Representatives in Senator CALDER'S amendment to House bill 11939 to amend the national banking act; to the Committee on Banking and Currency.

7139. Also, petition of department of taxes and assessments, city of New York, favoring the taxation of national-bank shares; to the Committee on Banking and Currency.

7140. Also, petition of John F. Hylan, mayor of the city of New York, favoring the enactment of the bill amending the national-bank act; to the Committee on Banking and Currency.

7141. Also, petition of George P. Nicholson, corporation counsel of the city of New York, approving a Senate bill amending section 5219 of the United States Revised Statutes as to taxing national-bank shares; to the Committee on Banking and Currency.

7142. By Mr. FAIRCHILD (by request): Petition of sundry citizens of Mount Vernon, N. Y., opposing the passage of the compulsory Sunday observance bills, S. 1948, H. R. 4388, and H. R. 9753; to the Committee on the District of Columbia.

7143. By Mr. HUDSPETH: Petition of Central Labor Union, of El Paso, Tex., demanding that the United States Congress pass a law suspending immigration for a period of five years; to the Committee on Immigration and Naturalization.

7144. Also, petition of citizens of the sixteenth congressional district of Texas, favoring legislation extending aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7145. By Mr. KETCHAM: Petition of 21 citizens of Allegan, Mich., favoring the purchase of food supplies for starving people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7146. By Mr. KISSEL: Petition of the Sacramento Bee, Sacramento, Calif., favoring House bill 12169, excluding hereafter as immigrants or permanent residents all aliens ineligible to citizenship; to the Committee on Immigration and Naturalization.

7147. By Mr. PARKER of New York: Petition of Rev. Irving Rouillard, Saratoga Springs, N. Y., favoring the establishment of an embargo on coal; to the Committee on Interstate and Foreign Commerce.

7148. Also, petition of John H. Walbridge, publisher of the Daily Saratogian, Saratoga Springs, N. Y., urging the seizure of coal near that city in order to relieve the coal situation; to the Committee on Interstate and Foreign Commerce.

7149. By Mr. SPROUL: Petition of 867 residents of the third congressional district of Illinois, urging the passage of the resolution introduced in the House proposing to extend aid to the people of Austria and Germany; to the Committee on Foreign Affairs.

7150. By Mr. YOUNG: Petition of 24 residents of Ashley, N. Dak., urging that joint resolution now pending in Congress to extend immediate aid to the people of the German and Austrian Republics be passed; to the Committee on Foreign Affairs.

7151. Also, petition of 52 residents of Emmons County, urging the passage of joint resolution now pending in Congress to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7152. Also, petition of G. J. Gramm and others, of Chaseley, N. Dak., urging the passage of joint resolution now pending in Congress to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7153. Also, petition of a large number of residents of McIntosh County, urging the passage of joint resolution now pending in Congress to extend immediate relief to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

SENATE.

FRIDAY, *February 2, 1923.*

(*Legislative day of Monday, January 29, 1923.*)

The Senate met at 11 o'clock a. m., on the expiration of the recess.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ball	Curtis	Hale	Kendrick
Bayard	Dillingham	Harreld	Keyes
Brookhart	Ernst	Harris	King
Bursum	Fernald	Harrison	Ladd
Cameron	Fletcher	Heflin	La Follette
Capper	Frelinghuysen	Hitchcock	Lenroot
Caraway	George	Johnson	Lodge
Couzens	Glass	Jones, Wash.	McCormick
Culberson	Gooding	Kellogg	McCumber
McKellar	Norris	Robinson	Underwood
McKinley	Oddie	Shortridge	Wadsworth
McLean	Page	Smith	Walsh, Mass.
McNary	Pepper	Smoot	Walsh, Mont.
Moses	Phipps	Spencer	Warren
Nelson	Pittman	Sterling	Watson
New	Poindexter	Swanson	Weller
Nicholson	Pomerene	Townsend	Willis
Norbeck	Reed, Pa.	Trammell	

The VICE PRESIDENT. Seventy-one Senators have answered to their names. A quorum is present.

QUESTION OF ORDER.

Mr. ROBINSON. Mr. President——

The VICE PRESIDENT. For what purpose does the Senator rise?

Mr. ROBINSON. I rise for the purpose of discussing the appeal from the decision of the Chair.

The VICE PRESIDENT. The Chair understands that the Senator from Massachusetts [Mr. LODGE] made a motion to lay the appeal on the table.

Mr. ROBINSON. Mr. President, a point of order. The Senator from Massachusetts has not made a motion. He announced yesterday that he intended to do so.

Mr. LODGE. I made a motion to lay the appeal on the table, and called the attention of the Chair to it.

Mr. ROBINSON. The RECORD shows just as I stated. [After a pause.] Yes; the RECORD does show that the Senator said, "I make the motion."

Mr. LODGE. I move to lay the appeal on the table, and so notified the Chair.

Mr. ROBINSON. I ask the Chair to state the parliamentary question. If a motion to lay on the table has been made, of course, debate is not in order. The Senate, however, ought to understand the question before the Senate. Few Senators were here yesterday afternoon.

Mr. MOSES. They can readily get it by reading the RECORD.

The VICE PRESIDENT. Debate is not in order. The Chair will state the motion. The RECORD reads:

Mr. LODGE. I was just going to move to lay the appeal on the table.
Mr. ROBINSON. I suggest, then, the absence of a quorum, if the Senator wants to do that.
Mr. LODGE. I make that motion.

The question is on the motion of the Senator from Massachusetts to lay on the table the appeal made by the Senator from Arkansas from the decision of the Chair.

Mr. ROBINSON. I make the point of order that the motion of the Senator from Massachusetts was not in order at the time he made it. The Senator from Arkansas had suggested the absence of a quorum, and the Senator from Massachusetts announced that he was just about to make the motion. The Senate then proceeded with a call of the Senate, which was subsequently vacated. A motion to lay on the table is not in order after the absence of a quorum has been suggested. All I want in this proposition is fairness and justice. I want the Senate to understand what it is voting upon. I do not understand that the Senator from Massachusetts, the leader of the majority, objects to the Senate understanding the question that is before it.

Mr. LODGE. I made the motion, and I do not think we ought to take the whole day, with the unanimous-consent agreement governing us, to discuss the question.

Mr. ROBINSON. The point of no quorum had been made prior to the making of the motion, and the Secretary proceeded to call the roll.

Mr. LODGE. The Senator knows that by unanimous consent all those proceedings were vacated——

Mr. ROBINSON. That is true.

Mr. LODGE. Which left it where I made it.

Mr. ROBINSON. Oh, no; that vacated the motion. The whole proceedings were vacated.

Mr. MOSES. The Vice President had not directed the Secretary to call the roll.

Mr. ROBINSON. Oh, the roll call proceeded. The Vice President——

Mr. MOSES. The RECORD does not show it.

Mr. ROBINSON. The Vice President directed the Secretary to call the roll, and the calling of the roll was proceeded with, and by request of the Senator from Kansas [Mr. CURTIS], concurred in by myself, the whole proceedings were vacated. At the time the Senator from Massachusetts sought to make the motion to lay on the table, the absence of a quorum had been suggested. Of course, the Senator could have made his motion this morning if he had gotten the floor first, but he did not take the floor. I took the floor solely for the purpose of explaining to the Senate the question that is before it. I would have concluded my explanation long before this moment if it had not been interfered with. I ask unanimous consent to proceed for five minutes.

The VICE PRESIDENT. Is there objection? The Chair hears none, and the Senator from Arkansas will proceed for five minutes.

Mr. ROBINSON. Mr. President, I want the Senate to understand the precedent that is about to be set. During the course of the debate yesterday the Senator from Alabama [Mr. HEFLIN] was called to order by the Senator from Massachusetts [Mr. LODGE] for the use of these words:

I am here to represent the people, to represent, in part, my State; I am not here to represent the bond sharks, the big financiers of Wall Street.

The Senator was called to order and compelled to take his seat. I take the position that the language used by the Senator from Alabama did not contravene the rule of the Senate which provides that—

If any Senator, in speaking or otherwise, transgresses the rules of the Senate, the Presiding Officer shall, or any Senator may, call him to order; and when a Senator shall be called to order he shall sit down, and not proceed without leave of the Senate.

* * * * * * *

No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator.

Clearly, Mr. President, the language of the Senator from Alabama imputed no conduct, no motive, to any other Senator. It related solely to his own motives, to his own conduct. Under every precedent of the Senate, extending over a period of 100 years, the language employed by the Senator from Alabama was permissible. As a matter of fact, the objection to his statement grows out of his oft-repeated references to certain subjects. The objection, in fact, does not arise out of the language for the use of which he was called to order. The Senator from Massachusetts, in discussing the matter yesterday, said that he did not object to the Senator from Alabama saying "I am here to represent the people, to represent, in part, my State." He also said, "I do not object to his statement that 'I am not here to represent the bond sharks, the big financiers of Wall Street.'"

The Senator from Massachusetts declared that the coupling of those two sentences constituted a direct or an indirect charge against other Senators that they represented the gamblers of Wall Street and the bond sharks, that they did not represent the people. No such inference is justified, and under the precedents of the Senate the decision of the Chair should be overruled.

If the Chair would take the trouble to consult the precedents of the Senate, which are easily available for his consideration and which are found at pages 413 and 416 of Gilfry's Precedents, he would, in my humble opinion, find that the language used by the Senator from Alabama is permissible under the rules of the Senate. If a Senator can not say, "I am here to represent the people," if he can not say, "I am not here to represent bond sharks or gamblers," then I ask Senators what is the privilege of a Senator of the United States?

Of course, some one was sensitive about the matter because of something that he thought must have been in the mind of the Senator from Alabama; but I respectfully suggest that the question of orderly debate is confined to the language employed by the Senator. If Senators will read the whole paragraph in which the words "objected to" are found, they will find that there is not the slightest implication or imputation by the Senator from Alabama. Let me read it:

Mr. HEFLIN. I merely wanted to go on record as saying a word in behalf of some of the statements of my friend, the Senator from Tennessee [Mr. MCKELLAR]—I did not hear all of his speech—and to speak for the American people somewhat about a debt that is due to them. Does Wall Street want to collect her money from Great Britain and have this whole debt held up until she can collect it? She did have it held up, it seems, until she collected $1,700,000,000 from France and Great Britain. Does she want to have this debt held up for 62 years so she can go on undisturbed and collect the other money due her from the various countries? I am here to represent the people, to represent in part my State; I am not here to represent the bond sharks, the big financiers of Wall Street. I want the American people to have a fair deal.

When the connection in which the language objected to which was used by the Senator from Alabama is considered one can not arrive at the conclusion that it constituted a charge that other Senators represented Wall Street or did not represent the people. It was a declaration that Wall Street had a motive to protect its interests; it was a declaration that the Senator from Alabama was here to represent other interests than Wall Street. However much they may dislike the arguments made by a Senator or the position taken by a Senator on any subject, if Senators write into the precedents of the Senate a decision that the representative of a sovereign State can not stand on this floor and declare that he represents or seeks to represent in part his State and does not represent interests which he thinks are obnoxious to the people of his State, then we shall have gone a long way toward suppressing free speech in the Senate of the United States. Senators on the other side of the Chamber have the votes to establish this precedent, but I make this declaration: If they will give a little thought to this question they can not escape the conclusion that they are being moved by some other consideration than the language used by the Senator from Alabama.

The VICE PRESIDENT. The time of the Senator from Arkansas has expired.

Mr. ROBINSON. I thank the Senate for its indulgence.

Mr. CURTIS. Mr. President, I ask that the decision of the Chair may be read——

Mr. LODGE rose.

Mr. CURTIS. But if the Senator from Massachusetts wishes to say anything, I will withdraw the request.

Mr. LODGE. For the benefit of Senators who were not present when this incident occurred, I wish to read what was then said. It was as follows:

The VICE PRESIDENT. The notes will be read.

The Official Reporter read as follows:

"I am here to represent the people, to represent in part my State; I am not here to represent the bond sharks, the big financiers of Wall Street."

Mr. LODGE. That is a direct reference to other Senators, of course.

Mr. HEFLIN. Mr. President——

Mr. WADSWORTH. It was an inference.

Mr. HEFLIN. I said I was not representing them here; that I was going to speak for the people.

Mr. LENROOT. And what about the other Senators?

Mr. HEFLIN. I did not say anything about other Senators. The Senator from Massachusetts will next make a point of order against what he imagines. That is all his present point of order is founded on. I did not make the charge——

Mr. GLASS. Mr. President——

Mr. LODGE. I thought the Senator would stand by what he said.

Mr. HEFLIN. Yes. The notes show what I said, and just what I said I do stand by.

Mr. LODGE. Of course, that means that the other Senators here do not represent the American people——

Mr. HEFLIN. I did not say that.

Mr. LODGE. But do represent the bond sharks of Wall Street. It is perfectly clear.

Mr. HEFLIN. I did not say that. The Senator can not put words in my mouth. He can think what he pleases, and I can think what I please.

Mr. LODGE. But I can put them in the RECORD.

That was the question which was submitted to the Chair. The Chair ruled the words out of order. An appeal from the decision of the Chair was taken by the Senator from Arkansas [Mr. ROBINSON], and I now make my motion to lay the appeal on the table.

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

Mr. CURTIS. I now ask that the decision of the Chair may be read.

Mr. LODGE. The decision of the Chair may be read.

Mr. JOHNSON. Mr. President, will the Chair state exactly what it is upon which we are to vote at the moment?

Mr. LODGE. The pending question is my motion to lay the appeal from the ruling of the Chair on the table. It is the usual motion.

Mr. JOHNSON. That is, to lay the appeal on the table?

Mr. LODGE. To lay on the table the appeal of the Senator from Arkansas from the decision of the Chair.

The VICE PRESIDENT. The Secretary will read the decision of the Chair.

The reading clerk read as follows:

The VICE PRESIDENT. The Chair is ready to rule.

The language of the rule is that—

"No Senator in debate shall, directly or indirectly, by any form of words impute to another Senator or to other Senators any conduct or motive unworthy or unbecoming a Senator."

If it were merely the words spoken by the Senator, the Chair would be inclined to rule that no such imputation was intended; but with the context, the attitude, and the expression that went with them, the Chair is of the opinion that they did contain an imputation to other Senators unworthy and unbecoming, and that the words were not in order.

Mr. HEFLIN. Mr. President, I ask for the yeas and nays on the motion of the Senator from Massachusetts [Mr. LODGE].

The VICE PRESIDENT. Is the demand seconded?

The yeas and nays were ordered.

Mr. HARRISON. Mr. President, there are several Senators who are not present, and I suggest the absence of a quorum in order to give those Senators an opportunity to reach the Chamber.

The VICE PRESIDENT. The Secretary will call the roll.

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

Ball	Couzens	France	Harris
Bayard	Culberson	Frelinghuysen	Harrison
Brookhart	Curtis	George	Heflin
Bursum	Dillingham	Glass	Hitchcock
Cameron	Ernst	Gooding	Johnson
Capper	Fernald	Hale	Jones, Wash.
Caraway	Fletcher	Harreld	Kellogg

Kendrick	McLean	Phipps	Townsend
Keyes	McNary	Pittman	Trammell
King	Moses	Poindexter	Underwood
Ladd	Nelson	Pomerene	Wadsworth
La Follette	New	Reed, Pa.	Walsh, Mass.
Lenroot	Nicholson	Robinson	Walsh, Mont.
Lodge	Norbeck	Smith	Warren
McCormick	Norris	Smoot	Watson
McCumber	Oddie	Spencer	Weller
McKellar	Page	Sterling	Willis
McKinley	Pepper	Swanson	

Mr. HARRIS. I wish to announce that the senior Senator from North Carolina [Mr. SIMMONS], the junior Senator from North Carolina [Mr. OVERMAN], the Senator from South Carolina [Mr. DIAL], and the Senator from Texas [Mr. SHEPPARD] are detained from the Senate because of illness.

The VICE PRESIDENT. Seventy-one Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Massachusetts [Mr. LODGE] to lay on the table the appeal of the Senator from Arkansas [Mr. ROBINSON] from the decision of the Chair.

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

The VICE PRESIDENT. The yeas and nays have been ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. HALE (when his name was called). I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the senior Senator from Maryland [Mr. FRANCE], and will vote. I vote "yea."

Mr. HARRIS (when his name was called). I transfer my pair with the junior Senator from New York [Mr. CALDER] to the junior Senator from Rhode Island [Mr. GERRY], and will vote. I vote "nay."

Mr. HARRISON (when his name was called). I transfer my pair with the junior Senator from West Virginia [Mr. ELKINS] to the junior Senator from Texas [Mr. SHEPPARD], and will vote. I vote "nay."

Mr. KELLOGG (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. SIMMONS]. I transfer that pair to the junior Senator from Oregon [Mr. STANFIELD], and will vote. I vote "yea."

Mr. MOSES (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. BROUSSARD]. I transfer that pair to the senior Senator from Connecticut [Mr. BRANDEGEE], and vote "yea."

Mr. PHIPPS (when his name was called). I have a pair with the junior Senator from South Carolina [Mr. DIAL]. I transfer that pair to the senior Senator from Iowa [Mr. CUMMINS], and will vote. I vote "yea."

Mr. SMITH (when his name was called). I transfer my general pair with the Senator from South Dakota [Mr. STERLING] to the Senator from Montana [Mr. MYERS], and will vote. I vote "nay."

Mr. TRAMMELL (when his name was called). I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the senior Senator from Arizona [Mr. ASHURST], and will vote. I vote "nay."

Mr. WARREN (when his name was called). In the absence of my regular pair, the Senator from North Carolina [Mr. OVERMAN], and being unable to obtain a transfer, 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]. I am unable to obtain a transfer. Therefore I withhold my vote. If at liberty to vote I should vote "yea."

The roll call was concluded.

Mr. ERNST (after having voted in the affirmative). I have a general pair with the senior Senator from Kentucky [Mr. STANLEY]. He is not present, and I can not obtain a transfer. I therefore withdraw my vote.

Mr. CURTIS. I have been requested to announce that the Senator from New Jersey [Mr. EDGE] is paired with the Senator from Oklahoma [Mr. OWEN].

The result was announced—yeas 40, nays 28, as follows:

YEAS—40.

Ball	Harreld	McNary	Poindexter
Bursum	Jones, Wash.	Moses	Reed, Pa.
Cameron	Kellogg	Nelson	Shortridge
Couzens	Keyes	New	Smoot
Curtis	Lenroot	Nicholson	Spencer
Dillingham	Lodge	Norbeck	Sutherland
Fernald	McCormick	Oddie	Townsend
Frelinghuysen	McCumber	Page	Wadsworth
Gooding	McKinley	Pepper	Weller
Hale	McLean	Phipps	Willis

NAYS—28.

Bayard	Culberson	Harris	Johnson
Brookhart	Fletcher	Harrison	Kendrick
Capper	George	Heflin	King
Caraway	Glass	Hitchcock	Ladd
La Follette	Pittman	Smith	Underwood
McKellar	Pomerene	Swanson	Walsh, Mass.
Norris	Robinson	Trammell	Walsh, Mont.

NOT VOTING—28.

Ashurst	Dial	Myers	Simmons
Borah	Edge	Overman	Stanfield
Brandegee	Elkins	Owen	Stanley
Broussard	Ernst	Ransdell	Sterling
Calder	France	Reed, Mo.	Warren
Colt	Gerry	Sheppard	Watson
Cummins	Jones, N. Mex.	Shields	Williams

So the appeal from the ruling of the Chair was laid on the table.

Mr. WADSWORTH. Mr. President, in the colloquy which occurred near the close of the session yesterday I entered, for myself—speaking for myself alone at the time—a protest against one of the statements which came to my ears as I sat on the floor from the Senator from Alabama [Mr. HEFLIN] relating to the Chief Justice of the United States. In looking over the RECORD this morning to ascertain if that language could be identified and located, and in looking over the reporter's copy, I have come to the conclusion that it is rather difficult, upon reading the CONGRESSIONAL RECORD as printed, to ascertain exactly what was said or what did happen.

I have before me portions of the reporter's record. Some of the changes which have been made upon that record, most of them, are comparatively unimportant. Some are amusing.

For example, I find on page 2831, at the conclusion of a paragraph commencing with the words "Mr. HEFLIN" and ending with the phrase "you stand on the housetop and crow like a rooster," that the word "Laughter" is inserted. The word "Laughter" is inserted upon the reporter's record in the handwriting of the Senator from Alabama.

Mr. HEFLIN. And there was laughter in the Chamber and in the gallery, too, at that time.

Mr. WADSWORTH. Mr. President, part of the acerbity of the debate of yesterday arose—and I think I am fair in making this statement—from the constant attacks by inference, perhaps, sometimes directly, by the Senator from Alabama upon the people of other States, including, I may say, the poor little old State of New York.

The reporter's record shows that in one of the utterances of the Senator from Alabama there appears this sentence:

> New York does so much devilment I have no time to remember anything that she does.

Now, I heard that said. The reporter heard it said. The Senator from Alabama has stricken it from the RECORD.

Mr. HEFLIN. Now, will the Senator read the rest there?

Mr. WADSWORTH. Mr. President, I decline to yield.

The VICE PRESIDENT. The Senator from Alabama has been called to order. He is not entitled to the floor.

Mr. HEFLIN. I thought that question had been disposed of, Mr. President.

The VICE PRESIDENT. It has been disposed of, and the Senator from Alabama stands called to order.

Mr. WADSWORTH. I can not yield. I have the floor.

Mr. ROBINSON. A point of order.

The VICE PRESIDENT. The Senator from New York has the floor.

Mr. ROBINSON. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state his point of order.

Mr. ROBINSON. On yesterday a point of order was made against the Senator from Alabama. He was called to order for disorderly language employed in debate. The point of order was sustained, and he was required to take his seat. Subsequently the Senator from New York [Mr. WADSWORTH] took the floor in his own right. Does the Chair hold now that the Senator from Alabama, having been disciplined, can not in an orderly way interrupt the Senator from New York, having the floor in his own right? Does the Chair hold that the Senator from Alabama can never again take the floor in the Senate of the United States because of the very extraordinary proceedings had a few moments ago, when the Senate, in violation of every precedent that has ever existed heretofore, held that the Senator from Alabama was out of order for declaring that he represented the people of Alabama and did not represent the bond sharks and gamblers of Wall Street?

I ask the Chair if it is the ruling of the Chair, the Senator from Alabama having been required to take his seat and the Senator from New York having taken the floor in his own right, that it is not in order for the Senator from Alabama to address the Chair and ask the Senator from New York to yield?

Mr. LODGE. Mr. President, does the Senator from Arkansas deny that the Senator from New York has the floor?

Mr. ROBINSON. Certainly not.

Mr. LODGE. Then he can not be interrupted, except with his own consent.

Mr. ROBINSON. Why, certainly not.

Mr. LODGE. His consent has not been given.

Mr. ROBINSON. But the Senator from Alabama——

Mr. LODGE. On the contrary, it has been refused.

Mr. ROBINSON. Oh, Mr. President, that is not the question at issue.

The VICE PRESIDENT. The Chair is ready to rule.

Mr. ROBINSON. One moment; let me state the point of order. When the Senator from Alabama addressed the Chair and asked the Senator from New York to yield, which is the custom and the proper proceeding, which he was entitled to do——

Mr. LODGE. He did not ask him to yield.

Mr. ROBINSON (continuing). The Chair voluntarily declared that the Senator from Alabama was out of order, because he had been required to take his seat. Now, you can not disabuse the minds of Senators who heard that procedure. I know what happened. The Senator from New York had the floor in his own right. The Senator from Alabama had the right under the rules of the Senate, notwithstanding the decision of the Senate that he was out of order on yesterday, to address the Chair and ask the Senator from New York to yield. The Senator from New York, of course, has the right to decline to yield, and if he refuses to do so that ends the matter; but the Chair has no right to refuse recognition to the Senator from Alabama when the Senator from Alabama rises in his place and, having addressed the Chair——

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

Mr. ROBINSON. Certainly.

Mr. LENROOT. I would like to call the Senator's attention to the express terms of the rule, this same subject still being before the Senate:

> And when a Senator shall be called to order he shall sit down, and not proceed without leave of the Senate.

Mr. ROBINSON. The Senator from Alabama was not proceeding. He was required to take his seat. He was denied the right to proceed. The subject then before the Senate was disposed of. The Senator from New York took the floor in his own right, and proceeded to discuss another matter after it was decided.

Mr. LENROOT. The Senator's speech is still before the Senate, and that is the subject the Senator from New York is proceeding to discuss.

Mr. ROBINSON. For that matter, the speech of the Senator from Alabama will be before the Senate for all time to come, for whatever it may be worth. Neither the Senator from Wisconsin nor any other Senator can deprive the speech of its place in the CONGRESSIONAL RECORD, except by a vote to strike it from the RECORD.

Mr. HEFLIN. Mr. President, as a Senator from the State of Alabama I address the Chair——

The VICE PRESIDENT. Does the Senator from New York yield?

Mr. WADSWORTH. I decline to yield.

The VICE PRESIDENT. The Chair is not quite certain what the point of order is which the Senator from Arkansas raises.

Mr. ROBINSON. I did not catch the observation of the Chair.

The VICE PRESIDENT. The Chair does not quite understand the point of order raised by the Senator from Arkansas. What the Chair had in mind was the fourth section of Rule XIX, to which the Senator from Wisconsin referred, and it is as follows. I read the last part of it:

> Which, if granted, shall be upon motion that he be allowed to proceed in order.

Mr. ROBINSON. Mr. President, no such motion was made. The Senator from Alabama was through; he was deprived of the floor. The Senator from New York took the floor and proceeded to discuss a new topic, whereupon the Senator from Alabama rose, addressed the Chair, and asked the Senator from New York to yield; and when he did that, the Chair voluntarily announced that the Senator from Alabama would take his seat, that he was out of order because he had been denied the right to proceed, and because no motion to allow him to proceed had been made. My point is that the Senator from Alabama had the right to do what the Chair just a moment ago recognized that he had a right to do. The Chair reversed its ruling in recognizing the Senator from Alabama, and asking the Senator from New York if he yielded to the Senator from Alabama. The incident is closed.

Mr. WADSWORTH. Mr. President, I did not intend to discuss the point of order, and I did not intend to endeavor to prevent the Chair from ruling. I am ready to proceed with my remarks.

The VICE PRESIDENT. The Senator may proceed.

Mr. WADSWORTH. I have called the attention of the Senate to the fact that the Senator from Alabama on yesterday, in the hearing of us all—and his language was taken by the reporter—made this observation:

> New York does so much devilment I have no time to remember anything that she does.

That has been stricken from the reporter's record by the Senator from Alabama. Not that that is particularly important, but I simply desire to have attention called to these things in order that we may realize that it is difficult to judge from the printed RECORD what actually happened, unless we were here when it did happen.

On another occasion, in another paragraph, the Senator from Alabama uttered these words, in effect:

> Three per cent and 3½ per cent, with 62 years time in which to pay it.

Then there is written in pencil in his handwriting:

> The baby born to-day will be 62 years old when it is paid under your plan.

A remark that was never made upon the floor of the Senate.

Mr. President, these are not serious, they are merely indicative; but I now call attention to the colloquy which occurred between the Senator and myself as it appears on page 2830 of the RECORD of yesterday, about two-thirds the way down, in the first column, and it was this colloquy, as it occurred upon the floor, which led me to believe that the Senator from Alabama had connected the Chief Justice of the United States with Wall Street interests. I read the stenographer's report, which, incidentally, coincides exactly with my own recollection.

> Mr. WADSWORTH. Has the Senator as much ground for that assertion as he had for the assertion that Judge Taft went over there on a private mission to cancel the debts?
> Mr. HEFLIN. Does the Senator deny that Judge Taft went over there?
> Mr. WADSWORTH. Not that he went over there; no.
> Mr. HEFLIN. The Senator admits that Judge Taft went over there?
> Mr. WADSWORTH. Yes.
> Mr. HEFLIN. The Senator admits he represents Wall Street?
> Mr. WADSWORTH. No.

The last inquiry addressed to the Senator from New York by the Senator from Alabama which the reporter caught as reading, "The Senator admits he represents Wall Street?" has been changed to read—and the corrections are made in pencil:

> Does the Senator admit that he [Mr. WADSWORTH] represents Wall Street?

Mr. President, I will not state here that the Senator from Alabama actually intended to draw the inference that the Chief Justice of the United States represented Wall Street when he went abroad on that trip. I do not charge that, but I do say, in all fairness and in all sincerity, that the language which he actually used at that time, yesterday afternoon, upon the floor of the Senate, admitted of no other interpretation. He has seen fit to correct it to the extent of avoiding such an inference. I am willing to accept that correction, but, at the same time, contend that the protest which I made upon yesterday against the language as he actually spoke it upon the floor of the Senate was a valid and warranted protest.

I have risen to make these observations in order to complete the history, as far as I may, and add what I know of it to the history of the incident of yesterday afternoon. It had been my purpose to move to expunge from the RECORD the colloquy which actually occurred yesterday on the floor of the Senate between the Senator from Alabama and myself with respect to Judge Taft, and the inference that he was allied with Wall Street. The Senator, however, has made the correction in his handwriting, in pencil, upon the reporter's notes, and as the colloquy, as corrected, appears in the printed RECORD, I assume it is not necessary to move to strike out that sentence.

Mr. LENROOT. Mr. President, I move that the Senator from Alabama be now allowed to proceed in order.

Mr. HEFLIN. I object.

Mr. ROBINSON. I make a point of order that that motion is not in order, the motion not being made, under the rule, when the decision of the Chair was rendered to the effect that the Senator from Alabama was not in order. The Senator from New York having taken the floor and discussed other subjects, the motion is not now in order.

Mr. HEFLIN. Mr. President, I now address the Chair in my own right as a Senator of the United States.

The VICE PRESIDENT. The Chair is ready to rule on the point of order. The Chair has always understood that when

a Senator was called to order he could not then proceed except on motion. The Chair may be mistaken about it, but that has always been the understanding of the Chair.

Mr. ROBINSON. The Chair is entirely correct, but that means to proceed at that time; it does not mean that when the Senate decides that a Senator is out of order on account of the use of disorderly words, he may never again take the floor. It means that he can not continue the address he is then making. According to every precedent in every parliamentary body on earth, when other business intervenes, the member has a right to take the floor just as if the former incident had not happened. Every Senator about me on both sides of the Chamber is nodding his head in concurrence with that conclusion.

Mr. FLETCHER. Mr. President, the rule which the Vice President has in mind is applicable to the time when the decision is made that a Senator has violated the rule.

Mr. ROBINSON. Certainly.

Mr. FLETCHER. When a Senator is called to order in the midst of his address, then he can not proceed until a motion is made that he be allowed to proceed in order.

Mr. ROBINSON. I thought I had made that clear. That is exactly what I intended to say. When the Chair holds, and the Senate sustains the Chair, that a Senator is out of order and that he must take his seat, the Senator can not proceed with that address except upon motion that he be permitted to do so; but when other business intervenes the Senator who has been required to take his seat can proceed to take the floor just the same as if no such ruling had been made.

Mr. MOSES. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. MOSES. What other business has intervened? I understood the Senator from New York to be discussing the same subject, namely, the speech of the Senator from Alabama.

Mr. ROBINSON. Oh, no; the Senator from New York discussed an entirely different question. The Senator from New York did not discuss the motion which had already been decided; he discussed other questions which he mentioned on yesterday and took the floor to deliver an address.

Mr. LENROOT and Mr. UNDERWOOD addressed the Chair.

The VICE PRESIDENT. The Chair will first hear the Senator from Wisconsin.

Mr. LENROOT. Mr. President, I was only going to say that the Senate has not considered any other subject. The speech of the Senator from Alabama is the only matter which has been considered by the Senate since the Senate acted upon the Chair's ruling. I quite agree that this can not go on indefinitely; but the Senator from New York secured the recognition of the Chair to discuss other features of the Senator's speech. The rule would mean nothing if the Senator now is allowed to proceed as a matter of right, because this is the first opportunity which has been afforded to bring the matter up. I desire to have the Senator proceed, but the same subject is still before the Senate.

Mr. UNDERWOOD. Mr. President, I want to say only one word in connection with this matter. Of course, when there are words used in debate which any Senator concludes violates the rules of the Senate, he may rise to a point of order, ask that the language be taken down, and the Senator whose language is taken down can not proceed until the matter has been disposed of, unless pending the final disposition of the point of order as to whether he is in order or not a motion is made that he may proceed in order, which is often done, and a final decision avoided. It does not bring the matter to a point.

In this case the point of order was made, and it was decided by the Chair; an appeal was taken, and a motion to lay the appeal on the table was made. A record vote has been taken, and the vote is recorded. It closed the incident. There was no other question left. To hold that because a Senator of the United States made a remark in the Senate which was not in order according to the rule of the Senate, he should not be allowed to again address the Senate unless a majority of the Senate should thereafter agree to allow him to proceed in order would enable a majority of the Senate to deprive a State of its representation on the floor of the United States Senate. It would prevent a Senator from representing his constituency. I do not understand that that power rests in the breast of a majority of the United States Senate.

It is true that if two-thirds of the Senate conclude that the position of a Senator here is such that he is not warranted in sitting here, they can expel him and allow the governor of the State to fill the vacancy; but up to that point, Mr. President, it would be an outrage, under the fundamental principle of this Government, which gives the States of the Union the right of representation here and the right to be heard, to deprive a Senator of the right to address the Senate.

Why make so much of this incident? The Senate has voted its decision. It has declared what it thinks about this matter. It has settled the incident, which came over from yesterday. It is closed on the books of the Senate by a vote which has already been taken.

When that is done the junior Senator from Alabama is entitled to the same recognition as any other Senator and to proceed in debate or in making a motion on the floor of the Senate, so long as he proceeds within the ordinary rules of the Senate.

Mr. LODGE. Mr. President, will the Senator allow me to ask him a question?

Mr. UNDERWOOD. Certainly.

Mr. LODGE. Then, the rule being extremely explicit, I understand the Senator's theory is that the Senate having proceeded to other business, it conforms to the rule.

Mr. UNDERWOOD. It does not make any difference whether we proceeded to other business if the incident is closed.

Mr. LODGE. There is nothing in the rule about the incident being closed, or "at that time." If I may proceed, the rule says——

Mr. UNDERWOOD. The rule is not going to put in the details. The rule considers, I have no doubt, that Senators have some imagination—that it does not have to give a detailed account of everything that may happen. It certainly could not mean because a Senator is called to order that for all time he is deprived of the privilege of the floor——

Mr. LODGE. Of course not.

Mr. UNDERWOOD. Unless a majority of Senators allowed him to proceed.

Mr. LODGE. Of course not; but let me read the rule:

> And when a Senator shall be called to order he shall sit down, and not proceed without leave of the Senate which, if granted, shall be upon motion that he be allowed to proceed in order.

Mr. UNDERWOOD. Undoubtedly.

Mr. LODGE. Now, one of two things is true, either taking up another subject of debate and recognizing another Senator in his own right is equivalent to the leave of the Senate, or else the motion has to be made—one of the two.

Mr. UNDERWOOD. Of course, if it occurred within the debate, within the time of the incident.

Mr. SMITH. And on the subject.

Mr. UNDERWOOD. And on the subject, and the subject was as to whether the language used by the junior Senator from Alabama was in order.

Mr. LODGE. That is the interpretation placed on it by the Senator, but it is not the rule.

Mr. UNDERWOOD. That is the only interpretation that can be put upon it.

Mr. ROBINSON. I know the rule. I asserted for myself, and I now assert for the Senator from Alabama, that the word "proceed" means exactly in this connection what it ordinarily means. When he is speaking he is stopped because he is speaking improperly; he shall not proceed; that is, he shall not continue that speech until leave has been granted. The Senator from Alabama has not asked to continue his speech; other proceedings have occurred; and he now has the right, by virtue of being a Senator, to discuss other questions and to secure recognition.

Mr. NORRIS. Mr. President——

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

Mr. NORRIS. It seems to me Senators lose sight of the real point in the proposition. The question involved, and that which the rule seeks to clarify was, was whether the junior Senator from Alabama was entitled to the floor. The Senate decided that he was not. It would have been in order then for some Senator to move that he be allowed to proceed in order. That motion was not made. He lost the floor. No attempt was made to give him the floor. The Senator from New York took the floor, made a speech in his own right, and the right of the Senator to proceed by virtue of the motion was never tested. It was conceded he had lost it.

Mr. ROBINSON. It is not in order now to move that he be permitted to proceed.

Mr. NORRIS. Of course not. It is all over with. He lost the floor at the time and the incident is ended. He is now just the same as any other Senator.

Mr. PITTMAN. Mr. President, a parliamentary inquiry.

Mr. NORRIS. He has lost the floor and another Senator obtained it, and he takes his chances on ever getting it again the same as any other Senator.

The VICE PRESIDENT. The Senator from Nevada will state the parliamentary inquiry.

Mr. PITTMAN. What is the unfinished business before the Senate?

The VICE PRESIDENT. Senate bill 4287.

Mr. PITTMAN. Is the Senator from Alabama at liberty to discuss that bill without the permission of a majority of the Senate?

Mr. NORRIS. Mr. President, a parliamentary inquiry.

Mr. PITTMAN. Wait until mine is ruled on.

The VICE PRESIDENT. The Senator from Nebraska will state his parliamentary inquiry.

Mr. NORRIS. Is not the point of order made by the Senator from Arkansas against the motion of the Senator from Wisconsin the pending question? It seems to me that the Chair has not yet decided the parliamentary point.

Mr. PITTMAN. I am making the parliamentary inquiry whether the Senator from Alabama may be recognized by the Chair to discuss the pending measure without the permission of a majority of the Senate?

The VICE PRESIDENT. That is the question pending before the Senate which has not yet been decided.

Mr. CURTIS. Mr. President——

The VICE PRESIDENT. The Chair will hear the Senator from Kansas.

Mr. CURTIS. Mr. President, I have been trying several minutes to secure recognition to state that, in my opinion, the rule is very explicit. It means that the Senator could not continue with the speech that he was making. When he was called to order and sat down, and there was an appeal taken, and the appeal was laid on the table, and that ended the question. Clearly, it having been ended, the Senator has a right to speak on any other subject he pleases. Of course, he could not continue the speech that he was delivering before, if he attempted it, without the consent of a majority of the Senate. But that has been ended, other business has been transacted, and it seems to me clearly he is entitled to the floor if he wants it.

The VICE PRESIDENT. The discussion that has taken place on the floor has changed the mind of the Chair. The Chair had already stated that it had been the understanding of the Chair that the Senator could not proceed until granted that privilege by motion. That opinion has been modified, and the Chair is of the opinion that the motion made by the Senator from Wisconsin is not now in order; that the particular incident having been closed, the Senator from Alabama is again entitled to the floor.

Mr. HEFLIN. Mr. President——

The VICE PRESIDENT. The Senator from Alabama.

Mr. HEFLIN. The Senator from New York [Mr. WADSWORTH] declined to yield to me a moment ago. I was trying to state to him what I said yesterday when he asked me about New York, and I said New York had done so much devilment, and so forth. The notes show that I said I did not remember anything she did. I did not say that. I said I did not remember anything good she did. The stenographers are not to blame. There was so much laughter in the Hall at the colloquy of the Senator from New York with me that they did not catch all I said.

There was another place in the stenographers' notes which was incorrect. They had me saying to the Senator from Massachusetts that I did not care to yield, and I never said any such thing. I made no reference to the Senator from Massachusetts. I did not know what he wanted. He had a paper in his hand. I thought he was going to ask me to yield so that he could present some matter at the desk, and I was trying to finish what I was saying before I did that. I made no reference to him whatever then, but the notes show:

Mr. HEFLIN. I do not care to yield.

I did not use those words.

In response to the Senator from New York, where I said that New York had done so much devilment, I said I did not have time to remember the good things she had done.

I did make minor corrections in my speech. We do it every day here. We frequently say things in the heat of debate and when we come to revise our remarks we tone down those remarks somewhat. I made very few corrections last night—all minor ones—in the colloquy that took place between the Senator from New York and myself. When we were talking about those people going to Europe for the purpose of getting this debt canceled due to the people of the United States, talking about editors going over there, then I said that Mr. Taft went to London. I was not sure whether he was Chief Justice at that time or not. The Senator from New York asked me about my reasons for saying what I did about certain people going to Europe. I said I had my reasons for it. Then I asked him if he denied that Mr. Taft went over there. I said, "Does the Senator deny that he went over?" He said, "No; he did not." Then I addressed this question to the Senator—I did not say the Senator, but meaning the Senator—"Does he admit that he represents Wall Street?" And he said "No." His answer indicated that he understood me to mean himself, and then I said I would have to accept that statement if he said so. That is what I meant in that connection.

Mr. President, the precedents that have been made this morning by the Republican Party will haunt many a Senator on that side of the Chamber next year, when a new declaration of independence will be presented to the American people. Strange, indeed, a Senator in this historic Hall, being here by reason of the fact that the Continental Army, half clad and barefooted many of them, endured the cold of winter, walked over the frozen ground and left their bloody foot tracks in the snow, fought for American independence, builded this Republic, adopted the principles of the Declaration of Independence, when they wrote the Constitution of the United States that Gladstone said was the greatest civic document that ever emanated from the brain of man, was on yesterday denied the right to proceed when speaking in the interest of the American people.

Mr. President, I am glad we got a roll call on that proposition; glad that it is recorded in the RECORD. I am glad there is a judgment bar to which we can go and appeal from decisions made in this Chamber. I am glad that we can confront Senators whose names appear in the column voting to take me off the floor for saying, "I do not represent Wall Street or the gamblers and big financiers of Wall Street. I am speaking for the American people." That is the offense I have committed in this Senate Chamber, in this morning of the twentieth century, in the greatest Government in all the world, whose liberties under Republican rule are little by little and bit by bit being taken away from her.

Mr. President, when our fathers adopted the Constitution they guaranteed two things that Thomas Jefferson said would preserve its life for all time if they were preserved unfettered and untrammeled—free press and free speech.

I have referred heretofore to how our press is censored and muzzled in Washington; how a decision of the Supreme Court reprimanding the Federal Reserve Board for undertaking to crucify a State bank, trying to put it out of business, was never sent out from here or printed in the daily papers of the country. I have already referred to how the press, or a part of it, is being bought up and subsidized. We are being hurt on that line. Some of the big moneyed interests are buying great newspapers and using them in an effort to crush every man who dares to stand for the right and speak the old-time American doctrine.

And now free speech is threatened in this Chamber. A Senator dares not rise in his place and say, "I represent my State in part. I speak for the American people. I do not represent the gamblers and bond sharks of Wall Street." The Senator from Massachusetts [Mr. LODGE], leader of the Republican majority, calls me to order. The Vice President, from New England himself, sustains the point of order, and I, having committed no other offense but to declare that I was not the agent or representative of Wall Street, but was trying to speak for the American people in the settlement of a debt due to them of $12,000,000,000, am called to order by the Senator from Massachusetts. The Republicans who cast their votes this morning to sustain that ruling are going to suffer on the hustings next year, and they are going to suffer at the polls. They ought to defeat every man who voted for such a rule.

Mr. President, the fundamental questions of liberty are involved here. This is our Government; we think it is, at least. Four millions of boys answered the call and were ready to go to the front to die for this country. They have been outraged and mistreated by some of the money changers of the Republic. The fact can not be disguised, Mr. President. There can not be taken out of my mind what I think. The roll calls of this body show where Senators stand. I do not care how progressive one of them may declare himself to be, when the show-down comes and Wall Street is attacked and the roll call is had his name appears in the column where it ought to be. The Bible says, "By their fruits ye shall know them." I am afraid the Senator from Massachusetts [Mr. LODGE] will call me down for saying that. It will get to the point where one can not now quote Scripture here during Republican rule. If it is in bad taste to ask for simple justice to the soldier who saved the life of the Nation, it is in bad taste now and an infringement of the rule, under a Vice President of the Republican Party, who stands by his own party, to say that one does not represent the corrupt interests of his country, but that he represents the people. I said I did not represent Wall Street, those gamblers and bond

sharks. I said I represented the people. That is what I am trying to do.

Here was a debt due the United States being discussed by the Senator from Tennessee [Mr. McKELLAR], and he was being taken to task for demanding that America have a fair deal in the transaction. Nothing like it was ever seen. I came to the Senator's rescue. He said that we were not in the British Parliament, but we were in the United States Senate. Why did not Senators on the other side of the Chamber call him down? Why did they not call down the Senator from Wisconsin [Mr. LENROOT] when he characterized the junior Senator from Iowa [Mr. BROOKHART] as being like Lenin, of Russia, and put him in the class with the soviets of Russia, though he was a United States Senator? But the Vice President never batted his eye, and no Republican Senator called the Senator from Wisconsin down. The old standpatters were sitting there with their faces wreathed with smiles while the Senator from Wisconsin was delivering his tirade against the junior Senator from Iowa. Nobody called him down.

Reflections were cast upon my friend the Senator from Tennessee; it was stated that he was tainted with pro-Germanism because he was pleading for America in this debt settlement; but nobody called to order the Senator who made that reflection. When I got up and put my finger on the sore spot, as I frequently do, when I am arraigning the reprehensible conduct of the Republican Party, then I stirred them. I did put my finger on the sore spot.

Wall Street boasted in the Wall Street Journal but a few months ago that the control of the Federal reserve banking system was not in Washington, but had come back to Wall Street, where it belonged; and when I dealt Wall Street a body blow yesterday I was called to order by the Senator from Massachusetts [Mr. LODGE]. God forgive you for voting to sustain a point of order against a United States Senator coming from a sovereign State, speaking for his people, debt ridden and tax burdened, in the settlement of a debt with Great Britain, and asking that justice be done and that the farmers of America be allowed the same rate of interest that is being given to Great Britain, a foreign country. I have offended the leaders of the Republican Party and I am called to order; I am called to take my seat. I will bear these attempts at humiliation. It does not intimidate me in the least. You can not chill my ardor; you can not long halt me in the fight which I am making. I will make it so long as God gives me strength to make it in this body. I am a soldier in the service and I am trying to serve my country. I do not represent Wall Street; I do not represent the gamblers of Wall Street; I do not represent the bond sharks of Wall Street. Stop me again. That was my offense of yesterday.

