It was proven that the company had spent about $1,000,000 to push the bill through Congress. The new contract was abrogated by the Government because of the improper methods used in gaining the necessary legislation, and the subsequent failure of the company to fulfill the conditions of the said contract. (House Doc. No. 598, 42d Cong., 2d sess.; miscel. docs. Nos. 74 and 255; House Doc. No 268, 43d Cong., 1st sess.)

The official documents here cited embody the proof taken upon the congressional investigation proving these facts. Here one company spent a million dollars in order to corruptly procure the passage of a bill which gave them a contract for carrying the mails, for actual service, which paid them only $500,000 a year for 10 years. Yet this bill for the benefit of all of them involves absolute bounties to the extent of at least $75,000,000 a year for an indefinite period—at least 10 or 15 years.

SYNDICATE OF SHIPPING BOARD OFFICIALS.

But going back to what I started to discuss, I want to read from the November 22, 1922, issue of the New York Tribune a news item appearing on the shipping news page, as follows:

NEW SHIP SYNDICATE TO BUY UNITED STATES LINES GETS NEW BACKING—PERSONNEL NOW SAID TO INCLUDE HOMER FERGUSON, J. B. SMULL, W. J. LOVE, E. J. M'CORMACK, W. F. GIBBS.

The personnel of the syndicate which proposes to buy the United States lines from the Government as a going concern, and to form the largest Atlantic operating company, it was indicated yesterday, includes E. J. McCormack, of McCormack & Moore; W. F. Gibbs, naval architect; William J. Love and J. Barstow Smull, of the Shipping Board, and Homer Ferguson, of the Newport News Shipbuilding & Dry Dock Co.

Reports circulated a month ago, when the syndicate's plan was first broached, had it that either Mr. Ferguson, Mr. Gibbs, and Mr. Love, or else Mr. McCormack, who is one of the operating directors of the United States lines, and Mr. Gibbs were the promoters. The names of all five have been linked together in the latest reports, making a strong combination. Further strength of the syndicate was hinted by the report that the powerful Huntington estate interests were supporting Mr. Ferguson.

The syndicate's original plan, as submitted to Chairman Lasker of the Shipping Board, contemplated the taking over of the *Leviathan*, as

well as of the fleet of the United States lines, and the building of two palatial 1,000-foot liners for the Atlantic passenger trade. Approximately 200,000 tons of shipping would be represented in this deal. The new company was said to plan a nominal capitalization of $5,000,000, with the expectation that further substantial assistance would be received from the Government through the Shipping Board.

Mr. HARDY of Texas. Will the gentleman yield right there?

Mr. DAVIS of Tennessee. Yes.

Mr. HARDY of Texas. The United States Line is the one run by Rossbottom.

Mr. DAVIS of Tennessee. Yes. I was going to explain that.

Mr. HARDY of Texas. And that is the line we have made a success of, and now they want to buy it.

Mr. DAVIS of Tennessee. Yes; and the Shipping Board apparently wants to sell to them. The prospective purchasers are reputed to largely control the policies of the Shipping Board. Four of these five men mentioned are officers of the Shipping Board, and two of them are receiving $35,000 a year each. They are only to put up $5,000,000 for the purchase of this fleet, which is the only one being directly operated by the Government, and which, as Judge HARDY says, is being operated at a profit. In addition to these ships in operation they also procure the *Leviathan*, which is being reconditioned by the Shipping Board at an expense of $8,200,000, and then they are to build by Government aid the two largest passenger steamers in the world, and according to this report all that they put up in order to get this valuable property is $5,000,000 in cash.

Mr. EDMONDS. Will the gentleman give the date of that article that he just read?

Mr. DAVIS of Tennessee. November 22, 1922, page 22 of the New York Tribune.

Mr. EDMONDS. I simply wanted to know when this horrible conspiracy was being hatched.

Mr. DAVIS of Tennessee. This "horrible conspiracy" is reported in the New York Tribune, which is supporting this administration, and supporting this bill, and has so much interest in the passage of the bill that they are sending every morning to the offices of all Congressmen copies of their paper advocating the bill. [Applause.]

I want to say that it is a matter of common and persistent report in shipping circles and among newspaper men and has been published in the press, without giving names, that there is already on foot a large syndicate to buy the balance of these ships. You know that there was a good deal in the hearings on the subject about a syndicate, and the gentleman from Pennsylvania [Mr. EDMONDS] indicated that was in his mind in questions that he propounded to Winthrop L. Marvin.

Mr. EDMONDS. Will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. EDMONDS. The gentleman from Pennsylvania knows nothing about any of the syndicates and has no interest in them.

Mr. DAVIS of Tennessee. I assume that is true, and I did not say that he did.

Mr. EDMONDS. If my questions tended that way I want gentlemen interested to understand that I know nothing about it and that I had no idea of it. The gentleman from Tennessee has said that we could not sell a ship, and now says we are going to sell the whole of them.

Mr. DAVIS of Tennessee. Oh, you are going to sell them for a price that would be a mere bagatelle of what the Government could get if the Government would keep them until conditions improve and when there will be use for them on the seas and when there would be competition among buyers. If the gentleman from Pennsylvania questions what I said about his questions I will be glad to turn to the testimony. I would not do the gentleman an injustice for anything. Let the record speak for itself. I read from page 1087 of the hearings, as follows:

Mr. EDMONDS. A great many questions have been asked here with regard to the advertising of these ships. Wouldn't the natural result be that if Congress absolutely required that these ships be advertised and sold that they would be purchased probably by one syndicate? Wouldn't there be a greater danger of creating a monopoly by that system of selling ships than to hold them in order to build up these special lines that these people want continued to those ports?

Mr. MARVIN. I believe anything like a forced and sudden sale would increase the danger of a syndicate, although I don't conceive it within the bounds of reasonable possibility that any syndicate will be organized to take over these ships.

Mr. EDMONDS. Suppose the Shipping Board should assume from the action of this committee that we want them to sell these ships, and they go out and advertise them, one man might bid for the whole shooting match, possibly, the highest price of anybody. Then the danger of monopoly would be increased, of course?

Mr. MARVIN. Greatly.

In this connection I also call attention to the statement of H. H. Raymond, president of the American Steamship Owners' Association, as follows:

Mr. RAYMOND. I had the privilege of serving on a committee two or three years ago—an advisory committee—with five other experienced men, known over the United States as men of ability, one of whom has passed away, and we recommended at that time the sale of those ships and a price for them. We conferred with every shipowner and others that were interested in the purchase of ships, and even with bankers; and at that time a syndicate could have been formed similar to what was done in Great Britain. When Great Britain turned over to this syndicate headed by Lord Inchcape—I do not know what his first name was—a syndicate could have been formed to have taken the Shipping Board fleet that was desirable out of the Government's hands and then disposed of it over the country. There was business then for them. To-day there is no business. But I would have the courage to believe that if it could be determined what ships would be sold and at a low price, that the aid that is here asked for, plus little additions that we may ask for, could be had, you could have something concrete to go before the banking communities of the Nation, and that this syndicate could be formed again, and they would carry those people that wanted to buy them. I believe that; I do not know that it could be done, but I believe it.

I also call attention to another probable result, as explained by Mr. Raymond, as follows:

Mr. BRIGGS. Do you think, if the Government turns over its fleet at once, as you said that it would require more vessels to be tied up than are tied up now, or do you think it will mean any advantage in releasing some that are now tied up?

Mr. RAYMOND. I think it probably might mean tying more of them up.

As to whether the big shipowners or the financial interests would take advantage of the Government, in the event the ships were thrown on the market and sold under present depressed conditions, I call attention to the following general opinion expressed even by Chairman Lasker in his original statement at the hearings:

I think we ought to have the right to sell anywhere. I am not for a private owner holding up the Government, and I think the private owner will do it if he gets a chance.

Mr. BEEDY. Will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. BEEDY. I have listened with great interest to what the gentleman has had to say, and I would like to know whether it is his belief that if this bill is passed we are not to get out of the shipping business—whether there is to be an immediate sale and we are to get out of it entirely?

Mr. DAVIS of Tennessee. Under the provisions of this bill we will not get out of it, whether we do or do not sell the ships. The syndicate, if it buys them, will buy the cream and will leave the balance of the fleet in the Government's hands.

Mr. BEEDY. If we sell all the ships——

Mr. DAVIS of Tennessee. They will not buy all the ships. They will buy the cream.

Mr. BEEDY. I understood the gentleman to say that a syndicate was being formed to buy all the ships.

Mr. DAVIS of Tennessee. I did not mean it literally if I said it; they will buy all that they consider worth buying, because it is claimed by the Shipping Board that of these vessels some are first class and others varying from worthless to good. They would buy the ships at a fraction of their real value and hold them for the rise in price and sell at a large profit.

Now, I had intended to discuss the legislative portion of the seaman's act, the differential in wages, but it is impossible to discuss all of these subjects; and on that question I respectfully suggest to those who are sufficiently interested to go to the bottom of it to read what we detail in our minority report on that subject, and which shows that there is no differential operating against the American shipowners on the wage or subsistence question. I believe that will also be discussed by one of my colleagues to-morrow. I want, however, to say that, according to the report of the United States Commissioner of Navigation for 1921, there was infinitely more variation in the wages in the different ports of the United States for seamen from 1895 to 1921 than there was at any time during that period between the average wages in the United States and any foreign country. You will find that in the hearings on pages 1908 to 1939.

I must leave all other subjects in order to do what I said I wanted to do, give my idea of what the trouble is, in so far as there is any trouble, and say what I think ought to be done in regard to our merchant marine. I shall not be able to discuss it as fully as I would like, but I will discuss it as fully as time will permit.

AMERICA'S FORMER MARITIME PRESTIGE.

In the first place, I call your attention to the historical fact that up to the time of the Civil War the United States was a great maritime nation, and when that war broke out the United States had a merchant marine nearly 600,000 tons larger than that of Great Britain, the next largest. This great American merchant marine had been established and maintained without subsidies. Along in the fifties there were some contracts for carrying the mail involving comparatively small payments to a few passenger lines, but I think it is entirely proper, just as we have been doing all along, to pay for the carriage of our ocean mails. It is just as legitimate to have a good ocean mail service as it is to have a good land mail service. But

that is not a subsidy. It is sometimes called a subvention. Prior to the Civil War America excelled them all in the construction and operation of wooden vessels. They sailed all the seven seas, they carried a large portion of our commerce and of the commerce between other nations. The shipping industry was one of the few important industries of our young Nation, and it offered a profitable field for the employment of American capital and labor. None of the nations could successfully compete with us, although the American wages were one-third more than the foreign wages. But that was a small item then, just like it has always been and just as all unbiased experts declare.

However, there was a subsequent decline in our prestige on the seas, and I wish to discuss the reasons therefor.

The CHAIRMAN. The time of the gentleman from Tennessee has expired.

Mr. BANKHEAD. Mr. Chairman, on the first extension of time granted to the gentleman from Tennessee the Chair stated that it could be done unless there was objection to it.

The CHAIRMAN. That is correct.

Mr. BANKHEAD. I understand that under the rule we adopted the control of the time is divided up between the majority and the minority.

The CHAIRMAN. It has always been held, so far as the present occupant of the chair is aware, that in accordance with the rules of the House no extension beyond an hour can be made, except by unanimous consent, which, so far as the present occupant of the chair now recalls, has always been granted.

Mr. BANKHEAD. Mr. Chairman, I am very anxious to extend further time to the gentleman from Tennessee [Mr. DAVIS], because he has given great study to this question. I wish to extend to him the privilege of concluding his remarks, and I am willing to yield him that time. Under the ruling of the Chair could I not do that, or does it require unanimous consent?

The CHAIRMAN. Since the gentleman has raised the question, the Chair will refer to the rule very briefly and to the decisions under the rule. In Rule XIV, second paragraph, it is provided:

and no Member shall occupy more than one hour in debate on any question in the House or in committee, except as further provided in this rule.

The further provision in the rule is to be found in paragraph 3, as follows:

The Member reporting the measure under consideration from a committee may open and close, where general debate has been had thereon; and if it shall extend beyond one day he shall be entitled to one hour to close, notwithstanding he may have used an hour in opening.

This paragraph of the rule has no application here.

Mr. GARRETT of Tennessee. Mr. Chairman, that, of course, is taken from the general rules of the House, but we are now operating under a special rule.

The CHAIRMAN. The rulings in the precedents have been made largely under special rules and unanimous-consent agreements. If the gentleman wishes to have the decisions cited, the Chair will be very glad to do so.

By permission of the committee the Chair submits a number of precedents in line with the ruling just indicated.

(Hinds' Precedents, section 5004.)

On May 13, 1896, the House was considering the contested-election case of Rincher against Downing, and by unanimous consent it had been agreed that the time should be divided between the two sides and controlled by gentlemen representing them. Mr. Edward D. Cooke, of Illinois, who controlled the time on the side of the majority of the committee, having yielded to Mr. James A. Connolly, of Illinois, such time as he might desire, the latter in his remarks exceeded one hour.

Mr. William H. Moody, of Massachusetts, made the point of order that the other side was entitled to the floor.

The Speaker pro tempore [James S. Sherman, of New York] said:

The Chair holds that the gentleman's time has expired. * * * The present occupant of the chair fails to find from the RECORD that there was an absolute agreement as to unlimited time. There was simply an agreement not to fix any time, but to allow the time occupied to be controlled on the one side by the gentleman from Illinois [Mr. Cooke] and on the other side by the gentleman from Massachusetts [Mr. Moody]. Under the circumstances the time occupied by any particular Member would be governed by the rules of the House, and the gentleman from Illinois could have been granted but one hour. He has exceeded that time; therefore his time has expired, and he can not proceed now unless by unanimous consent.

Several parliamentary inquiries having been made as to the right of Mr. Cooke to yield unlimited time to Mr. Connolly, the Speaker [Thomas B. Reed], who had resumed the chair, said:

Whenever the time is under the control of two gentlemen on opposite sides of the question it is always understood that it is under such control subject to the rules of the House, and the rule of the House limits any Member to 60 minutes unless by unanimous consent it is changed. (Hinds' Precedents, sec. 5005.)

On January 5, 1897, a bill to amend the postal laws relating to second-class matter was under consideration in Committee of the Whole House on the state of the Union, and the time of debate had, by unanimous consent, been placed under the control of Mr. Eugene F. Loud, of California, on the one side, and Mr. Lemuel E. Quigg, of New York, on the other.

Mr. Quigg having taken the floor and having at the end of an hour been informed that one hour had expired, was proceeding when the Chairman informed him that he was proceeding by unanimous consent.

Mr. Quigg thereupon made the point that he was proceeding in his own time. The Chairman [Mr. James S. Sherman] said:

But the gentleman could not, without the unanimous consent of the committee, which had been given, occupy more than one hour.

On January 7, 1897, the House was in Committee of the Whole House on the state of the Union considering the Pacific Railroad funding bill, and it had been arranged, by unanimous consent, that the time should be controlled by Mr. H. Henry Powers, of Vermont, on the one side, and by Mr. Joel D. Hubbard, of Missouri, on the other.

Mr. Powers, having taken the floor, was informed at the end of one hour that his time had expired. Mr. Powers made the point that he had entire control of the time on one side.

The Chairman [John A. T. Hull] said:

That is correct; but under the rules of the House, even where unlimited time is within the control of a Member, he is not allowed, except by unanimous consent, to occupy the floor for more than one hour.

Under the rules of the House and the unbroken precedents, so far as the present occupant of the chair has been able to ascertain, the Chair holds that the gentleman can proceed only by the unanimous consent of the committee.

Mr. BANKHEAD. Mr. Chairman, under the ruling of the Chair the gentleman from Tennessee has consumed an hour and a half; and if I desire to extend him further time, do I understand that I must ask unanimous consent?

The CHAIRMAN. If no objection be made, it is tantamount to unanimous consent.

Mr. BANKHEAD. Then I yield to the gentleman from Tennessee such further time as he may desire.

The CHAIRMAN. Without objection, the time of the gentleman from Tennessee may be extended for such time as he may desire. [After a pause.] The Chair hears no objection. Of course, the Chair would interpret this extension so as to keep within the provisions of the special rule under which we are proceeding.

Mr. DAVIS of Tennessee. I wish to thank my colleague [Mr. BANKHEAD] for his extreme courtesy. Of course, Mr. Chairman, we all understand there was a decline from the former proud eminence occupied by the United States as a maritime nation.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. EDMONDS. Of course, the gentleman knows that while these ships were growing larger and stronger and doing good work at sea, they were, of course, receiving a 10 per cent preferential duty.

Mr. DAVIS of Tennessee. No; I do not know any such thing, except this, that up until 1815 there was a 10 per cent preferential duty; but the United States Government became so sick of that policy and its baneful effects that the American Congress, by a unanimous vote both in the Senate and the House, abandoned that position and adopted a policy of reciprocity, under which that preferential duty was done away with, and it was after that was done away with that we reached what has been termed the "golden era in American shipping."

Mr. EDMONDS. And the merchant marine afterwards declined.

CAUSES OF DECLINE.

Mr. DAVIS of Tennessee. I referred to the time up until the Civil War and had started to discuss the decline. The authorities on this subject are in substantial accord upon the causes of the decline, and they are stated with substantial accuracy in one of the reports made on the "History of shipping discriminations and on various forms of Government aid to shipping" compiled by the present Shipping Board.

A. In the first place there was the advent of steam, and while American genius invented the steamboat, yet Americans were so wedded to their fast wooden clippers, in the construction and operation of which they had so long excelled the world, that they clung to them too long with the result that England outstripped us in the construction and operation of steamships and also of iron ships which gradually replaced the wooden sailers.

B. Another cause of the decline was our tonnage destroyed and transferred to foreign registry during the Civil War.

During that time a large amount of the American tonnage was destroyed by one side or the other in that unfortunate fratricidal contest, and, in addition, about 1,000,000 tons that were under the American flag were transferred to foreign registry, chiefly the British. Because of those two things the American merchant marine was greatly depleted and the British merchant marine forged ahead. Then instead of trying to remedy the situation the American Congress, perhaps in a spirit of pique, in 1866 passed a bill preventing the reregistry under the American flag of that enormous tonnage which had transferred to foreign flags in order to prevent capture or destruction. Thus occurred what was one of the severest blows that has ever happened to the American merchant marine, but other things also have happened.

C. Beginning about that period, and this is enumerated in said report of the Shipping Board, we find a third reason. The board report correctly states that another very important cause of the decline of our shipping lay in the fact that both labor and capital had been attracted to other and more lucrative fields of employment; that the opening of the West took the interests of the United States away from navigation to the internal development of the country, and that railways, manufacturing, and industries generally commanded higher rates of return without the risks which were considered incidental to shipping. That situation has since continued to a very large extent.

D. There is another reason assigned in this Shipping Board report. It correctly states that "a most effective cause for the decline was the protective tariff," first mentioning the rates on shipbuilding materials, which militated against American ship construction. They then refer to the further fact that the "tariff has restricted the number and amount of cargoes that American ships could bring from foreign ports," and state, "that condition will always be present in the face of a high tariff." It was stated by the President in one of his messages, and it has been stated by others in the hearings, including Mr. Lasker, that before you can have a successful and a profitable merchant marine you must have both incoming and outgoing cargoes. Nobody disputes this truism. The situation is such that Mr. Lasker himself described it at the hearings by saying that the tonnage of all exports to Europe is three and a half times as much as our imports. The result is that five-sevenths of the ship tonnage that goes over loaded must come back in ballast or empty.

Now, I am not discussing the merits of the high protective tariff. I am discussing what is recognized by all the authorities on the subject as one of the chief causes that has militated against an American merchant marine because it has greatly reduced the importation of foreign products. Mr. Lasker himself very properly recognized the situation at the hearings when he said:

> It is not a good thing for the Shipping Board, it is not a good thing for the ship operator, and it is not building up permanently one of the main advantages, for the lack of which we suffer with an American merchant marine, that while we have full outgoing cargoes we have not full incoming cargoes, or anything like it. This is controversial. Is it due to a high protective tariff? I do not propose to get into that, because the Shipping Board has to take the thing as it is.

Then he says it is a settled question, one party believing in a high protective tariff and the other in a tariff for revenue only. Now, this situation has been very greatly augmented by the passage of the recent tariff bill. In other words, we have in Congress the very inconsistent policy of having passed one law to prevent foreign commerce and now passing this bill for the pretended purpose of promoting foreign commerce.

Was there ever anything so incongruous as the administration program of blocking foreign trade by the imposition of prohibitory tariff duties and then attempting to stimulate foreign trade by the payment of enormous ship subsidies? The program is to promote foreign trade with one hand and strangle it with the other, both efforts being in behalf of special interests and very expensive to the masses of the people who pay the taxes. They seem to be laboring under the delusion that we can stimulate our export trade and at the same time repress our import trade. It can not be done. All the authorities agree that we must have incoming as well as outgoing cargoes in order to maintain a successful merchant marine.

E. There is another reason given by this Shipping Board report and by all the authorities for the decline, and for the fact that our American merchant marine engaged in the foreign trade did not keep apace with our tremendous growth in foreign commerce after the Civil War. The American registry law down to 1914, prohibiting the registry of foreign-built ships, necessarily operated to bring about a decline in shipping under the American flag. When we excelled the world in the construction of wooden ships it cut no figure. Because of the very fact that we could build wooden ships better and cheaper than anybody else, Great Britain abandoned such a policy in 1849 and went to a "free ship policy," permitting the registration under the British flag of foreign-constructed vessels in order that her shipowners might get the ships as cheaply as possible. England was more interested in putting a British merchant marine on the seas than she was in favoring the British shipbuilders. However, her "free ship policy" resulted in building up the greatest shipbuilding yards in the world, because under the spur of foreign competition they builded soundly by the application of economical, efficient businesslike methods. America can do the same. In fact, we are the only nation on earth that has not long since come to a "free ship policy." There is a natural conflict between the shipbuilder and the shipowner. The shipbuilder strives to get as much as he can for his ship, and the shipowner strives to get his ship as cheaply as he can. And I want to ask you this: When, until recently at least, it cost 25 per cent more, by reason of the tariff and other things, to construct a ship in the United States than it did in Great Britain, could you expect Americans, who wanted to go into the business, to pay 25 per cent more to get a ship here than they could get the same ship for in England? Of course not. If they went to England and bought it, they could not then register it under the American flag. Consequently, Americans either did not buy, or they bought their ships abroad and then operated them under foreign flags, as they were compelled to do. Now, that policy prevented the registry of innumerable ships that would have otherwise been purchased abroad and registered under our flag. The said Shipping Board report, in accord with all unbiased authorities, correctly states that—

> The American registry law, prohibiting free ships, necessarily operated to bring about a decline of shipping under the American flag. * * * The free ship policy has added greatly to the British merchant marine.

However, our law against the registry of foreign-built ships did not even accomplish what it was intended to do, aid American shipbuilders, because for many years before the recent World War there was no construction in American shipyards of ships for the foreign trade. It did not help the shipbuilders, and it did not provide employment for American labor, but it did help to destroy the American merchant marine. Now, we abandoned that policy in 1914, to the extent that foreign-built ships owned by Americans were admitted to American registry for use exclusively in the foreign trade, and I just want to read from the 1916 annual report of the Department of Commerce one citation showing the immediate effect:

> The American merchant marine, which is another great weapon needed for our foreign trade, has never before increased so fast as during the past two years. In that time we have doubled our shipping in the foreign trade—from 1,076,152 gross tons to 2,191,715 gross tons. No other nation in so short a time so increased the shipping in foreign trade.

Now, listen—

> Under the ship registry act admitting foreign-built ships to American registry for foreign trade 182 vessels of 616,033 gross tons have been added to our merchant marine.

The pending bill, with a minor exception, provides against the future registry of foreign-built ships by withholding the subsidies and aids from them.

I have briefly discussed the chief reasons why our merchant marine engaged in the foreign trade has not kept apace with our growth in population and with the enormous growth of our foreign commerce.

GROWTH OF AMERICAN MERCHANT MARINE.

However, our merchant marine is not in near as bad shape as they would have you believe. While, for reasons which I have explained and other reasons which I shall later explain, there has been a decrease in the relative amount of our foreign commerce carried in American ships, yet there has been a large increase in our total merchant marine, including our ships engaged in the foreign trade, in the coastwise trade, and in the fisheries, as shown by the figures taken from the report of the Commissioner of Navigation for the year ended June 30, 1921, pages 160 to 163, inclusive, giving the total documented tonnage of the United States merchant marine for the years stated:

	Gross tons.
1789	201,562
1800	972,492
1820	1,280,167
1840	2,180,764
1850	3,535,454
1860	5,353,868

	Gross tons.
1870	4,246,507
1880	4,068,034
1890	4,424,497
1900	5,164,839
1910	7,508,082
1915	8,389,429
1920	16,324,024
1921	18,282,136

Mr. EDMONDS. Will the gentlemn yield?

Mr. DAVIS of Tennessee. Our merchant marine did not keep pace with our enormous growth in commerce. I yield for a question.

Mr. EDMONDS. I would state, page 41, paragraph 5, we do allow compensation to be paid to foreign-built vessels registered under the laws of the United States, provided, of course, they are agreed to as being strictly needed by five members of the board.

Mr. DAVIS of Tennessee. Oh, yes; there is an exception with a purpose, in my opinion, only to permit the registry of certain ships of a certain line, the International Mercantile Marine Corporation, whose obligation to remain under the British flag expires in a year or so.

Mr. EDMONDS. Is it desirable to have those ships under the American flag?

Mr. DAVIS of Tennessee. Yes; that is all right. But I was telling the reason for the exception; however, I would not play any favorites or permit the Shipping Board to do so. I would permit all Americans to purchase their ships where they can get them cheapest and then register under the American flag.

Mr. EDMONDS. I want to say to the gentleman that of course we are trying to protect American labor in the shipyards, because 50 per cent of the cost of the ships is labor.

Mr. DAVIS of Tennessee. But you are not protecting American labor, as it has not resulted in any increased production, just as I explained. Under our policy there has been no shipbuilding in American yards for the foreign trade, and consequently no employment of American labor.

Mr. SNELL. Mr. Chairman, will the gentleman yield for a question?

Mr. DAVIS of Tennessee. Certainly.

Mr. SNELL. I did not quite understand what you mean by the statement that our merchant marine was growing. What time and what period has that reference to?

Mr. DAVIS of Tennessee. Well, all along, so far as the tonnage of our entire merchant marine is concerned, but, as I was conceding, there had been a decline in the percentage of our foreign commerce that we carried.

Mr. SNELL. I understood the lowest ebb of our merchant marine that was employed in foreign service was in the period just before the World War, and that we actually had just six ships engaged in foreign trade at that time. If that is so, I can understand your other statement that we were growing. I think I am correctly informed on that.

Mr. DAVIS of Tennessee. In the first place, that is not correct. The gentleman's assumption is absolutely incorrect.

Mr. SNELL. That is not an assumption.

Mr. DAVIS of Tennessee. The gentleman's information is not correct as to the number of ships engaged in the foreign trade. However, we did reach the lowest ebb along in 1909 and 1910 in the percentage of our foreign commerce that we carried. However, a larger tonnage of American-flag vessels entered and cleared in the foreign trade of the United States in 1909 than during any previous year in the history of our Republic, and a still larger tonnage in 1910 and for each year following. Such tonnage of American vessels entered and cleared in our foreign trade in 1909 amounted to 17,263,189 for the fiscal year ending July 1, 1909, and this was increased to 27,470,703 for the fiscal year ending July 1, 1914, the increase being still greater after the World War commenced. (See page 178 of the 1920 report of the Commissioner of Navigation.) There was a corresponding increase in the American tonnage registered for the foreign trade and in the value of our commerce carried. (See pages 177 and 222 of the same report.)

UNITED STATES MERCHANT MARINE SECOND LARGEST IN WORLD.

Prior to the outbreak of the World War the United States had the largest merchant marine of any nation on earth except Great Britain, and the United States at that time had the greatest merchant marine engaged in the foreign trade except Great Britain, and Germany exceeded us in that respect to a very slight amount. And at the present time, when they talk about the deplorable situation we are in, we have nearly as large a merchant marine as Great Britain, and our merchant marine is equal to the combined merchant marines of the next five largest in the world.

Mr. LONDON. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. LONDON. Is it not true that the greatest period of industrial and commercial prosperity in the United States was the period when its merchant fleet disappeared?

Mr. DAVIS of Tennessee. That is true, if you mean when the percentage of our foreign commerce carried in American-flag ships was at its lowest.

Mr. LONDON. In other words, American capital found it more convenient to employ the carriers of other nations?

Mr. DAVIS of Tennessee. That is the fact exactly, just as I explained. That is one of the reasons that both labor and capital found it more profitable to engage in internal development.

Mr. HARDY of Texas. Mr. Chairman, at that point will the gentleman permit me also to ask a question?

Mr. DAVIS of Tennessee. Yes.

Mr. HARDY of Texas. Was it not also a fact that when American capital sought to enter the overseas trade, as common-sense business men they bought British vessels, because they could be bought at half the price?

Mr. DAVIS of Tennessee. Yes; they could buy them cheaper and they had to register under the British flag.

Mr. HARDY of Texas. Yes; and they sailed them under the British flag.

Mr. DAVIS of Tennessee. Yes. Under our law they could not buy a British ship and sail it under our flag.

Mr. J. M. NELSON. Was it not a fact that American capital was employed in shipping but engaged under a foreign flag?

Mr. DAVIS of Tennessee. Yes; a large amount.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. CHINDBLOM. I want to understand the gentleman's statement. Does the gentleman say that in 1914 our foreign tonnage was exceeded only by that of Great Britain and Germany?

Mr. DAVIS of Tennessee. Yes; according to the Commissioner of Navigation.

CONDITION OF AMERICAN MERCHANT MARINE BETTER THAN REPRESENTED.

Now, what is the present situation? They talk about the "deplorable situation." I have here a bulletin of the American Bureau of Shipping, published by the American Bureau of Shipping, and on the first inside page there appears this:

THE AMERICAN MERCHANT MARINE.

The growth of the American merchant marine since the close of the war is one of the most amazing developments of modern international commerce. It is also an achievement in which every American citizen can take pride. Never before in the history of the world has a country succeeded in creating such a great merchant marine in so short a time.

The last decades of the nineteenth century witnessed a discouraging decay of American shipping. The American flag, which once flew at the mastheads of thousands of splendid American vessels, almost disappeared from the ocean. Americans who wished to cross to other lands were forced to sail on foreign vessels; American cargoes were stowed in the holds of alien ships. Then the World War brought the country to a realization of how serious this situation had become.

And to-day this state of affairs has been reversed. To-day American vessels are sailing the seven seas, helping to spread American business all over the world. Five great lines of Government-owned passenger ships are in operation—the United States Lines between New York and Europe, the Munson Steamship Lines between New York and the east coast of South America, the Pacific Mail Steamship Co. between San Francisco, Honolulu, and the Orient, the Admiral-Oriental Line between Seattle and the Orient, and the Los Angeles Steamship Co. between Los Angeles and Honolulu. American merchant vessels sail direct to the most remote parts on the globe, from Scandinavia to Cape Town. On every run, competition is keen; ships of all nations are bidding eagerly for the trade. But in spite of every disadvantage, American ships, officered and manned by American seamen, are winning out.—(Statement issued by United States Shipping Board.)

And who is this from? It is from a statement issued by the present United States Shipping Board and published in this official publication. And so it is, and without subsidy.

I want to state furthermore that for the fiscal year ending June 30, 1921, under the worst shipping depression in all history, the American ships carried 51.6 per cent of our foreign commerce, including both imports and exports, and they did just as well for the fiscal year ending last June. In order to let you know what that means, it is conceded by experts on the subject that it is practically impossible for any nation to carry little, if any, more than 50 per cent of the commerce between it and foreign nations, because other foreign nations with their merchant marines have the advantage in shipping from their countries, and no one nation can get it all; no one nation can get little, if any, more than 50 per cent of it.

Is not that natural? It is not only natural but it is a fact. Now, as evidence of that, Great Britain, which carries 53 per cent of all the world's commerce, including that which she

carries between herself and her colonies, including that which she carries between her colonies, and including that which she carries between herself, her colonies, and foreign countries, and including that which she carries between foreign countries, yet, carrying all that enormous amount of commerce, with her great fleet, with her efficiently managed fleet, Great Britain succeeds in carrying only 53 per cent of the commerce between herself and foreign nations.

Mr. McDUFFIE. Will the gentleman yield for a short question?

Mr. DAVIS of Tennessee. Yes.

Mr. McDUFFIE. Are most of the lines that are now established operating at a profit?

Mr. DAVIS of Tennessee. I think that the private lines are, and in that connection I want to say that eight private ship operators, most of whom are also operating Shipping Board vessels, appeared as witnesses in behalf of this bill, and every one of them admitted that they were either operating at a profit or without a loss. We asked the Shipping Board to file statements of the profits and losses of the different companies that are operating Shipping Board vessels and they refused to do it. They refused to disclose that information to Congress, just like they refused to disclose a lot of other valuable information that we asked for.

Mr. McDUFFIE. What was the objection to letting you have that information?

Mr. DAVIS of Tennessee. They gave various reasons and sometimes gave none. One of the reasons given was that it was not in the interest of public policy.

When members of the committee were endeavoring to get certain facts from the Shipping Board, Meyer Lissner, a member of the Shipping Board, who represented the Shipping Board at the hearings practically all of the time, said:

If we attempted to put in the absolute detail on all these things, these hearings would go on until the end of time. We have to use good judgment and good common sense about a good many of these things, and this is one of them. (Hearings, p. 1532.)

And yet the Shipping Board introduced the most minute details in an effort to prove whatever they wanted shown.

Mr. BLANTON. Will the gentleman yield right there?

Mr. DAVIS of Tennessee. Yes.

Mr. BLANTON. And just like they refuse to have their accounts audited, by having such provisions placed in this bill as prevent a proper auditing.

Mr. DAVIS of Tennessee. Yes; and I suppose for the same reason that, although repeatedly requested to furnish itemized statements of the disbursements of the $1,715,000 advertising fund at their disposal this year, they have never furnished same, although they promised to do that.

Mr. BEEDY. The Government of England owns no fleet, does she?

Mr. DAVIS of Tennessee. No.

Mr. BEEDY. The American Government does own a fleet?

Mr. DAVIS of Tennessee. Yes.

Mr. BEEDY. In your minority report, on page 6, you state:

We readily concede the desirability and importance of having an adequate merchant marine. We are opposed to permament Government ownership or operation of our merchant ships. We favor the sale of them to private owners as soon as practicable.

Mr. DAVIS of Tennessee. Yes; that is right. The full statement of the minority report in this particular is as follows:

We are opposed to permanent Government ownership or operation of our merchant ships; we favor the sale of them to private owners as soon as practicable, but at such time and in such manner as will protect the public interest and insure the establishment and maintenance of a real American merchant marine for the interest of the whole American people, and so as to prevent our ships from falling into the hands of a large syndicate, or our merchant marine being controlled by a few large companies which would drive out of business the smaller companies and numerous valuable trade routes.

We readily concede the desirability and importance of having an adequate American merchant marine, but we insist that such can be had without imposing upon the American people the tremendous burdens carried in the pending bill. This bill is based upon a false diagnosis of the situation; it treats the symptoms and does not deal with the basic difficulties, which can be and should be remedied in a businesslike and statesmanlike manner. It attempts to overcome artificial difficulties by superficial stimulants instead of removing the causes. Subsidies have never built up or maintained a merchant marine, as is conclusively shown in the Shipping Board report before referred to and by all of the unbiased authorities who have discussed the subject.

Even the committee report on this bill concedes that—

"A permanent and healthy merchant marine can never be established merely by paying subsidies."

If those engaged in the shipping business would devote as much time to efforts to establish and manage their enterprises along efficient and economical lines as they do in proclaiming that they can not succeed, in an effort to obtain Government aid, they would succeed. Those who adopt the method suggested do succeed.

Mr. BEEDY. You further say:

We will offer a constructive solution of the problem with which we now stand confronted.

What does the Democratic Party offer to this do-nothing Congress for a constructive policy to get us out of the situation in which we now find ourselves unless it be to drift on indefinitely at a loss of $50,000,000 a year? There is no opportunity to sell ships to-day at a fair price, is there?

The CHAIRMAN. The gentleman has consumed 30 minutes more.

Mr. DAVIS of Tennessee. Thank you. I want to consume a little more time. I was coming to that, but I desired to analyze the situation before presenting an alternative program. And right in that connection I was going to compare the situation here and in Great Britain, because the comparisons all the way along by the Shipping Board have been as between the United States and Great Britain. They want to equal or excel Great Britain, but they are attempting to do so by adopting some of the policies which England long ago discarded as failures, and by utterly ignoring the policies and methods by which the British have built up and maintained their great merchant marine. If we adopt her policy we will succeed in maintaining as large a foreign-trade merchant marine as is practicable to be maintained in this country. But it is not practicable for us to own or maintain as large a merchant marine as Great Britain does any more than it is practicable for Great Britain to have as much railroad mileage as the United States has. Why? Simply because most of Great Britain's commerce is on the sea, while 85 per cent of our commerce is within the confines of our own borders.

Edward C. Plummer, one of the commissioners of the United States Shipping Board, who is going over the country making speeches in behalf of this bill instead of attending to his duties, made such a speech in Boston yesterday. He is quoted in the press as having said, in part:

We seek no monopoly in trade. We recognize that from the very nature of her Empire Great Britain may well aspire to have a merchant tonnage three times the size of that which may carry our flag in foreign trade; but every American can and should stand squarely on the proposition enunciated by Fisher Ames, of Massachusetts, that we must always have a merchant fleet capable of handling 60 per cent of the cargoes which our people furnish to and take from the other nations of the world.

If one-third as large a merchant marine as Great Britain's would carry 60 per cent of our foreign commerce, is it not absurd for us to undertake to establish and maintain in foreign trade as large a merchant marine as Great Britain?

As a matter of fact, our entire merchant marine is now three-fourths as large as the entire merchant marine of Great Britain.

Admiral Benson, former chairman of the Shipping Board and now a member thereof, said in a speech before the South Atlantic Ports Association, November 15, 1920:

We should always bear in mind that other nations are more dependent upon a successful merchant marine than the United States.

REASONS FOR ENGLAND'S LARGE AND SUCCESSFUL MERCHANT MARINE.

Great Britain is first in shipping because she is first in foreign commerce. The reasons why she is first in foreign commerce may be briefly summarized as follows:

1. She imports practically all of her food and raw materials and exports her surplus manufactured products.

2. Her free-trade policy.

3. The enormous trade between her and her numerous wealthy colonies.

4. The British have large investments in their various colonies and in foreign countries and have well-established, world-wide mercantile, banking, and shipping connections.

Additional reasons for the success of her merchant marine may be summarized as follows:

5. England's resources and industries being fully developed, capital, looking for an outlet, naturally turned to the sea.

6. Because of national pride and because of the fact that investments in maritime enterprises are widely scattered among the English people—as is the case in all European countries—they loyally support their own merchant marine.

7. Great Britain's imports and exports are well balanced, so that her ships carry incoming and outgoing cargoes.

8. Great Britain's merchant marine enterprises are efficiently and economically managed on businesslike principles. By reason of such methods she is able to successfully compete and outdistance other national merchant marines which receive subsidies and pay much smaller wages.

9. English coaling stations are established throughout the world where needed for the British merchant marine and Navy.

In other words, the causes for Great Britain's maritime success are natural and not artificial. Her merchant marine is great, not because it has been aided by legislation but because it has been unhampered by legislation.

While the proponents of this bill continually refer to England as our real maritime rival and set up England's merchant

marine as a criterion, the goal which we should attain, yet they steadfastly ignore the reasons for the British merchant marine's success and refuse to emulate the methods by which it has succeeded. They propose to follow policies which England long ago tried and discarded as useless and worthless. They propose to adopt England's old discredited subsidy experiments, which she abandoned forever in 1694—228 years ago. They propose to cling to the discredited policy of refusing to permit the registry of foreign-built ships, which policy England discarded 72 years ago.

If we are wise enough to profit by England's experience, with a view of maintaining a merchant marine as successful as England's, we should not adopt those false theories which England has tried and found wanting and long ago discarded, but should adopt the policies which England has accepted and retained and which have resulted in building up and maintaining her great merchant marine.

Having by unnatural restraints and artificial policies hampered and diminished our commercial eminence on the seas, it is now proposed to maintain an American merchant marine—not by removing the causes of the difficulties but by attempting to counteract them by the adoption of still further artificial means. It is proposed to combat the injurious effects of one unnatural artificial system by the adoption of another. Could anything be more economically unwise, impracticable, and futile?

Mr. BEEDY. Will the gentleman permit me? Great Britain owns no fleet. Does the gentleman advise a further drifting policy with Government ownership at a loss of $50,000,000 a year indefinitely until world conditions enable us to make some attempt to get out of the business?

Mr. DAVIS of Tennessee. Let me answer that.

Mr. BEEDY. Yes or no?

Mr. DAVIS of Tennessee. I have already shown that the passage of this bill would not stop said expense or result in the sale of our ships at any fair price, or get the Government out of the business. I have already said that we are opposed to permanent Government ownership; but I do say, as I have tried to explain, and proven by the witnesses in favor of this bill, that now is no time to throw this fleet on the market, because it can not be put to sea; it can not be sold at anything like what it can be sold for later; and having incurred the expense that we have in this matter I say that these trade routes, which the Shipping Board say cover every needed, essential route between this country and other nations, should be continued until world conditions improve, and then that we should sell them as going concerns at a time when they can be bought, paid for, and maintained.

WOULD ABOLISH SHIPPING BOARD.

And I want to say in this connection that in the meantime we should immediately abolish the Shipping Board [applause] because they have not properly functioned. They have not functioned and are not functioning in the interest of the people. They are controlled by private shipping interests. They have not got the interests of a healthy merchant marine at heart. They are not going to solve this question.

I would abolish absolutely the Shipping Board and Emergency Fleet Corporation, and I would appoint a joint bipartisan congressional committee to investigate and cull out thousands of these Shipping Board employees who are not needed [applause], and I would reduce that force down to what is actually needed, and thereby get rid at once—not in 30 months, as Mr. Lasker indicated, or in several years, but at once—of nearly all of that $50,000,000 expense. [Applause.]

WOULD CANCEL MO 4 CONTRACTS.

In the meantime, I would also do away with the managing-agent contracts, known as the "MO 4 contracts," under which nearly all of our Shipping Board vessels in operation are being operated, and under which the managing agents are paid a commission of 5 per cent of the gross freight receipts on outgoing cargo and 2½ per cent on incoming cargo (hearings, pp. 1076–1078); they are also paid husbanding fees, which I shall later explain.

Chairman Lasker testified at hearings before a subcommittee of the House Appropriations Committee, July 7, 1921, and described this MO 4 contract as follows:

> The contract is the most shameful piece of chicane, inefficiency, and of looting of the Public Treasury that the human mind can devise.

Later Chairman Lasker gave out a statement which was carried in the Associated Press, August 19, 1921, the article stating in part:

> Decision to substitute a "bare-boat" charter for the system under which practically all Shipping Board vessels are now operated was announced last night by Chairman Lasker after a conference with President Harding. Instead of the boats being turned over to operators on a 5 per cent commission basis, it is the board's intention to adopt a uniform charter, under which the vessels will be leased on a tonnage basis, the lessee assuming the same risks of profit or loss as he would under the routine commercial charter.

However, Chairman Lasker has not changed any of the existing MO 4 contracts. While he laid up a large number of ships, yet those which were permitted to continue in operation, were permitted to continue under the MO 4 contracts, which Lasker described as above stated; and he was doubtless correct in his characterization. They have changed no MO 4 contracts to bare-boat charter contracts, although this great advertiser announced to the world more than a year ago that he was going to make such change.

He has not only not made such change but he called the managing agents of Shipping Board vessels together in Washington, June 21, 1922, and voluntarily adopted and announced a policy of paying such managing agents additional compensation in the shape of husbanding fees, under which since that time operators handling 5 vessels or less receive $400 per month per ship in addition to the regular commission previously paid, and operators handling up to 10 vessels receive $400 per month per ship for the first 5 ships and $250 per month for each additional ship. It was announced by the Shipping Board at the time that this allowance of husbanding fees would add $1,200,000 annually to the cost of operations, but it was estimated that more than this amount would be saved by new arrangements for subsistence—the allowance for subsistence being reduced from 80 cents to 65 cents per day per man at that time—stevedoring, and general supplies.

Why should not the taxpayers have been given the benefit of such savings? Why were these additional voluntary bounties given to the managing agents, and by what authority? Was it done for the purpose of preventing a showing of profits, to the end that they might make out a stronger case for this ship subsidy bill?

As previously stated, I recommend an immediate abandonment of all of those MO 4 contracts. I would lease the ships on bare-boat charter contracts wherever possible, giving preference to those now operating the ships. Where the present managing agents should be unwilling to change to bare-boat charter contracts, I would, wherever possible, lease the ships on the respective lines to responsible persons "who have the support, financial and otherwise, of the domestic communities primarily interested in such lines," as provided in the merchant marine act of 1920, and who would agree to maintain such lines. On account of depressed conditions in shipping, and in order to insure the maintenance of these trade routes, I would lease the ships on very low bare-boat charter rates. I would also give the charterers an option to buy the ships, and in the event they should subsequently purchase the ships, they should be given credit on the purchase price of the amounts which they had paid for charter hire. By paying the very reasonable charter hire of 15 cents per ton per month, they could easily pay for the vessels on a basis of $30 per ton, at which the best are now being offered, within 10 or 12 years, and so pay same out of the net profits on the basis of present freight rates and cost of operation, including all incidental expenses and charges.

I am advised that the customary bare-boat charter hire in foreign countries is from 30 to 60 cents per ton per month. Consequently the charter hire mentioned would give the American operators a large advantage.

I would require those receiving ships under bare-boat charter contracts to execute adequate bonds for the protection of the Government's interest. The adoption of the policy suggested would permit the dismissal of the very large number of Shipping Board employees which are now retained under the pretext of directing and supervising the Shipping Board operations under the managing agents, as no Government employees would be required under the bare-boat charter system, except a nominal number to tabulate and collect the charter fees.

If any of the ships operating in the trade routes now maintained could not be leased under bare-boat charter contracts, I would have the Government employ salaried managers to operate those lines, in the same manner that Thomas H. Rossbottom is successfully operating the United States Lines, until conditions improve to such an extent that such ships could be sold or leased under bare-boat charter contracts.

This system would eliminate the division of operations in the Shipping Board, as the manager of each line would have his own operating and office force, which, however, would certainly be no larger or more expensive than the organization under the present managing agent of such line. The Government would get all the profits made, and it now has to stand all of the losses under the managing agents. It would save the commission on gross receipts, and also save the husbanding fees

now being paid to managing agents. Both plans above suggested are fully authorized in section 7 of the merchant marine act of 1920. In advocating said bill, which bears his name, Senator JONES of Washington, in a speech in the Senate, said in part:

We may differ about Government ownership, but that can be no issue here. The Government owns these ships, whether we will or no. They can not be given away. The people will not stand for that. We must not allow private parties to take the cream of this shipping and let the Government hold the balance to dispose of at a great sacrifice. Grant that Government ownership should end as soon as may be; it must be brought about as nearly as may be without unnecessary sacrifice and just as a private individual would get rid of property he did not desire to keep but that he did not have to dispose of at a sacrifice. Furthermore, the Government is interested in the future success of shipping and the maintenance of a permanent fleet. That object must be kept in view, and in getting rid of Government ownership we must try not to sacrifice our property and must strive also to build up and put our shipping on a permanent basis.

Mr. BEGG. Will the gentleman yield for a question?

Mr. DAVIS of Tennessee. Gentlemen, please refrain. I want to make a connected statement.

Mr. BEGG. I want to ask the gentleman a question on the line of the statement he has just been making.

Mr. DAVIS of Tennessee. I must decline.

Mr. GREENE of Massachusetts. The gentleman can not afford to be unfair after being allowed all the time he has.

Mr. DAVIS of Tennessee. Your side has not yielded to me a minute and I do not ask you to.

Mr. GREENE of Massachusetts. Yes, I will yield to the gentleman two minutes if he will answer.

Mr. DAVIS of Tennessee. I decline to yield, because I do not want to be diverted from the argument I am attempting to make, and for which many of you have asked, to tell you what our solution would be. You have asked for an alternative, so give me a chance to answer.

Having cut this tremendous and expensive Shipping Board organization down as indicated, I would then place the organization under one responsible man. In view of the fact that I do not want it to be permanent, and in view of the fact that we are in favor of getting the Government absolutely out of the business, I would not recommend a Cabinet officer at the head of it; otherwise I would. I would place at the head of it some well-informed, experienced, patriotic shipping man of demonstrated ability and patriotism, absolutely free from any connection with or obligation to any private shipping interests; and I think that an ideal man for that position would be Thomas H. Rossbottom [applause], a man who for 20 years, in competition with foreign lines, has successfully and profitably operated the Panama Steamship Line for a corporation owned by our Government. Mr. Rossbottom was placed in charge by the Shipping Board of the United States lines, and he is operating it at a profit, as shown in the hearings and as I have already stated. Mr. Rossbottom has several times appeared before our committee and, to my mind, displayed more knowledge, more intelligence, upon this subject than any man I ever heard discuss shipping matters. I believe that he would work out the chaotic conditions. I believe it would be but a short time until there would be no loss whatever, and that as soon as world conditions would permit we could dispose of our ships to private interests and maintain the operations and do it without subsidies and upon businesslike principles.

I would transfer a goodly number of our suitable idle ships to the Army and Navy for use as transports and auxiliary vessels in case of emergency. We already have the ships, can get but comparatively little for them, and it is claimed by the Shipping Board that we have many more ships than can be utilized in a long time. It will cost but little to care for the ships while laid up. The cost of lay up for 5 or 10 years would amount to nothing as compared with what the Government would be compelled to pay for ships purchased from private interests, or what it would have to pay for the use of ships. This would be in the interest of national defense and at the same time a protection to the public purse.

During the recent war American shipowners ran up their rates on the public and their Government more than 1,250 per cent on the average over pre-war rates, as stated at the hearings by W. L. Marvin and W. J. Love (pp. 1083, 1521–22).

I would place all shipbuilding materials on the free list and keep them there. I would remove all restrictions against the use of imported materials in our ship construction. Prior to the act of 1909, which permitted ships constructed in whole or in part of imported materials to engage in coastwise trade six months out of the year, and the passage of the Panama Canal act of August 24, 1912, which permitted such ships to engage in the coasting trade during the entire year, American manufacturers sold steel plates, the chief material entering into ship construction, from $6 to $15 per ton cheaper in England than they sold them for in the United States. Since the passage of those acts they began selling steel plates cheaper in the United States than they or anybody else sold them for in England, until finally in December, 1914, the selling price of steel plates in the United States was $23.74 and in Great Britain $35.59, and the differential in favor of the United States finally went to over $20 per ton; steel plates sold for $8 per ton cheaper in the United States than in Great Britain the month following the passage of the said 1912 act. In a recent statement P. A. S. Franklin, president of the International Mercantile Marine, declared that under the provisions of the Fordney-McCumber Tariff Act—

Now we can't even paint a ship in a foreign port without paying duty on it when the vessel reaches the United States.

I would permit the registry of foreign ships under the American flag.

However, I prefer to defer a further discussion of the policies which I recommend until I have completed my analysis of the true situation and laid the basis therefor, after which I shall summarize in detail the plan which I offer as a substitute for the pending bill.

Homer L. Fergerson, president of the Newport News Shipbuilding Co.—which is reconditioning the *Leviathan*—and a member of the claims commission of the Shipping Board, said:

England's superiority in maritime affairs is due to her shipowners and traders being expert in all branches of the shipping business, while ours are not.

W. J. Love, vice president of the Emergency Fleet Corporation and in charge of traffic, and one of the $35,000 experts, was asked at the hearings why it was that Great Britain without the payment of subsidies and paying the highest wages of any nation except America had been all along able to successfully and profitably compete against other European and oriental nations which employed cheaper labor and also paid subsidies, and his reply was:

It is a question of organization. Every man thoroughly knows his business.

At another point Mr. Love said that—

Management is the essence of successful operation.

Winthrop L. Marvin, general manager of the American Steamship Owners' Association, and one of the most active advocates of this bill, in a letter published in the May 20, 1922, issue of the Nautical Gazette, declared:

This is the world-around combination for the preferment of British ships which has long enabled those ships to meet the competition of the lower wages of some other nations. But no similar combination covering all ports and trades has yet been built up by the United States. When we have it, as our forefathers had in the heyday of our clippers and packet ships, we may get along without subsidy, but not until then can we possibly do so.

SUBSIDIES WRONG IN PRINCIPLE.

Are we Americans going to concede that, although we can excel the world with our genius and intelligence, skill and resources in every other line of industry and endeavor, we are absolutely impotent when it comes to the maritime industry. That is what this bill means, and it is all it means. Instead of presenting a remedy it presents a quack nostrum. Instead of presenting something that will build up and maintain a healthy merchant marine it simply applies an artificial stimulant.

Ship subsidies are not only unwise, expensive, uneconomic, and self-defeating, but they are debauching. There is no greater evil than for an administration to build upon the sale of favors. Once begun such a habit grows by what it feeds upon. Once a party has debased government to an agency for collecting taxes from the many to be dispensed as subsidies and gratuities to the few, the abandonment of such a policy is difficult if not impossible.

Like all professional mendicants, the recipients of subsidies lose all independence and self-reliance, all pride and self-respect. They are not even in the infant class. An infant soon reaches an age when it becomes ashamed to longer nurse the bottle and will wean itself, but not so with those who have been permitted to nurse from the Public Treasury. The lustier they get the greedier they grow.

If we adopt this unsound, unclean policy it will become an incurable cancer and eat into the very vitals of our institutions. It will poison the entire system of our body politic.

SUBSIDIES HAVE NEVER BUILT UP A MERCHANT MARINE.

The worst feature of it all is that subsidies never have built up a merchant marine and they never will.

I shall not at this time enter into any extended discussion of the experience of other countries, but I shall quote briefly from the first report prepared at the instance of the present Shipping Board entitled "Report on the history of shipping discriminations and on various forms of Government aid to shipping, compiled by the United States Shipping Board," and which was inserted in the record of the hearings as Appendix A.

(Hearings, 67 to 103.) After discussing the experience of the various countries this report in its final conclusions states in part:

A study of the authorities on subsidies, taking into account the policies adopted by various countries, would seem to indicate that with the exception of Japan the policy has not been important in the building up of a merchant marine.

As a matter of fact, the growth of the Japanese merchant marine was not due to subsidies, but simply coincident with the marvelous growth of all the Japanese industries, as recognized and stated by the standard authorities, and as I fully showed in a speech delivered in the House last June.

GREAT BRITAIN DOES NOT PAY SUBSIDIES.

Desperate advocates of ship subsidies repeatedly make the statement that Great Britain pays subsidies, and that in such manner her merchant marine has been established and maintained. This is absolutely untrue. In view of the fact that Great Britain is our chief maritime rival, and nearly all the comparisons have been made with Great Britain, I wish to cite some evidence on the subject.

R. T. Merrill, an official of the Shipping Board, and a star witness in behalf of this bill, said at the hearings—page 634:

No, sir; practically no subsidy was ever given by England.

Meyer Lissner, one of the commissioners of the Shipping Board, and a partisan advocate of this bill, stated at the hearings—page 635:

They (Great Britain) have never given anything, so far as I know, purely as a subsidy to build up their merchant marine.

The above-mentioned report compiled by the present Shipping Board states, in part, as follows:

Great Britain has never granted general navigation bounties nor construction bounties, with the exception of the early Elizabethan subsidies above mentioned in 1662–1694—

Which said report states—

had no noticeable effect on ship construction. Practically the only money aid given by Britain to its marine is in the form of postal subventions. * * *

The net postal subvention, after deductions, paid by England to its various services amounts to about two and a half million dollars.

All the writers seem to agree that the growth of the British merchant marine is in no sense due to the small subsidy paid, admitting that the payments are in excess of the postal service rendered. The growth of the British marine was probably due to the early development of British industry, the acquisition of extensive colonial possessions, and the monopolistic or preferred position in colonial trade. The cheapness of construction and the concentration on the business account for most of its success.

In this connection it is interesting to note that our ocean mail act of 1891 authorizes as liberal a policy as Great Britain has ever pursued with regard to mail contracts. In fact, we are now paying about twice as much annually for the carriage of our ocean mails to foreign countries as Great Britain is paying. However, this is not a subsidy either in the case of Great Britain or the United States; it is a payment for service, either on the basis of ocean postage rates or under contracts let by competitive bidding. It is just as legitimate and proper as is the payment for the carriage of our mails on land.

As stated by Grosvenor M. Jones, in his "Government Aid to Merchant Shipping," and by other authorities, at least 95 per cent of the total tonnage under the British flag has long consisted of cargo ships, the commerce carriers, which never received one cent mail pay or Government aid in any other form.

Much has been said by the proponents of this bill about the loan made by the British Government to the Cunard Line, which is offered as an excuse for the $125,000,000 loan fund provided in this bill, and apparently as an excuse for the various other subsidies and aids carried in the bill. This transaction is correctly described in the above-mentioned work on "Government Aid to Merchant Shipping," by Grosvenor M. Jones, as follows:

The only instance of a loan to a steamship company by the British Government was the loan made to the Cunard Steamship Co. under the mail and Admiralty subvention contract of 1903. Under this contract the British Government loaned the steamship company £2,600,000 ($12,652,900) for the building of two steamers (the *Lusitania* and the *Mauretania*) that should be faster than any afloat and suitable for the use of the Admiralty. The loan was made at the rate of 2¾ per cent, which is about 2 per cent lower than the rate at which the company could have borrowed a similar amount in the open market.

However, it is quite probable that the British Government could borrow the money at that time at as low a rate as that charged the Cunard Co.

The British Government is a stockholder in the Cunard Co. to the extent of one share and has a mortgage on its fleet and other property as a security for the loan. The Government has, moreover, the right to charter or purchase at agreed rates all or any of the company's vessels at any time, and requires that the company shall remain a purely British undertaking; that its management shall be in the hands of, and that its shares and vessels shall be held by, British subjects only; that it shall not give preferential rates to foreigners; and that it shall not unduly raise freights.

Dunmore, in his book on "Ship Subsidies," declares that—

there is nothing in the experience of our own or other nations to justify any faith that permanent benefits would result from a subsidy policy.

The recognized standard work on the subject is "Meeker's History of Shipping Subsidies," and it shows conclusively and declares emphatically that subsidies have proven a failure wherever tried, with the result that the shipping interests have almost invariably begged for more and more subsidies, frequently being influential enough to secure additional bounties from time to time.

SUBSIDY-PAYING NATIONS ABANDONING POLICY AS UNWISE.

However, it has become so evident that government bounties and other aids to shipping are economically unsound, unwise, and futile that such policies are being either curtailed or abandoned by many nations which have been most liberal in granting same. This is notably the case with Japan, France, and Italy, which have been the most liberal subsidy-paying nations. These facts are shown by articles which have been appearing in recent issues of "Commerce Reports," published by the United States Bureau of Foreign and Domestic Commerce. For instance, it is stated in the Commerce Reports of September 25, 1922 (page 838):

In brief, within two years submarine warfare developed Japanese shipbuilding and Japanese shipping at sevenfold the rate of its increase in 20 years under a carefully devised bounty project. The purpose of the shipbuilding bounty law of 1896 was being accomplished by other instrumentalities, and in 1918 the Japanese Government suspended its operation; so far as can be ascertained, Japan has no intention of putting it into effect again in the near future.

This same article shows that the entire Japanese budget for 1922–23, covering every form of aid to shipping, including mail pay, is approximately $5,000,000—less than it was even 15 years ago.

In the August 7, 1922, issue of Commerce Reports (page 398–400), appears an article by E. T. Chamberlain, Transportation Division of the Department of Commerce, on "French Maritime Policy," in which it is shown that France is retrenching considerably in her aid to shipping. I quote briefly from said article, as follows:

The French navigation, construction, and equipment bounty act of April 18, 1906, expired in 1918. * * * The budget for 1922, accordingly, contains an appropriation for the current year of 4,000,000 francs, and the budget estimates for 1923 provide for 3,000,000 francs. The appropriations for navigation, construction, and equipment bounties during 1913 were $5,425,000 (about 26,000,000 francs).

The French construction and navigation bounty system, which began with the act of 1881 and was continued, with modifications, up to 1918, was the result of the loss in 1871 of her rich iron-ore mines through German annexation of Alsace and part of Lorraine.

In another recent issue of Commerce Reports appears an article by Mr. Chamberlain on "The Italian Merchant Marine," which concludes as follows:

Indeed, even in July the Government's explanation of the budget estimates for 1922–23 seemed to forecast reductions or abandonment of the construction and navigation bounty system.

The annual report of the Commissioner of Navigation for 1909 detailed the Government aid paid shipping by all nations, and contained the following résumé:

The aggregate amount paid by foreign nations in the form of subsidies, ocean-mail pay, navigation and construction bounties, admiralty subventions, naval reserve appropriations, fisheries bounties, refund of Suez Canal tolls, and other forms of contribution, which directly or indirectly add to the volume of business under their respective national flags, is upward of $46,000,000 a year. (P. 19.)

TOTAL AID TO SHIPPING PAID BY ALL NATIONS.

The aggregate amount of Government aid to shipping granted by all the nations is considerably less now than it was then.

If the pending bill should become a law it would impose upon our National Treasury burdens equal to about twice as much as the subsidies, bounties, ocean-mail pay, and all other aids of every character and description given shipping by all the other nations combined.

ROBERT DOLLAR SAYS SUBSIDIES NOT NEEDED.

In the last June issue of Nation's Business, the official organ of the United States Chamber of Commerce, is an article by Robert Dollar, who ever since 1893 has operated a large number of ships in the foreign trade under both American and foreign flags. In this article he says:

A subsidy for American ships has been proposed in Washington. The whole country, as well as the shipowners of America, are very deeply interested in that question. I have been operating ships for a good many years, and I feel that I ought to know something about this subject. I have always felt that a shipowner that must have "pap" from the Government does not deserve to be in the business.

[Laughter.]

In another article that appeared in the August, 1922, issue of the same magazine, Mr. Dollar expresses it as follows:

We do not need "pap" that destroys hardihood and resourcefulness.

In the first article mentioned Mr. Dollar continues:

We do not need any advantage over the other fellow; we can take care of ourselves; but we do ask for an even break. Government interference and foolish laws have prevented that.

Then he explains how it was he had made a success by establishing foreign offices and foreign trade connections.

The entire article is illuminative, but I shall only read from same briefly, in order that you may obtain some idea of the efficient businesslike methods employed by Mr. Dollar and by which he succeeded. I quote from the article further:

We bought the *Newsboy* of about 300 tons, and she paid for herself in less than a year. We then bought several more vessels. That was in 1893.

It is about 20 years since we sent our first steamer to China. It was the *M. S. Dollar*, and the result of that voyage was a loss. This convinced me that if we were to make a success of this trade we would have to have an organization on the ground. So I made a trip and carefully looked over the field, and, as a result, opened an office in one small room on the Szechuen Road, Shanghai.

This was certainly starting on a very small scale, but this is my ideal—start on a small scale and work up from a sure foundation. We were forced to move several times to get larger quarters, and we now have our own office building, one of the handsomest in the wonderful city of Shanghai. At present we have 11 offices in the Far East, and each one of them seems to have plenty to do. The same progress has been made in America. Twenty years ago we only had the San Francisco office; now we have five others. Our fleet has grown until it includes 13 good cargo steamers and 10 sailing vessels.

The necessity for return cargoes made us open our offices in the Far East. We filled the ships with our lumber on this side, but we had to work it so they made a profit both ways.

VIEWS OF P. A. S. FRANKLIN.

In a statement by P. A. S. Franklin, president of the International Mercantile Marine Co., in hearings before the United States Shipping Board held in New York October 4, 1921, Mr. Franklin said, in part:

Simply as an example I would like to say that we have for some years past operated one of our most important passenger services (the Red Star Line between New York and Antwerp) with a fleet in which there are steamers of American, Belgian, and British registry. These ships have run side by side year in and year out and without discrimination of any kind. We have done it successfully for years, and can do it even more successfully on a larger scale.

This same company more than two years ago, before there was any prospect of a subsidy, submitted a bid of $28,500,000 for 30 certain vessels owned by the Shipping Board. The offer included an agreement to operate them under the American flag and in the American trade, chiefly in the north Atlantic and the remainder to Mediterranean, Adriatic, and Black Sea ports and to South America. The Shipping Board was about to accept that offer when William R. Hearst filed a bill of injunction and the sale was enjoined. He did a very bad thing, because more was offered then by far than can now be procured for these same ships. However, this substantial offer showed conclusively that the International Mercantile Marine Co. knew from experience that they could successfully operate that large number of ships under the American flag and chiefly in trades where competition is the sharpest in the world.

A letter recently appeared in the New York World by a shipowner and operator, William Willard Howard, in which he says:

A Government ship subsidy is not necessary for profitable operation of American ships. An American merchant marine can not be built permanently upon a foundation of Government subsidy. * * * As an American shipowner I say that we can put the American flag upon the Seven Seas and keep it there without a ship subsidy or other Government aid, but we can not do it with lawyers and advertising agents and manufacturers of washing machines on the flying bridge.

[Laughter and applause.]

Now, on the question of the alleged differential on labor, I want to call attention to the fact that Capt. Daniel A. J. Sullivan appeared before the Society of Naval Architects and Marine Engineers at New York November 12, 1922, and stated:

American steamship lines can equalize their operating costs with their foreign competitors, but a subsidy is necessary to offset the higher first costs, depreciation, and insurance.

He is wrong about that, for the reason that we propose to sell these ships at a small percentage of even their pre-war cost and value, and at a much lower price than most foreign competitors obtained theirs. Those who already had ships before the war made such large profits with them during the war that they earned many times their total investment, as is shown in the hearings and in the minority report.

In this connection, I call attention to a very instructive article that appeared in the September–October, 1921, issue of Bulletin of the American Bureau of Shipping, as follows:

AMERICAN YARDS MEET FOREIGN COMPETITION.

Mr. George J. Baldwin, chairman of the New York Shipbuilding Corporation and president of the Pacific Mail Steamship Co., recently pointed out some of the encouraging points sometimes overlooked by American shipbuilders in these days of depression, which it will be well to bear in mind.

"Our yards," says Mr. Baldwin, "attract the best type of workmen at high wages; gives them the most modern tools to work with, and can now successfully meet the low-wage competition of foreign countries by the greater speed and, therefore, lowered unit cost of production. The result is that the American yards can turn out ships capable of the most economical operation and can deliver them with a promptness which is a valuable asset in the calculations of the owner or operator."

In this connection it is noted that a British oil-transport company that formerly placed all its orders at home found construction so slow in England that it contracted for six tankers from American shipyards. And, better still, the results have been so satisfactory, both as to quality and speed of delivery, that other orders are likely to come to this country.

One of the past handicaps—the lack of a bureau of shipping—has been happily solved by the rejuvenation, expansion, and modernization of the American Bureau of Shipping, which now bids fair to be the best of the classification societies, and, moreover, a thoroughly American institution. (From Bulletin of the Atlantic Coast Shipbuilders' Association, July 15, 1921.)

On the question of the alleged differential in first cost, I also call attention to the discussion of that subject in the minority report.

NO DISADVANTAGE ON MARINE INSURANCE.

With reference to the alleged disadvantage operating against American shipowners with respect to marine insurance, I call attention to the following testimony in the hearings, pages 2164–2166, given by Meyer Lissner, a commissioner of the present Shipping Board, as follows:

I don't pretend to be a marine insurance expert, but it just happens that marine insurance matters are delegated to me by the board for such consideration as the board gives to them. We have insurance experts in our employ.

Mr. Lissner explains that the marine insurance experts gave the matter some month's study and—

came to the conclusions embodied in the report that has been filed here and is in the record, prepared by Doctor Huebner, which is practically Professor Leslie's report, and generally they came to the conclusion that as at present organized the American steamship companies suffer no disability in regard to marine insurance as compared with their foreign competitors; that the market is wide open; that there is direct and complete competition; and there is such keen competition that American shipowners can secure in the open market, class for class, terms for marine insurance and rates comparable with what foreign shipowners may secure.

Mr. DAVIS. Mr. Lissner, hasn't it been thoroughly understood and claimed that in the past the American operators have been at a disadvantage so far as insurance was concerned?

Mr. LISSNER. Yes; up to the time of the organization of these syndicates that was notoriously true.

Mr. DAVIS. When were they organized, Mr. Lissner?

Mr. LISSNER. Just a couple of years ago.

Mr. DAVIS. And you think that they have solved the situation?

Mr. LISSNER. To a very considerable extent; yes, sir.

Mr. DAVIS. And do you think that the Edmonds bill, which recently passed Congress, will still further help along that line?

Mr. LISSNER. Yes, sir; I do.

Listen to what Captain Sullivan says further:

The American scale of wages at the moment is actually below the British, the Danish, and the Swedish. The time has arrived to establish the American merchant marine on a clean, efficient business basis, and to regulate the operating cost so that it will be on a par with international competition.

That is what we say. It should be on a clean, businesslike basis.

VIEWS OF J. H. ROSSETER.

I want to now come to a very high authority, Mr. J. H. Rosseter, who has had over 30 years experience in the shipping business. He was vice president and general manager for many years of the Pacific Mail Steamship Co. and was later vice president of the William R. Grace Co. For 30 years he operated ships under the American flag on both the Pacific and the Atlantic in competition with British, German, Japanese, Norwegian, and other foreign-flag ships—a man who ought to know something about the game and who does know very much about it. He would certainly have no selfish motive to say anything against a policy which would give him and other ship operators "pap," as described by Mr. Dollar. I want to read now from pages 2242 and 2244 of the hearings.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. DAVIS of Tennessee. Yes.

Mr. EDMONDS. That statement of Mr. Rosseter was a copied statement; it was not given actually before the committee of investigation in regard to this bill.

Mr. DAVIS of Tennessee. Oh, no. It was a statement made by him before another congressional committee and inserted in the hearings on this bill.

Mr. EDMONDS. And it was made two or three years ago, when entirely different conditions prevailed. I shall put in the testimony a letter from Mr. Rosseter which shows an en-

tirely different conception from what the gentleman is going to read.

Mr. DAVIS of Tennessee. I assume that Mr. Rosseter is a man who is not going to swallow his words. I am going to quote his words exactly. It is true they were made two or three years ago, but the conditions now would make truer what he said at that time. Mr. Rosseter appeared before the Committee on Ways and Means in October, 1919, and, among other things, in referring to the British advantages and disadvantages, he said:

Now, one of the disadvantages they suffer, and one of the great advantages we have is the fact that their merchant marine was constructed to use coal as the agency of propulsion, whereas our fleet is largely composed of so-called oil burners. All British bunker stations in the trades of the world are designed to handle coal. Practically the entire British merchant marine, both as to regular and irregular lines, rests entirely on coal.

The value of oil propulsion we have discovered to be of dominating advantage as compared to coal. In my experience this was made plain as far back as 1900. Generally speaking, the operation of sister ships, one with oil and the other with coal, will show an advantage in the case of the oil burner amounting in dollars and cents to more than the total pay roll for officers and men, not the difference between American and foreign scales, but offsetting the entire pay roll of the ship.

Remember that in connection with the fact that 75 or 80 per cent of the American ships are oil burners and that but 10 per cent of the British and other foreign ships are oil burners. The fact is that we have under the American flag more oil burners than exist in all of the merchant marines of all the balance of the nations of the earth combined. Think of that fact alone in connection with what Mr. Rosseter says and in connection with what Mr. Rossbottom and Mr. Munson say, and in connection with what everybody else says who have testified as to the advantage of oil burners over coal burners. In fact, witnesses in behalf of the bill admitted at the hearings that an oil burner had from 15 to 20 per cent advantage over a coal burner, and the advantage, according to the testimony of others, is even greater than that. That fact alone overcomes every advantage, fancied or real, that foreign merchant marines have over the United States, just as Mr. Rosseter says.

I quote further from said hearings before the Ways and Means Committee:

Mr. TILSON. Would it not be possible for England to build her new ships the same way, so that her new ships could burn oil?

Mr. ROSSETER. Yes, sir; and she is doing that.

Mr. TILSON. But these new ones cost her as much to produce as they cost us?

Mr. ROSSETER. Right. And she has no arrangement for oil-bunkering stations along her trade routes, and she has yet to begin where we began a year ago.

Mr. TILSON. Therefore, so far as her new ships are concerned, we shall be practically on a parity, in your judgment, in the capital cost of a ship and in the cost of operations. Now, what about the difference in wages of the men who man those oil-burning ships run by England and those run by this country?

Mr. ROSSETER. On the oil burner we do away immediately with what is known as the black squad. We have in the engine room what might correctly be designated as junior engineers. They are called water tenders and oilers, etc., but they are a class of men who are in course of apprenticeship for engineers, and the black squad is gone. There is no more shoveling of coal. In the burning of oil it is like the turning of the wick in a lamp, and the black squad is dispensed with, and thus the engine-room force on cargo ships is reduced by from 8 to 14 men, while on passenger liners the crew is reduced from 50 to 250 men, according to the size of the ships.

The advantages of oil burners over coal burners are also clearly set forth in an editorial appearing in the Nautical Gazette of April 15, 1922, in part as follows:

A large reduction in the size of a vessel's personnel; the ability to maintain a full head of steam irrespective of the expenditure of human energy; the elimination of the periodical cleaning of boilers; the avoidance of trimming at sea; the greater rapidity with which ships can be bunkered; the increased radius of action for a given weight of fuel; the ability to make faster turnarounds at the end of a trip and consequently more voyages in the course of the year. Furthermore, oil-burning ships are able to transport more freight than coal-burning vessels, since the oil fuel can be carried in spaces like the double bottoms of ships which can not be used either for coal or cargo. Large economies can also be effected by substituting on ships oil in place of coal burning apparatus. When this change was made on the steamer *Arizonan*, of 8,533 tons gross, of the American-Hawaiian Line, the resultant saving amounted to $105 a day. In the case of an average-sized cargo carrier converted from coal to oil burning, Mr. Robert E. Annin has figured the direct saving at $80 a day. * * *

In the amount of tonnage built to burn oil under boilers, the American merchant marine has a long lead over other maritime competitors. In 1920, when our shipping had not attained its present size, American vessels of 500 tons or over so equipped numbered 1,367, of 6,500,000 tons. Since there were only 2,536 such vessels, of 12,797,000 gross tons, in the whole world, according to the latest available statistics, the United States can justly claim to have a larger oil-burning merchant fleet than all the other nations put together. In estimating the chances of the survival of our merchant marine this is an advantage not to be overlooked. In time other nations may catch up with us in this respect, but for the present we have outdistanced all maritime rivals as regards the more widespread adoption of the burning of liquid fuel on ships.

Reverting to the views of Mr. J. H. Rosseter; he appeared at the hearings before the House Committee on Appropriations in June, 1919, he then being director of the Division of Operations of the Shipping Board. I quote from the hearings as follows:

Mr. VARE. Have you any figures showing the cost of manning an English ship as compared with the cost of manning an American ship of the same size?

Mr. ROSSETER. Yes, sir. The prejudice on account of the somewhat higher wages and of the larger manning scale amounts to about 2 per cent of our operating cost. The difference in cost on 100 per cent of operation. About 2 per cent is the prejudice to the total of operation costs. I have always used that figure as an answer to the widespread impression that that is one of the serious items that we have to encounter. I consider that one of the inconsequential items. It is a prejudice, but it is so small that I express it by saying it is only 2 per cent of the operating average.

I want now to quote from a letter written by Mr. Rosseter to Mr. E. N. Hurley, then chairman of the United States Shipping Board, about two years ago, in which he made some observations. This was done in response to a request from Chairman Hurley for his views on what ought to be done with regard to our merchant marine, because Mr. Hurley and the Shipping Board were then studying the problem through various different investigating committees, and they made an elaborate report. In that letter Mr. Rosseter, in part, said:

As often happens in large questions, the controlling factors are overlooked or neglected. The amount of wages paid is to be properly measured by accomplishment. It is true we have a larger number of officers and men on a ship than required under foreign flags and that we pay higher wages and provide better food, all of which costs more than our competitors are paying. That is not to be contradicted, and for my part it is not to be changed, confidently expecting, as my own experience has proven, that we get better and more efficient service from men who are well paid and well fed.

While that was true at that time, yet under the manning scales now in force, according to the admission of the Shipping Board witnesses, we are now required to employ on American vessels a smaller number of men than is used by any other nation on earth for the same class of ships. We pay a little more for our licensed officers, yet that is more than offset by the fact that we employ a smaller crew than is employed on foreign ships.

Mr. JOHNSON of Washington. In regard to this very question of crews, why is it that all of these vessels come in with larger crews in ballast than they take out, if what he says is true? Nearly every one of them comes to the United States officered and manned with a larger crew than is carried out, and they thus succeed in dumping alien sailors in the United States.

Mr. DAVIS of Tennessee. I do not know of that condition.

Mr. GARRETT of Tennessee. Maybe the dumping has something to do with it, and not the necessity.

Mr. JOHNSON of Washington. Certainly; but the gentleman is talking about higher efficiency in the crew. They bring in a larger crew on a vessel in ballast than they carry out on a vessel loaded.

Mr. DAVIS of Tennessee. I know of no such condition as that.

However, if such things occur it must be either that the white seamen are discharged in Asiatic ports and a larger number of Chinamen are required to perform the same service or else that the ships bring back Chinese for the purpose of smuggling them into this country, as the customary price for smuggling a Chinaman into this country is said to be $1,000 or $1,500. If such a practice is being indulged as indicated by the gentleman's question, it is an additional argument why this bill should be amended so as to provide that no ship shall receive the subsidies and aids in this bill unless their crews shall consist of American citizens or persons eligible to become American citizens. We minority Members have made futile efforts to get the bill amended in that respect.

Mr. HARDY of Texas. That would not have anything to do with this question.

Mr. DAVIS of Tennessee. No; that has no application to what I am discussing. Mr. Rosseter further says:

Much emphasis has been laid on these items and too little attention given to the really important problems. Within our reach are advantages to be gained far offsetting our disadvantages, and I firmly believe that American ingenuity when properly directed will triumph.

As an example, consider the cost of water-borne commerce on the Great Lakes. There you find, under the spur of necessity and achievement, that American-built and American-manned ships are handling and carrying cargo at the lowest cost per ton known in world's commerce. It is but a step to the equal establishment in our ocean business, but we must approach the problem with confidence and determination.

The prejudice of higher costs of manning, by which I mean larger crews at higher pay, and extra cost of victualing, can be fairly stated as amounting to less than 2 per cent of the total operating expense.

This can be entirely offset, and more, by a reasonable increase in the speed of our ships and by improving loading and discharging equipment, thus reducing the time in port as well as on voyage.

Again, there is the problem of improving the method of propulsion by utilizing the great natural advantage we hold in our supply of oil fuel. As you know, even with the ordinary reciprocating type of engine, we get one-third greater distance from a ton of coal, besides doing

away with the so-called "black squad," which means a reduction of at least six men in the engine room. So great are the possibilities in the field of propulsion that I will not venture a surmise as to what may be accomplished in that respect.

Other questions which have a most important bearing on our maritime enterprises may be briefly mentioned:

(a) Cost and type of construction, in which we should lead the world.

(b) Utilization of natural highways and channels of trade, including coordination of railways and steamship lines.

(c) Development of efficient maritime organizations abroad as well as at home. Without proper representation and facilities abroad we would be at a fatal disadvantage.

(d) Assurance of shipowners and merchants of the lowest rates of marine insurance.

(e) The most favorable facilities for foreign exchange and discounts.

(f) Such conservation or legislation as may be necessary to assure a supply of fuel oil for our ships.

These are the real problems we are facing, and, confident of a successful solution, I believe we will reach a high place in world's commerce.

AMERICAN SUBSISTENCE COST LESS THAN FOREIGN.

As previously explained, even the small wage differential mentioned by Mr. Rosseter has since been overcome. On the question of the cost of victualing or subsistence, R. T. Merrill, one of the chief witnesses in behalf of this bill, testified at the hearings (p. 441) as follows:

Reports from our London representative give an average of about 60 cents for the European countries, and our representative in Japan cables that 62½ cents was the cost of feeding on Japanese ships at the end of 1921.

On June 20, 1922, the Shipping Board reduced the subsistence allowance of the crews on Shipping Board vessels from 80 cents to 65 cents per man per day. The present subsistence allowance on privately owned American vessels is from 49 cents to 51 cents per day per man.

Consequently it will be seen that according to the present rates the subsistence allowance on privately owned American ships is very considerably less than that on British ships or of any other European maritime country. However, the most startling feature of it is that the Shipping Board allowance is only 2½ cents per day per man more than the Japanese allowance, and that the allowance reputed to now obtain on privately owned American vessels is from 11½ to 13½ cents less than on Japanese ships, and yet they say that American operators must have these enormous subsidies in order to make up the differential in labor and subsistence cost due to the higher American standard of living.

VIEWS OF JAMES A. FARRELL.

I have previously stated that if James A. Farrell had accepted appointment as chairman of the Shipping Board, no ship subsidy bill would have been presented for the consideration of the Congress. As I am reliably informed, Mr. Farrell is opposed to ship subsidies as being a premium on waste and inefficiency and not calculated to aid in establishing and maintaining a merchant marine. Mr. Farrell is the grandson of a sea captain, and his father was an experienced shipping man. Mr. Farrell himself is president of the National Foreign Trade Council, and also president of the United States Steel Corporation, and has had a large experience in the construction and operation of ships. He is generally recognized as one of the highest authorities in this country on shipping matters. In an address on "American Maritime Policy," delivered by Mr. Farrell in May, 1921, Mr. Farrell, among other things, said:

It is unlikely that anything effective can be accomplished for the time being, during the present world-wide depression, for which there is no precedent in the history of shipping. * * * All maritime nations are affected. * * * In normal times, had there been no interruption to the natural growth of trade, this tonnage would be largely employed; but because an economic metamorphosis has taken place as a result of the war and the ordinary processes of trade have been unbalanced, it will require time to build up the economic structure.

The Shipping Board, as owners of the steamers, when assigning steamers to loading brokers to operate for their own account on a designated trade route, should stipulate a trade name under which the line will operate, this to be the property of the Shipping Board; and should they eventually sell these steamers operating in this trade, the trade name should go with the line.

Until trade revives and opportunity exists for obtaining a fair sales price an early retirement of the Shipping Board and liquidation of its shipping business seems impracticable, but a partial solution of one of the difficulties confronting the Shipping Board is to continue to lay up a considerable portion of their tonnage and, in line with the timely slogan, "Less Government in business, more business in Government," withdraw from all but supervision activity by chartering the steamers to reputable and experienced operators, either on a bare-boat basis or on time charter, allowing the charterers the option of purchasing the steamers when conditions improve.

Since Mr. Farrell made this suggestion about 800 of the ships have been laid up. Mr. Farrell further said:

The claim is made, and justly, that the cost of American ships must reasonably approximate the cost of their competitors, and that capital charges must be substantially equalized with those of our competitors. The fact remains that while a considerable number of ships built abroad have been sold under stress of necessity at less than half the cost of reproduction, as in the case of ex-enemy ships sold by Great Britain, the great bulk of the world's tonnage built during the war fairly approximates the average cost of our own fleet. Again, it is said that operating cost must be approximately equal to those of our competitors. Leaving wages paid in American ships out of consideration, does the foreigner, loading from American ports, obtain any lower prices for fuel, ship repairs, wharfage, harbor dues, stevedoring, supplies, and stores in United States ports than do our own ships?

The main factor in determining whether we can compete successfully lies largely in our shipping laws. * * *

While the cost of the ships will be written down eventually to a reasonable figure, the ships can not be sold until a market exists for them, and until that the investors will not furnish the money to buy them. Meanwhile they will at least save the Government large outlay in carrying on their present plan of operation, if chartered to shipping people on a competitive bare-boat basis. This will relieve the Government of expense and enable them to earn a moderate revenue.

The bare-boat-charter basis with an early revision of our navigation laws—the latter an urgent requirement of the situation—might be called a plan to enable shipping people to send our ships to sea upon terms of equality.

The chief criticism of the navigation laws made by Mr. Farrell was of the former requirement of more men on American steamships than of other nations. However, as previously explained, that has been changed since this address by Mr. Farrell. Under the manning scale adopted by the Shipping Board in December, 1921, a smaller number of men is required on American ships than on that of any other nation.

AMERICAN PEOPLE SHOULD SUPPORT OUR MERCHANT MARINE.

In another address on "An American Foreign Trade Policy," delivered by Mr. Farrell before the National Foreign Trade Convention at Philadelphia last May, Mr. Farrell said:

The United States Shipping Board are supporting a project of legislation in Congress aimed at furnishing both direct and indirect aid to a privately owned and operated merchant marine. A considerable measure of public support has been accorded to the bill, and some degree of opposition to it has been expressed.

Whatever may be the fate of these particular proposals, some things are quite clear. The greatest subsidy our ships can have in overseas trade would be the support of the American people. The greatest hardship under which they are at present laboring is the lack of such support. We shall not have a successful American merchant marine unless its ships are more largely used by American shippers. That does not mean that American exports should be confined entirely to American vessels. Such a proposition is impractical and ridiculous, since shipping is an international problem and we require inward as well as outward cargoes. It does mean that Americans should always have that "favoring spirit" toward the use of their own vessels on equal consideration. They must control, either directly or by selling their goods c. i. f. foreign ports, the choice of routing their shipments and thereby likewise influence the obtaining of competitive freight rates. Other nations have developed this spirit of cooperation in a high degree, and much of their success is attributable thereto.

Anyone with experience in foreign commerce understands that ocean shipping is an international business. Any attempt to confine all American cargo to American vessels would have as its inevitable corollary the confining of all foreign cargo to foreign bottoms, which is all that is needed to show that while we are advocating peace as between nations and have agreed to a limitation of armament that we propose to use our merchant marine as a weapon in trade wars with other countries. But there is in this, as in other matters, a reasonable mean that can and should be accomplished. Our Government should establish friendly relations with foreign shipping in order to enable our shipowners to share in inward cargoes which are necessary if our American merchant marine is to have that share of success which will make it permanent. If those who control inward cargoes for their respective countries and colonies are expected to lift our ballast losses homeward to a paying basis, they must in turn receive consideration at our hands. Many factors in shipping are not susceptible of discrimination by the Government of any nation as against others without corresponding limitations.

Thomas H. Rossbottom (hearings, pp. 356–357), W. J. Love, Phillip Manson, and various others testified to the fact that the citizens of foreign countries are much more loyal to their merchant marine than are American citizens. This is doubtless due to the fact that investments in shipping are more widely distributed in foreign countries, and to the fact that American shipowners do and say everything they can to keep American citizens from being proud of the American merchant marine. Lasker readily fell into the same habit, and much of his propaganda has been to the disparagement of our ships and the American merchant marine.

A few years ago the New York Chamber of Commerce appointed a special committee to investigate and report on the American merchant marine problem. This committee was composed of men experienced in shipping matters, of which Irving Bush was chairman and George E. Dearman, president of the American-Hawaiian Steamship Co., Irving Douglas, and others were members, and the report of the committee was unanimous. The said committee reported as follows:

If a substantial tonnage is to be created, it is idle to suggest that it be entirely constructed in this country, for the facilities do not exist for the work. * * * If a large tonnage built abroad is placed under the American flag, the necessary repair work will be an important aid in establishing American yards on a basis where they can compete with foreign shipbuilders.

We desire, first, to point out that there has been a general misunderstanding of the added cost of operating American vessels as compared with the same vessel under a foreign flag. It has been frequently stated and generally accepted that the operation under the American flag will cost from 40 to 50 per cent more. We believe this percentage should be applied to wages alone, for the cost of fuel, supplies, insurance, and upkeep is substantially equal for the same vessel in the same

trade, regardless of flag. On the passenger ships, where the wage item may be a larger percentage of the total operating costs, the difference in favor of foreign vessels is somewhat greater; but with strictly freight carriers your committee is informed that the disadvantage under which American tonnage must labor is 5 and 10 per cent of the total operating cost. Even in passenger vessels of a type suitable for South American trade the disadvantage probably does not exceed 10 per cent.

The steamship man must obtain his capital for American ships from American investors. The American investor knows little of the value of securities of steamship companies beyond the repeated statements of the public press that it costs 40 per cent more to operate an American vessel than one owned abroad, and that consequently competition is impossible without a heavy subsidy. These statements are not calculated to attract American capital to vessel securities.

As Senator FLETCHER said in discussing this report:

In other words, according to the New York Chamber of Commerce report, subsidists have for years been deceiving the American people as to the cost of operating American ships in their efforts to wring from Congress a subsidy to make up the fictitious difference of 40 to 50 per cent in cost of operations, but have only succeeded in destroying the confidence of American investors in shipping investments.

EXORBITANT SALARIES PAID BY AMERICAN STEAMSHIP LINES.

One of the chief difficulties of the American steamship lines is that they are closed corporations, maintain unnecessarily large forces of high-paid executives, and do not run their businesses on economical, businesslike principles. During the hearings, when efforts were being made to ascertain the high salaries paid, Meyer Lissner, a commissioner of the Shipping Board, who was ever present attempting to protect the interests of private shipowners, spoke up and admitted that the salaries of some of the officials of American steamship lines ran as high as $100,000 a year. In other words, although the capital stock of none of these companies is over about $100,000,000, including watered stock and stock dividends, yet they pay larger salaries than that received by the President of the United States or by the presidents of the various large railway systems with their billions of dollars invested and with systems infinitely larger and more complex than any of these steamship lines.

VIEWS OF JOHN C. SEAGER, JR.

Along this line I call attention to a statement made by John C. Seager, jr., the vice president and treasurer of the Seager Steamship Co., a leading American line, organized in 1907, and having operated American-flag ships to various European ports in the sharpest competition in the world. Mr. Seager is an American citizen, the son of John C. Seager, sr., the president of the company, who is said to be the oldest and one of the most highly esteemed shipping men in New York. In an article appearing in the Nautical Gazette, May 13, 1922, Mr. Seager is quoted as follows:

The success of the mercantile fleets of European nations can be largely attributed to the fact that the people of the various countries support their ships.

This end is achieved by a different method of financing from that which prevails in this country. In the United States our shipping industry is conducted by what we might term a closed corporation. By that I mean that the companies operate their ships on private capital which is usually subscribed in large blocks. The result is that only a comparatively few persons in this country are interested in our merchant marine and that a large majority of our population is not shipminded.

Steamships purchased at the present time can be operated at a profit; foreign owners are not losing money, and there is no reason why an American owner can not make a profit with his ships. The most potent factor militating against the successful operation of American ships is the large overhead which is incurred by the payment of large salaries to unnecessary executives. With few exceptions in Britain there are no large salaries paid to steamship men in Europe, and if this example were followed in this country the balance sheets of the industry would make a better showing.