No wonder the Senator from Massachusetts came over to this side of the Chamber this morning and stated to my good friend the Senator from Arkansas [Mr. ROBINSON] that if I would apologize he would drop this thing. What am I to apologize for? For fighting the battles of my people; for representing America instead of Great Britain; for holding up the ideals of my own country? Apologize! I would see them further down yonder in the hot regions than a greyhound could run in a hundred years before I would apologize. Mr. President, I know my rights in this body.

I hope in the campaign of 1924 that God will give me strength to go into the States of these Senators, and I shall take that record, assemble the people, and read it to them. I shall say, "Ladies and gentlemen, let me read to you what occurred in the United States Senate under Republican rule. We were discussing the interest rate and debt settlement with Great Britain. The Senator from Tennessee [Mr. McKELLAR] was telling the Senate that we were giving the English a smaller rate of interest than we were giving to the people in our own country—the farmers and others. I came to his rescue. I said, 'our farmers ought to have as small a rate of interest as we are giving to a foreign country. If our people could collect these debts and get this money which is due to us it would lower the tax rate and relieve us of the tax burdens.' While saying that, I said, 'Wall Street wants to cancel the debt; Wall Street would like to postpone its payment at least so that Wall Street could collect what foreign countries are owing to Wall Street.' And I said, 'I did not represent Wall Street; I did not represent those bond sharks and gamblers; I am speaking for the American people; I was fighting for you, and here is what occurred: Senator LODGE, of Massachusetts, rose and called me to order. The Vice President, a Republican, Mr. COOLIDGE, from New England, held that the point of order was well taken. I was denied the right to proceed and requested to sit down. I said I was for the people of America and against Wall Street. That was my offense. The next morning the Senate roll was called and a majority of Republicans voted to sustain the Vice President in stopping my speech, taking me off my feet, and causing me to sit down. That is what occurred in the Republican Senate. Do you men and women want to vote for a party that will permit that? Do you men and women want to vote for a party that will suppress free speech in that fashion? Do you men and women want to vote for a party that will undertake to censure and reprimand, humiliate, intimidate, and coerce a Senator who is speaking for his own country against a foreign country? Do you? All of you who are going to vote for a proposition like that stand up.'" There will not be a man or woman to rise. Then I will say, "All of you who repudiate that conduct and repudiate the party that ordered it and repudiate the Senators who sustained it stand up," and they will get up in mass like receiving the benediction at church. [Laughter.] That is what will happen to you. I want the reporter's notes to show that there was laughter at that point. Let us not have any mistake about that hereafter, because I want all of those points to go in. Thank God there are people who come and sit in these galleries who are not bound and tied by any hard-and-fast condition. They know the American doctrine when they hear it. They like to see and hear Senators fight for the right.

> For right is right, since God is God,
> And right the day must win.

I serve notice on you that I am going to keep up the fight.

No, Mr. President; the lamented Lincoln, peace to his ashes, said on one occasion, "The crisis that I see approaching unnerves me, and I tremble for the safety of my country."

Mr. President, I regret to have to bring these things to the attention of the Senate and the country, but it is my duty to do so. There never was a time in the history of this Government when the corrupt money power of the Nation was more firmly entrenched than it is to-day. Lodged in the strongholds of the National Capital, the money power flourishes in rank luxuriance in every avenue of control in the Nation's Capital. The money power is in control of the Government. The soldiers are mistreated, disregarded, neglected, forgotten by many.

The farmers, bound up under a term of deflation, robbed, and all of their homes and farms are under mortgage. Hard times prevail among the masses of the people. All of this is the fruit of the Republican Party. A few men claim all the increase from ocean, soil, and air. Rich as Croesus, the man with a big purse is the man of power with the Republican Party. Why not tell the truth? And some Senators on the other side are going to hear from that next year. I invite the Senator from Wisconsin to the verdict rendered in his own State under the leadership of fighting BOB LA FOLLETTE, of Wisconsin. That vote means something. I am looking at one or two of them now whom I do not expect to see here any more. [Laughter.]

Talk about moving that I may proceed in order! When did the Senator from Wisconsin have the right to get up and move that I, a Senator from Alabama, after a question had been voted on, and he was one of the Senators to sustain the ruling of the Chair—when I rose he sought to halt me and humiliate me by rising and saying, "I move that the Senator from Alabama proceed in order"; but I said, "I object," for I do not have to proceed by the motion of any Senator who voted to sustain a ruling that outrages every precedent of the Senate.

Talk about my apologizing to them! I told my friend to tell Senator LODGE that I would not do it. I wanted a vote; I wanted a roll call; I would not take the world for that roll call. It is going to cut like a two-edged sword against you next year. I would just like to meet some of these gentlemen on the hustings. I should like to have one of these Senators discuss with me this matter on the stump. I would read the sentences that I used when called to order and the ruling of the Chair, and then his vote sustaining that ruling, and then ask him in the presence of the people if he thought that was Americanism and ask them there in his presence if they were with him or with me on that question.

How did the Senator from California [Mr. JOHNSON] vote? He voted with me; he voted against outraging the rules of the Senate; he voted against denying free speech to a Senator. And NORRIS, of Nebraska, and LA FOLLETTE and LADD and CAPPER and BROOKHART—these men who really stand with the progressive element—how did they vote?

[At this point words were spoken which were subsequently expunged from the RECORD by order of the Senate.]

The VICE PRESIDENT rapped with his gavel.

Mr. HEFLIN. Oh, Mr. President, I thank God that this is one place where we can have free speech, even if we have to get it by main strength and awkwardness, although we are overruled by the Republican majority of the Senate for daring to

speak the truth for the RECORD. Let the RECORD tell it. Forty thousand copies of this RECORD go out each day. We ought to send out 250,000. The more people who read it, the better off the country will be, because we can get the truth in here to-morrow when it goes over the country, and they all read it, and read the splendid, clear, and strong presentation of this situation by my able friend from Arkansas [Mr. ROBINSON]. Read what he said. Why, he said that if the Senator from Alabama did not represent the people, he would not be here long from a Southern State; that if he did represent Wall Street and the gamblers, he would not be in the Senate long from a Southern State. Then, they went on in their mad career and sustained the rape of the rule.

Oh, Mr. President, you know there is an old saying that when some people start to going wrong they just keep on going wrong, and it is just like falling down a hill; they get started to falling and rolling and they can not stop until they hit the rocks at the bottom; and that is what the poor old boss-ridden Republican Party is doing. I saw you in this Chamber stand up for profiteers. You made the soldiers get back. You voted $450,000,000 a year out of the purse of the Government into the pockets of these pompous profiteers of the Nation. I saw you stand up and give $90,000,000 annually to big income-tax payers. You gave that over to the mighty rich of the country, the men of all men most able to pay taxes. I saw you do that. I saw you vote $700,000,000 to pay war contracts left over, questionable contracts, hundreds and thousands of them, and you did it without batting an eye; and then I saw you drive the soldier from the door of the Capitol with nothing to eat, no good clothes to wear, no shelter to cover his head.

I saw the Republican Party do that, and then I saw you come with a ship subsidy bill, arranging to take from the people $50,000,000 a year. I saw you come with a proposition to practically give to the Ship Trust $3,000,000,000 worth of ships. You are going to give them to the Ship Trust and then pay them to operate them. All these things I have seen, and more; and on yesterday I saw the Senator from Tennessee [Mr. MCKELLAR]—the rock-ribbed old State of Tennessee, the home of Old Hickory Jackson, on whose soil rests the Hermitage and the tomb of Jackson, who said, "By the Eternal, the people shall rule"—I saw him rise and protest against a debt arrangement that had been made behind closed doors, when nobody in the Nation was present but Republican partisan officials, to agree to a settlement that involved nearly $5,000,000,000 owed to the American people. The Senator from Tennessee, for protesting against certain plans, was terribly taken to task; and when I came to his rescue, replying to the Senators from Wisconsin and New York [Mr. WADSWORTH], the Senator from Massachusetts [Mr. LODGE] reached the climax when he arose to stop me from saying that I represented the people of my country and that I was not representing Wall Street.

In that connection there is one other thing I want to say this morning. The Senator from New York asked me afterwards—it was an afterthought, too; of course it was—about whether I said Taft was representing Wall Street. I never said that. I had reference to the Senator from New York, and it was done in a very pleasant way. Laughter was ringing all around here, and I said, "Does the Senator"—meaning that—"does he represent Wall Street?" He said, "No." Then I said, "I accept the Senator's statement," meaning him. Then afterwards, thinking that the other proposition of the Senator from Massachusetts was feeble, he came to his rescue with the charge that I had sinned against the Chief Justice, and he said I said that, and they sent out for the reporter; and I saw the reporter, clever gentleman that he is, come in here and talk to the Senator from New York, and I saw him shaking his head, and I could almost hear him say to the Senator from New York, "No; he never said anything like that," and they did not ask then that those notes be produced.

I said the Chief Justice, Mr. Taft, went over to London, I believe, before he was appointed Chief Justice; and the ready man on the Republican side, Senator MOSES, of New Hampshire, came to the rescue. He voted to sustain the Vice President this morning. We got a verdict in his State last fall. We elected a Democratic governor up there. "Coming events cast their shadows before." He comes up next year. May the Lord have mercy on his soul! He came to the rescue and said that Taft was Chief Justice at the time he went to London.

Mr. MOSES. Mr. President——

Mr. HEFLIN. I yield to the Senator.

Mr. MOSES. Merely in the interest of historical accuracy, I do not come up next year.

Mr. HEFLIN. The Senator does not come up next year? He is fortunate, Mr. President [laughter]; but the Senator came to the rescue of his friend from New York and he said yes, he was Chief Justice, and then I said, "That makes the case even stronger." I meant to say "makes it more interesting"; I thought I had said it, but the reporter's notes show that I said "it makes it stronger."

Now, listen: The Senator from New York arose then and addressed the Chair as a boy would a school-teacher, and he said, "Why, Mr. President, he has offended again." Think of that! A United States Senator criticizing somebody about going abroad, drawing on this floor his own conclusions about the purpose of his visit. The position of the Senator from New York is tantamount to saying that I could not say that if I thought it. I could say it if I thought it. Why could I not say it if I thought the Chief Justice was interested in that proposition? Where are the rules in this body that close the mouth of a Senator so that he can not criticize any official of the Government, and do it to the limit, in this body? Where is it?

The Senator from New York may have thought that I did not know the rule. I know enough about it to know that; and the position of the Senator from New York will not intimidate me in the future—will not have the slightest effect upon me in saying what I think about any high official in this Government when I feel it my duty to do it.

I think I have said enough this morning, Mr. President, to get the facts pretty well in the RECORD, following what my good friend from Arkansas said. I want to make this suggestion: I demanded the notes myself. Now go read the RECORD. When the Senator from Massachusetts said that I had used that language—stopped me from speaking—I called for the production of the notes. I said, "I did not say that." "Oh, yes," he said; "I heard the Senator." I said, "Read the notes; I demand the reading of the notes." I am the man who did that. That is what occurred. He stopped me from making my speech and we adjourned for the night, and then they came in here the next morning at 11 o'clock and voted, and this outrage was perpetrated, the rules raped, the Chair sustained, and a record preserved against Republican Senators that will haunt them when they rise again for reelection. Then, when the Senator from New York was assailing me and was not giving the facts as I understood them, I rose as a Senator to ask him to yield, and the Vice President, a Republican from New England, denied me the right and told me that I could not proceed. Then the Senator from Wisconsin [Mr. LENROOT] moved that I be permitted to proceed. The Senator from Arkansas [Mr. ROBINSON] objected. I objected. I wanted to keep the record straight. I want the country to know what the record is. An attempt has been made here by Republican Senators to destroy free speech in the Senate of the United States. Republicans intrusted here with commissions from sovereign States have voted to sustain the decision of the Chair that stopped a United States Senator from speaking when he was saying he did not represent Wall Street but did represent the American people.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the Speaker had appointed Mr. GALLIVAN in place of Mr. JOHNSON of Kentucky as one of the managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13926) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1924, and for other purposes.

The message also announced that the House had passed the following bills and joint resolution, in which it requested the concurrence of the Senate:

H. R. 13774. An act to amend the revenue act of 1921 in respect to exchanges of property;

H. R. 13775. An act to amend the revenue act of 1921 in respect to credits and refunds; and

H. J. Res. 422. Joint resolution permitting the entry free of duty of certain domestic animals which have crossed the boundary line into foreign countries.

RURAL-CREDIT FACILITIES.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States, to amend the Federal farm loan act, to amend the Federal reserve act, and for other purposes.

Mr. HEFLIN. Mr. President, I send to the desk an amendment which I desire to be pending, to be inserted at the proper place in the bill now before the Senate.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to add, at the end of the bill, the following:

SEC. 14. That paragraph (b) of section 11 of the Federal reserve act be amended by adding after the words "Federal Reserve Board" the following:

", but in no case shall such rates of interest be in excess of 5 per cent per annum."

And wherever in said act Federal reserve banks are authorized, permitted, or required to rediscount the discounted paper of other Federal reserve banks, the rate of interest in no case shall be in excess of 5 per cent per annum.

The PRESIDING OFFICER (Mr. KELLOGG in the chair). The question is on the amendment of the Senator from Alabama.

Mr. ROBINSON. Mr. President, may I inquire if that is the pending amendment?

The PRESIDING OFFICER. That is the pending amendment.

Mr. LENROOT. Mr. President, may I inquire of the Senator from Alabama whether he refers to the rate of discount or the rate of interest?

Mr. HEFLIN. Rediscount. I mean the rate charged by the 12 regional reserve banks to the thousands of member banks for rediscounting their paper. I am trying to fix it so that the regional banks can not charge the member banks more than 5 per cent for rediscounting their paper.

Mr. LENROOT. The rate of rediscount?

Mr. HEFLIN. Yes; rediscount. For instance, a regional bank rediscounts the paper of a member bank. When a member bank comes up with its paper and applies for money the regional bank can charge 3 or 3½ or 4 or 4½ per cent, but not over 5 per cent, to the member bank.

Mr. LENROOT. Mr. President, of course if the Senate desires to permit banks to profiteer, I suppose that amendment would be perfectly in order; but I can not see anything else that it would accomplish. What do banks charge in the Senator's State?

Mr. HEFLIN. The legal rate is 8 per cent; but a member bank in Atlanta charged one of the banks in my town 8 per cent, and a national bank in north Alabama was charged 9 per cent. Now, my amendment would not permit that. The regional bank could not charge the member bank more than 5 per cent; and that would enable the member bank to loan to the farmer or the merchant, or whoever the borrower is, at a lower rate than if it had to pay 7 per cent to the regional bank for the loan.

Mr. LENROOT. Mr. President, when the bank to which the Senator has so often referred charged, as I think he said, 87½ per cent, does the Senator know what rate was charged the customers of that bank?

Mr. HEFLIN. I did not get that question.

Mr. LENROOT. Does the Senator know whether, in the case he has so often spoken of, where a bank charged, under the progressive rate of interest, 87½ per cent——

Mr. HEFLIN. Eighty-seven and one-half per cent.

Mr. LENROOT. Did the customers of that bank pay any such rate as that?

Mr. HEFLIN. I do not know what they paid.

Mr. LENROOT. Does the Senator know that in the Federal reserve districts which did not have the progressive rate of interest the rate of interest charged customers was just as high as in the districts which did have the progressive rate?

Mr. HEFLIN. I do not. That was not the case.

Mr. LENROOT. I am very much in accord with the views of the Senator that, to say the least, a very great mistake was made in having any such rates, because wherever any such rates were imposed what ought to have been done was to cut off the additional credit to the bank entirely; but my question was whether the Senator knows whether any farmer, in the State of Alabama or elsewhere, suffered by reason of that high rate.

Mr. HEFLIN. Of course they suffered, and this bank was denied funds. It could not pay the high rate, and loans were stopped. The bank had to quit loaning; it could not get the money to loan; cotton was thrown on the market and cattle were thrown on the market and financial disaster followed.

Mr. LENROOT. Does not the Senator know that in every case where any such rate was imposed the bank had had a great deal more than its share of credit, and that the entire credit ought to have been cut off from that bank?

Mr. HEFLIN. I also know that two banks in New York borrowed during that time six times more than their capital.

Mr. LENROOT. I did not catch the last remark of the Senator from Alabama.

Mr. HEFLIN. Two big institutions in New York borrowed, during that time of deflation, six times more than their capital.

Mr. SMOOT. I will say to the Senator that in this case this bank had more than six times its capital loaned and, not only that, nearly all of its deposits, and no bank in New York ever did.

Mr. HEFLIN. That was just for a few days.

Mr. SMOOT. It was for 11 days.

Mr. HEFLIN. The fact that the bank did not fail shows there was no necessity for applying the 87½ per cent rate.

Mr. SMOOT. What the board ought to have done was to close up the bank.

Mr. HEFLIN. They closed it by the 87½ per cent rate.

Mr. SMOOT. For 11 days.

Mr. HEFLIN. It amounted, I think, to nearly 30 days.

Mr. SMOOT. Eleven days is what it amounted to.

Mr. HEFLIN. But whether it was 5 days or 11 days, it succeeded in choking the little bank down, and it would not let the little bank have the money, and the bank could not supply its customers with money, and the people of that locality suffered greatly.

Mr. POMERENE. May I ask the Senator the amounts of the loans on which 87½ per cent was paid?

Mr. HEFLIN. I do not remember the amount. I printed all the correspondence in the RECORD last July.

Mr. POMERENE. My information is that there was just one loan of $2,000.

Mr. SMOOT. The Senator is right.

Mr. GLASS. Six hundred and ninety-one dollars; and so far from the bank being choked down, the record shows that the bank had 1,700 per cent of its basic line of credit with the Federal reserve bank—1,700 per cent—and that it had been deficient in its reserve for 11 of the 12 preceding months, the reserve required being $9,485, and the reserve actually carried being $86.

Mr. HEFLIN. I can not agree with those figures. I will have to have the record produced.

Mr. GLASS. That is in the record; I can produce the record.

Mr. HEFLIN. Whatever it is, the 87½ per cent charge was outrageous. Nobody can defend it, I do not care whether he is a Democrat or a Republican. Nobody can defend an 87½ per cent interest rate, and the fact that the bank did not fail shows that there was no necessity for this thing happening. It may have been a few days—that happens frequently with people in overdrawing their own bank accounts just a few days—but this was part of a drive, a deep-laid plan to shut off loans in Alabama, as well as other Southern States and Western States, in order to carry out the drive of deflation. This was a part of it, and when it succeeded this interest rate was stopped.

Mr. GLASS and Mr. COUZENS rose.

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

Mr. HEFLIN. I yield briefly to the Senator from Virginia.

Mr. GLASS. Mr. President, I do not undertake to defend an 87½ per cent rate. My criticism of the Federal Reserve Board and the Government authorities in that case would be that they did not close that bank. Instead of making an 87½ per cent interest charge for a few days, my criticism of it would be that it loaned the bank seventeen times its capital and its surplus, and loaned 82 per cent of it to its president, and on notes indorsed by its president.

Mr. HEFLIN. And never lost a cent of it.

Mr. GLASS. The bank ought to have been closed, and any public official who had any appreciation of his duties and understands the banking business would have closed it.

Mr. HEFLIN. So the Senator would have had this little bank closed, which finally struggled through and did not break?

Mr. GLASS. It struggled through only because the Federal reserve bank at Atlanta loaned it seventeen times more money than it ought to have loaned it. That is the reason it struggled through.

Mr. HEFLIN. And the Senator says he would not have done it, that he would have closed it——

Mr. GLASS. Of course I would have.

Mr. HEFLIN. That reminds me of what happened once——

Mr. GLASS. If many more banks had been carried on at that rate, we would not have had many banks in this country. All of them would have gone to smash.

Mr. HEFLIN. I never heard any complaint about the big loans in New York at 6 and 7 per cent, never over 7 per cent. But the Senator from Virginia says he would have closed this little bank in Alabama. Eighty-seven and a half per cent did close it, in effect. It depends on which method you would employ.

Congressman Cushman used to be in the House, and he told this story: That a fellow had stolen a mule out there in the West, and they put a placard on his back, "This man stole a mule and we have hanged him. Beware! Profit by his ex-

ample." Then one stole a horse. They caught him out in the woods one moonlight night, and they were about to execute him. About half the crowd said, "Let's shoot him," and the other half said, "Let's hang him," and they got into a discussion as to how they would dispose of him—whether they would shoot him or hang him. Finally, one of the fellows who wanted to hang him said, "Mr. Chairman, let's get his ruthers about the matter. Let's find out what he would ruther do, whether he would ruther be shot or hanged." They turned to the fellow and asked him, and he said: "I am more interested than any of you, but, by golly, I can't enthuse over ary one of the plans you have suggested." [Laughter in the galleries.]

So 87½ per cent stopped it. The Senator from Virginia says he would have closed it. Whichever way it went, they were either going to lynch it, with the 87½ per cent rediscount rate, or hang it by closing it according to the plan of the Senator from Virginia [Mr. GLASS]. Senators, it is easy for some here to say that a struggling little bank in my State, trying to help cotton producers and cattlemen over a very trying time, ought to have been closed, that they ought to have denied it these loans; but when the speculators, the gamblers of Wall Street—if I may say that in a Republican Senate—when the gamblers of Wall Street borrowed six times their capital to speculate in cotton and grain, and buy Liberty bonds forced out of the hands of the people, none of these champions of deflation ever opened their mouths to condemn them—not one.

Mr. COUZENS. Mr. President——

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

Mr. HEFLIN. I yield.

Mr. COUZENS. Mr. President, the Senator from Alabama is pretty free with his language with reference to other Senators. I suggest the absence of a quorum.

Mr. HEFLIN. Mr. President, can the Senator do that?

The PRESIDING OFFICER. If the Senator yields he can call for a quorum.

Mr. HEFLIN. Very well. I will proceed, then, on the Senator when a quorum of Senators comes in. I am not quite through with him anyhow.

The PRESIDING OFFICER. The Secretary will call the roll.

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

Ashurst	Harreld	McLean	Smoot
Ball	Harris	McNary	Spencer
Bayard	Harrison	Moses	Stanfield
Borah	Heflin	Nelson	Sutherland
Brookhart	Hitchcock	New	Swanson
Bursum	Johnson	Nicholson	Townsend
Capper	Jones, Wash.	Norbeck	Trammell
Couzens	Kellogg	Norris	Underwood
Culberson	Kendrick	Oddie	Wadsworth
Curtis	King	Page	Walsh, Mass.
Fletcher	Ladd	Pepper	Walsh, Mont.
France	Lenroot	Phipps	Warren
Frelinghuysen	Lodge	Pomerene	Watson
George	McCormick	Reed, Pa.	Willis
Glass	McCumber	Robinson	
Gooding	McKellar	Shortridge	
Hale	McKinley	Smith	

The PRESIDING OFFICER (Mr. ODDIE in the chair). Sixty-five Senators having answered to their names, there is a quorum present.

Mr. HEFLIN. Mr. President——

Mr. COUZENS. Mr. President, I rise to a point of order.

Mr. HEFLIN. I had the floor.

The PRESIDING OFFICER. The Senator from Michigan rises to a point of order.

Mr. HEFLIN. I rise to a point of order.

The PRESIDING OFFICER. The Senator from Michigan has risen to a point of order. The Senator will state the point of order.

Mr. COUZENS. It is a point of personal privilege, Mr. President. The Senator from Alabama has made special reference to other Senators in the speech just made. I desire to have the reporter read the record as he has taken it down, because after the Senator from Alabama gets a chance at the record, the good Lord knows what it will read like.

Mr. HEFLIN. Mr. President——

Mr. COUZENS. I want the record as he stated it settled right now and not after he has changed the record to-night.

Mr. HEFLIN. Mr. President——

Mr. COUZENS. I want the record read as the Senator spoke it in relation to myself, of course.

Mr. HEFLIN. Mr. President, I was addressing the Senate and the Senator from Michigan asked me to yield to him and I did so.

Mr. FRELINGHUYSEN. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state the point of order.

Mr. HEFLIN. The Senator made a point of no quorum and I yielded to him.

The VICE PRESIDENT. The Senator from New Jersey has risen to a point of order and will state the point of order.

Mr. HEFLIN. He never could have taken me off the floor in that way.

The VICE PRESIDENT rapped for order.

Mr. FRELINGHUYSEN. Has not the Senator from Michigan a right to have the record read before any further reference is made in the Senate to the incident?

The VICE PRESIDENT. He has. Let the record be read.

Mr. HEFLIN. Those remarks were made 30 minutes ago or an hour ago.

The VICE PRESIDENT. The Senator from Michigan has a right to have the record read. Let it be read.

Mr. HEFLIN. I have no objection to the Senator having it read.

Mr. TRAMMELL. Mr. President, I desire to appeal from the decision of the Chair that it is in order for the record to be read at the present time.

Mr. LODGE. The Senator from Michigan rose to a point of order of special privilege, and he has a right to have the record read, as the Chair has ruled.

The VICE PRESIDENT. The Chair has so ruled.

Mr. TRAMMELL. I appeal from the decision of the Chair.

Mr. WILLIS. I move to lay the appeal on the table.

Mr. ASHURST. I beg the Senator to withhold the appeal.

Mr. UNDERWOOD. Mr. President——

The VICE PRESIDENT. The motion is not debatable.

Mr. UNDERWOOD. I hope the Senator from Florida will not insist on the appeal, because we do not want to be in the position of not sustaining my colleague, and clearly the Chair is right.

Mr. ASHURST. Undoubtedly; and I hope the appeal will be withdrawn.

Mr. TRAMMELL. I withdraw my motion, then.

The VICE PRESIDENT. The Secretary will read the stenographic record.

The Assistant Secretary read as follows:

How did the Senator from California [Mr. JOHNSON] vote? He voted with me; he voted against outraging the rules of the Senate; he voted against denying free speech to a Senator. And NORRIS, of Nebraska, and LA FOLLETTE and LADD and CAPPER and BROOKHART—these men who really stand with the progressive element—how did they vote? And how did some of the others vote who have been classifying themselves as progressives? I have been looking at them, and I doubted it all the time. I was told one of them was a progressive, but he is a millionaire many times over. I said, "Say that to me again, and say it slow"; and they said it again. I shook my head and said, "It will crop out on him; mark what I tell you; he will vote some time; when the big interests are attacked you will see him go over and take his place among the bellwethers of the standpat party."

Mr. COUZENS. Mr. President——

Mr. HEFLIN. I demand the right to proceed. There is nothing in those remarks.

Mr. COUZENS. I have the floor, I hope.

The VICE PRESIDENT. The Senator from Michigan, the Chair understands, is rising to a point of order.

Mr. HEFLIN. The notes have been read.

Mr. COUZENS. I am rising to a matter of personal privilege.

The VICE PRESIDENT. The Senator will state the personal privilege.

Mr. COUZENS. Mr. President, we went through something of this character yesterday when the Senator from Alabama made free to make reference, in the minds of Senators, to Senators from other States in which the Senator apparently imputed improper motives to Senators from other States, and it is just fresh in the minds of the Senate as to how the matter ended.

[At this point words were spoken which were subsequently expunged from the RECORD by order of the Senate.]

Mr. President, I want to say that I voted to sustain the Chair because I object to any Senator getting up on the floor and impugning the motives of any other Senator. I think the Chair ruled properly to sustain the point that was raised yesterday by the Senator from New York. If Senators are free to get up here and tell the galleries and the American people that the motives of a Senator from any State are to be questioned, and that they are aligned with some special interests, then we might just as well stand up here and call everybody thieves and liars. I want it understood now that the Senator from Alabama can not get up on the floor and impugn the motive of my vote to sustain the Chair as to the matter he was discussing at the time. I want the RECORD clear as we go along,

and not let any man in the nighttime go around and change the RECORD and have it read as he may choose.

I now request that the statement with reference to myself be expunged from the RECORD.

Mr. JOHNSON. Mr. President, I want to say that I think the remarks of the Senator from Michigan are wholly justified. I think the remarks of the Senator from Alabama were wholly unjustified. I voted as I did this morning upon the record that was presented in the CONGRESSIONAL RECORD on page 2831. I read that RECORD with great care. I did not think on that RECORD that the Senator from Alabama had transgressed the rules of the Senate or that he had indulged in the imputations that were attributed to him. Because I am so tender of the rights of any man to express himself on this floor, I voted this morning against sustaining the Chair and because the RECORD demonstrates, in my opinion, that there was no transgression of the rules yesterday.

In the language of the Senator from Alabama, which has been read, concerning the Senator from Michigan I believe there is transgression of the rules. I believe that the remarks were wholly unjustified and that the Senate ought not to sit supinely by and permit such remarks to be made by one Senator concerning another Senator upon this floor.

Mr. NORRIS. Mr. President——

The VICE PRESIDENT. The Senator from Nabraska.

Mr. HEFLIN. Mr. President, will the Senator from California yield?

Mr. JOHNSON. I have concluded.

The VICE PRESIDENT. The Chair has recognized the Senator from Nebraska.

Mr. HEFLIN. I want to ask the Senator from California a question.

The VICE PRESIDENT. Does the Senator from Nebraska yield to the Senator from Alabama?

Mr. NORRIS. I have no objection to yielding.

Mr. LENROOT. Mr. President, is a point of order pending?

The VICE PRESIDENT. A motion to expunge is pending.

Mr. HEFLIN. I was going to ask the Senator from California a question.

Mr. NORRIS. I yield for that purpose if the Senator from California is willing.

Mr. HEFLIN. I want to say, since the Senator from California has made the statement he has——

Mr. NORRIS. Mr. President, I do not yield for any remarks. If the Senator wants to ask the Senator from California a question I have no objection, but otherwise I prefer to say what I have to say and then let the Senator say what he has to say.

There is a part of the RECORD that was read at the desk that does not apply to the Senator from Michigan, and to that nobody can object; but there is some of it that did refer to the Senator from Michigan which I think was objectionable. I heard the Senator from Alabama say it. I felt like making the point of order against it then, but let it pass. The Senator from Michigan himself was here. I have heard similar things said about other Senators at other times that were just as bad, but nobody called attention to them.

But, regardless of how we may disagree at times, it seems to me that with the idea of doing any business or transacting the business of the country we must agree upon some rule, upon some regulation, by which our work shall be governed. Until we change the rules we must take them as they are. The rules provide—and I think rightly—that no Senator has the right to impute improper motives to any other Senator. If we adopt any other rule or if we do not enforce that rule God only knows what would become of us. We would never get anywhere. We would have a lot of fighting men here instead of a lot of gentlemen trying to legislate. We would become an irresponsible mob.

I have no right to criticize somebody else because he does not vote as I did. That is what the Senator from Alabama was doing this morning. I thought it was out of place when he did it. I myself thought that the Chair's ruling this morning was wrong. I voted with others to overrule the Chair—that is, I voted against laying the appeal on the table—and I have no apology to offer for that vote.

I think the Senator from Alabama, as shown by the RECORD, was in order, and that his words in debate were not objectionable. So at least no one can ascribe to me any idea, I think, of being partial as against the Senator from Alabama. But later this morning, after the vote had been taken, the Senator from Alabama spoke of the Senator from Michigan [Mr. COUZENS]. Before reading the record of his remarks I wish to say that while the Senator from Michigan did not vote as I voted I have just as much respect for his vote as I expect him to have for mine. I have no doubt whatever that he was conscientious in his vote; at least, he had a right to vote as he did, and he had a right to vote that way without anyone condemning him. I have had my motives condemned many times for votes which I have cast in the Senate, though not always here. So it may be that I am tender about that proposition, but unless we preserve the right to vote freely we shall not be doing our duty as Senators or to the American people. It is because I wish to see that right entirely and completely preserved that I have now taken the floor.

The Senator from Alabama stated—now this is the language, it seems to me, which is clearly objectionable and is a clear violation of the rules:

> And how did some of the others vote who have been classing themselves as progressives? I have been looking at them, and I doubted it all the time.

That far I would not object to the language as I have read it, and I have read it because it has got to be read in order to introduce the language which I think is objectionable. The Senator from Alabama continued:

> I was told one of them was a progressive, but he is a millionaire many times over. I said, "Say that to me again, and say it slow"; and they said it again. I shook my head and said, "It will crop out on him; mark what I tell you; he will vote some time"—

Now, I desire Senators to listen to this language—

> when the big interests are attacked you will see him go over and take his place among the bellwethers of the standpat party.

The point in that language is that it contains a clear intimation, I think, clearly expressed, that the Senator referred to is here in the interest of big business; that he will not perform his duty properly, but that he will go over to big business whenever the big interests are attacked. It is an intimation that he is a representative here of special interests. I do not believe that any Senator ought to be thus charged unless the charge is coupled with an offer to furnish the evidence to prove the statement. Then it would be all right. It seems to me, Mr. President, in the interest of orderly debate, of fair and honest consideration of matters, that the imputation of a wrongful motive to the Senator from Michigan contained in the language is unwarranted and is a violation of our rules.

I wish to say before I close that later on—the language is not before me—the Senator from Michigan interrupted the Senator from Alabama and made the point of no quorum. He also said something about the Senator from Alabama being free with language as applied to other Senators. The Senator from Alabama made another remark which standing alone I should not think anything of, but coupled with what transpired I think it means something. He said, "I am not through with the Senator yet"; in other words, that would seem to imply that in connection with what the Senator from Alabama had said about the Senator from Michigan representing big interests here he had something more to say about it.

I think it is conceded that the conduct of the Senator from Michigan in the Senate has been respectful and honorable, and that nobody has had any cause or reason whatever to say that he is not conscientiously and honestly doing his duty as he sees it. I have had great admiration for him, for his independence in doing what he thinks is right, although I have not always agreed with him. So until something does happen to justify such an imputation it seems to me it is out of place—and I want to say, Mr. President, that I regret it much more than I can express—that any Senator shall make that kind of a reference to a Member of the body whose record stands unblemished and unsullied.

Mr. TRAMMELL. Mr. President, the Senator from Michigan [Mr. COUZENS] in calling attention to the remarks of the Senator from Alabama [Mr. HEFLIN] also used some unparliamentary language, in my opinion. If the language used by the Senator from Alabama is to be expunged from the RECORD, then the language of the Senator from Michigan should also be expunged. Among other things the Senator from Michigan said that he wanted the record brought before the Senate before the Senator from Alabama had the opportunity to slip out in the nightime and change that record.

The country does not quite understand the custom here, but every Senator understands it, that a Senator has the privilege of revising and altering, in a minor way, of course, his remarks. There is not a Senator on the floor who is without guilt so far as the matter of altering his speech at nighttime or any other time when he sees proper to correct it is concerned.

I do not care to have that aspersion rest upon the Senator from Alabama because he made some minor alterations in his speech. The Senator from New York [Mr. WADSWORTH] this morning, when he brought that matter to the attention of the Senate and attempted to elicit some criticism of it, did not

frankly state that it was the custom of Senators here to do that. I think that he should have then done so.

Now, Mr. President, I suggest that if the Senator from Alabama sees proper to withdraw any reference to the Senator from Michigan that the reference of the Senator from Michigan to the method of the Senator from Alabama in the matter of making some corrections in his remarks should also be expunged.

The Senator from Michigan also indulged in the statement that the Senator from Alabama played to the galleries, and so on. I think those remarks were just about as severe as were the remarks which were made by the Senator from Alabama.

What I object to, Mr. President, is the fact that there is an effort here to muzzle and halter the Senator from Alabama in making speeches, but when many other Senators indulge in really as harsh and as unparliamentary language upon the floor no Senator corrects them or makes any objection. As I see the situation, it depends upon the utterances and policies that are being advocated by the Senator as to whether or not he is to be called to order for his utterances upon the floor.

Mr. LODGE and Mr. LENROOT addressed the Chair.

The VICE PRESIDENT. Does the Senator from Florida yield?

Mr. TRAMMELL. I shall yield in a moment. Yesterday the Senator from Wisconsin used certainly more unparliamentary language in regard to the Senator from Iowa [Mr. BROOKHART] than has been used by the Senator from Alabama in regard to other Senators, but nobody said anything about it; the Senators then just laughed.

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

Mr. TRAMMELL. I yield.

Mr. LENROOT. First, I wish to say that the Senator from Wisconsin used no unparliamentary language in reference to the Senator from Iowa. He ascribed neither by inference nor directly any improper motive, or anything but sincerity of motive, in what the Senator supported. The Senator from Wisconsin referred to a proposal made by the Senator from Iowa, which he himself admitted he had made, and the Senator from Wisconsin then discussed that proposal and likened it to the soviet system of Russia.

Now, the inquiry I wish to make is this: The Senator does not mean, does he, that it is the custom of Senators so to alter remarks as entirely to change their meaning?

Mr. TRAMMELL. Certainly not, Mr. President. I did not say that that was the custom. I do not think that the Senator from Alabama altered his remarks so as entirely to change their meaning. Now, since the Senator has injected that interrogatory, I should like to ask him if he did not alter his speech that he made yesterday upon this floor? Did he not make some changes or alterations in the speech which he made yesterday?

Mr. LENROOT. I did in two or three places. I will be very glad if the Senator will examine the manuscript of that speech. I want to say, however, that I do not know of any other Senator on this floor who has ever changed his speech to alter its meaning and intent.

Mr. TRAMMELL. Mr. President, so far as that is concerned, the Senator from Alabama made some little minor corrections of his speech, which is permissible under the rules, and which is indulged in and is the custom on the part of every Senator upon this floor. I make no exception whatever.

Mr. LODGE. Mr. President——

Mr. NORRIS. Will the Senator from Florida yield?

Mr. TRAMMELL. Certainly.

Mr. NORRIS. I wish to say to the Senator—and it seems to me it ought to be said by one who feels as I do about this matter—that, although I do not think that it is any defense in this case, I agree with the Senator as to the remarks of the Senator from Wisconsin [Mr. LENROOT] yesterday about the Senator from Iowa. I heard those remarks. I have not read the RECORD. Perhaps on careful examination I might change my mind, but I thought at the time that they were very much out of place. I felt then, too, that if I were doing my full duty I would object to them. It seems to me that the Senator from Wisconsin made a reference that was not justified by even the speech from which he read as the basis of the statement, and that he went clear out of his way to do that. I agree with the Senator from Florida on that point, but I should like to say that if we are always going to violate the rules because it can be proved here that they have been violated before, we might just as well abolish the rules. If the point made by the Senator from Florida had been brought before the attention of the Senate yesterday, unless on careful examination of the language I thought differently, I would have been willing to do just what I am going to do in this case. We can not any of us deny that the rules of the Senate have often been violated; I have, in my judgment, seen them violated many times, and cruelly violated in the very respect about which we are talking; and unless we make an effort at some time to secure some correction in that kind of procedure, we will become a howling, fighting mob instead of a deliberative Senate.

Mr. LODGE. Mr. President——

The VICE PRESIDENT. Does the Senator from Florida yield to the Senator from Massachusetts?

Mr. TRAMMELL. Mr. President, I did not rise for the purpose of making a speech. I merely rose for the purpose of calling attention to the fact that, as I see it, there is a good deal of discrimination in the enforcement of the rule. I think that it would be probably proper for the Senator from Alabama to withdraw his remarks and also for the Senator from Michigan to withdraw his remarks in which he questions the conduct of the Senator from Alabama. I make that suggestion.

Mr. LODGE and Mr. HEFLIN addressed the Chair.

The VICE PRESIDENT. The Senator from Massachusetts.

Mr. TRAMMELL. I yield to the Senator from Alabama.

Mr. LODGE. I thought the Senator from Florida had yielded the floor.

Mr. HEFLIN. Mr. President, I have heard the suggestion of my friend from Florida [Mr. TRAMMELL], of my friend from California [Mr. JOHNSON], and of my friend from Nebraska [Mr. NORRIS]. I did not say what the motive was of any Senator; I was simply describing the situation as it appeared to me. I know but very little about the Senator from Michigan, and probably when I came to revise my speech I would, if I had discovered any personal sting in it to him, have taken it out. I objected to the Senator saying what he did about me as to changing my speech. All Senators do that, as the Senator from Florida suggests, but I am willing to withdraw my reference to the Senator from Michigan, provided he withdraws his reference to me.

Mr. LODGE. Mr. President, if I may be permitted to say one word with regard to the custom of the Senate, it is understood and it is the unwritten law that any Senator may change his own speech, but may never change what anyone else says and may never change in a colloquy his own words so as to completely affect the colloquy and thereby another Senator's remarks. I do not believe that is ever done.

Mr. HEFLIN. And it has not been done in this instance.

Mr. TRAMMELL. Mr. President, the Senator from Massachusetts has impugned the motive of the Senator from Alabama in following the precedent in making corrections of his speech, and I move that the remarks of the Senator from Massachusetts be expunged from the RECORD.

Mr. FRELINGHUYSEN. Mr. President, I rise to a point of order.

Mr. WILLIS. A point of order, Mr. President.

The VICE PRESIDENT. There is a motion already pending.

Mr. COUZENS. Mr. President——

The VICE PRESIDENT. The Senator from Michigan.

Mr. COUZENS. Mr. President, I will object to the Senator from Alabama withdrawing his remarks concerning myself and will require a vote on my motion that his remarks be expunged from the RECORD; and in connection with that, I will not withdraw my remarks concerning the RECORD being changed in the night because the Senator from Florida [Mr. TRAMMELL] says that is a custom, and a custom that has been practiced by all of the Senators, to change the RECORD after the remarks have been made upon the floor of the Senate. I want to deny that. I never changed a record, and I never will. Whatever I say on the floor of the Senate will stand as the RECORD of the Senate. I will not in the heat of passion say something, and then sneak around in the nighttime and change it to mean something else, or even change the language; and I do not propose to let any other Senator do it, so far as my record is concerned.

The VICE PRESIDENT. The question is on the motion of Senator from Michigan [Mr. COUZENS].

Mr. HEFLIN. Mr. President, am I going to be denied the right to speak while the Senator from Michigan is permitted to assail me? Have I the right to speak or have I not?

The VICE PRESIDENT. The Chair recognizes the Senator from Alabama.

Mr. HEFLIN. Mr. President, I have tried to do what was right in this matter. I will not permit the Senator from Michigan, either in this Chamber or anywhere else, to say that I change my statements in the nighttime so as to affect their meaning. I have my rights in this Chamber and out of it.

The Senator came over here, and I yielded to him—I thought he wanted to ask me a question—and he made the point of no quorum; took advantage of my yielding to him, the courtesy that I extended, to make the point of no quorum to take me

off my feet as I was speaking in the Senate. Then when the quorum was obtained the Presiding Officer recognized him and would not let me proceed. Such parliamentary procedure can not be defended.

In reference to what the Senator from California [Mr. JOHNSON] says, that he thought probably the language I used was not altogether parliamentary, and the suggestion of my friend from Nebraska [Mr. NORRIS] and my friend from Florida [Mr. TRAMMELL] that I withdraw my reference to the Senator from Michigan, I said, in response to those suggestions, that I was willing to do that. The Senator from Florida suggests that the suggestion of the Senator from Michigan about me be withdrawn. The Senator from Michigan says he will not withdraw it.

He wants my language expunged. If my language is expunged, we will have a roll call of the Senate to see whether or not his language will be expunged. We will have another record vote on this historic and record-making day for free speech in the United States Senate.

Mr. CAPPER. Mr. President——

Mr. HEFLIN. What is the pending question, Mr. President?

The VICE PRESIDENT. The question is on the motion to expunge. The Chair was about to inquire where the Senator desired to have that begin, and where he desired to have it end.

Mr. FLETCHER. I think myself, Mr. President, it ought to be specified. The motion appears to be rather indefinite.

Mr. NORRIS. I think the motion was specific, Mr. President, as it was made. It applied to the reference that was made to the Senator from Michigan.

Mr. HARRISON. Mr. President, I desire to propose a unanimous-consent request.

The VICE PRESIDENT. The Senator from Alabama has the floor.

Mr. HEFLIN. I yield the floor.

The VICE PRESIDENT. The Chair will recognize the Senator from Kansas.

Mr. CAPPER. Mr. President, I was not on the floor last evening when the discussion took place which started this controversy. I was not here when the Vice President ruled the Senator from Alabama out of order.

Mr. HEFLIN. Mr. President, we can not hear what is going on. I want to hear at least what Senators are saying.

The VICE PRESIDENT rapped with his gavel.

Mr. CAPPER. When the question was presented to us this morning as to sustaining the ruling of the Vice President putting the Senator from Alabama off the floor, I formed the opinion on the face of the record as it appears in the CONGRESSIONAL RECORD that the remarks of the Senator from Alabama did not justify the ruling that he was out of order, so I voted against sustaining the Vice President; but the remarks addressed by the Senator from Alabama this afternoon to the Senator from Michigan, or at least his comment as to the vote cast by the Senator from Michigan, I think is an entirely different matter. I believe the Senator from Michigan was wholly warranted in taking exception to the remarks of the Senator from Alabama, and I hope his request that the remarks shall be expunged from the RECORD will prevail.

Mr. UNDERWOOD. Mr. President, my colleague has indicated that he is prepared to ask the Senate to withdraw the remarks he made against the Senator from Michigan. Of course, I do not justify the remarks that the Senator from Michigan has made in reply, although there may be some warrant for them in what my colleague said in regard to him; but that does not justify his position, and I am sure that when the Senator from Michigan has had more experience on the floor of the Senate he will realize that this is a place where difficulties among gentlemen should be settled in an amicable way, and not by trying to drive one into an unenviable position. The Senate can not proceed with business, it can not attend to the public affairs of the Nation, if we are to lug before the Senate personal disputes and settle them by votes of the Senate.

I hope my colleague will give me permission, as his friend, to act for him in this matter, and, regardless of the position of the Senator from Michigan, let his position go to the country. If he feels he is justified in what he said, let him be justified before the country. If he feels that he was justified in his remarks, let their justification stay in the RECORD; but as my colleague has indicated that he felt he was too hasty in what he said against the Senator from Michigan and has indicated, as he should in the matter, his desire to do what is right and justify himself, I ask unanimous consent of the Senate that the remarks of my colleague, in accordance with his wishes, may be expunged from the record of the Senate now, without proceeding further in this matter.

The VICE PRESIDENT. Is there objection?

Mr. COUZENS. I object.