VIEWS OF PHILIP MANSON.

While I shall not take time to quote, yet I especially call attention to the statement of Philip Manson, president of the Pacific & Eastern Steamship Co., and one of the best-informed men on shipping in the United States (hearings, 1623–1701). Mr. Manson presents a very strong array of facts and makes a very illuminative, intelligent, and logical statement to the effect that subsidies are merely a premium on waste, extravagance, and inefficiency, and that by the employment of efficient methods American steamship lines can succeed, as those are succeeding which employ such methods, even in a moderate degree.

VIEWS OF EDWARD N. HURLEY, FORMER CHAIRMAN UNITED STATES SHIPPING BOARD.

When Edward N. Hurley was chairman of the Shipping Board, said board through various committees made an intensive study of our merchant-marine problem. Mr. Hurley published a volume entitled "The New Merchant Marine," which contains much valuable information on the subject and which can be read with profit by those desiring to solve this problem.

The following extracts are taken from his final report to the President, made July 31, 1919, by Edward N. Hurley, chairman United States Shipping Board, to wit:

The wage and subsistence items combined constitute at the maximum 12 per cent of the total operating expenses of a ship. I cite it not particularly in refutation of the argument that high wages furnish any valid reason why a high-wage ship can not compete with a low-wage ship but rather to show how superficial is the chief argument that has been advanced to prove the contention that it is impossible to operate ships under the American flag. The other arguments on their very faces are equally superficial, and in the case of inspection laws, etc., they can be easily corrected the moment it is affirmatively shown that they are unwise. At the same time, it may be worth while to note in passing that none of these alleged handicaps seem to have prevented the Red D Line from doing a successful business under the American flag between New York, the West Indies, and Venezuela during the last thirty-odd years; nor have they interfered with the prosperity of the Atlantic, Gulf, and West Indies Co., whose vessels also fly the American flag. The successful competition of the American-flag ships of W. R. Grace & Co. with the powerful British P. & O. Line in the South American trade has been a matter of common knowledge for many years; and last, but perhaps most significant of all, is the fact that the vessels of the Pacific Mail Steamship Co., flying the American flag, have successfully met the competition of ships paying the lowest wages on earth in the trans-Pacific trade for about 70 years.

Of much more importance than the wage-and-subsistence item, which is not over 12 per cent of the total operating cost, is the coal-fuel item, which ranges between 30 and 40 per cent of the total. Here the advantage is heavily in favor of the ship which takes her coal in an American port. The use of oil fuel turns coal-bunker space into revenue-earning cargo space, gives a larger steaming radius, and also reduces the propelling cost per mile. Here, again, the American merchant marine as a whole has a really worth-while competitive advantage, because it contains a greater percentage of oil burners than any other merchant marine in the world. Also the matter of effecting a quick turn around offers an opportunity for turning costly idle days into money-making days at sea which is not yet fully appreciated and which American ships are free to use their initiative in developing by planning their voyages and arranging for return cargoes in advance.

I cite these suggestions and recommendations in detail chiefly to show the prevalent habit of accepting conditions as stated simply because for many years they have been so stated. It is quite difficult to understand why our shipping people, if truly American, continue to argue against our ability to operate in competition. Two of the most striking characteristics of the letters I received were the apparent absorption of the writers in operating details and the obvious disinclination to dig below the surface of the problem. For instance, the expressed fear of competition from ships carried on owners' books at $20 or $30 a ton is wholly without justification. A vessel which had been written down to that figure would be old and worn, costly to operate, often laid up for repairs, and not at all comparable with a new modern ship, economical to operate, and having a long life of usefulness in prospect. Such an argument is the last thing one would expect to hear from a steamship man at this time, when every shipowner in the world is at his wits' ends for time and shop facilities with which to recondition his vessels after the continuous, hard, racking service to which they have been held and driven during the war.

But this is not the whole story. Superimposed upon the classification and insurance restrictions has been the heavy burden of universal overcapitalization. This process began when the steamship companies were hard pressed during the trade slump which followed the panic of 1873. Very few companies seem to have escaped overcapitalization, and most of the new ones seem to have been systematically "watered" almost as soon as they sprang into existence.

I have before me a 200-page analysis of the annual financial statements of representative steamship companies of all nations covering a period of 20 years. The collator remarks that many of the statements seem to have been prepared with the idea of showing the position of the company "as it is not." However, practically all of them whose statements are sufficiently complete to admit of intelligent interpretation show degrees of overcapitalization, indicating that they are obliged to find money to pay dividends on stock issues which are from 10 to 40 per cent in excess of all the property value they can show. A recent statement of one American company frankly admitted that its capitalization of $11,000,000 consisted of $5,000,000 in "tangible assets" and $6,000,000 of "good will."

When we can get both the insurance and overcapitalization handicaps out of the way I expect to see the merchant marines of other countries worrying about their ability to compete with American ships, and the arguments about our inability to compete with foreigners will disappear.

ORGANIZATION OF STEAMSHIP COMPANIES.

From a close study of world shipping and from the experience of the Government since the slow return toward commercial conditions begun last autumn, I am convinced that ships can be operated to maximum advantage only when the individual fleets are of such size that the management can give careful personal attention to every detail and all the potentialities of each voyage. I believe, and all my colleagues and associates in the Shipping Board agree with me, that when an operating organization exceeds this size its routine becomes too complicated and its reactions too slow; the comparatively few big, competent brains of the organization do not have the time to bestow the proper attention upon the details and potentialities of each venture; too much of the planning and bargaining is left to relatively inferior subordinates whose names and personalities mean nothing to customers, either at home or abroad; profitable business opportunities are overlooked; personal contact with customers is to a large extent lost; and many forms of lost motion and other kinds of wastefulness are certain to germinate, develop, and multiply.

ADVANTAGES IN FAVOR OF AMERICAN SHIPOWNERS.

Advocates of ship subsidies talk much of alleged disadvantages of American shipowners, but totally ignore the advantages in their favor. Some of the advantages operating in favor of American shipowners may be summarized as follows:

1. The very great advantage of oil burners over coal burners, as previously explained.

2. The Shipping Board vessels are already being offered at very low prices, and will probably be sold as a whole at even lower prices, so that American owners will have the advantage of a very low first cost, very much lower than such ships could have been constructed for anywhere even before the war, and

much lower than reproduction cost at any time in the future, either here or abroad. They would be purchased at much lower prices than the overwhelming bulk of foreign tonnage cost.

Does it not constitute sufficiently generous aid to sell the ships at such low prices and on 15 years' time, as already authorized by law? As American owners even in normal times profitably operated ships costing from three to five times as much, is it not reasonable to assume that either those same operators or other purchasers could successfully operate these ships at the low prices indicated?

3. Our Shipping Board vessels are new and modern, whereas an overwhelming percentage of foreign ships are getting old.

Nearly all of the Shipping Board ships have been completed since the armistice. The deliveries were as follows: For the fiscal year ending June 30, 1918, 218 ships; 1919, 854 ships; 1920, 1,002 ships; 1921, 218 ships; 1922, 23 ships, as reported by the Shipping Board. Nearly all of the foreign merchant ships were constructed prior to the World War, so that they are practically all more than 8 years old. In fact, a large percentage of the world's tonnage is now over 15 years of age. The importance of this comparison is seen when it is understood that the average life of a ship is 20 years, and Homer L. Ferguson testified that the average useful life of a ship was 14 years, because of the expensive repair bills accruing after that time.

Edward P. Farley, vice president United States Shipping Board Emergency Fleet Corporation, in charge of ship sales, stated at the hearings:

Mr. CHINDBLOM. Britain has enough ships now to handle her trade?

Mr. FARLEY. Yes; but always people want—a good operator wants the most modern and the newest type of ships. The minute a good operator finds business improving he wants to get rid of his old ships and replace them with more modern ships, knowing there is going to be another drop in values, and the modern ship can operate profitably when the older ship can not.

* * * * * * *

Mr. DAVIS. You spoke about our ships being modern. I will ask you, in that same connection, if it is not a fact that a very large percentage of foreign fleets are not only not modern but are either old or getting old, practically all of them having been built before the World War?

Mr. FARLEY. Well, 400 British ships, or more, were built during the war; but you are correct as to the large percentage. (Hearings, pp. 2045, 2058.)

Mr. Farley had just returned from an extensive investigation of maritime conditions in Europe at the instance of the Shipping Board.

With respect to the quality of our Shipping Board vessels, Mr. James A. Farrell declared in the first address previously mentioned, as follows:

The steel ships were well constructed, and with few exceptions compare favorably with the work of the best builders in any country. While we may only surmise what will ultimately become of the wooden ships which were built as a result of the dictates of military necessity and in response to the appeal of our associates for ships, and more ships, the fact remains that our steel ships are fine examples of the skill of American mechanics.

In this same connection we must not lose sight of the fact that 80 per cent of our Shipping Board vessels are oil burners, whereas 90 per cent of foreign ships are coal burners.

4. Our immense coastwise trade is reserved exclusively for American-flag ships, whereas the extensive coastwise trade of Great Britain and between Great Britain and her colonies has been open to the ships of all nations without any restrictions whatever since 1853. On the importance of our coasting trade, I quote from Government Aid to Merchant Shipping, by Grosvenor M. Jones, a publication of the Department of Commerce, issued in 1916, as follows:

The coasting trade of the United States includes not merely the trade along the Atlantic, Gulf, and Pacific coasts of continental United States and between the Atlantic and the Pacific coasts, but also the trade between continental United States and Alaska, Hawaii, and Porto Rico. The distances traversed by many of the ships in the coasting trade of the United States are greater than the distances covered by many of the ships in the foreign trade of European nations.

* * * * * * *

It is probably safe to say that the freight tonnage carried in the coasting trade of the United States exceeds the total freight transported in all the ships of any other country, with the possible exception of Great Britain.

No other country has such extensive stretches of coast with so many valuable ports that are of easy access and open at all times of the year and such varied commodities seeking water transportation.

The United States has a greater number of important ports than any other country in the world. The freight available for coasting trade is enormous.

Stress has been laid on the importance of the United States coasting trade, chiefly to emphasize its value to American shipping. Too often the extent of the coastwise commerce is overlooked or minimized and little or no account is taken of the fact that the vessels engaged in this trade are for the most part as efficient as vessels in the overseas trade of foreign countries; that many of the coasting vessels of the United States are, in fact, strong ocean-going craft that travel long distances on the open seas; and that many of them can be used effectively in the trans-Atlantic trade, as has been demonstrated since the outbreak of the present war in Europe.

While the coastwise shipping of the United States has been developing rapidly, the actual tonnage registered for the foreign trade has on the whole declined. Nevertheless—and this is a fact too often ignored in discussions as to the strength of the American merchant marine—the potential tonnage has increased steadily since 1880. And in this connection it should be remembered that the strength of a merchant marine is more accurately stated in terms of potential tonnage than in actual tonnage, since the former takes account of the greater efficiency of steam tonnage, which is commonly estimated as being three times that of said tonnage. (Pp. 30–33.)

A large number of the ships engaged in foreign trade also engage in part in coastwise trade. Furthermore, a large number of ships engaged exclusively in our coastwise trade are entirely suitable for foreign service and so available in case of national emergency. In fact, a large number of such ships were so utilized during the World War.

5. There is a very material advantage in favor of American shipowners as compared with British shipowners by reason of the fact that under the respective maritime liability laws of the two Nations British shipowners are held to much stricter accountability for the loss of life or property. This is a very important difference and, fully explained on pages 607 and 614–616 of the hearings.

6. Tonnage taxes in the United States are much lower than those of foreign countries, and will still be much lower if our tonnage taxes are doubled, as provided in the pending bill. Upon this point I quote from page 605 of the hearings as follows:

Mr. LISSNER. Their tonnage taxes are almost universally much higher than our own; are much higher than they would be if doubled, as proposed in the act.

Mr. DAVIS. Do you mean the taxes on their own tonnage are greater than our taxes on our tonnage?

Mr. LISSNER. I understand, so far as I am informed, that the charges for tonnage taxes abroad are the same in most instances for their own vessels as they are for our vessels, but they are uniformly higher than the taxes that we charge to our own and to foreign vessels in our ports.

7. American shipping interests are not required to pay various fees for measurement of tonnage, issuing licenses, and for the performance of various other services by collectors or other officers of customs, inspectors, and shipping commissioners, which all foreign countries charge their shipping interests. All of those fees were repealed by act of July 1, 1886, but the present Commissioner of Navigation recommends the enactment of a bill restoring those fees, and estimates that it would net the Government between $1,000,000 and $1,500,000 a year. For a full explanation see hearings, pages 615, 616.

PROFITS OF AMERICAN SHIPOWNERS.

A large amount of evidence was introduced at the hearings showing that American shipowners made good profits before the war and made fabulous profits during the war. (See especially hearings, 1658–1719, 2217–2241, 2470–2475.) Some of those enormous profits are enumerated in the minority report on this bill. None of the evidence mentioned has been questioned or refuted by anybody. There is no evidence whatever that American shipowners did not operate profitably before the war or that they did not profiteer during the war upon their Government and the public to such an extent that they made outrageous profits; and there is no evidence in the record that private shipowners have not made money since the war or that they are not doing so now, even though we are passing through the worst depression in the history of shipping. Of the eight steamship owners who testified at the hearings, none of them claimed that they were even now losing money in the operation of their ships or that they had lost money prior to the war. They were questioned about it on cross-examination, and some of them admitted that they are making some profit now and made a profit last year, although some few stated that they were about breaking even at this time. In view of the fact that there was a large amount of evidence to the effect that American shipowners could and were operating profitably and no evidence to the contrary, some of us felt that as the shipowners were asking such enormous subsidies they should be required to give the committee and the Congress the actual facts. H. H. Raymond, president of the American Steamship Owners' Association, who appeared in behalf of this bill, flatly refused to disclose what his salaries were as president of several shipping companies. Winthrop L. Marvin, vice president and general manager of the American Steamship Owners' Association, the real father of this bill, who has taken a most active interest in its behalf from the beginning, appeared as a witness at the hearings. The following propositions were propounded to him:

Mr. DAVIS. Mr. Marvin, the private operators of which you are a representative are asking the people to pass a bill that will result in the payment of very large subsidies, predicated upon the claim that you can not compete with foreign ships, and you want the mass of the people to make up the difference. Now, many high authorities with just as much experience and knowledge of these matters as any who have testified insist that the question of wage and subsistence differen-

tial and the other matters pressed by the proponents of this bill are overcome by advantages that obtain in favor of American operators, and that these matters do not constitute the real difficulty; and they state that the real difficulty is that the American companies have been overcapitalized, have paid excessive salaries, have been extravagant and wasteful in their methods, that they have not employed the same efficiency as England and Germany and other nations, etc.

It is furthermore insisted with regard to charges growing out of capital investment that such enormous profits were made by the American private owners during the war that they not only repaid the original investment, including watered stock, and paid large dividends, but also laid up large surpluses, so that they will not now be burdened with interest, amortization, and depreciation charges, etc.

In view of these views that are urged by very respectable authorities, and in view of the fact that you gentlemen are asking for these bounties, do you not concede that the representatives of the people are entitled to know just what the facts are in these respects?

Mr. MARVIN. The representatives of the people, Judge, are absolutely entitled to know what the exact facts are in these and all other respects, but that is a pretty long question, Judge. I don't know that I can remember all of it, but I would like to ask you, in the first place, who these authorities are that have been conveying to the committee these insinuations against the American merchant marine? Who are they? I would like to know. I have never seen any authorities cited of that kind.

Mr. DAVIS. Oh, such men as Mr. J. H. Rosseter, Mr. E. N. Hurley, and various others that I do not now recall, and others who will be produced before the hearings conclude.

After much quibbling on the part of Mr. Marvin, the proposition was put up to him as follows:

Mr. DAVIS. Now, if these charges are untrue, this is the best opportunity you gentlemen have had to prove it, and here in this public hearing, in which you are asking these enormous benefits, I want to know if you are willing to show the facts? In other words, I want to know if a representative of each of the members of your association is willing to appear before this committee and lay their cards on the table and not hide behind any such pretext as that these matters are personal? And I want to know if they will come prepared to give full and definite information as to the organization, capitalization, assets, liabilities, when the ships were bought, and the prices paid, and their age, and at what they were capitalized; the annual profits or losses of the company, the dividends paid, the amount added to surplus, the bonds paid, salaries paid, facts with regard to subsidiary and affiliated connections, and dividends, etc., of these concerns?

After much more quibbling and dodging, in which certain members of the committee came to his relief, the matter was finally concluded, as follows:

Mr. DAVIS. Now, Mr. Marvin, what is your answer?

Mr. MARVIN. I am entirely willing to submit to the association any request that comes from the committee. (Hearings, 1063–1065.)

It is needless to state that the said requests were not complied with. We heard no more from it. However, I am curious to know whether or not a majority of the sworn representatives of the people will vote these enormous bounties to these shipowners in the face of these facts. If this bill passes, what will result is fairly represented in the announcement taken from Town Topics Financial Bureau, of New York, in the special curb market bulletin of October 24, 1922, as follows:

AMERICAN-HAWAIIAN STEAMSHIP.

American-Hawaiian steamship sold at 20 yesterday and picked up around this price; we regard it as a splendid buy for the moderate or longer pull. The company is in excellent financial shape and has a good history as a dividend earner and payer. The shares at present are paying 37½ cents quarterly, which means a yield of 7½ per cent. The passage of the ship subsidy bill, which now is considered probable, would mean a violent advance in this stock.

PROPOSED PLAN IN LIEU OF PENDING BILL.

The proponents of this bill, including the President, challenged its opponents to offer a better plan. Of course, it is not incumbent upon the minority to offer a substitute, and no plan which could be devised, even though admittedly perfect, would have any chance of being accepted by those who are bent upon this raid on the Public Treasury. However, as I stated I would, I, for one, present a definite, specific, concrete plan, features of which I have already discussed, and which plan is briefly summarized, as follows:

1. Abolish the Shipping Board and Emergency Fleet Corporation.

2. Appoint a by-partisan congressional committee to investigate and cull out all useless employees of the Shipping Board organization.

3. Place one responsible man at the head of the remaining organization and of our shipping affairs.

4. Cancel all MO 4 contracts and lease the ships now in operation on trade routes under bare-boat charters, or, wherever that may be impossible, place such trade routes in charge of salaried managers.

5. Transfer a goodly number of our ships to the Army and Navy transport services for use in case of emergency.

6. Employ a liberal policy in the payment of compensation for the carriage of our ocean mail, employing American ships as far as possible, all of which is fully authorized by the act of 1891, now in force.

7. That foreign-built ships owned by American citizens be permitted to register under the American flag.

8. The repeal of tariff duties on all shipbuilding materials, and the repeal of all restrictions against the use of imported materials in our ship construction.

9. A tariff for revenue only. A tariff which is so high as to prevent the importation of foreign goods and which in turn cuts down our exports because of inability of foreigners to pay for our products with their own, will naturally diminish our foreign commerce and militate against our merchant marine, as previously explained. Of course, I do not expect those wedded to a high protective tariff policy to look with favor upon this recommendation.

10. The establishment of oil stations wherever they would be needed by our Navy and our merchant marine.

11. Our shipowners must establish efficient organizations at home and shipping agencies and connections abroad.

12. Our merchant marine should have the full cooperation and aid of our Bureau of Foreign and Domestic Commerce, commercial attachés, radio service, and other Government functions.

13. American shipowners should eliminate overcapitalization, squeeze out watered stock, cut out wasteful overhead, get rid of useless officials, reduce the exorbitant salaries of many executives; in other words, get on a sound, economical, business basis.

14. American shipowners should forever stop begging for public bounties, and should apply themselves to effecting the results just suggested. They should quit disseminating the false doctrine that Americans are not competent to succeed in the maritime industry without subsidies.

15. The American public should loyally support the American merchant marine, as do the nationals of other countries. They should ship and travel on American ships whenever possible.

16. Strict enforcement of the seamen's act, particularly sections 4 and 13, which will insure and maintain an equalization of wages on American ships and on foreign ships operating to and from our ports, as shown in the minority report, and more fully shown in the hearings by William S. Brown (pp. 1218–19), Capt. John H. Pruett (p. 1230), and by Henry Howard (p. 1256), and by other witnesses introduced by the proponents of the bill, and as is conclusively shown by the officers of the Seamen's Union, Andrew Furuseth (pp. 1263 to 1330) and Patrick O'Brien (pp. 1853 to 1942).

The adoption of and compliance with the foregoing suggestions, even to a reasonable extent, will insure the full establishment and the permanent maintenance of a sound, healthy, successful, privately owned American merchant marine, fully adequate for all of our needs in peace or war; and it will do it without the adoption of a single vicious policy or a single additional burden upon the taxpayers of the country.

I have consumed more time than I should. I appreciate the patient hearing accorded me by Members on both sides of the Chamber. I wish to thank my colleagues on the committee for their indulgence and all the Members for their patience. [Applause.]

The CHAIRMAN. If the committee will indulge the Chair a moment, the Chair wishes to say that during the remarks of the gentleman from Tennessee [Mr. DAVIS] the Chair was called upon to rule in regard to a Member occupying more than one hour on the floor. At that time the Chair stated that in his ruling he had followed the precedents. At this time the Chair would like to secure the privilege of inserting the references to those precedents in connection with the ruling just mentioned. Is there objection?

There was no objection.

The CHAIRMAN. The gentleman from Massachusetts is recognized.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 30 minutes to the gentleman from Pennsylvania [Mr. KIRKPATRICK].

The CHAIRMAN. The gentleman from Pennsylvania is recognized for 30 minutes.

Mr. KIRKPATRICK. Mr. Chairman and gentlemen of the committee, in what I have to say I shall try to confine myself to a discussion of the section of the bill dealing with the payment of the direct subsidy.

This provision is contained in Title IV, and it is the corner stone of the policy embodied in this bill. Any nation which proposes to aid its shipping must do so in one of two ways: Either by indirect aid, which includes favorable legislation and preferential duties, or by the payment of a direct subsidy.

Now, we tried the first of those two methods in the Jones Act. The Jones Act contains just about the maximum which can be expected of legislation in the nature of indirect aid. But, unfortunately, we were unable to get the benefit of the principal provision on which we had relied in the Jones Act, and that was section 34, which provided for the denunciation of treaties so that Congress could go ahead and enact preferential duties.

The keystone of the Jones Act having fallen, if we really mean to aid our merchant marine we must turn to the other

alternative and adopt a policy of direct aid, and that is what we are doing in this bill.

The principal operative sentence of the whole bill is found in section 403, providing that—

The board is authorized and directed on behalf of the United States to enter into a contract with any person, a citizen of the United States who is the owner of a vessel, for the payment of compensation in respect to such vessel.

Now, the first question which is of interest is the rate of that compensation, and if we observe the provision as to the rate of compensation contained in the next section we will note that it provides for a rate of compensation based upon three things, namely, a combination of the size of the vessel, the distance traveled, and the speed of the vessel. It provides for a flat rate of one-half of a cent for each 100 nautical miles traveled per gross ton of the vessel. That is the basic rate, and then in addition there is a gradually ascending scale and additional payments to be made to vessels, based on their speed, as they increase their speed over and above 12 knots an hour.

Now, the underlying theory of that scale of payment and of that system is that it is necessary for our merchant marine, in the condition in which we now are, to develop large, fast passenger liners. We have plenty of tramps. We have plenty of the ordinary slow cargo vessels. We have plenty of tankers. But the thing in which we are woefully lacking, the thing that is absolutely necessary to the development of any well-planned merchant marine, is a fleet of passenger liners, and that is what this additional compensation for speed is intended to develop.

Mr. BANKHEAD. Mr. Chairman, will the gentleman yield for a question? Will it interrupt him?

Mr. KIRKPATRICK. I yield to the gentleman.

Mr. BANKHEAD. As I gather from the gentleman's statement, the main incentive for the application of this subsidy is to develop these fast liners?

Mr. KIRKPATRICK. That is the purpose for the additional subsidy for high speed.

Mr. BANKHEAD. Can the gentleman tell us how that is going to be of assistance to the farmers and the American interests that will be subserved?

Mr. KIRKPATRICK. The basis of our foreign trade must be liner service. The tramp service is valuable, but the basis of the development of the foreign trade is liner service, and the farmers and everyone else in the country will benefit, in my opinion, by the development of our foreign trade.

Now, what is the situation in regard to our ships as compared with those of other nations of the world in regard to their speed and type? The United States merchant marine to-day has 92 per cent of her ships under 12 knots an hour speed and 8 per cent over 12 knots. Japan has 81½ per cent of her ships under 12 knots an hour and 18½ per cent of her ships over 12 knots an hour; and Great Britain, our greatest competitor, has 72 per cent of her ships under 12 knots an hour speed and 28 per cent of her vessels over 12 knots an hour in speed.

Now, I want to show you just how this compensation is going to work out in the case of certain vessels which I had selected for the purpose of showing the various types of ships and what they would earn. Take the first, the case of a large passenger ship, the *George Washington*, one of the finest ships in our fleet to-day. She makes 19 knots an hour, and her tonnage is 24,000. If she makes 12 voyages in the course of a year she will earn in that year under the rate of compensation provided in the bill $306,000.

Take another vessel, the *American Legion*, the picture of which is exhibited in the lobby, a fine type of ship, what is called a 535 ship, plying to South America, 14,000 tons in size, steaming 18 knots an hour; if she makes six voyages in the course of a year she will earn $170,000. The *President Harrison*, a smaller ship of the 522 type, cargo liner with passenger accommodations, making 15 knots an hour, with a tonnage of 10,500; if she makes five voyages in the course of a year she will earn $68,000.

Here is the *West Farralone*, of 8,000 tons in size, making 10 knots an hour. If she covers 15,000 miles in the course of a year, which would be the average mileage for such a ship, she will earn in direct compensation $18,000.

Of the smaller cargo type is the *Lake Gilboa*, a 9-knot ship of the tramp type, 2,100 tons. If she makes 12 trips in the course of a year she will earn $2,800.

The compensation is also payable to sailing vessels, with this distinction, that the power-driven vessels of between 5,000 tons and 1,500 tons all receive a constructive tonnage of 5,000 tons in figuring out the compensation. That is, all those smaller ships under 5,000 tons are rated as of 5,000 tons for the purpose of figuring the compensation. This is because there is very little difference in the pay roll of a power-driven vessel of between 5,000 tons and 1,500 tons. Under the shipping regulations of the United States there is comparatively little difference. That does not apply to sailing vessels, however. Sailing vessels receive their compensation directly, based on their tonnage, and they receive it down to 1,000 tons.

At this point it would be well to clear up some confusion about the amount of this direct subsidy. I am not talking about the net result of the various indirect aids which are provided for by this act; but if this act went into effect to-morrow, and if the next day every ship now operated by the Shipping Board passed into private hands and received a direct subsidy, the direct subsidy alone to those vessels would amount to $8,500,000.

Mr. BANKHEAD. Will the gentleman permit me to ask him a question?

Mr. KIRKPATRICK. Yes.

Mr. BANKHEAD. I dislike to interrupt the gentleman.

Mr. KIRKPATRICK. It will not interrupt me at all.

Mr. BANKHEAD. Does not your bill provide that 10 per cent of all customs receipts shall be turned into this Shipping Board fund?

Mr. KIRKPATRICK. Yes.

Mr. BANKHEAD. It is estimated that $450,000,000 will be derived annually as customs receipts under the present tariff bill. That revenue of $45,000,000 is to go into this fund, is it not?

Mr. KIRKPATRICK. Yes.

Mr. BANKHEAD. Is there any provision by which any of the excess out of that fund over the $15,000,000 you suggest will be turned into the Federal Treasury?

Mr. KIRKPATRICK. There is not in the bill.

Mr. BANKHEAD. What becomes of it? Does not the Treasury lose the benefit of that amount of customs receipts?

Mr. KIRKPATRICK. Not necessarily.

Mr. EDMONDS. Will the gentleman yield?

Mr. KIRKPATRICK. Yes.

Mr. EDMONDS. The gentleman from Alabama [Mr. BANKHEAD] knows that at his own suggestion in the committee he thought a revolving fund was the only way it could be handled, and in a revolving fund the money will be left in the Treasury, and it is only a bookkeeping account.

Mr. BANKHEAD. It does not go back into the Treasury at all.

Mr. EDMONDS. Where does it go?

Mr. BANKHEAD. It is not available for ordinary Government purposes.

Mr. EDMONDS. It is available for ordinary Government purposes. As far as the money is actually concerned, the revolving fund becomes a mere bookkeeping charge and only goes out of the Treasury when it is drawn out. The gentleman knows that as well as I do. He has had the handling of revolving funds before.

Mr. KIRKPATRICK. As long as the money is not actually covered by any subsidy contract, it can be reached. It has not gone beyond the control of the Government.

Now, that $8,500,000 would cover all Shipping Board boats at present operating. If in addition to that the day after the bill was passed every privately owned vessel made a subsidy contract with the Government, it would amount to $6,500,000 more, making the maximum possible present direct subsidy about $15,000,000. But that is not going to happen. Considerable time will elapse before the Shipping Board vessels pass into private hands.

Various statements have been made as to exactly what Chairman Lasker said, so I had occasion to look it up, and he said that in 30 months he expected that enough of the 400 ships now being operated by the Shipping Board to keep the present routes going would pass into private hands. Let us assume that he meant the whole 400. Still we can not estimate anything like $15,000,000 of subsidy the first year. If we say half of that we will be somewhere near the truth.

Mr. GAHN. Will the gentleman yield?

Mr. KIRKPATRICK. Yes.

Mr. GAHN. Into what private hands? Were any interests named when he said they would pass into private hands?

Mr. KIRKPATRICK. No.

Mr. GAHN. Has the gentleman any idea who is going to purchase those boats?

Mr. KIRKPATRICK. No. Now, in that connection, the matter of the voyage losses and the question of getting these ships out of the hands of the Shipping Board into private hands was discussed by the gentleman from Tennessee [Mr. DAVIS], and I want to pause just a moment in the direct course of what I have to say, to call attention to one or two statements he made about the voyage losses. I am sure the gentleman from Tennessee [Mr. DAVIS] has been grossly misinformed as to the operations of the Shipping Board. The

statement was made that only a very small percentage of the $50,000,000 annual loss of the Shipping Board was accounted for by voyage losses. That is only true in this sense: If you take voyage loss to mean simply the difference between the actual cash income and cash outgo of any particular voyage, then it is correct that not a large percentage of the $50,000,000 loss is due to voyage losses. But every business man knows perfectly well that in estimating operating losses, which is the thing we are talking about, you must take into account so much of the overhead as is chargeable to operations. You must take into account repairs. You must take into account betterments, and those things are totally ignored by the gentleman from Tennessee [Mr. DAVIS] when he makes the statement that only a small percentage of the $50,000,000 is accounted for by voyage losses. As a matter of fact, a very large proportion of that $50,000,000 is accounted for by operating losses, and that is the thing we are trying to cut down.

The statement was also made that the Shipping Board itself was extravagant in its operations, that it had failed to curtail the number of its employees, that it was employing 8,280 employees, most of whom were useless. I have here the facts upon that question.

On June 15, 1921, the Shipping Board had in its employ 8,324 employees. The total of their salaries was $15,861,400.

On July 1, 1922, the Shipping Board had in its employ 5,083 employees at a total pay roll of $10,519,242, or a reduction in the first year of the present Shipping Board control of 3,241 employees at an expense of $5,342,155.

Mr. BLANTON. Will the gentleman yield?

Mr. KIRKPATRICK. I will.

Mr. BLANTON. Is the gentleman prepared to state that none of these vacancies have been refilled since July 1, 1922?

Mr. KIRKPATRICK. I might say that there has been some slight increase since then; but on October 21, 1922, there were 4,948 employees at a salary of $10,019,261, and there has been since that date a further reduction. So that we have now a reduction of about 4,000 employees between June 15, 1921, and the present time.

Mr. McDUFFIE. Will the gentleman state whether that was due to the discontinuance of the operation of vessels?

Mr. KIRKPATRICK. These are mainly office employees.

Mr. BLANTON. The gentleman is not prepared to state, however, that of the 76 lawyers that are employed by the Shipping Board at an average salary of $11,000 a year any of them have lost their positions.

Mr. KIRKPATRICK. I do not think they have. I listened to the testimony, and I was of the opinion that there were no more than were necessary for the work that was to be done. Now, the gentleman from Tennessee [Mr. DAVIS] went on to argue from a statement made by Mr. Lasker, the chairman of the Shipping Board, that the expenses of operation would not be stopped by the sale of these vessels. Assuming that we can sell the 400 vessels in 30 months—and it is anybody's guess as to whether we can or not—it is the guess of the chairman of the Shipping Board that we can. I say that when these vessels are disposed of the great bulk of the operating expenses is going to cease. You must keep your operating force as long as you are operating ships, but you do not need to keep the operating force when you stop operating, even though you may have 800 or 900 ships undisposed of. The gentleman from Tennessee is confusing the question of ceasing the operation of the ships and the disposition of them. We have a lot of ships on our hands to-day that probably we will never be able to sell, but that does not mean that we are going to operate those ships. It may be that there are ships in the possession of the Shipping Board that it will be profitable to scrap. Of all the tonnage laid up to-day it is impossible for anybody to say how much is valuable and useful. You can not draw a straight line through your list of ships and say that all above that are good ships and all below are bad ships. I think that is an error that most of us are apt to fall into.

The fact is that whether much of the tonnage will be useful or not depends on world trade conditions. A ship may be a valuable asset under certain conditions of commerce and trade and the same ship may be simply a liability under other conditions. The fact of the matter is, and I do not think it can be disputed, that when you stop operating a ship the bulk of the operating expenses is going to stop. Mr. Lasker did say that there was not much difference in overhead between operating 400 ships and 1,200 ships, but there is a big difference in overhead between operating 400 ships and not operating any ships at all.

I have said that the purpose of a graduated scale of payment was to develop a type of large passenger and cargo liners. I am sure that that type is valuable in the world trade. In addition, it is above all things the only type of ship that is really valuable to the United States for use as a naval auxiliary. The speed of a fleet is necessarily determined by the speed of its slowest ship. A slow cargo ship, a tramp steamer, is practically useless in naval operations to-day. If we are going to keep our Navy up to the 5-5-3 ratio, if we are going to compete with Great Britain at all in the matter of armament, we must develop liners for use as naval auxiliaries, and that is the theory of that portion of the bill.

Mr. GERNERD. Will the gentleman yield?

Mr. KIRKPATRICK. Yes.

Mr. GERNERD. These passenger liners are at the same time large cargo carriers?

Mr. KIRKPATRICK. Yes; they are all cargo carriers to a more or less extent.

Now, in order to be entitled to compensation, the vessel must have a certain status. It goes without saying that we want only to compensate ships flying the American flag. We also want to encourage the building of ships in the United States. In order to accomplish these purposes the bill limits the compensation to vessels built in the United States and flying the United States flag, with the single exception that ships already existing, built in foreign countries, may, with the consent of the board, within the next three years, be transferred to the United States flag and receive compensation. The purpose of this exception is to allow American owners to acquire certain particular types of ships which are greatly needed to-day. The net result is that no ship can be built abroad after the act and then transferred to American register and receive compensation.

There are certain other requirements that must exist in order to entitle a vessel to compensation. These are the restrictions appearing in sections 406, 407, 408, and 409. In order to make clear the reason for these restrictions, let me call attention to the broad aims intended to be attained by the act. We want to create a privately owned merchant marine engaged in foreign trade, owned by American capital, and manned by American labor. To this end are directed the various provisions referred to which determine the conditions under which compensation—the status of the vessel being satisfactory—is payable:

The vessel must be a privately owned merchant vessel.

It must be engaged in foreign trade.

The complicated definition of foreign trade contained in section 407 of the bill is due to the rather unusual situation of the United States and her island possessions with regard to the distance of the islands and their present lack of any great volume of trade. The next result of the section is that trade between the United States, Alaska, Porto Rico, and Hawaii is not considered foreign trade. Trade between the United States and the Panama Canal Zone is considered as foreign trade. In the case of Hawaii an exception is made where the vessel to be compensated trades between the United States and a foreign port touching at Hawaii. In such case, if the cargo or passengers destined to or from Hawaii is less than one-fourth of the total the vessel will not lose its compensation.

In addition to the above, section 408 provides for the compensation of tramp ships, provided a call is made at a port of the United States once a year, and also what are known as feeders, small boats which ply between foreign ports collecting cargo for American ships engaged in foreign trade. There is no reason why these types should be excluded, as they are both builders of our commerce.

Compensation shall be paid only while the person or corporation which owns the vessel is American. This is provided for in section 409, and the provisions contained in that section for determining the nationality of the control of any corporation have been taken from the United States Treasury Regulations.

In addition, it was deemed unwise to pay compensation to an American owner unless his major interest was in American shipping and American trade. As a result, this section provides that even though the ship and the owner be American, compensation shall not be paid unless at least 75 per cent of the owner's shipping flies the United States flag.

Lastly, the crew must be substantially American. There is no use in building or maintaining a merchant marine if we are compelled to man it with foreigners, and no lasting benefit can be derived from a marine so operated. Section 406 provides that the crew of any ship which applies for compensation must be at least two-thirds American citizens and the remainder can not be Chinese or Japanese. During the first two years after the enactment of this act some slight leeway is given in order to permit necessary adjustment of present labor conditions. In addition, the provisions of the act are suspended as to the steward's department of passenger ships, it being impossible to obtain a sufficient number of American citizens in these departments.

Mr. LONDON. Mr. Chairman, will the gentleman yield?

Mr. KIRKPATRICK. Yes.

Mr. LONDON. On the subject of American ownership, will a corporation organized under the laws of any of the States of the Union or of the District of Columbia be considered American for the purposes of this bill?

Mr. KIRKPATRICK. I so understand.

Mr. LONDON. Irrespective of who may be the stockholders?

Mr. KIRKPATRICK. There is a provision—section 401 (a)—that the term "citizen of the United States" shall have the meaning given it by the shipping act of 1916. That act requires the controlling interest in such corporation to be owned by Americans in order that such corporation may be considered a citizen of the United States. [Applause.]

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 30 minutes to the gentleman from Illinois [Mr. CHINDBLOM]. [Applause.]

Mr. CHINDBLOM. Mr. Chairman and members of the committee, the majority members of the Committee on the Merchant Marine and Fisheries some time ago agreed upon a division of the subject matter of this legislation, and it fell to my lot to give particular attention to the question of the so-called differentials in the cost of construction and of operation. Two of my colleagues, who are opposed to the bill, have given some attention to this subject. I think many of the Members of the House were surprised to learn that anyone seriously contended that there are no differentials in the cost of construction and of operation of American ships and the ships under foreign flags. I dare say it has never been doubted or denied by any real, responsible authority up to this time that these differentials have existed and do exist. My very good friend from Alabama [Mr. BANKHEAD] dismissed the question of the wage differential by a discussion of the seamen's act and of the observations of Chairman Lasker upon that act. The purpose of the seamen's act was to create greater safety for crews and passengers on board ship, and also to increase the number of seamen and unlicensed crews as well as to improve their living and subsistence conditions on American ships. All of these, while salutary in purpose and effect, did create increased charges against American ship owners and operators. It is not argued, nor is it the purpose of this bill, that any of the conditions created by the seamen's act shall be abrogated or in any sense reduced in scope or effect. That fact is proven conclusively by the circumstance that the committee made no suggestion whatever for any amendment of the seamen's act. On the contrary, this bill will strengthen and enlarge the purposes of the seamen's act, particularly through those provisions which require the further Americanization of the crews.

Two-thirds of the crew upon every vessel which receives any benefits under this act must be American citizens. There is no doubt that the employment of American citizens in ship personnel will tend to further increase the cost of operation, because American citizens will always require and should receive higher standards of living than any other nationals. However, the existence of differentials in construction and in operation costs against American ships follows not merely as the necessary logical result of American law and American living conditions, but is abundantly proven by experience and actual facts.

Mr. STEVENSON. Mr. Chairman, will the gentleman permit a question right at that point?

Mr. CHINDBLOM. I yield to the gentleman.

Mr. STEVENSON. Right on the point the gentleman is speaking of, on page 29 of the bill, subdivision (5), I find the following language:

> During the first year after the enactment of this act the required number of citizens of the United States shall be one-half instead of two-thirds; and, during the second year, six-tenths instead of two-thirds.

Is that a modification of the doctrine of which the gentleman is speaking?

Mr. CHINDBLOM. It provides for an ultimate two-thirds, of course.

Mr. STEVENSON. After it has been on the books long enough to be repealed, then it may have the two-thirds.

Mr. CHINDBLOM. Does the gentleman expect this provision to be repealed?

Mr. STEVENSON. I do not expect it to be passed, as far as that is concerned.

Mr. CHINDBLOM. It will be passed, and I do not think it will be repealed. Of course, the gentleman is correct in one sense. If I should stop to discuss every single detail of the legislation, I would have to take a great deal more time than is available. It is a fact that while the ultimate purpose is that two-thirds shall become American citizens, for the first couple of years provision is made for a practical accomplishment of that result, and if the gentleman thinks I made a misstatement because I did not speak of those details, then I yield to his superior judgment in that regard.

Mr. STEVENSON. I was not accusing the gentleman. I thought he had overlooked the fact when he said there was absolutely no modification of the La Follette Act, because you suspend it for two years.

Mr. CHINDBLOM. We do not suspend it at all. The La Follette Act does not require Americanization of American crews. I say that we are enlarging that act and providing for more Americans in the crews of these ships than were ever provided for in any previous law. [Applause on the Republican side.] My good friend from Tennessee [Mr. DAVIS] a moment ago laid a great deal of stress upon the opinions of Mr. J. H. Rosseter. Although Mr. Rosseter did not appear at the hearings and was not heard by the committee, I happen to have a copy of a communication, I think of later date than anything quoted by the gentleman from Tennessee, from Mr. Rosseter, and I am going to take the time to read this communication. It is the communication to which my colleague, the gentleman from Pennsylvania [Mr. EDMONDS], adverted a moment ago.

It is as follows:

JANUARY 27, 1922.

Mr. PAUL SCHARRENBERG,
Vice President International Seamen's Union of America,
525 Market Street, San Francisco, Calif.

MY DEAR MR. SCHARRENBERG: This is to acknowledge and to thank you for the article entitled "Ship subsidy debate" appearing in the Seamen's Journal of 18th instant.

These questions remain of general interest to me, although I am determined to exclude from my future activities any active interest in shipping.

The whole question of American shipping is complex and difficult from the fact that, as a Nation, the question is not understood. Our form of government, or proceedings therein, make a practical solution very difficult, if not impossible.

I am free to concede that there are many questions on which people of experience may honestly differ in opinion. You know my views and I think you will concede that in all my dealings with the question I endeavored to take into account all interests concerned, to the end that we might actually establish and hold a fair share of foreign commerce under our flag. After a long and earnest effort, I have been forced to the conclusion that there is no hope of accomplishing a solidarity of opinion, and that we will gradually drift back to an inconspicuous and unworthy position in comparison with other nations.

The term "subsidy" is an unfortunate one and leads, as instanced in the debate to which you refer, to a state of almost hopeless misunderstanding in the public mind. Possibly you will recall an article I wrote to the Examiner in January, 1920, and that I therein endeavored to make clear what was required, viz, to substitute a policy of reasonable encouragement on the part of the Government in place of the chilling and discouraging attitude in vogue for several decades, resulting in the practical elimination of the American flag in foreign trade.

Our laws have effectively protected coastwise shipping in conferring exclusive right of operation. While this was well and good enough in a way, the actual result of such protection has been, in my opinion, prejudicial to the extent that it resulted in a frail and artificial condition.

On one point we must be agreed, and that is unless we can actually operate on equal terms with other nationals we can not hope to develop or maintain a merchant marine. Without ships the opportunity of following the sea as a livelihood is restricted and, in large measure, denied to our people. It is not to be disputed from our standards of living and civilization that Americans can not endure a scale of wages and living conditions acceptable to other nationals. Translated into practical terms this means, as you know, that expenses of operating under the American flag amount to $10,000 and upwards of $50,000 for wages and victualing alone in excess of our international competitors on each and every foreign voyage. disregarding all other prejudicial conditions. How, then, is that to be overcome? To me it seems simple enough, but unhappily your organizations of seamen apparently encourage the idea that this or other forms of encouragement are to be classed as subsidy.

Disregarding entirely, if you will, the direct subsidy allowed by some nations, why can not the question be fairly considered from the standpoint of indirect encouragement provided by other nations in contrast with burdens imposed by our Government? Such a course is to be briefly described as encouragement in the form of—

(a) Reasonable and proper mail compensation.

(b) Relief from the burden of Federal taxation or a distribution thereof over a period of years, so that a fair average will permit carrying the benefits that may be derived during any prosperous period that may occur, to offset the losses and grief of lean years.

(c) Rules and regulations to take care of extra cost of manning and victualing, in the form of an appropriation to provide and assure naval reserves.

(d) Schedule of allowances according to size, class, and speed for the privilege and assurance of having ships in reserve for Navy and Army emergencies.

There are other reasonable and proper things that can be done in the way of encouragement to the benefit of national interests. Certainly such reasonable forms of encouragement can not be classified and denounced in the unpopular and onerous term of "subsidy."

I am thus addressing you on the impulse of the moment, but with some hesitancy and misgivings, as on no account do I desire to again be brought into public issue on this question.

With kind regards,
Yours very truly,

J. H. ROSSETER.

[Applause.]

Now, I submit that Mr. Rosseter can not be cited as an authority against every form of Government aid or encouragement, and with his experience, his wide experience, which has been vouched for by the gentleman from Tennessee himself, he goes to the extent of saying that on every foreign voyage our ships suffer a disadvantage in differential running to from

$10,000 to $50,000 for wages and subsistence. That is his view; that is his opinion after his many years of connection with the shipping business.

I asked the gentleman from Tennessee a question with reference to the amount of tonnage operating in the foreign trade by the various countries in 1914, and his reply was that our tonnage was exceeded only by Great Britain and Germany, and by Germany only to a small extent. I have the figures here, taken from the report of the Commissioner of Navigation of the Department of Commerce, showing that in the United States for 1914 the tonnage for the foreign trade was 1,066,288 tons. The total tonnage, including the coastwise trade, was 2,026,098, our foreign tonnage, exclusive of the coastwise tonnage, being, as I said, 1,066,288. For the same year, 1914, the United Kingdom had 18,892,089 tons; France, 1,922,286 tons; Germany, 5,134,720 tons; Japan, 1,708,386 tons; Norway, 1,957,353 tons; Italy, 1,430,475 tons. Of course, in the case of Great Britain, some of its tonnage was in what they call the coastwise trade, but the other countries have practically no such trade as what we call coastwise, so I think it is demonstrated by the figures that we were away below any of the other countries in 1914; that our tonnage was far below any of the other countries that have been enumerated. I do not think that is perhaps very material. It simply disturbs to some extent the roseate, happy, and prosperous picture which was painted by my friend from Tennessee with reference to the condition of American shipping. That was far the most exhilarating exhibition of conditions in American shipping I have ever heard. One would have thought that we were on the high road to prosperity in foreign shipping after listening to the descriptions of my friend from Tennessee.

Much has been said about the Republican position upon this question. I do not care whether it has been in a Republican platform or not. After long study of this subject by men who seriously wanted to solve it they reached the conclusion that now and here something must be done, and it is a very important question. My friend was somewhat disturbed about the sinister influence which Chairman Lasker might have exerted upon the President of the United States; that he had induced the President to take the position which he has taken in regard to this subject. Anyone who heard the really marvelous exposition of this matter by the President must have been convinced of his personal sincerity and of the absolute conviction in his mind as to the position which he has taken. [Applause.] It is a serious thing, Members of the Congress, for the Chief Executive of this Nation to be faced with a problem such as is facing him now; and while I have no right to make any suggestion to the gentlemen on the other side of the aisle, it does seem to me that it is most unfortunate and almost unworthy to make a suggestion of partisanship in the disposition of this matter. The gentleman from Tennessee [Mr. DAVIS] said with considerable force that no subsidy and no Government aid can create commerce or increase cargoes. Of course, that is true. But Government aid can secure for us our share of the commerce which exists. Government aid will not create commerce, except to this extent and in this way—that the better shipping facilities we have and the better able we are to supply the markets of the world, the more we will create markets for our own products, for which we will need tonnage.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. CHINDBLOM. For a moment.

Mr. GARRETT of Tennessee. May I ask the gentleman if it was not practically the last act at the last session of Congress, immediately before adjournment, to destroy foreign commerce in so far as the enactment of Congress was concerned and in so far as it was possible?

Mr. CHINDBLOM. Well, the gentleman from Tennessee, of course, makes the suggestion that the gentleman, his colleague from Tennessee [Mr. DAVIS], made. We on our side will never agree with you on the subject of a protective tariff. I presume the gentleman refers to a protective tariff. I will say this to the gentleman, this kind of legislation is of the same general nature and purpose as the protective tariff, and perhaps that is why it is a little hard for you to be reconciled to it. [Applause.] The purpose of this legislation is to protect and promote American commerce and American trade and American shipping by giving it necessary aid. You have always contended that a protective tariff is a robbery. You have always contended that a protective tariff is for special interests. You are making that same argument against this bill.

Mr. GARRETT of Tennessee. Well, it is true in both instances.

Mr. CHINDBLOM. The gentleman thinks it is. The gentleman, the distinguished leader of the minority, must think it is, or I know he would not say so. But let us not confuse the two propositions. I do not think the two belong together except that they run in parallel lines.

We have insisted that those who are opposed to this legislation should suggest some alternative, and my colleague on the committee, the gentleman from Tennessee, attempted to make some suggestions.

I wonder whether anybody thinks, whether anybody will be of the opinion, that the suggestions which he made really can accomplish anything like the purpose sought by this bill. I did not have an opportunity of writing down his suggestions as fast as he made them, but I did notice that he wanted a repeal of the law preventing the American registry of foreign ships. Of course, that would immediately throw us into open, direct competition, right in our own trade, with foreign ships; and how that could benefit the situation I believe even the gentlemen on that side will find it difficult to explain.

We have before us the alternative of continuing the present system or of making some change. When pressed for an alternative, our friends across the aisle say, "Let us continue this present system for a while, until world conditions improve, or until something else happens, and then let us try to devise some system different from this."

I think the people of the country pretty generally are getting quite tired of this continual postponement of action on important matters. Speaking for myself and with reference to our side of the House, I think we to-day would be better off if we had passed this bill six months ago, and if we had passed the tariff bill one year ago. [Applause on the Republican side.]

The people want action. Neither of these pieces of legislation is erroneous, but I believe the people are more disposed to forgive us if we occasionally make a mistake than they are to forgive us for continual procrastination and delay. You have nothing else on that side to suggest but delay. If you have any constructive proposition, let us have it; let us know what you propose to do with this fleet. Let us know how you propose to handle these ships. Let us know what substitute you have to offer for building up the American merchant marine rather than doing it in the way proposed by this bill.

Mr. EDMONDS. Mr. Chairman, will the gentleman yield?

Mr. CHINDBLOM. With pleasure.

Mr. EDMONDS. The gentleman from Tennessee proposed to investigate. [Laughter.]

Mr. BEEDY. And the gentleman from Tennessee undertook to say that he would get the Government out of the shipping business, but then concluded with facts to the contrary, and finally decided he would like to continue the Government Shipping Board, only he wanted the right to constitute its personnel.

Mr. CHINDBLOM. Yes. There was a suggestion about the appointment of the Shipping Board, and all that.

But I do not want to inject any partisan spirit into this discussion at all. I was quite impressed the other day when I received a document which showed the attitude of one distinguished member of the Democratic Party. Much has been said about our early experience in shipping. That has been very aptly described by the distinguished Senator from Louisiana, Mr. RANSDELL, in a document which I believe has been delivered to all the Members of the House. However, I think it should go into the RECORD in this discussion. In a statement addressed to the National Merchant Marine Association recently, Senator RANSDELL said:

> I hear it stated from time to time that the Democratic Party can not support a plan of subsidy, because the policies of the party are fundamentally opposed to such a policy. History, however, shows us that the very reverse is true. Under the early shipping policies of the Democracy the American merchant marine was developed to a point of efficiency and power beyond the trade fleets of all other nations. Under the laws framed by the founders of the Republic we had discriminating duties in favor of goods carried in American vessels, and as a result of these we transported nine-tenths of our exports and imports under our own flag for many years. Just before the late war, however, conditions had become exactly reversed, and it was the foreigner who carried the nine-tenths of our ocean commerce.
>
> What had happened? In the period from 1828 to 1850 we gradually gave up discriminations against the vessels of those nations which agreed not to discriminate against us. And then, when our hands were tied, foreign nations began to take up effectively the subsidization of their own vessels, and our sea power began to wane.
>
> It was the Democracy which stepped into the breach at this crisis in American shipping affairs and initiated the American policy of ship subsidies. Two southern statesmen began it—Senator Thomas Butler King, of Georgia, and Senator Thomas J. Rusk, of Texas. Both advocated annual appropriations for the carrying of mails and the encouragement of American steamship building and navigation. President Polk stood strongly for this policy, and in 1845 and 1847 Congress passed legislation to this end. As to the effectiveness of this step inaugurated by the Democratic Party, let me offer some Republican testimony from the majority report of the Merchant Marine Commission of 1904–5. That body was appointed by Congress and headed by the late Senator Gallinger. The report says:
>
> "As a result of this enlightened statesmanship the United States from 1850 onward for several years built more ocean steamships than Great Britain did, and better steamships, superior in size, speed, power, and commercial value. * * * The national policy thus approved would doubtless have continued unbroken to the present day but for the fierce and deplorable sectional quarrel that immediately preceded

the Civil War. * * * In the white heat of this quarrel the mail subventions were withdrawn, and the north Atlantic steamships, struggling hard with subsidized British rivals, were abandoned."

The report continues:

"It is sometimes said that this national effort to create a steam fleet by mail subventions failed of its purpose. But it failed only because the effort was given up in the very crisis of the contest. A few years more would probably have made our steamships as securely masters of the north Atlantic as our packet ships and clipper ships had been before them."

This tribute to subsidization, penned nearly 20 years ago, has an even greater bearing to-day than then, for now we have a mighty nucleus in hand for a mighty fleet. The ships are here, but they must be vested with competitive power before it is too late. Support of subsidy will not be an abandonment of Democratic policies, but a renewal of the very ones on which the Amercian merchant marine was set forth on a voyage to sea supremacy that ended with the goal in sight, and only then because the sailing orders were canceled. Let us not make this mistake again.

I commend Senator RANSDELL's views and the action of the distinguished Democrats of a former generation, to whom he refers, to the very serious consideration of gentlemen who, for party reasons, now feel constrained to oppose this legislation.

The best proof that we can not establish an American merchant marine under private operation without Government aid is the fact that it has not been done. [Applause on the Republican side.] American genius, American enterprise, American patriotism, have done all else. This alone is a problem in the solution of which we must meet not only the competition but the opposition of other nations. It is therefore a national problem, one which the Nation must solve as a sovereignty engaged in a contest with other national sovereignties, for all other nations treat their shipping problems as national, not to say international, problems.

We are told that there is no need for Government aid; in other words, in effect that this situation will take care of itself. Is not that, after all, the attitude of those who merely oppose the proposed solution and have no alternative to offer? The President has spoken. The Committee of the House has spoken. What will the House do? Avoid the issue by sophistry and skulking or assume some measure of their responsibility as Representatives of a great people?

DIFFERENTIALS IN COST OF CONSTRUCTION.

It has been deemed important in this debate to ascertain something certain with reference to the differentials against American shipping. Our principal competitor in building and equipping ships is England. Before the war—and I speak advisedly, because the records and the hearings bear this out—it cost approximately 25 per cent more to build American ships than it cost to build vessels of the same type and size in British shipyards. The cause of this difference lies almost entirely in the higher price paid for labor to American workmen. Formerly there was also an advantage in favor of Great Britain in the cost of materials, but most of those can now be purchased almost as cheaply on this side, on account of our ability to handle quantity production.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. CHINDBLOM. May I have another 30 minutes, or 15?

Mr. GREENE of Massachusetts. I yield the gentleman 20 minutes.

The CHAIRMAN. The gentleman from Illinois is recognized for 20 minutes more.

Mr. CHINDBLOM. Equipment and furnishings, in which the largest element of cost is labor, are still more expensive in the United States. Since labor constitutes one-half of the cost of a ship, and this cost is twice as great in the United States as in Great Britain, it will readily be seen that the differential of 25 per cent in the initial cost of construction is a conservative estimate.

Among the materials which are slightly cheaper in this country than in England are plates, forgings, and shapes, which in the main constitute the largest and simplest parts, while articles of equipment such as windlasses, winches, boilers, boats, and the like cost more in this country on account of the large element of labor involved in their production. Freight charges for hauling these materials are also greater in the United States on account of the longer distances over which they must be carried. With reference to wages, on January 1 last the average hourly wage in British yards at the rate of exchange then prevailing was 31 cents, while the corresponding wage in American yards was 58 cents. At the present time most of the American shipyards are closed down, and this condition of depression and lack of operation will make for inefficiency and loss of initiative when shipbuilding may again be resumed on anything like a normal scale.

I shall not take the time to quote some of the authorities which appear in the hearings. Even the opposition has quoted Mr. Homer L. Ferguson, president of the Newport News Shipbuilding & Dry Dock Co., than whom there is no better authority on the subject, who makes the following analysis of the relative cost of shipbuilding in England and the United States:

If we assume the completed price of a standard freight ship constructed in American yards to be 100, we may take this as constituted as follows: Labor, 40; overhead, 20; and material, 40. Since about half of overhead is labor we can, if we prefer, express this as labor 50 and material 50. Of the 50 which represents the American cost of labor 55 per cent, or 27.5, will represent the British cost of labor. Of the 50 which is the American figure for material, no increase would give the same figure, 50, for the British material figure. The sum of the two would give 77.5 as the index for the British ship against 100 for the American. This would amount to a difference of slightly over 20 per cent of the American costs, and represents the figure which it is believed will closely approximate the permanent differential after the present exceptional conditions disappear.

Quotations secured last January from representative British and American shipyards, for instance, gave the prices on an 8,800 dead-weight ton cargo vessel, which is the average tramp type, as ranging from $55 to $65 in London and Glasgow, while for American yards the average was $95 per dead-weight ton. This made a differential for new construction of the standardized cargo ship type of about $35 per dead-weight ton, or over 36 per cent.

The initial cost follows the ship throughout its life and is an important element in the subsequent cost of operation. Landlords whose buildings were erected before the war at low prices of wages and materials have reaped enormous harvests in the increased rentals which they have been able to collect from tenants during and since the war. Buildings now being erected on the present schedules of wages and prices of materials will never yield an equal return on their investment to those which were built before the war. So also with ships. The initial cost is the capital investment or account upon which future earnings must be figured.

There are at least three continuous charges which depend upon the initial cost of construction. They are, first, the interest on the amount invested; second, the amortization or depreciation to be allowed on the investment; and, third, the cost of insurance. You will find in the hearings a large number of tables and statements with reference to this initial cost of production as well as the cost of operation. It would be impossible, I must confess, for the other side or for our side to make a presentation here of all those facts, of all those tables and statements upon which our conclusions are reached; but these statements show and these hearings show that these three items which I have just mentioned together involve annual costs or charges of from 15 to 20 per cent above the cost or book value of the vessel. On a typical 8,800-ton ship at $30 per ton, each 1 per cent increase in the cost of capital amounts to a charge of $2,600 per annum, continuing throughout the life or operation of the ship. It is estimated that the life of a ship is approximately 20 years. An average of from 4 to 5 per cent per annum must be set aside for amortization or depreciation. With a higher initial cost the amount of this depreciation charge must necessarily be correspondingly increased.

Another important element is insurance, and the differential between British cost of insurance and the American cost of insurance exists to-day notwithstanding the law to which my friend from Alabama [Mr. BANKHEAD] referred yesterday, which we passed six months ago. A higher rate of only 1 per cent on an 8,800 dead-weight ton ship with a valuation of $30 per ton amounts to an annual increase of $2,600.

These various items, the interest on the amount invested, the amortization or depreciation account, and the cost of insurance show, in the experience of American shipping men, a differential against the American and in favor of the British operator of from 3 to 4 per cent. The total annual excess of capital charges to an American owner over similar charges to a British owner can therefore be fairly stated at not less than 15 per cent on the excess of the initial cost, which in turn is at least 20 per cent of the total initial cost or, as stated, at least 3 per cent of the entire initial cost.

It is to be noted, also, that the higher wages paid to American labor follow the ship through every item of repair and maintenance cost where labor is employed in American ports or shipyards. For many reasons shipowners prefer to have at least substantial repairs made in their home ports or, at least, in the ports of the ship's flag. These repairs must be added to the capital account upon which interest or profit should be allowed and add another element of differential against the American shipowner. It has been estimated that repairs amount to from $5,000 to $15,000 per annum for a medium-sized tramp ship, and a minimum excess cost of 20 per cent

would amount to from $1,000 to $3,000 per year on an average cargo ship.

It is a well-known fact, also, that such administrative expenses as salaries of port staff, freight agents, and clerical force show higher figures in the United States than in foreign countries. These items are not included in what is ordinarily called and discussed as the wage scale of a ship, nor are they included in the compensation paid so-called executives in a shipping concern.

While British conditions have been used by way of comparison, it must not be forgotten that the British probably approach more nearly American wage conditions and costs of material than do other maritime nations, such as Japan and Germany.

When was it ever argued before that American workmen in American shipyards do not receive higher or better wages than are received in any other country in the world? And still that must be the basis of the argument here when it is said that there is no differential in the cost of constructing ships. We have boasted that our American scale of wages is higher in all branches of industry than anywhere else in the world, and it is. It is higher in the shipyards; it is higher in the repair yards; it is higher in the shops which manufacture the furnishings and equipments for ships. It is higher in every place, in every factory, and every shop where a single thing is produced which goes into the building or the equipment of a ship. It seems to me that without going into detailed figures, he who runs may read the story of the increased cost of construction of American ships.

WAGE DIFFERENTIALS.

I shall turn for a moment, because my time is running rapidly, to the matter of wages on ships. For obvious reasons it is somewhat difficult to calculate the differential in wages to a mathematical certainty, but men engaged in operating ships have had a uniform experience to the effect that the pay roll on an American ship is uniformly about 30 per cent higher than on a corresponding British ship.

This was true before the World War and is true now, although it is true also that before the World War we had a somewhat limited opportunity for comparison. A British wage scale is now in operation which it is expected will be reduced within a very short time, but I have here with me some comparisons of the present wage scales in America and in Great Britain. You will observe the difficulty of this demonstration when I show you these sheets of paper upon which these tabulations occur. You will find these ships discussed in the hearings.

Here are two ships, one the United States Shipping Board vessel *Galesburg* and the other the *Ballygally Head*, a British ship. The American ship is 5,138 gross tons, 9½ knots, and burns coal. The British ship is 5,179 gross tons, 13 knots, and burns coal. The difference in cost of the American pay roll for wages over the British pay roll—and this is taken from actual figures, from the records of these two ships—the difference in cost of the American over the British ship per month for wages is $746.79, or during a year $8,961.48.

Comparison of American and British wage scales.

[Pound sterling=$4.45.]

DECK DEPARTMENT.

United States, "Galesburg," 5,138 gross tons, 9½ knots, coal.				Great Britain, "Ballygally Head," 5,179 gross tons, 13 knots, coal.							
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.		Pay per month.	
						£	s.	£	s.
Master	1	$270	$270	Master	1	[1] 48	0	[1] 48	0
First officer	1	165	165	First mate	1	23	10	23	10
Second officer	1	145	145	Second mate	1	17	0	17	0
Third officer	1	130	130	Third mate	1	13	0	13	0
Carpenter and boatswain	1	65	65	Fourth mate	1	12	0	12	0
Able-bodied seamen	6	55	330	Sailor and carpenter	1	12	10	12	10
Ordinary seamen	2	40	80	Boatswain	1	11	0	11	0
				Able-bodied seaman and lampsman	1	10	10	10	10
				Able-bodied seamen	4	10	0	40	0
				Sailors	3	10	0	30	0
				Ordinary seaman	1	5	10	5	10
				Deck boy	1	4	10	4	10
Total	13		1,185	Total	17			227	10

[1] Master's pay on "Ballygally Head" estimated.

Comparison of American and British wage scales—Continued.

ENGINE DEPARTMENT.

United States, "Galesburg," 5,138 gross tons, 9½ knots, coal.				Great Britain, "Ballygally Head," 5,179 gross tons, 13 knots, coal.							
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.		Pay per month.	
						£	s.	£	s.
Chief engineer	1	$240	$240	First engineer	1	25	10	25	10
First engineer	1	165	165	Second engineer	1	20	10	20	10
Second engineer	1	145	145	Third engineer	1	17	0	17	0
Third engineer	1	130	130	Fourth engineer	1	13	0	13	0
Oilers	3	65	195	Donkey man	1	11	10	11	10
Firemen	9	57½	517½	Storekeeper	1	11	10	11	10
Coal passers	3	50	150	Greaser	1	11	10	11	10
				Firemen and trimmers	12	10	10	126	0
Total	19		1,542½	Total	19			236	10

STEWARD'S DEPARTMENT.

Chief steward	1	$105	$105	Chief steward	1	14	10	14	10
Chief cook	1	90	90	Second steward	1	9	5	9	5
Second cook and baker	1	70	70	Mess room steward	1	9	0	9	0
Mess boys	3	35	105	Assistant steward	1	8	10	8	10
				Ship's cook	1	13	10	13	10
				Cook	1	9	10	9	10
Total	6		307	Total	6			64	5
Radio operator	1	90	90						
Grand total	39		3,097½	Grand total	42			528	5

RECAPITULATION.

Deck department	13		1,185	Deck department	17		$1,012.38
Engine department	19		1,542½	Engine department	19		1,052.42
Steward's department	6		307	Steward's department	6		285.91
Radio	1		90				
Grand total	39		3,097½	Total	42		2,350.71

Difference in cost of American over British:
Per month $746.79
Per year 8,961.48

I have another comparison—between the Shipping Board ship *Hog Island* and the English ship *Cornish Point*. The American ship is 7,800 dead-weight tons, oil burner, 10 knots, and the *Cornish Point* is 8,200 dead-weight tons, coal burner, 12½ to 13 knots. There is one point of difference between coal-burning and oil-burning ships. An oil-burning ship requires about one-third of the firemen that are required in a coal-burning ship. Notwithstanding this reduction in crew, the difference between these two ships in wages per month is $735, or per year $8,820, against the American ship. But it will be noted that the English ship has a higher dead-weight tonnage and that it has an excess of 2 knots per hour, and is therefore a more valuable ship.

Comparison of American and British ship wages.

DECK DEPARTMENT.

[Pound sterling equals $4.50.]

United States, "Hog Island," 7,800 dead-weight tons, oil burner, 10 knots.				England, "Cornish Point," cargo, 8,200 dead-weight tons, coal burner, 12½–13 knots.							
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.		Pay per month.	
						£	s.	£	s.
Master	1	$270	$270	Master	1	48	10	48	10
First officer	1	165.	165	Chief officer	1	23	10	23	10
Second officer	1	145	145	Second officer	1	17	0	17	0
Third officer	1	130	130	Third officer	1	13	0	13	0
Carpenter and boatswain	1	65	65	Carpenter	1	12	10	12	10
				Boatswain	1	11	10	11	10
Able-bodied seamen	6	55	330	Able-bodied seamen	8	10	0	80	0
Ordinary seamen	2	40	80	Apprentices	2	0	0	0	0
Total	13		1,185	Total	16			157	10

Comparison of American and British ship wages—Continued.

ENGINE DEPARTMENT.

United States, "Hog Island," 7,800 dead-weight tons, oil burner, 10 knots.				England, "Cornish Point," cargo, 8,200 dead-weight tons, coal burner, 12½–13 knots.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						£ s.	£ s.
Chief engineer	1	$240	$240	Chief engineer	1	30 10	30 10
Assistant engineer	1	165	165	Second engineer	1	23 10	23 10
Second assistant engineer	1	145	145	Third engineer	1	17 0	17 0
				Fourth engineer	1	13 0	13 0
Third assistant engineer	1	130	130	Donkeyman	1	11 10	11 10
Oilers	3	65	195	Greasers	2	11 0	22 0
Firemen	3	57½	172½	Firemen	12	10 10	126 0
Wipers	2	50	100				
Total	12	.....	1,147½	Total	19	.....	243 10

STEWARD'S DEPARTMENT.

Chief steward	1	$105	$105	Chief steward	1	14 10	14 10
Chief cook	1	90	90	Assistant steward	1	9 5	9 5
Second cook and baker	1	70	70	Mess room steward	1	9 0	9 0
Mess boys	3	35	105	Chief cook	1	13 10	13 10
				Second cook	1	10 0	10 0
Total	6	.....	370	Total	5	.....	56 5
Wireless operator	1	90	90				
Grand total	32	.....	2,792½	Grand total	40	.....	457 5

RECAPITULATION.

Deck department	13	.....	$1,185	Deck department	16	157 10	$708¾
Engine department	12	.....	1,147½	Engine department	19	243 10	1,095¾
Steward's department	6	.....	370	Steward's department	5	56 5	253
Wireless operator	1	.....	90				
Total	32	.....	2,792½	Total	40	.....	2,057½

Difference in cost American wages over English:
Per month $735
Per year 8,820

Here is the United States ship *Orleans* and the Great Britain ship *Mongolian Prince*, both about 9,600 tons dead weight, both 11 knots. The American ship burns oil and the British ship burns coal, and the difference in wages is $593 a month, or $7,116 a year, in favor of the British.

Comparison, American and British wages.

DECK DEPARTMENT.

[Pound sterling equals $4.50.]

United States, "Orleans," 9,638 dead-weight tons, 11 knots, oil.				Great Britain, "Mongolian Prince," 9,670 dead-weight tons, 11 knots, coal.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						£ s.	£ s.
Master	1	$270	$270	Master	1	48 10	48 10
First officer	1	165	165	First officer	1	23 10	23 10
Second officer	1	145	145	Second officer	1	17 0	17 0
Third officer	1	130	130	Third officer	1	13 0	13 0
Carpenter	1	70	70	Carpenter and able-bodied seaman	1	12 10	12 10
Boatswain	1	65	65				
Able-bodied seamen	6	55	330	Boatswain and able-bodied seaman	1	11 10	11 10
Ordinary seamen	2	40	80				
				Able-bodied seamen	7	10 0	70 0
				Apprentices	4	.....	.....
Total	14	.....	1,255	Total	17	.....	196 0

ENGINE DEPARTMENT.

Chief engineer	1	$240	$240	First engineer	1	30 10	30 10
				Second engineer	1	23 10	23 10
First assistant engineer	1	165	165	Third engineer	1	17 0	17 0
				Fourth engineer	1	13 0	13 0
Second assistant engineer	1	145	145	Donkey man	1	11 10	11 10
				Second donkey man and greaser	1	11 0	11 0
Third assistant engineer	1	130	130	Greaser	1	11 0	11 0
Oilers	3	65	195				
Firemen	3	57½	172½	Firemen and trimmers	12	10 10	10 10
Wipers	2	50	100				
Total	12	.....	1,147½	Total	19	.....	238 0

Comparison, American and British wages—Continued.

STEWARD'S DEPARTMENT.

United States, "Orleans," 9,638 dead-weight tons, 11 knots, oil.				Great Britain, "Mongolian Prince," 9,670 dead-weight tons, 11 knots, coal.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						£ s.	£ s.
Chief steward	1	$105	$105	Chief steward	1	14 10	14 10
Chief cook	1	90	90	Second steward	1	9 5	9 5
Second cook and baker	1	70	70	Engineer's steward	1	8 10	8 10
Mess boys	3	35	105	Cook	1	13 10	13 10
				Assistant cook	1	9 10	9 10
Total	6	.....	370	Total	5	.....	55 5
Radio operator	1	90	90	Radio operator	1	17 6 8	15 0
Grand total	33	.....	2,862½	Grand total	42	.....	504 5

RECAPITULATION.

Deck department	14	.....	$1,255	Deck department	17	.....	$882
Engine department	12	.....	1,147½	Engine department	19	.....	1,071
Steward's department	6	.....	370	Steward's department	5	.....	249
Radio operator	1	.....	90	Radio operator	1	.....	67½
Grand total	33	.....	2,862½	Grand total	42	.....	2,269½

Difference in cost of American over British:
Per month $593
Per year 7,116

Here is the United States ship *Dakotan* compared with the English ship *Rexmore*, 10,200 tons dead weight. The English ship makes 13 knots and the American ship makes 12 knots. Both oil burners, a very fair comparison. The difference in cost of the American wage scale or the wage pay roll over the British is $531.50 per month, or $6,378 per year.

Comparison of American and British wages.

[Pound sterling equals $4.50.]

DECK DEPARTMENT.

United States, "Dakotan," 6,426 gross tons, 10,200 dead-weight tons, 12 knots, oil.				England, "Rexmore," 6,512 gross tons, 10,200 dead-weight tons, 13 knots oil burner.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						£ s.	£ s.
Master	1	$270	$270	Master	1	48 10	48 10
First officer	1	165	165	Chief officer	1	23 10	23 10
Second officer	1	145	145	Second officer	1	17 0	17 0
Third officer	1	130	130	Third officer	1	13 0	13 0
Carpenter	1	70	70	Carpenter	1	12 10	12 10
Boatswain	1	65	65	Able-bodied seamen	10	10 0	10 0
Able-bodied seamen	6	55	330	Apprentices	4	.....	.....
Ordinary seamen	2	40	180				
Total	14	.....	1,255	Total	20	.....	226 0

ENGINE DEPARTMENT.

Chief engineer	1	$240	$240	Chief engineer	1	30 10	30 10
				Second engineer	1	23 10	23 10
First assistant engineer	1	165	165	Third engineer	1	17 0	17 0
				Fourth engineer	1	13 0	13 0
Second assistant engineer	1	145	145	Fifth engineer	1	12 0	12 0
				Donkey man	1	11 10	11 10
Third assistant engineer	1	130	130	Greasers	3	11 0	33 0
Oilers	3	65	195	Firemen	6	10 10	63 0
Firemen	3	57½	172½				
Wipers	2	50	100				
Total	12	.....	1,047½	Total	15	.....	203 10

STEWARD'S DEPARTMENT.

Chief steward	1	$105	$105	Chief steward	1	14 10	14 10
Chief cook	1	90	90	Second steward	1	9 5	9 5
				Mess room steward	1	9 0	9 0
Second cook and baker	1	70	70	Ship's cook	1	13 10	13 10
Mess boys	3	35	105	Second cook and baker	1	10 0	10 0
				Cabin boy	1	5 0	5 0
				Galley boy	1	5 0	5 0
Total	6	.....	370	Total	7	.....	66 5
Wireless operator	1	90	90				
Grand total	33	.....	2,762½	Grand total	42	.....	495 15

Comparison of American and British wages—Continued.

RECAPITULATION.

United States, "Dakotan," 6,426 gross tons, 10,200 dead-weight tons, 12 knots, oil.				England, "Rexmore," 6,512 gross tons, 10,200 dead-weight tons, 13 knots, oil burner.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						£ s.	
Deck department	14	.....	$1,255	Deck department	20	226 0	$1,017
Engine department	12	.....	1,047½	Engine department	15	203 10	915¾
Steward's department	6	.....	370	Steward's department	7	66 5	297
Wireless operator	1	.....	90				
Total	33	.....	2,762½	Total	42	495 15	2,231

Difference in cost of American over British:
Per month $531.50
Per year ..... 6,37[illegible].00

Another case: The United States ship *Susquehanna* and the English ship *Berrima*. The American ship is 11,700 gross tons; the English ship 11,200 gross tons. Both are rated at 13 knots, and both burn coal. The difference in the wage cost per month is $3,647.26, or per year $43,767.12, which is the differential against the American ship.

Comparison of wages on American and British ships.

[Pound sterling equals $4.45.]

DECK DEPARTMENT.

United States, "Susquehanna," 11,700 gross tons, 13 knots, coal.				England, "Berrima," 11,202 gross tons, 13 knots, coal.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						£ s.	£ s.
Master	1	$315	$315	Master	1	.....	.....
Chief officer	1	175	175	Chief mate	1	30 0	30 0
Second officer	1	155	155	Second mate	1	21 0	21 0
Third officer	1	135	135	Third mate	1	18 0	18 0
Fourth officer	1	120	120	Fourth mate	1	13 10	13 10
Carpenter	1	70	70	Carpenters	2	14 10	29 0
Carpenter's mate	1	60	60	Boatswain	1	11 10	11 10
Boatswains	3	60	180	Lamps	1	10 10	10 10
Masters-at-arms	3	60	180	Quartermasters	4	10 10	42 0
Quartermasters	6	60	360	Able-bodied seamen	28	10 0	280 0
Able-bodied seamen	18	55	990	Ordinary seamen	2	5 10	11 0
Ordinary seamen	6	40	240	Seamen	2	10 0	20 0
				Deck boy	1	3 0	3 0
Total	43	.....	2,980	Total	46	.....	489 10

ENGINE DEPARTMENT.

Chief engineer	1	$280	$280	First engineer	1	35 10	35 10
First assistant engineer	1	175	175	Second engineer	1	23 10	23 10
Second assistant engineer	1	155	155	Third engineer	1	18 0	18 0
Third assistant engineer	1	135	135	Fourth and assistant engineers	5	14 0	70 0
Fourth assistant engineer	1	120	120	Donkey men	2	11 10	23 0
Junior engineers	3	100	300	Refrigeration greasers	3	11 10	34 10
Chief electrician	1	85	85	Greasers	6	11 0	66 0
Assistant electrician	1	80	80	Firemen	18	10 10	189 0
Chief refrigeration engineer	1	90	90	Trimmers	16	10 0	160 0
Deck engineer	1	70	70				
Chief storekeeper	1	65	65				
Water tenders	3	65	195				
Oilers	9	65	585				
Firemen	18	57½	1,035				
Coal passers	18	50	900				
Total	61	.....	4,270	Total	43	.....	619 10

STEWARD'S DEPARTMENT.

						£ s.	£ s.
Doctor	1	$175	$175	Chief stewards	1	16 10	16 10
Hospital attendants	2	60	120	Second stewards	2	12 10	25 0
Chief radio operator	1	105	105	Third stewards	3	10 10	31 10
First assistant radio operator	1	95	85	Assistant third stewards	4	9 15	39 0
Second assistant radio operator	1	75	75	Chief cook	1	15 10	15 10
Baggagemaster	1	85	85	Second cook	1	13 10	13 10
Chief purser	1	175	175	Assistant cooks	4	9 15	39 0
				Baker	1	13 10	13 10
				Second baker	1	12 10	12 10
				Assistant baker	1	9 15	9 15

Comparison of wages on American and British ships—Continued.

STEWARD'S DEPARTMENT—continued.

United States, "Susquehanna," 11,700 gross tons, 13 knots, coal.				England, "Berrima," 11,202 gross tons, 13 knots, coal.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						£ s.	£ s.
Assistant purser	1	$100	$100	Mess room steward	1	9 5	9 5
Clerk	1	85	85	Stewardesses	2	9 5	18 10
Chief steward	1	165	165	Assistant stewards	46	9 5	425 10
Second steward	1	110	110	Steward's boys	7	5 0	35 0
Chief third-class steward	1	90	90				
Assistant stewards and waiters	19	50	950				
Stewardesses	2	50	100				
Chef, chief cook	1	140	140				
Chief cook, second class	1	115	115				
Chief cook, third class	1	80	80				
Chief crew cook	1	90	90				
Assistant crew cook	1	70	70				
Kosher cook	1	60	60				
Steerage cook	1	70	70				
Chief baker	1	115	115				
Second or night baker	1	90	90				
Assistant baker or third baker	1	75	75				
Chief butcher	1	90	90				
Third butcher or assistant refrigerator butcher	1	80	80				
Chief pantryman, first class	1	75	75				
Chief pantryman, second class	1	65	65				
Chief storekeeper	1	85	85				
Assistant storekeeper	1	50	50				
Canteen man or barman	1	50	50				
Scullions and dishwashers	5	50	250				
Messmen	2	60	120				
Mess boys	5	55	275				
Bell boys	2	30	60				
Inspectors or watchmen	2	55	110				
Musician	1	75	75				
Timekeeper	1	60	60				
Barber and hairdresser	1	1	1				
Total	70	.....	4,780	Total	75	.....	704 0
Grand total	174	.....	11,715	Grand total	174	.....	1,813 0

RECAPITULATION.

						£ s.	
Deck department	43	.....	$2,665	Deck department	46	489 10	$2,178.18
Engine department	61	.....	4,270	Engine department	43	619 10	2,756.77
Steward's department (radio included)	70	.....	4,780	Steward's department	75	704 0	3,132.80
Grand total	174	.....	11,715	Total	174	1,813 0	8,067.75

Difference in cost of American over British:
Per month $3,647.26
Per year 43,767.12

Here is another United States ship *America* and a Great Britain ship *Baltic*. Both of them are familiar to many Members of the House. The American ship has a gross tonnage of 21,114 and the British ship of 23,884. Both make 17 knots and both are coal burners. The differential in the American pay roll over the British pay roll for each month is $19,451.50, or for the entire year, $233,468.

Comparison of American and English ship wages.

DECK DEPARTMENT.

[Pound sterling equals $4.50.]

United States, "America," 21,114 gross tons, 17 knots, coal.				Great Britain, "Baltic," 23,884 gross tons, 17 knots, coal.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						£ s.	£ s.
Master	1	$500	$500	Master	1	75 0	[1] 75 0
Chief officer	1	250	250	Chief mate	1	48 0	48 0
First officer	1	200	200	First mate	1	42 0	42 0

[1] Estimated.

Comparison of American and English ship wages—Continued.

DECK DEPARTMENT—continued.

United States, "America," 21,114 gross tons, 17 knots, coal.				Great Britain, "Baltic," 23,884 gross tons, 17 knots, coal.					
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.		Pay per month.	
						£	s.	£	s.
First junior officer	1	$200	$200	Second mate	1	38	0	38	0
Senior second officer	1	185	185	Third and fourth mates	2	28	0	56	0
Junior second officer	1	185	185	Fifth mate	1	27	0	27	0
Senior third officer	1	165	165	Carpenter	1	15	10	15	10
Junior third officer	1	165	165	Carpenter's mate	1	12	10	12	10
Carpenter	1	70	70	Boatswain	1	13	10	13	10
Second carpenter	1	60	60	Boatswain's mate	1	12	0	12	0
Third carpenter	1	55	55	Lamps and able bodied seamen	1	10	10	10	10
Boatswain	1	65	65	Stores and able-bodied seamen	1	10	10	10	10
Second boatswain	1	60	60	Able-bodied seamen	31	10	0	310	0
Third boatswain	1	60	60	Ordinary seamen	8	7	0	56	0
Quartermasters	6	60	360						
Lookout quartermasters	6	55	330						
Masters-at-arms	9	60	540						
Able-bodied seamen	42	55	2,310						
Ordinary seamen	11	40	440						
Deck boys	7	30	210						
Senior radio operator	1	120	120						
First assistant radio operator	1	100	100						
Junior or second assistant operator	1	90	90						
Total	98	.....	6,720	Total	52	.....		726	10

ENGINE DEPARTMENT.

Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.		Pay per month.	
Chief engineer	1	$350	$350	Chief engineer	1	66	0	66	0
Senior first assistant engineer	1	250	250	Second engineer	1	47	0	47	0
Junior first assistant engineer	1	200	200	Third engineer	1	42	10	42	10
Senior second assistant engineer	1	185	185	Fourth engineers	6	38	0	228	0
Junior second assistant engineer	1	170	170	Storekeepers	2	11	10	23	0
Third assistant engineer	1	150	150	Refrigerator greasers	3	11	10	34	10
Junior third assistant engineer	1	140	140	Greasers	11	11	0	121	0
Fourth assistant engineer	1	130	130	Leading firemen	6	11	0	66	0
Junior engineers	9	100	900	Firemen	37	10	10	388	10
First refrigerating engineer	1	125	125	Trimmers	35	10	0	350	0
Second refrigerating engineer	1	100	100						
Third refrigerating engineer	1	85	85						
Chief electrician	1	125	125						
Second electrician	1	100	100						
Third electrician	1	85	85						
Assistant electricians	3	85	255						
Deck engineer	1	70	70						
Machinist	1	90	90						
Chief plumber	1	90	90						
Assistant plumber	2	80	160						
Chief storekeeper	1	65	65						
Assistant storekeeper	1	60	60						
Oilers	24	65	1,560						
Leading firemen	3	65	195						
Firemen	48	57½	2,760						
Wipers	4	50	200						
Coal passers	57	50	2,850						
Phone operators	3	59½	178½						
Total	172	.....	11,628½	Total	103	.....		1366	10

STAFF AND COMMISSARY.

Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.		Pay per month.	
Purser	1	$225	$225	Chief steward	1	35	0	35	0
Second purser	1	100	100	Second steward	1	15	0	15	0
Clerk	1	85	85	Third steward	1	13	0	13	0
Baggage master	1	90	90	Chief storekeeper	1	10	10	10	10
Yeoman	1	72¼	72¼	Second storekeeper	1	9	15	9	15
Do	1	72	72	Assistant storekeepers	4	9	5	37	0
Surgeon	1	175	175	Writers	3	10	10	31	10
Second surgeon	1	150	150	Saloon stewards	3	10	10	31	10
Pharmacist	1	90	90	Second and third saloon stewards	2	10	0	20	0
Nurse	1	85	85	Stewards	32	9	5	296	0
Attendant	1	60	60	Night watchmen	4	9	5	37	0
Mistress at arms	1	60	60	Chief printer	1	11	10	11	10
Chief steward	1	200	200	Assistant printer	1	10	0	10	0

Comparison of American and English ship wages—Continued.

STAFF AND COMMISSARY—continued.

United States, "America," 21,114 gross tons, 17 knots, coal.				Great Britain, "Baltic," 23,884 gross tons, 17 knots, coal.					
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.		Pay per month.	
						£	s.	£	s.
Second steward	1	$150	$150	Deck steward	1	9	5	9	5
Assistant second stewards	2	115	230	Assistant desk steward	1	9	5	9	5
Saloon steward	1	65	65	Reading room steward	1	9	5	9	5
Chief storekeeper	1	100	100	Lounge-room steward	1	9	5	9	5
Assistant storekeeper	1	75	75	Smoke-room steward	1	9	5	9	5
Assistant storekeepers	2	65	130	Bath and lavatory stewards	4	9	5	37	0
Bartender	1	80	80	Bathroom stewards	16	9	5	148	0
Messmen	1	60	60	Linen keeper	1	10	0	10	0
Messboys	8	50	400	Chief pantryman	1	12	0	12	0
Steward's yeoman	1	50	50	Second pantryman	1	10	0	10	0
Engineer's messmen	2	60	120	Assistant pantrymen	3	9	5	27	15
Engine mess boys	2	50	100	Boots	5	9	5	46	5
Post-office messmen	1	60	60	Plate stewards	4	9	5	37	0
Post-office mess boys	2	50	100	Bell boys	4	2	10	10	0
Firemen's messmen	1	60	60	Chief second-class steward	1	13	0	13	0
Firemen's mess boys	8	50	400	Chief pantryman	1	10	0	10	0
Linen keeper	1	80	80	Assistant pantryman	1	9	5	9	1
Assistant linen keeper	1	60	60	Saloon steward	1	9	15	9	5
Printer	1	75	75	Stewards	25	9	5	231	55
Do	1	65	65	Smokeroom steward	1	9	5	9	5
Liftman	1	50	50	Library steward	1	9	5	9	5
Bugler	1	60	60	Boots	1	9	5	9	5
Captain's man	1	60	60	Lavatory and bath stewards	2	9	5	18	10
Chief engineer's man	1	60	60	Plate stewards	4	9	5	37	0
Cellar man	1	50	50	Night watchmen	2	9	5	18	10
Bell hops	6	30	180	Stewardesses	10	9	5	92	10
Silvermen	3	50	150	Chief third-class steward	1	13	0	13	0
Gym. steward	1	50	50	Second-class stewards	1	10	10	10	10
Boots	1	50	50	Interpreter	1	10	0	10	0
Library stewards	2	50	100	Pantry	1	9	10	9	10
Smoking-room stewards	4	50	200	Ordinary steward	1	9	5	9	5
Bath stewards	2	50	100	Night watchmen	2	9	5	18	10
Deck stewards	3	50	150	Chef	1	23	0	23	0
Watchmen	4	50	200	Assistant chef	1	19	0	19	0
Stewardess	8	50	400	Larder cook	1	15	0	15	0
Assistant stewards	43	50	2,150	Sauce and entree cook	1	15	0	15	0
Bedroom stewards	24	50	1,200	R. & G. cook	1	12	10	12	10
Stewards' mess boys	2	50	100	Second-class cook	1	14	0	14	10
Chief steward, third class	1	100	100	Vegetable cook	1	13	0	13	0
Second stewards, second class	2	75	150	Assistant cooks	4	10	0	40	0
Assistant stewards	41	50	2,050	Scullions	7	9	5	64	15
Chief cook	1	200	200	Pastry cook	1	14	10	14	10
Assistant cook	1	180	180	Assistant cook	1	10	0	10	0
Roast cook	1	140	140	Chief baker	1	17	10	17	10
Assistant cook	1	100	100	Hebrew cook	1	10	0	10	0
Saucier cook	1	140	140	Ships' cook	1	12	10	12	10
Assistant saucier cook	1	125	125	Assistant cook	1	11	0	11	0
Fry cook	1	140	140	Confectioner	1	15	10	15	10
Assistant fry cook	1	100	100	Second baker	1	13	10	13	10
Grill cooks	2	115	230	Assistant baker	1	12	10	12	10
Gardmanger	1	140	140	Third baker	1	12	0	12	0
Assistant gardmanger	1	100	100	Assistant bakers	3	10	0	30	0
Confectioner	1	150	150	Chief butcher	1	13	10	13	10
Assistant confectioner	1	120	120	Second butcher	1	11	0	11	0
Do	1	100	100	Third butcher	1	10	10	10	10
Chief baker	1	120	120	Fourth butcher	1	10	0	10	0
Vienna baker	1	100	100	Assistant butchers	2	9	10	19	0
Second Vienna baker	1	80	80						
Assistant Vienna bakers	2	70	140						
Chief butcher	1	115	115						
Second butcher	1	85	85						
Third butcher	1	75	75						
Assistant butcher	1	70	70						
Chief cook, second class	1	150	150						
Third-class chief cook	1	70	70						
Second cook	1	80	80						
Assistant cook	1	70	70						
Chief cook	1	110	110						
Chief crew cook	1	110	110						
Second crew cook	1	75	75						
				Bedroom stewards	8	9	5	74	0
				Messroom stewards	2	9	10	19	0
				First-class barber	1		1		1
				Second-class barber	1		1		1
				Bandmaster	1		1		1
				Bandsmen	3		1		3

Comparison of American and British ship wages—Continued.