The VICE PRESIDENT. There is objection.

Mr. UNDERWOOD. Then I desire to make a motion, and I hope the Senate will sustain me in the motion, because I think this matter has gone as far as it can.

I move to amend the motion to expunge the remarks of my colleague from Alabama by adding to that motion that the remarks of the Senator from Michigan in reply thereto shall also be expunged from the RECORD. If that is adopted, it will eliminate the whole matter, as it should be eliminated, and as we have been anxious to do by unanimous consent.

I appeal to the Senate to sustain this position. We have public business to attend to. I do not justify Senators reflecting on each other. This is no place for that, no matter who the men are. They should have a regard for the public affairs; but I know that in the heat of debate, when men are moved by their inner feelings, the situation often runs away with them, and they do things that upon calm consideration would not be done.

We do not want to start a rough-house in the United States Senate. I want to see this incident closed; and I hope the Senate will sustain me in my amendment to the motion to exclude the remarks of the Senator from Michigan at the same time that the remarks of my colleague are excluded, and let the incident be closed.

The VICE PRESIDENT. The question is on the amendment of the Senator from Alabama.

Mr. LENROOT. Mr. President, may I suggest to the Senator from Michigan that if the remarks of the Senator from Alabama are expunged his own remarks would not be intelligible to any reader of the RECORD, and there would be nothing from which anyone could find out to what they referred. It seems to me that the way out of this is to expunge all of the colloquy.

Mr. COUZENS. Mr. President, I will concur in the amendment.

The VICE PRESIDENT. Then the question is on the motion of the Senator from Michigan [Mr. COUZENS], as amended.

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

Mr. UNDERWOOD. As I understand, the amendment offered by me is agreed to.

Mr. WILLIS. It is agreed to; yes.

Mr. UNDERWOOD. I do not see that there is any necessity for the yeas and nays.

Mr. ASHURST. It is too late for the yeas and nays.

The VICE PRESIDENT. The Chair understands the parliamentary situation to be that the Senator from Michigan amends his motion in accordance with the request of the Senator from Alabama.

Mr. UNDERWOOD. That is correct.

The VICE PRESIDENT. And that the question is now on the motion as amended.

The motion as amended was agreed to.

Mr. HARRISON. Mr. President, what is the pending amendment? What is before the Senate?

The VICE PRESIDENT. The amendment offered by the Senator from Alabama [Mr. HEFLIN].

Mr. FLETCHER. Mr. President, may the amendment be stated?

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. It is proposed to add, at the end of the bill, the following:

SEC. 14. That paragraph (b) of section 11 of the Federal reserve act be amended by adding, after the words "Federal Reserve Board," the following:

", but in no case shall such rates of interest be in excess of 5 per cent per annum."

And wherever in said act Federal reserve banks are authorized, permitted, or required to rediscount the discounted paper of other Federal reserve banks, the rate of interest in no case shall be in excess of 5 per cent per annum.

The VICE PRESIDENT. The question is on agreeing to the amendment of the Senator from Alabama.

Mr. GLASS. Mr. President, I ask for the yeas and nays on that amendment, because if the amendment is adopted we might as well pass a joint resolution abolishing the Federal reserve banking system. It would no longer be a banking system.

Mr. HEFLIN. Mr. President, before we have a vote on the amendment I want to reply to the Senator from Virginia.

The Senator says that if we adopt this amendment, which provides that a regional bank shall not charge a member bank more than 5 per cent, we had just as well abolish the Federal reserve banking system. I do not see how that position can be sustained. This rate of interest, this rediscount rate, ran up

to 4 per cent and 4½ per cent before this deflation drive was brought on.

I do not know of a bank in my section of the country that ever had to pay as much as 7 per cent rediscount rate before that time. The Senate adopted my amendment to the pending bill to repeal the progressive interest rate provision in the Federal reserve act. We have simply put a limitation on the rate of interest which the regional bank can charge to a member bank; and I submit that this is in the interest of legitimate business—it is in the interest of the farmer, of the merchant, of everybody engaged in any kind of business. If they have to have money and go to a member bank, the member bank has to go to the regional bank; and the regional bank should not be permitted to charge over 5 per cent. The member bank has to go back and loan that money to you or me, or somebody else. They have to make a reasonable per cent. It looks to me as if it is entirely fair. These regional banks ought not to be permitted to charge the member banks these high rates of interest.

It was said by the Senator from Oklahoma [Mr. OWEN], one of the authors of the Federal reserve banking system, one who had more to do with its constructive provisions, probably, than anybody else in either branch of Congress, that we were not creating this system for the purpose of making big money, but that we were creating it for the purpose of serving the legitimate business needs of the country and preventing panic. Now, opposition rises here to limiting the rediscount rate. Why not limit it? Have we not seen that power in the law abused by the Federal Reserve Board? Have we not seen the rate raised from 3½ and 4 to 7 per cent and higher? We certainly have.

My purpose is to limit that rate so that the people who borrow from the member bank will not have to pay such a high rate of interest to get the money they need to carry on their business. If the regional bank charges as much as 5 per cent to the member bank, surely that is enough; then the member bank has to add something to that when it loans to the business man, whatever the business may be. I think it is fair and just that we should have a limitation on it, and I ask for a vote upon my amendment.

Mr. GLASS. Mr. President, there seems to be misconception as to what the Federal reserve banking system is. The Federal reserve banking system was never intended to be a discounting banking system in normal times. It was intended to be and is a reserve banking system. That is to say, when the normal loaning power of the 10,000 member banks of the system shall have been exhausted, which rarely occurs, then these banks may be privileged, because of their membership in the system, to resort in emergency to this reservoir of credit.

It was never intended that any member bank should essentially make a profit out of its rediscounting operations with the Federal reserve bank. The great Bank of England, which is the reserve bank of the British Empire, nearly always carries its rediscounting rate a shade above the money market, rather than many points below the money market, as has been done by our Federal reserve banking system. The same may be said of the Bank of France. They are emergency rediscounting systems.

Mr. McLEAN. Mr. President, I would like to ask the Senator from Virginia how long he thinks the system would stand up in time of stress if we fixed the discount rate at 5 per cent?

Mr. GLASS. This amendment means the wreckage of the Federal reserve banking system.

Mr. McLEAN. Instead of helping legitimate accommodations——

Mr. GLASS. It would throw everything into financial chaos and confusion. It would break down the Federal reserve banking system of the United States.

There has been a good deal said here about the necessity of member banks making a profit on rediscounts. Why should member banks be permitted to make a profit out of their rediscounting activities? That is not primarily what the system is established for. However, I want to say that the member banks do make a profit. At times the difference between the discount rate and the rediscount rate amounts to a subsidy to the member bank to make loans indiscriminately in order that it may make use of the Federal reserve bank in its rediscount operations and make inordinately high profits.

The Senator from Alabama says he wants the farmer to get the benefit of the low discount rate of these regional banks. I have heard that talk before from the professional friend of the farmer. I have in mind right now another patriot in the crusade for better rates to the poor farmer. I have in mind another friend of the farmer who stands high upon the watchtower and fills the air with his lamentations at the distressing condition of the poor farmer.

Some time ago he wrote to Senators urging them to go down to the Federal Reserve Board and bring pressure there to have the rediscount rate reduced from 4½ per cent to 4 per cent, "in the interest of the distressed and suffering farmers" in his district. Knowing that this great "friend of the farmer" was himself a national banker, the Federal Reserve Board wired to the Federal reserve bank in his district to ascertain the extent of his rediscounts with that bank and what interest rate he was exacting of the poor, distressed farmer at home. I want to read the official record. This was the answer which came by wire:

The ——— National Bank, of which Mr. ——— is president, has rediscounted paper with us as of July 27 amounting to $246,000. The normal or basic line of the bank would be $44,000. We are therefore lending the bank 559 per cent of its normal line, based upon its average actual reserve, for the customary period. This average reserve for the month of July was $17,043. The amount of the paper discounted for the bank is therefore between fourteen and fifteen times its average reserve deposits for the month of July * * *. The rate of interest which the bank is charging its customers is uniformly 8 per cent, as reported to us in connection with the paper offered.

The Mr. ——— is the gentleman who urged Senators to go down and have the rediscount rate reduced from 4½ to 4 per cent. In other words, the bank of this fellow was borrowing from his Federal reserve bank 459 per cent more of its funds than he was properly entitled to get on his basic line, or, as the report says—

Between fourteen and fifteen times the average deposits with its reserve bank.

Was he at his bank reflecting this low 4½ per cent rediscount rate in his loans to the poor, distressed farmers of his community? Let the record speak:

The rate of interest which this bank is charging to its customers is uniformly 8 per cent.

In other words, this professional "friend of the farmer," who wanted the farmer to "get his money cheap," was borrowing 459 per cent more than he was entitled to from his Federal reserve bank and making a profit on his distressed farmers of nearly 100 per cent! That is typical of these vehement protestors against the Federal reserve discount rate. Oh, their hearts bleed for the poor, distressed farmer at home, but when they come to loan the farmer the funds of their depositors, when they come to deal with the distressed farmer, they help him out of his distress by profiteering on him to the tune of 100 per cent!

Now it is proposed to wreck the Federal reserve banking system, to transform it from a Federal reserve system, with its assets and facilities mobilized to minister to the commerce and agriculture and industry of the country in time of momentous need, into a bank with a rigid rate of interest, which may not be exceeded, no matter what the state of the money market. Money on call in New York might be 30 per cent, as it was at the time this little bank in Abbeville exceeded its basic line by 1,700 per cent; and yet those people could come to the Federal reserve bank and rediscount their paper at 5 per cent and loan the funds on exchange at 30 per cent.

Mr. President, it is to be regretted that when a proposition of this serious import is projected, which, as I firmly believe, actually involves the wreckage of this great banking system, there are not more Senators in the Chamber to listen to an exposition of the amendment and to hear what its consequences may be.

To-day, with the rediscount rate 4½ per cent, it is a profitable business for any bank in the State of Alabama to rediscount with the Federal reserve bank; and if it can get the sort of consideration which Alabama banks did get in 1920 and exceed their basic line all the way from 100 to 1,700 per cent, any bank in Alabama can make a handsome profit out of its rediscount dealings alone with the Federal reserve bank, because the legal rate of interest in Alabama is 8 per cent, whereas the rediscount rate of the Federal reserve bank is only 4½ per cent. In other words, there is a net profit of 3½ per cent on the rediscount margin of any Alabama bank with the Federal reserve bank of its district.

It never was intended on earth that a member bank should make undue profits out of its rediscount operations with its Federal reserve bank. Indeed, it never was intended, Mr. President, that the member banks should at all resort to the Federal reserve banks until they had exhausted their resources in attending to the commercial demands of their community in emergent times.

Therefore, Mr. President, I sincerely hope that, the Senate understanding the question, the amendment will be voted down.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the unanimous-consent agreement goes into effect, and the Senate now proceeds under that agreement, with the limit of five minutes upon speeches in the discussion on each amend-

ment. The question is on the amendment of the Senator from Alabama [Mr. HEFLIN].

Mr. HEFLIN. Mr. President, I just want to say a word in reply to the Senator from Virginia. The Senator thinks the adoption of the amendment would mean the destruction of the Federal reserve bank. I do not agree with him. The Federal reserve bank was instituted for the benefit of the American people. That was my purpose in helping to create it. I want it to help serve the business needs of the American people. The Senator from Virginia said the amendment would destroy the system. It would not. I can not see how any Senator can take that position. I know that the administration of the Federal reserve system during deflation destroyed property values to the extent of $15,000,000,000 and more. I know that it destroyed the business of thousands and hundreds of thousands of people. I know that it took the farms and the homes away from thousands and tens of thousands of farmers. I know that ruin followed in the wake of the administration of that system during the deflation period. It was not run in the interest of legitimate business then.

I mean, of course, the administration of the regional banks of the Federal reserve system; thousands of the member banks were not to blame.

Mr. President, I am trying to legislate for the benefit of my State and the whole American people, if I may be permitted to say that in this Chamber. I am trying to legislate for the benefit of the people who are engaged in every kind of business in the country. I submit that when a member bank goes to a Federal reserve regional bank for money to take back home to supply the business needs of the community, 5 per cent is enough to charge. How much higher do you want them to go? If we give them authority to charge more than 5 per cent, they would charge 9 or 10 per cent, no doubt, to the member banks.

Then the member bank would have to tell the local customer, "We have to pay such and such a rate at the regional bank; that is why we have to charge you more."

Mr. GLASS. Mr. President, may I interrupt the Senator?

Mr. HEFLIN. I yield.

Mr. GLASS. Do not the banks of Alabama now charge 8 per cent when they are getting their funds from the Federal reserve bank for 4½ per cent?

Mr. HEFLIN. They are not getting their funds for 4½ per cent, all of them. I think they charge as high as 5 per cent in the Atlanta district.

Mr. GLASS. In the Atlanta district the rate is 4½ per cent; but suppose it were 5 per cent, does the Senator think a member bank should make a charge of an additional 3 per cent on a mere rediscount proposition?

Mr. HEFLIN. I do not think it ought to make more than what is fair and reasonable. I know that a national banker in north Alabama, a member bank, told me the system charged him 9 per cent. I am trying to stop such a thing as that from happening in the future. I want to put a limitation upon it of 5 per cent.

Here is a chance for Senators to vote in accordance with the best interests of the American people, the people who have business and need money to run that business. Of course the system will prosper. It will continue to prosper. But I do not ever want the regional banks to again accumulate money like they did under the high rediscount rates when they could build a bank palace in New York costing $25,000,000 in Wall Street to the hurt and injury of the American people.

The system has got to survive, but it must be run in the interest of the American people and not in the interest of Wall Street. We may just as well get that clearly in our minds. I want the people who have to have money to get it at reasonable rates, just like they would go to get a tool to work with. They have to have the money, and if the regional bank can put the rediscount rate high, the member bank has to put its rate high in order to loan the customer at home. I am making a fight in keeping with the best interests of business all over the country.

Mr. GLASS. Does the Senator think the member bank ought to profiteer on the farmer then to the extent of 100 per cent, as I explained it a while ago?

Mr. HEFLIN. No.

Mr. GLASS. That they ought to borrow money at 4½ per cent and loan it to the poor distressed farmer at 8 per cent?

Mr. HEFLIN. I know that the lower the member bank gets the rate at the regional bank, the lower rate it will charge to the customer at home. That is common sense. That is what I am fighting for. I feel that I am right in this matter, and I ask for a roll call on my amendment.

Mr. GLASS. There is not a bank in Alabama to-day that is not charging the extreme local limit of 8 per cent, although it is getting its money from the Federal reserve bank at 4½ per cent, and it is making profiteer's compensation on its rediscount operation.

The VICE PRESIDENT. The question is on the amendment of the Senator from Alabama.

Mr. SMITH. Mr. President, before the amendment is voted on I want to call attention to the fact that I think that Congress ought to put some limitation upon the rate of rediscount that may be charged, because we have put discretion in their hands as to the kind of paper that would be eligible for rediscount. I think every Senator will bear me out in the statement that when we were enacting the legislation and limiting the amount of profits or dividends that the stockholders in the regional banks might make, namely, 6 per cent, we were clearly convinced of the fact that we did not intend that the regional banks should make money, but that they should be the clearing house for the great circulating medium at a reasonable return for those who under the law were required to put up the capital.

There are two reasons why they have insisted upon the right to change the rate of discount. One was to discourage the volume of applications for loans that would come with an inviting low rate of discount. The other was that it did interfere with the lending of private capital. We have nothing to do in a legislative way with the use of private capital except it must comply with our usury laws. It is known that a regional bank made, under an average rate of rediscount of less than 6 per cent, something in excess of 100 per cent profit. Of course, that was extracted from the business of the country. I maintain that the governors of our regional banks and the governors of our entire Federal reserve system should see to it that the rate of discount should be predicated upon the rate that would encourage the greatest possible use of money in commerce and in the development of our country.

Fellow Senators, we must understand now as well as any other time that money is an instrumentality to encourage enterprise, thrift, and industry. It is the great means by which we can accelerate those matters. We must not fall into the habit of thinking that we must legislate for the protection of money for money's sake. I will go as far as any Senator in trying to protect and safeguard the medium of exchange known as money. We have that safeguarded in this system by which we give the board of governors and the regional bank board of governors the right to fix, in their discretion, a proper rate of rediscount. I maintain that where we have ample reserve for the purpose of doing the business of the country we ought not to charge a rate of rediscount in excess of what we would term the dividend and an accumulation of a reasonable surplus and the maintenance of it, not for the purpose of discouraging loans or for the purpose of building up an unwieldy reserve, and to pay as a franchise tax an inordinate sum into the Treasury.

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

Mr. SMITH. I yield.

Mr. GLASS. Does my friend from South Carolina seriously think that the Federal reserve banks make money under their high rate of discount?

Mr. SMITH. Yes; I do.

Mr. GLASS. Why, as a matter of fact, the high rate of discount was intended to curtail the business of the Federal reserve bank and to reduce its earnings, and it did that. To-day there is scarcely a Federal reserve bank in the system that expects to make more than its actual expenses for the ensuing year.

The VICE PRESIDENT. The time of the Senator from South Carolina has expired.

Mr. GLASS. The money made by the Federal reserve bank was made upon the great volume of business and not by reason of the high rates. The high rates reduced the profits. It is the low rates that make the money.

Mr. SMITH. As a matter of fact it did, but the board went on in spite of the high rates and added that much to the volume of its earnings.

The VICE PRESIDENT. The question is on the amendment of the Senator from Alabama, on which the yeas and nays have been ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. KELLOGG (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. SIMMONS]. Being unable to obtain a transfer, I withhold my vote. If at liberty to vote, I would vote "nay."

Mr. PHIPPS (when his name was called). I have a pair with the junior Senator from South Carolina [Mr. DIAL]. I transfer that pair to the senior Senator from Iowa [Mr. CUMMINS] and vote "nay."

The roll call was concluded.

Mr. CURTIS. I desire to state that the Senator from New Jersey [Mr. EDGE] is paired on this vote with the Senator from Oklahoma [Mr. OWEN].

Mr. UNDERWOOD. I desire to state that the Senator from Mississippi [Mr. HARRISON] is necessarily absent and is paired with the Senator from West Virginia [Mr. ELKINS].

Mr. TRAMMELL (after having voted in the affirmative). I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the senior Senator from Montana [Mr. MYERS] and allow my vote to stand.

Mr. ERNST. I transfer my pair with the senior Senator from Kentucky [Mr. STANLEY] to the senior Senator from Maryland [Mr. FRANCE] and vote "nay."

Mr. FERNALD (after having voted in the negative). I have a general pair with the senior Senator from New Mexico [Mr. JONES], which I transfer to the senior Senator from New Hampshire [Mr. KEYES], and allow my vote to stand.

The result was announced—yeas 9, nays 64, as follows:

YEAS—9.

Brookhart	La Follette	Sheppard	Trammell
Harris	McKellar	Smith	Underwood
Heflin			

NAYS—64.

Ball	Gooding	McNary	Shields
Bayard	Hale	Nelson	Shortridge
Borah	Harreld	New	Spencer
Brandegee	Hitchcock	Nicholson	Stanfield
Broussard	Johnson	Norbeck	Sterling
Bursum	Jones, Wash.	Norris	Sutherland
Calder	Kendrick	Oddie	Swanson
Cameron	Keyes	Page	Townsend
Capper	King	Pepper	Wadsworth
Couzens	Ladd	Phipps	Walsh, Mass.
Curtis	Lenroot	Pittman	Walsh, Mont.
Ernst	Lodge	Poindexter	Warren
Fernald	McCormick	Pomerene	Watson
Fletcher	McCumber	Ransdell	Weller
Frelinghuysen	McKinley	Reed, Pa.	Williams
Glass	McLean	Robinson	Willis

NOT VOTING—23.

Ashurst	Dillingham	Harrison	Owen
Caraway	Edge	Jones, N. Mex.	Reed, Mo.
Colt	Elkins	Kellogg	Simmons
Culberson	France	Moses	Smoot
Cummins	George	Myers	Stanley
Dial	Gerry	Overman	

So Mr. HEFLIN'S amendment was rejected.

Mr. NORBECK. Mr. President, I desire at this time to offer an amendment to the pending bill, which is in the nature of a substitute. The amendment is the so-called farmers' union measure, to which I have heretofore referred and which has been before us for a year.

The PRESIDING OFFICER (Mr. NEW in the chair). What is the amendment proposed by the Senator from South Dakota?

Mr. NORBECK. The amendment I propose is in the nature of a substitute for the pending bill.

The PRESIDING OFFICER. Does the Senator from South Dakota propose to strike out all after the enacting clause of the bill?

Mr. NORBECK. That is my amendment.

Mr. ROBINSON. Mr. President——

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

Mr. NORBECK. I yield.

Mr. ROBINSON. I suggest to the Senator that under the parliamentary practice it will be necessary to perfect the text of the pending bill before a substitute would be in order; otherwise, if the substitute should be agreed to, there would be no opportunity to offer amendments to the text of the pending bill.

Mr. LENROOT. Mr. President, will the Senator from South Dakota yield to me?

Mr. NORBECK. I yield.

Mr. LENROOT. The substitute will be in order; but amendments perfecting the original text will have preference. The Senator from South Dakota, however, may now offer his substitute and have it pending.

Mr. ROBINSON. I have no disposition to displace the amendment of the Senator from South Dakota.

Mr. NORBECK. Mr. President, I shall not ask that the amendment may be read. It is rather long. I think nearly every Senator is familiar with it. I shall briefly state the question which is involved.

I wish to say that it is not so much a question of whether we shall have a big fund or a small fund as it is a question of whether we shall have a practical plan in the hands of a board that is sympathetic with the idea. The objections to the so-called Lenroot bill as I see them are very brief. I object to the bill because it is proposed to put the administration of the law under a board which is not in harmony with the theory of the proposed law.

I object because the capital has been apportioned arbitrarily between 12 different districts. It is proposed under this bill, for instance, to put $5,000,000 in the land bank districts, where the demands of agriculture have required approximately only half a million dollars. It is proposed to put ten times as much capital in some districts as is required, while in other districts, where there is a big demand, there will be an inadequate supply provided. For instance, it is proposed to go out to the Omaha land bank district, where under the stress $50,000,000, approximately, was advanced, and say to them: "You can have the same amount made available for loans as is made available in some other district which does not need any money." A little improvement was made yesterday by the amendment offered by the Senator from Virginia [Mr. SWANSON], whereby there is a possibility of increasing the capital of some of the banks, but not in proportion to the needs of the country.

I have met this argument time and again, "Well, we really do not need it." I have heard that stated time and again by Senators here. There are 26 Senators on this floor representing States that did not borrow one dollar from the War Finance Corporation for agricultural purposes. So there are States represented by 26 Senators that do not need it at all. The Senators from those States may say: "We are not worrying about the matter at all, for we feel we have plenty of credit available." This bill fails to recognize the fact that certain sections of the country have surplus capital. The purpose of any credit legislation is to make it more easy to transfer capital to those places where there is a greater demand for it. That is what the War Finance Corporation was established for, and that is one of the things they succeeded in accomplishing.

I object to the bill because of the lack of mobility of the fund after it has been provided. I know it will be argued that this bank over here can lend money to the bank over there. It can, that is true; but it does not have to do so. Under the Federal reserve banking system that is one of the things that was made sure of, namely, that the mobility of funds should be taken care of by a central board. The Commission on Agricultural Inquiry commended that plan very much when it referred to the Federal reserve banking system. If it was commendable in connection with credit afforded the business man, why is it not a commendable thing in the case of credit for the farmer? Whatever we do, it is not so important, perhaps, that there should be very large amounts provided, but it is more important that it be easily obtainable. Farm organizations have expressed themselves fully and frankly on this matter. They have said: "Whatever you do, give us a central board, a board in sympathy with the plan, a board that will take hold of it and work it out in a satisfactory manner." The Farmers' Union stands for it, the Farm Bureau stands for it, and have asked for it time and again; but we are met with the suggestion: "You do not know what you want; we will save a little money if you will just let us do it our way."

There have been a great many changes made in the bill. I am not questioning the motive of any Senator here, and I think the Senator from Wisconsin is entitled to great credit for having tackled this question and brought it up. There was first a special committee, consisting of Senators on both sides of the Chamber. They are committed to the bill. The appeal in the speech of the Senator from Wisconsin was to the effect that men over on the Democratic side helped draft the first bill. There is an appeal to both sides of the Chamber, but the main features of the bill which they brought out and which they recommended have been thrown into the waste basket—by themselves.

The original proposition was for a million dollars capital at Omaha to fill a $50,000,000 demand. That was all that was in the bill in the first place, but it was along the right line. I have spoken to several Senators about this matter and they reply: "You are right, NORBECK, but I was a member of the committee; I was tied up before I realized what was being done."

What I am pleading for, Senators, is not for my bill because it is my bill. We will put the name of the Senator from Wisconsin [Mr. LENROOT] at the head of the legislation; it belongs there. I am pleading with you merely for a practical plan; that is all, and I am willing to accept any reasonable amendment to the amendment I propose if it may be accepted as a substitute for the pending bill.

Mr. ROBINSON. Mr. President, I propose an amendment to the so-called Lenroot bill and ask that it may be stated by the Secretary.

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. On page 2, it is proposed to strike out lines 2 to 5, inclusive, and insert:

SECTION 1. That this act may be cited as the "Federal farm loan and credit act." The administration of the act as set forth in Title I shall be under the direction and control of the Federal Farm Loan Board hereinafter created, and the administration of the act under Title II shall be under the direction and control of the Federal Farm Credit Board hereinafter created.

It is also proposed to insert, immediately following the words "Title II," on page 2, the following:

SEC. 201. That there shall be established at the seat of government in the Department of the Treasury a bureau charged with the execution of Title II of this act and of all acts amendatory thereof, to be known as the Federal Farm Credit Bureau, under the general supervision of a Federal Farm Credit Board.

Said Federal Farm Credit Board shall consist of five members, including the Secretary of the Treasury, who shall be a member and chairman ex officio, and four members to be appointed by the President of the United States, by and with the advice and consent of the Senate. Of the four members to be appointed by the President, not more than two shall be appointed from one political party, and all four of said members shall be citizens of the United States, and shall devote their entire time to the business of the Federal Farm Credit Board; they shall receive an annual salary of $10,000, payable monthly, together with actual necessary traveling expenses.

One of the members to be appointed by the President shall be designated by him to serve for two years, one for four years, one for six years, and one for eight years, and thereafter each member so appointed shall serve for a term of eight years, unless sooner removed for cause by the President. One of the members shall be designated by the President as the Federal credit commissioner, who shall be the active executive officer of said board. Each member of the Federal Farm Credit Board shall within 15 days after notice of his appointment take and subscribe to the oath of office.

The first meeting of the Federal Farm Credit Board shall be held in Washington as soon as may be after the passage of this act, at a date and place to be fixed by the Secretary of the Treasury.

No member of the Federal Farm Credit Board shall, during his continuance in office, be an officer or director of any other institution, association, or partnership engaged in banking or in the business of advancing loans or credits of any character. Before entering upon his duties as a member of the Federal Farm Credit Board each member shall certify under oath to the President that he is eligible under this section.

The President shall have the power, by and with the advice and consent of the Senate, to fill any vacancy occuring in the membership of the Federal Farm Credit Board. If such vacancy shall be filled during the recess of the Senate, a commission shall be granted which shall expire at the end of the next session.

The Federal Farm Credit Board shall be authorized and empowered to employ such attorneys, experts, assistants, clerks, laborers, and other employees as it may deem necessary to conduct the business of said board. All salaries and fees authorized in this section and not otherwise provided for shall be fixed in advance by said board and shall be paid in the same manner as the salaries of the Federal Farm Credit Board. All such attorneys, experts, assistants, clerks, laborers, and other employees shall be appointed without regard to the provisions of the act of January 16, 1883 (volume 22, United States Statutes at Large, page 403), the amendments thereto, or any rule or regulation made in pursuance thereof: *Provided*, That nothing herein shall prevent the President from placing said employees in the classified service.

Every Federal land bank shall semiannually submit to the Federal Farm Credit Board a schedule showing the salaries or rates of compensation paid to the officers and employees of its farm credits department.

The Federal Farm Credit Board shall annually make a full report of its operations to the Speaker of the House of Representatives, who shall cause the same to be printed for the information of the Congress.

The Federal Farm Credit Board shall prescribe a form for the statement of conditions of farm credit departments in the Federal land banks under its supervision, which shall be filled out quarterly by each such farm credits department and transmitted to said board.

It shall be the duty of the Federal Farm Credit Board to prepare from time to time bulletins setting forth the principal features of this act and through the Department of Agriculture or otherwise to distribute the same, particularly to the press, to agricultural journals, and to farmers' organizations; to prepare and distribute in the same manner circulars setting forth the principles and advantages of this credit system, and the protection afforded debtors under this act; instructing farmers how to take the best advantage of the merits and advantages of debentures or bonds sold under this act; and to disseminate in its discretion information for the further instruction of farmers regarding the methods and principles by the application of which they can take the best advantage of this credit service. Said board is instructed to lay before the Congress at each session its recommendations for further appropriations to carry out said objects.

That the Federal Farm Loan Board and the Federal Farm Credit Board are hereby authorized to sit in joint session to solve problems that are of mutual necessity in carrying out provisions of both Title I and Title II of this act; and the Secretary of the Treasury is hereby empowered to call such joint session of the Federal Farm Loan Board and the Federal Farm Credit Board at his discretion, or at the request of three members of said boards.

Mr. ROBINSON. Mr. Persident, under the limitation of debate now applicable it will be difficult to explain this amendment in great detail. Let me say, however, that the substance of the amendment is, in contradistinction to the provisions of the pending bill which it seeks to amend, to create in Washington a separate agency to administer the provisions of this act.

The amendment proposed, instead of authorizing the administration of the act under the Farm Loan Board, creates a new board to be known as the farm credit board, with powers over intermediate credits analogous to those exercised by the Farm Loan Board over subject matter at present under the law within the jurisdiction of the Farm Loan Board.

There are some reasons which justify or seem to make necessary this amendment.

The Federal Farm Loan Board has been functioning since the passage of the farm loan act. Its duties under the present law are entirely distinct from the duties which will be imposed by the provisions of the pending bill. The Farm Loan Board now has important functions to perform that are not closely analogous to but in many respects are widely different from the acts to be performed by the Federal supervising agency under the provisions of the Lenroot bill.

Since the agitation for intermediate rural credits began, the question has been repeatedly discussed as to what agency should administer such legislation if enacted. At first it was thought by some legislators and other students of the subject that the act should be administered by the Federal Reserve Board. That policy, however, has been abandoned as impracticable, principally for the reasons that I am urging now in justification of the pending amendment.

The Federal Farm Loan Board now has jurisdiction over long-time loans based upon lands as security. The object of the pending bill is to furnish a credit system occupying a position in a sense intermediate between commercial loans, which are for short periods, and land-bank loans, which are for long periods. The training and the experience of the Federal Farm Loan Board will make it difficult for that agency effectively to administer the intermediate credit system proposed to be created by the pending bill.

As strongly supporting the conclusion which I now urge, I cite the testimony of Mr. Lobdell, of the Farm Loan Board, who stated before the Banking and Currency Committee of the Senate that in his opinion some other agency than the Federal Farm Loan Board should be designated to administer the provisions of the Lenroot-Anderson bill if it becomes law.

His opinion, as I recall it, was to the effect that the powers and duties reposed in the Federal agency proposed to be created to supervise the execution of the act had best be vested in the Federal Reserve Board; but, as I have already stated, the advocacy of that policy has been abandoned by everyone, and the question now is whether the Senate of the United States will commit itself to the policy of adding to the present duties of the Federal Farm Loan Board tasks which are widely at variance with those which that board has been trained to perform. The board already has more duties than it can successfully execute. To impose upon the Farm Loan Board the obligation to administer this act——

The VICE PRESIDENT. The Senator's time has expired.

Mr. WALSH of Montana. Mr. President, I desire to inquire of the Senator in my own time whether, if the amendment he proposes is adopted, the local administration will still be in the Federal land banks?

Mr. ROBINSON. Yes; the local administration will be substantially as provided by the Lenroot-Anderson bill under the terms that we are now considering.

Mr. WALSH of Montana. Then let me ask the Senator if his argument will not equally apply to the directors of Federal land banks? Will not their training equally be along other lines?

Mr. ROBINSON. The argument has, of course, considerable force; but it is true, Mr. President, that the Lenroot-Anderson bill contemplates the establishment of a division in each farm-loan bank, one to take care of farm-land loans and the other to take care of farm-credit loans, and each division in the farm-land bank will have its separate agencies and administrative officers, and each of these divisions will have agencies and officers who in time, at least, will become specially informed and trained for the performance of the duties imposed by the respective acts governing them.

Mr. WALSH of Montana. Then let me ask the Senator whether this is not the situation: The Federal land bank now has its subordinates trained in the business of making loans in accordance with the provisions of the Federal land law. It will be obliged, will it not, to have subordinates whose particular business and training will be in connection with these personal-credit loans? In other words, does not exactly the same argument apply? It is true that the directors of the bank will be obliged to have agents and assistants who have skill and experience in banking of this character; but why should not the Farm Loan Board have exactly the same kind of assistants?

Mr. ROBINSON. Mr. President, the purpose of this amendment is harmonious with other provisions of the Lenroot-Anderson bill. Nobody claims that the agents and individuals who pass upon farm-land loans shall pass upon farm credit loans.

The object is to separate as widely as may be these two agencies, to intrust the credit board with the supervision of the execution of the provisions of the pending bill, to leave the powers and duties of the Federal Farm Loan Board as they now are provided for by law. Of course, it is not deemed advisable or desirable to create two separate boards of directors in the various land banks, nor is it deemed necessary; but for the purpose of making the act a success I maintain that it is advisable and desirable to place its supervision under a board especially organized for the purpose of enforcing this act, and that is the substance of my argument.

Mr. WALSH of Montana. Mr. President, it is perfectly obvious that the Federal farm credit board contemplated by this amendment must have under it assistants and a general force. The expense of maintaining the force of the organization will, of course, be in addition to the $40,000 salary to which the members of the board will be entitled under the provisions of the amendment. That probably should not be added to the expense, because if the administration of the act is placed under the control of the Farm Loan Board the same expense, or a greater portion of that expense, will be incurred; but we would be paying $40,000 a year, under this amendment, for the opportunity to have the administration of it in the hands of a board which is not biased or set in its views about these loans by reason of its experience in connection with farm-land loans.

I must confess I do not really see any reason whatever for the creation of a new organization, at a cost of $40,000 a year, for the administration of this act, particularly as the loans are to be made in either case through the Federal land banks and through the directors of those Federal land banks.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. FLETCHER. Mr. President, I make the same objection to this proposal as that noted by the Senator from Montana. It seems to me it would be confusing matters here to undertake to have two boards, namely, the Farm Loan Board, and now another board, the farm credits board, supervising the operations of the same Federal land banks and their directors; not only that, but it would mean the incurring of additional expense, which it seems to me is wholly unnecessary. This system ought to be administered either through the Federal Reserve Board or through the Farm Loan Board. We have concluded that it had better be administered through the Farm Loan Board. I think that is correct, because it is so related to agriculture that it properly belongs there, and the Farm Loan Board has supervision and control over the Federal land banks, names a temporary organization, all the directors of those banks, and until some system of permanent organization has been agreed upon will name three of the directors of those banks, and I can not see but that you complicate and confuse matters, besides burdening the whole plan, with this enormous expense of an additional board. I think, therefore, that I can not support the amendment.

Mr. LENROOT. Mr. President, I only wish to emphasize what the Senator from Montana and the Senator from Florida have said. If this new bureau is organized, the only powers it can have will be with reference to restrictions and limitations provided for in the bill. Whether these banks shall be successful or not depends upon the policy of the banks. That policy will be determined by the district directors, and those directors will be under the control, not of this new board, but of the old board, and all of their officers and all of the employees will be under their management and general control.

I have gone into this; I have gone over the matter, and spent a good deal of time on it with representatives of the Farm Bureau, and while I appreciate what their motives are in this, yet they have not devised any plan, and the Senator's amendment does not give to this board which it is proposed shall be created, with five members at $10,000 each, any real control over the credits department, or the policy that shall be pursued, but merely power to make the limitations and restrictions which are provided for in the act, and it does not seem to me that the expense would be warranted. It would lead to endless confusion in the administration of the act.

Mr. SWANSON. Mr. President, I have been very much interested in legislation for the relief of farmers in connection with rural credits, and from the inception of the legislation there was a desire on the part of the farming section that there should be an entirely separate department created, as separate as the Federal reserve system and as separate as the farm loan banks, to administer the system when created.

I can see some reason why they would desire to have a separate department administering this law. It is a new kind of credits into which we are venturing, intermediate credits, as was well said by the Senator from Arkansas, credits midway between the short-time and long-time credits. It does seem to me that the Senator from Arkansas has in a very able way gotten rid of the objection that was urged on account of merging this with the Farm Loan Board. If the Farm Loan Board administers this law they will have subordinates, costing about as much as is provided to be spent for a board. This department will fix policies and make suggestions, and the suggestions of the central board are usually followed. The Federal reserve system has a board here which has only suggestive authority; yet everybody knows how potential it is.

Mr. WALSH of Montana. Mr. President——

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

Mr. SWANSON. I have but five minutes.

Mr. WALSH of Montana. I would like to ask the Senator just this question, if he will permit it. Suppose the directors of the local bank pursue a policy that is unsatisfactory to this rural-credits board. What could they do to coerce the local directors into observing a policy which they do not want to follow?

Mr. SWANSON. It is precisely the same with the Federal reserve system. You can not coerce member banks, or regional reserve banks, but I have not yet known of a suggestion from the central board of the Federal reserve system which has not been followed. It does seem to me that the people of these 12 banks would rather deal with the head of a board than to deal with subordinates in Washington, and report any action to be taken by the Farm Loan Board. If this bill prevails, the effect will be that when these banks want to get some suggestion from Washington they will go to the subordinates of a bureau, and that subordinate will take it to the Farm Loan Board. This amendment of the Senator from Arkansas would make it possible for them to deal directly with an independent board, and it does seem to me it would not cost any more money, but it would be more efficient, and it would be administered, as far as the central board is concerned, by people who are favorable to the system. I can see no objection to it, and I can see a good deal of advantage that would accrue from having this amendment, which has been very skillfully drawn by the Senator from Arkansas, added to the bill.

The system would, under the amendment, cost nothing except for the bureau created in Washington, and this bureau will not be a bureau of subordinates but a bureau under four men, costing no more; but the local banks would then deal directly, as far as the system is then concerned, with the people who are in charge and in control, and not deal indirectly, through the bureau, with somebody else who is in control. As was well said by the Senator from Montana, I do not think that the $40,000 could be properly charged up. They would hire four men, probably, as subordinates, to do the work that would be done by the chiefs of the bureau. I think this amendment would get rid of a great deal of objection this bill occasioned, because it is not administered by an independent body in accord with the purposes sought to be accomplished.

I understand, further, that the Farm Loan Board is not desirous of having this work. I think they appeared before the committees and implied as much.

Mr. LENROOT. They wanted the Federal Reserve Board to have it.

Mr. SWANSON. Because they thought the paper was nearer Federal reserve paper than land paper. The Federal Reserve Board do not want to administer the law. I do not know whether they expressed themselves or not, but the paper provided for it is not in accord with their paper. We are creating intermediate paper and, as the Senator from Arkansas very forcefully and strikingly said, all that is asked is that a board be created with a knowledge of that kind of paper to administer the law, and administer it successfully. I believe if we have this independent board, in sympathy with the law and in accord with it, devoting their time to it, this measure will bring great relief to the rural sections of the country. I believe this is a material amendment and ought to be adopted.

Mr. POMERENE. Mr. President, under the Federal reserve system special privileges were given to the farmer's paper when it came to rediscount; the national banking act was amended so as to permit the making of loans on real estate, and in those two respects greater advantages were given to the farmer than he had had theretofore. But those of us who had studied this problem felt that these privisions did not go far enough, so we established the Federal farm land banks for long-time credit, and I think those of us who favored that legislation have been more than gratified at the very great degree of success it has met with.

Again, we felt, at the time we had up for consideration the farm loan act, there was a necessity for further relief along the line of rural personal credits. Now we present a scheme in the form of the Lenroot bill. A few of its provisions I am not in accord with, but I think we have gone a long way forward, and I believe it will afford genuine relief. But does it not seem a little bit strange to Senators to contend that one board can not administer satisfactorily the financial needs of the farmer? Why should we say to him, "If you want to avail yourself of the form of credits which are provided for under the Federal reserve system, you shall have your securities administered by the Federal reserve system. If you want a long time loan on your real estate, you shall have your financial affairs administered by the Farm Loan Board. If you want longer personal credits, you shall have your affairs in that behalf administered by another system provided for in the amendment offered by the distinguished senior Senator from Arkansas." In other words, if we adopt this amendment, we are going to say to the farmer, "You must have your affairs financed by three different systems, or three different boards." For my part, I see no necessity for it.

I recognize the fact that when Judge Lobdell appeared before our committee he suggested that the supervision of the rural personal credits would more properly address itself to the Federal Reserve Board than to the Farm Loan Board, but this whole scheme of personal credits and farm credits addresses itself to a board that is to administer the finances of the farmer, and it seems to me that if we were to adopt this amendment, it would render "confusion worse confounded." It would add nothing, in my judgment, to the relief of the farmer, and it would embarrass him very much.

Mr. WILLIAMS. Mr. President, the entire financial and banking history of the world, if it has proven anything at all, has proven this, that a commercial banking system is one thing, and a land banking system is another, and that you can not work the two together as one. From the "Mississippi Bubble" down to now, there have been constant efforts to convert a commercial banking system, founded upon quick and live assets, into a convenient source of credit for people who want long credit, with slow assets, and whenever it has been attempted, it has been followed by the destruction of the system to which it was applied. You can start a system of rural or agricultural credits with slow assets and long credits, founded a good deal upon the same principles as a land mortgage scheme, and it can be perfectly sound and will be perfectly successful, but if you attempt to engraft that sort of a system upon an ordinary commercial bank, which at any moment may be required to call for every dollar that it has that is available in cash, you will condemn any commercial system upon which you engraft that sort of thing.

That goes back not only to the Mississippi Bubble scheme, to Law's scheme, but it goes back to the union planter's bank scheme in my own State of Mississippi which led to what was called the Mississippi repudiation, although it was not repudiation.

The two things must be kept distinct. One answers a certain purpose and the other another purpose. As the Senator from Ohio [Mr. POMERENE] said a moment ago, it will not do to say merely that the farmer wants all three. When the farmer wants one he must go to one source. When he wants another, based upon an entirely different principle, he must go to another source. When he wants the third, based upon yet another principle, he must go to a different source. It is not a question of the occupation of the man. It is a question of the collateral to be deposited and the question of the quickness or the slowness of the assets that can be converted into cash.

There is nothing more clear to any mind that has ever studied the financial history of the world than the fact that we can not engraft a land system upon a commercial banking system. We could have a land-banking system which would be perfectly safe, founded upon different principles or different security, with different foundations, but not at all identical with the other and not workable with it, and that we have attempted to supply in the farm-loan banks of the United States. We can carry that system still further if we will.

But, Mr. President, the most remarkable achievement of the last 10 years has been the foundation of the Federal bank system. There are only two things that threaten it. One is to convert its live assets into slow assets, prevent it from being a commercial banking system, and the other is to have Congress intervene every now and then to instruct the directors as to their rate of interest and as to what and how much and when they shall lend. Now, if we want to convert the Federal reserve banking system into a board of directors to be directed from day to day by the Congress of the United States, with little half-baked financial intellects here and there who want to be able to tell them just what they ought to do and when they ought to do it and whether they ought to do it, then we might just as well damn the system now and put it out of business. A banking system directed by the Senate and by the House, or by either body, as a board of practical directors, is doomed and damned already. We can not make anything more out of it.

The VICE PRESIDENT. The time of the Senator from Mississippi has expired.

Mr. NORBECK. Mr. President, I do not want to let one point go by without calling attention to it. I listened with great interest to the argument of the distinguished Senator from Ohio [Mr. POMERENE]. He worked hard upon the committee and has been very helpful in bringing the legislation into better shape, but I can not agree with one point he made. He said it might lead to confusion if we asked the farmer to go one place for personal credit and to another board for land credit. Mr. President, the bill does not propose to lend any money to the farmer. He does not connect with this proposed plan. This is a plan to lend money to the bank, and the bank may lend it to the farmer. Therefore, there is no chance of confussion on account of separate boards.

I want to support the suggestion of the Senator from Arkansas that there should be a separate board, a board that has not the same viewpoint in this matter as the Senator from Wisconsin, a board which believes there is a real demand for a little longer time credit—from nine months to three years—a board which will carry that idea uppermost in their minds. I think it is very important, and that is one objection to putting it with the present Farm Loan Board. Commissioner Lobdell is a man for whom I have the highest respect. He is a man of great ability and wide experience, absolute frankness and honesty, but he has the same viewpoint that is held by so many commercial bankers, and that is the viewpoint to which the Senator from Wisconsin objects. Judge Lobdell stated that if it was put under their control, they would not under any circumstances make a single loan of more than nine months.

Mr. LENROOT. Oh, the Senator is mistaken. He said he would not make a single chattel loan for more than nine months.

Mr. NORBECK. Chattel loans are all we are dealing with.

Mr. LENROOT. Oh, no.

Mr. NORBECK. There are no real estate loans in the matter.

Mr. LENROOT. But to lend on chattel security is very different.

Mr. NORBECK. The Senator from Wisconsin will bear me out that practically every farmer's note has chattel security behind it.

Mr. LENROOT. Oh, no.

Mr. HITCHCOCK. Mr. President, it is admitted that it is necessary to use the 12 Federal farm-loan banks as a means of making the loans, and the only question really involved in the amendment now before the Senate is whether the Federal farm-loan banks shall have two separate bureaus here in Washington to supervise them and direct them and control them, or only one bureau. It seems to me, inasmuch as we have to use the existing banks through which the loans are to be made, that it is much to the advantage of all to have only one authority in Washington to lay down the rules and regulations under which they are to operate.

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

Mr. HITCHCOCK. I will yield briefly.

Mr. NORBECK. I merely wish to say that I do not think it is confusing if we have to do it through the farm-loan bank.

Mr. HITCHCOCK. So far as the amendment to the bill is concerned, it is. I knew the Senator had another bill.

It seems to me the amendment offered by the Senator from Arkansas simply means the creation of a new lot of supervisory machinery here in Washington. The real work has to be done by the farm-loan banks. That is admitted under the bill and under the amendment. The bill as presented by the committee to the Senate provides that the Federal land banks shall create a new department to carry on a new business.

The Senator from Mississippi [Mr. WILLIAMS] makes the argument that we can not unite two classes of business in the same bank. They are going to be united whether the amendment is adopted or whether the original bill is adopted. Nor is it an unusual thing. There are to-day hundreds of national banks in the United States doing a commercial business and also lending on real estate. Not only that but there are hundreds of national banks that have established, in addition to

their ordinary commercial business, savings departments where their assets are not mobile. They are doing two classes of business under the same management. So I think that neither of the objections can apply to the original bill.

To my mind none of the criticisms and none of the arguments made in favor of the dual supervision here in Washington can stand the test of examination. The 12 Federal land banks scattered throughout the country, which must be used in this proceeding, are as a rule under the control of boards of directors composed of men who have had banking experience. Not only that but the necessities of the farm loans involve the investigation to some extent of the personal credit of the farmers who make the loans.

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

Mr. HITCHCOCK. I yield.

Mr. ROBINSON. The Senator realizes that the Lenroot-Anderson bill on the subject gives an entirely separate and distinct proposition from the Federal land banks, and it is only under the proposal of the Lenroot-Anderson bill when the matters reach Washington that they are merged into the Farm Loan Board. It is a mere incident that the Federal land bank is utilized to administer the act locally.

Mr. HITCHCOCK. Mr. President, I can not yield further. The directors of the Federal land banks at the present time are selected by the Federal Farm Loan Board in Washington, and as long as they are selected by that board they are going to follow the instructions of the board. We know from experience that it is quite within the possibilities that there may be a dispute arise between the Federal Farm Loan Board, already organized to conduct the banks, and the proposed new board which the Senator from Arkansas desires to organize. What if such a dispute should arise? It would not only be an unseemly dispute but it is inevitable that the authority which would be recognized by the directors of the Federal land banks would be the authority to which they owed their appointment.

So I think it would be very inadvisable, in my opinion, to attempt to create two authorities here in Washington to direct the affairs of the 12 Federal land banks which are operating successfully and, for the most part, are in the hands of able men, and in the hands of men closely associated with agricultural credits at the present time.

Mr. CARAWAY. Mr. President, I am moved to suggest to the Senator from Nebraska that it is not at all uncommon to have divided authority. Under the Federal reserve system we have it, and in a certain measure under the Federal farm loan system we have it. If that be the only objection to the amendment, I think it has really no substantial reason to support it. There is no more relation between the personal credit which we seek to establish under the pending legislation and the Federal land bank than there is between the Federal reserve system and the Federal land banks. There is no kindred idea that underlies the two.

I want to remind the Senator from Nebraska that it is the belief of the farmers, who have sought long and constantly to have some kind of personal credit law enacted for their benefit, that it needs separate and distinct administration. They believe, and the testimony that was taken warrants the belief, I think, that the Federal land bank system is not friendly to this system. If it is adopted with their control, it is going to have to make good, if it does at all, in spite of an unsympathetic administration because they do not believe in the system.

The divided authority does not support the Senator's position. There is not any more divided authority there than there is between the Federal Reserve Board and the Comptroller of the Currency, not a bit. There is no more divided authority there than there is between the present administration of the Federal land bank system with its regional boards and its central board, and therefore I do not think that the Senator, if he stops to study it a moment, would find that that was any real objection to the proposed system. If Congress believes that the farmers ought to have redress, then they ought to give the farmer that kind of redress that he thinks he needs, unless they find that the farmer either is not entitled under the law to that redress or that he is too ignorant to know what he wants.

If we concede that he knows what he wants and that what he wants is not wrong, then we ought to give him what he wants and not give him something that he says he can not administer and which will not be administered sympathetically.

I hope Senators will bear in mind that this is a tremendous experiment; it is a big thing. There are billions of dollars of credit that must be administered. The Federal Farm Loan Board has now all that it should be required to administer. I am sure, without criticizing the board—for I think it is composed of good men—that they have not always been sympathetic, even in administering the present system; but they start out with the declaration that they do not sympathize with this and do not intend to follow the spirit of it. The Senator from South Dakota has called attention to the fact that Mr. Lobdell stated that if he were required to administer this system no chattel loan would be made for more than nine months. I know and every man who knows anything about the system under which the farmer must use credit knows that if credits are to be really helpful, to deny the farmer a longer credit is just as effective as to deny him any credit at all. Therefore, if we really believe that the farmers are entitled to relief, if we believe that they are honest when they ask for it, and if we believe that they have intelligence enough to know what they want, I can not understand the spirit which would make Senators want to give them something which they say they can not successfully operate and which they can not successfully use. Let us either give them what they think they can use or else postpone any legislation at all.

I sincerely hope that merely the pride of opinion will not induce Senators to deny to this very large class and, all admit, a very hard-pressed class of our citizens that kind of redress to which they think they are entitled and which they believe they want and can administer.

Mr. UNDERWOOD. Mr. President, there is very little that is new under the sun, and I think the questions involved here, although they may be new in our country, are not new in the world. Our Federal reserve system was adopted from a system of finance that had existed in Europe for more than a half century before we adopted it. The plan of a Federal land bank was found in Europe before we adopted it here. At the same time under their system they had a plan of extending personal credits to the farmer, secured, in whole or in part, by chattel mortgages. I can not pronounce the names of the systems which have been established in Europe, but with their experience they guided the ships of finance in different channels. They maintained one course for loans which were based on land and another course and another organization for loans which were based on chattels and personal obligations.

I am anxious that this system of credit, which is not new in the world, shall be established in this country. It is a system which was worked out successfully in the old conservative banking circles of Europe long before we ever entered the field. There is nothing radical in the proposition. It has been proven in the past that it is along the lines of sound business finance.

As to whether or not the system here shall be administered soundly or administered radically and unwisely is another question which is not now before the Senate. The President of the United States will be charged with the responsibility of appointing men who must administer this proposed law; but to say that the law and the system are wrong we must deny the record of the past; we must deny what we find in the financial system of Europe. With all their experience they found that it was better and wiser to work out these two loan systems in two different columns. I think the safer course is to follow the track of experience and to accept what the experience of mankind has already proven to be a safe and sound way to administer these difficult questions of finance. For that reason I shall support the amendment.

SEVERAL SENATORS. Vote!

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Arkansas [Mr. ROBINSON].

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

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

Mr. KELLOGG (when his name was called). Announcing my pair with the Senator from North Carolina [Mr. SIMMONS] as on the previous vote, and being unable to obtain a transfer of that pair, I withhold my vote. If permitted to vote, I should vote "nay."

Mr. PHIPPS (when his name was called). Making the same announcement as to my pair and its transfer as on the previous vote, I vote "nay."

Mr. TRAMMELL (when his name was called). I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the junior Senator from Rhode Island [Mr. GERRY] and vote "nay."

Mr. WARREN (when his name was called). I have a pair with the Senator from North Carolina [Mr. OVERMAN]. As I am not able to obtain a transfer of that pair, I withhold my vote.

Mr. WATSON (when his name was called). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS] which I transfer to the senior Senator from Utah [Mr. SMOOT] and vote "nay."

The roll call was concluded.

Mr. FERNALD (after having voted in the negative). I note that my pair, the Senator from New Mexico [Mr. JONES] has not voted. I transfer my pair with that Senator to the Senator from Illinois [Mr. MCCORMICK] and allow my vote to stand.

Mr. HALE. I transfer my pair with the Senator from Tennessee [Mr. SHIELDS] to the senior Senator from Vermont [Mr. DILLINGHAM] and vote "nay."

Mr. ERNST. I transfer my general pair with the senior Senator from Kentucky [Mr. STANLEY] to the junior Senator from Oklahoma [Mr. HARRELD] and vote "nay."

Mr. CURTIS. I desire to announce the following pairs:

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from West Virginia [Mr. ELKINS] with the Senator from Mississippi [Mr. HARRISON].

The result was announced—yeas 21, nays 53, as follows:

YEAS—21.

Ashurst	George	Myers	Swanson
Brookhart	Glass	Norbeck	Underwood
Broussard	Harris	Pittman	Walsh, Mass.
Caraway	Heflin	Robinson	
Couzens	King	Sheppard	
Culberson	McKellar	Smith	

NAYS—53.

Ball	Hale	Moses	Spencer
Bayard	Hitchcock	Nelson	Stanfield
Brandegee	Johnson	New	Sterling
Bursum	Jones, Wash.	Nicholson	Sutherland
Calder	Kendrick	Norris	Townsend
Cameron	Keyes	Oddie	Trammell
Capper	Ladd	Page	Wadsworth
Curtis	La Follette	Pepper	Walsh, Mont.
Ernst	Lenroot	Phipps	Watson
Fernald	Lodge	Poindexter	Weller
Fletcher	McCumber	Pomerene	Willis
France	McKinley	Ransdell	
Frelinghuysen	McLean	Reed, Pa.	
Gooding	McNary	Shortridge	

NOT VOTING—22.

Borah	Elkins	McCormick	Smoot
Colt	Gerry	Overman	Stanley
Cummins	Harreld	Owen	Warren
Dial	Harrison	Reed, Mo.	Williams
Dillingham	Jones, N. Mex.	Shields	
Edge	Kellogg	Simmons	

So Mr. ROBINSON'S amendment was rejected.

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

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. At the end of line 8, on page 4, it is proposed to insert the following:

On the majority vote of the members of the Federal Farm Loan Board any Federal land bank shall be required to rediscount the discounted paper of any other Federal land bank at rates of interest to be fixed by the Federal Farm Loan Board, and may be required to sell debentures for that purpose.

Mr. STERLING. Mr. President, one objection made by my colleague [Mr. NORBECK] to the pending bill, the Lenroot bill, was that the discounting or rediscounting by other Federal land banks of the notes of one Federal farm land bank was simply permissive, and not required, under the terms of the bill. I appreciate that objection made by my colleague to the pending bill, and I think the bill can easily be amended; and I believe that the Senator from Wisconsin would be willing to accept an amendment framed after a provision in the Federal reserve bank act. I call attention to that provision, found in section 11 under subhead (b), which provides:

To permit or, on the affirmative vote of at least five members of the Reserve Board, to require Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed by the Federal Reserve Board.

If the Federal Reserve Board can require or should be authorized to require the rediscount of discounted notes of the different Federal reserve banks, why should not any farm-land bank be required to rediscount the discounted notes of any other farm-land bank, the same as in the Federal reserve system?

The amendment is submitted with this in view and with this, I think, as a precedent for it.

Mr. HITCHCOCK. Mr. President, there is this great difference between the law which compels a Federal reserve bank to discount the paper of another Federal reserve bank and the amendment which the Senator has offered: In the law which requires one Federal reserve bank to discount for another it is not required to borrow money for the purpose of doing it, and it is assumed that the Federal Reserve Board will require the Federal reserve bank to discount the paper of another bank only when it has surplus funds; but the Senator's amendment goes so far as to require one farm-loan bank possibly to discount the paper of another farm-loan bank even though it has to borrow money in order to do it. That is manifestly impossible.

Mr. STERLING. It may sell debentures in order that it may raise the money for the purpose of rediscounting these discounted notes. Why should it not have that power and why should not that be the requirement, Mr. President?

Mr. GLASS. Mr. President, why should a bank be required to go in debt itself in order to relieve the necessities of another bank? That is an entirely different proposition from the Federal reserve process.

Mr. STERLING. The objection made by my colleague is that very little benefit will be conferred upon certain sections of the country under the system as it is provided in this bill; that there should be that elasticity in the system which would be covered and provided for by an amendment like this.

Mr. GLASS. Mr. President, aside from the fact that I do not think that it is at all practicable as proposed by the Senator, I will say that that feature of the system has already been taken care of by an amendment offered here yesterday by my colleague [Mr. SWANSON], which proposed to mobilize the contingent total sum of $60,000,000 with permission to the administrative board to loan as much as $10,000,000 of this additional amount to any one of these banks which really might need it. In other words, that amendment was intended to provide authority to the administrative board, not to subscribe necessarily $5,000,000 additional to all of the 12 banks but to mobilize the entire additional capital of $60,000,000, with permission to the board to make the loans where they are needed, so that one of these banks might have a capital of $15,000,000, instead of but $5,000,000. That, I take it, was taken care of by that amendment; and that amendment is workable, and I do not think this one is.

Mr. STERLING. Mr. President, I was not aware of the amendment now mentioned by the Senator from Virginia. It may be, and yet I can not help but think that this is workable and that it is but a reasonable requirement under the circumstances.

The VICE PRESIDENT. The time of the Senator from South Dakota has expired.

Mr. LENROOT. Mr. President, I hope the Senator will strike out the last clause of that amendment, because upon reflection it might take from one land bank the resources that it needs in the future to take care of its own customers; but wherever they do have available funds on hand that are not being utilized, I do not know of any reason why they should not be used to rediscount.

Mr. GLASS. I know, but they should not be required.

Mr. STERLING. Mr. President, acting on the suggestion of the Senator from Wisconsin, I strike out the words "and may be required to sell debentures for that purpose."

Mr. FLETCHER. Mr. President, I should like to offer an amendment to the amendment, if I can get the language of it. I want to fix the rate of interest there. I do not know whether this amendment refers to the rate of interest or not.

The VICE PRESIDENT. The Secretary will state the amendment.

The reading clerk read as follows:

On the majority vote of the members of the Federal Farm Loan Board, any Federal land bank shall be required to rediscount the discounted paper of any other Federal land bank at rates of interest to be fixed by the Federal Farm Loan Board.

Mr. FLETCHER. I move to amend by adding "not exceeding 6 per cent per annum." I think it is important to determine the rate of interest here, because there is no provision otherwise to limit it, and it ought to be limited.

I discussed that matter yesterday, and I shall not take up the time now to refer to it. These are debentures which are made tax free. The system is based upon capital furnished by the Government. The operation is in the control of Government officials, and there ought to be a limitation on the rate of interest which these obligations shall bear, and for which they may be rediscounted.

I am going to follow that with an amendment, on page 5, after line 12, to fix that rate at not exceeding 5½ per cent per annum. In other words, the debentures ought to be limited as to rate of interest to 5½ per cent or 5 per cent, I am not particular which, but one or the other—I am willing to make it 5½ per cent—and this discount should be limited to 6 per cent.

I offer that amendment.

Mr. SMITH. Mr. President, I am afraid there has been confusion in the minds of some Senators as to the similarity between a Federal reserve bank and one of these land banks in the method of obtaining their capital. I think it is very dangerous to require one of the farm-credit banks to discount the paper of the others when its resources are based entirely upon local affairs, for we might in that way make it possible

for one of these banks to absorb all of the resources of a given regional land bank, to the detriment of the people whom it is supposed to serve.

The Senator from Virginia [Mr. SWANSON] introduced yesterday an amendment to make the measure flexible to meet local conditions. In that amendment he provided that the $60,000,000 of capital that would be allowed in addition to the primary $60,000,000 might be apportioned according to the needs of different localities up to an amount of $15,000,000.

That would enable them to issue debentures on that increased capital, plus the business done, and accommodate the local needs of the community. It is not on all fours with the principle involved in the Federal regional banks at all, and my opinion is that it would be very dangerous and subversive of the very object that we have, because in this we do not look for any degree of profit to accrue either from the local banks or from the cooperative societies that might utilize this money. We are setting up here an instrumentality to meet the short-time credits, so called, that are necessary for the farmers within a given community and attaching and accommodating it to the principle involved in the land-bank system, one for a 30-year period and one for not exceeding a 3-year period.

Mr. STERLING. Mr. President, is not the principle underlying each essentially the same?

Mr. SMITH. No.

Mr. STERLING. Do they not differ simply in scope, as it were?

Mr. SMITH. No. The very principle that is involved in our regional banks is to be the clearing houses for the great commerce of the country. This plan is designed to provide a system of credit, under certain conditions, for agriculture. I maintain that when agricultural interests have gotten their assets in liquid form the Federal reserve system can serve them as well as or better than any other system. There is an attempt here to take care of a certain character of paper that does not fall readily within the category of what is known as commercial paper. It is because of the radical difference of the two that we are forced to try to set up this system, and we have localized it and made the volume of business dependent upon the local assets that may be gotten; and therefore if we force one to rediscount the paper of another, it may result in its absorbing all the resources of the other.

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

Mr. SMITH. Yes.

Mr. CARAWAY. It seems to me—and I want to ask the Senator the question—that this would assist the very purpose underlying the amendment offered by the Senator from Virginia [Mr. SWANSON] to enable the community whose need was most to draw upon the community whose need was less.

Mr. SMITH. Yes.

Mr. CARAWAY. If a bank located in one section of the country has a large amount of money with a small demand, and another bank in another section, having large demands made upon it, has small resources, under this proposed amendment it could call upon the other bank.

Mr. SMITH. Yes; but the danger there is this: If we had the same flexibility and the same daily shifting of the great volume of credit under one unified system that we have in the Federal reserve system we could draw credit where there is a plethora and carry it to where there is a scarcity; but this provides a uniform basic credit, and this provides that with the remaining permissible $60,000,000 a community may enlarge its capital stock, and upon that issue for local use certain debentures and obligations which would meet the requirements, whereas human nature being human nature, which I have not time to go into, and this law restricting the local resources as it does, an occasion might arise where a community which needs credit less will absorb the community which needs it more, and I think as the law now stands it is infinitely better than the one proposed.

The VICE PRESIDENT. The time of the Senator has expired.

Mr. LENROOT. Mr. President, I would like to suggest to the Senator from South Dakota an amendment so as to make his amendment read:

Shall be required to rediscount out of any unemployed funds on hand.

Here is merely money that is idle, we will say, which may be used, and it may be used, but if there is a demand for it in the district, I quite agree with the Senator from South Dakota that it ought not to be taken away.

Mr. SMITH. The Senator is speaking in his own time, and I will ask him if I may propound an inquiry to him.

Mr. LENROOT. Certainly.

Mr. SMITH. Of course, we have to avoid legislating for exceptions.

Mr. LENROOT. Certainly.

Mr. SMITH. We must have a general rule, and I think the general rule involved here is that you are trying to accommodate the local situation. It is a dangerous thing to set a precedent by making it general. The exception may be one that appeals to us all, but what about the general policy that you intend to inaugurate as applying that principle?

Mr. LENROOT. I am frank to say that I think of but one land bank in the United States where there will not be a call for these loans. Perhaps the Senator from South Dakota can indicate some land bank in the United States where there is no necessity for this amount and which will not use the $5,000,000.

Mr. SMITH. Exactly. It is a dangerous precedent.

Mr. LENROOT. Can the Senator from South Dakota indicate what banks he thinks will not employ this $5,000,000?

Mr. SMITH. That is the danger. That is the very principle I am trying to enunciate.

Mr. LENROOT. At the same time, I am perfectly willing to provide that if they do not use the funds they may be used for rediscount purposes.

Mr. SMITH. The Senator from Wisconsin sees at a glance the danger of opening that door to all sorts of complaints, because it may be temporary. The Senator from Wisconsin must admit that the amount of surplus one of these banks may hold may be temporary, and then if they exchange their ready cash for obligations of another bank, there would arise a sudden call for this money and it would be exhausted. I think the plan we have in force now possibly is better than trying to take care of exceptions which we imagine may arise.

Mr. NORBECK. Mr. President, if we are to have the Lenroot bill, I should like to see the amendment of my colleague accepted. It would be helpful in a small way.

I have contended from the beginning that there was lack of mobility. We have met with the argument that here is $60,000,000 of capital which you can debenture 10 to 1, which means that $600,000,000 will be available. That seems large, in one way, but very small when you keep in mind that the total banking capital and funds of the United States are about $50,000,000,000, or nearly a hundred times that much. But the point I have been contending for all the time is that we are not dealing at all with any such possibility as that these debentures could not and would not be sold. Who would expect a bank in one district, where there is no particular demand for money, to go and borrow for the help of another one? You would hardly expect that.

In answer to the question as to whether there are land-bank districts which do not need money, I will state that I think the experience of the last two years is a full answer to that, when in State after State and State after State they have told the War Finance Corporation, "We do not need a dollar—we do not need a dollar"; when the Senators from those States say they have only one peculiar problem, and that is to get their money out earning, that they are loaning in other States. At the same time we propose to go into the United States Treasury and take $5,000,000 and put it into each district. You might as well start a Federal reserve bank over in the western sand hills of Nebraska. The demand would correspond.

The amendment of the Senator from Virginia was right as far as it went. It proposed to equalize things by making it possible for one land bank to have three times as much funds as another one. Is that the ratio of equalization we need, when you have the land bank up in Springfield, Mass., with $5,000,000, and the whole demand of the district was a little over a half million right at the peak, not a single loan asked for by Maine, New Hampshire, Connecticut, Massachusetts, Rhode Island? Come down to the southern district, if you like, and take the States of New Jersey, Delaware, Pennsylvania, Maryland, and there is not a dollar asked, and yet it is said they need $5,000,000 to be put in there. Out in the great West, the borrowing country, as I said, the Omaha land-bank district got $50,000,000, and you say they need 15. The ratio asked is 100 to 1, and the ratio of capital you provide is 3 to 1, and you tie a string on it and do not say they can have 15, but say it is possible, if everybody agrees, it may be brought up to 15.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Florida [Mr. FLETCHER] to the amendment offered by the Senator from South Dakota.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on the amendment offered by the Senator from South Dakota [Mr. STERLING].

The amendment was agreed to.

Mr. SMITH. Mr. President, in the pending bill the Federal reserve act is amended, in the second paragraph of section 13, which deals with actual transactions or notes, drafts, and bills of exchange issued or drawn for agricultural purposes, or based upon live-stock and commercial transactions, and the time is extended in that part of paragraph 2 to nine months. We are here setting up a system in conjunction with the Federal land banks, which has a period of 30 years, ostensibly a system to meet the peculiar needs of agriculture in the ordinary turnover of the business.

Every Senator on this floor knows that it takes 12 months to produce a commercial asset by the process of farming. Everyone has been convinced, even the proponents and drafters of this bill, that six months is inadequate to meet the needs of agriculture, and that time has been extended to nine months. Everybody knows that nine months is three months short of the requirements of agriculture, as six months is short. If it takes a pole 12 feet long to reach the fruit, 9 feet is as inadequate as 6 feet. A great many have discussed this afternoon the fact that you can not mix the commercial and agricultural features of banking. Under our Federal reserve system you can not. When we make the commodity produced the basis of the issuance of Federal reserve notes, then every dollar of farm produce becomes the basis of the issuance of circulation, and if it takes 12 months to produce it and 12 months to dispose of it, why not accommodate the farmers with 12 months' credit? It takes the manufacturer 30 days to buy the raw material, convert it into the finished goods, and meet the bills of exchange, and they have 30 days. They can have Federal reserve notes issued on 30-day, 60-day, and 90-day paper. The agricultural interests of this country produce the basis of the wealth upon which is to be issued circulation, liquid capital; and yet the farmer is denied the use of his products. Every Senator here knows that when the farmer has produced his crop and it is gathered and put into commercial form it has taken 12 months to produce it, and takes 12 months to dispose of it. Somebody holds it, somebody gets the capital upon which it is to be distributed through the 12 months.

I propose to amend, on the page indicated by my amendment, so as to change 9 months to 12 months, just giving 90 days additional, which will meet the requirements of agriculture so far as its yearly business is concerned. It is just as embarrassing to have your note renewed three months before you have the assets in the proper shape as to have to renew it in six months, and why do we come here and amend inadequately an inadequate provision? The amended inadequacy is as inadequate as the original inadequacy.

Therefore, if we are going to provide a law to meet the necessities of agriculture, and have it now set up, why mock the farmer with 9 months, when every farm organization and every man who has had experience knows that 12 months is absolutely essential? It does not jeopardize anybody's capital. The farmer can get capital based on the product he produces. It takes him 12 months to produce it. Why not give him 12 months' credit in the form of Federal reserve notes upon it? It takes him 12 months to produce, and why not take the basis of his wealth, which he has produced, and make it the basis of accommodating, as on 30-day, 60-day, and 90-day paper?

Mr. President, I believe there is not a man here, unless he objects to having the volume of currency enlarged, who would seriously object to the extended time.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). The time of the Senator from South Carolina has expired.

Mr. McLEAN. Mr. President, I must oppose this amendment. It is adding another inch to a nose that is already an inch too long. The Senate understands that the basic purpose of the Federal reserve system is to furnish an elastic currency, a currency that will automatically expand and contract to meet the needs of commerce. These notes must be short-time notes, and they must represent actual transactions; that is, they must meet the needs of the legitimate exchanges and sale of goods, and when in the fall of the year there is an unusual demand for credit the reserves of the Federal reserve system must be liquid and able to meet any demand that is required.

The minute you add a day to the time limit of these notes you add to the quantity of paper which the Federal reserve banks may hold in a time of stress, and to just that extent it tends to expand the credit and the currency of the country.

Mr. SMITH. Will the Senator yield for just a question?

Mr. McLEAN. I can not yield for a question. The Senator from South Carolina said that these notes are good, and that is true. They are secured by agricultural products. They are good; but when you permit them to be rediscounted by a Federal reserve bank—and they do not represent an actual transaction, but represent a loan for the retention of goods—you are putting into the system investment paper, finance paper, and you can not do that without endangering the efficiency of the system in a time of stress.

Cotton is no better than a United States bond or the bond of a State or municipality. Agricultural products are good, but they are no better than a real estate mortgage. But all of that class of securities were intentionally eliminated from the securities which should have the rediscount privilege, and the minute you extend the time and let in this investment paper the man who may buy a thousand bales of cotton can go to his bank and give a note and have that note discounted, and it may be used as a basis for the issuance of Federal reserve notes, when the man who makes the loan has no idea of selling the cotton. It may be a purely speculative transaction, entirely contrary to the purposes of the Federal reserve system so far as the rediscount privilege is concerned. If the amendment of the Senator from South Carolina be agreed to, it would merely invite speculative banks to accommodate speculative middlemen, and it seems to me a very dangerous thing to do.

I know that about once in 30 years the inflationists of the country get their heads together and make up their minds that the volume of credit and currency must keep pace with prices, that prices can be offset by easy money. That was the situation in 1920, and we had a very serious lesson at that time. It seems to me that we ought to take every precaution to avoid a recurrence of the crisis that we had in 1920. The complaint that comes from the South is that when the buyers' strike was inaugurated there were not sufficient credits to carry the crops until they could be sold in an orderly market, as the term is used in the law. The trouble then was that there was too much cash.

The PRESIDING OFFICER. The time of the Senator from Connecticut has expired. The Chair will state that the Chair is advised by the clerks at the desk that there is no amendment pending.

Mr. SMITH. It is the amendment I sent to the desk. I thought I had offered it.

The PRESIDING OFFICER. The Chair is informed it was not actually offered.

Mr. SMITH. Then I offer it now.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. On page 18, after the word "grace," in line 17, insert a new paragraph, as follows:

That the Federal reserve act, as amended, be further amended by striking out the word "six" in the proviso in the second paragraph of section 13 and inserting in lieu thereof "12," so that the proviso, as amended, shall read: "*Provided*, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding 12 months, exclusive of days of grace, may be discounted in an amount to be limited to a percentage of the assets of the Federal reserve bank, to be ascertained and fixed by the Federal Reserve Board."

Amend section 13a, in line 4, page 17, by striking out "9" and inserting "12."

Mr. TRAMMELL. Mr. President, if it had not been heralded throughout the country that this was a farmers' relief measure, providing farmers' credit, then we might with some wisdom, some justice, probably, from the standpoint of the commercial bank, object to giving the farmer a credit in excess of that which he enjoys at the present time. Under the present law the securities based upon agricultural products are eligible for rediscount for a period of six months. Now, it is proposed in this measure that the restriction shall be continued except upon the condition that the borrower furnishes, in addition to the security which he has heretofore been required to furnish, a chattel mortgage upon live stock or a warehouse receipt upon nonperishable products.

Mr. LENROOT. Mr. President——

Mr. TRAMMELL. I decline to be interrupted. I only have five minutes.

The PRESIDING OFFICER. The Senator from Florida declines to yield.

Mr. TRAMMELL. The Senator can answer in his own time.

It is only proposed that the period shall be extended for three months upon condition of the furnishing of a chattel mortgage or warehouse receipt covering nonperishable products. It is proposed in the bill that he shall be given that three additional months' extension only when he furnishes that security.

As argued by the Senator from South Carolina [Mr. SMITH], anyone who is familiar with the carrying on of farming operations knows that it takes more than six months or nine months to produce the crops; that is, considering the time from the period of preparation for planting to the harvesting of the crops. We have endeavored to provide for a system of banking that accommodates commerce, generally speaking. At first it was on the idea that we could only furnish credit for 90 days. But

a certain character of commerce said, "We need more time to meet the conditions surrounding our business," and in consequence Congress amended the law and allowed them six months' credit, making their paper eligible for rediscount with a six months' limit. But when agriculture knocks at the door of Congress and asks for a system which will suit and be applicable to the conditions surrounding agriculture, then we hear the old argument that commercial banking is best suited to commercial facilities and so he shall not be granted any longer than the present six months' limit, with a possible additional three months if he deposits the collateral security to which I have referred.

Now, if the authorizing of credit for a period of 12 months instead of nine months would jeopardize the stability of the banking institutions or would interfere with the farm-loan banks, or with the Federal reserve banks not being maintained upon a safe and sound basis, then it might be suggested logically that Congress should seek some other way in which to provide a system of credit for our farmers. But I have not heard anyone yet present a logical reason that would sustain the contention that if we give a credit for 12 months to our farmers it would in any way impair the safety and the stability of our banking institutions. We provided for the stock to be secured through the farm-loan bank. We provided a system of rediscounting that could amply take care of conditions, and provide the necessary facilities. I hope the amendment will be agreed to.

Mr. LENROOT. Mr. President, it is to be regretted that the Senator from Florida should attempt to tell the Senate what the provisions of the bill are, with respect to the subject to which he has referred, without having read that provision. It is very certain the Senator from Florida could not have read the provisions in the bill which he has been discussing. He stated repeatedly that we propose to extend the eligibility of agricultural paper from six months to nine months only in case there be furnished warehouse receipts or a chattel mortgage upon live stock. If I mistake not, he repeated that at least three or four times. Let me read the language of the bill:

SEC. 13a. Upon the indorsement of any of its member banks, which shall be deemed a waiver of demand, notice and protest by such bank as to its own indorsement exclusively, any Federal reserve bank may discount notes, drafts, and bills of exchange issued or drawn for an agricultural purpose, or based upon live stock, and have a maturity, at the time of discount, exclusive of days of grace, not exceeding nine months.

There is not one word, Mr. President, with reference to security. There is a provision with reference to security, and what is it? Only that Federal reserve bank notes can not be issued upon any discounted paper extending beyond nine months unless it is secured. It would seem that before Senators discuss the provisions in the bill they would acquaint themselves with what the bill contains. We hear it repeated constantly that the farmer is entitled to this credit, and that there is no reason why he should not be given it. The committee thought it had gone to the limit of safety in making it nine months.

I want to repeat what I said the other day. The whole purpose of short-time paper for discount in the Federal reserve system is to keep the assets liquid and afford a protection to the depositors in the bank. It is just as much for the protection of the farmer who deposits money in a member bank as it is for the protection of the commercial man, merchant or otherwise, who deposits money in a member bank. It is believed, however, that the time can safely be extended to nine months, as the bill does, but there is no requirement, as every Senator can ascertain if he will but read the section, that nine-months paper be secured. The only time security is required is where it is attempted to issue additional currency, Federal reserve notes, upon it.

Mr. PITTMAN. Mr. President, I would like to ask the Senator from Wisconsin if he himself concedes that 12 months' paper is much more dangerous than nine months' paper?

Mr. LENROOT. Three months more, that is all.

Mr. PITTMAN. There was a time, of course, when most banks considered 90-day paper the only liquid paper. Yet they got it to six months, and they now get it to nine months. I remember when it was just as vehemently argued that no longer period than six months constituted a liquid paper as it vehemently argued that nine months would not be liquid paper. As a matter of fact, when we consider the equities of the case, is the danger in increasing it three months as great as is the danger in not allowing the security to mature? It seems to me that the greater danger is in not allowing the security to mature.

Mr. GLASS. Mr. President, I would like to submit to the Senator from South Carolina [Mr. SMITH] the suggestion that the necessity for his amendment, even from his point of view, is more apparent than it is real. If that be true, I submit that it is not necessary at all. There has been a good deal of confusion in discussing the question of maturity and of the time for which the note is originally made out. To say that a member bank or that one of the farm loan banks may rediscount with a Federal reserve bank the notes of farmers having nine months' maturity does not at all suggest that farmers are precluded from making a note for a period of 12 months and having them discount it without any trouble whatsoever at the member bank, and for this reason: In ninety-nine cases out of one hundred, in four out of five years, the member bank in its primary discounts does not at all contemplate calling on its Federal reserve bank for a rediscount of this paper. So, far from it, the individual member bank hopes to retain that paper in its portfolio to the time of maturity, in order that it may reap the entire profit of the transaction and not in any measure share it with the Federal reserve bank. That is not true to only a limited extent but it is almost invariable. The rediscount is only made in time of stress when the primary bank has not sufficient funds to meet the requirements of its community. There is no banker doing business in normal times who does not make his discounts with the idea that he will retain that paper in his own portfolio to the date of maturity in order that he may reap the entire profit and not share it with any correspondent or rediscounting bank.

That being so, the process is this: The farmer's turnover, say, is 12 months; and he makes his note for 12 months. He takes the note to a member bank and has it readily discounted for 12 months, because the idea of the member bank is to retain the note until maturity. After three months shall have elapsed that member bank knows full well that if it should require additional funds with which to respond to the demands upon it, it may take the 12 months' note of the farmer to the Federal reserve bank and have it rediscounted, because it has reached the maturity of nine months.

Mr. CARAWAY. Mr. President, may I ask the Senator from Virginia a question?

Mr. GLASS. Yes.

Mr. CARAWAY. I am not a banker, my sole experience along that line having been to borrow and draw to the limit.

Mr. GLASS. My experience has been so, too.

Mr. CARAWAY. But here is the question: Does not the very fact that the rediscount privilege which is given to paper of not exceeding nine months require the banker always to compel the borrower to make the maturity of his note for the same length of time?

For instance, if I go to a commercial bank whose period for loaning is three months and say to the banker, "You know that I can not pay in three months," he will say, "Well, you may renew, but we can not handle paper with a longer date of maturity than three months."

The PRESIDING OFFICER. The time of the Senator from Virginia has expired.

Mr. CARAWAY. Mr. President——

The PRESIDING OFFICER. The Senator from Askansas.

Mr. CARAWAY. In my own time I desire to say a word further. The farmer, we will say, wishes to borrow for 12 months. The bank will say, "Make the note for nine months, and you may renew." There is, however, always a feeling of insecurity as to whether the maker of the note will, in fact, be permitted to renew. Does it not always leave the borrower with a sense of uneasiness?

If the bank really contemplates carrying loans for 12 months, what objection could there be to writing into the law that the banker may legally carry and discount 12 months' paper? These are merely practical questions which appeal to me, based upon a very large experience in trying to borrow.

Mr. GLASS. Mr. President, the practical fact is that the commercial bank which wishes to keep its assets liquid is not apt to discount paper of this description at all. Any bank which is willing to discount paper for a period of nine months, in my judgment, would be willing to rediscount it for a period of 12 months, because such paper is essentially a nonliquid loan, and the banker would rediscount it for 12 months, in my judgment, just as readily as he would rediscount it for 9 months.

Mr. CARAWAY. Mr. President——

Mr. SMITH. Why not make it for that period, then?

Mr. GLASS. Just wait a minute.

Mr. CARAWAY. I happen to have the floor, but, of course——

Mr. GLASS. I beg the Senator's pardon; I was trying to answer his question and the Senator from South Carolina propounded another question to me from his chair. I can not answer the two questions at once.

Mr. CARAWAY. Well, if the Senator does not want to answer either——

Mr. GLASS. Yes, I do; I want to answer the Senator's question. I wish to say in answer to it that I think a bank would just as readily rediscount a 12 months' note as it would a 9 months' note, because it would primarily desire to carry the discounted note in its portfolio to the date of maturity; and it would know perfectly well that at the expiration of three months, if the bank should be in stress for further funds, it could take the note to the Federal reserve bank and there rediscount it, because the note then will have reached the maturity of 9 months.

Mr. CARAWAY. The question, then, which I would again ask the Senator is—and I have more respect for the Senator's knowledge of the Federal reserve system than I have for that of anybody else in the Senate.

Mr. GLASS. It is very kind of the Senator from Arkansas to say that.

Mr. CARAWAY. If the bank would not object to 12 months' paper, then what real objection, what substantial objection, is there to giving such paper the rediscount privilege? Is it not true that wherever paper is subject to rediscount it is liquid?

Mr. GLASS. I am not saying that the reserve bank would not object to it. I am saying that the primary bank of discount would not object to it, because that bank expects to carry the paper to maturity. I have not said that the reserve bank would not object to it, because I think the Federal reserve bank would object to it, and there is very much more necessity for the reserve bank—meaning the bank that is simply carrying bank reserves for an emergency—carefully to keep its assets liquid than it is for the primary bank to do so.

Mr. CARAWAY. I think that is true, but if there is any real expectation that banks will carry 12 months' paper, I still believe, based, as I have said before, upon a rather active effort to find banks which were willing to carry paper, that a sense of security comes to the borrower if he may have his paper run for a longer time. There is always a fear, and sometimes a substantial loss. The rate of interest is, we will say, 6 per cent—in my section of the country it is often 10; I have paid that much——

The PRESIDING OFFICER. The time of the Senator from Arkansas has expired.

Mr. KELLOGG. Mr. President, I hope that this amendment will not be adopted. I think the Lenroot bill goes to the limit of safety; in fact, I think it goes too far in extending the time of rediscounts in the case of the Federal reserve banks. I know the pressure is constant for the rediscount of longer-term paper by the Federal reserve banks; but we must remember that the Federal reserve banks are not only banks of rediscount, but they issue notes as the currency of the country, and there is nothing more dangerous than unreasonable inflation. The Federal reserve notes ought to be secured by the shortest-term paper, by the best security the banks may deposit with the Federal reserve banks. Such assets ought to be the most liquid the reserve banks have.

Some one has asked why is not a 12 months' note just as good as a 6 months' or a 9 months' note? The Senator from Wisconsin answered, and I think very aptly, when he said it is not so good by three months. Nobody would think of taking a farm mortgage running 5 or 10 or 20 years to rediscount with the Federal reserve bank as a basis of issuing temporary currency. I think one thing we ought to do is to keep the Federal reserve system a safe and conservative system for the rediscount of notes on which to base the currency of the country.

The PRESIDING OFFICER. The question is on the amendment offered by the Senator from South Carolina.

Mr. SMITH and Mr. HEFLIN called for a division.

On a division the amendment was rejected.

Mr. SMITH subsequently said: Mr. President, I wish to give notice that when the bill shall be reported to the Senate I shall ask for a record vote on my amendment.

Mr. LENROOT. The Senator will have to reoffer the amendment.

Mr. SMITH. Very well. I will reoffer it.

Mr. McLEAN. I desire to offer an amendment to the text of the bill on page 17. I send the amendment to the desk and ask that it may be read.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 17, line 4, after the word "months," to strike out the colon and insert a comma and the following:

and such notes, drafts, and bills of exchange may be offered as collateral security for the issuance of Federal reserve notes under the provisions of section 16 of the Federal reserve act as amended.

Mr. McLEAN. Mr. President, the bill as it reads in the proviso admits these notes for rediscount, but they are not qualified in this bill as eligible for note issues. Section 16 of the Federal reserve act provides that collateral security offered by the notes described in section 13 shall be eligible as collateral security for notes, but this is section 13a, and unless we put in the amendment I have proposed the notes will not be qualified at all. This is an important amendment.

The PRESIDING OFFICER. The question is on agreeing to the amendment proposed by the Senator from Connecticut.

The amendment was agreed to.

Mr. FLETCHER. I move, on page 5, at the end of line 12, to strike out the period and insert the words "not exceeding 5½ per cent per annum."

The object of that proposed amendment is to require that the debentures issued under the bill shall be issued at a rate of interest not exceeding 5½ per cent per annum; otherwise there will be no limitation as to the interest rate on the debentures.

In the farm loan act it was provided that farm loan bonds should not bear a higher rate of interest than 5 per cent. We amended that act here in order to meet the situation regarding the joint-stock land-bank bonds and made the rate 5½ per cent, but that provision expires in July, 1923, at which time we go back to the provision of the original law that farm loan bonds shall not bear a higher rate of interest than 5 per cent.

There is another provision in the farm loan act that the rate of interest charged by the bank to the borrower shall not exceed 6 per cent. The debentures under this bill are to be issued on the same basis as the farm loan bonds. They have back of them the capital put up by the Government; they have back of them the provision that they are tax-free, and I see no reason why we should not put into the law a limitation as to the rate of interest they shall bear. Unless we do, then the farmer is not going to get any real benefit out of this measure. If he will have to pay the same rate of interest when these debentures are put in circulation as he has to pay to-day if he goes to a commercial bank, namely, the State rate, he will not receive any advantage.

This measure intended to afford to him credits on a basis and upon terms that he can meet and that his industry can bear, and 5½ per cent is as high a rate as these debentures ought to be permitted to bear.

Mr. NORBECK. Mr. President——

Mr. FLETCHER. I yield to the Senator.

Mr. NORBECK. I quite agree; but I was wondering if the better way to get at that would not be to change the law so as to compel some of these men to lend their money at a low rate of interest. How otherwise will it be effective?

Mr. FLETCHER. We can limit the rate of interest that the debentures shall bear.

Mr. NORBECK. Yes; but if the money goes into other channels, then where is the farmer?

Mr. FLETCHER. He has to take his chances, of course; but if there is no limitation on the debentures, then the debentures can be issued at 7 or 8 per cent, or, in some States, 10 per cent. We have, to begin with, limited the rate on the debentures, and then there is another provision in the bill which provides that the rate of interest shall not exceed 1½ per cent of the discount rate of the Federal land bank; but that applies only to interest, and there may be other charges, commissions, and all that sort of thing, that will run the amount which the farmer must pay or the borrower must pay far in excess of any 1½ per cent above the rediscount rate of the Federal reserve bank. There ought to be in this law—just as we put in the farm loan act—a limitation as to the amount of interest that the securities issued in this way shall bear, and I think 5½ per cent is enough. That is all that we have allowed the joint-stock land banks or the farm-loan banks to charge, even in the emergency that existed last year; and we have come back, as to both banks, to 5 per cent as the basis. I think we could safely provide that these debentures shall not bear a rate of interest exceeding 5 per cent, or, to meet all possible objection to it to my mind, I have proposed that it shall be not exceeding 5½ per cent. I think unless we do that we will make a very serious mistake, and not provide the facilities to meet the needs of agriculture that we are intending to provide.

Mr. LENROOT. Mr. President, no Federal land bank and no Farm Loan Board would issue any debentures at any higher rate than is necessary to sell the debentures. That goes without saying, as a matter of course. The only effect of the Senator's amendment, it seems to me, would be that under given conditions debentures might be absolutely unsalable. There

might be a demand in certain territory for the rediscounting of this paper for the benefit of agriculture, but because of the Senator's amendment it would be impossible to assist agriculture and discount agricultural paper. I can not see any possible good to come out of the amendment. I do see possibility of great harm.

Mr. FLETCHER. Mr. President, will the Senator name some other rate? I have named 5½ per cent. Perhaps the Senator would suggest 6 per cent. I am willing to make it that.

Mr. LENROOT. Of course, I am certain that it never would exceed 6 per cent, because they could not employ the money at a rate higher than 6 per cent and do the business; but I do not know why the Senator is not willing to trust that to the Farm Loan Board and the Federal land bank. It must be approved, and they will get money just as low as they can.

The Senator, of course, understands that these securities are not going to be as attractive, generally speaking, as farm-loan bonds. I do not expect them to sell at the same low rate of interest that farm-loan bonds will sell for. I think farm-loan bonds will sell at a less and less rate, because they are, if the system is properly managed, security of the very best class for that kind of investment capital that seeks long-term investments.

Mr. FLETCHER. That is the reason why I made it 5½ per cent. The farm-loan bond rate is not to exceed 5 per cent.

Mr. LENROOT. But the Senator makes only one-half of 1 per cent distinction between that kind of an investment and this kind of a debenture. I am very sure that the interest of the farmer will not be subserved by this limitation, and I am very sure that no debentures will be issued under this bill at any higher rate of interest than is necessary to sell the debentures at par.

Mr. HITCHCOCK. Mr. President, I am in sympathy with this amendment. This issuance of tax-free securities is enough of an evil as it is; and in my opinion it certainly would be a serious mistake to give to these banks power to issue debentures at an unlimited rate of interest and have them enjoy the tax-free privilege.

It must be remembered that these debentures probably will be used by the banks as a secondary reserve, and there might be a disposition upon the part of the banks that would probably buy them to use their influence to have them issued at a high rate of interest. I believe, however, that inasmuch as at the present time the Federal farm loan bonds are selling on a basis of 4½ per cent, it is safe to say that under almost any conceivable circumstances these debentures, which will be in strong demand by banks, ought to find a ready market at not over 5½ per cent. It certainly would be a great mistake to allow these debentures to be issued at any rate of interest, without any limit, and enjoy the tax-free privilege.

Here are United States bonds that sell at par on a 4¼ per cent basis, even subject to taxation, at the present time. We are authorizing the issue of these debentures for a certain purpose, and only proposing to limit the rate of interest to 5½ per cent. I can readily see that they will be availed of by banks, and they will find a ready market in the banking field, and many banks will desire to buy these debentures and keep them as a secondary reserve. They will always be marketable; but the Congress which is authorizing their issue on a tax-free basis ought to say what the point is at which the interest shall be limited. I believe in the end it is going to operate to give cheaper interest to the farmers. I believe it will require the banks to do their business on a closer basis.