STAFF AND COMMISSARY DEPARTMENT—continued.

United States, "Susquehanna," 11,700 gross tons, 13 knots, coal.				England, "Berrima," 11,202 gross tons, 13 knots, coal.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						£ s.	£ s.
Assistant crew cook	1	$70	$70				
Kosher cook	1	90	90				
Night cook	1	90	90				
Chief pantryman	1	100	100				
Second pantryman	1	75	75				
Assistant pantrymen	3	70	210				
Canteenmen	3	65	195				
Second officer, chief pantryman	1	70	70				
Third officer, chief pantryman	1	70	70				
Assistant pantrymen	2	60	120				
Scullions and dishwashers	43	50	2,150				
Musicians	13	50	650				
News agent	(1)						
Manicurist	(1)						
Barber	(1)						
Tailor	(1)						
Telephone operators	3	59½	178½				
Assistant stewards	6	50	300				
Do	[1]22						
G. H. stewards	5	50	250				
Total	342		19,567¼	Total	209		2,012 6
Grand total	612			Grand total	364		

[1] No pay.

RECAPITULATION.

Deck department	98		$6,720	Deck department	51		$3,269½
Engine department	172		11,628½	Engine department	103		6,139¼
Staff and commission	342		19,567¼	Staff and commission	209		9,055¼
Grand total	612		37,916¼	Grand total	364		18,464¾

Difference in cost of American over British:

Per month $19,451.50

Per year 233,468.00

Here is the United States ship *President Harrison* compared with the Japanese ship *Rakuyo Maru*. The American ship is 13,000 dead-weight tons and the Japanese is 12,500 tons. The American ship makes 14½ knots and the Japanese ship 13 knots. The American ship burns oil and the Japanese ship coal, and the difference of cost of the American wage over the Japanese wage is $2,965.50 a month, or, per year, $35,586.

Comparison of wages on American and Japanese ships.

DECK DEPARTMENT.

United States, "President Harrison," 13,000 dead-weight tons, 14½ knots, oil.				Japan, "Rakuyo Maru," 5 S. E. boilers, 12,500 dead-weight tons, 13 knots, coal.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						Yen.	Yen.
Master	1	$375	$375				
First officer	1	200	200	Master	1	310	310
Second officer	1	175	175	First officer	1	202	202
Third officer	1	155	155	Second officer	1	165	165
Fourth officer	1	140	140	Third officer	1	124	124
Carpenter	1	70	70	Fourth officer	1	110	110
Boatswain	1	75	75	Extra officer	1		
Quartermasters	4	60	240	Apprentice officer	1	30	30
Able-bodied seamen	14	55	770	Wireless operator	1		
Ordinary seamen	6	40	240	Second wireless operator	1		
Deck watchman	1	55	55	Boatswain	1	97	97
First radio operator	1	115	115	Carpenter	1	79	79
Second radio operator	1	100	100	Storekeeper	1	74	74
				Quartermasters	6	74	442
				Sailors	12	64	768
Total	34		2,710	Total	30		2,401

Comparison of wages on American and Japanese ships—Continued.

ENGINE DEPARTMENT.

United States, "President Harrison," 13,000 dead-weight tons, 14½ knots, oil.				Japan, "Rakuyo Maru," 5 S. E. boilers, 12,500 dead-weight tons, 13 knots, coal.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						Yen.	Yen.
Chief engineer	1	$310	$310	Chief engineer	1	284	284
First assistant engineer	1	200	200	First engineer	1	184	184
Second assistant engineer	1	175	175	Second engineer	1	150	150
Third assistant engineer	1	155	155	Third engineer	1	130	130
Junior engineers	3	120	360	Fourth engineer	1	120	120
No. 1 refrigerator engineer	1	115	115	Fifth engineer	1	110	110
No. 2 refrigerator engineer	1	90	90	Extra engineer	1	90	90
No. 3 refrigerator engineer	1	75	75	No. 1 oiler	1	75	75
Deck engineer	1	85	85	Storekeeper	1	80	80
Electrician	1	95	95	Oilers	8	75	600
Storekeeper	1	65	65	Firemen	11	64	704
Oilers	5	65	325	Coal passers	18	57	1,020
Water tenders	2	65	130				
Firemen	7	57.50	402½				
Wipers	4	50	200				
Total	31		2,782½	Total	46		3,547

PURSER'S DEPARTMENT.

Purser	1	$175	$175	Purser	1	$250	$250
Freight clerk	1	130	130	Freight clerk	1	115	115
Chief steward	1	165	165	Surgeon	1	185	185
Second steward	1	100	100	Storekeeper	1	110	110
Saloon steward	1	80	80	Clerk	1	80	80
Chief cook	1	140	140	Do	1	70	70
Second cook	1	90	90	Do	1	60	60
Waiters	8	50	400	Tally clerk	1	65	65
Third cook	1	80	80	Chief steward	1	235	235
Fourth cook	1	70	70	Second steward	1	150	150
Scullions	2	50	100	Third steward	1	125	125
Butcher	1	90	90	Barkeeper	1	50	50
Chief baker	1	110	110	Chief cook	1	100	100
Second baker	1	75	75	Second cook	1	80	80
Printer	1	60	60	Third cook	1	75	75
Bath steward	1	50	50	Chief baker	1	75	75
Bell boy	1	30	30	Second baker	1	60	60
Messman	1	45	45	Butcher	1	85	85
Second laundryman	1	65	65	Cooks	5	90	450
Steerage steward	1	85	85	Pantry waiter	1	40	40
Surgeon	1	150	150	Assistant pantry waiter	1	35	35
				Hospital boy	1	60	60
				Cabin waiters	9	52	468
				Second-class waiters	3	51	153
				Steerage waiters	4	51	204
				Waiter (Chinese crew)	7	50	350
				Chinese interpreter	1	43	43
				European food cooks	2	90	180
				Cabin waiters	5	46	230
Total	29		2,290	Total	57		4,183

RECAPITULATION.

Deck department	34		$2,710	Deck department	30	$2,401	$1,163
Engine department	31		2,872½	Engine department	46	3,547	1,718
Purser's department	29		2,290	Purser's department	57	4,183	2,026
Grand total	94		7,872½	Grand total	133	10,131	4,907

Excess of American wages cost over Japanese wages:

Per month $2,965.50

Per year 35,586.00

Here is another Japanese ship, the *Tenyo Maru*, compared with the United States ship *President Taft*. The *President Taft* is 14,123 gross tons, 16 knots, oil type, and the Japanese is 13,398, making 17 knots, and burns coal. The difference in cost of the American wage over the Japanese wage is $1,099 per month, or $13,188 per year.

Comparison of American and Japanese wages—Trans-Pacific.

DECK DEPARTMENT.

United States, "President Taft," 14,123 gross tons; 16 knots; oil.				Japan, "Tenyo Maru," triple screw; 13 S. E. boilers; 52 furnaces; 13,398 gross tons; 17 knots; coal.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
						Yen.	*Yen.*
Master	1	$416	$416	Master	1	475	475
First officer	1	225	225	Chief officer	1	275	275
Second officer	1	185	185	First officer	1	210	210
Third officer	1	165	165	Second officer	1	185	185
Fourth officer	1	150	150	Third officer	1	175	175
Carpenter	1	70	70	Junior officer	1	150	150
Boatswain	1	65	65	Apprentice officers	2	40	80
Boatswain's mate	1	60	60	Boatswain	1	97	97
Quartermasters	4	60	240	Second boatswain	1	73	73
Able-bodied seamen	16	55	880	Carpenters	2	79	158
Ordinary seamen	6	40	240	Storekeeper	1	74	74
Chief radio operator	1	115	115	Quartermasters	6	74	444
Second radio operator	1	100	100	First-class sailors	5	64	320
Third radio operator	1	90	90	Second-class sailors	5	59	295
				Third-class sailors	6	56	336
				Fourth-class sailors	7	54	378
				Apprentice sailors	2	23	46
Total	37	.....	3,001	Total	44	.....	3,771

ENGINEER'S DEPARTMENT.

Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
Chief engineer	1	$330	$330	Chief engineer	1	410	410
First assistant engineer	1	225	225	First assistant engineer	1	325	325
Second assistant engineer, senior	1	185	185	Second assistant engineer	1	275	275
Second assistant engineer, junior	1	155	155	Third assistant engineer	1	185	185
Third assistant engineer	1	165	165	Junior assistant engineer	1	145	145
Junior licensed engineers	3	130	390	Fourth assistant engineer	1	130	130
No. 1 refrigerator engineer	1	125	125	Fifth assistant engineer	1	95	95
No. 2 refrigerator engineer	1	100	100	Apprentice engineer	1	40	40
No. 3 refrigerator engineer	1	85	85	Extra engineers	2	93	196
No. 1 electrician	1	100	100	Electrician	1	145	145
No. 2 electrician	1	90	90	Fitter	1	80	80
No. 3 electrician	1	65	65	Machinist	1	75	75
Water tenders	6	65	390	Boiler maker	1	75	75
Oilers	6	65	390	Chief fireman	1	95	95
Storekeeper	1	65	65	Assistant chief fireman	1	82	82
Wipers	6	50	300	Storekeeper	1	80	80
Firemen	12	57½	690	Water tenders	5	80	400
Machinist	1	90	90	Oilers	9	75	675
Plumber	1	90	90	Donkeyman	1	65	65
Boiler maker	1	90	90	First-class firemen	12	64	768
				Second-class firemen	17	60	1,020
				First-class coal passers	10	57	570
				Second-class coal passers	19	55	1,045
				Apprentice firemen	3	24	72
Total	48	.....	4,120	Total	93	.....	7,048

PURSER'S DEPARTMENT.

Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
Staff and commissary.							
Purser	1	$175	$175	Purser	1	280	280
Freight clerk	1	130	130	Surgeon	1	265	265
Assistant purser	1	100	100	Freight clerk	1	170	170
Storekeeper	1	90	90	Store clerk	1	125	125
Baggage clerk	1	65	65	Clerks	4	80	320
Surgeon	1	150	150	Chief steward	1	340	340
Chief steward	1	165	165	Second steward	1	100	100
Second steward	1	100	100	Steerage steward	1	100	100
Third steward	1	70	70	Baggage-master	1	72	72
Steerage steward	1	70	70	Hospital steward	1	60	60
No. 1 stewardess	1	45	45	Second-class steward	1	60	60
No. 2 stewardess	1	40	40	Bartender	1	60	60
Saloon watchman	1	65	65	Assistant bartender	1	46	46
Steerage watchman	1	60	60	Butchers	2	85	170
Manicurist	1	.....	.....	Smoking room waiter	1	53	53
Barber	1	.....	.....	Deck stewards	2	52	104
Total	.....	.....	1,325	Saloon night watchman	1	65	65
Chinese crew.		*Mex.*	*Mex.*	Saloon bathroom waiter	1	52	52
No. 1 saloon cook	1	86.25	86.25	Postmaster	1	.....	.....
No. 2 saloon cook	1	51.75	51.75	Assistant postmaster	1	.....	.....
No. 3 saloon cook	1	48.30	48.30	Saloon waiters	19	52	988

Comparison of American and Japanese wages—Trans-Pacific—Continued.

PURSER'S DEPARTMENT—continued.

United States, "President Taft," 14,123 gross tons; 16 knots; oil.				Japan, "Tenyo Maru," triple screw; 13 S. E. boilers; 52 furnaces; 13,398 gross tons; 17 knots; coal.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
Chinese crew—Continued.		*Mex.*	*Mex.*			*Yen.*	*Yen.*
Vegetable cook	1	$31.05	$31.05	Second-class waiters	5	51	255
Crew cook	1	38.75	38.75	Mess-room waiters	5	38	190
No. 1 baker	1	80.25	80.25	Steerage waiters	6	51	306
No. 2 baker	1	57.50	57.50	Apprentice waiters	3	20	60
No. 1 pantryman	1	46.00	46.00	Japanese food cooks	5	86	430
No. 2 pantryman	1	34.50	34.50	Laundrymen	4	83	332
No. 3 pantryman	1	28.75	28.75	Musicians	5	.....	.....
No. 4 pantryman	1	25.87	25.87	Barber	1	.....	.....
Silvermen	2	28.75	57.50	*Chinese crew.*			
Printer	1	46.00	46.00				
Porters	2	23.00	46.00	No. 1 saloon waiter	1	67	67
Officers' mess boy	1	28.75	28.75	Saloon waiter	1	46	46
Petty officers' mess boy	1	25.30	25.30	Saloon waiters	20	32	640
No. 1 butcher	1	74.75	74.75	Saloon bathroom waiters	2	32	64
No. 2 butcher	1	34.50	34.50	Second-class waiter	1	32	32
Engineers' messman	1	28.75	28.75	Chinese interpreter	1	43	43
Junior engineers' messmen	2	25.30	50.60	Steerage waiters	4	27	108
No. 1 saloon boy	1	48.25	48.25	Apprentice waiters	4	15	60
Deck boys	2	23.00	46.00	European food cooks	8	100	800
Bar boy	1	46.00	46.00	Bakers	3	65	195
Smoke-room boys	2	23.00	46.00	Pantrymen	6	35	210
Social hall boy	1	23.00	23.00	Chinese food cooks	3	46	138
No. 2 saloon boy	1	37.37	37.37	Porter	1	32	32
Saloon boys	30	25.30	759.00	Printer	1	50	50
Bathroom boys	4	23.00	115.00				
Interpreter	1	40.25	40.25				
No. 1 steerage cook	1	46.00	46.00				
No. 2 steerage cook	1	31.05	31.05				
No. 3 steerage cook	1	28.75	28.75				
No. 1 steerage waiter	1	31.05	31.05				
Steerage waiters	4	25.30	101.20				
No. 1 checker	1	57.50	57.50				
Assistant checkers	4	28.75	107.00				
Sailors' mess boys	2	20.70	41.40				
Firemen's mess boys	2	20.70	41.40				
Total	.....	.....	[1]2,567.34	Total	134	.....	7,488
Philippine Band leader	1	50.00	50.00				
Filipino bandsmen	5	45.00	225.00				
			[2]275.00				
Total, purser's department	105	.....	2,827.50				
Grand total	190	.....	9,969.60	Grand total	275	.....	[3]18,307

RECAPITULATION.

Deck department	37	.....	$3,001.00	Deck department	47	.....	1,827.00
Engineer's department	48	.....	4,120.00	Engineer's department	94	.....	3,415.00
Purser's department	16	.....	1,325.00	Purser's department	78	.....	3,628.00
Chinese crew	89	.....	1,523.60	Chinese crew	56		
Grand total	190	.....	9,969.60	Grand total	275	.....	8,870.00

[1] Mexican, at $0.54 equals $1.386.60 United States currency.
[2] Mexican, at $0.50=$137.50.
[3] Yen=$0.4845 United States currency.

Excess of American wage cost over Japanese wages:

Per month	$1,099
Per year	13,188

The last two Japanese ships are in actual competition with Shipping Board vessels in the trans-Pacific service.

"The proof of the pudding is the eating thereof," according to a very old saying that we all heard in our childhood.

When the hearings were in progress the American wages had just been reduced, while the British wages were undergoing curtailment. It was therefore easy for the opponents to the bill to make a comparison of American wages after the reduction with British wages before reduction. However, the correct proceeding has been followed in some of the tables which you will find in the hearings. These tables show what the pay would be on a British ship compared with an American ship if the British ships were as fully manned as the American ships.

It happens that not only in the amount of wages but also in the number of personnel the differential is against the American ship. There are more employees on an American ship, and that is caused partly by the seaman's law. We are not complaining about it, we think it is for the benefit of the men, for the benefit of the industry, but when you provide the condtions you must provide a way to meet the differential.

Mr. BANKHEAD. Will the gentleman yield?

Mr. CHINDBLOM. Yes.

Mr. BANKHEAD. Does the gentleman assert that on the ordinary ships there are more men in an American crew than in a foreign crew?

Mr. CHINDBLOM. The entire personnel on the American ship is more than on the foreign ship.

Mr. BANKHEAD. I mean the unlicensed crew.

Mr. CHINDBLOM. The licensed and the unlicensed are both paid by the shipowners.

Mr. BANKHEAD. I think the gentleman is entirely inaccurate in his statement in reference to that matter.

Mr. LONDON. Will the gentleman yield for a short question?

Mr. CHINDBLOM. Yes.

Mr. LONDON. Has the gentleman the time to explain this? The gentleman from Tennessee [Mr. DAVIS] made a statement that the American crew was smaller than the crew on the foreign vessel.

Mr. CHINDBLOM. I did not hear the gentleman make that statement.

Mr. LONDON. He made that statement and it is an important statement of facts. Can the gentleman state what is the situation?

Mr. CHINDBLOM. I say that the American crew is larger and that the hearings bring that out. I say that upon a British ship they do not have as many men employed as they are compelled to have on the American ship.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. CHINDBLOM. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. CHINDBLOM. Under the leave to extend my remarks I want to add that my statement about the number of the crews on American and British ships refers, of course, to the ordinary white crews. It would not be applicable to ships employing orientals, particularly lascars, who work for a pittance and never perform the labor of which a white man is capable. Some English ships also have so-called cadets or apprentices who are in training for future service. These are not members of regular crews and are not included in the ordinary wage scales.

The following tables, to which I have referred above, appearing on pages 459 to 469 of the hearings, show comparisons of the scale rates of pay upon various types of ships for the American Steamship Owners' Association, American private owners (marked "A. S. S. O. A."), the United States Shipping Board (marked "U. S. S. B."), and the British Shipping Federation (Ltd.), British private owners (marked "British scale"). These figures have been adjusted to the present rate of exchange ($4.50 per pound sterling), while those in the hearings are shown as of April 1, 1922.

8,800 dead-weight tonnage type (Auburn).

[Dead-weight tonnage, 8,868; gross tonnage, 6,047; 3 boilers; coal burner; power tonnage, 8,547.]

Rating.	A. S. S. O. A., class B.			U. S. S. B., class C.			British scale.		
	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.
								£ s.	£ s.
Master	1	$275	$275	1	$270	$270	1	45 ..	45 ..
First officer	1	165	165	1	165	165	1	[1]21 10	21 10
Second officer	1	140	140	1	145	145	1	[1]17 ..	17 ..
Third officer	1	125	125	1	130	130	1	13 ..	13 ..

[1] Including allowance for superior certificate.

8,800 dead-weight tonnage type (Auburn)—Continued.

Rating.	A. S. S. O. A., class B.			U. S. S. B., class C.			British scale.		
	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.
								£. s.	£. s.
Carpenter	1	$70	$70	[1] 1	$65	$65	1	12 10	12 10
Able-bodied seamen	6	47½	285	6	55	330	8	10 ..	80 ..
Ordinary seamen	2	35	70	2	40	80	....	.....	.....
Chief engineer	1	250	250	1	240	240	1	24 10	24 10
First assistant engineer	1	165	165	1	165	165	1	[2]21 10	21 10
Second assistant engineer	1	140	140	1	145	145	1	[2]17 ..	17 ..
Third assistant engineer	1	125	125	1	130	130	1	13 ..	13 ..
Oilers	3	55	165	3	65	195	3	11 ..	33 ..
Firemen	9	50	450	9	57½	517½	9	10 10	94 10
Coal passers	3	40	120	3	50	150	3	10 ..	30 ..
Chief steward	1	105	105	1	105	105	1	14 10	14 10
Chief cook	1	90	90	1	90	90	1	13 10	13 10
Second cook and baker	1	70	70	1	70	70	1	9 10	9 10
Mess boys	2	30	60	3	35	105	2	8 10	17 ..
Radio	1	90	90	1	90	90	1	13 10	13 10
Boatswain	1	65	65	....	.....	.....	1	11 10	11 10
Messman	1	40	40	....	.....	.....	1	9 ..	9 ..
Donkey man	1	70	70	....	.....	.....	1	11 10	11 10
Total	41	.....	3,135	39	.....	3,187½	41	.....	522 10

American private owners	$3,135.00	United States Shipping Board	$3,187.50
British, at $4.50	2,351.00	British, at $4.50	2,351.00
Difference	884.00	Difference	836.50
Difference:		Difference:	
American scale (per cent)	28	American scale (per cent)	25
British scale (per cent)	37	British scale (per cent)	35

[1] Carpenter and boatswain.
[2] Including allowance for superior certificate.

8,800 dead-weight tonnage type (west shore).

[Dead-weight tonnage 8,800; gross tonnage, 5,714; 3 boilers; oil burner, power tonnage 8,214.]

Rating.	A. S. S. O. A., Class B.			U. S. S. B., Class C.			British scale, 5,001/7,000.		
	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.
								£ s.	£ s.
Master	1	$275	$275	1	$270	$270	1	45 0	45 0
First officer	1	165	165	1	165	165	1	[1]21 10	21 10
Second officer	1	140	140	1	145	145	1	[1]17 0	17 0
Third officer	1	125	125	1	130	130	1	13 0	13 0
Carpenter	1	70	70	[2] 1	65	65	1	12 10	12 10
Able-bodied seamen	6	47½	285	6	55	330	8	10 0	80 0
Ordinary seamen	2	35	70	2	40	80	....	.....	.....
Chief engineer	1	250	250	1	240	240	1	24 10	24 10
First engineer	1	165	165	1	165	165	1	[1]21 10	21 10
Second engineer	1	140	140	1	145	145	1	[1]17 10	17 10
Third engineer	1	125	125	1	130	130	1	13 0	13 0
Oilers	3	55	165	3	65	195	3	11 0	33 0
Firemen	3	50	150	3	57½	172½	3	10 10	31 10
Wipers	2	40	80	2	50	100	2	10 0	20 0
Chief steward	1	105	105	1	105	105	1	14 10	14 10
Chief cook	1	90	90	1	90	90	1	13 10	13 10
Second cook and baker	1	70	70	1	70	70	1	9 10	9 10
Mess boys	2	30	60	3	35	105	2	8 10	17 0
Radio	1	90	90	1	90	90	1	13 10	13 10
Boatswain	1	65	65	....	.....	.....	1	11 10	11 10
Messmen	1	40	40	....	.....	.....	1	9 0	9 0
Donkey men	1	70	70	....	.....	.....	1	11 10	11 10
Total	34	.....	2,795	32	.....	2,792½	34	.....	450 0

American owners	$2,795.00	U. S. S. B.	$2,792.50
British, at $4.50	2,025.00	British, at $4.50	2,025.00
Difference	770.00	Difference	767.50
Difference:		Difference:	
American scale (per cent)	27	American scale (per cent)	27
British scale (per cent)	38	British scale (per cent)	38

[1] Including allowance for superior certificate.
[2] Carpenter and boatswain.

5,500 dead-weight tonnage type.

[Dead-weight tonnage, 5,495; gross tonnage, 3,444; 2 boilers; coal burner; power tonnage, 5,344.]

Rating.	A. S. S. O. A., Class C.			U. S. S. B., Class D.			British scale, 3,001/5,000.		
	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.
								£ s.	£ s.
Master	1	$265	$265	1	$265	$265	1	43 0	43 0
First officer	1	155	155	1	160	160	1	[1] 20 10	20 10
Second officer	1	130	130	1	140	140	1	[1] 16 10	16 10
Third officer	1	115	115	1	125	125	1	13 0	13 0
Carpenter	1	70	70	1	70	70	1	12 10	12 10
Able-bodied seamen	4	47½	190	4	55	220	7	10 0	70 0
Ordinary seamen	2	35	70	2	40	80	....	.....	.....
Chief engineer	1	240	240	1	230	230	1	23 10	23 10
First assistant engineer	1	155	155	1	160	160	1	[1] 20 10	20 10
Second assistant engineer	1	130	130	1	140	140	1	[1] 16 10	16 10
Third assistant engineer	1	115	115	1	125	125	1	13 0	13 0
Oilers	3	55	165	3	65	195	3	11 0	33 0
Firemen	6	50	300	6	57½	345	9	10 10	94 10
Coal passers	3	40	120	3	50	150	....	.....	.....
Chief steward	1	105	105	[2] 1	105	105	1	14 10	14 10
Chief cook	1	90	90	....	.....	.....	1	13 10	13 10
Second cook and baker	1	70	70	1	70	70	1	9 10	9 10
Mess boys	2	30	60	3	35	105	1	8 10	8 10
Radio	1	90	90	1	90	90	1	13 10	13 10
Messman	1	40	40	....	.....	.....	1	9 0	9 0
Total	34	.....	2,675	33	.....	2,775	34	.....	445 0

American private owners	$2,675.00	U. S. S. B	$2,775.00
British, at $4.50	2,002.50	British, at $4.50	2,002.50
Difference	672.50	Difference	772.50
Difference:		Difference:	
American scale (per cent)	25	American scale (per cent)	28
British scale (per cent)	34	British scale (per cent)	38

[1] Including allowance for superior certificate.
[2] Steward and cook.

Submarine boat type (Alcona).

[Dead-weight tonnage, 5,070; gross tonnage, 3,658; 2 boilers; oil burner; power tonnage, 5,158.]

Rating.	A. S. S. O. A., Class C.			U. S. S. B., Class D.			British scale, 3,001/5,000.		
	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.
								£ s.	£ s.
Master	1	$265	$265	1	$265	$265	1	43 0	43 0
First officer	1	155	155	1	160	160	1	[1] 20 10	20 10
Second officer	1	130	130	1	140	140	1	[1] 16 10	16 10
Third officer	1	115	115	1	125	125	1	13 0	13 0
Carpenter	1	70	70	1	70	70	1	12 10	12 10
Able-bodied seamen	4	47½	190	4	55	220	7	10 0	70 0
Ordinary seamen	2	35	70	2	40	80	....	.. ..	.. ..
Chief engineer	1	240	240	1	230	230	1	23 0	23 0
First assistant engineer	1	155	155	1	160	160	1	[1] 20 10	20 10
Second assistant engineer	1	130	130	1	140	140	1	[1] 16 10	16 10
Third assistant engineer	1	115	115	1	125	125	1	13 0	13 0
Oilers	3	55	165	3	65	195	3	11 0	33 0
Firemen	3	50	150	3	57½	172½	3	10 10	31 10
Wipers	2	40	80	2	50	100	2	10 0	20 0
Steward	1	105	105	[2] 1	105	105	1	14 10	14 10
Second cook and baker	1	70	70	1	70	70	1	9 10	9 10
Mess boys	3	30	90	3	35	105	1	8 10	8 10
Radio	1	90	90	1	90	90	1	13 10	13 10
Chief cook	1	90	90	....	.....	.....	1	11 10	11 10
Boatswain	....	.....	.....	....	.....	.....	....	.....	.....
Messman	....	.....	.....	....	.....	.....	1	9 0	9 0
Total	30	.....	2,475	29	.....	2,552½	30	.....	399 10

American owners	$2,475.00	U. S. S. B	$2,552.50
British, at $4.50	1,795.50	British, at $4.50	1,795.50
Difference	679.50	Difference	1,757.00
Difference:		Difference:	
American scale (per cent)	27	American scale (per cent)	30
British scale (per cent)	38	British scale (per cent)	42

[1] Including allowance for superior certificate.
[2] Steward and cook.

Lake type.

[2,875 dead-weight tonnage; 2,000 gross; 2 boilers; coal burner; power tonnage, 3,800.]

Rating.	A. S. S. O. A., Class C.			U. S. S. B., Class E.			British scale, 1,001/3,000.		
	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.
								£ s.	£ s.
Master	1	$250	$250	1	$250	$250	1	42 0	42 0
First officer	1	155	155	1	150	150	1	[1] 19 10	19 10
Second officer	1	130	130	1	135	135	1	[1] 16 0	16 0
Third officer	1	115	115	1	120	120	1	13 0	13 0
Carpenter	1	70	70	1	70	70	1	12 10	12 10
Able-bodied seamen	4	47½	190	4	55	220	6	10 0	60 0
Ordinary seamen	2	35	70	2	40	80	....	.....	.....
Chief engineer	1	225	225	1	220	220	1	22 10	22 10
First engineer	1	155	155	1	155	155	1	[1] 19 10	19 10
Second engineer	1	130	130	1	135	135	1	16 0	16 0
Third engineer	1	115	115	1	120	120	1	13 0	13 0
Oilers	3	55	165	3	65	195	3	11 0	33 0
Firemen	6	50	300	6	57½	345	9	10 10	94 10
Coal passers	3	40	120	3	50	150	....	0	0
Steward	1	105	105	1	105	105	1	14 10	14 10
Second cook and baker	1	70	70	1	70	70	1	9 10	9 10
Mess boys	2	30	60	3	35	105	1	8 10	8 10
Radio	1	90	90	1	90	90	1	13 10	13 10
Messmen	1	40	40	....	.....	.....	1	9 0	9 0
Cook	1	90	90	....	.....	.....	1	13 10	13 10
Total	34	.....	2,645	33	.....	2,715	33	.....	430 0

American owners	$2,645	United States Shipping Board	$2,715
British, at $4.50	1,935	British, at $4.50	1,935
Difference	710	Difference	780
Difference:		Difference:	
American scale (per cent)	27	American scale (per cent)	28
British scale (per cent)	37	British scale (per cent)	40

[1] Including allowance for superior certificate.

Lake type.

[3,390 dead-weight tons; 2,256 gross tons; 2 boilers; oil burners; power tonnage, 3,656.]

Rating.	A. S. S. O. A., Class C.			U. S. S. B., Class E.			British scale, 1,001/3,000.		
	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.	Number.	Pay per man per month.	Total.
								£ s.	£ s.
Master	1	$250	$250	1	$250	$250	1	42 0	42 0
First officer	1	155	155	1	155	155	1	[1] 19 10	19 10
Second officer	1	130	130	1	135	135	1	[1] 16 0	16 0
Third officer	1	115	115	1	120	120	1	13 0	13 0
Carpenter	1	70	70	1	70	70	1	12 10	12 10
Able-bodied seamen	4	47½	190	4	55	220	6	10 0	60 0
Ordinary seamen	2	35	70	2	40	80	....	.....	.....
Chief engineer	1	225	225	1	220	220	1	22 10	22 10
First engineer	1	155	155	1	155	155	1	[1] 19 10	19 10
Second engineer	1	130	130	1	135	135	1	[1] 16 0	16 0
Third engineer	1	115	115	1	120	120	1	13 0	13 0
Oilers	3	55	165	3	65	195	3	11 0	33 0
Firemen	3	50	150	3	57½	172½	3	10 10	31 10
Steward	1	105	105	[2] 1	105	105	1	14 10	14 10
Second cook and baker	....	.....	.....	1	70	70	1	9 10	9 10
Mess boys	2	30	60	3	35	105	1	8 10	8 10
Radio	1	90	90	1	90	90	1	13 10	13 10
Cook	1	90	90	....	.....	.....	1	13 10	13 10
Messman	1	40	40	....	.....	.....	1	9 0	9 0
Total	27	.....	2,305	26	.....	2,397½	27	.....	367 0

American owners	$2,305.00	U. S. Shipping Board	$2,397.50
British, at $4.50	1,651.50	British, at $4.50	1,651.50
Difference	653.50	Difference	746.00
Difference:		Difference:	
American scale (per cent)	28	American scale (per cent)	31
British scale (per cent)	40	British scale (per cent)	45

[1] Including allowance for superior certificate.
[2] Cook and steward.

SUBSISTENCE DIFFERENTIALS.

The seamen's act requires all merchant vessels of the United States, the construction of which had been begun after the passage of that act on March 5, 1915, to provide a space of not

less than 120 cubic feet and not less than 16 square feet, measured on the floor or deck, for each seaman or apprentice lodged therein, and also requires a separate berth for each seaman and provides that not more than one berth shall be placed one above another. Various other requirements are also made with reference to light, drainage, heating, and ventilation. These requirements, while beneficial to the crew, make an additional cost to the American operator. Table 15, on page 472 of the hearings, shows the subsistence cost in American and British ships as of April 1, 1922, according to the minimum scales prescribed by statute, and discloses a differential per man per day of 12¼ cents. This amounts to $3.67½ a month, or $44.10 per year. For a crew of, say, 35 men this would be an annual excess of $1,543.50. As a matter of fact, the difference in cost of subsistence between American and foreign crews is much larger than measured by these minimum statutory requirements. American seamen will not and should not be required to subsist on the same quality and quantity of food as is given to men of lower standards of living and intelligence.

Table 15 in the hearings agrees with the tables submitted by the president of the International Seamen's Union on pages 1364 and 1365, but the latter tables do not include prices.

It must be clear that these differentials in cost of construction and of operation of American ships make it necessary that Government aid be given to establish and maintain our American merchant marine until the business has been so firmly rooted as to be able to absorb these excess charges.

During my brief service of three years in the House I have voted Government aid to railroads, to agriculture, to roads and highways, to reclamation of arid lands, to public health, to education, to droughts, to floods and other disasters, to say nothing of the hundreds of millions which have been voted and expended both prior to and during my service to individuals and corporations for damages and losses sustained in the war which were not based upon legal contracts and therefore were not cognizable in the Court of Claims. Now, finally, when a great constructive proposition is laid before the Congress for the purpose of establishing and maintaining the greatest instrumentality for foreign trade and for domestic prosperity, we are met by the old familiar cry of favoring special interests and so-called trusts. The truth is that the Government through the Shipping Board to-day owns 80 per cent of all vessels documented under the American flag. The Government is the great trust in this business, and we are trying to distribute its property and facilities among the people in order to firmly establish private operation of its great fleet. Continued Government operation means enormous annual appropriations to pay losses in operation, still amounting to fifty millions per year (though reduced from two hundred millions per year within the last 18 months), and means also the continued deterioration of the ships without necessary upkeep and replacement or augmentation of types needed to balance the fleet and make it serviceable for all the different kinds of commerce. The present bill offers the only practicable, workable, and hopeful solution of one of the most difficult problems that has ever confronted our Nation, and at the same time affords an opportunity for the return of our beloved country to its proud position, held of old, as one of the great maritime nations of the earth.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 35 minutes to the gentleman from Nebraska [Mr. JEFFERIS].

Mr. JEFFERIS of Nebraska. Mr. Chairman and gentlemen of the committee, as a resident of the Central West I prefer to discuss this question in what I have prepared not from a partisan standpoint nor from the standpoint of retaining a seat in the great legislative body of the United States. I would prefer to discuss this question in what I have prepared from the standpoint of a more active, more extended United States.

The "do-nothing" policy of the Government for the aid and encouragement of an American merchant marine found this Nation practically destitute in the matter of water transportation 24 years ago at the outbreak of the Spanish-American War. The sudden emergency had to be met, regardless of cost, necessitating the expenditure of millions of dollars for the hire and purchase of vessels at exorbitant prices. In some cases the Government paid more for the hire of a small ship to carry a regiment of American volunteer soldiers from San Francisco to Manila Bay than the vessel originally cost.

When Admiral Dewey, at Hongkong, received orders to proceed to Manila and destroy the Spanish fleet he had to secure a steamer from a Hongkong steamship company to pilot the American fleet across the China Sea and into Manila Bay.

During the emergency and feverish excitement of the late World War the United States spent more than $3,000,000,000 for ship construction.

The loss to the Government through the operation of a portion of these ships during the fiscal year of 1920 was about $16,000,000 per month, or some $200,000,000 for the year, an enormous sum.

The Congress of 1920, in an effort to lessen the excessive drain on the Treasury and to assist in the utilization of the Government ships in the establishment of an efficient merchant marine in foreign trade, declared its policy by law to be the establishment of foreign trade routes in order to induce the sale of the Government ships to private owners and operators.

Under the management of a reorganized Shipping Board, as competent as can be obtained, the congressional policy of 1920 has been pursued, with the result that the Government is now operating some 400 of its 1,400 steel ships at a loss to the Federal Treasury of about $4,000,000 per month, some $50,000,000 annually. The remaining 1,000 ships are tied up, not in use, and deteriorating with the passing of time. Government operation of the 400 ships has discouraged private American ship operators, who receive no part of the $50,000,000 loss to the Government, and has destroyed all hope for the sale of the Government ships to private American operators as was intended by the shipping act of 1920. A continuance of this policy will make certain the ultimate destruction of the Government ships through deterioration and lapse of time.

These experiences and conditions prompt the administrative department and a joint committee of the Senate and House to offer a less expensive plan to induce the sale of Government ships to American operators in an effort to extend through their more flexible management a more extended and efficient merchant marine for the transportation of American foreign commerce.

My study of this business problem of the Government leads me to favor the pending bill to subsidize an American merchant marine—to extend Federal financial aid, if you please, to American ships based on their tonnage, speed, and miles traveled. I believe that the experience of the past teaches us that the United States will not have a merchant marine adequate for its needs until it grants financial assistance to private American ship operators, as have and do other nations to enable their ship operators to engage in the carrying of foreign commerce.

I believe that the granting of Government aid, direct and indirect as intended by this measure, to private enterprise to the extent of thirty millions of dollars yearly will create an efficient merchant marine and at the same time establish a new field of industry for the employment of an appreciable portion of American labor and capital; that the extension of such an industry upon salt waters instead of exerting its powers to further add to our ever-increasing surplus of land products will of itself create a better domestic market for them.

I further believe that the greatest needs of the United States for the future are new markets—foreign markets—for the consumption of its products.

To confine the labor and capital of our entire people to land production and transportation of supplies for our one hundred and ten millions of people in the 48 States will not spell progress and prosperity for the future, but that the employment of a considerable part of American labor and capital upon the seas as carriers of our surplus products to the billion six hundred millions of people of other nations will spell progress and prosperity for the future of the people of this Republic.

For 50 years prior to the World War the efforts of the Government and of its people have been largely directed to the production and transportation of products on land. During this period the greater possibilities of industrial expansion have been overland. Americans became a land-thinking people and the sea was well-nigh forgotten. We grew to think of trains and automobiles gliding along railroad tracks and hard-surfaced highways within the confines of our wonderful country. We lost sight of the ocean highways which surround us on three sides and which connect us with the rest of the world.

Much of the discontent among our people is caused by overproduction. To a considerable extent it exceeds the home consumption. This, according to the law of supply and demand, brings stagnation in our home markets which could be the more quickly and effectively relieved if a portion of our people were directly engaged in carrying our surpluses to the ever-increasing foreign markets. The relief and stimulation of the home markets thus obtained would allay the strife often manifested among various groups of producers which in times of depres-

sion contend for advantage, each thinking the others get the fat while they get the lean, and hence they drive each other about, so to speak, like squirrels in a cage—a fast and exciting race at times but one that ends just where it began—no new outlet is found, no permanent relief obtained.

If the different producing bands within the Nation would but consider the general welfare of all, they would willingly unite to support a reasonable compensation made possible by Federal aid, if you please, to induce a portion of America's capital and labor to buy and operate ships for the extension of American trade in the foreign markets of the world.

An American merchant marine of the required size and speed, sufficient to transport the Nation's foreign commerce, is of great economic importance. It would insure the retention to American labor and capital of the compensation we have been paying to the subsidized steamship lines of other nations to an extent of many billions of dollars during the last 50 years.

It is folly to believe that any nation is going to look to our interests before it does to its own.

Ship operators of other nations would like nothing better than to carry every ton of our foreign cargo in their ships at their own rates. They would not only monopolize the carrying of our foreign commerce but would take over the trade itself if possible.

American producers when shipping their products in vessels flying the American flag will have no fear of foreigners stealing trade secrets or losing customers, as is frequently the case where goods are shipped in foreign bottoms.

The American flag must not be torn from the ships' masts upon the high seas through the arts of nonaction, obstruction, or destruction. Our flag's place upon the ocean has not been bought by American dollars only; its value in American blood can never be estimated—God forbid that any attempt should ever be made to place an estimate upon that.

The time has come when America's future industrial development demands the operation of regular American steamship lines to extend the railroad routes of our commerce across the seas. We have the facilities to transport our surplus products to our coast ports. All we now need to complete our system are the St. Lawrence deep waterway and the extended arm of transportation to span the oceans as our railroads and highways do the land.

The proposed measure is not an effort, as some claim or seem to think, to provide exorbitant compensation to private American ship operators for the purpose of making millionaires at the expense of the Federal Treasury. Such arguments may appeal to the prejudices of some of our people but it can not appeal to their reason nor does it make for their progress or their domestic tranquillity.

A FORWARD-LOOKING MEASURE.

The construction loan fund as provided in this bill will result in additional savings to the taxpayers of the Nation. This provision will not place in the loan fund any appropriations made by law or any profits made by the operation of vessels.

It will cover into the fund all moneys received from the sale of vessels and all interest received therefrom at a rate of not less than 2 per cent, though I would prefer 4 per cent, annually, as in the discretion of the board the same is loaned from time to time for the construction of other and different types of merchant vessels. This will relieve the Government from the necessity of borrowing to create the fund and will call for no part of the taxes collected from the people. In fact, it will transform ships now tied up and deteriorating or which are operated at a loss to the Government into a loan fund for the building of new vessels or the remodeling of vessels now in existence. The interest which the Government is required to pay on bonds already issued and from the proceeds of which the ships were constructed goes on from year to year though the ships remain idle or are operated at a loss, whereas a transformation of the vessels into a fund of money, then loaned at some rate of interest, be it great or small, will produce a Government revenue which will ultimately recoup into the National Treasury a portion of the interest which the Government pays on the bonds from which the ships were originally constructed and also the proceeds from the sale of the vessels.

The American farmer and manufacturer between the Alleghenies and the Rockies are intelligent, thinking men. They know that they produce a greater volume of the products which constitute the outgoing cargoes of our foreign commerce than do the coastwise section of the Nation.

I believe that these producers would prefer to have an efficient, privately owned, and operated American merchant marine, aided, if you please, by the Federal Government to the maximum amount of $30,000,000 per year rather than to continue a Government operated one at a minimum expenditure and loss of $50,000,000 annually.

The National Government for years has appropriated millions of dollars to the Department of Agriculture. The scientific teachings of the department has stirred American farmers to greater activity and enabled them to become more efficient and productive producers. Why continue to spur the farmers of America to produce more and more, and only provide highways over which to haul his products to our 110,000,000 people when across the seas there live 1,600,000,000 people?

This bill is a real forward-looking, economic measure. It seeks to reduce Federal expenditures by $20,000,000 per year which is wasted through a competent but centralized government operation of some 400 vessels, while 1,000 vessels deteriorate and rot.

SUBSIDIES COMMON.

This measure invites the American producer to lift his vision to the extended markets across the waters. The ships that carry trade control it. Liverpool will control or seriously influence the grain markets of the world so long as British steamship companies determine the grain-trade routes of the seas and the rates and charges therefor.

The American farmer paid an enormous subsidy to foreign ship operators during the World War. Before the war was over it cost him 48 cents per bushel to transport wheat from New York to Liverpool. At the beginning of the war it cost the American cotton grower less than a cent a pound to transport cotton to Europe. Before the war was over it cost him 3 cents a pound.

Great Britain enjoys the distinction of being mistress of the seas. Americans know that in gaining this position she aided steamship lines.

Britain's contract with the Cunard Steamship Co. for mail service every Saturday from Southampton to New York provides for a payment amounting to $317,793.

The construction of the *Lusitania* and *Mauretania* was the result of a special contract between the British Government and the Cunard Steamship Co., which provided a mail subsidy of £68,000 per year for a period of 20 years, and a Government loan of £2,600,000, or nearly $13,000,000, at an interest rate of 2¾ per cent.

Similar contracts of the British Government have been the inducing cause in establishing steamship lines and trade routes to all parts of the globe. France has subsidized steamship lines, and no doubt Germany will resume its previous practice in this regard.

The private operation of American ships in foreign commerce intended to be aided by this measure will provide the Nation with the flexible and more versatile management of different steamship companies. These managements will acquaint themselves with the conditions of trade and the wants of different markets more thoroughly than can a centralized government management. A company having its funds invested in ships will rustle business for different markets in an effort to profit by its enterprise, because no company can operate vessels for the mere Government aids provided in this bill.

Man from the beginning of time has advanced only when he was inspired by hope that he might gain some of the fruits of the world by honest labor and faithful endeavor. I am one of those who believe that every wise and just subsidy granted by Nation, State, county, or city has been a stimulus which has urged to more efficient action those who hoped to prosper in the battle and strife of life.

SHYING AT SHADOWS.

Why should Congress shy at the mere shadow of the word "subsidy," as it pertains to this bill, when it means a saving of more than $20,000,000 per year to the taxpayers of the Nation?

Why pay foreign shipowners to transport our ocean commerce and thus furnish profit to foreign labor and capital in the building, repairing, and operating their ships?

Why not grant aid for American enterprise upon the high seas, as the Nation, States, cities, and counties have done to aid land developments during the past 70 years of our Nation's history?

PRECEDENTS NUMEROUS.

Congress since 1850 has been granting subsidies to induce men to initiate, to invest, to risk their all in land pursuits for their immediate gain and compensation, though in a larger sense for the Nation's development and the general welfare of its people.

The Government by the homestead laws aided home building by prompting pioneer men and women to launch their

prairie schooners upon the rolling plains, there to exercise their individual initiative, their strength and courage in the reclamation of the empire of the West—the real bread basket of the world.

States, counties, and cities have voted bonds aggregating millions of dollars and Congress has made land grants of more than 150,000,000 acres of land in the various States as stimulating aids to attract and induce investors and builders to construct railroads, wagon roads, and canals for the better transportation of domestic commerce and for the common welfare of the Nation. The railroads when constructed gave rebates as aids to induce business enterprises to locate along their right of way. Cities have granted franchises to persuade investors to construct gas and electric light plants, water systems, and street railway lines. Western States, to improve live-stock production and to conserve impounded irrigation waters in reservoirs and collaterals, have paid bounties to men and boys for the killing of wolves, coyotes, and other destructive animals. County fairs give prizes to stock raisers and grain growers to stimulate their efforts in the production of better and higher grade products for the mutual benefit of the individual producer and consuming public.