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

Mr. HITCHCOCK. I yield to the Senator.

Mr. LENROOT. The Senator is aware that this bill has been bitterly attacked, and its chief point of attack has been that the debentures would not be salable at all.

Mr. HITCHCOCK. I think the testimony before the committee was all to the other effect——

Mr. LENROOT. I think so.

Mr. HITCHCOCK. That these three-year debentures would find a ready market, particularly among banks. These farm-loan bonds find no such market. We have in this country 15,000 or 18,000 State banks and something like 8,000 national banks. They are always ready to buy Government certificates; and, given the opportunity to buy these tax-free debentures which they can hold as a secondary reserve, I have not any doubt in the world that those thousands of institutions will buy them; but it seems to me that Congress, which is authorizing these tax-free debentures, owes it to the country to fix some limit above which the interest rate shall not be allowed to go. The fact that they are tax free makes them more valuable than the ordinary 7 or 8 per cent investment, and that ought to be sufficient.

Mr. GLASS. Mr. President, may I ask the Senator from Nebraska—I am not just clear in my recollection of the incident—but, as illustrating the contention that these things are usually governed by the state of the money market, is it not a fact that either by administrative act or by an amendment to the Federal farm land bank act the Farm Loan Board not so very long ago was either authorized to issue or did issue farm-loan bonds at as high a rate of interest as 6 per cent because they could not sell them otherwise?

Mr. FLETCHER. Never. They could not do it.

Mr. HITCHCOCK. I think 5½ per cent was the limit; but there is a difference, Mr. President.

Mr. FLETCHER. We authorized the joint-stock banks to issue bonds at 5½ per cent.

Mr. GLASS. Did they not issue a series of bonds at the limit?

Mr. HITCHCOCK. I think the power was never used.

Mr. FLETCHER. Yes; they did—5 per cent. That was the limit.

Mr. GLASS. I said I could not clearly recall.

Mr. FLETCHER. The limit was 5 per cent originally.

Mr. GLASS. But my recollection was that we added one-half of 1 per cent.

Mr. HITCHCOCK. We made the limit 5½ per cent, but they never exercised the power.

Mr. GLASS. Because the investment market was such that they could not sell them below that.

Mr. FLETCHER. That expires next July.

Mr. GLASS. Just as was suggested awhile ago by the Senator from South Dakota [Mr. NORBECK], is it not conceivable that the investment market at times may be such that these debentures can not be sold at the limit now proposed to be put upon them? If that should happen to be the case there would be a stoppage altogether of the activities of the system. It could not get anywhere. Although farmers might be in distress and in emergent circumstances, they could not borrow anything at all if that should happen.

Mr. HITCHCOCK. Mr. President, it is possible to imagine all sorts of possibilities; but the fact is that with these 15,000 State banks and 8,000 national banks desiring securities of exactly this sort it is almost inconceivable that there would be a great impairment of the market at any time. I am very sure that a large proportion of these institutions will be in the market to buy these securities. It may be that in the future we shall find it necessary to raise the limit. While we ought to place a limit somewhere, if the time comes when it is necessary to raise the limit we can do it as we did on a former occasion with the Federal farm-loan bonds; but in that case the emergency disappeared before they exercised the power.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired.

Mr. LENROOT. Mr. President, I move to strike out "5½" and insert "6."

The PRESIDING OFFICER. The question is upon the amendment of the Senator from Wisconsin to the amendment proposed by the Senator from Florida.

Mr. FLETCHER. Mr. President, that appears to be about the best rate we can get, and I am not disposed to contest it.

Mr. LENROOT. All right.

Mr. FLETCHER. I am willing to accept that amendment.

The PRESIDING OFFICER. The question is upon the amendment offered by the Senator from Florida, as modified.

The amendment, as modified, was agreed to.

Mr. LENROOT. Mr. President, I wish to offer an amendment that I failed to offer some time ago. It is with reference to the question raised by the Senator from South Dakota [Mr. NORBECK] in his minority report, wherein he took the view that the $5,000,000 could not be used except as a guaranty fund.

While I am very clear that the language is not susceptible of that construction I am perfectly willing to remove any question concerning it; so I move, in line 7, page 7, to strike out the words "and losses, if any," so that the language shall read:

Shall be applied solely to meet obligations incurred in the operation of that department.

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

The amendment was agreed to.

Mr. HEFLIN. Mr. President, I send to the desk an amendment which I wish to offer at the proper place. The Senate has just adopted an amendment providing that the interest rate on these debentures shall not be more than 6 per cent, and I desire to offer my amendment.

The PRESIDING OFFICER. The amendment will be stated.

The READING CLERK. It is proposed to add, at the end of the amendments heretofore agreed to, the following:

SEC. —. That paragraph (b) of section 11 of the Federal reserve act be amended by adding, after the words "Federal Reserve Board," the following: "but in no case shall such rates of interest be in excess of 6 per cent per annum."

And wherever in said act Federal reserve banks are authorized, permitted, or required to rediscount the discounted paper of other Federal reserve banks, the rate of interest in no case shall be in excess of 6 per cent per annum.

Mr. HEFLIN. Mr. President, I desire to say just a word. It does seem to me that the Senate should take into consideration the interest of thousands and hundreds of thousands and millions of people who must borrow money. These member banks throughout the country, who have to go to the Federal reserve regional banks, 12 in number, certainly will be happy if they can get money to loan to their customers at not exceeding 6 per cent. They may be able to get it for 3½, 4, 4½, 5, or 5½.

Certainly there ought to be a limitation on the interest rate these regional banks can charge these 10,000 member banks. When we limit this rate of interest to 6 per cent, we enable the member banks to get the money at a low rate of interest and the ultimate borrower to get it at a lower rate of interest because of the low rate of interest charged to the regional banks or to the member banks.

I hope no Senator will oppose this amendment. The member banks all over the country would like to have the amendment adopted. It would be beneficial to all business in the United States, and surely Senators do not want to leave this proposition with no restriction on it. It just leaves it to the judgment of the Federal Reserve Board as to what it shall do under the bill as drawn. That should not be. We are putting limitations on this farm-banking proposition. Why not put a limitation on the commercial-banking proposition? I ask for a vote on my proposition.

On a division the amendment was rejected.

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

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 3, line 8, after the words "live stock," add the words:

or upon notes secured by mortgages upon real estate used for and in connection with the producing of, or the producing of and marketing of, agricultural products.

Mr. TRAMMELL. Mr. President, I propose this amendment because I feel it to be very necessary and essential that a provision of this character be adopted if we are to provide any character of credit whatever to an agricultural association composed of producers of nonperishables.

The provisions of the bill I propose to amend restrict the credit to organizations or associations of farmers engaged entirely in the production of staple agricultural products. In consequence, unless the feature of the bill which I propose to amend is revised, associations of growers of perishable products, regardless of the stability of their security, will be unable to obtain loans from the Federal land banks. I see no reason why they should be discriminated against. I see no reason why credit facilities should not be afforded to associations or organizations composed of fruit growers, or those engaged in truck farming, just the same as you give credit to those engaged in staple farming.

I have proposed a class of security that will be ample, that will protect loans made through this character of association, and I am unable to see why it should be rejected, unless we want to adopt the policy of discriminating against those engaged in the production of the citrus fruits in my State, in California, and other States where the citrus-fruit industry constitutes a considerable portion of the agricultural industry, and also those engaged in the production of perishables, such as apples, peaches, grapes, potatoes in Maine, and products of other States where the agricultural classes are largely engaged in the production of perishables. I propose this in the hope that the discrimination will be removed.

Mr. GLASS. What is to become of the loan if the products perish?

Mr. TRAMMELL. If the loan is on real estate, the real estate still remains there. I ask the Senator, what becomes of the loan if the cattle on which credit is provided lie down and die? What becomes of the loan in that case? The Senator from Virginia has been sustaining the bill, and it is provided in the bill that a man may borrow on his cattle, but that he can not borrow on his real estate unless he is engaged in the production of staple agricultural products.

Mr. GLASS. He can borrow money on his real estate all the way from 3 to 32 years.

Mr. TRAMMELL. The Senator wants to confine him to the old farm loan system of long-term loans. That is what I am complaining about.

Mr. WADSWORTH. Will the Senator permit a question?

Mr. TRAMMELL. I have but a minute or two, and I do not know but that my time is up.

The PRESIDING OFFICER. The Senator from Florida declines to yield.

Mr. TRAMMELL. I have proposed a class of security which I think is staple and sound, and it is a class of security that is good. I think those engaged in the production of perishable products of this country, which are essential and constitute a considerable portion of agriculture, should be given credit through their associations.

Mr. WADSWORTH. Mr. President, perhaps the Senator will correct me if I make an error. Did I understand the Senator to say that under his amendment it is proposed to extend credit to the associations themselves as such?

Mr. TRAMMELL. Certainly, Mr. President.

Mr. WADSWORTH. The associations themselves?

Mr. TRAMMELL. The bill already provides that credit shall be extended to the associations and the cooperations, making eligible a certain character of securities. I say that we should add to that character of securities one more security. All I ask is that there be added the real estate which is used in the production of the product. I ask that that be made eligible security.

Mr. WADSWORTH. The production or the marketing?

Mr. TRAMMELL. The production and the marketing. It simply makes eligible another class of security.

Mr. POMERENE. I ask to have the amendment reported again.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 3, line 8, after the words "live stock," add the words:

Or upon notes secured by mortgage upon real estate used for and in connection with the production of, or the production of and marketing of, agricultural products.

Mr. LENROOT. Mr. President, just a word. Of course the distinction must be apparent to every Senator. In case a mortgage on real estate is taken, it will take anywhere from one to two years to realize upon it, while a chattel mortgage can be realized upon almost immediately in case of default.

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

The amendment was rejected.

Mr. HARRIS. Mr. President, I offer an amendment, and ask that it be read.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 15, after line 2, insert a new section to read as follows:

SEC. 9. Paragraph (b) of section 11 of the Federal reserve act, as amended, is amended to read as follows:

(b) To permit, or, on the affirmative vote of at least five members of the Federal Reserve Board to require, Federal reserve banks to rediscount the discounted paper of other Federal reserve banks at rates of interest to be fixed by the Federal Reserve Board, and each rate so fixed shall be the same for every Federal reserve bank.

On page 15, line 3, strike out the figure "9" and insert "10."

Mr. HARRIS. Mr. President, this amendment would not change the present law except by adding to it the words "and each rate so fixed shall be the same for every Federal reserve bank." The Federal reserve bank discount rate in New York is lower than in the live-stock and farming sections where they have banks, and I want to make it uniform.

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

The amendment was rejected.

Mr. POMERENE. Mr. President, I send to the desk an amendment to be inserted on page 3, line 8, after the word "live stock."

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 3, line 8, after the words "live stock," and before the colon, insert a colon and the following proviso:

Provided, That no such loan or advance shall exceed 75 per cent of the market value of the products covered by said warehouse receipts or shipping documents, or of the live stock covered by said mortgages, and under such rules and regulations as may be prescribed by the Federal Farm Loan Board.

Mr. LENROOT. I shall be very glad to accept that amendment, so far as it is in my power to do so.

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

The amendment was agreed to.

Mr. HARRISON. Mr. President, I desire to offer an amendment.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 8, after line 8, insert a new paragraph, as follows:

For the purpose of exercising the powers conferred by this title, a Federal land bank shall establish a farm credit branch or agency in each State (except that in which the Federal land bank is located) within its Federal land bank district, if, in the opinion of the Federal Farm Loan Board, agriculture or the raising of live stock is a principal industry of such State. Farm credit branches or agencies shall be located at such place within the State as the Federal Farm Loan Board may determine.

Mr. HARRISON. May I ask the Senator from Wisconsin if he is not willing to accept this particular amendment? The amendment was discussed by the various committees which have investigated this subject, and I think it was pretty generally agreed by those committees that branches or agencies should be established in agricultural or live-stock States where the parent organization did not exist.

Mr. LENROOT. I have no objection to giving the Farm Loan Board permission to establish these agencies, if they see fit to do so, as they have the power to establish branch banks under the present law, but to compel it would simply add possibly an overhead which would mean an interest charge that would have to be paid by the farmer, and it would not be a benefit, but an injury to him.

Mr. HARRISON. I ask leave to modify my amendment by striking out "shall" and inserting "may," so as to make it permissive.

The PRESIDING OFFICER. The Senator has a right to modify his amendment.

Mr. HARRISON. I ask that it be reread as modified.

The reading clerk read as follows:

For the purpose of exercising the powers conferred by this title, a Federal land bank may establish a farm-credit branch or agency in each State (except that in which the Federal land bank is located) within its Federal land bank district, if, in the opinion of the Federal Farm Loan Board, agriculture or the raising of live stock is a principal industry of such State. Farm-credit branches or agencies shall be located at such place within the State as the Federal Farm Loan Board may determine.

Mr. HITCHCOCK. The Senator should use the word "any" instead of "each."

Mr. HARRISON. Yes; that may be better.

Mr. LENROOT. I think it would meet with the approval of the Federal Farm Loan Board if it read "that the Federal land banks may, with the approval of the Federal Farm Loan Board," and so forth.

Mr. HITCHCOCK. I would like to have the amendment read.

The PRESIDING OFFICER. The Secretary will restate the amendment as now modified.

Mr. HARRISON. It should be modified also by striking out the word "each" and inserting the word "any," as suggested by the Senator from Nebraska.

Mr. WADSWORTH. Mr. President, I ask unanimous consent that when the Senate conclude its business to-day it take a recess until to-morrow at 12 o'clock.

The PRESIDING OFFICER. Is there objection?

Mr. HEFLIN. I object.

The PRESIDING OFFICER. Objection is made.

Mr. LENROOT. Will not the Senator, in view of the fact that this is made discretionary and gives full discretion under certain circumstances, strike out the words "if, in the opinion of the Federal Farm Loan Board, agriculture or the raising of live stock"?

Mr. HARRISON. There is no need of that language now.

Mr. LENROOT. So that it would read—

For the purpose of exercising the powers conferred by this title, a Federal land bank may, with the approval of the Farm Loan Board, establish a farm-credit branch or agency in any State (except that in which a Federal land bank is located)—

And so forth.

Mr. HARRISON. That is all right.

The PRESIDING OFFICER. The question is upon agreeing to the amendment offered by the Senator from Mississippi as modified.

The amendment as modified was agreed to.

Mr. HARRISON. Mr. President, I desire to offer another amendment.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 8, strike out lines 2 to 7, inclusive, and line 8, to and including the word "stock," and insert in lieu thereof the following:

Direct to any individual engaged in producing, or producing and marketing, staple agricultural products or live stock, or direct to any cooperative association organized under the laws of any State or of the United States and composed of such individuals, if the notes or other such obligations representing such loans or advances are secured by warehouse receipts, and/or shipping documents covering such products, and/or mortgages on live stock, or if such notes and obligations are otherwise adequately secured and the proceeds thereof are to be used in the first instance for an agricultural purpose or for the raising, breeding, fattening, or marketing of live stock.

Mr. HARRISON. Mr. President, I shall not discuss the amendment at length, because I have already discussed it briefly. It merely provides for a direct loan by the credit establishment to individuals. Senators know whether or not they favor the proposition. We have had it here before. We had it here when we were amending the War Finance Corporation act and when that measure was being discussed. We have had it here at other times. Senators know whether they want to loan direct to the individual, to cut out the overhead and interest charges of the banks, or whether they want to go the roundabout way and have him discount his paper in the banks. I am ready for a vote.

Mr. HITCHCOCK. One of the provisions of the measure is that the capital of the associations shall be raised by subscription of the banks. What inducement would the banks have to subscribe to the capital stock of the association if it was going to come into competition then with the banks?

Mr. HARRISON. Part of the money comes out of the Treasury of the United States. We provide through the system to loan money directly to associations which are organized, and I propose by the amendment not to compel the farmers to organize into associations, but when they need the money and have the security, that they can go and borrow it.

Mr. LENROOT. Where does the Senator think the money would come from to make the loans direct to farmers?

Mr. HARRISON. We provide $5,000,000 for each of the 12 Federal districts.

Mr. LENROOT. I am sure that would be all the money that would be forthcoming if the amendment were adopted.

Mr. HARRISON. We provide further for the selling of debentures.

Mr. LENROOT. The debentures would not be salable, as the Senator must readily see, if the amendment were adopted.

Mr. HARRISON. How are we to get the money to loan to the associations? We have to get it to loan to them.

Mr. LENROOT. Because there is actual security provided there.

Mr. HARRISON. But I provide for actual securities in my amendment or the associations will not loan the money. It has to be warehouse receipts or other adequate security. Of course, it may be a note if it is perfectly good. I am just trying to take care of the farmer in the matter.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from Mississippi [Mr. HARRISON].

On a division the amendment was rejected.

Mr. BROOKHART. Mr. President, I desire to offer in a modified form the amendment providing for a cooperative bank, as it was offered several days ago. There is one change I desire to make. On page 1, line 7, I have changed the figures "$15,000" to "$25,000."

The PRESIDING OFFICER. The amendment will be stated.

The amendment was read, as follows:

On page 18, after line 22, add the following additional sections to the bill:

"SEC. 12. That section 5133 of the Revised Statutes relating to the formation of national banking associations be amended by adding thereto the following: '*Provided*, That associations for carrying on the business of banking under this title may be formed by any number of natural persons, not less in any case than 200, with a capital-stock subscription of not less than $25,000, to be known as cooperative national banks.'

"SEC. 13. That section 5134 of the Revised Statutes be amended by adding thereto the following:

"'Persons uniting to form a cooperative national bank shall under their hands make an organization certificate which shall specifically state:

"'First. Each and all of the five statements required for other banking associations under the section.

"'Second. That each share shall be $10 par value and each shareholder shall have one vote and no more, and the capital stock shall not vote and proxies shall not be allowed.

"'Third. That the capital stock shall receive dividends not exceeding the legal interest rate in the State where the bank is located, and in no event exceeding 8 per cent per annum, and subject to the provision that the net earnings of the bank are first sufficient to pay such dividends.

"'Fourth. That one-fourth of all other net earnings shall be passed to surplus until the surplus is equal to the capital stock. That the other three-fourths and thereafter all other net earnings shall be distributed to the depositors and to the borrowers from the bank who are

stockholders in proportion to the amount of interest received by the depositors and the amount of interest paid by the borrowers.

"'Fifth. Upon liquidation, after payment of liabilities, the capital stock shall be redeemed at par, with dividends as before provided, and all other assets of the bank shall be distributed to the depositors and borrowers then stockholders of the bank in the same proportions provided for the distribution of dividends.'

"SEC. 14. That the amount which a cooperative national bank may loan to one person or corporation shall not exceed 5 per cent of its deposits, and loans for productive purposes shall have preference, and no loans shall be made for purely speculative purposes.

"SEC. 15. That all provisions of the Federal reserve act and of the national banking act not inconsistent herewith shall be applicable to the cooperative national banks; and it is further provided that after 1,000 cooperative national banks have been organized they may establish a cooperative reserve of their own and become members thereof by subscribing for capital stock therein equal to 5 per cent of their own capital stock. Such cooperative reserve bank may also admit as members cooperative State banks organized substantially upon the same plan as cooperative national banks, and the plan of such cooperative reserve bank shall be substantially the same as cooperative national banks, except that its stockholders and members shall be only cooperative banks as herein provided.

"SEC. 16. That a tax of one-tenth of 1 per cent per annum shall be levied upon the total deposits of each cooperative national bank and paid into the Treasury of the United States, to be known as the deposit guaranty fund, and the same shall be used by the Treasurer of the United States to immediately pay depositors in the cooperative national banks the full amount of their deposits upon the liquidation of any such bank. That such tax shall cease when its accumulations amount to 3 per cent of the total deposits of all cooperative national banks and shall be automatically relevied to maintain said 3 per cent. That after a cooperative reserve is organized, as herein provided, the said tax for guaranty of depositors shall be paid to said cooperative reserve bank instead of the Treasurer of the United States, and shall be disposed of by it as herein provided.

"SEC. 17. That cooperative national banks shall use the words "cooperative" and "national" in their title, and no other banks shall use the word "cooperative" except State banks which are organized upon substantially the principles as herein provided."

Mr. BROOKHART. Mr. President, I think I have said about all I desire to say upon the question of the amendment. I made the change to meet the objection of the Senator from Wisconsin [Mr. LENROOT] so that the cooperative bank would have a minimum of $25,000 capital the same as other banks. Under the amendment we would not go into the Treasury of the United States for any money. It is not a soviet provision like the bill of the Senator from Wisconsin. It is a farmers' amendment. The capital comes from the farmers or the laboring people themselves. The management is their own. It is permissive. It gives them permission to organize a cooperative credit bank, and on that basis I think no Senator should object to giving them that right.

Mr. LENROOT. On agreeing to the amendment I demand the yeas and nays.

The yeas and nays were ordered.

Mr. NORRIS. Mr. President, I do not see why the cooperative idea can not be utilized in the banking business. I do not claim to be an expert. I know there are banks that are organized, based on a cooperative idea, that have been successful, banks without any capital stock, even, that have been very successful. The amendment makes nothing compulsory. The amendment is only permissive. If it is not workable, it can not hurt anybody. If upon attempting to work it it is found that there is something wrong with it, those who are interested in it will be asking for the perfection of it so that it will be workable.

The States have provided, several of them at least, for cooperative banks. Why is it that the Federal Government, as long as it does provide for commercial banks, should not likewise provide for cooperative banks? Instead of condemning it without a hearing, if there is something wrong with the amendment, why not perfect it in good faith? If it is not workable and any reason can be pointed out why it is not workable, it is subject to amendment right now.

It will not do any good, Mr. President, to say that those who offer a thing of this kind are Bolsheviks or that they believe in Soviet Russia or anything of that kind. That is not argument. In the end that will not accomplish any good. Either there is something in it or there is not, and we ought to pass on it, it seems to me, on the theory that if there is such a thing as the organization of a cooperative bank, those who want to go into the banking business on the cooperative idea ought to have a law prepared so they can do it. Certainly it can not do any injury. If there is anything in cooperation—and I believe there is more in that one thing perhaps than in any other thing that will help the farmer or help any other class of people—why not provide by law that the cooperative bank should be organized the same as a cooperative elevator or cooperative anything else, and permit it to be done.

Mr. GLASS. Mr. President, of course, there is a great deal more to the bill than the mere matter of cooperative banking. The Senator from Nebraska is a reasonable man. I think he is very reasonable. Let me ask him in all frankness if he thinks that the Senate, without any investigation, without any word from the office of the Comptroller of the Currency, having supervision of all of our national banking affairs, without one word of counsel, or advice, or information from the Treasury Department, is capable of setting up an entirely new and unique banking system?

Mr. NORRIS. If the Senator desires me to answer, and he is asking his question in good faith, I wish to answer him in that way.

Mr. GLASS. I am.

Mr. NORRIS. I concede the things the Senator from Virginia has pointed out in his questions to me, and that we, perhaps, ought to have—at least I should like to have—the advice of the Comptroller of the Currency, not that I would necessarily follow it, but I should like to have all sides heard. I should like to have the Committee on Banking and Currency consider the question. But, Mr. President, the question of credit for the farmer has been before the committee for a long time. It may be they have given no consideration to this proposition. I do not know any other way now when I am confronted here with the question of voting on it than to say I believe in the cooperative idea for banking. I may be wrong; I am open to conviction; but I am confronted with the necessity here of either voting for it or against it. It seems to me those who are opposing it, if they think that there can be made out of it a system of cooperative banking, ought to do it in good faith.

Mr. GLASS. Mr. President, I do not understand that this measure has ever been before the Committee on Banking and Currency of the Senate.

Mr. NORRIS. I do not know that it has, if that is a serious objection to bringing it up, but I know of no other way to meet it than as it comes before us.

Mr. GLASS. We have no information whatsoever about it except what has been said here on the floor of the Senate. I very quickly and frankly confess that I know nothing in the world about it. I could not vote for it. I have no information on the subject at all. It apparently proposes to set up a rival Federal reserve banking system to the one already in existence. There are many things about it which I should like to know, as to which I should like to inquire. It is a new thing to me. For six years, I believe, I was chairman of the Banking and Currency Committee of the House of Representatives. As I recall, every bill which proposed any serious alteration in the existing law was then immediately referred by me either to the Comptroller of the Currency or to the Secretary of the Treasury to give us some light on the subject, to give us some information, to give us some assistance, in order to enable us to reach a conclusion; but here it is proposed to adopt an absolutely unique system, about which I know nothing on earth. If any other member of the committee does, he has an advantage of me.

So far as cooperative banking is concerned, any 10 men in the United States may now cooperate, raise $25,000, and organize a national bank, or organize a thousand national banks if they are able to raise the capital with which to do it. There is nothing in the law against that.

I believe in cooperation among farmers; I have encouraged it all I could in my State; but I submit to the Senator from Nebraska, who is a sensible man, that we can not here upon the floor of the Senate undertake to set up, without inquiry or investigation, an absolutely unique banking system.

Mr. LENROOT. Mr. President, the Senator from Nebraska knows very well that no Senator on this floor has ever suggested in any way that the cooperative banking principle or the pending amendment was bolshevistic in any respect. On the contrary, if the Senator from Nebraska was upon the floor at the time, he knew that the Senator from Wisconsin expressed his sympathy with the general idea of cooperative banking. He not only expressed it but it is found in the pending bill and is recognized in the bill introduced by the Senator from Wisconsin and reported by the committee.

I wish to know of the Senator from Nebraska if he has studied the pending amendment; and if he is familiar with its provisions and its effect? If he would undertake to tell the Senate just what its provisions mean, I will be glad to yield to him in order to let him answer.

Mr. NORRIS. Mr. President, what does the Senator from Wisconsin desire me to answer? If he will propound his question, if I can I will answer it, and if I can not I will say so.

Mr. LENROOT. I want to know if the Senator from Nebraska is satisfied that this is a practicable, workable provision with reference to national cooperative banking?

Mr. NORRIS. I will answer that.

Mr. LENROOT. I should be very glad if the Senator would do so. Then, while he is answering that, I shall be very glad to have him give his opinion——

The PRESIDING OFFICER. The Chair will state that he believes the Senator from Nebraska has once spoken on the pending amendment.

Mr. LENROOT. I have not spoken heretofore on the amendment.

The PRESIDING OFFICER. The Senator from Nebraska would have to answer in the time of the Senator from Wisconsin.

Mr. LENROOT. I was about to ask him, if he had the opportunity—and if he has not, I would be glad to ask unanimous consent that he have the opportunity for five minutes more—to tell the Senate his opinion as to whether this amendment proposes to set up an entirely new Federal reserve system or whether it proposes to set up an additional Federal reserve system. If the Senator has examined that feature of the amendment, I am sure that he has given consideration to the subject; but it seems to me that it is impossible to tell just what it does provide. In an important matter of this kind, is it possible that the Senator from Nebraska would ask the Senate to vote affirmatively for a provision that has never had the consideration of any committee or any considerable number of Members of the Senate?

Mr. WALSH of Montana. Mr. President, I am very deeply interested in the suggestion of permitting the organization of cooperative banks, but I should like to be more fully advised about it.

The bill to which this amendment is offered is one for the purpose of extending credit to farmers, but I do not find anything in the amendment before us that may be characterized as cooperative in any sense whatever. In the second place, I do not see that it has any reference whatever to extending credit to farmers, but any persons voluntarily may associate themselves for the purpose of organizing a bank under the provisions of the amendment. There do not seem to be any more cooperative features about it than about the existing bank law. Persons may associate themselves together without any regard to what their vocation may be and organize a bank of this character. In fact, Mr. President, I do not see—and I trust the Senator from Iowa will explain—that this amendment makes a bit of difference between the banks contemplated by it and the existing national banks except that the capital stock, as I understand from the original print of the amendment, may be $15,000 as a minimum, with a par value of $10, and that the voting power is limited, not in accordance with the shares of stock but each member having one vote. Otherwise it is provided that all laws applicable to existing national banks shall apply to the proposed banks. So there is another system of banks to be organized exactly the same as the existing national banks, except that the capital stock need not be greater than $15,000, the par shall be $10, and the voting power shall be one vote for each member. I do not understand that that is a cooperative bank at all.

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

Mr. WALSH of Montana. I am through.

Mr. KELLOGG. I merely want to ask the Senator if he has considered the provision of the amendment which sets up a separate reserve system?

Mr. WALSH of Montana. I have examined that, and I think it needs some elucidation and more clarification. It provides:

SEC. 15. That all provisions of the Federal reserve act and of the national banking act not inconsistent herewith shall be applicable to the cooperative national banks; and it is further provided that after 1,000 cooperative national banks have been organized they may establish a cooperative reserve of their own and become members thereof by subscribing for capital stock therein equal to 5 per cent of their own capital stock.

That part of it, it seems to me, would be entirely inoperative because of the lack of the necessary provisions.

Mr. BROOKHART. Mr. President——

Mr. WALSH of Montana. If the Senator from Iowa will pardon me, I do not address myself to that particularly; but the original conception has not any reference whatever to the extension of credit to the farmers; and, in the second place, it has no cooperative features whatever.

Mr. BROOKHART. Mr. President, I will say to the Senator——

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. The Chair will observe that the Senator from Iowa has once spoken on the amendment.

Mr. BROOKHART. Mr. President, there are just three basic principles of cooperation, whether in the case of a bank or any other enterprise. The first is one man, one vote; the second is the earnings of capital are fixed the same as the wages of labor; and the third is that all profits over and above expenses and the earnings of capital are distributed to the depositors and the borrowers in proportion to the interest received by the depositors and the interest paid by the borrowers.

Mr. McCORMICK. Mr. President——

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

Mr. McCORMICK. I have no desire to interrupt the Senator further than to ask if the rule provided by the unanimous-consent agreement is being generally enforced?

The PRESIDING OFFICER. The Chair's understanding is that the Senator from Iowa has spoken once upon this amendment. Is the Chair correct as to that?

Mr. BROOKHART. I did not speak; I announced to the Chair I would not; I merely submitted the amendment.

The PRESIDING OFFICER. The Senator from Iowa is in order, then, and may proceed for five minutes.

Mr. BROOKHART. The three principles I have stated are all there is in cooperation. It is that simple. All over the world the great cooperative enterprises, which are now the biggest business in the world, are all conducted on those three simple little principles.

Is the plan designed for the farmers? Well, the farmer and the laboring man are the ones that have organized such banks all over the world, and I do not know of anybody else that has ever organized one. Under the proposed amendment it is open to anyone to organize one.

The provisions of the national bank act are made applicable for safety purposes so that this bank will be supervised just the same as any national bank; it will not be a wildcat bank. It is true many cooperative banks are organized without any stock at all, but under the amendment provision is made for stock with a minimum of $25,000, the same, I believe, as in the case of national banks. When stock is issued by a cooperative corporation, the only difference between it and others is that the earnings of that stock are limited; wages are fixed for capital the same as the wages are fixed for labor. That is what the amendment proposes. If the Senator from Montana knows of any single cooperative principle that has been omitted from the amendment, I will be glad to put it in. It embraces all the principles of cooperation that I know, and I have studied cooperation for many years.

Mr. HARRELD. Mr. President——

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

Mr. HARRELD. I do not ask the Senator to yield; I want to speak in my own time.

Mr. NORRIS rose.

Mr. BROOKHART. Does the Senator from Nebraska desire to ask a question?

Mr. NORRIS. No; I was going to make a motion when the Senator concludes.

Mr. BROOKHART. Mr. President, I desire to say a word further as to the reserve feature. Under the amendment the reserve is cooperative, just like the other features of the proposed system. All cooperative credit systems everywhere in the world have the same kind of reserve. They simply organize the overhead which they own by their stock subscriptions; but the earnings of the stock are limited, and the surplus earnings go back to the member banks. It makes the simplest and most effective control in the world in the hands of these men.

Some have objected because of the borrowers' share in the control of the banks; but in these banks, made up of little depositors, the depositors are always more numerous than the borrowers. Furthermore, if there were not thousands of such institutions in successful operation all over the world, there might be some doubt as to the proposition; but everywhere such banks have been organized they have worked out successfully, and the borrowers and depositors get along together as cooperators and not as profiteers.

Mr. CURTIS. Mr. President, I ask unanimous consent that when the Senate concludes its business to-day it take a recess until 12 o'clock to-morrow.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so agreed.

Mr. HARRELD. Mr. President, it is not my purpose to discuss the general field of cooperative business; it has proven a success in certain lines, but I am not yet ready to say that I am in favor of it in the banking field or opposed to it. I wish to address myself particularly to section 16 of the proposed amendment, which provides for guaranteeing bank deposits.

Bear in mind, first, that one of the chief features of the cooperative system of banking proposed by the Senator from Iowa is that the banks are not allowed to make above a certain percentage of profit, in this case limited, I believe, to 8 per cent.

All business ventures, whether in the banking line or otherwise, are dangerous undertakings in a way. I believe statistics show that 95 per cent of all business ventures fail, even where there are no limitations on the amount that can be earned by them, but if we limit the amount that can be earned by a business concern, we very materially increase that percentage, in my judgment, and there are more possibilities of failure for a business whose earnings are limited. For that reason it is very important to inquire into section 16, which provides for a guaranty.

Section 16 provides that a tax of one-tenth of 1 per cent shall be levied upon the total deposits, and so forth, for the purpose of creating a guaranty fund. Unfortunately in the State which I represent we have had some sorrow growing out of a bank-guaranty fund. The law to which I refer provided that a certain tax should be levied upon State banks to produce a fund to guarantee deposits. At the present time there is a deficit of $8,000,000 in that fund, and in the case of the last 27 banks that have failed the depositors have not received the protection which the law of the State guaranteed them under this bank-guaranty system, and the depositors are now insisting that the State of Oklahoma itself is morally bound to pay that $8,000,000 into the Treasury to meet the claims of the various depositors in these 27 failed banks.

If we were to adopt this amendment to this banking law, limited as it is to 8 per cent of profits, and if this guaranty fund were to fail in the years to come, I wonder if a cry would come up that the United States Government is morally bound to meet the deposits guaranteed by this fund. I have reasonable ground to believe that that cry would come to Washington under the terms of this bill. For that reason, it seems to me that it is very necessary that the most careful consideration should be given to a proposal of this sort; that it ought not to be sprung as an amendment to a bill as this is sprung on the floor of the Senate; that it ought to be introduced in the form of a bill, at least, and go to the Committee on Banking and Currency, and be given the consideration that ought to be accorded to a proposition as important as this is.

For that reason, I shall oppose the amendment.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. The Senator from Nebraska has spoken once upon this amendment. He has the privilege of speaking upon the bill for five minutes.

Mr. NORRIS. No, Mr. President; I am aware that I have spoken once on this amendment, but I did not take the floor for the purpose of speaking on this amendment. I desire to offer an amendment.

I move, Mr. President, to amend the amendment of the Senator from Iowa [Mr. BROOKHART], on page 2, line 17, after the word "depositors," by striking out the following words, being part of lines 17 and 18: "and to the borrowers." If that amendment can be stated from the desk, I will ask for recognition to speak on that motion.

The PRESIDING OFFICER. The amendment of the Senator from Nebraska to the amendment of the Senator from Iowa will be stated.

The READING CLERK. In page 2, lines 17 and 18, it is proposed to strike out the words "and to the borrowers."

Mr. NORRIS. Mr. President, I have a great deal of sympathy with some of the things that have been said, particularly by the Senator from Virginia [Mr. GLASS]. I think there is a good deal of wisdom in what he said; but, Mr. President, we are confronted here with a proposition that, in my judgment, is an effort in good faith to establish a cooperative bank.

I do not agree with the Senator from Montana [Mr. WALSH] when he says there is not anything in this proposal of a cooperative nature. It has the very fundamental principles, it seems to me, of a cooperative institution. If I had my way about it, and were drafting the bill along cooperative lines, I would try to eliminate the capital stock entirely, and provide a different system by which the banks could start. The profits of this institution, after they set aside a surplus fund and a guaranty fund, are divided among the depositors and the borrowers. In my judgment, it would be strengthened very much if the profits were divided only among the depositors. I think the bank, instead of having the provision for incorporation, would be more strictly a cooperative institution if the depositors themselves selected the president and the cashier or other officers, whatever they choose to call them, to manage the business; and certainly when depositors have a direct interest in the profits of an institution they are not going to set up a wild-cat institution. It seems to me that is a safety provision; and a fundamenal principle of a cooperative institution, as everybody knows who has studied the cooperative organizations over the world, is the slogan: "One man, one vote."

We had before us some time ago Sir Horace Plunkett, who is one of the fathers of cooperation in the world. He was the originator and had more to do with cooperative societies in Ireland than any other living man, and they have made a great success of it. He confined his work, it is true, to some particular lines. He told us that he made 50 speeches in an attempt to organize cooperative creameries in Ireland before he had a single response and found anybody who would go in with him to organize a cooperative creamery. The cooperative bank will give to those who do the business of the bank the profits that there may be in the bank. I do not myself see why cooperative banks should not be as successful as cooperative creameries.

The Senator from Oklahoma [Mr. HARRELD] is objecting, apparently, to the guaranty provision here. If the Senator from Oklahoma thinks that is detrimental to the amendment, instead of condemning the whole thing he ought to make a motion to amend it by striking that out. I do not think that is detrimental. Personally, I believe that is a good provision. The Senator from Wisconsin [Mr. LENROOT] objects and asks me whether I am in favor, as this bill to a certain extent does, of setting up a separate institution here. I have never talked with the Senator from Iowa, but I presume the reason why he has done that is because if these institutions were admitted to the Federal reserve system as it stands now they would say, "We do not want anything to do with these fellows"; so he has provided that they shall stand on their own bottom; they shall go up or down according to their own business.

We have two systems now. We have, I will say to the Senator from Wisconsin, the State banks—and a great many more of them than national banks. When we set up the Federal reserve system as a Federal proposition, did anybody say, "Why, you are setting up a separate institution when the States have one of their own"?

That is true. Maybe that is objectionable. Maybe it ought to be all in one. That may be a good argument against this proposal, but it is no better argument than could be made against the Federal reserve system itself.

I have an idea that if this were added on to the bill and they commenced to work under it, some imperfections would be found in it. I think I have pointed out one in this amendment. I may be wrong about that. They say, again, that the farmers will not utilize this system. Well, I am not particular about any particular class of people utilizing it. The merchants can utilize it if they want to.

The PRESIDING OFFICER. The time of the Senator from Nebraska has expired. The question is on the amendment of the Senator from Nebraska to the amendment of the Senator from Iowa.

Mr. WALSH of Montana. Mr. President, I address myself to the amendment offered by the Senator from Nebraska [Mr. NORRIS] simply for the purpose of explaining what I meant when I said that this proposal did not provide for the organization of cooperative banks; that the cooperative principle was not here.

If I understand the cooperative principle at all, it embodies the idea that certain persons get together and deal among themselves and with themselves, and distribute the avails among themselves. The 200 persons provided here may not become depositors in the bank at all. They may take deposits from people who are not stockholders in any sense whatever. They may make loans to persons who are not stockholders at all. They do not deal among themselves, make their own deposits, and make their own loans, as a building and loan association, but they take deposits from the outside, and they make loans upon the outside. I understand that that is a violation of the cooperative principle. That is what I meant when I said that this amendment did not provide for the organization of cooperative banks.

Mr. BROOKHART. Mr. President, I desire to speak now on the amendment of the Senator from Nebraska [Mr. NORRIS].

There is no violation of the principle of cooperation in dealing with outside persons. All the cooperatives do that. They do business just the same as anybody else, so far as that is concerned.

Mr. WALSH of Montana. Mr. President, may I ask the Senator if they do not do that as merely incidental to the dealing among themselves?

Mr. BROOKHART. Incidental, and yet, perhaps, the greater volume of the Rochdale business is outside, and it is the biggest cooperative business in the world, and it is the biggest business in the world, too. There is not any other business that I know of, unless it is the business of Henry Ford, that is the equal of that managed by Mr. Thorp, the manager of the English Cooperative Wholesale. It had a banking turnover

of two and a half billion dollars in 1919, and it increased 26 per cent the first six months of 1920, and has increased every month since; so it conducts a gigantic banking business in connection with the other, all on this principle.

In reference to the amendment of the Senator from Nebraska, let me say that nobody can share in these profits unless he is a member. That is what meets, principally, the objection of the Senator from Montana. If a depositor is not a member, he does not share in this cooperative distribution of profits. If a borrower is not a member, he does not share in it. That brings all the borrowers and all the depositors into the association as members, and that is the idea of it.

The Cooperative National Bank, at Cleveland, is operating on the idea of the Senator from Nebraska all right, but all of us have agreed that it does not fully meet the cooperative principle. I have not any particular objection to the amendment, because it will serve to lower the rate on deposits, and the borrowers will get some advantage of it in the cooperative exchange, anyhow; but the real cooperative principle is the way it is figured out here, giving the distribution of the profits over what capital earns in proportion to the interest received by the depositors and in proportion to the interest paid by the borrowers.

That gives them an equal share in these profits, and that is what makes the thing cooperative; it is the division of these profits.

The more members you can get in one of these banks the better, the further reaching it will be in its cooperation. It is true that it could be organized without any capital. When capital comes in, as I said before, we immediately fix a wage for the capital, so that it is not a profiteering affair; and, having done that, it goes ahead, cooperative with capital or otherwise. Both are used in the cooperative organizations, whether in banking or in anything else.

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

Mr. BROOKHART. Yes.

Mr. McKELLAR. It seems to me that there is a good deal in the proposal that has been made by the Senator. It is one that ought to have very careful consideration by the Senate, and I am wondering if it has had that careful consideration. I wonder if there have been any hearings on it, or if there has been any action of the committee in regard to it. The Senator will admit that it is a new proposal.

Mr. BROOKHART. I do.

Mr. McKELLAR. It does seem to me that the Senate should have hearings on it, and there should be consideration of it by a committee, so as to get it in the form which will be best for the farmers.

Mr. BROOKHART. I will say that the only hearing on it was at the meeting of the farm-bloc people when the live-stock men of the West were here. I brought up the idea and developed it there in the cross-examination of Mr. Eugene Meyer, and he said there was no objection to it. That is as far as it went; but, to be frank, I supposed the committee understood better what I was driving at than they did, and that it was not so new as I have found it to be in the discussion here, and I did not follow it any further.

I would be very glad to have it fully investigated, so far as that is concerned. If there can be some arrangement to send this proposition to the Committee on Banking and Currency and have a hearing on it and consideration of it, I would not object to that, for I am not trying to put anything over on the Senate of the United States, notwithstanding my friend from Wisconsin.

The PRESIDING OFFICER. The time of the Senator from Iowa has expired.

Mr. GLASS. In my own time I would like to say to the Senator, as one minority member of the committee, that I should be very glad to take his plan up and consider it as best I would know how; but it has not been considered.

Mr. BROOKHART. That is true.

Mr. GLASS. I have no information on the subject; and however good it may be, I could not with any degree of confidence vote for it.

Mr. McKELLAR. Mr. President, I hope the Senator will let it take the course any bill would take, because it does seem to me that a matter as important as this should have the careful scrutiny of a committee, and there should be such testimony produced before the committee that they could properly act in the premises. I hope the Senator will let it go to the committee.

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

Mr. BROOKHART. In view of the suggestion coming from the committee, I will withdraw the amendment and present it to the committee as an original bill.

Mr. LENROOT. Does the Senator from Nebraska consent?

Mr. NORRIS. I suppose, technically speaking, that would require my consent. I will withdraw my motion, so that that action may be taken.

The PRESIDING OFFICER. The Senator from Nebraska consents, and the amendment is withdrawn.

Mr. CARAWAY. Mr. President, at the end of line 5, on page 6, I wish to offer the following amendment.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. On page 6, line 5, before the period and after the word "made," insert the following:

Or any bonus or thing of value to procure said loan has been given.

Mr. CARAWAY. Just one word. The section to which I have sought to attach the amendment provides that the paper shall not be subject to rediscount if the rate of interest it bears shall exceed by more than 1½ per cent the discount rate. I simply sought to add a provision that it should not be subject to discount where any bonus or thing of value has been given to procure the loan. I do not know how rare the practice is, but sometimes, where the rate of interest is fixed, it is the custom to require the borrower to give a bonus in order to procure the loan, and if we are trying to protect the farmer as against extortion I rather thought it ought to be required that the bank should not charge him in excess of a certain rate of interest, nor should they demand from the farmer a bonus.

The Senator from Wisconsin had a suggestion in the way of a modification of the amendment which possibly he would want to offer in lieu of the amendment. I do not know whether any extortion will be practiced under this system. I know that bonuses are sometimes demanded for loans, and it is merely to protect the borrower against the demand of a bonus that I offer the amendment.

Mr. LENROOT. Mr. President, as I stated the other day, I am in entire sympathy with what the Senator from Arkansas desires to accomplish. I wish very frankly to say that I do not believe it is practicable to accomplish it in this way, and I may also frankly say that I do not know how it can be accomplished. If this amendment were adopted, it would deprive the Federal land bank of power to discount any paper unless it first ascertained not only that the rate carried in the paper was not in excess of the rate provided in the law but that there had not been any secret bonus or commission offered. The Senator can see they would have to go into an investigation of every note offered for discount before they would be authorized under the law to discount the paper.

Mr. CARAWAY. Would not the paper be prima facie subject to rediscount, and the bank only prohibited when knowledge came to it that a bonus had been asked?

Mr. LENROOT. Certainly not under the form in which the amendment appears, because on its face it provides that no paper shall be discounted if it carries a rate in excess of 1½ per cent over the discount rate, or if there has been any bonus or secret commission. The result of that would be that it would tie the hands of the land bank in discounting paper unless it went into an actual investigation in each case to ascertain whether there was any secret commission, which, of course, would be impossible.

The PRESIDING OFFICER. The question is upon agreeing to the amendment proposed by the Senator from Arkansas [Mr. CARAWAY].

The amendment was rejected.

Mr. FLETCHER. To make a little clearer the provision on page 6, I move to insert, after the word "discount" in line 1, the words "with any Federal land bank," so that it would read:

No bank, trust company, live-stock company, or other agencies entitled to the privileges of this act shall, without the approval of the Federal Farm Loan Board, be allowed to discount with any Federal land bank any note or other obligation.

It is of course intended to apply to them.

Mr. LENROOT. I accept that amendment.

The amendment was agreed to.

The PRESIDING OFFICER. The question now is on agreeing to the substitute proposed by the Senator from South Dakota [Mr. NORBECK].

Mr. NORBECK. I want to offer my amendment at this time. It is really a substitute for the pending bill. I merely wish to add to what I said this morning the statement that there have been some slight improvements made in the bill to-day, but they are very slight. We have done something more than that. We have absolutely admitted that the proposition of issuing debentures back of the capital in the proportion of 10 to 1 is not what we are trying to bring about.

The proponent of the bill suggests that we should not enforce that rule. Therefore we must frankly admit that part

of this capital will be placed where it is effective and part of it where it will not be. We have this ridiculous proposition, for instance, that we take $5,000,000 out of the United States Treasury, we send it 500 miles to some Government clerk or a Government board, working under Uncle Sam on salaries, who say they do not need the money at all. But we say to those people, "You can lend it to another group working for Uncle Sam, another group of Government clerks, another board." There is red tape here and red tape there, and red tape at the other place, instead of our going direct to the question, as I propose in my substitute.

Mr. LENROOT. Mr. President, I shall not take any time of the Senate, except to make one observation: The whole issue between the substitute of the Senator from South Dakota and the bill before the Senate, outside of the details, which I am not going to take the time to discuss, is the centralization of the entire system, as against allocating it in different parts of the country. We had the same question before us when we were considering the Federal reserve system, when it was proposed to establish one central bank, but Congress decided in favor of the 12 regional banks. This presents the same question. Of course, if the Senate desires to establish a central bank, as against regional banks, the substitute of the Senator should be adopted.

I want to make one other observation: The Senator from South Dakota has repeatedly said he did not believe the debentures provided for in the pending bill would be salable, and yet I observed the Senator from South Dakota a few moments ago voting for the amendment offered by the Senator from Mississippi proposing that loans be made direct to farmers, which, I am frank to say, would absolutely destroy the salability of the debentures.

I want to say, too, that in the measure the Senator now asks the Senate to support he provides for the sale of the debentures to the extent of $1,000,000, and he also provides for loans direct to farmers upon the indorsement of five other farmers, but utterly irrespective of the financial condition of any of them.

The PRESIDING OFFICER. The question is on agreeing to the amendment in the nature of a substitute proposed by the Senator from South Dakota.

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

The yeas and nays were not ordered.

On a division, the amendment was rejected.

The bill was reported to the Senate as amended and the amendments were concurred in.

Mr. SMITH. Mr. President, I offer the following amendment, and I believe under the rule it can not be discussed further.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. Add at the proper place the following:

That the Federal reserve act as amended be further amended by striking out the word "six" in the proviso in the second paragraph of section 13 and inserting in lieu thereof "12," so that the proviso as amended shall read: "*Provided*, That notes, drafts, and bills drawn or issued for agricultural purposes or based on live stock and having a maturity not exceeding 12 months, exclusive of days of grace, may be discounted in an amount to be limited to a percentage of the assets of the Federal reserve bank, to be ascertained and fixed by the Federal Reserve Board."

Amend section 13a, in line 4, page 17, by striking out "nine" and inserting "twelve."

Mr. SMITH. The amendment involves the question of extending the time from 9 months to 12 months. I ask for the yeas and nays on agreeing to it.

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

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

Mr. KELLOGG (when his name was called). Making the same announcement as to my pair and transfer as before, I withhold my vote. If permitted to vote, I would vote "nay."

Mr. LODGE (when his name was called). I transfer my pair with the senior Senator from Alabama [Mr. UNDERWOOD] to the senior Senator from Utah [Mr. SMOOT], and vote "nay."

Mr. PHIPPS (when his name was called). Making the same announcement as on the previous vote, I vote "nay."

Mr. TRAMMELL (when his name was called). I transfer my pair with the senior Senator from Rhode Island [Mr. COLT] to the junior Senator from Rhode Island [Mr. GERRY], and vote "yea."

Mr. WATSON (when his name was called). My general pair, the Senator from Mississippi [Mr. WILLIAMS], being absent, and being unable to obtain a transfer, I withhold my vote. If I were permitted to vote I would vote "nay."

The roll call was concluded.

Mr. REED of Pennsylvania (after having voted in the negative). I am paired with the junior Senator from Delaware [Mr. BAYARD]. I notice that Senator has not voted. I have been unable to arrange a transfer, so I withdraw my vote.

Mr. ERNST (after having voted in the negative). I transfer my pair with the senior Senator from Kentucky [Mr. STANLEY] to the junior Senator from Oklahoma [Mr. HARRELD], and allow my vote to stand.

Mr. JONES of New Mexico (after having voted in the affirmative). I transfer my general pair with the Senator from Maine [Mr. FERNALD] to the Senator from Missouri [Mr. REED], and permit my vote to stand.

Mr. WATSON. I find that I can transfer my pair with the senior Senator from Mississippi [Mr. WILLIAMS] to the Senator from Michigan [Mr. TOWNSEND], which I do, and vote "nay."

Mr. REED of Pennsylvania. I find that I can transfer my pair with the junior Senator from Delaware [Mr. BAYARD] to the senior Senator from Vermont [Mr. DILLINGHAM], which I do, and vote "nay."

Mr. ERNST (after having voted in the negative). The Senator from Oklahoma [Mr. HARRELD], to whom I transferred my pair, having entered the Chamber and voted, I am compelled to withdraw my vote.

The result was announced—yeas 33, nays 36, as follows:

YEAS—33.

Ashurst	George	McNary	Stanfield
Borah	Harris	Norbeck	Sterling
Brookhart	Harrison	Norris	Sutherland
Broussard	Heflin	Pittman	Swanson
Bursum	Johnson	Ransdell	Trammell
Capper	Jones, N. Mex.	Robinson	Walsh, Mont.
Caraway	La Follette	Sheppard	
Couzens	McCormick	Shields	
Fletcher	McKellar	Smith	

NAYS—36.

Ball	Hitchcock	McLean	Poindexter
Brandegee	Jones, Wash.	Moses	Reed, Pa.
Cameron	Kendrick	Nelson	Shortridge
Curtis	Keyes	New	Spencer
Frelinghuysen	King	Nicholson	Wadsworth
Glass	Lenroot	Oddie	Warren
Gooding	Lodge	Page	Watson
Hale	McCumber	Pepper	Weller
Harreld	McKinley	Phipps	Willis

NOT VOTING—27.

Bayard	Edge	Ladd	Smoot
Calder	Elkins	Myers	Stanley
Colt	Ernst	Overman	Townsend
Culberson	Fernald	Owen	Underwood
Cummins	France	Pomerene	Walsh, Mass.
Dial	Gerry	Reed, Mo.	Williams
Dillingham	Kellogg	Simmons	

So Mr. SMITH's amendment was rejected.

Mr. NORBECK. Mr. President, I desire to offer another amendment.

The PRESIDING OFFICER. The Secretary will state the amendment.

The READING CLERK. Add at the proper place the following:

That when used in this act the term "person" shall be construed to mean an individual citizen of the United States, a partnership composed of such citizens, a corporation organized under the laws of the United States or of one of the component States thereof, or an association composed of such citizens, partnerships, or corporations.

SEC. 2. That the War Finance Corporation act, approved April 5, 1918, as amended, is amended by adding after section 28 of Title I thereof a new section to read as follows:

"SEC. 29. That the corporation is hereby authorized and empowered—

"(a) To purchase, without recourse against the drawer thereof, and upon such other terms not inconsistent with this act as it may determine, from any person of the United States producing or dealing in foodstuffs or wool or cotton products, or any articles manufactured therefrom in the United States, drafts or bills of exchange secured by bills of lading or other instruments in writing conveying or securing merchantable title to said foodstuffs or wool or cotton products or any articles manufactured therefrom in the United States when such drafts or bills of exchange are drawn against sales of said foodstuffs, products, or manufactured articles by any such person to a foreign buyer or buyers established and doing business in foreign countries, to be secured by proper and sufficient collateral or by the guaranty of a legally established foreign government, or by both such collateral and guaranty as may be deemed advisable in the judgment and discretion of the directors of the War Finance Corporation. No such drafts or bills of exchange or conveyance of title shall have a maturity of more than six months from the time of purchase: *Provided*, That in the discretion of the directors of the War Finance Corporation such maturity may be fixed not to exceed nine months.

"(b) To purchase, without recourse against the drawer or indorser thereof, and upon such other terms not inconsistent with this act as it may determine, from any bank, banker, or trust company of the United States, drafts or bills of exchange or conveyance of title, secured by proper and sufficient collateral or by the guaranty of a legally established foreign government, or by both such collateral and guaranty in the manner described in paragraph (a) of this section, when said bank, banker, or trust company has purchased and guaranteed drafts or bills of exchange from a person of the United States producing or dealing in foodstuffs, or wool or cotton products, or any articles manufactured therefrom in the United States, without recourse against such person.

"The said corporation shall provide for the registration with it of all contracts, bills of exchange, or conveyances of title entered into between said sellers of the United States and those foreign buyers whose purchase contracts and drafts and conveyances of title have collateral or guaranties as provided herein. Purchases of drafts or bills of exchange or conveyances of title may be made under this section at any time prior to July 1, 1924. The aggregate amount of such purchases authorized under the provisions of this section of the act shall not at any time exceed $250,000,000.

"(c) That any provisions of the War Finance Corporation act, as amended, inconsistent with section 29 herein provided are hereby repealed."

Mr. NORBECK. Mr. President, to briefly explain the amendment, I am offering it as a rider to the farm credits measure. The bill which I have offered as an amendment was unanimously recommended by the Committee on Agriculture and Forestry and, I can assure Senators, without any mental reservation upon the part of the members who were present, and most of them were at the meeting. I think most of us were convinced by a representative of the Department of Agriculture, who had spent considerable time in Europe and who assured us that Europe would require a great deal more from us than in previous years.

I shall not go into the question of arguing it further except to leave this thought, that the hope is that by disposing of the surplus somewhere we will have a nice reaction on the market. We are trying to get the farmer's dollar out of the rut where it is. It is only worth 68 cents now, compared to the other man's dollar. We hope he may get better prices, so it can be put on a level with the other dollars.

The idea is not new. It was not new when we gave that $10,000,000 over to Russia, or, rather, when we took it, not out of the Treasury but out of the farmer's fund, held in trust by the Treasury, and we got some splendid results. It acted as a stimulus and raised the prices.

Mr. BORAH. Mr. President——

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

Mr. NORBECK. I yield.

Mr. BORAH. If the consumer or the individual at the other end of the line is unable to buy this material, how is the Senator's amendment going to help him?

Mr. NORBECK. Simply by giving him a little more time to turn over. The whole experience of business, I think, is that when a man is on a cash basis he will sell for less than when he is on a credit basis. There are people who would like to buy a little more flour or a little more bacon or use a little more cotton, but who can not quite reach it. If they had a little more time to pay they would buy more. That is the theory.

Mr. BORAH. The point that interests me is whether or not the provisions of the Senator's amendment, if put into operation, could reach the individual in Europe who needs the food. If he has not the means to buy, how could it benefit the individual?

Mr. NORBECK. The idea is to extend credit to the importer. Under the provisions of the amendment we could require the guaranty of the Government. The expert showed us that a great deal of food is still handled by the Government there, but we are not selling it on Government credit. The theory is that the dealer who is responsible shall buy, and if there is any doubt about his responsibility the War Finance Corporation could ask the indorsement of the Government on top of that.

The idea is not new. I am not going to take up the time of the Senate to discuss it. The Senate has voted on the question twice before, a year and a half ago when the Senator from Nebraska [Mr. NORRIS] brought the matter before us, but it was decided we were not ready for it, and two or three weeks ago when the Senator from Mississippi [Mr. HARRISON] offered it as an amendment to another bill and it got a larger number of votes than before. I thought possibly the Senate had reached the conclusion that it might accept the idea at this time.

Mr. LENROOT. Mr. President, I very much dislike to take any of the time of the Senate at this late hour. The Senate must remember that the proposition involves $250,000,000 out of the Treasury of the United States. That being so, I think I am justified in taking the five minutes I am allowed.

In the first place, I want to say that it was testified before the Committee on Banking and Currency by Mr. Howard, manager of the Cotton Growers' Exchange, a cooperative organization that has to do with the marketing of the southern cotton planters, that there was no lack of foreign credits that were entitled to credit. I have not the time to read his testimony, but it is in the hearings, as the Senator from South Dakota is aware.

More particularly the amendment would in effect do this. So far as personal credits are concerned, where they are entitled to it they get it now, but if adopted and the authority conferred in it were carried out, it would mean that we would loan, for the benefit of foreign governments on their guaranty, $250,000,000. Most of them are bankrupt governments which, it is said, can not pay any of the interest which is due on their indebtedness to the United States. Some of the gentlemen who are demanding that we make further loans to foreign governments are at the same time demanding that we collect every dollar they now owe us. As to governments that are not bankrupt, what would be the result? A government that is able to pay would have the benefit of this money out of the Treasury of the United States, and then use its own funds to maintain and equip its armies and buy guns with which to carry on further wars in Europe. That would be the effect of this proposed legislation.

As the Senator from Idaho [Mr. BORAH] has pointed out, it will not help the consumer over in Europe one particle. The trouble with Europe is not lack of credit on the part of importers, but the trouble with Europe is the lack of purchasing power upon the part of the individual man and woman in Europe. This amendment if adopted would not help them in any particular.

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

Mr. LENROOT. I yield.

Mr. POMERENE. Does the Senator recall when we were having the hearings that there appeared before the Finance Commitee a very prominent cotton broker from the South, who stated that he had had no difficulty whatever?

Mr. LENROOT. I just referred to that. The witness was Mr. Howard, of the Cotton Growers' Association.

So, Mr. President, the only effect of this amendment would be to hand out something from the Treasury of the United States, either upon guaranty of bankrupt governments or of governments that could not pay their present interest indebtedness to the United States, or else to governments which can do so and which will then be permitted to use their own resources for the purpose of further carrying on trouble in Europe.

Mr. STERLING. Mr. President, will the Senator from Wisconsin yield to me?

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

Mr. LENROOT. I yield.

Mr. STERLING. Under this amendment the War Finance Corporation would not be confined to the guaranty given by the Government, but it may require, and undoubtedly would require, other sufficient collateral. It seems to me that there could be no question under a wise management of the War Finance Corporation as to the sufficiency of the security.

The PRESIDING OFFICER. The question is on the amendment proposed by the Senator from South Dakota.

Mr. LENROOT. On that I demand the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

Mr. NORRIS. Mr. President, we are now about to pass the pending bill. I am going to vote for it. As I have said from the very beginning, I have favored the bill; but I have always said that I believed what was expected from it was very much exaggerated and that, in my judgment, it would not accomplish very great or material good for the American farmer. Personally I have not put anything in the way of the prompt consideration and passage of the bill; but I desire to say that fundamentally we can loan money to men until, by reason of the very fact that they are able to borrow and we are able to loan, we will ruin them.

While rural credits, short-time credits, and intermediate credits are important—I realize it; I do not want to say anything detrimental to them—the great burden that is on the farmer to-day is that he is not able to pay from the product of his toil the debt that he already owes. If Congress would devote its time to an effort to seek out a market for the surplus products of America or to do away with the middlemen who live on the profits that they make from the time that the farmer's produce is put on the market until the consumer has to pay an exorbitant price for it, we should do more good for the producer and more good for the consumer than in any other way.

The middlemen who reap all of their profits upon the food products as they travel in their natural course from production to consumption are the people who are to blame to a very great extent for the high price the consumer pays and for the low price the producer receives.

This bill will not furnish a real remedy for the situation. If we would extend credit to a man who is already badly in debt

and at the same time give some reasonable assurance that when his new note matures he would have a better market, and thus save money by the operation, we would be doing him a favor. This bill does no such thing. We are not doing a kind act by extending credit, by making a man give another mortgage and another note and pay increased interest, if we are not able to assure him that upon the maturity of that note and that mortgage he will be able to get a sufficient price for his product to bring him a profit through the operation.

I am just as anxious, Mr. President, to do something for the consumer as I am for the producer. I think the bill which the Agricultural Committee reported to the Senate, which was killed a week or two ago, was the one step that went further than any other in the direction of bringing relief, not only to the producer but to the consumer. I am not criticizing the Senate for taking the action which it did, although I think it was wrong. Neither am I trying to place myself in a position where I may say, "I told you so." I am not criticizing this bill; I think it will do some good, and I bid it Godspeed for every bit of good that it will do. I have no ill will toward it or those who are backing it and who have been instrumental in overthrowing the bill that I think would have done more good. This bill will be a disappointment. The farmer needs more than anything else a market for his surplus products. This bill will not give it. You who are back of this bill killed the bill that would have done so.

The PRESIDING OFFICER. The Senator's time has expired.

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

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

Mr. LENROOT. Upon that question I ask for the yeas and nays.

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

Mr. GLASS (when his name was called). I have a general pair with the senior Senator from Vermont [Mr. DILLINGHAM], but he has authorized me to vote on the passage of the bill. I therefore vote "yea."

Mr. HARRISON (when his name was called). I have a general pair with the senior Senator from West Virginia [Mr. ELKINS]. I understand that if he were present he would vote as I intend to vote. I therefore feel at liberty to vote, and vote "yea."

Mr. JONES of New Mexico (when his name was called). Making the same announcement as to the transfer of my pair as on the previous vote, I vote "yea."

Mr. KELLOGG (when his name was called). I have a general pair with the senior Senator from North Carolina [Mr. SIMMONS]. I am informed that if he were present he would vote as I intend to vote. I therefore feel at liberty to vote, and vote "yea."

Mr. LODGE (when his name was called). I have a general pair with the Senator from Alabama [Mr. UNDERWOOD]. I am relieved from that pair, as the Senator would vote as I intend to vote. I therefore vote "yea."

Mr. PHIPPS (when his name was called). I have been informed that my pair, the junior Senator from South Carolina [Mr. DIAL], if present, would vote as I intend to vote. I therefore feel at liberty to vote, and vote "yea."

Mr. REED of Pennsylvania (when his name was called). I transfer my general pair with the Senator from Delaware [Mr. BAYARD] to my colleague [Mr. PEPPER] and vote "yea."

Mr. TRAMMELL (when his name was called). I have a pair with the senior Senator from Rhode Island [Mr. COLT], who is absent. I understand, however, that if present he would vote as I intend to vote. I therefore am at liberty to vote, and vote "yea."

Mr. WARREN (when his name was called). My general pair, the junior Senator from North Carolina [Mr. OVERMAN], would, if present, vote as I intend to vote. I am therefore at liberty to vote, and vote "yea."

Mr. WATSON (when has name was called). I am informed that my general pair, the Senator from Mississippi [Mr. WILLIAMS], would vote as I am about to vote were he present. Therefore I feel free to vote, and vote "yea."

The roll call was concluded.

Mr. ERNST (after having voted in the affirmative). I am informed that my general pair, the senior Senator from Kentucky [Mr. STANLEY], would, if present, vote as I have already voted. I will therefore permit my vote to stand.

Mr. CURTIS. I wish to announce that the Senator from Michigan [Mr. COUZENS], the Senator from Iowa [Mr. CUMMINS], the Senator from Utah [Mr. SMOOT], the Senator from Maryland [Mr. FRANCE], and the Senator from Michigan [Mr. TOWNSEND] are unavoidably detained from the Senate. If present, they would vote "yea."

I also desire to announce that the Senator from New Jersey [Mr. EDGE] is paired with the Senator from Oklahoma [Mr. OWEN].

The result was announced—yeas 69, nays 0, as follows:

YEAS—69.

Ball	Harris	McLean	Shields
Borah	Harrison	McNary	Shortridge
Brandegee	Heflin	Moses	Smith
Brookhart	Hitchcock	Nelson	Spencer
Broussard	Johnson	New	Stanfield
Bursum	Jones, N. Mex.	Nicholson	Sterling
Cameron	Jones, Wash.	Norbeck	Sutherland
Capper	Kellogg	Norris	Swanson
Caraway	Kendrick	Oddie	Trammell
Curtis	Keyes	Page	Wadsworth
Ernst	King	Phipps	Walsh, Mont.
Fletcher	La Follette	Pittman	Warren
Frelinghuysen	Lenroot	Poindexter	Watson
George	Lodge	Pomerene	Weller
Glass	McCormick	Ransdell	Willis
Gooding	McCumber	Reed, Pa.	
Hale	McKellar	Robinson	
Harreld	McKinley	Sheppard	

NOT VOTING—27.

Ashurst	Dial	Ladd	Smoot
Bayard	Dillingham	Myers	Stanley
Calder	Edge	Overman	Townsend
Colt	Elkins	Owen	Underwood
Couzens	Fernald	Pepper	Walsh, Mass.
Culberson	France	Reed, Mo.	Williams
Cummins	Gerry	Simmons	

So the bill was passed.

THE MERCHANT MARINE.

Mr. JONES of Washington. Mr. President, I ask that the unfinished business may be laid before the Senate.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

THE NATIONAL GUARD.

Mr. WADSWORTH. Mr. President, in advance of the request to take up the War Department appropriation bill which will be made to-morrow, I ask unanimous consent that there be printed in the RECORD a copy of the resolutions adopted by the National Guard Association of the United States in its annual convention at Indianapolis. The resolutions relate directly to certain problems covered in the bill. They are so interesting and, to my mind, so conclusive that I think they should be printed in the RECORD before the bill is taken up.

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

NATIONAL GUARD ASSOCIATION OF THE UNITED STATES,
Indianapolis, Ind., February 1, 1923.

"Whereas Congress has by statute created the National Guard as the main dependence for the immediate use of the Nation for national defense in case of an emergency requiring the use of troops in excess of those of the Regular Army; and

"Whereas Congress by statute has required the several States to raise a definite number of troops per Representative and Senator within a given period, and has required that these troops be so organized as to create a well-balanced force available for immediate use in case of necessity; and

"Whereas the several States have in good faith and at great expense to themselves and various communities within their borders erected, altered, and leased armories and stables and raised and placed under Federal recognition definite bodies of troops in order to comply with the requirements of Congress; and

"Whereas there are at present 90 horse-drawn batteries of Artillery and 26 troops of Cavalry in the National Guard without horses; and

"Whereas past experience has demonstrated that it is impossible to maintain the interest of or properly instruct mounted organizations without an adequate number of horses; and

"Whereas the necessary amount of money has not been placed in the current appropriation bill by the House of Representatives to either furnish horses and forage or the hire of caretakers to properly equip the mounted units already organized and Federally recognized; and

"Whereas the National Guard Association believes that Congress does not desire or intend to nullify that which has already been accomplished by the States in accordance with the requirements of the acts of Congress, which will be done if the appropriation bill, as it affects the National Guard, is finally enacted into law as passed by the House of Representatives; and

"Whereas there are available in the Army, for free issue, sufficient horses to equip said organizations without additional cost other than for transportation, forage, and caretakers: Now therefore be it

"*Resolved by the National Guard Association of the United States in convention assembled*, That we do, in the name of the National Guard of the several States, protest against Congress requiring of the various States the organization of military units of the National Guard and the establishing of proper housing and training facilities under an implied contract to properly equip and support those organizations and then fail, after the several States have complied in good faith, to fulfill their part of said contract; and be it further

"*Resolved*, That we earnestly urge Congress not to nullify the efforts of the citizen soldiery and not to discourage the States and individuals in their efforts to provide an adequate force for national defense; and be it further

"*Resolved*, That we earnestly urge every Member of Congress, its officials, and appropriate committees to replace in the current appropriation bill the sums of money as provided for in the Budget, and which are necessary to properly equip with horses, and to care for same, the units now formed and in process of formation; and be it further

"*Resolved*, That a copy of these resolutions be furnished to all Members of Congress."

In connection with the above the attention of the Members of Congress is called to the fact that the Secretary of War has lately assembled a committee of a number of experienced National Guard officers to study, in conjunction with Regular Army General Staff officers, the proper allocation of troops to the National Guard in order to create a well-balanced force to supplement the present strength of the Regular Army and yet stay within the minimum requirements of national defense, taking into due account the present necessity for Federal and State economy, and that the approved report of this committee, which has been transmitted to Congress, contains the mounted organizations referred to herein.

GUY M. WILSON,
Colonel, National Guard of Michigan, President.

PROPOSED INTERNATIONAL CONFERENCE.

Mr. KING. Mr. President, I give the notice which I send to the desk and ask to have read.

The PRESIDING OFFICER. The notice will be read.

The reading clerk read as follows:

Pursuant to the provisions of Rule XL of the Standing Rules of the Senate, I hereby give notice in writing that I will move to suspend paragraph 3 of Rule XVI for the purpose of offering to the Army appropriation bill (H. R. 13793) the following amendment.

At the proper place insert the following:

"That the President is authorized and requested to invite the governments with which the United States has diplomatic relations to send representatives to a conference, to be held in the city of Washington, which shall be charged with the duty of formulating and entering into a general international agreement by which armaments for war, either upon land or sea, shall be effectually reduced and limited, in the interest of the peace of nations and the relief of all nations from the burdens of inordinate and unnecessary expenditures for the provision of armaments and the preparation for war."

PETITIONS.

Mr. NELSON presented petitions, numerously signed, of sundry citizens of Minnesota, praying for the passage of legislation extending immediate aid to the famine-stricken peoples of the German and Austrian Republics, which were referred to the Committee on Appropriations.

Mr. WILLIS presented a resolution adopted by members of Epsilon Chapter, National Sorority of Kappa Alpha Theta, at Columbus, Ohio, favoring an amendment to the Constitution regulating child labor, which was referred to the Committee on the Judiciary.

He also presented a resolution of the Harry E. Kern Post, American Legion, of Toledo, Ohio, indorsing the action of France in endeavoring by direct measures to secure the payment of German reparations, which was referred to the Committee on Foreign Relations.

He also presented a resolution of the Greenford, Ohio, Farmers' Institute, favoring the passage of legislation extending the service of bonded warehouses to include all food and fiber products, which from their nature must be stored, awaiting consumptive demand; also an amendment to the Federal reserve act, making it mandatory that bonded warehouse certificates be accepted as security for loans, and that loans upon warehouse certificates be made for such period as the goods against which loans are made remain in storage, which was referred to the Committee on Banking and Currency.

Mr. LADD presented a resolution adopted at the annual meeting of the Bucyrus (N. Dak.) National Farm Loan Association, at Bucyrus, N. Dak., favoring the passage of the so-called Strong bill, amending certain sections of the Federal farm loan act, which was referred to the Committee on Banking and Currency.

REPORTS OF COMMITTEES.

Mr. NEW, from the Committee on Military Affairs, to which was referred the bill (H. R. 9316) for the relief of Robert J. Ashe, reported it without amendment and submitted a report (No. 1081) thereon.

Mr. BURSUM, from the Committee on Pensions, to which was referred the bill (H. R. 12887) granting a pension to Jacob F. Rosenberger, reported it without amendment and submitted a report (No. 1082) thereon.

Mr. SPENCER, from the Committee on Military Affairs, to which was referred the bill (S. 3742) for the relief of John H. Fesenmeyer, alias John Wills, reported it with amendments and submitted a report (No. 1083) thereon.

Mr. REED of Pennsylvania, from the Committee on Military Affairs, to which was referred the bill (S. 4216) authorizing the sale of real property no longer required for military purposes, reported it with amendments and submitted a report (No. 1084) thereon.

BILLS INTRODUCED.

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

By Mr. SUTHERLAND:

A bill (S. 4464) in reference to a national military park at Yorktown, Va.; to the Committee on Military Affairs.

By Mr. FERNALD:

A bill (S. 4465) granting a pension to Carrie E. Croxford (with accompanying papers); to the Committee on Pensions.

By Mr. HARRISON:

A bill (S. 4466) for the relief of Hugh Marshall Montgomery; to the Committee on Public Lands and Surveys.

By Mr. SPENCER:

A bill (S. 4467) granting an increase of pension to John B. Senecal; to the Committee on Pensions.

By Mr. REED of Pennsylvania:

A bill (S. 4468) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the settling of New Netherland, the Middle States, in 1624, by Walloons, French, and Belgian Huguenots, under the Dutch West India Co.; to the Committee on Banking and Currency.

MOBILE RIVER BRIDGE, ALABAMA.

Mr. HEFLIN. Mr. President, I ask permission to introduce a bill and let it lie on the table for the present. It is to extend the time for the construction of a bridge in my State.

The bill (S. 4469) to extend the time for the construction of a bridge or bridges and trestles over the navigable channels of the mouth of the Mobile River in the State of Alabama was read twice by its title, and, with the accompanying paper, ordered to lie on the table.

PAY OF THE FLEET NAVAL RESERVE.

Mr. CALDER submitted an amendment intended to be proposed by him to the bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment, which was ordered to lie on the table and to be printed.

NEW ORLEANS TOWBOAT ASSOCIATION.

Mr. RANSDELL submitted an amendment intended to be proposed by him to the bill (H. R. 11397) to authorize appropriations for the relief of certain officers of the Army of the United States, and for other purposes, which was referred to the Committee on Claims and ordered to be printed.

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that on February 2, 1923, the President approved and signed the following acts:

S. 1690. An act to correct the naval record of John Sullivan; and

S. 2719. An act to reimburse certain persons for loss of private funds while they were patients at the United States Naval Hospital, Naval Operating Base, Hampton Roads, Va.

WILLIAM O. DOHERTY.

Mr. LODGE submitted the following resolution (S. Res. 430), which, with an accompanying paper, was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay out of the contingent fund of the Senate to William O. Doherty, son of Edward W. Doherty, late a messenger acting as assistant doorkeeper of the Senate, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death, said sum to be considered as including funeral expenses and all other allowances.

INVESTIGATION OF ALASKAN FISHERIES.

Mr. CAMERON submitted the following resolution (S. Res. 431), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Whereas at a public hearing held by the Senate Committee on Commerce to consider Senate bill 3731, entitled "A bill to amend an act entitled 'An act to prevent the extermination of fur-bearing animals in Alaska,'" etc., the statement was made by the Delegate from Alaska that the administration of Alaskan fisheries within the reservations created by Executive orders issued under the dates of February 17, 1922, and November 3, 1922, is dominated by commercial fishing interests and the rights of independent fishermen are disregarded by the Bureau of Fisheries of the Department of Commerce: Therefore be it

Resolved, That the Senate Committee on Commerce, or a duly authorized subcommittee thereof, is authorized to investigate the methods by which the Bureau of Fisheries of the Department of Commerce administers the Alaskan fisheries within the reservations created by Executive orders issued under the date of February 17, 1922, and November 3, 1922, with a view to ascertaining the truth of the statement made by the Delegate from Alaska with reference to the administration of such fisheries within such reservations. The committee, or subcommittee, shall make a final report of its investigations with recommendations to the Senate not later than March 1, 1923. For the purposes of this resolution the committee, or subcommittee, is authorized to sit and act at such times during the Sixty-seventh Congress and in such places within the United States, to hold such hearings, and to employ such clerical and stenographic assistants as it deems necessary. The cost of stenographic service to report such hearings shall not be in excess of 25 cents per hundred words. The committee, or subcommittee, is further authorized to send for persons, books, and papers, to administer oaths, and to take testimony. The expenses of the committee, or subcommittee, shall be paid from the contingent fund of the Senate.

HOUSE BILLS AND JOINT RESOLUTION REFERRED.

The following bills and joint resolution were severally read twice by title and referred to the Committee on Finance:

H. R. 13774. An act to amend the revenue act of 1921 in respect to exchanges of property;

H. R. 13775. An act to amend the revenue act of 1921 in respect to credits and refunds; and

H. J. Res. 422. Joint resolution permitting the entry free of duty of certain domestic animals which have crossed the boundary line into foreign countries.

AMERICAN PROPERTY INTERESTS IN ISLE OF PINES (S. DOC. NO. 295).

The PRESIDING OFFICER (Mr. POINDEXTER in the chair) laid before the Senate the following message from the President of the United States, which, with the accompanying papers, was ordered to lie on the table and to be printed:

To the Senate:

I transmit herewith a report by the Secretary of State in response to the resolution adopted by the Senate on January 4 (legislative day, January 3), 1923, requesting him to inform the Senate "how many citizens of the United States have landed or other property interests in the Isle of Pines, and the amount and value of such lands and other property owned by them."

WARREN G. HARDING.

THE WHITE HOUSE,
Washington, February 2, 1923.

RECESS.

Mr. JONES of Washington. Mr. President, pursuant to the unanimous-consent order, I move that the Senate now take a recess.

The motion was agreed to; and at 6 o'clock and 33 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Saturday, February 3, 1923, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

FRIDAY, *February 2, 1923.*

The House met at 12 o'clock noon.

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

In this sacred stillness, O Lord, we wait. Let Thy tenderest blessings rest upon us. By giving burdens to the shoulders, help us to believe. Thou dost give wisdom to the mind and comfort to the heart. We claim no exemption from duty, but we do ask Thy guiding presence in all efforts to build up and increase the happiness and prosperity of our country. So abide with us that we shall not be caught in the fever and tumult of the world. May we so bear the labor of this day that we shall relish the rest and the quiet of the twilight. Amen.

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

THE LATE REPRESENTATIVE BURROUGHS.

Mr. WASON. Mr. Speaker, I ask unanimous consent for the present consideration of the following order.

The SPEAKER. The gentleman from New Hampshire asks unanimous consent for the present consideration of the following order. Is there objection?

There was no objection.

The Clerk read as follows:

Ordered, That Sunday, February 25, 1923, at 12 o'clock noon, be set apart for the addresses on the life, character, and public services of the Hon. SHERMAN E. BURROUGHS, late a Representative from the State of New Hampshire.

The order was agreed to.

ORDER OF BUSINESS.

Mr. EDMONDS. Mr. Speaker, I ask unanimous consent that after the House completes the consideration of the conference report and bills that are to come up from the Committee on Ways and Means it proceed to the consideration of the unobjected bills on the Private Calendar from the point at where we left off.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that at the close of the business of the Ways and Means Committee the House proceed to the consideration of bills on the Private Calendar where we left off when it was last considered.

Mr. WOOD of Indiana. Subject to the conference report.

The SPEAKER. That will come up first.

Mr. STAFFORD. Reserving the right to object, I think the chairman is a little previous. We are going to take up a conference report which will take some time and then the Committee on Ways and Means will take up several bills, and I do not think there will be much time left for the Private Calendar.

Mr. EDMONDS. In the event that we do have time I want to take up the Private Calendar. This is the day set apart for the consideration of bills on the Private Calendar, and Members are pressing me. If it is too late, why, we will not take it up.

Mr. STAFFORD. I will make no objection.

The SPEAKER. Is there objection to the request of the gentleman from Pennsylvania?

There was no objection.

H. R. 12021 TABLED.

Mr. EDMONDS. Mr. Speaker, I ask unanimous consent that the bill (H. R. 12021) to amend and supplement the merchant marine act of 1920, and for other purposes, be laid on the table. It has been superseded by the other shipping bill.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the bill H. R. 12021 be laid on the table. Is there objection?

There was no objection.

EXECUTIVE AND INDEPENDENT OFFICES APPROPRIATION BILL—CONFERENCE REPORT.

Mr. WOOD of Indiana. Mr. Speaker, I call up the conference report on the bill (H. R. 13696) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1924, and for other purposes.

The SPEAKER. The gentleman from Indiana calls up conference report, which the Clerk will read.

The Clerk read the conference report, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13696) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices for the fiscal year ending June 30, 1924, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 2, 15, 17, 18, 19, 20, 21, 22, 23, 24, 26, 27, and 28.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 4, 9, 12, 13, 14, and 34, and agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment, insert the following: "$2,139,360, and no part of this sum shall be available for the care, maintenance, protection, fuel, light, and so forth, for the Interstate Commerce Commission Building"; and the Senate agree to the same.

The committee of conference have not agreed upon amendments numbered 3, 5, 6, 7, 8, 10, 16, 25, 29, 30, 31, 32, and 33.

WM. R. WOOD,
EDWARD H. WASON,
L. J. DICKINSON,
JOSEPH W. BYRNS,
Managers on the part of the House.

F. E. WARREN,
REED SMOOT,
WM. J. HARRIS,
Managers on the part of the Senate.

STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13696) making appropriations for the Executive Office and sundry independent executive bureaus, boards, commissions, and offices, for the fiscal year ending June 30, 1924, and for other purposes, submit the following statement explaining the effect of the action agreed on by the conference committee and submitted in the accompanying conference report:

On No. 1: Appropriates $10,000, as proposed by the Senate, instead of $5,000, as proposed by the House, for the improvement and maintenance of the Executive Mansion grounds.

On No. 2: Restores the language stricken out by the Senate providing that the work of preparing plans and estimates for

fireproofing the Executive Mansion shall be done by the Office of the Supervising Architect.

On No. 4: Appropriates $20,000, as proposed by the Senate, instead of $18,000, as proposed by the House, for traveling expenses of the Civil Service Commission.

On No. 9: Makes the appropriation of $1,800 for printing and binding a report on the construction of the Grant Memorial immediately available, as proposed by the Senate.

On No. 11: Appropriates $2,139,360, instead of $2,100,000 as proposed by the House and $2,239,360 as proposed by the Senate, for the general expenses of the Interstate Commerce Commission, and inserts the language proposed by the Senate providing that no part of this sum shall be available for the care, maintenance, etc., of the Interstate Commerce Commission Building.

On No. 12: Appropriates $400,000, as proposed by the Senate, instead of $350,000, as proposed by the House, for the enforcement of the acts to promote safety of employees and travelers upon railroads.

On No. 13: Appropriates $1,250,000, as proposed by the Senate, instead of $1,000,000, as proposed by the House, for the valuation of the property of carriers.

On No. 14: Makes the appropriation of $3,600 for printing and binding a report on the construction of the Lincoln Memorial immediately available, as proposed by the Senate.

On No. 15: Strikes out the language proposed by the Senate authorizing the Public Buildings Commission to destroy old Government records for which there is no longer any need and which have no value from an historical point of view.

On Nos. 17, 18, 19, 20, 21, 22, 23, 24, 27, and 28, relating to the State, War, and Navy Department Buildings: Strikes out the language proposed by the Senate making available the appropriations under the office of the Superintendent of the State, War, and Navy Department Buildings for the purchase of uniforms for guards and watchmen.

On No. 26: Strikes out the language proposed by the Senate making an appropriation of $500,000 for the construction of a national archives building.

On No. 34: Inserts the language proposed by the Senate making the appropriation for vocational rehabilitation by the United States Veterans' Bureau available for the purchase and distribution of embossed literature in Revised Braille for the use of blinded ex-service men.

The committee of conference have not agreed upon the following amendments of the Senate:

On Nos. 3, 5, 6, and 7, relating to the custody, care, maintenance, and protection of the Civil Service Commission Building.

On No. 8, relating to the destruction of paid United States Government checks by the General Accounting Office.

On No. 10, relating to the appropriation of $99,185 for the improvement of the grounds and approaches to Perry Victory Memorial.

On No. 16, relating to the construction of a building for the National Gallery of Art, by the Regents of the Smithsonian Institution.

On No. 25, relating to an appropriation of $1,000,000 for the installation of 15 stories of filing stacks in the Pension Office Building.

On Nos. 29, 30, 31, 32, and 33, relating to the transfer of the responsibility for the care, maintenance, and protection of the buildings occupied by the Department of Commerce, the Department of Labor, the Department of Justice, the Civil Service Commission, and the Interstate Commerce Commission, to the superintendent of the State, War, and Navy Department Buildings.

WM. R. WOOD,
EDWARD H. WASON,
L. J. DICKINSON,
JOSEPH W. BYRNS,
Managers on the part of the House.

Mr. WOOD of Indiana. Mr. Speaker, I move the adoption of the conference report.

Mr. DALLINGER. Mr. Speaker, I would like to ask the gentleman from Indiana why the amendment in regard to the archives building was not kept in; whether that building authorized in 1913 is ever going to be built; whether the Committee on Appropriations is ever going to make an appropriation to start it; and whether we have got to wait until the records of the war are destroyed?

Mr. WOOD of Indiana. Let me say to the gentleman that as far as I am individually concerned I am heartily in favor of an archives building, and have been advocating it ever since I came to Congress. However, I think it would be a mistake to agree to it on this bill. It is such character of proposals as this that will prove in the end absolutely destructive of the Budget system. No submission was ever made of this item to the budgetary committee or to the President. That is one great objection to it. There is still a greater objection, and that is that we have had no public-building bill for 9 or 10 years. Every district in the United States is interested either directly or indirectly in a public building in these respective districts. It would not be very becoming in us to appropriate solely for a public building in Washington, that is needed, of course, but not any more needed than buildings are in many of these other places.

Mr. FESS. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. FESS. I think my friend is wrong there in saying that the archives building is not more important than many requests that will come to Congress for public buildings. My fear is if we wait for that it will be another 100 years deferred.

Mr. WOOD of Indiana. I do not think so. Perhaps the attempt to put this item on this bill has served a good purpose; it has brought to the fore the necessity of an archives building, but it is an example of bad practice. In the first place, it is legislation on an appropriation bill. This character of proposal has never been authorized, or at least it is a serious question whether it has been authorized, but whether it has ever been authorized or not, it is not the time or place to carry this proposal of $500,000 simply as a starter. When the archives building is built, we ought to know what we are doing; we ought to have some idea of the character of the building, and the limit of its cost. It is questionable whether there should not only be an archives building, but whether there should not be a building for a general accounting office also. To my mind, this item was very illy considered. In fact, it was not considered at all. It has never been considered on our side, and there were no hearings on the other side.

Mr. SNELL. Mr. Speaker, I want to say that I entirely approve of the position taken by the gentleman from Indiana in regard to this item. It is not consistent with the stand that we have taken for the last two years, bringing in a proposition of this kind that will cost $2,500,000 without any consideration whatever. The only way to do this is to cut this out, and when the time comes bring in a bill in the regular way.

Mr. MADDEN. If the gentleman will yield, they increased the limit of cost $1,000,000. In the authorization the limit of cost was $1,500,000.

Mr. SNELL. I said that the proposed cost was $2,500,000.

Mr. BYRNS of Tennessee. Mr. Speaker, I want to say that the best reason, without regard to the necessity for the building, the best reason to justify the conferees in bringing in a recession from this amendment is the fact that this building has never been authorized by law.

Mr. SNELL. It is questionable at least whether it has been authorized by law.

Mr. BYRNS of Tennessee. There was an authorization for a million and a half dollars, but this contemplated an expenditure of two and a half million dollars.

Mr. SNELL. I understand that there have been no hearings upon it, and no one knows whether it will cost two and a half million dollars or $5,000,000. If we start on a proposition of this kind we should start in a logical and sensible way.

Mr. FESS. Mr. Speaker, I do not want to be misunderstood in the matter. I agree with the desire of the committee not to allow anything that will break down the Budget system. I am going to stay with the committee on that proposition. I regret the matter has gotten into this particular situation, but we must have an archives building to protect these public records, and it seems to me it is wicked for us to go on in this way. If we must wait until we have a public buildings bill, then it appears to me it is wholly hopeless.

Mr. WOOD of Indiana. There is one of two ways to do it. It should be either included in a public building bill or else we should make it an independent matter, standing upon its own bottom. It ought not to be brought in on an appropriation bill like this, for the reasons that I have stated.

Mr. CLARK of Florida. Mr. Speaker, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. CLARK of Florida. There has been an investigation of this archives building matter for several years. The best information obtainable by our committee has been that a proper archives building would cost at least $8,000,000, instead of $2,500,000 or $5,000,000. There is a crying need all over this country, in almost every city in it, for public building construction.

We have not had a public buildings bill since the 4th of March, 1913. President Taft signed the last bill. The neces-

sities of other parts of the country are just as great as they are in Washington. I am heartily in favor of an archives building and we need it, but so do we need these other buildings. It is not right for these matters to be put upon appropriation and other bills in this manner, as the gentleman from Indiana has said, and unless we intend to have legislation in its legitimate and proper way, having the proper committees function and having hearings and determining upon the necessity for things, then these other committees ought to be abolished.

Mr. DALLINGER. Mr. Speaker, will the gentleman yield?

Mr. CLARK of Florida. Yes.

Mr. DALLINGER. Is the gentleman aware that this archives building, or the construction or acquisition of a site, was authorized by the very act to which he refers, of March 4, 1913?

Mr. CLARK of Florida. Certainly.

Mr. DALLINGER. And yet, year after year, the Committee on Appropriations has never made any appropriation to start the building.

Mr. CLARK of Florida. But there were about 146 other buildings also authorized in that bill, if I recollect correctly.

Mr. ANDREWS of Nebraska. Mr. Speaker, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. ANDREWS of Nebraska. Mr. Speaker, it occurs to me that the recognition of this proposition would strike at the very foundation of the Budget system and bring about a reversal of orderly procedure in making authorizations and appropriations for public buildings. Take, for instance, the claim that this building was authorized by the act of 1913. It is seriously debatable whether it was or not. If you examine the act of 1913 you will find that over a hundred other buildings were authorized by it. But making the necessary allowances, created because of the increased cost in the construction of buildings, we would have to appropriate about $50,000,000 more to level that act up to the conditions of to-day. Moreover, I think the point is well taken that this archives building can not be constructed for two and a half million dollars. We ought to have a hearing that will disclose the actual measure of necessity, that will disclose the actual measure of cost for the building, and we ought to do that in the regular way and hold firmly to that course of procedure. I think the committee is correct on this proposition.

Mr. WOOD of Indiana. Mr. Speaker I wish to say also in answer to the gentleman from Massachusetts [Mr. DALLINGER] that the authorization that he is talking about provided a site. That site has been abandoned and is now occupied by another public building.

I yield two minutes to the gentleman from Ohio [Mr. FESS].