Congress in recent session has appropriated millions of dollars for the avowed purpose of aiding and inducing the people of the respective States to build better highways for the quicker transportation of their products to the near-by distributing and consuming centers.

To further facilitate the transportation and exchange of domestic products, Congress a few years ago, while catching the intrepid spirit of the immortal Roosevelt, built the Panama Canal as a water highway, at a cost of some $400,000,000, to induce men to venture upon the waters which dash upon our shores as carriers of commerce in the coastwise trade of the Nation.

May this the Sixty-seventh Congress catch the inspiration of President Harding, visualize America's opportunity, sell the Government ships to private owners and operators for extension of its trade in times of peace—its protection and defense in times of war—place an efficient American merchant marine upon the high seas, manned by American seamen, carrying American commerce beneath the American flag by the enactment of the pending measure. [Applause.]

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. JEFFERIS of Nebraska. Yes.

Mr. BLANTON. Is it not a fact that at the time Great Britain loaned the £2,000,000 to the Cunard Line to build the *Lusitania* and the *Mauretania* England could borrow all of the money she wanted at 2¾ per cent?

Mr. JEFFERIS of Nebraska. I do not know what the fact is in that respect. I said that I would prefer 4 per cent to 2 per cent.

Mr. BLANTON. I just wanted to make that clear, because we are proposing to loan the money at half of what the money costs us.

Mr. JEFFERIS of Nebraska. I did not happen to live over in England at the time, and I do not know the facts. Mr. Chairman, I yield back the remainder of my time.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 25 minutes to the gentleman from Washington [Mr. JOHNSON].

IMMIGRATION FEATURES OF MERCHANT MARINE BILL.

Mr. JOHNSON of Washington. Mr. Chairman, I support this merchant marine bill. We of the Pacific coast know what it is to be without American ships. We have seen British ships, Japanese ships, and tramp ships come in ballast for the wheat from the interior, or not come until the price was right. If other ships can come to us in ballast, our own ships may go one way without cargoes. Shipping Board ships carrying loads to Japan were taken off last year because of no return cargo. Of course not. The cargoes come in Japanese bottoms, and now they are taking out our cargoes—everything from the machinery of Pennsylvania and Ohio to the lumber of the north Pacific. There is a differential, mark that. We can meet it with this bill and probably in no other way. [Applause.]

I had intended to pay some attention to Title III of the bill before us, which relates to the transportation of immigrants by water and which contemplates that as nearly as possible 50 per cent of the immigrants which may be permitted to come to the United States shall come in vessels registered, enrolled, and licensed under the laws of the United States. As the hour is late, I shall postpone that part of my statement until the section in question is reached. I will say, however, that the principle involved is correct, and that once we have adopted it we can proceed with immigration legislation along much more scientific lines than has heretofore been possible and through control can set a standard—can set the standard desired by our people.

Some have thought that authority to carry approximately 50 per cent of incoming aliens on American ships might be an entering wedge, to be used later for the striking down of the heavy restriction of immigration. But I think not. I believe the immigration laws will be made still more strict, particularly when the people of the United States learn, as they will shortly from official records, that the average amount of cost for insane, feeble-minded, criminal, diseased, deformed, and dependent aliens in the penitentaries and eleemosynary institutions of the various States is on an average 7 per cent of all the taxes collected by the States. That is the burden we are paying for carelessness in the past with regard to the admission of great numbers of immigrants. What we will pay in the future as the result of the undigested immigration now here time alone can tell.

Mr. Chairman, let me state that once more. The care of the foreign born in the prisons and eleemosynary institutions of the various States which comprise this Union costs 7 per cent of all of the gross income of the several State governments. That is about twice what the States pay for interest charges. Of course, States with great alien population, like New York, Pennsylvania, Massachusetts, and Illinois, pay more for the care of alien defectives than do States which have fewer aliens, but the average cost is 7 per cent of all State taxation. This does not include costs of aliens in county institutions, such as jails, hospitals, and poorhouses.

And yet because the restriction of immigration to 3 per cent of the various nationalities here in 1910 has played a considerable part in the increase of wages to common labor, the cry goes up from those who would benefit most that we must have more immigrants in order to supply us with more and cheaper labor. Joining in the chorus are those who would bring from Greece as many of the 1,000,000 refugees as can be brought and those who would bring all of the other stricken peoples from all parts of the world to our shores if they could. About one person in every five in Greece is a refugee from some place in Asia Minor.

Mr. Chairman, what are those who are demanding an influx of cheap alien labor thinking about? Do they think of profits, or of population, or posterity?

Do not they know that the quotas of immigrants permitted to come from the north countries of Europe are unfilled? Must they always have a hole at Ellis Island opened big enough to admit a million or a million and a half immigrants per year, so that they may give wretched employment to possibly one-fourth of that number? They talk of alien labor as they would talk of that many tenpenny nails. They seem never to think of the wives and children of these aliens, who must either come now or remain behind, to be part of the wretched wreckage of Europe.

Does not the pitiful story from Pennsylvania, printed the other day, of the alien mother of several children who received $1 a month from her wretched husband's miserable pay check for work in the coal mines, after it had been through the abominable "company store" process, make even a dent upon those who preach Americanization and yet want a million idle aliens always standing around waiting for jobs? As far as I am concerned, I shall stand to the last against the cry.

Let Mr. Gary, Mr. Mellon, and others read the editorial in the New York World of yesterday, which newspaper, by the way, opposes heavy restriction of immigration. The editorial is headed "No Americans need apply." It reads as follows:

NO AMERICANS NEED APPLY.

One reason why the coal industry of the country remains an unreliable and hand-to-mouth affair is brought home to New Yorkers by the demand of employment agencies for foreign miners to work in the anthracite field. Russians, Poles, Lithuanians, Magyars, and Scandinavians are listed as desirable. Even Englishmen will do. But no Americans need apply.

There is a very simple reason why the operators want foreigners in the mines. A man from Poland or Lithuania has not acquired the American standard of living and therefore can get along contentedly on small wages. He can't speak the language of his adopted country nor is he accustomed to its ways; he is therefore unsure of himself, unable to state his case, and easily frightened. He will work hard because he is used to hard work, and will ask for little because he is used to receiving little.

But when he has joined a union or learned his way about he begins to ask for more, and at that point his desirability as a miner begins to wane. The operators look around for other fresh and hopeful immigrants to take his place. If they employ Americans or retain foreigners who have picked up American ways, it is only because the immigrant supply is inadequate.

While this condition exists it will be impossible to standardize wages, output, profits, or prices in the coal business. The industry is built on the exploitation of cheap and ignorant labor, on the proposition that a laborer is worthy not of the wages he earns but of what he knows enough to get. Recurring strikes are inevitable as a protest against such a policy, and strikes again play into the hands of the operators by creating fuel shortage. The crux of the problem before the coal commission is patent in this discrimination against native-born workmen.

Mr. Chairman, for that editorial I forgive the World for all of its assaults on the policy of restriction and for all of its

jibes at the emergency legislation. It has stated the situation, and it makes one of the points that has led myself and others to strive for restriction, even if industry and activity in the United States is slowed down, which will not happen.

Was James R. Howard, president of the American Farm Bureau Federation, justified in saying at Syracuse Wednesday that—

Immigration restriction is undoubtedly affecting the prosperity of the country, and particularly of the farmer.

Mr. Howard declared the present law was limiting the amount of manual labor in this country, and one of its natural and inevitable results was a shifting of labor from the country to the city, presenting a tremendous handicap to the farmer in production.

Another phase of the question mentioned by Mr. Howard was that the restrictive law forced prospective immigrants to seek other shores and become natural competitors of American farmers, adding still more to the depression they had been fighting for three years.

"It is a big problem for Congress," Mr. Howard stated, "and revision of the present law undoubtedly is needed. I do not favor admittance of immigrants indiscriminately, nor do I favor the educational test, but I am in favor of letting in all good, honest persons who really want to be citizens. It is the hard-working, honest person who can be absorbed best in the citizenship of the country."

What plan has Mr. Howard for letting in hard-working, honest persons? Are not all persons potentially honest and willing to work, unless permeated with the ideas of socialism, bolshevism, sovietism, or revolution?

Do not the farmers know that the first big immigration following the World War—fiscal year ended June 30, 1921—brought to the United States more than 800,000 aliens, of whom only 2 per cent were farmers and only 3 per cent farm laborers? What do those who talk of selection and distribution mean? Who is to select? What have you to promise? How is distribution to be made, and how is the distributed alien to be made to stay at a given place?

The tailors, too, are joining in the cry of labor shortage, assuming that people generally do not know that the making of clothing is changing from bench to machine so rapidly that a custom-made suit will soon be as scarce as a hand-made shoe.

There is no real shortage of tailors in this country, though a shortage is felt by tailors in the smaller communities. Native Americans have been driven out of the tailoring business by alien workers, who congregate in the large tailoring centers—New York, Boston, Philadelphia, Chicago, Baltimore, Cincinnati, Cleveland, Indianapolis, and Rochester.

The high cost of clothing is not due to a shortage of workers, but to the labor union known as the Amalgamated Clothing Workers of America, which recently received from the soviet government of Russia a concession to manufacture clothing in Moscow, an enterprise for which they sold $5,000,000 worth of stock among their own members in the United States.

This organization's weekly paper, Advance, is one of the "reddest" permitted to circulate in America. Only a small percentage of its members are skilled mechanics, but in the manufacture of clothing in the big shops the making of a garment is divided into so many operations that a new worker may easily be taught any one of them. Thousands of Russians without any experience in tailoring have come to this country, been inducted into the union without the payment of any dues whatever, and given jobs which enabled them to earn from $40 to $60 for a 44-hour week from the start.

And yet we profess not to be surprised to see in the substantial New York Times of only yesterday these flaming headlines:

Reds seek control of needle trades—Hope to combine unions into one "militant revolutionary organization"—William Foster is leader—Ladies' garment workers and clothing workers have felt force of movement.

This is followed by a story to the effect that radicals and communists under the direction of the Trade Union Educational League, headed by William Z. Foster, have launched a campaign to convert the needle trade unions of the city into "militant revolutionary organizations" and amalgamate them into one big industrial union. The news report continues:

Meeting in the New Star Casino on Monday night, the radicals laid their plans for the movement which will affect more than 200,000 workers in the ladies' and men's clothing trades, as well as the fur and cloth hat and cap makers. L. Reinsch, of Local 5, Amalgamated Clothing Workers of America, and leader of the left wing group in that union, was selected to head the campaign.

The radicals have launched an attack upon the officials of the International Ladies' Garment Workers' Union and are attempting to stir up factional strife. The attack is made principally against Benjamin Schlesinger, president, who, after a recent visit to Russia, denounced communism.

General office officials of the Amalgamated Clothing Workers' Union, which has already suffered at the hands of the radicals, were striving yesterday to save the New York organization from being completely wrecked. Efforts were being made to set up a temporary organization to function on behalf of the 50,000 men's clothing workers until the arrival of President Sidney Hillman from Russia next week.

We profess, too, not to be surprised when we learn that the radicals and internationalists ride around the country in groups on freight trains free of charge on their red cards—their red badges of revolution. No, gentlemen, the immigration bars will not be lowered, whatever the appeal. They should be tightened.

The House Committee on Immigration will be ready to hold brief hearings at the beginning of the winter session, with a view to the final preparation of the bill, which will correct the present quota act, further restrict immigration of undesirables, avoid the splitting of immediate families, increase the mental and health tests, and carry a clause denying permanent residence to those aliens not eligible to citizenship. Will the House vote for such a bill? I think so. Does the country want such a bill? Yes; and the country wants it now.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 15 minutes to the gentleman from New Jersey [Mr. PARKER].

Mr. PARKER of New Jersey. Mr. Chairman and gentlemen of the committee, I am really very much astonished to find that so many Members of this House and some of the leaders of the minority upon the Committee on the Merchant Marine and Fisheries do not see the absolute necessity, as well as the policy, of maintaining an active merchant marine at any cost. That merchant marine is the eye of the Nation in time of peace. It is the scout that builds and keeps our commerce and protects our trade, which we can not always trust to the vessels of rivals, who would look for our custom while they carried our goods. It is an absolute necessity as an aid to our Navy in time of war. It is for that reason that we spent $3,000,000,000 in building ships which were intended to carry food and men. It is for that reason that we have now 14,000,000 tons, or, reduced to active vessels, 10,000,000 tons of vessels now on hand; and it is beyond all belief that patriots would be so blind as to allow that merchant marine to rot at the wharves and be lost and leave us in the same position that we were before it was built, when the World War began. What we are seeking is to make it possible for Americans, not for the Government, to build, own, operate, and serve in ships. Nothing stands in our way except that if we man these ships by Americans we must pay American wages, and if we pay American wages we can not run the ships in competition with the ships of other countries without aid and protection.

There is one other question, and that is the question of taxation. Some of our towns have been foolish enough to tax ships that are owned by their citizens as if they were private property, in spite of the provision in the Constitution that no State shall lay any tonnage duty on ships. It has been held that they have the right to tax ships as property of their citizens, and if the shipowners pay 3 per cent or 4 per cent municipal tax in some towns on the total value of the ships, whether they run or not, they can not be kept, and American shipowners can not live.

Towns that have their own advantage at heart will sooner or later see the need of preventing that course. I think it ought to be prevented by this law, and that there should be a provision in this bill that any vessel wherever documented may be owned by a corporation of the District of Columbia, so as to be under the control of the United States, and that when so owned those ships should not be subject to local taxation. Of course the stock of that company owned anywhere else might be taxable where the stockholder is residing, but the ships ought to be released from that burden.

However, as I said before, the main question is one of wages. If you will turn to page 2087 of the voluminous hearings you will find a statement that shows that at the present time a chief engineer in England receives from $110 to $122 a month and in America from $305 to $350 a month, or nearly three times as much, and that difference runs throughout all of the different ranks of mates, captain, and so forth. When you come to the total wages of the ship you will find a statement at the bottom of the page showing them on a vessel, I think, and showing that America pays its deck crew $1,948, while the British pay the deck crew $1,123, the Japanese $1,202, and the Norwegians only $795. The same difference runs through the engine and steward forces—engine: American, $2,677; British, $1,307; Japanese, $1,580; Norwegian, $900. The American always pays from two to three times as much for officers and engineers, and he pays at least nearly twice as much for all of the rest of the crew. On page 2108 there is a very careful recapitulation for ships of 5,000 tons, 8,000 tons, 11,000 tons, and 23,000 tons. On the 11,000-ton ships the total of all three departments—deck, engine, and steward—on the American is $11,715 a month and on the English $8,067 a month. On the 21,000-ton vessel the deck crew of the English costs $2,774 and of the American $6,162, while the engine crew of the English costs $6,080 and American $11,515.

On the 8,000-ton vessel the deck and engine crew cost $8,045 a month for Americans and only $3,931 a month for the English. But I need not go on with these figures.

The only thing that will enable Americans to run ships is somehow or other to make it profitable to do so in spite of the difference in wages. It is proposed by this bill to do this, and I shall support the bill. I have sometimes thought it could be done by a simple provision that the United States would repay to any American ship operator two-thirds of the wages of any American who was employed on board while engaged in the foreign trade, and one-third of the wages of all others, my idea being to induce vessels to employ Americans, because in time of war we want an American-manned ship as well as a ship American owned and flying the American flag, and so that in trade, in commerce, and in war we will have men ready to man our ships.

Let us also point out that before the World War there were still further difficulties attending American navigation, and that those difficulties are likely to return. It does not seem to be generally known that the great German liners in 1904 and 1906 were largely, if not almost exclusively, manned by men who had been called for military service and were allowed to do their military service by serving aboard the ships. That same policy was followed in France and in Italy, and that same policy will be followed again and we will have to meet it.

Nor is it generally known that in the endeavor to get trade Great Britain always, regardless of the protection of her working people, had gone more and more to the employment of lascars, men from the Indies or east of the Indies, as sailors, and their ships at that time had some 40 per cent of their sailors of those nationalities.

I think the same condition exists now, but I do not know. It may be that the men who went in during the war are now manning her merchant marine. But these conditions will come again. At that time our own Pacific fleet of merchant liners was employing Japanese and Hawaiians and lascars, and at that time our subsidy bill as then introduced dared only say that one-quarter of the crew shall be Americans. Thank God, we now have a provision that two-thirds of the crew shall finally be Americans.

My proposition, as above stated, would be to put a premium upon the employment of Americans by repaying more of their wages and to hope thereby that owners for self-interest would make the crews exclusively Americans, as they were in ancient days. I go back, my friends, to my recollection of the old sea tales and the time when American men and the crews on the fishing vessels, whaling vessels, and vessels that made various long voyages to unknown countries on unknown seas in the hope of profit, had every man on board share in the gain. I look back with pride to the days when those men in time of war, in the Revolution, in the War of 1812, fought our battles, and these same men in 1798 fought and captured French privateers. They stood up for the country as only seamen can do, for there is no other training for peace or war which so develops a man as training on the sea, where he has to meet new dangers from time to time and day to day and be always mobilized.

I am ready to sacrifice anything to get a bill which will make it possible for Americans to sail the seas. I am ready to vote for this bill, with all its imperfections, which I hope will be corrected elsewhere or corrected here as they are reached, but I can not see this crisis pass without remembering that the fleet we have will go to rot and ruin unless some such measure as this is passed, while the opposition proposes no alternative plan for providing an American merchant marine to sail the seas and to make it possible for Americans to do it.

Let us state our object again. It is that we shall have American ships built in American yards, manned by American seamen, flying the American flag, to carry the glory of this country all over the world in time of peace, to do the work of peace upon the great highways of the world, and to support and make effective the defense of this country in time of war. [Applause.]

Mr. BANKHEAD. I would like to use a little time. I yield 10 minutes to the gentleman from New York [Mr. LONDON].

Mr. LONDON. Mr. Chairman and gentlemen, this subsidy bill reminds me of a study of inveterate criminal types made some time ago by a famous criminologist. He describes a criminal who was being led to the gallows. A kindly minister was by his side whispering into his ear words of consolation. Appearing to listen intently, the poor wretch by sheer force of habit proceeded to pick the pocket of the minister.

The Republican Party, under a sentence of death, proceeds to steal something from the Treasury of the United States. [Laughter.] They call it "a subsidy."

The war has been employed as a pretext to build up a private merchant marine at the expense of the Treasury of the United States.

Out of 2,300 ships constructed or acquired by the Shipping Board, 1,900 were constructed after the armistice, after the war had ended.

Three billion dollars have been expended for ships which we are told can not be sold for more than $200,000,000 now. How much of the $3,000,000,000 has been stolen will probably never be known. The stealing was largely legal stealing, the kind that is neither petty larceny nor grand larceny but is glorious larceny. The 100 per cent lip patriots have managed to get contracts providing for fabulous prices for anything they did for or sold to the Government.

Plutocracy has no flag and no country. Its thieving proclivities grow with the distress of the Nation.

Not only does the present bill propose to practically give away the ships to private shipping interests, but we are called upon to pay for years to come a contribution out of the National Treasury to the very same interests for their kind acceptance of the fleet. It is claimed that the Shipping Board can not operate the ships except at a minimum loss of $50,000,000 a year, and that the granting of a subsidy will save to the Treasury about $30,000,000 a year. An analysis of the proposed measure shows clearly that the subsidy will cost considerably more than $50,000,000 a year. The bill provides for the establishment of a special fund to which there shall be set aside sums in the neighborhood of $50,000,000, but the bill also provides for various tax exemptions, the aggregate amount of which can hardly be estimated with any degree of certainty.

There is nothing to the claim that the subsidy will really be a saving.

No effort has been made to build up or develop a Government merchant marine. How can the Government succeed when its announced object is to dispose of the ships to private interests? How can the Government succeed when the Shipping Board refuses to compete with privately owned ships? The hearings disclose that whenever private interests complained of the successful competition of Government-owned ships these ships were withdrawn.

This is certainly not a propitious time to create a merchant marine. The world has more than an adequate supply of tonnage. In order to succeed it would be necessary to take away from other countries with long-established merchant marines a part of their carrying trade.

Every discrimination against the ships or goods of other countries will be followed by retaliatory measures on their part, and we will find ourselves in the midst of a bitter commercial war. England is frequently mentioned as the country which we are to emulate in developing a merchant marine. How can England exist if the communication between the British Isles and the vast English dominions spread over every continent should be cut off? England's merchant marine is to England what the railroad system is to the United States. We should no more undertake to rival England's carrying trade than we should undertake to compete with Brazil in the production of coffee or with France in the production of champagne.

It seems that the Republicans are abandoning the old Republican tradition of a home market. The 110,000,000 people of the United States can furnish a mighty good market if the producers of America will but receive a just compensation for the service they render the Nation. This attempt to artificially develop a private merchant marine at the expense of the taxpayers, with the avowed object of supplanting the merchant fleets of other countries, is but a continuation of the imperialistic policy we launched upon in 1898 when we took possession of the Philippine Islands.

Strangely enough, the most successful period of American industrial and economic development was simultaneous with the almost complete disappearance of the American merchant marine.

We are not satisfied any more with a place in the sun, and a mighty big place at that, but we want the flag to sail over the seven seas, over an American-owned merchant marine. And who, pray, will be these American owners? It will be the Standard Oil corporation, the United Fruit Co., and similar benefactors of America and of humanity. It is rather significant that the proposed law excepts agreements between carriers which are to affect water transportation from the provisions of the antitrust laws.

I refuse to vote any money of the taxpayers to support a private monopoly.

If we must have a merchant marine, let it be owned and maintained by the Government of the United States for the people.

Mr. GREENE of Massachusetts. I yield to the gentleman from New York [Mr. HICKS] 25 minutes.

The CHAIRMAN. The gentleman from New York [Mr. HICKS] is recognized for 25 minutes.

Mr. HICKS. Mr. Chairman, in the story of civilization the aspirations of nations and the ambitions of men lead to the salted seas and the lands beyond. In remote times, through the Middle Ages, down to the present moment, commercial advancement and trade development have been well-nigh universally synonymous with political ascendancy and material prosperity.

The desire for religious freedom, trade enlargement, and empire expansion have been the impelling forces to drive men across the pathless oceans, inspiring their hope and steeling their courage to brave the dangers of the unknown deep. America was the reward of those intrepid pioneer discoverers of the fifteenth century, whose goal was trade expansion and commercial profit, while the initial developments in the seventeenth century were founded on the sacrifice made to liberal thought and belief.

Conscious of our history and of our geographic position; conscious of our resources and our wealth; conscious of our advancement and of our destiny, the spirit of America calls us to develop the one great industry which for decades has been neglected, unconsidered, and unprotected by the Federal Government. We have been generous, and properly so, in safeguarding our agriculturists, our manufacturers, and our artisans from the lower standards of foreign pay.

By Federal aid we have rendered assistance to farmers and stockmen in the erection of irrigation dams and the creation of watersheds; we have expended vast sums for the eradication of animal and plant diseases and for the propagation of scientific information; we have aided transportation by land grants to railroads, by appropriations for the building of highways and for the construction of canals and the dredging of harbors. All these are benefits made possible by the funds taken from the Federal purse for the common good. By rendering aid to our merchant marine we are carrying forward the application of the same beneficent principle under a different designation and in a different way.

In discussing this vexed question of ship subsidies we are confronted not by any abstract question of the advisability of constructing a merchant marine but by the practical proposition of how best to handle a service now in existence. This bill injects into our national life no new policy, for we are on the seas now, and at a terrific cost, and we must decide what we are to do with vessels already built. We are facing an actuality, not a theory, for we find ourselves possessed of some 12,500,000 tons of shipping, of which 6,550,000 tons are Government owned.

In the problem there looms the annual cost to the Government in the operation and care of its ships, exclusive of depreciation or interest charges, of $50,000,000, which prudence and judgment command us to reduce. How best can we save the taxpayers' money and lessen the burden created by the frenzied program of war-time ship construction which drained the Public Treasury of $3,000,000,000? Let us forget that these ships are to-day worth probably not over $200,000,000; let us forget the mistakes that were made and the errors that were committed; let us eliminate partisan discussion and petty politics. Our problem is to curtail expenditures; to conserve our ships; to encourage shipbuilding; and to maintain in a high degree of efficiency a merchant marine under the American flag comparable with the dignity, the needs, and the position of America.

This bill, in my judgment, will best bring about the desired results. It has the support and approval of the President, whose inspired leadership, calm judgment, and patriotic impulse points the way to a return of our ships upon the pathways of the deep. The history of the past will be repeated in the future if we follow his lead, and the noble vision of the flag, wide flung upon the seven seas, will become a reality when this bill becomes a law. While there may be a difference of opinion among us as to the proper method of proceeding, I can not believe that there are many who feel that the United States should abandon the seas and consign our ocean shipments to foreign flags. I feel that the vast majority of our people have a real pride and recognize a real necessity in having the Nation become a great merchant-marine power. They recognize the economic advantage of utilizing our own ships to carry our surplus goods in the oversea trade rather than to employ our competitors.

I am convinced that the bill now before us will save money and will place the merchant marine on a firm basis to compete successfully in the carrying trade of the world. We are confronted by the question of whether the merchant marine now upon the seas shall be kept under Government ownership and operated at large Government expense or under private ownership with small Government aid. For one I am utterly opposed to Government operation, and I believe that the sad experience of the past in public operation of our railroads, with inefficiency in service and waste in operation should determine us decidedly against a repetition of this folly in Government ownership and operation of the merchant marine.

Direct aid to private merchant shipping is and long has been the established practice of all the maritime nations of the world. This may take the form of postal pay and naval retainers to certain regular lines, as in the case of Great Britain, by whose Government the subsidy policy as now known was initiated almost a hundred years ago. It may be postal subvention and naval retainer to regular lines and navigation bounties to all shipping, with direct bounties for shipbuilding, as in the case of France, Italy, and other countries, including at one time Japan.

Nations subsidize their maritime industries according to their needs or resources, precisely as nations, with now not one important exception, in some degree or another form their customs tariffs, so that they will not only yield revenue but favor their native manufacturing or their native agriculture. The motive of maritime subvention is exactly the motive of the protective tariff—to give national preference for national prudential purposes to national interests against their competitors of other lands.

Every commercial people with seacoasts and ports and sea-borne trade recognizes as by a strong instinct of self-preservation that it must not depend for the delivery of its exports and the bringing of its imports solely upon the ships and seamen of other governments, its rivals in trade and possible enemies in war. Every people with a foothold upon the ocean recognizes that its merchant marine, by which is meant not only the ships themselves but their officers and men, the yards which launched the ships, the mechanics who put them together, and the separate manufacturing plants and men that produced the equipment of the ships, constitutes altogether a peculiarly important "key industry" for either peace or war.

The United States is entitled to possess one of the greatest—perhaps, considering its vast water-borne domestic commerce, the very greatest—of all the merchant navies of the world. Rightfully, also, the United States is entitled to carry in its own ships the same proportion of its sea-borne trade as any of its competitors. As a matter of fact, American ships are now conveying only about one-third in value of the exports and imports of our country. A year and more ago American ships were carrying about one-half of our imports and exports.

According to data furnished by the Department of Commerce and the statistical department of the United States Shipping Board, the value of commodities exported by sea from the United States for 100 years, beginning with 1821, was $86,629,000,000. Of this total, vessels under the American flag carried about 24 per cent, leaving 76 per cent carried by alien flags. Figuring that freight and insurance approximated about 8 per cent of the value of the cargoes, it would mean that in the century, on our exports alone, this country paid to foreigners the stupendous sum of $5,267,000,000—money which went out of circulation in the United States. This represents so much revenue deducted from the resources of this country and retarded to that extent the expansion of our shipping industry and the commercial and agricultural interests of our country.

The great advantages of a merchant marine are fourfold—first, as a medium of transportation; second, as a stimulant in building up international trade; third, as an auxiliary for the Army and Navy in times of war; and, fourth, as an encouragement to shipbuilding.

TRANSPORTATION.

Ships are as necessary to the conduct of overseas trade as are railroads and ships to the domestic trade, but the character of the transportation in the overseas trade is even more important than in the domestic trade, because overseas transportation is open to the ships of all countries and is highly competitive, and the advantages therein accrue only to the efficient carriers, while internal transportation is carried on by individuals and companies of American nationality.

It is not only desirable but practically necessary that the United States should depend largely upon American ships for the carriage of its overseas trade.

The difficulties produced by the war brought home to practically every citizen our dependence upon overseas transportation services, and the remembrance of those trying times should make it unnecessary to enlarge upon the need of an American merchant marine.

TRADE DEVELOPMENT.

It is generally recognized that the country that has a large merchant marine thereby has an advantage in international trade. Ships are the servitors of commerce, and the very existence of a large tonnage of shipping under the national flag creates a condition favorable to the establishment and develop-

ment of foreign trade enterprises. Moreover, ships are not only a necessary facility of foreign trade, they are one of several agencies that cooperate in making foreign trade successful. International trade on a large scale requires a world organization including manufacturing, producing, merchandising, international banking, marine insurance, ship brokerage, freight forwarding, and the construction, ownership, management, and operation of vessels.

Such an organization is most effective when it is completely developed and the ownership, management, and operation of vessels commensurate in tonnage and types with the volume and needs of trade give greater efficiency and potency to the commercial organization as a whole. Shipping under the national flag is to be regarded as an essential part of the facilities and organization of trade by which the people of the United States are to maintain and extend their commerce with all sections of the world.

AUXILIARIES.

While I do not care to emphasize the importance of a merchant marine flying the American flag as an important element of national defense in case of war, yet the fact remains, as bitter experience has shown, that it is of first importance.

The United States ought never again to be in the position in which it found itself during the early years of the war, when the great merchant fleet of Germany was entirely withdrawn from the world's carrying trade and those of Great Britain and of other countries largely so, and when, as a result of these conditions, a large part of our grain, cotton, meat products, lumber, copper, and manufactured goods available for export could not be moved.

In time of war—a condition we pray may never arise again—the need of auxiliary vessels is felt by both the Army and the Navy. The duties to be performed by the two services are interdependent. Unless the country is so weak in naval strength that its fleet will be reduced to coast-defense operations only, it will become necessary to carry on a campaign at a greater or less distance from its own bases, and it is the mission of the Navy to gain command of the sea. This once accomplished, the duty falls upon the Navy to safeguard the transportation of the Army overseas, should such an operation be deemed practicable. In order to make it possible for the fighting ships of the Navy to operate any distance from their home bases, it is necessary that they be accompanied by a large number of auxiliary vessels, and these vessels should be American.

In time of war an efficient merchant marine is as necessary as an efficient battle fleet. Without such a merchant marine the safety of our country might easily be imperiled. Should war come, we would need a large number of auxiliary vessels with our fleet, and a still larger number of supply vessels to serve the fleet. There would be no time to build these vessels after diplomatic relations had been broken, nor would there be opportunity to purchase or charter them from abroad. The only course open from the standpoint of national safety is to have these vessels form a part of our permanent merchant marine.

SHIPBUILDING.

The future of the shipbuilding industry in the United States depends upon the maintenance and successful development of the merchant marine. The war gave the activities of private shipyards in the United States a great impetus; but on account of the large tonnage brought into existence during the war—tonnage constructed by the Government as well as by private individuals—and on account of the severe world-wide depression in business American shipyards are now doing little work. Should there be a decline in the American merchant marine, or even a serious postponement of its development, the shipyards in this country would suffer greatly and probably not a few of them would be forced to liquidate. The efficient American shipyards should be kept in vigorous existence despite prospective restrictions in the Government's naval program. Well-equipped, efficiently managed, and profitable shipyards are a necessary basis of a large and progressively efficient merchant marine. It should be the policy of the people and Government of the United States to establish conditions favorable to the shipping business and to the industries associated with that business. The merchant-marine policy should accordingly have in mind shipyards capable of constructing economically and efficiently the ships required by a large merchant marine under the national flag and for making the repairs to those ships.

Government aid to our shipping interests is necessary from two points—first, the equalization of the difference in cost of operation between American and foreign vessels; second, the promotion and encouragement of desirable types of vessels or of necessary services which without aid would not—under present conditions, at least—be forthcoming. The situation is one which imperatively calls for national protection to the one great industry long left almost absolutely unprotected.

In its essence the maintenance and development of the American merchant marine is but another phase of the policy of protection to American industry. The differential against American ships lies in the national standard of living. To other industries threatened by competition on the part of nations having lower standards, protection is extended in our tariff laws. The overseas shipping industry in the early days of our Government was similarly protected. It can not now be protected under our tariff laws without the amendment of our general commercial treaties with other Governments, which amendment two administrations indicated an unwillingness to attempt. The indispensable alternative, therefore, is to protect this vital industry in some other way. The method of direct aid, together with what indirect aids may be applicable, is not only the effective way but is the method by which nearly every maritime nation to some extent or in some manner extends protection to its national shipping.

It has been demonstrated that economic conditions are such that good American ships, as good in every way as their competitors, can not be operated in overseas trade without the equivalent of that protection normally bestowed by the Government on the operation of American factories and farms.

Let it be remembered that American ships in the overseas trade compete directly and keenly with foreign ships of all the nations in the world in our own ports, along every mile of ocean to foreign ports, and in those foreign ports for every import cargo of American commerce, and that American ships do this against all wage handicaps plus generally the added handicap of foreign subsidy or other national assistance rigidly denied thus far to American shipowners.

My belief in the future success of the American merchant marine is based on two fundamental factors of our national life—efficiency and enterprise. Our ship owners, operators, builders, and seamen must be the equals and, if possible, the superiors of any men of their calling in the world. Historically, our men have excelled in energy and skill, but 60 years have sufficiently demonstrated that these two great human attributes can not succeed where the vital factor of national aid is withheld for any considerable time from the very best ship owners, builders, and seamen in existence. Let us pass this bill and restore the American flag to the proud position it once occupied when the American "clippers" carried the bulk of our commerce to the ends of the earth. Keep the flag flying!

Mr. BANKHEAD. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] is recognized for 10 minutes.

Mr. BLANTON. Mr. Chairman, stripping this subsidy of all camouflage, what are the indisputable facts? Is the immediate problem a merchant marine? The President says not, but merely a salvage proposition. His exact words are:

> In the simplest way I can say it, our immediate problem is not to build and support a merchant shipping, which I hold to be the highest and most worthy aspirations of any great people; our problem is to deal with what we now possess. Our problem is to relieve the Public Treasury of the drain it is already meeting.

Thus our President spoke last Tuesday. Is there anything but a salvage proposition in the above language?

Mr. Chairman, to win the war we built 1,500 vessels that cost $3,000,000,000. Waste and extravagance? Yes; beyond comprehension, but it produced results worth while. Such an unprecedented building feat caused world amazement. Our enemies looked into the unconquerable faces of American soldiers and realized that all of our war equipment was in like proportion. The Kaiser and his generals were astounded. Ultimate ruin confronted them. The armistice was signed. War ceased. World carnage stopped. Lives of probable millions were saved. The relief of incalculable value it brought makes American fathers and mothers cease crying over the spilt milk of war waste and war extravagance. There was war waste because there were unpatriotic, greedy vultures willing to take advantage of their country in its extremity.

But, Mr. Chairman, the Congress is not under war stress and anxiety now. We have celebrated the fourth anniversary of the armistice. The people will tolerate wanton waste and extravagance no longer. The present Shipping Board is a peacetime parasite. Operating only a small percentage of its ships Mr. Lasker has surrounded himself with a swarm of 5,000 high-salaried employees, among which are 76 lawyers drawing an average salary each of $11,000 annually. The President said Tuesday that he is incurring an annual loss of $50,000,000. And besides the Government receives not one single cent of return for this $3,000,000,000 investment.

Now, let us analyze the President's proposed plan of salvage retrenchment. He admits that under this plan the most we may expect to recover from our fleet is $200,000,000. Now, what are we to do in order to obtain this sum? First, we are to pay a subsidy, which Mr. Lasker says will amount to $52,000,000 a year, to greedy shipping interests for 10 years, aggregating $520,000,000 of the people's money. Out of the $200,000,000 receipts we are to give Mr. Lasker $125,000,000 as a special loan fund, which he can loan to shipowners at 2 per cent annually in such a way that in all probability little of it will be repaid. And we make possible the keeping of Mr. Lasker's 5,000 high-salaried parasites on our pay roll for at least 15 years more to squander far more than the remaining $75,000,000 of receipts. If it is a mere question of salvage, it would be saving hundreds of millions of dollars to immediately disband the Shipping Board and distribute the remaining one thousand four hundred-odd vessels to the 48 States in proportion to their representation in Congress and rely upon State pride and friendly rivalry to see to it that all available ships are manned upon the high seas under our flag. To rid ourselves of them without any return whatever would mean a saving of at least $500,000,000.

Oh, it would have been a godsend to this country if our former great chairman of the Appropriations Committee, Mr. Good, had won the Congress to his policy, when in his righteous indignation from this floor he exclaimed that he was going to see to it that not another single dollar should be given out of the Treasury to this Shipping Board.

Yet for this Shipping Board and Emergency Fleet Corporation since July 11, 1919, this Congress has already appropriated out of the Public Treasury $471,487,545.48, and in addition to this enormous sum Congress gave them all the receipts for 1920 and 1921 and during 1922 has given Mr. Lasker use of receipts up to $55,000,000. Yet the distinguished gentleman from Pennsylvania [Mr. EDMONDS] intimates that this enterprise is run on a businesslike basis. If it is salvage retrenchment the President wants, he should have disbanded the Shipping Board and distributed these ships to the States immediately after assuming office, and he would have thus saved at least $500,000,000.

I take it that the distinguished gentleman from New Jersey [Mr. LEHLBACH] is a responsible spokesman for the President's party. This morning when he was defending the unheard-of provisions in this bill I asked him the question if when they claim that we have the best genius and the most skilled shipping experts of the country at the head of the Shipping Board, with all ships furnished them free, with the prestige of our Government to buy supplies at the least money, if under these conditions the Shipping Board is unable to make some return on the investment, but on the contrary is running the ships at a loss of $50,000,000 a year, how could he expect a private enterprise to run them at a profit. Here was the reply, and I read it from his exact language, given me by the reporter:

Mr. LEHLBACH. Because there is not any line of human endeavor or human activity that can not be made to pay by private people whose heart is in the business and whose future is staked in the business, when it does not pay when run by Government officials.

Then the gentleman from Texas [Mr. HARDY] asked him if that was not an indictment against the Republican appointees in charge of this business. Here is the reply of the gentleman from New Jersey [Mr. LEHLBACH]. I read from the reporter's transcription:

Mr. LEHLBACH. Oh, no; it is not an indictment of the operators. It is the experience of human nature in all walks of activity, under all circumstances, that a man will work with his heart in his work if he is working for himself, but that he will get what he can out of it if he is simply working temporarily for some one else, and has opportunity to use some other person's material.

Does this distinguished spokesman for the President's party intimate on this floor that the heart of these 5,000 highly paid officials and Shipping Board employees are not in the work? Does he mean to intimate that because they are working for the Government and not for a private enterprise that they, to use his language, "will get what they can out of it" simply because it is somebody else's business? I have not that idea of all public officials. It may be true with respect to the present Shipping Board. The thing that gives me most distrust in my mind concerning it is the fact that they have never yet permitted an adequate audit of their accounts. The former distinguished chairman of the Committee on Appropriations, Mr. Good, said that it was impossible to get an audit, that there was no auditor of the Government who could come within a hundred million dollars of where all the money had gone. That condition exists up to the present time, and in this bill they have a provision that there shall be no audit of their accounts.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 10 minutes to the gentleman from California [Mr. MACLAFFERTY].

Mr. MACLAFFERTY. Mr. Chairman and gentlemen, you will pardon me after so short a stay in Washington for being bold enough to address you. There have been one or two things said here that have made me anxious to make reply. It has been said time and again that the people of the country in the recent election had given overwhelming evidence that they were against this bill. I want to say that I represent a district containing over 400,000 people, and one of the things that I stressed in this campaign was my advocacy of this bill. My name was on the ballot twice—once to fill out the unexpired term of our late lamented John A. Elston and once for the term beginning next March. I have to say to you that for the unexpired term I received a majority of 28,000, and for the term beginning next March—I have only the semiofficial returns to give you, but the newspapers said that I have a majority of 40,000.

Gentlemen, it seems to me that all phases of this question have been covered, but I want in the few minutes I have to give you a picture. I am not from the Corn Belt of Kansas, but the first breath of air that went into my nostrils—and which probably provoked a squall—was a breath of salt air. I have breathed the salt air all my life. I have lived on the shores of the Pacific Ocean all my life. I have seen the American flag driven off the Pacific Ocean in my lifetime. I have suffered the humiliation of seeing one ship after another—and I knew them well enough to love them, well enough to say I could call them by name—I have seen them sold to the Japanese or sent up the river to be tied up to rust and rot. I saw about 40 boats belonging to the Shipping Board a week ago lying there pitifully in the straits at Benicia, with their sides and decks rusted, going to wrack and ruin for want of use.

My father in about 1868 went to the Orient and he has told me over and again during my boyhood that everywhere he saw the American flag and everywhere we were carrying the commerce of the world.

I went to the Orient in 1916, and after leaving the port of Honolulu in four months' time I saw the American flag afloat only four times. One of those times was on the old U. S. S. *Philadelphia*, lying in the Whang-Po River at Shanghai, serving as the flagship of our Asiatic Fleet. Once was on an old tub, the name of which I have forgotten, in the harbor of Yokohama. Once was on the old Pacific Mail ship *China*, some 45 years old at this time, if I am not mistaken, but now owned by the Chinese, although under the American flag. The fourth time I saw it was on my way home, and I want you to get this picture. It is about all that I have to give to you to-day. We were crossing back to America in a British ship having 52 passengers, 50 of whom were American citizens and 2 of whom were Britishers. About 10 days out, one day, having seen nothing, we observed a little smudge of smoke in the distance. Naturally, everyone was alive in a moment, and we watched that little smudge as it grew through the glasses. The captain of our ship was a typical Britisher, a full-faced, noisy, good-hearted British seaman, and finally that little tub, for such she proved to be, a little American steam schooner coming from Puget Sound over to Japan, bobbing up and down on the face of the ocean like a cork, broke out the American flag, and what did the British captain say? I shall never forget it as long as I live, and it is one reason that I am in favor of this bill. He said, "Oh, by Jove, she is an American! I wonder what she is doing so far away from shore." There you have it!

Mr. Chairman, I saw the three magnificent ships running from San Francisco to Australia—the *Sonoma*, the *Ventura*, and the *Sierra*—finally taken off the route and tied up at Benicia. I saw the *Alameda* and the *Mariposa*, that had been 21 years in that trade, withdrawn and sent to Puget Sound to run from Seattle to Alaska. I saw, one by one, our ships disappear from the Pacific Ocean, and for every ship of ours that disappeared I saw two Japanese ships put into Pacific trade. Gentlemen of the eastern seaboard, get it out of your heads that Great Britain is our competitor of the future.

The competitor of the future for this country is Japan, and some day I hope to say more on this subject from this floor. The Japanese finally became the carriers of our Pacific coast commerce. Count their ships by the score. Take a map and trace out their routes, and then tell me that the difference in upkeep and cost of maintenance has nothing to do with the situation, when the Japanese coolie sailor gets his $12 a month and three messes of rice a day, while our American sailor, thank God, is the best-fed and the best-berthed man that floats on the ocean.

Yes, let us bring back to the position it once held the commerce of the United States of America as carried in American bottoms; and when one of the speakers a short time ago said it never can be done I was reminded of the fact that Presi-

dent McKinley, when he welcomed home the Minnesota boys from the Spanish-American War at St. Paul, said that no less a distinguished man than Daniel Webster had stood upon the floor of the United States Senate and fought the acquisition of all that wonderful country to the west of the Mississippi River, and that his great argument was that it was so far from the beneficent influences of the home Government at Washington that the country would become peopled and form alliances with other people and drift away. He was wrong, was he not? Yes; and so was the speaker wrong who said that we did not possess the ability and the ingenuity to build up a merchant marine to be what it once was, the greatest on the sea.

Gentlemen of the American Congress, I have but recently come among you, but let me tell you that in this country of ours there has grown up a lack of respect and a measure of contempt for this body, and I am going to tell you as one who has hardly yet gotten in that it seems to many people that the day is past when men are willing to get up on this floor and stand for a thing because it is right. We are not a democracy, we are a Republic. Our fathers gave us the first successful form of government this world had ever seen, and it was not to be ruled by the mob mind, but the laws were to be made by men elected for that purpose, who could study and think and argue and fight, and finally, after mature deliberation, say to the people, "This is what we have decided to do," and then go back to them for their verdict. That, it seems to me, is what we are here for. This is not a partisan matter. This is the American Congress, and I appeal to gentlemen on both sides of this House to, in the final analysis, vote as they believe is for the best interests of this country, and if you do, you will not have to worry about your constituents. I thank you. [Applause.]

Mr. BANKHEAD. Mr. Chairman, I yield 15 minutes to the gentleman from Ohio, a member of the committee [Mr. GAHN].

Mr. GAHN. Mr. Chairman, I ask unanimous consent to extend and revise my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. GAHN. Mr. Chairman and gentlemen, as a Republican member of the Committee on the Merchant Marine and Fisheries I am opposing this ship subsidy bill because it is saturated with special privileges to a few shipping interests, because instead of granting possible needed aids as compensation for the performance of service it grants bonuses and exemptions that the majority of people do not enjoy.