Mr. FESS. Mr. Speaker, I am not in discord, I am rather in accord, with what the committee is trying to do. What I am serious about is the opposition that has developed here and there incidentally to this effort to protect and preserve these valuable documents, documents that are down here in wooden buildings, which if destroyed would cost us more money in ultimate claims, of which they will be the evidence, than the whole building would cost us. When our friend from Florida [Mr. CLARK], the former chairman of the Committee on Public Buildings and Grounds, says that it will cost $8,000,000 he probably means when it is entirely completed, which will be far in the future.

Mr. CLARK of Florida. Mr. Speaker, will the gentleman yield?

Mr. FESS. Yes.

Mr. CLARK of Florida. Legislation is pending now to give the Public Buildings Commission authority, upon the advice of certain departments, to destroy a very large quantity of old, useless, discarded documents. When that is done, if it is done, we will not need the great space that we apparently need now.

Mr. FESS. An archives building, of course, must be constructed like a library building. It must be built in such a way that you can from time to time add to it. Eight million dollars will not be required to construct it in the beginning, but when you enlarge it to satisfy all of the demands of the Government, not to-day but in the future, it probably will cost considerably more than has been estimated. Let us not procrastinate upon this thing a minute longer than is necessary. That is my only concern. I am afraid that we are just drifting here and that when destruction by fires, as in the past, comes we will simply apologize for our indefensible neglect and say that we ought to have done it but we could not. We can do it; and why do we not do it? It is our duty, and no one seriously questions the immediate relief.

Mr. MILLER. What is the apparent necessity for storing these documents in wooden buildings?

Mr. FESS. Because we have not room elsewhere.

Mr. MILLER. It occurs to me that there is room in the new Navy Building and the new War Department Building down there for millions of documents.

Mr. FESS. The corridors and underground ways down here at the Treasury Building and in other buildings are simply chock full of documents, many of them corroding because of the dampness from the pipe lines running through masses of Government documents, until it is positively a wicked, wasteful method of endangering destruction of our documents. We will authorize the expenditure of $10,000,000 easily here upon various things of questionable character, but here is a necessity that we must meet, and yet we still procrastinate.

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

Mr. FESS. Yes.

Mr. BLANTON. If the gentleman will require the Veterans' Bureau to take its triplicate files and make one file of them and take them off three floors and put them on one floor in one file, there will be enough storage room down there in the Veterans' Bureau Building to provide all the room that is needed.

Mr. FESS. Well, that would not be scientific. What we want is an archives building. This is the only Government of any significance in the world that does not have it, and we ought to have it.

Mr. STAFFORD. Will the gentleman yield?

Mr. WOOD of Indiana. I will.

Mr. STAFFORD. Mr. Speaker, the gentleman from Florida, a member of the Public Buildings Commission, has just referred to the need of having authority vested in that commission to destroy old Government records. I notice that Senate amendment No. 15 attempted to vest such authority in the Public Buildings Commission. I would like to inquire—and, of course, this is legislation—what other reason the House conferees had in insisting on not granting the Public Buildings Commission the authority which a member of the Public Buildings Commission stated should be vested in them?

Mr. WOOD of Indiana. I will say to the gentleman there were two amendments. One of the amendments we have agreed to with a proposed amendment, and the other one was because of the fact that we felt there was not ample provision made to dispose of papers which should be disposed of. We can not simply go and take these papers without some sort of supervision and destroy them. We have a committee in this House on the disposition of useless papers, and that committee perhaps is handicapped for the reason they can only go into these various departments when invited to go in there. They have no initiative themselves and that is the weakness of that business.

Mr. STAFFORD. I would like to ask the gentleman from Florida whether the Committee on Public Buildings and Grounds has given any consideration to the subject covered by Senate amendment No. 15, which grants the authority which the gentleman referred to a few minutes ago.

Mr. CLARK of Florida. I will say to the gentleman, Mr. Speaker, the gentleman knows I have been away a good deal of late, but my understanding is that this matter was considered by the Public Buildings Commission in consultation with the heads of the various bureaus and the departments.

Mr. STAFFORD. Of course, there is need of some such legislation——

Mr. CLARK of Florida. This plan was agreed upon with those gentlemen.

Mr. STAFFORD. It has not been agreed upon here because the Senate recedes.

Mr. CLARK of Florida. I understand that, but it is agreed upon between the chairman of the Public Buildings Commission, as I understand it, and the heads of the various bureaus and departments.

Mr. WOOD of Indiana. Mr. Speaker, I move the previous question on the conference report.

The previous question was ordered.

The question was taken, and the conference report was agreed to.

The SPEAKER. The Clerk will report the first amendment in disagreement.

The Clerk read as follows:

Page 6, line 3, after the word "each," strike out the remainder of line 3 and all of lines 4, 5, 6, 7, and 8, and insert "telephone switchboard operator, $720; in all, $296,480."

Mr. WOOD of Indiana. Mr. Speaker, I ask unanimous consent that amendments 3, 5, 6, and 7 be passed temporarily until we have passed upon amendment No. 32.

Mr. SNELL. Does the gentleman intend to make an explanation later?

Mr. WOOD of Indiana. Yes.

The SPEAKER. Is there objection to the request of the gentleman from Indiana? [After a pause.] The Chair hears none. The Clerk will report amendment No. 8 in disagreement.

The Clerk read as follows:

Page 14, line 7, insert: (8) The General Accounting Office is hereby authorized to destroy all paid United States Government checks that have been issued three full fiscal years, after all unpaid checks have been properly listed as outstanding as now required by law. Hereafter all claims on account of checks appearing as having been paid shall be barred if not presented to the General Accounting Office within three full fiscal years after the issuance thereof.

Mr. WOOD of Indiana. Mr. Speaker, I move that the House recede and concur with an amendment, which I send to the desk.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

In lieu of the matter inserted by said amendment insert the following:

"The General Accounting Office is hereby authorized to destroy United States Government checks that have been paid six full fiscal years, issued by the Bureau of Pensions for the payment of pensions, by the Bureau of War Risk Insurance and the United States Veterans' Bureau for the payment of military and naval compensation on account of death or disability, and checks for the payment of salaries and wages of officers and employees of the Government of the United States, after all unpaid checks have been listed as outstanding as now required by law; and all claims on account of checks of the foregoing classes appearing as having been paid shall be barred if not presented to the General Accounting Office within six full fiscal years after the date of payment."

Mr. WOOD of Indiana. I will say the difference between the amendment proposed and the proposal of the Senate is to extend the time from three to six years, and also describes the bureaus or activities to which this cancellation shall apply in order to make it more certain.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. WOOD of Indiana. Yes; I will yield.

Mr. BLANTON. The naming of all these various departments of Government the six years applies to all of them, does it not?

Mr. WOOD of Indiana. Yes.

Mr. BLANTON. Before any checks shall be destroyed they must have been paid for as much as six years?

Mr. WOOD of Indiana. Yes.

The SPEAKER. The question is on the motion to recede and concur with an amendment.

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

The Clerk read as follows:

Senate amendment No. 10: Page 14, line 19, insert:

"PERRY'S VICTORY MEMORIAL.

"For the Perry's Victory Memorial: For improvements of the grounds and approaches to the memorial, parking, retaining walls, facing the upper and lower plazas with tile or other suitable material, etc., $99,185."

Mr. WOOD of Indiana. Mr. Speaker, I move that the House insist upon its disagreement to this amendment.

The SPEAKER. The gentleman from Indiana moves that the House insist upon its disagreement to this amendment.

Mr. CHALMERS. Mr. Speaker, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. CHALMERS. Mr. Speaker, I hope that the gentleman from Indiana will not insist upon his motion. Here is a memorial erected under the auspices of nine States. It was turned over to the Government of the United States in 1919.

Mr. SNELL. Do I understand that the nine States paid the original cost of this memorial, or was that cost paid by the Federal Government?

Mr. CHALMERS. The Federal Government paid $250,000.

Mr. SNELL. Did the States pay anything?

Mr. CHALMERS. Oh, yes.

Mr. SNELL. How much?

Mr. CHALMERS. A little less than $1,000,000.

Mr. WOOD of Indiana. Eight hundred and fifty thousand dollars.

Mr. CHALMERS. Yes; $850,0000 was the cost of this memorial on Put in Bay Island, to celebrate the one hundredth anniversary of the winning of the Battle of Lake Erie by Commodore Perry; and also in honor of the campaign of Gen. William Henry Harrison, of Indiana. There are thousands of pilgrimages made annually from different parts of the country to this memorial. Now it belongs to the United States. It has been built by the patriotic citizens of nine States, and approximately $100,000 is now needed to save the memorial. It is the largest military memorial in the world, 352 feet high, and it should be cared for by the Government. It is self-sustaining. An admission fee of 25 cents is charged for adults and 10 cents for children. They made last year in gross receipts $10,040. But the retaining wall to resist the storms of Lake Erie needs to be cared for, and this appropriation ought to be made.

Mr. HUSTED. Mr. Speaker, will the gentleman yield?

Mr. CHALMERS. Yes.

Mr. HUSTED. Am I correct in my understanding that this appropriation is asked for not for the improvement of the grounds but for the protection of the investment?

Mr. CHALMERS. Yes; so I understand.

Mr. MILLER. Mr. Speaker, will the gentleman yield?

Mr. CHALMERS. Yes.

Mr. MILLER. Who is in charge now, and who has authority to charge this admission fee?

Mr. CHALMERS. The memorial is under the control of a commission, the personnel of it being appointed by the President. There are no salaried positions on the commission. I see here in the House to-day the gentleman from Ohio [Mr. LONGWORTH], who is a member of the commission. This ought to be done to take care of the memorial.

Mr. STAFFORD. How often do the representatives of the different States, including the one from Wisconsin, visit this memorial and have their expenses paid?

Mr. CHALMERS. Once a year.

Mr. SNELL. I believe it should be made plain to the House, if it is so, that it is absolutely necessary to protect the property. I am not sure about it. I would feel differently in regard to it if that is so. I wish the gentleman would make that statement very plain to the Members of the House.

Mr. CHALMERS. I understand, I will say to the gentleman from New York, that this retaining wall is absolutely necessary for the protection and even the safety of the memorial itself.

Mr. SNELL. That is the important part of the whole proposition.

Mr. CHALMERS. I am not sure but that some of this money is to be expended for the beautification of the park, but I am sure that the bulk of the appropriation of $100,000 is going to the protection of the memorial itself.

Mr. Speaker, I make the preferential motion that this amendment be concurred in.

The SPEAKER. The Chair supposes that the gentleman from Indiana [Mr. WOOD] did not yield to the gentleman for that purpose. The Chair will recognize the gentleman from Ohio at the proper time.

Mr. WOOD of Indiana. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLANTON].

The SPEAKER. The gentleman from Texas is recognized for five minutes.

Mr. BLANTON. Mr. Speaker, the Washington press, in supporting numerous legislative amendments that our friends in the other body place on almost every appropriation bill that we send over to them, gives us the assertion that if the House knocks out any of these amendments, the Senate might just as well quit trying to perform its duties; in other words, that the House has no right whatever to interfere with the Senate's activities in placing legislative items on appropriation bills.

Now, the Senate has just as much right as the House to place any kind of an appropriation upon an appropriation bill, a legitimate appropriation. The House has the right to pass appropriations authorized by law, and the Senate has the same right to pass appropriations that the law authorizes in appropriation bills. But the Senate has no more right to place big legislative items, unconsidered by legislative committees, in the way of amendments on appropriation bills than the House has, and the House has the perfect right, whenever the Senate does it, to vote them down.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman yield?

Mr. BLANTON. Yes.

Mr. CHINDBLOM. Is not that statement a little too broad? Must we not concede to the Senate the right to act within their own rules?

Mr. BLANTON. I know; but I am talking about the rules of legislation, generally speaking. Legislative bodies are presumed to have legislative committees to pass upon legislative items. That is so in all legislative bodies. The Senate has legislative committees to look after legislative items, to carefully consider legislative bills, and they ought to consider them. They have a perfect right to bring in new legislation, but when they do, it is sent to our legislative committees, and our legislative committees have the right to investigate and carefully consider them. But when the Senate assumes the right to place upon every appropriation bill that we send them—the various supply measures in every Congress—when they assume

the right to put on every kind of legislation they want to, involving millions of dollars, the House has a perfect right to vote it down, and ought to vote it down. I hope in this particular instance the motion of the gentleman from Indiana [Mr. WOOD] will prevail.

Mr. WOOD of Indiana. Mr. Speaker, I do not wish it to be understood and I am sure no member of the committee wishes it to be understood that any one of us has any objection to this memorial. There is no one who appreciates more than I do—and I suppose all appreciate as much as I do—the glorious victory achieved by Perry in the Battle of Lake Erie. I wish to commend the sentiment and the generosity of those who are primarily interested in raising this beautiful monument in commemoration of that event and in memory of the man who accomplished it. But this is another case where the United States Government is being made the goat. The project for the building of this monument in its inception was of a private nature. Then it assumed State proportions and some eight or nine States contributed to its building. The original cost was approximately $850,000. Of that sum the United States Government contributed $250,000. After the monument was erected a deed was made deeding it to the United States, and the conveyance and the act accepting it and the representations that culminated in this act were all to the effect that it would be entirely self-sustaining, that the United States Government would not be called upon for any further contribution for upkeep. They tell us that it is self-sustaining in this, that they charge an admission to the monument which pays the ordinary expense. It also pays the expense of a pilgrimage that is made there each year by five or six representatives from these original contributing States. That, I think, is a useless expense. It seems to me that any practical business man would say that it is just that much money spent that ought to be conserved for the purpose of doing things that they are now asking the Government to do. The monument was originally located along the shore of Lake Erie on marshland. The original conception was to surround it entirely by water, so that this monument to this great event would rise up out of the water and look out on the scene where this victory was achieved. It is in marsh ground, practically a swamp. They have now changed their idea about it and they want the United States Government to fill in this ground, to build a retaining wall, and to keep the earth in place after they have filled it in.

At the time the United States Government accepted this it was not led to believe that any proposal of that kind would ever be made, and it was not then intended that it should occur. They have now some 14 or 15 acres of land deeded along with this monument, and it is a part of the national possession. They now want to make this a beauty spot by filling it in and having a landscape garden instead of being a monument rising up ouf of the water. It occurs to me, gentlemen, that the United States Government should not be imposed on in any such way.

Mr. LONGWORTH. Will the gentleman yield?

Mr. WOOD of Indiana. I yield.

Mr. LONGWORTH. Is there not something a little more than what has been referred to by the gentleman as to making it a beauty spot? Is it not a fact that the lake is encroaching upon the land upon which this memorial is erected, and that unless some money is spent there is danger of destroying the entire project?

Mr. WOOD of Indiana. I do not think so.

Mr. LONGWORTH. It has been so represented to me.

Mr. WOOD of Indiana. If I understand correctly the foundation was so laid that it will withstand the ravages of the water. As I say, it was proposed to build it up out of the water. Now they are trying to make it a land proposition instead of a water proposition.

Mr. LONGWORTH. If the gentleman will pardon me, of course I was not present at any of the hearings of the gentleman's subcommittee, but it was represented to me by one of the commissioners that the lake had so encroached upon the land that there was danger of destroying the foundations——

Mr. WOOD of Indiana. I do not think that is true.

Mr. LONGWORTH. And that this was absolutely necessary in order to preserve the memorial.

Mr. WOOD of Indiana. The photographs exhibited by the gentleman who made the presentation to our committee show that there is water all around it. In the high water in the spring there is water all around it, but when the hot weather comes and evaporation removes the water, then it presents an unsightly appearance, because it is a marsh, surrounded by brush and stone, which does not present a very beautiful appearance.

Mr. CHALMERS. I was told by one of the commissioners who made a personal inspection there recently that an examination had been made of the masonry and that he found that it was decomposing and that the water was playing havoc with the structure, and that unless it is protected there is danger to the structure itself. This inspection was made recently.

Mr. WOOD of Indiana. Nothing of that kind appeared in the evidence. I want to be fair, for I have no prejudice against the thing, but it occurs to me that we would have been derelict in our duty, we would have been absolutely faithless if we had recommended this thing, for there is nothing in the evidence brought out before the committee that would warrant it. Perhaps they were unfortunate in sending down here the gentleman whom they did send to present the matter. I think of all the unsatisfactory presentations I ever listened to, the one made by this man was the worst.

Mr. BYRNS of Tennessee. Does not the gentleman think that if Congress has any idea of making this appropriation it would be better to defer it until another appropriation bill can be offered, when we can have a hearing and a thorough knowledge of the facts? Because, as the gentleman states, there is nothing in the hearing to justify this appropriation.

Mr. WOOD of Indiana. That is my opinion exactly. If the facts warrant the United States in keeping up this monument we ought to do it with full knowledge of the facts. This gentleman did not present them, and did not seem to want to present them if he knew them.

Mr. HUSTED. Will the gentleman yield?

Mr. WOOD of Indiana. I yield to the gentleman from New York.

Mr. HUSTED. One of the commissioners representing the State of New York came down here on this matter a year or two ago. I remember meeting him and talking with him at that time. He had no interest in the matter, of course, except to see that what was proper in the circumstances was done. He told me that the plan was not for embellishment at all, but that the foundations of this monument had been seriously affected by the action of the water of the lake, and that unless something was done, and done soon, very serious injury, if not entire destruction, of the monument might result. I agree with the gentleman that no action should be taken here when we are apparently in ignorance as to the facts. Nobody here is in a position, apparently, to speak with authority; but if that statement is true, this is a very important matter, because a large amount of money is invested there, and this monument memorializes a most important American victory. If we are not in possession of the facts, I would suggest that the committee take it up at once and inform themselves about it, so that action can be taken in the near future if it is really necessary for the protection of the structure.

Mr. WOOD of Indiana. I wish to say in answer to the gentleman from New York that there are two projects or items of expense.

The erection of the retaining wall would be the smallest item of expense, but they want to fill in all around the monument and beautify the grounds.

Mr. HUSTED. That is true, and that might be the proper way to do it. The building of the retaining wall only might be effective so far as the protection from the action of the water is concerned.

Mr. WOOD of Indiana. The building of the retaining wall would not alone remove the unsightly appearance.

Mr. HUSTED. And we would not want to do that.

Mr. WOOD of Indiana. But here is the proposition. They ought to come and put their cards on the table and not try to deceive us as to their real purpose.

Mr. HUSTED. They ought to be frank about it.

Mr. WOOD of Indiana. They ought to give some reason why they do not keep faith with the Government, inasmuch as they promised this thing would never cost the Government a cent after it was completed.

Mr. TOWNER. Of course, we have insufficient knowledge at present, but it seems to me that the statement of the gentleman from Indiana and those who have been referred to that the proposition of the monument being put out in the water is utterly impracticable. The statement is made that they are obtaining money to keep it up by charging an admission fee of 25 cents to go into it.

Mr. WOOD of Indiana. They have built a footbridge to lead to it.

Mr. TOWNER. Personally I feel that the proposition is almost self-evident and a foolish one to keep it out in the water or the marsh, and that it should be filled in and a proper wall to support it.

Mr. WOOD of Indiana. But the gentleman would be in favor of knowing what he was doing before he started on it.

Mr. TOWNER. Yes.

Mr. FESS. Mr. Speaker, this monument stands out in the water about 200 feet from the land. It is northeast of Put in Bay, placed there so it can be easily seen from the mainland. Put in Bay is quite a distance from the mainland. It was placed there so it could be seen to best advantage from the direction of the northeast of the island. It could not have been seen from advantage if put on the mainland, so it was placed in the channel, where the sea is quite choppy. Anyone who has ever gone to Put in Bay from Sandusky will find a choppy sea as they pass Marblehead. The ground is filling in between the island and the monument so that it looks badly. There is an approach to it, not only a temporary footbridge but an automobile bridge, so that automobiles can drive up to the monument and around it. It is in a position where the effect of the rough sea is quite pronounced, and there is no doubt in my mind that something has got to be done to protect it from what was unexpected when it was built at that point.

Mr. MADDEN. The act to promote the erection of this memorial, in section 3, provides as follows:

That the making of the appropriation provided for in section 1 of this act shall in no way operate, by implication or otherwise, to require the United States to incur any further debt or obligation in connection with the erection of such memorial or connection with said centennial celebration.

That is the language of the act, and the item would be subject to a point of order if it came before the House.

Mr. OLDFIELD. Will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. OLDFIELD. Whose idea was it that put this monument out in the water?

Mr. WOOD of Indiana. I think primarily it was the idea of the Fine Arts Commission, or the present head of it, who has a penchant for locating monuments in swamps.

Mr. STAFFORD. If the gentleman will yield, I want to say that General Grosvenor, of Ohio, when a Member of this House, was very active in getting this commission created. There are enough members from the various States, and many of them have an annual pilgrimage, which is paid out of the fund.

Mr. WOOD of Indiana. Mr. Speaker, I yield five minutes to the gentleman from Ohio [Mr. LONGWORTH].

Mr. LONGWORTH. Mr. Speaker, as a general rule I support the Subcommittee on Appropriations which has such matters as this in charge. But in this case it seems to me that the committee erred in not making this appropriation upon the evidence submitted to it. I have been a member of that commission for a number of years. I was appointed during the administration of Governor Harmon. I have never participated, as suggested by the gentleman from Wisconsin, in the annual junket.

Mr. STAFFORD. If the gentleman had, he would have had some information to give to the House. [Laughter.]

Mr. LONGWORTH. Perhaps I was negligent in not participating in the junket. I have not been there for a number of years, but it was represented to me at the time this was called up before the subcommittee that there was serious danger, unless we had the appropriation, of permanent damage occurring to this memorial. Gentlemen, of course, know the immense value of such a memorial as this, which is understood to be the second largest in the country and perhaps in the world.

Mr. MADDEN. Will the gentleman yield?

Mr. LONGWORTH. Certainly.

Mr. MADDEN. The gentleman believes in the Budget.

Mr. LONGWORTH. Yes; I believe in the Budget.

Mr. MADDEN. Does not he believe that this should have been estimated for?

Mr. LONGWORTH. Well, the Budget and even the gentleman from Illinois are apt to make mistakes in its and his great efforts and great service for economy. But it seems to me that when the very life and existence of such a memorial as this is menaced true economy would require that it be preserved in time. This memorial is situated 250 feet from the lake, and, as my colleague, Doctor FESS, says, is in a part of the lake that is very apt to be choppy. I have been told by gentlemen that the sea wall itself is disintegrating by the encroachment of the lake. If the sea wall gives way entirely, there is serious danger of damage to the foundations of this memorial.

Mr. FESS. I understand that the Budget did estimate for this appropriation.

Mr. MADDEN. Yes; I think I am mistaken about that.

Mr. FESS. Of course, it would have been subject to a point of order in the House.

Mr. LONGWORTH. That fact only increases the great regard that I have for the Budget system and its efforts toward true economy. Evidently the Budget believes that this appropriation is in the interest of economy and the preservation of a great public work. I hope the House will recede from its disagreement to the Senate amendment.

Mr. WOOD of Indiana. Mr. Speaker, I quite appreciate the sentiment behind this thing, and it is not an easy matter for your committee to come here and oppose it, but if the committee is to serve the House, if the committee is to give the House the benefit of its judgment, when it does I do not think that judgment should be wiped out by a mere matter of sentiment. According to the statement of the gentleman from New York [Mr. HUSTED] they have been talking about this thing for three or four years, yet this is the first presentation of it, and just one man came before us. No matter how hard we worked, and we gave him a half day, yet his testimony was so unsatisfactory that there was not a man on the committee who had any faith in what he told us. It is only fair to the Congress and to the committee that we get something upon which we can base a judgment before we make a recommendation carrying such a large appropriation. Therefore I suggest that the motion to insist upon further disagreement be agreed to, and in that way we can obtain more time to get information about the facts in the matter. I will go just as far as anybody when necessity is shown for going, but until this necessity is shown I will declare against this seeming raid on the Treasury. I yield five minutes to the gentleman from New York [Mr. GRIFFIN].

Mr. GRIFFIN. Mr. Speaker, the Perry Memorial is a great architectural achievement, symbolic of great events in our history. It is the voluntary tribute of nine of our greatest States and was presented to the Federal Government. The Federal Government contributed only $250,000 out of a total outlay of $850,000, and, in 1919, the United States took over the custody and control of it. An obligation rests upon us to protect it. It is imperiled by the onslaughts of the sea in the winter season. It is placed on low ground and is liable at any time to be undermined by winter storms and the ice from the lake.

The gentlemen composing the commission having charge of this monument are serving without pay; they are not calling for an appropriation for themselves. They are calling upon the people of the United States to maintain the integrity of this structure and to save it for posterity. They are asking for an appropriation to repair the sea wall, to protect it from the intrusion and erosion of the sea.

I regret that at the time of the hearing I was ill. I am a member of the committee but I was unable to be present. However, I have carefully read the hearings from page 235 to page 245 and I want to say now that the gentlemen who presented this matter to the subcommittee did not receive a fair hearing. Look at the testimony and you will find page after page filled with interjections, interruptions, and heckling. They were not given a chance. The members of the committee did not know where Put in Bay was; they did not seem to know when or where the Battle of Lake Erie was fought. They knew nothing about the great historic event which was the motive of this testimonial. They gave the men coming there, gentlemen serving without pay, no chance whatever for a fair hearing.

This is small, picayune treatment to give so great a proposition. The argument seems to be: "Well, the Government put in $250,000 and these men should have known when they built this structure that it would be subjected to the erosion and attacks of the sea, and to damage by storm." Of course, that is lamp-post reasoning—iron lamp-post reasoning.

Mr. BYRNS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. GRIFFIN. Not now. The attitude of the lamp-post is: "Here I stand at the curb—a lamp-post set by the inexorable mandate of the law. Along comes the man, the victim; he staggers and smashes his nose against the post. I might yield a little to save him—I might give way, but no, I can not. I shall not budge, I can not budge—because I am a lamp-post." Mr. Speaker, are we lamp-posts that can not budge? Must we stand as inexorable as an iron lamp-post? Now I yield to the gentleman from Tennessee.

Mr. BYRNS of Tennessee. Mr. Speaker, the gentleman has referred to this as a small, picayune matter. Conceding all that the gentleman has said, which I do not, in respect to the hearing—I was not present at the hearings, not being a member of the subcommittee—conceding that there were interjections, does the gentleman think that it is a very small matter to ask Congress at this time to appropriate $100,000 based upon no facts, on no real genuine information upon which we can intelligently act?

Mr. GRIFFIN. Mr. Speaker, answering that, if the committee wanted to get the facts they could have gotten them. They

got sufficient facts to justify this appropriation, in my opinion, more by far than in other cases where we have appropriated much larger sums.

Mr. HUSTED. Mr. Speaker, will the gentleman yield?

Mr. GRIFFIN. Yes.

Mr. HUSTED. However much the contribution of the United States was toward the erection of this memorial, it was given to the United States and was accepted, and we have an investment there, have we not, of $850,000?

Mr. GRIFFIN. No; the Federal Government invested $250,000.

Mr. HUSTED. We contributed $250,000 toward it, but nevertheless, having accepted it, we have a total investment there of $850,000, because it all belongs to the United States.

Mr. GRIFFIN. That is correct.

Mr. HUSTED. And it is simple business judgment, just ordinary business judgment, as well as patriotic duty, to protect the investments of the Government.

Mr. GRIFFIN. I think so. Now, just a moment in answer to one question, as to how the money is to be expended. It was disclosed at the hearings that the filling and grading would cost $24,821; the parking and shrubbery, $15,284; retaining the sea walls, $10,000; facing the upper plaza, $21,360; facing the lower plaza, $27,720. The facts are there, vouched for by men of integrity and responsibility, who are not drawing pay from the United States Government, who are acting solely and wholly as disinterested patriots.

Mr. WOOD of Indiana. Mr. Speaker, it ill becomes the gentleman from New York [Mr. GRIFFIN] to criticize the committee who were here all of the time and heard the evidence in the case, because, although the gentleman is a member of the committee, he was not present at all.

I am quite sure, with his judicial mind and temperament, had he been there and heard the facts as they were adduced and heard the questions to the gentleman who was supposed to have given the facts, he would have been with us in our unanimity in not concurring in this appropriation. I move the previous question on the item.

The previous question was ordered.

The SPEAKER. The gentleman from Ohio [Mr. CHALMERS] makes a preferential motion that the House concur in the Senate amendment. The gentleman from Indiana moves to further disagree to the Senate amendment, and the gentleman from Ohio moves that the House concur in the Senate amendment. The question is on the motion of the gentleman from Ohio.

The question was taken, and the Chair announced the noes seemed to have it.

On a division (demanded by Mr. LONGWORTH) there were—ayes 21, noes 52.

So the motion was rejected.

Mr. GRIFFIN. Mr. Speaker, I make the point of order that there is no quorum present, and object to the vote on that ground. I withdraw the point.

The SPEAKER. The gentleman from Indiana moves that the House further insist upon its disagreement.

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

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

On page 23 of the bill, after line 22 on page 23, insert:
"(16) The Regents of the Smithsonian Institution are authorized to prepare preliminary plans, to be approved by the Commission of Fine Arts, for a suitable fireproof building with granite fronts for the National Gallery of Art, including the National Portrait Gallery, and the history collections of the United States National Museum, said building to be erected when funds from gifts or bequests are in the possession of the said regents, in sections or completely on the north side of the Mall between the Natural History Building, United States National Museum, and Seventh Street, leaving a space between it and the latter of not less than 100 feet and a space of not less than 100 feet between it and Seventh Street, with its south front on a line with the south front of the said Natural History Building."

Mr. WOOD of Indiana. Mr. Speaker, I move that the House recede and concur in this amendment with an amendment.

The SPEAKER. The Clerk will report the amendment.

The Clerk read as follows:

Amendment by Mr. WOOD of Indiana: In the matter inserted by said amendment strike out the following: ", to be approved by the Commission of Fine Arts."

The SPEAKER. The question is on the motion to recede and concur with an amendment.

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

The SPEAKER. The Clerk will report the next amendment in disagreement.

The Clerk read as follows:

Amendment No. 25. On page 32 of the bill, after line 14, insert:
"(25) For installing 15 stories of filing stacks in the interior court of the Pension Office Building, including elevators, lighting system, and foundation, personal services, labor and materials, to be immediately available, $1,000,000, said sum to be disbursed under the direction and supervision of the Superintendent of the State, War, and Navy Department Buildings."

Mr. WOOD of Indiana. Mr. Speaker, I move that the House insist upon its further disagreement to this item. I will state that this is an item proposed by the Senate, which carries an appropriation of $1,000,000, the purpose of which is to build stacks in what now constitutes the court of the Pension Building. To my mind, it is the greatest piece of folly that could be undertaken. The purpose of it may be laudable, to relieve the congested situation in reference to documents, not alone documents in the Pension Department but various other departments that need relief. I will tell you what it means if this thing is undertaken. In the first place, I think it would be a deterrent to the building of an archives building, for if these stacks were put in those who are opposed to an archives building would say, We have expended a million dollars to dispose of old ancient papers; why the necessity of an archives building? But that is the least objectionable feature. Those of you who are familiar with the old Pension Building are familiar with the court there, but you might not be familiar with the character of ground upon which it is placed. It is all filled-in ground. That, too, was once a marsh, and the Pension Building is built squarely over what was known as Tiber River, that seems to have had in its sinuosity the possession of all this town. In order to make the foundation upon which to put these heavy stacks—to be 15 stories in height—you would have to tear up the entire floor space inside of that court; get a pile driver inside and drive down to bedrock. After having done that thing, it would be very questionable as to the character of support you had.

Mr. MADDEN. And to get the machinery in to put in the foundation you would have to tear the side of the building out.

Mr. WOOD of Indiana. Either have to take the side of the building out or take the roof off and get some sort of a derrick to drop the machinery inside with which to take the dirt out. It is the most impractical proposition I have ever heard of.

Mr. MADDEN. Nobody has made any plans, have they?

Mr. WOOD of Indiana. There have never been any complete plans submitted. They have no plan or specification in reference to the foundation or excavation.

Mr. MADDEN. This million dollars' worth of steel weighs a good deal, and you would have to have a real foundation.

Mr. WOOD of Indiana. I think so. I think Senator UNDERWOOD expressed the whole fact when he said that it would be just simply putting an addition to a fire box. That building is not fireproof, and, indeed, they have already had two or three fires there. The roof is not fireproof. The sheathing is pine; the floors in the top stories are pine; the shelving is all pine; and it is a mistake to say this would be a fireproof building, and it would be the greatest mistake in the world to put these valuable papers in there upon the assumption that it would be fireproof. That is not all. I think no one would have proposed a thing of this character 25 years ago when the soldier of the Civil War was still in his prime. That building is a shrine and monument built to the old soldier, and no hand should desecrate it or despoil it.

Mr. McKENZIE. Will the gentleman yield?

Mr. WOOD of Indiana. I will yield.

Mr. McKENZIE. In addition to the appropriation of $1,000,000, is it not a fact the expense and delay to the Pension Office would be far beyond the million dollars; and, in addition to that, when you get through you will have to repair the Pension Office Building, and, as a matter of fact, the Government would lose $2,000,000 during the progress of the work, which would be an absolute waste?

Mr. WOOD of Indiana. That is true; and after you have done this thing you will have destroyed, in large part, the utility of this building.

For if you take and build these steel stacks 15 stories high clear to the roof, as proposed, you will find that it will destroy in large measure the light and ventilation to all the offices abutting on the court. In addition, while you are having your pile drivers and excavating machines there, turning loose all the gases and poisons that have gathered in that soil all these years, I do not know what would happen to the clerks working in this building. To my mind, it is the most impracticable proposition that I ever heard of.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. STAFFORD. Who is the genius that suggested this very novel idea?

Mr. WOOD of Indiana. I do not know who the genius was that suggested it, but it was proposed by a Senator on the other side.

Mr. STAFFORD. Do you know the gentleman's name?

Mr. WOOD of Indiana. No; nor could I tell you his age. [Laughter.]

The SPEAKER. The question is on agreeing to the motion of the gentleman from Indiana.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Senate amendment No. 29. Page 33, after line 16, insert:

"DEPARTMENT OF COMMERCE BUILDING.

"The responsibility for the care, maintenance, and protection of the Department of Commerce Building and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, and thereafter from the Secretary of Commerce to the Superintendent of the State, War, and Navy Department Buildings.

"Department of Commerce Building—Salaries for the following employees for maintenance and protection: Engineer and electrician, $1,400; carpenter, $1,000; electrician, $1,000; 3 elevator conductors, at $720 each; 5 guards, at $720 each; 3 firemen, at $720 each; assistant forewoman, $720; 21 laborers, at $660 each; toilet attendant, $480; in all, $26,380.

"For fuel, lights, repairs, miscellaneous items, uniforms for guards, and printing, $18,650: *Provided*, That amounts aggregating $51,500 of the appropriations made to the Department of Commerce for the fiscal year 1924 for care, maintenance, protection, fuel, light, etc., for the Department of Commerce Building are hereby transferred to the Superintendent of the State, War, and Navy Department Buildings and made available to the extent of $45,030 for payment of the salaries and expenses herein set forth, and the remainder ($6,470) shall be covered into the Treasury to the credit of the surplus fund."

Mr. WOOD of Indiana. Mr. Speaker, I move that the House recede and concur with an amendment.

The SPEAKER. The gentleman from Indiana moves that the House recede and concur with an amendment. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. WOOD of Indiana: In lieu of the matter inserted by said amendment, insert the following:

"DEPARTMENT OF COMMERCE BUILDING.

"The responsibility for the care, maintenance, and protection of the building or buildings occupied by the Department of Commerce in the District of Columbia and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used or for use in connection therewith, shall be transferred on July 1, 1923, from the Secretary of Commerce to the Superintendent of the State, War, and Navy Department Buildings.

"Department of Commerce Building—Salaries for the following employees for maintenance and protection: Engineer and electrician, $1,400; carpenter, $1,000; electrician, $1,000; 3 elevator conductors, at $720 each; 5 guards, at $720 each; 3 firemen, at $720 each; assistant forewoman, $720; 21 laborers, at $660 each; toilet attendant, $480; in all, $26,380.

"For fuel, lights, repairs, miscellaneous items, and printing, $18,650: *Provided*, That amounts aggregating $51,500 of the appropriations made to the Department of Commerce for the fiscal year 1924 for care, maintenance, protection, fuel, light, etc., for the Department of Commerce Building are hereby transferred to the Superintendent of the State, War, and Navy Department Buildings and made available to the extent of $45,030 for payment of the salaries and expenses herein set forth, and the remainder ($6,470) shall be covered into the Treasury to the credit of the surplus fund."

Mr. WOOD of Indiana. Mr. Speaker, I will state that the only change that is being proposed by the House to the Senate amendment is to make it applicable not only to the building occupied by this department, but to such other buildings as they may possibly occupy. I will state that under this arrangement and by reason of the rearrangement in the control of these buildings the control of the Department of Commerce Building and other buildings was taken away from separate control and was given to the control of the Superintendent of Public Buildings and Grounds, and this has resulted in a very material saving in each one of these cases. In the case of this building alone a saving of several thousand dollars has been made.

Mr. STAFFORD. Mr. Speaker, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. STAFFORD. If this amendment transferring the superintendence of these various buildings to the Superintendent of Public Buildings and Grounds is carried, what buildings will not be under the supervision of the Superintendent of Public Buildings and Grounds?

Mr. WOOD of Indiana. Comparatively few. He will have, in addition to those he now has—and he has the Interior Department Building, the Department of Commerce Building, the Pension Office Building, the Patent Office Building, the Munitions Building, and the State, War, and Navy Building.

Mr. STAFFORD. I thought it would be easier to enumerate the exceptions than enumerate those he has already. Is it the plan to have the Superintendent of Public Buildings and Grounds in charge of all the public buildings except those now under the charge of the Architect of the Capitol?

Mr. WOOD of Indiana. Yes. In the case of the Interior Department Building alone we saved about $80,000 last year.

Mr. BYRNS of Tennessee. Mr. Speaker, it is my impression that the Department of Agriculture buildings should be excepted; there are so many of those buildings.

Mr. BRIGGS. Mr. Speaker, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. BRIGGS. Does this mean the elimination of this great number of guards and custodians that they have hanging around these buildings, whom you meet and fall over when you are going into one of those buildings for the transaction of business?

Mr. WOOD of Indiana. Yes. That is one of the effects. They have been reducing the number of those useless watchmen by one-third at least.

Mr. BRIGGS. These buildings seem to be overrun with employees in uniform, who simply ask you when you go in the door, "What do you want?"

Mr. WOOD of Indiana. Yes; they overexercise themselves in doing that. [Laughter.]

Mr. BRIGGS. They ought to be cut out.

Mr. MOORE of Virginia. Mr. Speaker, will the gentleman yield?

Mr. WOOD of Indiana. Yes.

Mr. MOORE of Virginia. I notice you except the buildings outside the District of Columbia. Is it the policy to include buildings not only in the District of Columbia but outside the District?

Mr. WOOD of Indiana. It would be hard to do that with those outside of the District because of their not coming under the personal supervision of the superintendent. He could not be everywhere. For instance, we now have a superintendent of buildings in New York City, but so far as the control is concerned it may eventually result in bringing them under this man.

Mr. MOORE of Virginia. That is what I had in mind, that the consolidation might be coextensive with the country, and this particular gentleman here could attend to duties outside of the District of Columbia through subordinates of his own.

Mr. WOOD of Indiana. Yes. I think it would be a splendid thing to do. Our experience last year showed that the sum of $80,000 could be saved in the care of the Interior Department Building, so that I think it would be a good thing to do.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Indiana [Mr. WOOD] that the House recede and concur with an amendment.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Senate amendment No. 30. Page 34, after line 18, insert:

"DEPARTMENT OF LABOR BUILDING.

"The responsibility for the care, maintenance, and protection of the Department of Labor Building, and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, and thereafter from the Secretary of Labor to the Superintendent of the State, War, and Navy Department Buildings.

"Department of Labor Building—Salaries: For the following employees, for maintenance and protection: Engineer, $1,200; general mechanic, $840; 3 elevator conductors at $720 each; 3 firemen at $720 each; 4 guards at $720 each; 12 laborers at $660 each; toilet attendant, $480; in all, $17,640.

"For fuel, lights, repairs, miscellaneous items, uniforms for guards, and printing, $9,000: *Provided*, That amounts aggregating $33,300 of the appropriations made to the Department of Labor for the fiscal year 1924 for care, maintenance, protection, fuel, light, etc., for the Department of Labor Building are hereby transferred to the Superintendent of the State, War, and Navy Department Buildings and made available to the extent of $26,640 for payment of the salaries and expenses herein set forth, and the remainder ($6,660) shall be covered into the Treasury to the credit of the surplus fund."

Mr. WOOD of Indiana. Mr. Speaker, I move that the House recede and concur with the following amendment.

The SPEAKER. The gentleman from Indiana moves that the House recede and concur with an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. WOOD of Indiana: In lieu of the matter inserted by said amendment, insert the following:

"DEPARTMENT OF LABOR BUILDING.

"The responsibility for the care, maintenance, and protection of the building or buildings occupied by the Department of Labor, in the District of Columbia, and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used or for use in connection therewith shall be transferred on July 1, 1923, from the Secretary of Labor to the Superintendent of the State, War, and Navy Department Buildings.

"Department of Labor Building—Salaries: For the following employees, for maintenance and protection: Engineer, $1,200; general mechanic, $840; 3 elevator conductors at $720 each; 3 firemen at $720 each; 4 guards at $720 each; 12 laborers at $660 each; toilet attendant, $480; in all, $17,640.

"For fuel, lights, repairs, miscellaneous items, and printing, $9,000: *Provided*, That amounts aggregating $33,300 of the appropriations made to the Department of Labor for the fiscal year 1924 for care, maintenance, protection, fuel, light, etc., for the Department of Labor Building are hereby transferred to the Superintendent of the State, War, and Navy Department Buildings, and made available to the extent of $26,640 for payment of the salaries and expenses herein set forth, and the remainder ($6,660) shall be covered into the Treasury to the credit of the surplus fund."

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

Mr. WOOD of Indiana. I yield to the gentleman from Texas.

Mr. BLANTON. How many employees additional to those authorized in the present law does this provide for?

Mr. WOOD of Indiana. It provides for less. The fact is that this consolidation has resulted in a reduction of practically one-third of those who were employed before.

Mr. BLANTON. These various positions mentioned in the amendment of the gentleman are positions that are already in force, are they?

Mr. WOOD of Indiana. Yes. This is simply a rearrangement and transfer, and by reason of this change placing these buildings under the supervision of the Superintendent of Public Buildings and Grounds, the force employed before to look after these buildings has been reduced at least one-third.

Mr. BLANTON. I do not notice anywhere else in the bill where the force has been reduced.

Mr. WOOD of Indiana. We are doing it with reference to each one of the buildings considered in this bill.

Mr. BLANTON. You are doing it as to all of them?

Mr. WOOD of Indiana. Yes. I will state that the purpose of this amendment is to accomplish what was done by the other amendment. It is made to apply to the buildings that they occupy, instead of "building," as stated in the Senate amendment.

The SPEAKER. The question is on the motion of the gentleman from Indiana that the House recede and concur, with the amendment which has been reported.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

WARDMAN-JUSTICE BUILDING.

The responsibility for the care, maintenance, and protection of the Wardman-Justice Building, and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, and thereafter from the United States Attorney General to the Superintendent of the State, War, and Navy Department Buildings.

Wardman-Justice Building—Salaries: For the following employees, for maintenance and protection: Engineer, $1,200; electrician, $1,000; carpenter, $1,000; 3 firemen, at $720 each; 5 elevator conductors, at $720 each; 5 guards, at $720 each; 15 laborers, at $660 each; toilet attendant, $480; in all, $22,940.

For fuel, lights, repairs, miscellaneous items, uniforms for guards, and printing, $11,000: *Provided*, That amounts aggregating $42,550 of the appropriations made to the Department of Justice for the fiscal year 1924 for care, maintenance, protection, fuel, light, etc., for the Wardman-Justice Building are hereby transferred to the Superintendent of the State, War, and Navy Department Buildings and made available to the extent of $33,940 for payment of the salaries and expenses herein set forth, and the remainder ($8,610) shall be covered into the Treasury to the credit of the surplus fund.

Mr. WOOD of Indiana. Mr. Speaker, I move that the House recede and concur, with the following amendment.

The SPEAKER. The gentleman from Indiana moves that the House recede from its disagreement to Senate amendment 31 and agree with an amendment, which the Clerk will report.

The Clerk read as follows:

In lieu of the matter inserted by said amendment insert the following:

"DEPARTMENT OF JUSTICE BUILDING.

"The responsibility for the care, maintenance, and protection of the building or buildings occupied by the Department of Justice in the District of Columbia and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, from the United States Attorney General to the Superintendent of the State, War, and Navy Department Buildings.

"Department of Justice Building—Salaries: For the following employees, for maintenance and protection: Engineer, $1,200; electrician, $1,000; carpenter, $1,000; 3 firemen, at $720 each; 5 elevator conductors, at $720 each; 5 guards, at $720 each; 15 laborers, at $660 each; toilet attendant, $480; in all, $22,940.

"For fuel, lights, repairs, miscellaneous items, and printing, $11,000: *Provided*, That amounts aggregating $42,550 of the appropriations made to the Department of Justice for the fiscal year 1924 for care, maintenance, protection, fuel, light, etc., for the Department of Justice Building are hereby transferred to the Superintendent of the State, War, and Navy Department Buildings and made available to the extent of $33,940 for payment of the salaries and expenses herein set forth, and the remainder ($8,610) shall be covered into the Treasury to the credit of the surplus fund."

Mr. WOOD of Indiana. Mr. Speaker, I will say that the Senate amendment calls this the "Wardman-Justice Building" and my amendment calls it the "Department of Justice Building." In other respects, it conforms exactly to the other amendments with respect to these buildings.

The SPEAKER. The question is on the motion of the gentleman from Indiana, that the House recede and concur.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

CIVIL SERVICE COMMISSION BUILDING.

The responsibility for the care, maintenance, and protection of the Civil Service Commission Building, and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, and thereafter, from the United States Civil Service Commission to the Superintendent of the State, War, and Navy Department Buildings.