I am merely serving my first term in Congress, and because of the inefficiency of some of the leaders in this Congress I am not privileged to come back, but I want to say that I am not going to take the easiest course while yet here, but I am going to follow my conscience just the same. [Applause.]

I think this is one of the worst bills presented to Congress since I have been a Member of it.

And I have seen in this Congress, when things are likely to be defeated, many Members, some of the leaders on the bill, clothe themselves with the Star-Spangled Banner, with the red, white, and blue stripes, and say, "You are unpatriotic if you do not support this measure." Nevertheless, I am against this bill, and I am a Republican Member, just as much a Republican as any member of that committee.

Mr. EDMONDS. Will the gentleman yield?

Mr. GAHN. Does the gentleman doubt that?

Mr. EDMONDS. No; I do not; but the gentleman voted to report it favorably in June. It was a good bill then?

Mr. GAHN. Yes; I relied upon the gentleman's statement, that of Mr. Lasker, and a good many others at that time, but since then I have come to believe that the gentlemen are so imbued on the subject that they did not give me the exact information. [Applause.] The gentleman knows at that time I asked him to have an open discussion after the hearings were over so that the Democratic Members could be present, but it was put through the committee without any discussion when it was reported out to the House. I came back this session and I might have supported it but I found it was amended in many respects, making it a worse bill than before. In fact, the bill has been amended so frequently that one must doubt the proponents really understand it themselves.

Mr. JOHNSON of Washington. I make the point of order the gentleman is discussing matters which occurred in the committee.

The CHAIRMAN. The gentleman will proceed in order.

Mr. EDMONDS. The gentleman came to me and said he did not like the labor clause and if it was corrected it would be all right, and we did that and after that we reported the bill.

Mr. GAHN. That is about as accurate as some other statements. The amendment I proposed the gentleman said the Shipping Board experts would draw up, and when it came back it was not the amendment I proposed at all. It exempted passenger ships from the operation of this 65 per cent American seamen rule.

Mr. EDMONDS. It exempted the steward's department. The gentleman said it exempted labor on passenger ships. The engineer and deck crew are in the 65 per cent rule; it is only the steward's department.

Mr. GAHN. The gentleman says steward's department, and he knows this will exempt all subsidized ships because this subsidy is only for passenger ships, and the steward's department is exempted by the amendment.

Mr. EDMONDS. It is only the steward's department. The gentleman thought that possibly if the steward's department was put in it would be all right, and we did go as far as we could. The gentleman only asked 50 per cent of American labor and we gave 65.

Mr. GAHN. That is not correct at all. Whoever heard of you gentlemen giving more than was asked? The gentleman referred to cargo ships and I found out it was nothing more or less than a subsidy for the large passenger lines, and exempting the steward's department from the operation of the 65 per cent rule practically makes it impossible to have 65 per cent American labor on the ships. Did the gentleman from California desire to ask a question?

Mr. RAKER. I did, but I will defer it.

Mr. GAHN. I would just as leave argue with the members of the committee as to make a speech.

Mr. RAKER. It was said this bill was reported when only the majority members were present and the minority were not brought in until they were ready to report the bill. Is that a fact?

Mr. GAHN. So far as I know, the bill ought not to be considered in any partisan way at all, and I want to say right here I have not regarded it as a party measure. There is another thing. Every time a bill slips a little bit one side will try to appeal to party support and to make it a party measure. There is nothing in the party platform for a ship subsidy, and because the Shipping Board chairman may have gotten the President to be for it, does that make it a party measure? No. Most Republicans have repudiated a great many measures of this administration. I think this is going to indict the Republican Party for 1924. But if you doubt it, see what happens then. I want to say this: I have noticed that gentlemen of the committee have devoted much of their ability and their energy to the solving of the questions involved in this bill. The gentleman from Tennessee [Mr. DAVIS] might have ruined his health because of his untiring efforts on this bill, and there are other gentlemen who have devoted a great deal of their time to the study of this subject, including the gentleman from Alabama [Mr. BANKHEAD] and the gentleman from Texas [Mr. BRIGGS], the gentleman from Texas [Mr. HARDY], and others, and I do not think they have done that for partisan reasons, because really, gentlemen of the Republican side, if it were a partisan question the Democrats would let this bill go through in the most rotten shape you could get it, because then it would be much better from their standpoint.

Mr. EDMONDS. Will the gentleman tell us what the caucus did about it? What did the country do last June?

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. GAHN. Yes.

Mr. BLANTON. The distinguished gentleman from Pennsylvania asked what the country had done last June. The gentleman has taken cognizance of a solemn referendum before the people, has he not? I mean in regard to this bill and party questions.

Mr. GAHN. I thought so at that time.

Mr. ARENTZ. Mr. Chairman, will the gentleman yield?

Mr. GAHN. Yes.

Mr. ARENTZ. May a dirt farmer ask a question of my friend, whom I admire greatly?

Mr. GAHN. Yes.

Mr. ARENTZ. It seems to me that it would be a great deal better for some Members who are so opposed to this bill to offer some amendments to improve it, but I have not heard of any of them.

Mr. GAHN. So many amendments are necessary it would be better to recommit the bill.

Mr. BANKHEAD. The gentleman informed me that he had some particular information to submit on a certain phase of this case.

Mr. GAHN. I am going to submit it. It has been said here that the cost of labor was the underlying feature that caused the administration and the Shipping Board to urge the passage of this bill. It has been argued by nearly every Member who

favors this bill that there is a labor differential. As to that I have no less an authority here than the Nautical Gazette. It contains figures obtained from the Shipping Board which show that that is not true. It compares two ships, a Danish ship and a Shipping Board ship, of practically the same tonnage; the dead weight of the Danish ship being 7,200 tons, and the dead weight of the Shipping Board ship being 7,723 tons.

It is shown that the fuel cost is what handicaps the Shipping Board ship. The Danish ship was built in 1921 and the Shipping Board ship in 1920. The value of the Danish ship is stated to have been $258,508 and that of the Shipping Board ship $265,748. The number of the crew on the Danish ship was 38; the number of the crew on the Shipping Board ship was 30. The wages per month on the Danish ship were $2,355 and those on the Shipping Board ship were $2,105—a less amount than the amount paid on the Danish ship. The days occupied on the voyage were the same—44 days each. The fuel cost of the Danish ship was $2,907 and that of the Shipping Board ship $6,300. There is almost $4,000 difference on this one voyage. The monthly overhead expense, excluding wages but including subsistence, was $5,428 on the Danish ship and $5,393 on the Shipping Board ship. The total voyage receipts of the Danish ship were $19,468 and of the Shipping Board ship $20,416, being almost a thousand dollars more. The total voyage expenses of the Danish ship were $17,558 and those of the Shipping Board ship $21,030. The net result was a profit for the Danish ship of $1,910, and a loss for the Shipping Board ship of $614.

These figures show that in this instance the wage cost was higher on the foreign ship than on the American ship, due to the fact that the former, being a coal burner, carried eight more men, whereas the Shipping Board ship was an oil burner. The ships were valued at approximately the same amount, and the fixed charges, such as insurance, depreciation, amortization, and so forth, were almost equal, and the fact that they were of about the same size made them liable to the same tonnage dues and port charges, and they each paid the same amount in managing agents' commissions; and yet the Danish ship showed a profit of $1,910 and the American ship a loss of $614.

Unless the Shipping Board proceeds to make its vessels economical to operate, and run them with highly paid crews, the payment of a subsidy will never contribute to the establishment of its fleet upon the high seas.

Now, gentlemen, I want to touch on the taxation question. It seems to me that this bill, strictly speaking, is not a subsidy bill. It is a tax exemption bill to special interests. This bill is permeated with graft and saturated with exemptions and special privileges to a few. It is no wonder that our boats do not go out on the high seas, because the owners of these vessels have heretofore refused to let them go out unless you exempt them from certain expenses. They refuse to pay the taxes that the farmer has to pay, that the ordinary business man has to pay, or the man back home. You have got to pay them in the way of an exemption before they will invest in these boats and take them out. If not, they take foreign registry.

You are allowing 5 per cent exemption on a person's taxes if he merely ships in subsidized boats, in American bottoms. That will allow the Standard Oil a million dollars a year. In the case of the *Leviathan* alone, as the gentleman from Tennessee [Mr. DAVIS] shows, you will give $900,000, and under the Shipping Board regulations, if they see fit, they may double that amount.

Why do you say that only $15,000,000 is going to be expended each year when your figures show that the passenger boats alone are going to get this $15,000,000 the first year?

Nowhere in the President's message is mention made of the fact that we are going to have a program of shipbuilding. Three or four times in that message mention is made of the fact that this bill is going to save $50,000,000 a year. I disagree with that, and I contend that that $50,000,000 will still be there, if not a higher amount. Unless you cut out the graft and discharge some of these highly paid and inefficient men employed by the Shipping Board you are going to have an annual expense just the same. [Applause.]

I do not wish to appear in opposition to the President's specific wishes, but it seems to me that he has been misguided and misled, quite innocently, by the great pressure which has been made to bear upon him in the representations that this is the only way to fully establish an American merchant marine.

In this connection let me quote from an editorial which appeared in the Cleveland Press, November 22, 1922:

PLUMS IN THE SUBSIDY.

President Harding told Congress in the ship-subsidy message that it was costing the taxpayers of the United States $50,000,000 to operate its fleet of ships, and that there would not be paid out more than $30,000,000 to private ship operators if his subsidy bill were made a law.

The President did not say what else the ship operators would get besides the $30,000,000 subsidy.

The President did not say what shipowners would get the subsidy and what shipowners would not.

The President did not say that a ship would earn just as much subsidy whether it carried a pound of cargo or whether it was loaded full.

The President did not say that only owners of ships running on regular lines would receive subsidy.

The President did not say that the ships that run on regular lines are those devoted not to commerce but to the hauling of passengers and mail—ships devoted to the hauling of goods owned by the owner of the ship, such as the Standard Oil tank-line steamers, the United Fruit Co. fruit ships, etc.

The President did not tell Congress that besides the $30,000,000 going out of the Treasury, a golden flood would be stopped from flowing into the Treasury by reason of the fact that those shipowners who enjoy subsidies—but no other American shipowner—could deduct from their income taxes their profits on the operation of the ships, and in case they were the owners—as in the case of the Standard Oil Co.—of the cargoes of the ships, 5 per cent of the estimated freight that they paid themselves for hauling their oil.

The President did not say that Mr. Lasker has expressed the faith that these income and tax exemptions to a favored few American shipowners would probably not exceed a mere $10,000,000 a year.

The President did not say that if a man bought a ship at junk price from the Shipping Board and sold it at a profit to be sailed under a foreign flag, he would not have to pay income taxes on that profit if only he would buy or build another ship.

The President did not say that the "tramp ship," which is what Great Britain and every other country means by the expression "merchant marine," will not get one penny of subsidy under the proposed bill, and their owners will not get any rebates, drawbacks, or exemptions, or other hand-outs from, through, or by the Treasury.

The President did not say that it was proposed to lend $125,000,000 to the preferred class of American shipowners at 2 per cent a year, while business men, farmers, manufacturers, and ordinary folk in general pay from 6 to 10 per cent.

Had the President told Congress all these things, he would have told them of a part but not all of the plums that are tucked away in the proposed Thanksgiving pudding—if the subsidy bill is passed on November 29.

It seems to me that the entire question should be more thoroughly studied and investigated. There were 34 days of hearings on the bill before the Merchant Marine Committee, but not one day was given for a full and complete discussion in the committee on the bill or on the hearings.

Public sentiment is against this bill, and it is folly for this House to endeavor to create public sentiment in favor of it by jamming it through. On the other hand, this House should reflect public sentiment, and each Member should truly represent the wishes of his constituents.

Let me read here an editorial of the Cleveland Plain Dealer of November 23, 1922, urging Congress to give more time and study to the perplexing questions involved in a proper solution:

THE SUBSIDY PROPOSAL.

When the members of the Shipping Board prepared the subsidy bill that the President so earnestly supported in his subsidy message of February and again of Tuesday the board had in mind the development of a great merchant marine under private ownership and operation. The board in effect admitted its own inability to operate the Government-owned ships successfully and proposed a new deal whereby private shipping interests might be induced to purchase the Government vessels and operate them under a system of direct and indirect subsidies.

When the war was declared in 1914 the gross tonnage of the United States registered in the foreign service was a trifle more than 1,000,000 tons. As a result of the shipping emergency created by the war the Government spent approximately $3,000,000,000 in ship construction. The end of the war found us with a merchant fleet of more than 12,000,000 gross tons. Of this tonnage, about half, more than 1,400 steel cargo vessels, are still in the hands of the Shipping Board. Less than 400 of them, however, are in operation as a result of depression in foreign trade and the inability of the board to compete with private shippers, both American and foreign, in the same trade routes.

The maintenance and operation of the Shipping Board fleet is costing the Government approximately $50,000,000 a year in addition to the heavy loss from depreciation of vessels that are tied up in American ports. The President contends that a subsidy which would transfer this fleet of vessels from the board to American shipping interests would relieve the Government of a portion of the present expense and at the same time assure this Nation of a place on the high seas and protection against any shipping emergency, commercial or military.

Whether the plan embodied in the administration bill would have the desired effect is a question. The testimony taken by the House committee last summer was conflicting in a high degree. But during the last four years private shippers to whom Government vessels were turned over for operation without any expense whatever have come back upon the board for deficits running into the millions. Successful private carriers accordingly contend that the pending plan which involves purchase and operation under a moderate system of subsidies offers no assurance of success.

In detail the plan would set aside a special subsidy fund to be created by withholding from the Treasury 10 per cent of the Federal revenues derived from customs, and this fund would be used by the Shipping Board or other Government agency to pay direct subsidies to ship operators in the foreign trade. The cost of the subsidy then would be determined by two outside considerations, the volume of imports and the scale of tariff duties. On the basis of recent import figures the direct cost of the subsidy would be somewhat but not greatly below the annual outlays and losses of the Shipping Board.

The subsidy advocates themselves are of the opinion that the steel cargo carriers now in the hands of the Shipping Board would not in themselves afford the Nation a well-balanced merchant fleet to compete with the well-established European lines. The majority of these vessels are of low speed and the need of this country is apparently for ships of a better class, particularly of fast combination cargo and passenger vessels and perhaps of a few passenger vessels of the finest type.

It is therefore proposed that the Government assist in the construction of the new units by creating a reserve fund of $125,000,000 to be loaned at low rates of interest to private shipping concerns. The rate of interest must not be less than 2 per cent and the Government must not advance more than two-thirds the value of the new ships to be constructed. This provision was deemed advisable by those responsible for the bill because of the difficulty experienced by shipping concerns in attracting capital. Replies of bankers to a questionnaire sent out by the Shipping Board indicate that the demand in this country for shipping shares is almost nonexistent and that construction funds can scarcely be provided from ordinary investment sources.

In addition to the proposed subsidies for operation and credit assistance in construction the administration bill contains provisions designed to increase the traffic of American-operated ships. Most important of these provisions is that which virtually compels one-half of the immigrants coming to America to secure passage on American vessels. This provision, along with that doubling all port and tonnage duties, is aimed directly at competing marines, and in the minds of many, even among the supporters of the bill, is unwise because of the probability of retaliation and international misunderstanding. In the opinion of still others this provision would, like that of the marine act of 1920 imposing discriminating import duties, be nullified by existing treaty agreements.

Before deciding to accept or reject this measure Congress should make a thorough study of all its important provisions. It should know whether the President's representations regarding costs are correct; whether there is good ground for believing that private shipping concerns would, with the subsidy bill passed, be any more interested in the purchase of the Government-owned vessels than without it; and whether even then they could, with a subsidy as proposed, meet competition from foreign sources. * * * The relation between labor costs and disadvantages sometimes ascribed to this country's merchant marine, such as fuel costs and bad ship design, should be more definitely ascertained. Congress should also consider carefully the probable significance of the immigrant-carrying clause and the possible demands that will be heard from other sources if it undertakes to provide capital to one industry at a rate well below the market rate.

When the hearings on this bill were being conducted Congress was absorbed in the tariff and in other legislation regarded at that time of greater importance. Called to give consideration now to the subsidy proposal it should study the measure carefully and thoughtfully in the light of the Nation's best interest.

It is argued and made propaganda for the support of this bill that a merchant marine is necessary as a navy auxiliary. But let me call your attention to the fact that the present fleet of the Shipping Board is unbalanced and that new ships will be necessary; that the present number of first-class ships is much in the minority of a fully equipped merchant marine necessary for a navy auxiliary. There is no evidence that the ships to be constructed will round out such an auxiliary. Might it not be possible that the discretion of the Shipping Board would be used in authorizing and approving the building of such new ships in such a way that it would be as much unbalanced as the former Shipping Board made it?

There is not as much differential in the subsistence cost as has been maintained in this debate. It developed during the hearings on this bill that the operators of the Shipping Board boats are paying entirely too much in subsistence expenses.

The Shipping Board has reduced the subsistence allowance on board of their ships to 65 cents per day per man. In the argument which they used to justify their position they claim that after investigation they discovered that some private shipowners were feeding their men on a subsistence cost ranging from 48 to 51 cents per day per man. In this statement they have refuted their testimony before the joint committee of the ship subsidy bill, where they claimed that the cost of subsistence on American ships was 82.5 cents per man per day. Mr. Merrill, the director of the bureau of research of the Shipping Board, in his testimony stated that, according to advices received from representatives of the Shipping Board in Japan, the Japanese cost of subsistence was 62.5 cents per day per man.

No matter how well our ships are managed from the shore, without an efficient seagoing personnel our shipping will never be successful. This fact is gradually being realized by those who have the handling of marine property. Ships to-day are larger, more valuable, move faster, and consume money at a greater rate than ever before. The need of trained men and officers is therefore greater than ever. Masters and officers have little time to devote to beginners. In old days one trip or voyage gave youngsters knowledge and experience. Therefore there should be every incentive to Americans to take up the profession of seamanship. This bill spells disaster to them, because it will actually destroy the American merchant marine. When you place a premium on inefficiency, there can be no other result.

The Shipping Board's historians appointed to make a study of the effects of subsidies on the merchant marine of other countries state that in no case—with the possible exception of Japan—have subsidies been of assistance in building up or in maintaining a merchant marine.

International trade, whether passenger or freight, was and is still competitive, and a share in its profits and power was only attained by merchants or ship operators with a thorough knowledge of business geography, assisted by officers and seamen who could make the quickest passages at the lowest cost and who were capable of keeping their vessels out of the repair yards.

The care and efforts of statesmen have been to foster and develop the highest possible skill in seamanship in officers and men, together with the highest skill in management. In the first self-interest was used, in the latter adaptability and training.

A nation's proper share in the profits and power derived from the use of the sea was, as far as I am able to discover, never obtained in any other manner, and I am therefore opposed to any subsidy as provided in this bill.

To me this subsidy spells disaster to the American merchant marine, because it substitutes Government aid for skill and efficiency. In other words, we propose to subsidize inefficiency.

Let us abide by the maxims adopted by our forefathers and protect the American people, supporting the greatest Government under the sun by maintaining equal rights to all and by refusing to grant special privileges to the few. Let us ever remember that this is a Government of the people, by the people, and for the people. Let us cling to our ideals of truly representing the people. [Applause.]

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. SNYDER].

Mr. SNYDER. Mr. Chairman, the gentleman who has just left the floor [Mr. GAHN] gave as an excuse for not being reelected bad leadership on the part of some of the Republican leaders on this side, but since I have listened to his statement with regard to the nonpartisan Democrats on the other side who have so far elucidated this measure I have the idea that some of his constituents must have discovered that he possesses an unsophisticated mind.

Some of the potent arguments of our nonpartisan Democratic friends have been at least potent enough to bring about an action in the shipping stocks of England. I notice in the Evening Star of to-night this statement:

Europe hopes for the defeat of the ship subsidy. Administration officials pointed significantly to a brief dispatch which came over the wires to-day of one of the ticker news service as follows:

"LONDON.—Expected defeat of ship subsidy bill in the United States is having a marked effect on shipping shares here. Peninsular & Oriental Steamship Co. rose five points yesterday; Royal Mail three and one-half points, and Cunard one and one-half points to-day."

So that the arguments which have been made against the measure so far seem to have been potent in some sections of the world. Now, it had not been my intention to make a speech to-night, but——

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. SNYDER. Yes; I shall be delighted to do so.

Mr. GARRETT of Tennessee. Does the gentleman think we should take money out of the Treasury of the United States, paid in by the taxpayers of the United States, in order to keep the price of stocks of English shipping down?

Mr. SNYDER. Oh, no; not by any means; but as suggested by a friend who sits by me here, we do not know who is speculating in the London market, based on the speeches which are being made here. But there can be no question in the minds of those who are interested in using the sea routes, or the routes that may be installed in the future, of the necessity of continuing in operation, at least, the number of American ships which are in operation now, and if this subsidy measure will permit the Government eventually to get out of the shipping business and to put the shipping business into the hands of individual and private ownership, so that ships may be run in competition with the various carrying lines of other countries, we will have accomplished something.

I listened with a great deal of interest to the statement of the gentleman from California [Mr. MACLAFFERTY], because it was not so long ago that I had the pleasure of making a trip around the world, and there were not as many American flags on the ocean then as there were when the gentleman from California [Mr. MACLAFFERTY] traveled a few years ago. It was back in 1909 that I went around the world, and the only place in China where I saw an American flag was in the harbor of Hongkong, on a ship of the Standard Oil Co.

There was not another place on that whole trip where I saw the American flag except, I think, at Port Said, where I saw the old transport *Kirkpatrick* with a load of troops from the Philippines coming back to the United States.

So I favor this measure, because I believe it will be the beginning of an opportunity to carry the products not only of the farm but of the manufacturers of this country to markets in the world which we have never before had the opportunity to develop.

Mr. BANKHEAD. Will the gentleman allow me to ask him a question?

Mr. SNYDER. Yes; with pleasure.

Mr. BANKHEAD. At the time the gentleman refers to, when he saw very few ships flying the American flag, what was the condition of business generally in the United States?

Mr. SNYDER. In 1909, I think, the farmers were in just about as good a condition as they are to-day, compared with the difference in the standard of farming to-day and the standard of farming then. We must all admit that conditions on the farm have changed since then, and changed for the better. and that those improved conditions should be retained. The opening up of new routes for the sale of the surplus products of the farm, as well as the surplus products of the factory, will be a great factor in bringing the prosperity of this country up to the point where the farmer can maintain the standard to which he has risen during the period of the war.

We must not forget that, even as late as 1913 or 1914, there were very few farmers who had automobiles or tractors or power-driven machinery. Now all those things have come, and some of the farmers have not made enough money to pay for all of the improvements they have purchased; and it may be, as the President suggested in his speech the other day, that it will be necessary for this country to aid the farmers in some manner until they are able to meet the payments upon those things which were bought on more or less of a prospect. I believe in doing that, and I shall vote for any measure which comes up here later that will help the farmer to maintain the standard to which he has brought himself during this period.

Mr. BANKHEAD. The gentleman does not favor a direct subsidy to the farmers out of the Treasury, however, does he?

Mr. SNYDER. The farmer does not need any such thing. What the farmer needs is the same thing that any other business man needs, and that is credit; but here is an entirely different proposition.

Mr. BANKHEAD. Would the gentleman go so far as to lend the farmers money at 2 per cent per annum?

Mr. SNYDER. I do not know whether I would or not. I would want to consider that matter. But if it were thought advisable to do it, I would not hesitate a minute. I believe that in order to have any permanent prosperity in this country the farmer must prosper and must participate in that prosperity equally with any other set of men or with any other industry. There can not be any question about that. There can not be any lasting prosperity in the country unless the farmer prospers.

We might as well consider that, but this bill is going far to make the farmer prosperous and give him an opportunity to ship his surplus products abroad at fair rates of freight and in American bottoms. That is one of the reasons why I favor this measure. I believe when we get down, notwithstanding the eloquence of the nonpartisan friends on the other side, we will have votes enough to put it through.

Now, since we have given Government aid to the construction of roads to the amount of seventy-five millions per annum, and have for many years appropriated millions for inland waterways, which are the simple arteries for the convenience of the producers and manufacturers of this country in the handling of the products of the soil and factories, anyone familiar with the great industries of the country must know that when we are producing at anywhere from 90 to 100 per cent of the maximum products of the soil or from our factories, a great surplus must be disposed of outside of our own country. Is it a great stretch of the imagination to conceive of Government aid for the purpose of opening up other arteries and avenues for trade through the use of the oceans of the world for the purpose of participating in the rivalry of the world's markets so far as may be possible in disposing of our surplus products?

By the present operation under the Shipping Board of the ships that we wish to dispose of under this bill we are creating a deficit of $50,000,000 per annum of such ships as can be operated by the Shipping Board. The money for this deficit is taken from the pockets of the people, and by this operation we are driving from the seas all private shipping under the American flag, for the reason that it can not be operated on a basis of profit in competition with Government-operated ships. Now, in connection with this deficit, which is created wholly by operation, we do not take into consideration at all the depreciation on the ships that are not in operation, that are tied up at various docks and in various places throughout the United States, which undoubtedly is now, at the present moment, creating a deficit of more than $100,000,000 per annum.

Of course, I do not suppose it is contemplated under this bill that all these ships will ever be disposed of, because many of them, due to their construction and size, never will be able under any circumstances to compete in the merchant marine business of the world.

Now, what does this bill propose to do?

First, it proposes to take the Government out of the shipping business.

Second, it proposes to discontinue the deficit from depreciation, which, as I have said, would amount undoubtedly to $100,000,000 per annum.

It proposes to turn over these ships to privately owned companies on such a basis that they can be operated at a profit and yet be able to compete with the other ship-carrying companies of other countries.

It was clearly shown in the able address of the President that the greatest amount in any one year of the cost to the Government would be $30,000,000, and that is based upon the maximum amount of ships which could be taken over and placed in successful operation.

Now, what does this expenditure of $30,000,000 mean? It means that for every available ship that the Government turns over to private operating companies, if we have an opportunity to use the $30,000,000, will be carrying from this market to some other market of the world its full cargo of merchandise; and this means that the business of this country, both as to the produce of the soil and manufactories, will be in full and successful operation, and that we shall enjoy the satisfaction of being able to ship these surpluses to such markets as we desire to ship them, anywhere in the world, in ships flying the Stars and Stripes.

It does not seem possible to me that a Representative from any section of this country could be opposed to a measure of this kind. I can not understand why it will not be just as helpful to the farmer who has wheat or corn or any other product, the surplus quantities of which must be shipped abroad, and why he would not feel that it was essential to ship these surpluses in American bottoms, particularly inasmuch as it would afford the Government an opportunity eventually to recover for much of the loss that has been made on the ships which we are to dispose of. It would eventually take the Government wholly out of the shipping business, thereby stopping all expenses, and finally at the expiration of 10 years the money that has already been paid out in subsidies would be coming back to the Government in profits earned by the ship companies over and above the 10 per cent limit.

And, therefore, Mr. Chairman, as a business proposition, as well as a patriotic proposition, I favor this measure and believe that as soon as the people of the country generally become familiar with the merits of the measure that there will be a reversal of the opinion of many people who are now disposed to oppose the measure, and that eventually it will be looked back to as one of the great achievements of this administration.

Mr. GREENE of Massachusetts. Mr. Chairman, I yield 15 minutes to the gentleman from Louisiana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman and gentlemen of the committee, I regret exceedingly that I am out of line with the overwhelming sentiment of my colleagues on the Democratic side. There are only a very few of us on the Democratic side that will vote for this bill. I can not help thinking, though, that we are almost as illogical as some of our speakers have claimed the Republicans are in discussing this bill. As I understood some of the speakers on the Democratic side, the Republicans are illogical in having adopted the protective tariff, which naturally would restrict international commerce, and then clamor for a merchant marine bill which would have for its purpose the carrying of our commerce across the seas. Inferentially that leads me to the thought that our position in the matter of tariff is to remove as far as consistent with our purpose of deriving a revenue—to remove the restrictions from commerce that we can remove, and thereby foster and encourage and enlarge the international commerce of our country. If that be true, the inference is inescapable that we ought necessarily to be the prime movers in any purpose looking to the securement of the merchant marine in order to carry over the seven seas and across the great oceans that commerce which we apparently seek to enjoy with all the world.

No man, Mr. Chairman, in my judgment possesses the infallible touchstone of truth. Men equally honest and sincere will differ on a given state of facts and upon any issue that may confront them from day to day. I concede to my colleagues and to all men that which I trust they will freely grant unto me, and that is the sincerity of my professions and the convictions which I have the pleasure of uttering on the floor of the House of Representatives to-day.

I have always believed in a merchant marine. I have always thought it was necessary that we should subsidize our merchant marine in order to put it upon its feet, which would enable it to compete with the merchant marine of all the other nations on this earth. That has been my position as an American patriot and as a friend of labor.

I know, Mr. Chairman, that it is totally unnecessary for me to say to this House that I am friendly to labor, that I am glad at all times to act as the advocate and the champion of the wage earner. Why? Because I want my country, our country, to be and remain free; free industrially and commercially, as well as free religiously and politically; because I want the wage earner to be an upstanding, fearless American man and woman, who can feed, clothe, and educate their children so as to make for strength, courage, and ability to fight and win the Nation's battles. For then and only under such circumstances and conditions can you hope for men and women who will on some tremendous day fight and glory in making the supreme sacrifice for a land they know to be worth while. Poverty stricken, beaten to earth, ignorant people are indeed hewers of wood and drawers of water, and are vassals and hirelings in times of war and danger. The man of the hour, the brave patriot is the physically strong and mentally alert who battles for institutions and a country for a commercial and industrial system that has bestowed blessings and not misery upon them. And I had always thought, notwithstanding clashes between capital and labor, that it was an accepted truism that all American labor was more highly remunerated and better paid than foreign labor.

It was therefore somewhat humiliating and astonishing to me to hear declared on the floor by some of the great speakers on the Democratic side that there was no difference in the cost of construction, no difference in the comparative cost of our vessels and those of England, France, and other countries. The impressions of a lifetime are too strong, however, and I can not but resist the declarations that were made to that effect. I had always thought that the labor of America from every imaginable standpoint received a better pay, more adequate pay, and a higher standard, and enjoyed a better living than the wage earners or laborers of any country on the face of the earth. From every rostrum, on every occasion where labor was involved and discussed, men enjoying high positions, men in the pulpit, men from the floor, men representing gatherings, informed the American people that the American wage earner always occupied a higher and better and nobler position, in view of the splendid living he was enjoying, than the laborers of any other country on the face of the earth.

But here to-day to my astonishment I learned that the American laborer is as much a vassal as he is in the country beyond the seas; that he has had cause for complaint; that he is no better off than those who cry aloud for relief. During the great strikes of the past we were always told insistently day after day that in view of the higher and better position that he enjoyed over his foreign fellows the American workingman had no just cause of complaint. Now we are told by some of the opponents of this bill that the American laborer, the American seaman, the wage earner from every imaginable standpoint is apparently in no better position than those we once were pleased by terms of comparison to call serfs in the industrial and commercial orders abroad.

Mr. BLANTON. Will the gentleman yield?

Mr. O'CONNOR. Yes.

Mr. BLANTON. Did not the gentleman hear the testimony read from the hearings that the chief engineer of one of the American boats gets $300 a month while the chief engineer of a British boat gets $110?

Mr. O'CONNOR. I have no call to discuss that with the gentleman. I know that the American is better paid. I have known all my life that the American laborer is better paid.

It may not be inappropriate for me right here to insert an extract from the report of the merchant marine committee of the Chamber of Commerce of the United States:

"That is, the aid should extend over a series of years, in accordance with many established precedents, as, for example, aid for the construction of rural post roads, vocational education, operation of canals and other works of navigation belonging to the United States, removing obstructions in the Mississippi River, aid for highway construction, for purchase of land to protect watersheds of streams, and refunding tonnage taxes and light dues to citizens of the Philippine Islands.

"Before dismissing the question of Government aid it is of consequence to consider the fact that the questions of sale and subsidy are practically inseparable. Under present conditions no experienced person has the slightest confidence in the Shipping Board's ability to sell any considerable number of its ships unless the sale prices are so low as to constitute practically a gift of the vessels. Therefore to insure a market for the Government-owned ships there must be an assurance that the purchasers can operate them in competition with foreigners without loss, and this assurance can proceed only through aid from the Government. A few figures recently made public will tend to make this clear. An 8,000-ton cargo ship built in England as recently as 1920 can be bought for $240,000, or at the rate of $30 per dead-weight ton. Estimating interest upon this sum at 6 per cent, depreciation at 5 per cent, and insurance at 4 per cent, the yearly fixed charges would be $36,000. The difference in compensation for crews between an American and British ship of this tonnage will amount to substantially $800 per month. Assuming that both ships would be in operation for a period of 11 months in a year, the expense of the American ship for crew's wages for that period would be practically $8,800 more than of the British ship, which deducted from the fixed charges of the British ship would leave $27,200, or 15 per cent on $181,000, or $26.66 per ton, which is about what the American shipowner could afford to pay. This makes a difference in price of over $7 per ton, determined by wages alone, in favor of the British as against the American ship."

I have heard day after day from my earliest childhood that this was and is the land of golden opportunity, and the iterations and reiterations, the constant expression of what everyone regarded as an American economic truth, that it did cost more to construct a vessel in America, and that it did cost more to operate vessels as a result of higher labor costs; I am unable therefore to understand why it is now thrust upon us as an issue, as a question of doubtful fact.

Mr. Chairman, some months ago I read a paper issued by a great association—I believe it is the Chamber of Commerce—in the city of Chicago, the greatest inland city in the world, and on its front page was announced the names of the men whose joint intellectual effort this paper was and is, for it is still extant. In all probability it expressed the thought of that great city and its environs more accurately than any other paper that could come from any other 20 men in that great city. I recall that in that paper were similar expressions that I had read in another great paper, I believe issued by the Cleveland Association of Commerce. A few days ago I received a paper from the United States Chamber of Commerce, which I read with considerable pleasure, because it expressed my own viewpoint so powerfully, so clearly, so convincingly, and because I knew that the ideas had already taken root as a result of the splendid papers that I have already referred to and which had produced such an indelible impression upon my mind. I think it is one of the most interesting papers I have ever read.

I know that my Democratic colleagues will approve this sincere compliment that I wish to bestow upon the Chief Executive of our country at this time, although probably it is not so much a compliment as a statement of fact. I believe it is generally regarded that he has expressed the thought of those who favor governmental aid to a merchant marine as convincingly, as eloquently, as felicitously, and as powerfully as any man that ever appeared before the American public.

I believe that this paper, which I am going to read, is, next to that splendid address, to that great speech in Congress, in all probability one of the finest things that has ever come to my notice—clear-cut, cogent, definite, and irresistible in its logic and expression. At any rate, it expresses my viewpoint and, I believe, the viewpoint of many, many Americans among whom I was born and reared. To the south of us lie a thousand gold mines, metaphorically speaking, for under the magic spell and influence of a merchant marine the golden fleece would be brought home from all the ports of Central and South America. At some not far distant day the shores of the Gulf of Mexico will be to the United States of America what the shores of the Mediterranean have been for nigh onto 2,500 years to Europe—yes, to Africa. On the littoral of Europe's great sea the human race has played for centuries the greatest acts in the grand drama of life. It is on the banks and along the shore line of the Mexican sea that commerce will erect her strongholds and enthrone industry. Far to the south of us, but within easy striking distance of the ports of the South Atlantic and those of the Gulf, is a great, splendid country, unexplored commercially as yet by us, untouched by the wand of American genius. Down in Central America, that will yet be the home of millions of people, and farther down on both littorals of the Atlantic and the Pacific, on the seasides of the great South American continent, lie magnificent opportunities for our country and particularly for the southern portion of our country that has suffered as a result of past inability to bring its treasures to all peoples of the world and bring back to us the rich goods, wares, and costly fabrics of the globe. For true, indeed, it is that he that would bring home the wealth of the Indies must carry the wealth of the Indies with him.

Mr. Chairman, that part of the country ought in the very compensation of things ultimately to come into something like

its own, to enjoy a part at least of the great commerce of the United States, and not have that commerce driven, to use a bromide, to use a much-abused expression, through the neck of the bottle, not constantly driven through the one great port of New York. The South Atlantic and Gulf ports should be put in a position, for the national welfare, to avoid the congestion at one great port, of taking care of a part at least of that commerce which shall go out and down into these southern seas to hundreds of millions of people in the near future. From Norfolk and Charleston and Savannah, from Mobile and New Orleans and Galveston, should established lines be maintained until we have won the commerce of the world and our galleons are the great American riders of the sea, making all of our country prosperous, not in spots but all of our country, North, East, South, and West, coast and inland, opulent and happy.

But let me take a Conradian swing from commerce and from her temples, citadels, and ocean carriers. Sometimes I think that the human race never will forget the terrors of a recent past. Dwellers along the banks of the Nile, the Tigris, and the Euphrates in ancient and bygone days would return to their ruined homes as a result of overflow and inundation and take up life anew. Those that lived on Vesuvius, on its slope, prior to the destruction of Pompeii and Herculaneum, and escaped its fiery and death-dealing lava, crept back to their homes, or what was once their homes, shortly afterwards. And ever since, whenever there has been an eruption and men and women have been driven frantically away, flying for their very lives, they have come back as soon as they could thereafter in order to redeem their homes and to live there regardless of its trials, its dangers, and its terrors. Such is the force of habit. We Americans, like all others, never will understand or keep in memory the terrors that have passed. Once gone they are soon forgotten. We all lay the flattering unction to our souls that there will never be another war. How on earth a country like ours that underwent the horror, the Golgotha, the agony of fraternal strife, where brother was arrayed against brother, can come to the fallacious conclusion that we will never engage in another war is incomprehensible to me. If we tore at each other's vitals for four and a half years, if we were at one another's throats, if we fought and clawed at each other's heartstrings, if it is a commonplace that under provoking conditions brother will fight brother, why should we believe that we will never meet a foe from across the Atlantic or Pacific and engage in a death grapple with him on the crest of their waves?

Mr. Chairman, I never like to mention Great Britain in any discussion in which I am engaged, for the reason that there is always probably in the minds of listeners what is deemed to be a justifiable belief that acrimony may be the parent of the thought that I might utter, though I disclaim it. I am first of all an American, and, secondly, an English-speaking person, standing and fighting to make their dreams come true and their aspirations a realization, but ever willing to denounce tyranny and aggression whenever practiced by any member of our great family. Let us suppose our quarrel had been with England in the World War and not with Germany. Do you believe for a single moment that the result would have been as glorious or would have been accomplished in as short a time as was our recent wonderful victory, written in fadeless, deathless lines in the pages of history? Could we have waged war against Great Britain and carried it across the Atlantic? Could we have transported a bale of cotton or an ounce of any commodity? Could we have shipped abroad a single dollar's worth of exports which make up our surplus production but which, in view of our economic, commercial, and industrial and agricultural organization, is indispensably necessary to our national existence? Of course, the terrors of the past are easily forgotten, so easily forgotten that there are times when I think that the "Recessional" should have been written for the Americans as well as for the Englishmen.

It is easy to be smug and to feel that there will be no more wars, although we grew great and powerful and strong and have come into the magnificence that we enjoy to-day, into a glory that was of Greece, a grandeur that was of Rome, as the result of wars. Yet the day that we ever cross the path, the day that we ever make it clear that we are likely to become the competitor of some great nation or of two great nations of Europe, war is imminent, and the blow will be struck when the converging lines of competition cross. Flatter yourselves as much as you wish that the millennium is at hand, that peace on earth, good will to men, reigns on this earth, but do not for the future of your country.

Delude your children into the belief that they can get along without a merchant marine, that they can go without a proper establishment that will keep and maintain this as a republic, at least for some centuries to come. Commerce and safety, national security, call to us to remember the lessons of the past. Assyria, Rome, Greece, Carthage, where are they? They are one with Nineveh and Tyre. They have gone into the abyss of time to join the other mighty states, kingdoms, and empires that grew rich, great, powerful, and strong and then tottered to their destruction and fall as a result of no longer being willing to pay the price of glory—of forgetting that kingdoms, commerce, industrial empires, by toil and blood and tears gained, must be by toil and sweat and vigilance maintained.

But, Mr. Chairman, "Why a merchant marine?" receives an oracular answer in the great paper which I will now read—next, I repeat, to the President's great, thrilling, American address, the answer will take its place in the history of the shipping bill. It is a wonderfully illuminating and instructive document and makes for a liberal commercial education in itself.

WHY A MERCHANT MARINE?

"Some months ago an influential trade journal published in the Middle West desired to be informed why one man should be taxed in order to provide ocean transportation for another man's goods; why, indeed, if the ships of other countries can carry our exports and imports more cheaply than can our own ships, should we be taxed to support an American merchant marine? More recently a United States Senator, somewhat distinguished for his zeal in promoting what he believes to be the best interests of an influential body of citizens, expressed the view, according to the newspapers, that the Middle West would not consent to the subsidizing of an American merchant marine. Ocean transportation, he said, is not particularly close to the people in the Middle West. The farmer would more readily vote for aid to the railroads to bring down his freight costs, and he will support the St. Lawrence Ship Canal, because it will mean lower carrying charges on export and domestic commodities.

"Unfamiliarity with marine subjects in this country, especially in positions of great responsibility, has caused and is causing the taxpayers losses amounting to hundreds of millions, while the lack of understanding of the true relation of a merchant marine to the economic welfare of the country, both in and out of Congress, makes the future of our merchant marine at times seem almost hopeless. A comparison that is illuminating and not wholly invidious will serve to illustrate how greatly we are handicapped in respect of our national lawgivers when maritime subjects are under consideration. In the British Parliament there are 21 shipowners, and probably 100 additional members that are indirectly interested in shipping. In the Congress of the United States there is not one in either category. Probably this could not be said of the national legislature of any other maritime country in the world.

"The reasons for this state of things are obvious and imply merely lack of opportunity in the past for the education of a sufficient proportion of our population to the ways of the sea to provide informed representation in Congress.

"*Generally the answer to the question, 'Why a merchant marine?' is twofold.*

"A merchant marine is needed for the national defense and for the economic welfare of the country and, it may be added as an answer of far from negligible importance, because it corresponds to the ambitions of millions of American citizens who, realizing that shipping is not to be considered merely as a convenience or luxury, sincerely desire that the Nation should possess a merchant marine under the American flag, and in connection therewith make use for the benefit of the Nation of the splendid facilities afforded by extensive coasts upon two oceans.

"In harbors admirably situated and equipped for overseas shipping the United States has great natural resources. The desire to develop and utilize these great resources and increase the means of livelihood and of business and industrial activity through use of the opportunity afforded for overseas shipping proceeds from exactly the same reasons as those which give rise to the desire for the development and utilization of any other great national asset. That the resource is at the seaboard in no way differentiates it in its possibilities for creating wealth and adding to national advantage, in which all may share, from a resource of some other kind perhaps situated far inland.

IN RESPECT TO THE NATIONAL DEFENSE THE ARGUMENTS ARE OBVIOUS.

"The President in his recent message to Congress well said:

"'The merchant marine is universally recognized as the second line of naval defense. It is indispensable in the time

of great national emergency. It is commendable to upbuild and maintain it, because it is the highest agency of peace and amity and bears no threat and incites no suspicion.'

"And yet the American people have ever been slow to recognize this indispensability.

"Most business men can recall that when Admiral Dewey set out from Hongkong to make history for America at the Philippines he was compelled to purchase foreign vessels to transport his supplies. Again, when the White Squadron made its memorable voyage more than half around the globe the coal and other supplies were carried in foreign vessels. One need not conjecture what would have been the result of a war waged at any time in the past 50 years between the United States and any considerable power across the seas if dependence had been placed upon American vessels to do the necessary transportation. Every informed person knows what our extremities and anxieties respecting shipping were when the United States entered the World War.

"If we had been obliged to convey to France our troops, munitions, and supplies in our own ships the war would have been continued two years longer than it was, unless earlier terminated by the defeat of the Allies through lack of our cooperation. Because we did not possess a merchant marine of respectable proportions the Government projected itself into a hectic policy of shipbuilding, for which our inexperience and lack of facilities were so great that when the program was concluded we had spent over $3,000,000,000, a sum sufficiently large to have enabled us, had we been so minded, to buy all the merchant vessels afloat in 1915, and yet we had constructed but few vessels when the armistice was declared. Meantime over 70 per cent of our troops were taken across in foreign, chiefly British, ships, and of the remaining 30 per cent the greater part were carried across in seized German and Austrian ships. It was in the small but efficient coastwise vessels and the vessels engaged in Hawaiian and West Indian trades that the bulk of the carrying under the American flag was performed.

"With the scrapping of warships and declaring a holiday in naval construction, the words of Secretary of State Hughes at the opening of the Disarmament Conference that the importance of the merchant marine is in inverse ratio to the size of naval armaments take on added significance. If war comes now the need of auxiliary craft will be very greatly increased, and vessels of 14 to 20 knots, manned by an efficient personnel, immediately will become a necessity of the Navy. Our ability to meet this necessity is far below that of Great Britain, with its large fleet of swift vessels, a considerable number of them of great size, and all of them almost immediately available, as need may arise, for war purposes.

"Our limitations in respect of auxiliaries of the better class are considerable. As it will be constituted when the disarmament program is fully developed, our Navy will require as auxiliaries in time of war 65 passenger ships of 16 knots and above, ranging from 3,000 to 15,000 gross tons each, or a total of 432,500 gross tons; 35 freight and passenger ships, 5,000 to 7,000 gross tons each, total 195,000 gross tons; 10 refrigerating ships of 16,000 dead-weight tons each; 50 colliers of 10,000 dead-weight tons each; 125 tankers of 9,000 dead-weight tons each; 30 freighters of 7,000 dead-weight tons each; 25 yachts of at least 700 gross tons each, or a total of 340 vessels of 3,470,000 gross tons, besides several hundred mine layers and sweepers, aircraft vessels, tenders, tugs, and a great variety of other craft. In November, 1921, the American ocean merchant marine numbered 41 vessels of between 15 and 20 knots and only 6 of 20 knots and above. Of the other classes we have at present sufficient to meet the demand, and will have in the future, if circumstances permit the retention of these classes under the American flag. The significant thing is that of seagoing vessels having a speed of over 12 knots we have only slightly more than 20 per cent as many as Great Britain. Of vessels of a speed less than 12 knots the tonnage is about the same.

"Another impelling motive for the encouragement of our merchant marine as an element of national defense lies in the deduction that as we decrease our naval strength, prudence dictates that we increase our civil strength on the seas, so that we may have, responsive to instant call, a large body of men capable of being quickly trained in naval warfare. And for the same reason we should have shipyards and a force of skilled shipbuilders. The importance of these factors has been strongly expressed by Admiral Sims in a statement made on a recent occasion to the effect that 'the Navy of the United States would be of very little value as a defense of the United States and our possessions if it were not for the merchant marine.'

"Should the present period of business depression be followed by a decline in American shipping, or even by a serious postponement of its development, the shipyards in this country will greatly suffer, and probably many of them will be forced to go out of business. This would be a serious misfortune, since these yards are necessary to national defense as well as to the healthy development of a merchant marine.

THE ECONOMIC REASONS FOR THE ESTABLISHMENT OF A MERCHANT MARINE ARE VARIOUS.

"In all the history of the world nations have been great and rich as a rule in proportion to their power on the sea as merchants and fighters. Humboldt said that contact with the ocean had been one of the chief influences in forming the character of nations as well as in adding to their wealth and power. As our own Emerson, who saw most things clearly, has put it: 'Chiefly the seashore has been the point of departure to knowledge, as to commerce.'

"'The most advanced nations are always those who navigate the most.' Another has said that 'no nation is free that has not a merchant marine to carry its goods to all markets.' Scores of students of the subject, including Admiral Mahan, the leader among them, concur in their testimony as to the importance of a merchant marine to the economic welfare of nations. And at no time since men began to employ ships as agencies in the great enterprise of barter has a merchant marine been so important an element in the activities that enter into the prosecution of world trade as it is to-day. International commerce on a large scale under the present conditions of competition requires a world organization of industry, trade, and shipping. This organization begins with manufacturing and includes merchandising, international banking, marine insurance, ship brokerage, freight forwarding, and the construction, ownership, and operation of vessels. When this interrelated organization has been completely developed, as it has been by the people of Great Britain, foreign commerce can be carried on under the best of conditions. If shipping under the national flag is absent from the organization, as developed by the people of any country, the organization is less effective. Shipping under the national flag and an adequate tonnage of vessels of different types are in fact essential parts of the trade facilities and organization with which the people of the United States will be able to extend their commerce to all sections of the world. In other words, if we are going to succeed in foreign trade not only our wares must compare favorably with those of our competitors but our service as well, of which shipping is an important factor.

"It was not so very long ago that only 12 per cent of our exports consisted of manufactures. To-day that proportion is 30 per cent or more, and during the war it was considerably higher. The product of our expanded industries, taken as a whole, is so much greater than our national requirements as to create a serious situation that will be reflected on every farm and in every shop, and in every home as well, unless markets for the surplus can be found abroad. A prominent writer on trade subjects assures us that we shall be obliged to export in the future twice the volume of exports that we sent abroad before the war.

"Not many readers of this page realize the variety of our shipments to foreign lands or how widespread is their production. To state all this information in detail would require a catalogue of no mean proportions. Last year our exports totaled $4,485,122,696 and our imports $2,529,025,403. There is not a State in the country that does not make a contribution to our export trade, and single cargoes often contain commodities from many and widely separated parts of the country. It is said that an analysis made of a cargo recently shipped to South America from a southern port disclosed that practically every community in the United States, manufacturing and agricultural, had a part in the production of that cargo.

"But it is asked by the uninformed, why emphasize the importance of our foreign trade? It is only a fraction of our total trade, and the loss of it could easily be offset by a well-directed expansion of our domestic trade. One of our half dozen greatest manufacturers has pointed out that the last fractional part of a given industrial production often represents the profit of the whole output, and that a market for the last part, outside the saturated limits of our domestic market, is essential to the success of the manufacturer's venture. Furthermore, while in some industries the percentage of product exported is not large, it is to be kept in mind that of cotton, wheat, and copper from 20 per cent to 30 per cent and even 50 per cent is exported.

"Many fairly informed people imagine that the United States is practically a self-contained nation. It will surprise them to learn that quebracho (whatever that may be), necessary to the tanning industry, comes from Argentina; rubber from Brazil

and the Far East; nickel from Canada and New Caledonia; tin from the Malay Straits and Bolivia; raw silk from China and Japan; wool from Australia and Argentina; flax from Russia and Belgium; jute from India; sisal from Yucatan; coconut and other vegetable oils from the Dutch East Indies and the Pacific islands; coffee from Brazil; tea from various countries; cocoa from Venezuela; sugar from Cuba; rice from the Far East; spices from the East Indies; platinum from Colombia; and vanadium from Peru. And this by no means fully discloses our dependence upon foreign lands for many of the essentials that enter into the production of our food and clothing, and of others that enter into the prosecution of our farming and manufacturing industries.

"In meeting the transportation requirements of this export and import trade it does not seem logical to employ exclusively the ships of our competitors. Particularly as to exports, there seems to be no good reason why we should not perform this service for ourselves.

"No sane merchant would permit competitors to deliver his daily sales, even if the competitors should offer to do it more cheaply. There is a psychological element in the relation of seller and buyer which every dealer in commodities realizes and which is greatly diminished, if not wholly lost, by the employment of a competitor as an intermediary at any point between purchase and delivery. This business principle applies to deliveries by ship. Ships entering the ports of the world flying the American flag advertise to the nations that these vessels are the delivery wagons, so to say, of our country's commerce. Not only that, but a laden vessel sent to a foreign country becomes a drummer there, or a trade missionary, not only for the sale of the goods carried out but for cargoes to bring back. If there is not at hand a cargo to bring back, the shipowner seeks one; may even buy one if it can be obtained in no other way. The return cargo may be something which can be sold here in the United States at a profit representing reasonable freight rates. In this way the owner gets his freight charge and establishes a new trade. Also, American ships visiting foreign ports lead to the establishment in those ports of American branch houses, fighting for a portion of the carrying trade for American ships and for the participation of American merchants in the world's business. Foreign agents will not work full-heartedly for American interests, especially when in so doing they will be working against the interest of their own nationals. In other words, 'trade follows the flag' to a considerable extent, even in these times, as men of world-wide experience in trade realize. In determining the accuracy of this statement one has merely to reflect upon one's own reaction toward the wares of a country whose trading ships are constantly in evidence, as compared with the wares of another country that has no ships; or toward a city shop whose delivery wagons are always to be seen on the streets, and another that has no delivery wagons. Only exceptional circumstances will maintain equality in trade inducement in such cases.

"In refutation of this seemingly obvious proposition it has been suggested that European debtor nations of the United States should be permitted freely to do our ocean carrying, since ocean transportation is a commodity, and it is mainly through payment by commodities that foreign indebtedness can be liquidated. This theory is thought to be illustrated by the case of the merchant who terminates his contract with an express company for the delivery of his daily sales and undertakes to make his own deliveries, despite the fact that the express company happens to be largely in his debt, and under the new arrangement will be deprived to a considerable degree of the means of paying what it owes.

"It is easy for the uninformed to make brief and specious statements respecting economic questions that can be effectively answered only by extended explanations. In this instance it must suffice to point out that if affording opportunity for foreign nations to pay their debts to us through commodities is to result in the ruin of important American industries it might be the better plan wholly to discharge the debts. In the case of the merchant of the illustration it might or might not be advisable for him to terminate his contract with the express company. That would depend upon a variety of circumstances. The Government aid generally recommended by the advocates of an American merchant marine is based upon a tonnage requirement for the transportation of only 50 per cent of our imports and exports. Our foreign debtors, who are likewise among our competitors in the carrying trade, will be the last to complain of any measures that we may adopt to promote our national well-being if there is still left to them the transportation of substantially half the merchandise that constitutes our foreign commerce. The express company also doubtless would not complain of the merchant if the latter in advancing his interests by making deliveries on his own account still permitted the company to deliver 50 per cent of the total.

"Still another advantage arising from national ships is the opportunity afforded merchants in foreign ports to secure favorable rates for special shipments of merchandise when a reduced rate is necessary to success in competing with foreigners in respect of such shipments. A shipowner, being human, will always favor his own.

"There are still other reasons upon which the maintenance of an American merchant marine may be justified.

"The modern ship which enters into a merchant marine offers no service, and its owner has none to sell, except transportation, and it offers this service essentially as a common carrier. The owner differs from the shipowner of an earlier era who in large measure loaded his vessel with his own goods, or goods he purchased, and sent them abroad to sell on his own account. Such a shipowner was primarily a merchant.

"This does not mean that there are not many vessels to-day which are used by their owners to transport cargoes they themselves own, and there are many instances of industries which, for their own convenience, own their own vessels and use these vessels to fetch raw materials and to carry abroad, often to their own foreign branches, their own products. Usually, such vessels are specialized in one way or another for the peculiar service for which they are intended.

"The typical modern vessel, however, runs on an established route as a cargo or a passenger liner, or is a tramp, seeking and carrying cargo wherever it may be found. These are the vessels which constitute the merchant marine of a country, in which all industries and all classes of population are most directly interested.

"This interest is very real and highly practical. It rests upon the national importance of having vessels on the seas which will afford facilities of transportation to bring in essential raw materials and to carry exports. There is an equal interest in the country being in a position, through having vessels under its flag, to have something to say with respect to the rates for ocean transportation paid upon its essential imports and charges for the carriage of its exports to other markets. With respect to adequate facilities for ocean transportation of imports and exports and with respect to reasonable rates for such transportation, there is exactly the same public interest as in adequate railroad transportation at reasonable rates within the country. Without an American merchant marine which can engage in the overseas trade the American public interest can not be assured and reasonable rates for ocean transportation can not be enforced.

"For the promotion of the public interest in these respects, however, it is not necessary that all American imports and all American exports should be carried in American vessels, but it is essential that the American merchant marine should be of such character and of such capacity that it can be used to assure that American interests will not be neglected, either in the ocean transportation that is available or in the rates that are charged.

"And these observations deserve consideration from the advocates of the St. Lawrence Ship Canal equally with those who advocate a merchant marine and Government aid therefor, independently of whether the canal is or is not built, either with or without Government funds. It is almost unthinkable that the patriotism of the farmers, who, it is assumed, will be the chief beneficiary of the new access to the sea, will permit the practically exclusive use of it by foreign ships. Nor is it to be assumed that the farmers will oppose subsidizing shipping as a special industry if the need for it is clearly shown, recalling, as they will, that they have received consideration for their products in all the tariff laws, a bounty on sugar when the duty was removed in 1890, and sympathetic treatment during the crises in their economic condition during recent months. The truth is that no class of our population is more deeply concerned in this question of a merchant marine that the men who live on the western farms. And there are evidences that they are arriving at a realization of the fact.

"Pursuing the subject of justification further, one of our consuls recently pointed out that it was noticeable that American goods freighted on foreign vessels were never handled, warehoused, or delivered as carefully as those originating in countries from whence the foreign vessels hailed. Shipowners and ships' personnel will always advance the trade interests of their own country to the disadvantage of the trade of other countries, even when they are being paid for transporting competing foreign goods. Instances have been brought to the attention of officials in Washington where American goods being carried abroad in foreign ships have been with intent

delayed in transit, while other goods of the ship's nationality have been sent forward to meet the market and fill specific requirements. Admittedly, these are extreme cases and have not often occurred, but they illustrate what is constantly occurring in less objectionable form. It is perfectly futile to expect that the United States will ever attain the position in foreign trade which it must attain, if it is to be commercially successful, unless it employs methods that have always obtained among the trading nations of the world; that is to say, unless the salesmen, the banks handling the financial matters involved, the ships, the agents to whom they are consigned, and the underwriting are practically all American. The futility of dependence upon foreign agents in these relations is well expressed in the words of a former American minister to a country with which it is of the highest importance the United States should sustain the closest possible trade relations: 'There were but few American commission houses. In most cases goods manufactured in America were handled through houses of other countries, which gave but scant attention to promoting American trade and used American products only when those of their own respective lands could not be obtained.'

THE UNITED STATES SHOULD NOT PLAY A SECONDARY OR UNIMPORTANT RÔLE ON THE HIGH SEAS OR IN INTERNATIONAL COMMERCE.

"The control of trade routes, time schedules, and rates are important to the development of commerce. Ocean freight rates are commonly fixed in conferences of steamship owners. The nation that is without a merchant marine can have no voice in these conferences, nor is it in a position to demand the consideration in such matters that equality of possession usually compels, as Germany so frequently proved when she forced for herself a place in the carrying trades of the world.

"It is also to be observed that foreign trade is dependent not only upon participation in established markets, but also upon the creation of new enterprises in foreign lands. Engaging in the operation of ships naturally leads to establishing connections with such enterprises, especially in undeveloped countries, such as lie to the south of us. Where ships go there go also merchants of the same nationality to establish themselves in business and promote their country's commerce. In the early part of the nineteenth century many of the owners of our fleet of sailing ships amassed great fortunes through investments abroad that were the direct result of the contact established through the operation of their ships. Again, merchants and consular officers in foreign ports are quickened in their efforts to increase trade, through cooperation with shipowners and shipmasters.

"In the event of war when tonnage is withdrawn from its ordinary employment, a neutral national possessing its own ships, through the exercise of government control, can be assured of lower freight rates than can the nation without ships. In connection with this statement it should be remembered that during the Boer War when Great Britain employed a considerable part of its merchant fleet for war purposes the scarcity of tonnage available for this country caused rates sharply to advance, while there was a considerable decline in the volume of our exports. During the World War, and for the same reason, our merchants were compelled to pay foreigners for the carriage of goods rates that now seem like an unpleasant dream.

"For many years foreign ships have carried practically all mail destined from this country to those parts of the world reached by sea. Before the war much of the mail dispatched to South America was first carried across the Atlantic to European ports and there transhipped to its destination. And the same circuitous route was followed by mail sent to the United States. Besides the injurious effect upon business relations arising from the delay thus incurred, there was also involved the hurt to national pride because our letter carrier's uniform was red, or some other color, instead of gray.

"If it is to be the policy of the country to develop new trade routes overseas, as seems to be the desire, particularly of the business men of the Middle West, undeniably this end will be attained most readily by the employment of American ships, and especially will this be true if close alliance is sought with the railroads of the country. In view of the newly aroused interest in the disclosed connection between certain of our prominent railroads and foreign steamship interests it is doubtful if the country would approve such extension of this relation with foreigners as would be necessary to accomplish its purpose.

"Brief reference may be made to a phase of this subject that commonly receives but little consideration. England has always had a balance of trade against her; in other words, she imports in value more than she exports. But this balance in the exchange of commodities has been corrected by her 'invisible exports'; that is, the interest on her loans and investments abroad and by her freight money. As the great carrying nation of the world all other nations have made contribution to her, and the largest of these contributors has been the United States. In 1920 the United Kingdom's net national income from shipping, as estimated by a leading English shipping journal, was 340,000,000 pounds. The economics of this situation afford opportunity for argument, but it may suffice for the present purpose to say that, when our merchants sell goods for delivery abroad, if the freight money is paid to a foreign ship, that money, or at least the transportation profit involved, is deducted from the nation's capital and is added to the 'invisible exports' of the carrying nation; if the goods are carried in an American ship the freight money is retained here and the profit in the transaction is added to the nation's wealth. Our contributions of freight money to other nations in the last half century will aggregate a sum in millions quite impossible of estimation.

"It is interesting at the moment to read the thought expressed by President Grant upon the subject in a message to Congress in 1870: 'Building ships and navigating them utilizes vast capital at home; it creates a home market for the farm and the shop; it diminishes the balance of trade against us precisely to the extent of freight and passage money paid to American vessels, and gives us a supremacy of the seas of inestimable value in case of foreign war.'

"In view of the reasons here set forth, it is hardly conceivable that the people of the United States will be willing to withhold from their merchant marine the comparatively moderate amount of money needed to sustain it, permit the flag that has been recently shown in every part of the world to be wholly withdrawn from the seas, and the ships their patriotism and sacrifice brought into being sold to foreigners and employed as carriers for the commerce of the United States under alien flags.

"Given such support by the Government as the exigencies arising from higher costs of construction and operation and present lack of experience demand, there is every reason to believe that in a few years the American shipowner will regain that prestige which his predecessors in the sailing-ship days commanded, and that we shall again see the country's flag flying in every port of the seven seas. When that day arrives it may be reasonably assumed that the American shipowner will have attained the self-reliance and the capacity to compete on equal terms with the rest of the world his earlier prototype acquired by long and hard experience, because 'the ocean knows no favorites. Her bounty is reserved for those who have the wit to learn her secrets, the courage to bear her buffets, and the will to persist, through good fortune and ill, in her rugged service.'"

The CHAIRMAN. The time of the gentleman has again expired.

Mr. O'CONNOR. Mr. Chairman, I wish to thank the gentlemen of the committee for their patient hearing, and I ask the privilege to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Louisiana? [After a pause.] The Chair hears none.

Mr. GREENE of Massachusetts. 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. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee having had under consideration the bill H. R. 12817 had come to no resolution thereon.

LEAVE OF ABSENCE.

By unanimous consent—

Mr. GALLIVAN was granted leave of absence for 10 days on account of death in family.

Mr. BURTON was granted leave of absence for five days on account of illness.

EXTENSION OF REMARKS.

Mr. LARSEN. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting an extract from the Valdosta Times of Wednesday, November 15, 1922, containing an address of my colleague [Hon. W. C. LANKFORD], delivered in Valdosta, Ga., at an armistice day celebration, November 11, 1922, and have the same printed in 8-point type.

The SPEAKER. The gentleman from Georgia asks unanimous consent to extend his remarks in the manner indicated. Is there objection? [After a pause.] The Chair hears none.

[From Valdosta Times, November 15, 1922.]

The following is the full text of the excellent and patriotic armistice day address, delivered in Valdosta, last Saturday, by Congressman WILLIAM C. LANKFORD, of the eleventh district:

Ladies and gentlemen, I appreciate very much this opportunity of addressing the American Legion membership and their friends of Valdosta, of Lowndes county, and of the surrounding counties of Georgia and Florida.

It is my purpose to speak at this time of the service which has been rendered our country by our patriots now still in life as well as by those who have passed off this stage of action and of the duty we owe to them, to ourselves, and to those who shall live after us.

That great and matchless leader, Robert E. Lee, said, "Duty is the sublimest word in the English language," and he was right about it. The due and true performance of duty to ourselves, to our fathers, mothers, relatives, and friends, to our country, and to our God constitutes the supremest patriotism. Duty, as Lee saw duty, and as was truly performed by Lee under all circumstances in war and in peace, in all relationships with his fellow man, with his native State and his native Southland, and with his God, constituted the all of human greatness. When duty is fully performed by any man or set of men there arises a reciprocal obligation on the part of those benefited by that performance of duty.

A father and mother discharge fully the duty they owe their children, and there arises the blessed obligation on the part of the children to love, honor, obey, and help with the tenderest care those to whom they owe their all. A good citizen helps under all circumstances his fellow man, and his fellow man owes him a reciprocal obligation. A nation's bravest and best marches away to battle and win their country's cause; and, with some dead, others crippled and blind, but all crowned with everlasting glory, they come marching back to take their places again in civil life, and the country owes them a debt of gratitude which can never be fully paid in money. Oh, the never-ending debt of love we owe to the memory of those who gained our independence and who sacrificed at Lexington, Valley Forge, and Yorktown! How our hearts swell within us as we recall the heroism and patriotism of our noble men and women in every emergency, from Bunker Hill to the armistice, which we are met here to commemorate, and from the first trip of white men under Capt. John Smith up the Potomac to the present site of our Nation's Capital to the day of the airplane. The half has never been told of the sacrifices at home and overseas of our people in the great World War. Our boys faced an enemy such as was never faced before, and our boys fought as men never fought before—and won.

All honor and glory to our boys who went across, and all honor and glory to their fathers and mothers who stayed at home and suffered all the agonies of all battles while they knew their dear ones were risking their all fighting the most terrible war ever staged and fought by wild and frenzied men. Men and women all over our land did nobly their parts, and victory is ours.

Ladies and gentlemen, I would gladly build, and I am sure you all would gladly build with me, a monument to our heroes and heroines of all our wars and of peace times—a monument the apex of which would reach the highest heavens. We can not build such a monument of brass or of marble, but we can build such a monument by preserving the principles for which our people have fought and sacrificed and upon which our Nation was founded by honoring and teaching our children to honor our great men and women and our great citizenship of common people; by preserving our institutions; and by making our Nation steadfast, secure, and imperishable. We can build such a monument to heaven by the prayers of a God-fearing and God-loving people ascending to the throne of the great I Am, seeking divine guidance for us and our posterity, that our great principles and great institutions might be preserved and our Nation not perish from the earth.

Shall this "Government of the people, for the people, and by the people" perish from the earth?

We want to believe that our Nation is steadfast and secure and that it is as imperishable as the sun. But we must remember that the expression, "That this Government of the people, for the people, and by the people shall not perish from the earth" was not uttered as a prophesy, but, rather, as a prayer that our Nation might never fall. The greatest monument we can possibly build to our heroes and patriots of the past and present, living and dead, and of the conflicts of war and of the pursuits of peace is to make our Nation imperishable and preserve inviolate in this Nation every true principle and every noble institution for which they sacrificed and for which they died.

It is easy enough for us to say this Nation shall never perish. Let us see what all-sufficient reasons we have for the faith that is within us. Shall our great expanse of territory, with Alaska and our island possessions, be sufficient to save us? Has territory ever saved any nation? We are not superior to England in this respect. What about the territory of Russia and Siberia? What about the territory of China? The territory of Alexander the Great was bounded only by the rising and setting sun, and yet as a nation it failed. Our great territory alone can not save our Nation. Shall our great resources make our Nation permanent? What of the resources of other nations? What about the resources of Argentina? What about the oil fields of Mexico, the diamond fields of Africa, and the mineral and other resources of European countries? Our resources will help us, but we need yet other things to perpetuate our Government.

Can we rely on our great Army and the wonderful fighting qualities of our American men? Cæsar's legions grandly and proudly marched out of Rome with their helmets and bayonets glistening in the rising sun, and yet where is the mighty Roman Empire for which they fought? Napoleon's mighty army at one time it seemed would overrun all of Europe, and yet the tiny snowflakes of the north became the winding sheet of thousands of his bravest and best and forced him to retreat, only later to meet defeat at Waterloo and die in exile on St. Helena's barren coast.

Kaiser William thought he would overrun all of Europe and the world with his mighty fighting machine, only to meet the most crushing and humiliating defeat. Surely a mighty army without more can not save our Nation. Is our Navy sufficient to make our Nation imperishable?

Can we put our faith in the Navy of Perry, of Decatur, of Farragut, of Sampson, of Schley, and of Dewey? Can we rely on the Navy which carried the boys over and brought them back in the last war? If any country could expect its navy to save it from failure, we could, but no nation can build a navy large enough to preserve it without other saving forces. The great armada went down in defeat. Then, again, as fast as a navy is builded it becomes antiquated and is discarded. The airplane makes the battleship as a fighting machine only problematical, and yet no nation can rely on the airplane for its preservation. Neither can we feel assured of our Nation's security because of the inventive genius and learning of the American people. We are proud of American progress and accomplishments; but we must remember other nations and peoples are progressive and our own inventions help to make other nations strong.

If we can not rely on our territory, resources, Army, Navy, or learning, either separately or collectively, then shall our Nation perish, or is there saving power in other factors? Is there no Strong Lion of the tribe of Judah to loose the great seals and open the great book of mystery and let us read of our Nation's future and learn what we shall do to save our country? The seals are loosed, the great book is open; there is no mystery about the plan of our national salvation. Our forefathers have shown us the way. That for which our forefathers and their families braved the perils of the Atlantic and faced the wild beasts and savage Indians of an unknown country and for which they later fought their mother country is all sufficient. The same factors which were sufficient to establish on this continent our form of government and which have preserved it to this good hour are sufficient in the future to save this Government.

The preservation of three factors in our Nation's existence will make our Nation imperishable. These essential factors are our great principles, our great men and women, and our great institutions. Our country is great because of the great principles embraced in the Declaration of Independence, in our Constitution, and in the very beginning and life of our Government. Among the great principles which must be preserved are "the separation of church and State"; "the right to worship God according to the dictates of one's own conscience"; "religious freedom"; "equal rights to all and special privileges to none"; the theory that "all men are created equal"; the right of each community, so far as practical, to govern itself; the right of local self-government; "State rights"; "freedom of the press"; and the right of public assembly and free discussion of matters of public concern. I shudder with fear when I see these principles disregarded and laws enacted in violation of them. There is a tendency now to get away from the old moorings. The theory of no class legislation is now a theory or principle in name only. Nearly all national legislation is for special classes and against the great mass of common folks. This is true of the so-called protective tariff system. Then there is the great centralization of power in Washington and the depriving of the people of local self-government and of State rights. The people of the different sections of our country need different legislation, so local self-government is best for all. If we centralize fully all power at the Nation's Capitol, then carry to the

full limit the theory that to the victor belongs the spoils, and give the Chief Executive a large Army to enforce the decrees of himself and his spoilsmen, then we have as bad form of government as the sun ever shone on.

Another great principle of our fathers was that our National Government should be divided into three great branches or divisions, to wit, the legislative, the executive, and the judicial, and that neither of these should overlap or encroach on the prerogatives of the other. Much of present national legislation is contrary to this principle.

Only recently the President was given the right to manipulate tariff rates in defiance of this principle. Lump-sum appropriations, with the right to some appointive officer to distribute the funds, is also contrary to this principle. There is scarcely a single great principle of our forefathers which is not now being overridden. It is time to stop, take our bearings, ascertain where we are drifting, and turn aside before it is too late.

Our great danger of downfall is not from invading armies; it is from decay on the inside. We want to get back to the principles for which our forefathers contended. My noble young men of the American Legion, your victory is in vain unless you and the rest of our citizenship can preserve our great principles, our great men and women, and our great institutions. We honor our great men and women. We honor our first President, and we honor our great men and women who have written their names on history's page. But we must remember that Washington did not cross the Delaware alone. He did not force the surrender of Burgoyne single handed. He was not the only man present at the surrender of Cornwallis at Yorktown.

Robert E. Lee, great and good and beloved as he was, did not stage the great defense of the South alone. In this, the greatest defense of home, of true principles, and of sacred rights ever made since the stars first sang together, Robert E. Lee and "Stonewall" Jackson had the aid of the other southern generals, had the aid of the brave, gallant, southern men who fought under them, and the aid of the great, splendid citizenship of the entire South who could not take part in the battles, but who remained at home and sacrificed and suffered there as patriots have never suffered before or since.

Thus it has always been and always will be. The great men and women of our country are not only those whose names appear on history's pages or who accumulate great wealth or who hold office, but the great men and women of our country are those who do their part with never a thought of show but with only the desire to serve nobly and well their family and neighbors and to render acceptable service to their country and to their God.

Of more value to us than all the great expanse of territory, all the resources, all of the standing armies, all of the navies, and all the learning of a scientific nature is the great noble citizenship of our country, which must be preserved and kept pure if our Nation is to endure. Young men of the American Legion, ladies, and gentlemen, you have done well your part in the past; now your duty and my duty is to preserve that for which you have fought and saved our Nation by saving our great folks and giving them a fair deal. We must fight to preserve our great principles, to secure proper legislation for the laboring man, the farmer, and the great citizenship which preserves our Nation in war and in peace, and we must all fight to keep pure and sacred our institutions, our homes, our schools, our ballot box, our form of government, our courts, and our churches. We all love the name of Washington, and the American people have builded to him yonder in Washington, on the banks of the Potomac which he loved so well, a most beautiful monument of granite, rising 555 feet into the sky. I have studied that monument in all parts of Washington and for miles and miles up and down the Potomac and from the surrounding country. I have seen it on a clear day, a beautiful shaft of white piercing the blue sky, and I have said, "How like the character and life of Washington, without a blemish, sublimely grand and towering to the sky."

Again, I have seen it with the dark clouds gathered about it and with the lightning of the storm flashing thick and fast about its magnificent shaft and yet it stood unharmed, and I said, "How like the immortal Washington in war"; and then the storm clouds rolled away and I saw a rainbow, emblematical of peace on earth and good will to men, hanged from the Virginia hills over the monument and over the Nation's Capitol to the waters of the Chesapeake, and I said, "How like Washington and the country for which he fought after the storm clouds of the Revolution had passed away."

Again, I have seen the base of that Monument completely hidden by the low-lying clouds along the Potomac while the top of the Monument was aglow with the sunshine above the clouds, and then I said, "How like the eternal principles for which Washington and his men fought, which tower above the clouds of petty strife and dissension into God's everlasting sunshine of right." But, my friends, beautiful and magnificent as the Washington Monument is, it could not stand for a single second of time unless its base went down through the mud of the banks of the Potomac and was tied into the granite foundations of the earth. So it is with the great and glorious Washington. Unless he had been supported by a great citizenship of patriotic Americans, his greatness would have never been known and he could not have towered to the skies as the great patriot, general, and statesman that he was. We must preserve our great principles, our great men and our women, and our great institutions if our Nation is to long endure. We must preserve the sacredness of the ballot box and the selection of our officials by popular vote. We must let every man, woman, and child feel that they are part of this Government and that the Government is giving all a fair deal and equal protection, and all must not only feel this way, it must be this way. As our people lose the right to legislate for themselves and to control their local affairs they become less satisfied and the Nation becomes weaker.

Not only must the sacredness of the ballot box be preserved but every voter should feel that he is performing a sacred duty when he casts his ballot, and he should be influenced by no motive but that of his country's good, and that vote when cast should have its full effect in shaping the destiny of his or her country. I can not express too often my great fear of the centralization of power in Washington and the abridgment of the rights of the States to control their own affairs. Neither can I warn you, my friends, too much of the danger of appointment of officers by the President to manage our local affairs.

What good is the right to vote if that vote is to count for naught? Let us look well to these things. We must preserve our form of National Government, our form of State and county government, and other local government as our forefathers intended, not as some would have us make them now. Three other institutions which I would specially mention as most essential to our national existence are the American school, the American church, and the American home. Our American schools mean the upbuilding of our Nation or its undoing. Much education along the wrong line is bad. Education along the right line is good. Our boys and girls should be taught not only book knowledge but should be inspired to live better and nobler lives. The purest and best patriotism should be instilled in them, and by patriotism I do not mean the love of military affairs and the love of war. Patriotism oftimes means anything but things of a military nature and means the abhorrence of war. True patriotism only countenances war as the only and last honorable alternative in a crisis of a country. Patriotism is love of country, and there can be no love of country without the love of boys and girls and their fathers and mothers.

Our schools must teach loyalty to our Government first, last, and all the time, and our Government must remain worthy of that loyalty. There must be countenanced no loyalty to any foreign power or potentate. Our Nation must be first in the love of our people. I would that every school in our land had the Declaration of Independence on one wall and the Constitution of our Nation on the other, with the American flag waving overhead, and with teachers training our boys and girls to be great men and women of a great citizenship and to stand for the great principles of our fathers, to love our great men and women, and to preserve our great institutions. In our schools the guardians of our Nation's future are being made. We must preserve our schools in all the purity of thought and patriotism of the days of long ago. We must preserve the principles of religious freedom and of separation of church and state brought to this side of the Atlantic by our forefathers. The Government must not interfere with the right of all to worship God according to the dictates of each one's own conscience, and no religious denomination should be allowed to interfere with the matters of state for the purpose of furthering the interest of that denomination.

I fear very much the great tendency to do away with the American Sabbath. Many people believe that freedom of religious thought means freedom from religious thought. I shudder at the prevalent propaganda staged for the purpose of causing the young manhood and womanhood of the country to forget the churches of our ancestors. Our ancestors came over to the New World full of patriotism and full of the desire to worship God unmolested by the Government, each under his own vine and fig tree, as suited him or her best. Our Government was founded on these principles, and fail we shall as

a Nation when we stray from them. When the fathers and mothers out in the country and in the cities gather their children about them on the Sabbath day and go to the church of their own choosing, we have a splendid exemplification of the times of our fathers and mothers of long ago and know that there is a growth of love of home, love of neighbors, love of native land, and love of God which should be an inspiration to all of us. We need in some sections of this country a new baptism of patriotism. There are too many profiteers and not enough patriots. There is no higher patriotism and love of people, native land, and God than that taught in the old book of our fathers, the Bible of our mothers. Real patriotism is that expressed in service of our fellow man, and there are no higher and grander lessons of service than those taught by Christ.

Christ teaches us to feed the hungry, clothe the naked, care for the sick, and visit those in prison, and then says, "Verily, verily, I say unto you, inasmuch as ye did it unto one of the least of these, my brethren, ye did it to me." So it is with those who help bring about conditions which enable our great common people to feed, clothe, and care for properly themselves and their children.

When we help the farmers and our great citizenship of people who feed, clothe, and save our Nation, we save not only them but our Nation also.

We must preserve our great principles, our great citizenship, and our great institutions, and of our great institutions none is greater than the American home. By the home I do not simply mean a house where people live, I mean a real home with home influence. Some one has said home is a place where mother lives. "Be it ever so humble there is no place like home." Home may not be a mansion—it ofttimes is a simple cottage. Most real homes are humble abodes where father and mother live and where children romp and play, and where the future great men and women of our Nation are growing up. Our Nation can not endure without the American home and with the American home saved our great principles, our great citizenship, our great institutions will be preserved and all will be made steadfast.

No move worth while was ever made which was not to make homes and home life better and happier. No law worth its place on the statute books was ever enacted which did not mean protection and assistance to home life. No army ever fought for a just cause unless that army fought for the homes of its men. If our homes are pure, our Nation is pure, and if our homes fail and are without the power to raise great children to preserve our principles and institutions, then our Nation is rotten at the heart and can not endure. As the Mississippi flows on its way to the great ocean a pure sweet stream flows in to purify it, and then a dark muddy stream flows in to make it muddy and black, and so it is with the home life of our people—the great Mississippi of our Nation. If the influences of whatever nature they may be that come into the home life of our people are pure and sweet, then our home life and our national life is pure and sweet and imperishable, but if the influences coming into the homes of our people are dark and corrupt, then our homes fail and our Nation will perish.

My friends, thank God the war is over, and may we never have another war, but the battle for the right is still on. The great monster of sectional intolerance, of political hatred, and of financial greed still raises his awful head, grinning defiance to all we hold sacred and seeking to destroy our institutions, our schools, our churches, our homes, our children, our people, and our Nation. Let us fight as our fathers fought to save our loved ones and to save our country.

Let us all take part in the conflict to make our Nation imperishable. May we and those following us keep up the fight so nobly carried by our fathers, and at last when all are gathered before the great white throne may it be found that our Nation proved to be imperishable, and may our flag still wave, kept and redeemed by the only blood which has the power to save.

HOUR OF MEETING TO-MORROW.

Mr. GARRETT of Tennessee. Mr. Speaker, the gentleman from Alabama, just before leaving a few minutes ago, said to me that in view of the requests for time for debate on this matter it would be very agreeable to him, if agreeable to the majority, to meet at 11 o'clock to-morrow. Does the gentleman from Massachusetts object?

Mr. GREENE of Massachusetts. I told people we would not meet until 12, but I have no objection.

Mr. GARRETT of Tennessee. Will the gentleman make that request?

Mr. GREENE of Massachusetts. Mr. Speaker, I ask unanimous consent that when the House adjourns it adjourn to meet at 11 o'clock to-morrow.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent that when the House adjourns it adjourn to meet to-morrow at 11 o'clock. Is there objection? [After a pause.] The Chair hears none.

ENROLLED BILL SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 12859. An act to provide for certain expenses incident to the third session of the Sixty-seventh Congress.

EXTENSION OF REMARKS.

Mr. O'CONNOR. Mr. Speaker, I desire to ask the privilege of including in the revision of my remarks the address referred to in said remarks and have it printed in 8-point type—that is, the address from the United States Chamber of Commerce.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

ADJOURNMENT.

Mr. GREENE of Massachusetts. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 6 o'clock and 31 minutes p. m.), the House adjourned until to-morrow, Saturday, November 25, 1922, at 11 o'clock a. m.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

708. A letter from the Acting Secretary of the Navy, transmitting a list of disbursing officers of the Navy who have been relieved of losses to and including November 15, 1922, under the provisions of the naval act approved July 11, 1919; to the Committee on Naval Affairs.

709. A letter from the Postmaster General, transmitting a list of claims on account of loss by fire, burglary, etc., acted upon by the Postmaster General from July, 1921, to June 30, 1922; to the Committee on the Post Office and Post Roads.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. MOORES of Indiana: Joint Select Committee on Disposition of Useless Executive Papers. Report No. 1259. A report on the disposition of useless papers in the Navy Department. Ordered to be printed.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bill and executive communication, which were referred as follows:

A bill (H. R. 12978) granting a pension to Mary E. Grayson; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A letter from the Acting Postmaster General, transmitting a statement showing the post offices where it was necessary to employ clerical assistance at a higher rate than $1.200 a year and the amount authorized at each office; Committee on the Post Office and Post Roads discharged, and referred to the Committee on Appropriations.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. BLANTON: A bill (H. R. 12997) granting relief to the Metropolitan police and to the officers and members of the fire department of the District of Columbia; to the Committee on the District of Columbia.

By Mr. VOLSTEAD: A bill (H. R. 12998) to create a commission to recommend to Congress amendments necessary in order to simplify the pleading, practice, and procedure in certain Federal courts; to the Committee on the Judiciary.

By Mr. WINGO: A bill (H. R. 12999) to permit public access to national cemeteries on Armistice Day, and for other purposes; to the Committee on Military Affairs.

By Mr. BOIES: A bill (H. R. 13000) granting the consent of Congress to the city of Sioux City, Iowa, and to Union County, in the State of South Dakota, to construct, maintain, and operate a bridge across the Big Sioux River 2½ miles north of the mouth of said river; to the Committee on Interstate and Foreign Commerce.

By Mr. ANDREW of Massachusetts: A bill (H. R. 13001) to enlarge and extend the post-office building at Haverhill, Mass.; to the Committee on Public Buildings and Grounds.

By Mr. LANGLEY: A bill (H. R. 13002) to increase the pensions of those who have lost limbs or have been totally disabled in the same in the military or naval service of the United States; to the Committee on Invalid Pensions.

By Mr. BEEDY: A bill (H. R. 13003) providing for the erection of a public building at Portland, Me., and for other purposes; to the Committee on Public Buildings and Grounds.

By Mr. ANTHONY: A bill (H. R. 13004) authorizing the Secretary of War to lease to the Kansas Electric Power Co., its successors and assigns, a certain tract of land in the military reservation at Fort Leavenworth; to the Committee on Military Affairs.

By Mr. SUMNERS of Texas: A bill (H. R. 13005) amendatory of and supplemental to an act entitled "An act to incorporate the Texas Pacific Railroad Co., and to aid in the construction of its road, and for other purposes," approved March 3, 1871, and acts supplemental thereto, approved, respectively, May 2, 1872, March 3, 1873, and June 22, 1874; to the Committee on Interstate and Foreign Commerce.

By Mr. ARENTZ: A bill (H. R. 13006) to authorize the acquisition of a site and the erection of a Federal building at Lovelock, Pershing County, Nev.; to the Committee on Public Buildings and Grounds.

By Mr. ROUSE: Joint resolution (H. J. Res. 392) providing for the delivery of mail notwithstanding failure to provide receptacles therefor; to the Committee on the Post Office and Post Roads.

By Mr. RAINEY of Illinois: Joint resolution (H, J. Res. 393) providing for the appointment of a joint committee of Congress to investigate the holding of initiations and ceremonies in the United States Capitol and other public buildings by the Ku-Klux Klan; to the Committee on Rules.

By Mr. FAIRCHILD: Joint resolution (H. J. Res. 394) limiting the operation of the immigration act of May 19, 1921, as amended by joint resolution of May 11, 1922; to the Committee on Immigration and Naturalization.

By Mr. ROUSE: Resolution (H. Res. 451) directing the Postmaster General to transmit to the House of Representatives certain information relative to the manufacture of covers of door slots and mail receptacles for use of the United States City Delivery Service; to the Committee on the Post Office and Post Roads.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CHINDBLOM: A bill (H. R. 13007) granting a pension to Alonzo G. Hindman; to the Committee on Invalid Pensions.

By Mr. COLE of Ohio: A bill (H. R. 13008) granting a pension to Allie Powell; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13009) granting a pension to Rebecca M. Pickel; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13010) granting an increase of pension to Lula Reeder; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13011) granting an increase of pension to Catherine Boardman; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13012) granting an increase of pension to Ralph Waite; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13013) granting an increase of pension to Mary C. Cole; to the Committee on Invalid Pensions.

By Mr. CROWTHER: A bill (H. R. 13014) granting an increase of pension to Martin G. Lyons; to the Committee on Pensions.

Also, a bill (H. R. 13015) granting a pension to William Schuyler; to the Committee on Pensions.

Also, a bill (H. R. 13016) granting an increase of pension to Catherine Brower; to the Committee on Invalid Pensions.

By Mr. FITZGERALD: A bill (H. R. 13017) granting an increase of pension to Alexander LeClaire; to the Committee on Invalid Pensions.

By Mr. GREEN of Iowa: A bill (H. R. 13018) granting a pension to George H. Howe; to the Committee on Invalid Pensions.

By Mr. LONGWORTH: A bill (H. R. 13019) granting an increase of pension to Caroline Carruth; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13020) granting a pension to Susan Brunaugh; to the Committee on Invalid Pensions.

By Mr. McKENZIE: A bill (H. R. 13021) granting a pension to Angie Page; to the Committee on Invalid Pensions.

By Mr. MAPES: A bill (H. R. 13022) granting a pension to Elijah Burt; to the Committee on Pensions.

Also, a bill (H. R. 13023) granting a pension to John Bernhardt; to the Committee on Pensions.

By Mr. MONDELL: A bill (H. R. 13024) for the relief of August Nelson; to the Committee on the Public Lands.

By Mr. MOORE of Illinois: A bill (H. R. 13025) granting a pension to Anna Danison; to the Committee on Invalid Pensions.

By Mr. ROBSION: A bill (H. R. 13026) granting an increase of pension to William S. Arnold; to the Committee on Pensions.

By Mr. SNELL: A bill (H. R. 13027) granting an increase of pension to Alice Howe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13028) granting an increase of pension to Mrs. Cashmere Russell; to the Committee on Invalid Pensions.

By Mr. VESTAL: A bill (H. R. 13029) granting an increase of pension to Dennis Conner; to the Committee on Pensions.

By Mr. VINSON: A bill (H. R. 13030) granting an increase of pension to Thomas M. Benton; to the Committee on Pensions.

By Mr. VOLSTEAD: A bill (H. R. 13031) to permit Mahlon Pitney, an Associate Justice of the Supreme Court of the United States, to retire; to the Committee on the Judiciary.

PETITIONS, ETC.

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

6459. By Mr. COLE of Ohio: Petitions of the various churches of Upper Sandusky, Ohio; the Methodist Protestant, Methodist Episcopal, and Presbyterian Churches of Forest, Ohio; and the Methodist Episcopal and Methodist Protestant Churches of Arlington, Ohio, indorsing H. R. 9753, providing for Sunday observance; to the Committee on the District of Columbia.

6460. By Mr. KAHN: Petition of 4,716 citizens favoring an amendment to the so-called Volstead prohibition law, allowing the manufacture and sale of light wines and beer; to the Committee on the Judiciary.

6461. By Mr. KELLY of Pennsylvania: Petition of the Sons and Daughters of Liberty, members of Turtle Creek Valley Council, No. 191, and citizens of Pennsylvania, asking for the passage of the Towner-Sterling bill, for the creation of a department of education; to the Committee on Education.

6462. Also, petition of the legislative committee of the American Legion, urging passage of the adjusted compensation measure; to the Committee on Ways and Means.

6463. By Mr. KISSEL: Petition of Francis M. Savage, Northwest Savings Bank, Washington, D. C., regarding the Riggs National Bank opening a branch bank at Eighteenth Street near Columbia Road, District of Columbia; to the Committee on the District of Columbia.

HOUSE OF REPRESENTATIVES.

SATURDAY, *November 25, 1922.*

The House met at 12 o'clock noon, and was called to order by the Speaker.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

In this moment of silence, our Heavenly Father, speak to us. Thou alone art able to whisper to the human heart. Do Thou vitalize all good purposes, all noble vows, and all desires after the best things of life. May we never forget Thy benefits and may our memories be quick to retain all Thy gracious mercies. O God, be with our country. In all our material greatness may there be at its roots the fear of God and the love of virtue. Enable us as a people to grow in moral energy, expand in intellectual happiness, and contribute to the spiritual hope and salvation of mankind. In the name of Jesus, our Savior. Amen.

The Journal of the proceedings of yesterday was read and approved.

THE MERCHANT MARINE.

Mr. GREENE of Massachusetts. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 12817.

The SPEAKER. The gentleman from Massachusetts moves that the House resolve itself into Committee of the Whole