Civil Service Commission Building—Salaries: For the following employees, for maintenance and protection: Carpenter, $1,000; general mechanic, $840; 2 elevator conductors, at $720 each; 3 guards, at $720 each; 4 laborers, at $660 each; toilet attendant, $480; in all, $8,560; for fuel, lights, repairs, miscellaneous items, uniforms for guards, and printing, $4,000; in all, $12,560, which sum is hereby appropriated.

Mr. WOOD of Indiana. Mr. Speaker, I move that the House recede and concur, with the following amendment.

The SPEAKER. The gentleman from Indiana moves that the House recede from its disagreement to Senate amendment 32 and to concur with an amendment, which the Clerk will report.

The Clerk read as follows:

In lieu of the matter inserted by said amendment, insert the following:

"CIVIL SERVICE COMMISSION BUILDING.

"The responsibility for the care, maintenance, and protection of the building or buildings occupied by the Civil Service Commission, in the District of Columbia, and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, from the United States Civil Service Commission to the Superintendent of the State, War, and Navy Department Buildings.

"Civil Service Commission Building—Salaries: For the following employees, for maintenance and protection: Carpenter, $1,000; general mechanic, $840; 2 elevator conductors, at $720 each; 3 guards, at $720 each; 4 laborers, at $660 each; toilet attendant, $480; in all, $8,560; for fuel, lights, repairs, miscellaneous items, and printing, $4,000; in all, $12,560, which sum is hereby appropriated."

Mr. WOOD of Indiana. Mr. Speaker, the only change in this amendment is that it includes "buildings" instead of "building," and then it conforms exactly to the other amendments of this kind.

The SPEAKER. The question is on the motion of the gentleman from Indiana that the House recede and concur.

The motion was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

INTERSTATE COMMERCE COMMISSION BUILDING.

The responsibility for the care, maintenance, and protection of the Interstate Commerce Commission Building and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, and thereafter from the Interstate Commerce Commission to the Superintendent of the State, War, and Navy Department Buildings.

Interstate Commerce Building—Salaries: For the following employees, for maintenance and protection: Assistant superintendent, $2,000; engineer, $1,600; electrician, $1,600; carpenter, $1,400; 3 firemen at $840 each; 6 elevator conductors at $720 each; 5 guards at $720 each; assistant foreman, $1,000; assistant forewoman, $720; 24 laborers at $660 each; toilet attendant, $480; for fuel, lights, repairs, miscellaneous items, uniforms for guards, and printing, $19,000; in all, $54,080, which sum is hereby appropriated.

Mr. WOOD of Indiana. Mr. Speaker, I move to recede and concur with an amendment.

The SPEAKER. The gentleman from Indiana moves that the House recede from its disagreement to amendment 33 and agree to the same with an amendment, which the Clerk will report.

The Clerk read as follows:

In lieu of the matter inserted by said amendment insert the following:

"INTERSTATE COMMERCE COMMISSION BUILDING.

"The responsibility for the care, maintenance, and protection of the building or buildings occupied by the Interstate Commerce Commission in the District of Columbia and the disbursement of the funds appropriated therefor, together with all the machinery, tools, equipment, and supplies used, or for use, in connection therewith, shall be transferred on July 1, 1923, from the Interstate Commerce Commission to the Superintendent of the State, War, and Navy Department Buildings.

"Interstate Commerce Building—Salaries: For the following employees, for maintenance and protection: Assistant superintendent, $2,000; engineer, $1,600; electrician, $1,600; carpenter, $1,400; 3 firemen at $840 each; 6 elevator conductors at $720 each; 5 guards at $720 each; assistant foreman, $1,000; assistant forewoman, $720; 24 laborers at $660 each; toilet attendant, $480; for fuel, lights, repairs, miscellaneous items, and printing, $19,000; in all, $54,080, which sum is hereby appropriated."

Mr. WOOD of Indiana. Mr. Speaker, the only change made in this as compared with the amendment proposed by the Senate is to include buildings instead of building. In other respects it conforms.

The SPEAKER. The question is on the motion of the gentleman from Indiana that the House recede and concur.

The motion was agreed to.

Mr. WOOD of Indiana. Mr. Speaker, I move that the House recur to amendments 3, 5, 6, and 7, and that the House recede and concur in the Senate amendments.

The SPEAKER. The gentleman from Indiana moves that the House recede and concur in Senate amendments 3, 5, 6, and 7.

The motion was agreed to.

SINKING FUNDS FOR BONDS AND NOTES.

Mr. GREEN of Iowa. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of H. R. 13827, relating to the sinking fund for bonds and notes of the United States.

Mr. GARNER. Is this the bill that we had up yesterday?

Mr. GREEN of Iowa. The same one that we started on yesterday.

The motion of Mr. GREEN of Iowa was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 13827) relating to the sinking fund for bonds and notes of the United States, with Mr. HUSTED in the chair.

Mr. GREEN of Iowa. Mr. Chairman, after the discussion of such a complicated bill as the one with reference to the exchange of property that we had before the committee on yesterday it is somewhat of a relief to come to so simple a proposition as is presented by this bill.

The Victory loan act, which became a law March 3, 1919, created a sinking fund for the retirement of bonds and notes issued under the first, second, third, and fourth Liberty bond acts and under that act and outstanding on July 1, 1920.

Just exactly why that date, July 1, 1920, was put in the act no one can say. I was there taking part in the proceedings at the time the bill was framed in committee, and I can not remember that any reference was ever made to that date or any reason was given why it should be inserted in the law. But the effect of this provision is that the Treasury can not apply the sinking fund to bonds or notes issued since that date to refund Victory notes which mature in May. There are several issues of Treasury notes maturing in 1924, 1925, and 1926 that total approximately $3,160,000,000. There is also an issue of 4¼ per cent Treasury bonds of 1927 and 1952 in an amount of probably something like $765,000,000 that have already been issued.

Now, it is quite apparent that circumstances might arise in which it would be for the best interests of the Treasury to use the sinking funds to retire the early maturing issues of refunding notes. It could not be done as the law now stands. This bill is introduced for the purpose of permitting that to be done, and it extends the application of the sinking fund to all bonds issued for refunding the bonds included in the present act.

The Secretary of the Treasury has written a letter recommending the passage of the bill, which I will ask the Clerk to read in my time, so far as it is contained in the report on the bill. Before reading it I will say that there is a typographical error in the report on page 2, line 6, where the words "apply the" should be inserted after the word "to" and before "sinking."

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

If the law is not changed in substantially this way the sinking fund will soon apply only to Liberty bonds, for it does not cover Treasury notes or Treasury bonds or other refunding issues, and all the Victory notes will have matured by May 20, 1923. This would create an unfortunate situation and one that might be embarrassing to the Government, for conditions are likely to arise in which it would be difficult or even impossible to purchase Liberty bonds for the sinking fund at an average cost not exceeding par and accrued interest or where it might be advisable for the Treasury, particularly in years when other issues of bonds or notes were maturing, to apply the sinking fund to these maturing issues, or other early maturing issues, rather than to the longer-term Liberty bonds. The early maturing issues ordinarily press most heavily on the market and it is usually the best policy, from the point of view of the Government bond market as a whole, to apply the sinking-fund buying power to the bonds and notes of early maturity. Unless the law is amended, however, the Treasury will have no freedom of action and might have to use the sinking fund to retire Liberty bonds even though ordinary prudence would dictate some other course, or might even have to suspend the sinking fund owing to inability to purchase Liberty bonds in the market within the limitation as to cost. In order to avoid these possibilities it would be most helpful if the proposed amendment to the law could be adopted at the present session of Congress.

Mr. GREEN of Iowa. The sinking fund was not created until after the Liberty bonds had all been issued. It was not created for the benefit of the bondholders but for the purpose of providing a fund which in the course of time would entirely extinguish the public debt.

Mr. GARNER. Thirty years.

Mr. GREEN of Iowa. The gentleman from Texas says 30 years, and I think he is right. The amount appropriated in each year varies. For the last year, the fiscal year of 1924, it is about $300,000,000—I think, to be exact, $298,785,000. The sinking fund of course can only be used to reduce the debt of the United States. I have been unable to see at any time how there could be any ground for opposition to this bill; and while the gentleman from Texas, who at one time objected to it—I supposed he had come to the conclusion that it ought to pass, but in some remarks he made last evening he indicated otherwise. Mr. Chairman, I reserve the remainder of my time.

Mr. GARNER. Mr. Chairman and gentlemen of the committee, if I thought that it was necessary to the proper functioning of the Treasury Department, I would not hesitate to support this proposed amendment to the law. I asked the Assistant Secretary of the Treasury if there would be any great inconvenience to the Government in case we fail to pass this law at this time, in view of the fact that the entire internal revenue law might be changed or modified or revised in the next regular session of Congress. He said he did not think so, but there might be a time when the Treasury Department could not purchase Liberty bonds by reason of the fact that they were selling above par. In that condition of affairs the Government would have to keep the money in the Treasury, unexpended. But we all realize that we carry from two to four hundred million dollars as a daily balance in the Treasury. This amount is all carried as one fund, though, of course, it may be spent in the payment of many items which have been appropriated for.

Mr. ANDREWS of Nebraska. Will the gentleman yield?

Mr. GARNER. Yes.

Mr. ANDREWS of Nebraska. That means a balance under the general fund in the Treasury. Since the last day of September, 1915, they have given the net balance running into the millions and then in a footnote they say to the credit of the disbursing officers an amount which would exhaust the net balance by several million dollars.

Mr. GARNER. That criticism has been made a number of times. Under the present conditions they carry from $200,000,000 to $400,000,000 balance. I do not know whether the Secretary of the Treasury is trying to mislead anybody or not——

Mr. ANDREWS of Nebraska. I am not talking about trying to mislead anybody. I am calling attention to the form in which the statement of accounts has been running.

Mr. GARNER. Unless they have changed that system of bookkeeping, it is calculated to mislead the public.

Mr. ANDREWS of Nebraska. They never ought to have allowed it to go into existence. How long since the last change was made? I was up there three or four days ago and talking with the chief of the division of bookkeeping and warrants, and he did not indicate any change.

Mr. GARNER. There is from $200,000,000 to $400,000,000 daily balance in the Treasury. That can be composed of the sinking fund as well as any other fund, because, as I say, there is but one fund in the Treasury of the United States. A great many gentlemen think that there are separate funds and that you have to keep this particular fund in this particular place and in this particular book, and so forth. I was doubtful about that. I made the statement that you could with this sinking fund, or with the receipts from Victory notes issued last month, buy anything from a match box to a battleship, provided it had been appropriated for by Congress. The gentleman from Iowa [Mr. GREEN] disputed it. I took it upon myself to go to the Treasury Department the next morning, and I interviewed Mr. Gilbert, Assistant Secretary. He said there is but one fund in the Treasury. I know that Mr. McAdoo told me the same thing. So far as I could ascertain from these statements, there was but one balance, and that balance was of all the funds received in the Treasury; it made no difference from what source, whether receipts from customs, internal revenue, the sale of bonds, or whatever it may be. They all went into one fund; so that it is very easy, even if on account of market conditions the Treasury Department could not take up Liberty bonds with the sinking fund, to carry it in the general fund.

There is another thing which I want to speak about briefly, and that is this: The Republican leaders, from the President down, are trying to show that the receipts in the Treasury Department are equal to the expenditures, and they probably

are. But what about the source of the receipts? The receipts are composed of money received from more sources than taxation; that is to say, are not entirely composed of receipts from taxation. You voted and I voted and the balance of us voted for many appropriations during the war to make loans which represented a capital investment, such as railroad securities, which are now owned by the Government; also ships, war material, and so forth. What are you Republicans doing? You are selling them, using the money thus received for daily business, instead of retiring Liberty bonds, proceeds of which were used to make such loans, make such purchases, and so forth. Do you believe that is good business policy? I ask the gentleman from Illinois [Mr. GRAHAM] and the gentleman from Ohio [Mr. LONGWORTH], because they are both shining examples of Republicanism. I ask you gentlemen if you believe it is good business policy? Do you believe that the business element of the country would indorse the policy of selling capital assets of the Government and using them to meet daily expenditures?

The President the other day wrote to the Budget organization and stated that the administration had cut the deficit down to $92,000,000. Incidentally he told you that the receipts from taxes—remember, from taxes—are less than they were last year. He did not mention that the administration had sold over $300,000,000 of capital assets since July 1 of this fiscal year. Proceeds received from sale of these capital assets ought to have been used to take up bonds for which they were issued.

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

Mr. GARNER. Yes.

Mr. McFADDEN. Is it not a fact that bonds were retired to the extent of over a billion and a half last year?

Mr. GARNER. It is not.

Mr. McFADDEN. What was the amount that was retired?

Mr. GARNER. The indebtedness of this Nation to-day, as compared with the indebtedness of last year, is what?

Mr. McFADDEN. It is something like $23,000,000,000 or $24,000,000,000.

Mr. GARNER. I said in comparison with a year ago.

Mr. McFADDEN. I have not the figures before me. I know that a large amount of Liberty bonds have been taken up.

Mr. GARNER. You say that you retired a billion and a half of bonds. Certainly you did if you mean by that statement to include certificates of indebtedness, and then you issued a billion and three-quarters more to retire them with. That is how you retired them. I retire my note by giving a new note. I have seen a fellow settle in that way many times, but that does not mean that you are paying off the debt. You are selling the assets of the country and using them for paying the daily expenses of the Government. That is what I object to.

When the President wants to make an argument against the bonus he says that we have a deficit of $700,000,000, along in October, I believe it was, but along in December when the law requires him to tell the Congress what the deficit is and at the same time recommend taxation, the President says there is a deficit of only $273,000,000. Of course, if he were not going to use the capital assets, proceeds from the railroad bonds, the farm loan bonds, if he were not going to put them on the market and use them in the Treasury for the payment of daily expenditures, then the deficit would be a great deal more than the President has said. He did not mention that he was going to do that when he was telling Congress that he could not afford to approve the bonus bill. But after the bonus bill has gone by, he then takes the capital assets and puts them into the daily balance and the result is that he cuts the deficit down to $273,000,000. Gentlemen will remember that when we first talked about the bonus I suggested that if it was going to be passed and become a law, it ought to be paid out of the money received from foreign debts.

I think it can be said that the Democratic Party took that view because that view was emphasized in the House and Senate by Democratic leaders, and it comes as near being the Democratic view as could be at that time.

Mr. FESS. Will the gentleman yield for a question right there?

Mr. GARNER. I will.

Mr. FESS. Does not the authority under which the loan was made to Europe also require that the payment shall go to the liquidation of the public debt; in other words, could not go to the purpose the gentleman mentioned without a change of law?

Mr. GARNER. If the gentleman from Ohio is such a stickler for the letter of the law, he ought certainly to oppose this pending bill and make sacred, as far as he can, the sinking fund, but I doubt whether the gentleman from Ohio is such a stickler for the law as one might judge from his question. It has been suggested in certain quarters that the bonus bill should be made a part of the bill which is to provide acceptance of the British debt settlement terms. I understand it seems agreeable to most administration leaders except the President himself.

Mr. MANSFIELD. And Secretary of the Treasury.

Mr. GARNER. Perhaps so. But the gentleman from Ohio [Mr. FESS] will be for this proposed amendment, which has for its purpose the purchase and retirement, not only of the long-term obligations of the United States, but also of the short-term obligations. This morning the press reports show that something over $2,000,000,000 was raised by taxes alone last year and paid into the Treasury. Now, will any gentleman say that is sufficient to run the Government? I hope Mr. BYRNS, of the Appropriations Committee, some time will take up the question in his committee and find out exactly what it costs to maintain the Government for the present fiscal year and the exact receipts from taxes.

Mr. BYRNS of Tennessee. The sale of surplus war supplies, it is estimated, will amount to about $80,000,000.

Mr. GARNER. Not only that, but we have sold $85,000,000 in the last four months of railroad securities. So no wonder the President can write a letter to the Bureau of the Budget and tell them that we have cut the deficit down. He did not do it. He did not do as the law requires to be done. The law says that when he transmits the Budget to the Congress he shall at the same time recommend the method by which any deficit shown in the estimates shall be raised. He did not do it, so that he is among the first to breach the Budget law; and he will be estopped, I imagine, in the future from saying that the Congress in some way is not keeping good faith with the Budget law. The Budget law says if there is a deficit it is the duty of the President of the United States to recommend to the Congress a method by which it can be met. The President did not follow the law. He ought to have done it.

Mr. GREEN of Iowa. Will the gentleman yield?

Mr. GARNER. I will.

Mr. GREEN of Iowa. The gentleman is propounding some most extraordinary financial ideas. How would the gentleman define the sinking fund; what does he take it to be?

Mr. GARNER. I have the idea the sinking fund is for the purpose of taking up bonds.

Mr. GREEN of Iowa. But I wanted to know whether the gentleman thinks it is an asset or a liability?

Mr. GARNER. I think it is certainly an asset when it is used to protect our bonds and take them up.

Mr. GREEN of Iowa. The gentleman seems to be——

Mr. GARNER. I will let the gentleman tell me what it is.

Mr. GREEN of Iowa. The sinking fund is not money in the Treasury. The sinking fund is a law providing for an appropriation which takes money out of the Treasury.

Mr. GARNER. I understand that, and if you use the sinking fund as you ought to, you would not have it in your daily balance.

Mr. GREEN of Iowa. You can not use it in any other way. You can not help having it in your daily balance.

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

Mr. GARNER. Yes.

Mr. BANKHEAD. I think this matter of a correct definition of our supposed sinking fund is rather an important question. As I understand the gentleman from Iowa [Mr. GREEN], he says this sinking fund is merely a theoretical authorization.

Mr. GREEN of Iowa. No; it is an actual appropriation.

Mr. BANKHEAD. The gentleman has said that the sinking fund was a law authorizing certain things to be done.

Mr. GREEN of Iowa. Exactly. The law makes the appropriation for a certain amount to be paid out of the Treasury each year.

Mr. BANKHEAD. In other words, the sinking fund is merely a statute, and does not represent actual money?

Mr. GREEN of Iowa. Yes.

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

Mr. GARNER. Yes.

Mr. OLIVER. You have to have a fund for the law to operate with. Do you not think that when the law is executed it takes from the assets? Does it not?

Mr. GREEN of Iowa. Has the gentleman read the sinking fund act?

Mr. OLIVER. Yes.

Mr. GREEN of Iowa. Here is the language of the act: "So much is appropriated out of any funds not otherwise appropriated for the following purposes," and then it states the amount.

Mr. GARNER. I am glad the gentleman from Iowa has shown to the committee what knowledge he has on the sinking fund.

Mr. GREEN of Iowa. I know what the law is.

Mr. GARNER. Usually you can understand exactly what is the situation from the statements of the gentleman from Iowa. As I said a while ago, the sinking fund was or is $300,000,000, which is to be applied to purchasing and retiring outstanding bonds; $300,000,000 to be taken up this year and $300,000,000 next year, we will say, and in that way at the end of 30 years the public debt will be extinguished. But the administration is not doing that. They want this law changed so that they will continue not to do that, and allow the President and his party to say to the country "We are getting money sufficient now to run the Government; therefore we do not need any more taxes, although the ablest man, probably in the Republican party, Mr. Penrose, now deceased, told the country when you passed the last internal revenue act that it would be $700,000,000 short of the amount required, and that Congress would have to revise and increase it in a year to meet the expected deficit.

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

Mr. GARNER. Yes.

Mr. LONGWORTH. Previous to the new law creating the sinking fund, is the gentleman prepared to say that the money was actually appropriated for the sinking fund?

Mr. GARNER. Not until the law required it to be done. The law authorizing the issuance of the Victory notes required it to be done; required that they should carry 2¼ per cent to the sinking fund. What for? To take up those bonds. It required them to do that. You have not done it. You do not intend to do it.

Mr. GREEN of Iowa. The gentleman from Texas does not mean to make such a statement as that?

Mr. GARNER. Well, if they have, I have not heard of it. How much have they taken up?

Mr. GREEN of Iowa. I can not state exactly the amount.

Mr. GARNER. You do not seem to know it. You know that argument that was made when the law was passed that we buy Liberty bonds in order to keep the price of the bonds up. Mr. Gilbert, Undersecretary of the Treasury, said the other day that the Treasury Department was using this money to buy Victory notes.

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

Mr. GARNER. Yes.

Mr. LONGWORTH. Does this particular bill do anything more than extend the use of the sinking fund to the bonds issued under acts heretofore passed?

Mr. GARNER. Oh, no; it does not do anything more.

Mr. LONGWORTH. Nothing more than that?

Mr. GARNER. No.

Mr. LONGWORTH. I agree with you.

Mr. GARNER. If you administered this law in the spirit in which it ought to be administered this act would do no harm, but you do not intend to do it. That is what I am complaining about.

Mr. LONGWORTH. The gentleman's argument, then, is not against this particular bill?

Mr. GARNER. I am arguing against the administration of the law. After the 1st day of May Liberty bonds will have to be purchased if this proposed amendment does not become a law.

Mr. LONGWORTH. I wanted to know what the gentleman's argument was. I find he is not speaking against this bill, but against the way the law is administered. Otherwise he is satisfied with the situation.

Mr. GARNER. The law ought to force the administration to take up the Liberty bonds after May and retire them, as the law now requires, to take up $300,000,000 a year. But the present way of doing things is only in harmony with the administration's general policy of ignoring the law.

Take this Foreign Debt Commission. I have read this statement; it is significant; it may not be true; but I read it for what it is worth, because it comes in the form of a dispatch from Manchester, England, under date of January 31, in which Ambassador George Harvey is quoted. I read:

HARVEY TELLS BRITISH HARDING WILL RUN AGAIN IN 1924.

[By International News Service.]

MANCHESTER, ENGLAND, January 31.—George Harvey, American ambassador to England, has informed Premier A. Bonar Law that Britain's interests would be best served by accepting the American terms for funding of the British war debt, but that President Harding, if re-elected, "would reopen negotiations after the 1924 election," the Manchester Guardian stated to-day.

That comes from a high source, a newspaper of high standing. That comes from the Manchester Guardian, which, as I understand, is one of the leading newspapers of England. It may be incorrect. Mr. Harvey may not have said what he is quoted as saying, and if he did say it, he may not have known just what he was talking about; but he had just left this country, and he had been a guest at the White House, and he was acquainted with the President's attitude. I undertake to say what I have said heretofore, that it is the purpose of certain elements in this country——

Mr. LONGWORTH. Will the gentleman yield?

Mr. GARNER. In just a moment. It is the purpose of certain elements in this country to work for the remission of the entire debt, and that is what is meant when Mr. Harvey told Mr. Bonar Law, "You settle on the basis we suggest now. We will reelect President Harding in 1924, and we will open up the question again and attend to business with you along lines more desirable."

Mr. LONGWORTH. Will the gentleman yield?

Mr. GARNER. I yield to the gentleman from Ohio.

Mr. LONGWORTH. I trust the gentleman will vote to report the bill which I assume will shortly be introduced accepting these terms as proposed, and that will close out the question of reopening.

Mr. GARNER. I will have to see what that bill is first. I never swallow a hook until I see how many barbs it has on it.

Mr. LONGWORTH. There is no question of the passage of that bill unless its passage is hindered by some persons who desire to prevent this settlement of the question.

Mr. GARNER. Oh, I suppose there is no question of its passage. I think you have got the skates greased so you can put it through.

Mr. STAFFORD. Will the gentleman yield?

Mr. GARNER. In just a moment. I believe that is the policy which the President of the United States would like to follow. I remember, two weeks ago Monday, at the time the gentleman from Ohio [Mr. LONGWORTH] and others were being consulted about the methods to be used to settle this debt, what additional conditions could be given the Debt Commission, I got 10 minutes on the floor of the House and succeeded in smoking out the gentleman from Wyoming [Mr. MONDELL] and the gentleman from Ohio [Mr. LONGWORTH] and other gentlemen, and succeeded in getting them to say that they did not intend to take their hands off of this debt, this money belonging to the people; and the result, as I understand from press reports, is that Mr. Stanley Baldwin, Chancellor of the Exchequer, went back to Europe and said, "The whole thing is in the hands of Congress, and therefore I can not do anything; they are politicians."

Mr. STAFFORD. Does the gentleman charge the administration with bad faith in conducting its negotiations with the British Government in trying to settle this debt so as to have in practical collectible form the indebtedness of the British Government and the amount that they are owing us?

Mr. GARNER. No; I do not charge bad faith to the British Government.

Mr. STAFFORD. Does the gentleman charge bad faith to the American Government?

Mr. GARNER. You said the British Government.

Mr. STAFFORD. No; I said the administration.

Mr. GARNER. I do not charge that there was bad faith to the British Government, but there was bad faith to the American people.

Mr. STAFFORD. Was there bad faith in the administration attempting to settle on practical and sound terms with the only Government that is able and willing to pay its debts?

Mr. GARNER. I say that the administration in dealing with the foreign debt up to this time has not kept faith with the American people. It has kept faith with the English people.

Mr. BEEDY. State how, please.

Mr. GARNER. When we passed the law to let England have the money we told her the terms on which we would let her have it. We said, "We do not want to make one dollar out of you. We are going to let you have this money just exactly on the terms that our people are letting us have it, and our people are making the sacrifice."

Mr. LONGWORTH. Will the gentleman yield?

Mr. GARNER. No; not now. I am going to make this statement about our obligation to England and to our own people. That is what we said. We discussed it, the gentleman from Ohio and myself and others around the committee table. We said, "We will just charge them exactly what we pay our own people." That was fair, was it not? Do you think that was fair?

Mr. BEEDY. Under the conditions then existing; yes.

Mr. GARNER. That is another apology—"under the conditions then existing."

Mr. BEEDY. Will the gentleman yield?

Mr. GARNER. Certainly.

Mr. BEEDY. Does the gentleman not believe that governments like business men must regulate their affairs to meet the exigencies of the times?

Mr. GARNER. I agree.

Mr. BEEDY. Very well, and that is precisely what the present administration is attempting to do with the foreign debt, as far as England is concerned.

Mr. GARNER. And if your administration had kept good faith with the American people the President would have come back to Congress and got permission before any settlement was made. But you made the settlement first and then put us in a hole where we must either vote for this settlement, which we did not authorize the administration to make, or else we must repudiate it altogether. That is hard to do. What your administration ought to have done in keeping good faith with the people through its Representatives was to come to this House and the Senate and say, "Gentlemen, here is what we want you to authorize us to do." Then we could have considered the whole question whether we would do it or not. Instead of that you settled on terms different from those which the Representatives of the American people told you to settle on. Now you come back and say, "If you do not settle on the basis of the agreement we have made, you have to repudiate the administration and not deal fairly with England and the other countries, and you are trying to destroy them economically."

Mr. LONGWORTH. Now, will the gentleman yield?

Mr. GARNER. Certainly.

Mr. LONGWORTH. The gentleman says, and he says correctly, that when we made that original loan to the British Government we provided the terms and conditions on which England should settle, to wit, precisely the terms and conditions on which the American people settled.

Mr. GARNER. Exactly.

Mr. LONGWORTH. Now the gentleman admitted the other day that his Democratic administration had absolutely violated that law.

Mr. GARNER. I will tell the gentleman how they violated it.

Mr. LONGWORTH. All right.

Mr. GARNER. We got our money at 3½, 4, and 4½ per cent, and the Democratic administration made a rate of 5 per cent to the foreign government borrowers.

Mr. LONGWORTH. And never got a cent of it, did they?

Mr. GARNER. Yes; they have.

Mr. LONGWORTH. Never a cent up until a few months ago.

Mr. GARNER. They have paid in $185,000,000.

Mr. LONGWORTH. Lately—under this administration.

Mr. GARNER. And they paid it at 5 per cent.

Mr. LONGWORTH. They did not at all.

Mr. GARNER. Yes; they did. They paid on a 5 per cent basis.

Mr. LONGWORTH. Your administration never got them to pay a cent.

Mr. GARNER. Instead of violating our faith with the American people we made the foreign governments pay more than the American people paid.

Mr. LONGWORTH. Your 5 per cent was a pure bluff, because you never received a cent from France or Great Britain; not a cent.

Mr. GARNER. The Democratic administration made these conditions on behalf of the American people and not at the expense of the American people.

Mr. WINGO. Will the gentleman yield?

Mr. GARNER. Yes.

Mr. WINGO. Is it to be expected that England would pay when she has been encouraged to believe that if she refuses to pay on the old terms she can do better? Is not that encouragement to make default?

Mr. GARNER. Well, it looks very strange to me, I will say to the gentleman from Arkansas, that we are so anxious to rehabilitate European nations that we are willing at this time to make a contract for 62 years based on a rate of interest which we do not know how will compare with the interest rate in 10 years from now. I think myself that it would have been proper for the debt commission to have made a temporary arrangement with these foreign countries with the understanding that, with a clause in the contract, if you please, that later on if we could get money at a cheaper rate we would let them have it at a cheaper rate. I do not want to make one dollar out of England. I do not want the American people to be put in the attitude of making one dollar, but, gentlemen, I am not authorized as a representative of my people to give England one dollar. [Applause.] There is the difference. I undertake to say that you are not authorized as the representatives of the people to give one dollar of the American people's money until you have had a commission to do so through the electorate of this country.

Mr. TILSON. Will the gentleman yield?

Mr. GARNER. Yes.

Mr. TILSON. How much have we given England; and if any, by what means?

Mr. GARNER. We have not given her anything yet, but it looks as if we are going to do it or repudiate the terms agreed upon by the Debt Commission. The question is a serious and momentous one, and that is the reason why I have taken the liberty to refer to it at this time. The proposition may well receive the thoughtful consideration of every Member of the House. It is a real responsibility which we will be called upon to discharge. I again return to a discussion of the fiscal policy of the Treasury. They ought not to use the sinking fund for daily transactions. When railroad securities bought with money borrowed from the American people are sold, you ought to take up an equal amount of outstanding Liberty bonds, because it is proceeds of capital assets and not taxes to run the Government. You have heard Republican Members of the House and Senate criticize England, you have heard them criticize France, you have heard them criticize Italy, you have heard them criticize Germany, because their budgets do not balance. You have heard them criticized because they do not levy taxes enough to run the government. We are $700,000,000 short of balancing our Budget—six or seven hundred million dollars less in taxes than the annual expenses of the Government. We have not balanced our Budget and we ought to balance it. The American people want it balanced. They believe that you are balancing it. You are trying to make them believe it by using capital assets of the country in paying current expenses, and you ought not to do it.

Mr. BUTLER. Will the gentleman yield?

Mr. GARNER. Yes.

Mr. BUTLER. I always listen to the gentleman from Texas with a good deal of interest. Will he allow me to ask him a question?

Mr. GARNER. Certainly.

Mr. BUTLER. Suppose we have provided by law that from a certain source we may collect a fund to be set aside for the redemption of bonds, it would be absolutely wrong to take one penny from that fund for any other purpose. It seems to me the fund is collected, as all other taxes, and put into a lump sum, and you can draw from that lump to pay the maintenance of the Government as well as to redeem our bonds.

Mr. GARNER. You do not ordinarily use the sinking fund except for what it was established. That is what I am trying to indict the administration for.

Mr. BUTLER. But suppose we collect enough from all the resources to maintain the Government and maintain the sinking fund; we have not done anything wrong by using this fund for either purpose.

Mr. GARNER. But you are not doing that; you are not collecting enough. We are using proceeds from sale of capital assets with which to pay current expenses.

Mr. TILSON. Will the gentleman yield?

Mr. GARNER. Yes.

Mr. TILSON. Have not we always done this same thing in the very same way under all administrations; and if we are entirely solvent, what real difference does it make in the end?

Mr. GARNER. Oh, that is it; there is the confession and avoidance. The gentleman from Connecticut says of course we are going to get the money, therefore why are we concerned about a sinking fund? Well, my answer is a very simple one. I want the national debt paid off and retired, and I want it done in the manner and within the time contemplated by the sinking fund act. [Applause.]

Mr. GREEN of Iowa. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. LONGWORTH].

Mr. LONGWORTH. Mr. Chairman, we have just had the privilege of listening to a very extraordinary speech by a very extraordinary man. In the first place, I understood, when the gentleman from Texas started his speech, that he was opposed to this bill, but I find now, after questioning him, that he sees no harm whatever in this particular bill. However, he has taken occasion, with this bill as his basis, to file a general indictment against this administration because it has not strictly followed the letter of the law. The main portion of his speech has been devoted to the question of the foreign loans, and yet he admits that his own administration grossly and flagrantly violated the law in that respect. Let us go back and see just what that transaction was. Those of you who were here at the time remember that the first bond act which authorized our loaning money to our then allies pro-

vided that the funds received from the sale of these securities, issued for a certain length of time, bearing a certain specific rate of interest, might be invested in similar obligations issued by foreign Governments. In other words, if this Government issued a bond for 25 years at 3½ per cent, it was permitted, and permitted only, to invest the proceeds in a similar foreign bond of 25 years bearing 3½ per cent interest. What did the last administration do, as a matter of fact? They loaned the proceeds of the bonds for which the American people subscribed to those different Governments and received what security? The securities that the law provided? On the contrary, we received absolutely no security whatever, and there is not to-day in the Treasury of the United States any security from Great Britain, France, or any other Government that was contemplated by the law under which the loans were originally granted. All we have is an I O U, a mere note of hand, signed by the particular representative, whoever he might be, an ambassador or commissioner, who happened to be in Washington at that time.

The law was grossly and flagrantly violated, as the gentleman from Texas admits, and that is the only reason why it has ever been necessary to have this commission appointed. The gentleman from Texas says, "Ah, but we were receiving 5 per cent interest." Mr. Chairman, one of the justifications that the then Secretary of the Treasury made to the Ways and Means Committee was, "Gentlemen, we did not follow the law strictly, we have received no security, but we are getting a better rate of interest than we would have otherwise."

Mr. HARDY of Texas. Mr. Chairman, will the gentleman yield?

Mr. LONGWORTH. I can not at this moment. As a matter of fact, we have received no security at all, and we never have received a cent of interest from any Government except Great Britain, and we did not receive any from Great Britain until a very few months ago, and that was not interest at the rate of 5 per cent, as the gentleman from Texas says, but merely a payment on account of interest that had accumulated in the past. I have forgotten how much it was. It may be that it was $185,000,000. The gentleman from Texas says so and he is usually accurate.

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

Mr. LONGWORTH. Certainly.

Mr. GARNER. Does the gentleman desire now to settle with England upon the basis of the contract that we made with her?

Mr. LONGWORTH. We made no contract with England that has been carried out. We have no contract with England except a note of hand.

Mr. GARNER. We have the statute under which she accepted the money.

Mr. LONGWORTH. What statute? Something that we passed recently?

Mr. GARNER. No; the statute we passed when we authorized the loaning of the money to England, and she accepted under that statute.

Mr. LONGWORTH. But the terms of that statute have not been complied with, and there is no indebtedness except a debt of honor. We undertook by the passage of the recent commission act to have some security from these foreign nations, Great Britain among them.

Unfortunately, in my belief, we put the limit of interest too high, and made the terms of the security too short, but, whether we were right or wrong at that time, whether our judgment was good or bad, the situation has turned out to be, and nobody can question it, that we can not fund our loan to Great Britain under the terms provided for in the act, to wit, at 4½ per cent interest and a period of 25 years.

What are we going to do about it? The gentleman from Texas [Mr. GARNER] says that we are betraying the American people if we change the letter of the law. Has the gentleman figured out what this proposition will amount to at the end of 62 years? Even at 3 per cent for 10 years and 3½ per cent for the remainder—and I am taking only the figures as they appeared in the newspapers, for I have no other information—the total amount that will accrue from that British debt at the end of 62 years will be not less than $15,000,000,000. Let the gentleman from Texas take his pencil and figure it out and then say whether the American people are being betrayed as he says in getting this security for a debt for which they have now no security whatever. [Applause.]

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

Mr. LONGWORTH. Yes.

Mr. GARNER. But how much will it cost the American people to carry that debt for 62 years? Twenty billion dollars.

Mr. LONGWORTH. If the policy of the gentleman from Texas is followed out, it is going to cost the American people not only the money that we have paid out, but they will have to pay the interest which otherwise Great Britain would pay, because the proposition of the gentleman from Texas is that he will not consent to vote for any funding of the British debt unless it is precisely on the terms provided in the law, to wit, 4½ per cent over a period of 25 years, when he knows, because the gentleman is a sensible man, that the commission has not been able to come to an agreement on that basis.

Mr. GARNER. I did not say that.

Mr. LONGWORTH. Then I misunderstood the gentleman.

Mr. GARNER. I said I would be unwilling to settle with England at a loss of what the American people would have to pay for the same money.

Mr. LONGWORTH. Precisely.

Mr. GARNER. I do not object to extending the time to 62 years, but when you ask the American people to pay 4½ per cent and 4½ per cent for money to loan to England at 3 and 3½ per cent I am opposed to it.

Mr. LONGWORTH. Of course, the gentleman is opposed to it, which is precisely what I said, and he will oppose any change in those terms. In other words, he will oppose any settlement of the British debt.

Mr. GARNER. Not so far as the length of time is concerned. I merely question whether Great Britain came over here bargain hunting, whether she came here to get $110,000,000 or $170,000,000.

Mr. LONGWORTH. Oh, the gentleman can not split hairs with me. We have either to take the proposition or to leave it. The gentleman can not offer an amendment to increase the rate of interest, he can not say, "Oh, it is all right, so far as the term of years is concerned, but I want to amend it, so far as the rate of interest is concerned, and I will not vote for it unless it is amended."

Now, the fact is, we all know it, and every sensible person in the United States knows it, we have to accept this proposition now. We can not amend it. We must accept it now or probably never again get so fair an offer——

Mr. OLDFIELD. Mr. Chairman, will the gentleman yield for one question?

Mr. LONGWORTH. I will.

Mr. OLDFIELD. I am asking this question absolutely for information. I want to know whether this 3 per cent for 10 years and the balance at 3½ per cent is the proposition which was proposed to Great Britain or a proposition which Great Britain made to our commission?

Mr. LONGWORTH. How can I answer the question; how can anybody answer the question?

Mr. OLDFIELD. The commission can answer it.

Mr. LONGWORTH. I do not see any of the commission here.

Mr. OLDFIELD. The gentleman does not know himself?

Mr. LONGWORTH. I do not know, of course not. I know just as much as the gentleman from Arkansas or any man——

Mr. OLDFIELD. I want the gentleman from Ohio [Mr. BURTON] to answer that question.

Mr. GREEN of Iowa. I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Chairman, I have listened to many ridiculous proposals by my genial friend the gentleman from Texas, but none have I heard that surpass the position he has taken in criticizing the administration in negotiating a settlement of the indebtedness of Great Britain. He criticized the act of the Foreign Debt Commission in not coming back to Congress, because they could not enter into negotiations under the terms provided in the act authorizing their creation. They had in that act certain limited powers. If they had complied with the powers designated they would not have had to come back to Congress. That commission, composed of some of the best men in the country, under the limitation as to their authority found it unworkable. The gentleman from Texas says that he would not exact from Great Britain one cent more interest money than we are compelled to pay. That act required a rate not less than 4½ per cent. He contradicts his position by saying we should only accept British bonds at a rate of not less than 4½ per cent. Everyone knows who is acquainted with money conditions that this Government to-day can borrow money on long-term bonds for less than 4 per cent. We have borrowed money recently on short-term notes at 4 per cent. The commission has not done anything else but what any other body would have done. On finding that they could not enter into negotiations under the terms laid down by the authorizing body, they did not come back to Congress with an unworkable plan of having new terms proposed on the congressional gridiron. It was a financial proposition which they had to adjust, and they arranged tentative terms, subject, of course, to the approval of Congress, representing the stock-

holders of the Nation, and intend to propose to have their act ratified.

I believe in the business axiom, "Take a loss, take a gain." I think Great Britain is to be commended as the only Government in the world which has attempted to negotiate their indebtedness, amounting to $4,600,000,000. It is the one Government that has; France has done nothing; she is not even willing to pay any interest.

Italy has not offered to pay any interest, but Great Britain has done so. Now, the gentleman from Texas with his political cunning read a dispatch from the Manchester Guardian, that after the British Government has furnished this Government with British bonds that they are going to be so tied up that we could not sell the bonds on the market and negotiate them if our Government so desired. Such an outlandish, ridiculous proposition I have never heard from any gentleman on the floor, not even the gentleman from Texas [Mr. GARNER].

Mr. BLANTON. Will the gentleman yield?

Mr. STAFFORD. I will yield.

Mr. BLANTON. The gentleman from Ohio [Mr. LONGWORTH] said not once but twice that if we did not accept this agreement that has been entered into we would probably not get a dollar from England. Is not the I O U of England worth more than that?

Mr. STAFFORD. Everybody who is acquainted with the facts knows that Great Britain was not in a position to negotiate the funding of this great indebtedness until the present time. The obtaining of the bonds of the British Government will enable our Government to negotiate them if it so desires and reduce the possible indebtedness, whereas the I O Us are not negotiable.

Mr. BLANTON. The I O U of England ought to be worth 100 cents on the dollar?

Mr. STAFFORD. But their notes were never intended to be permanent, merely a receipt, until an opportune time when the respective Governments could negotiate as to the certain terms of payment.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. Mr. Chairman, I yield five minutes to the gentleman from Massachusetts [Mr. TREADWAY].

The CHAIRMAN. The gentleman from Massachusetts is recognized for five minutes.

Mr. TREADWAY. Mr. Chairman, I understood the gentleman from Texas [Mr. GARNER] to reiterate the statement that the reason why the Treasury Department was advocating this bill was in order to have the amount of the money in the Treasury in the sinking fund carried in the daily balance. I wish the gentleman from Texas would tell me whether I understood him correctly or not. I will assume that I did.

Mr. OLIVER. The gentleman from Texas is temporarily out of the Chamber.

Mr. TREADWAY. No; he was in the room all the time.

Mr. OLIVER. I say the gentleman from Texas was temporarily out of the Chamber.

Mr. GARNER. My attention was diverted, Mr. Chairman, from the remarks of the gentleman from Massachusetts.

Mr. TREADWAY. I think the remarks of the gentleman from Texas are worthy of attention on our side, and therefore I want to ask him if I correctly understood him as saying that the object of this bill was, in his opinion, that the sinking fund was to be carried in the daily balance?

Mr. GARNER. I said this: That if this bill is not passed the Treasury Department will be compelled to buy up the Liberty bonds, and I want that policy to be pursued; and on the other hand if you pass this bill, whatever the purpose was that they wanted to use the sinking fund for, they could do it.

Mr. TREADWAY. In other words, if this bill is passed the sinking fund will become part of the daily balance?

Mr. GARNER. That is so whether the bill is passed or not.

Mr. TREADWAY. On the contrary, I say, on the authority of the Treasury Department, that the sinking fund has nothing absolutely to do with the balance carried in the balance sheet which is sent to us daily. I make that as a positive statement. [Applause.]

Mr. GARNER. The gentleman states that there is more than one account in the Treasury Department?

Mr. TREADWAY. I state that this bill has absolutely nothing to do with the daily balance carried by the Treasury, and no amendment that you could make to it would have anything to do with it.

Mr. GARNER. Certainly not, because they have only one account in the daily balance.

Mr. TREADWAY. If the gentleman will read section 2 of the committee's report, he will find that he is in error as to what the sinking fund is.

Mr. GREEN of Iowa. The original law has nothing to do with it.

Mr. TREADWAY. No; the original law has nothing to do with it. The only effect the passage of this bill will have on the sinking fund will be to show the amount of Liberty bonds that are bought and reduce the balance by that amount. It will make no reference to what can be charged to the sinking fund.

The gentleman from Texas made another erroneous statement which I desire to correct. It is very easy to get up here and lambaste the President and the Secretary of the Treasury and other individuals; but let us have a basis of fact. The gentleman from Texas does not stop for that very often in some of his general statements he makes here, and the one he made this afternoon is a good illustration of the kind of statements I refer to. Here is another instance: He says that, so far as he knows, none of the sinking fund has been used for the purchase of Liberty bonds. Then he is in ignorance of the report of the Secretary of the Treasury, because the report of the Secretary of the Treasury shows conclusively that he is in error.

I insert herewith for the information of the House letter on the subject from the Treasury Department:

TREASURY DEPARTMENT,
OFFICE OF ASSISTANT SECRETARY,
Washington, February 2, 1923.

HON. A. T. TREADWAY,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN: Pursuant to your telephone request of to-day for the respective amounts of Liberty bonds and Victory notes purchased for account of the cumulative sinking fund, I am inclosing herewith copy of the Annual Report of the Secretary of the Treasury for the fiscal year 1921, and would call attention to the item under the caption "Cumulative sinking fund," from which it will be seen that purchases for the sinking fund in that fiscal year were confined to Victory notes and aggregated $261,250,250, face amount.

I am also inclosing copy of the Annual Report of the Secretary of the Treasury for the fiscal year 1922, on page 45 of which is shown the detailed purchases of the sinking fund during that fiscal year, aggregating $275,896,000, face amount, of which $17,586,000, face amount, were Liberty bonds and $258,310,000 were Victory notes. Purchases for the cumulative sinking fund during the first half of the current fiscal year—July 1, 1922, to December 31, 1922—aggregated $226,318,800, face amount, of which $78,808,000, face amount, were Liberty bonds and $147,510,800, face amount, were Victory notes.

Very truly yours,

EDWARD CLIFFORD, *Assistant Secretary.*

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

Mr. TREADWAY. Yes.

Mr. CHINDBLOM. But the gentleman says, "So far as he knew." That is correct?

Mr. TREADWAY. Yes; but he had better get a little bit more information before he tries to elucidate it to the House. That is what I am trying to convince him of at this moment.

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

Mr. TREADWAY. Yes.

Mr. GARNER. I want to say to the gentleman from Massachusetts that he may reflect on my intelligence, but when he says I misstate a fact he says what is not true.

Mr. TREADWAY. Oh, I will not get into that kind of a discussion.

Mr. GARNER. I said so far as I knew, and I talked with the Treasury Department not long ago about it; and, so far as my information went, there had been no Liberty bonds taken up by the sinking fund. I always try to state facts, and I hope the gentleman from Massachusetts will also try to adhere to the facts.

Mr. TREADWAY. I also try to adhere to the facts, and of course, I will say, I had no intention of questioning the gentleman's veracity. On the contrary, I have the highest respect for both his veracity and his knowledge. But sometimes a matter of lack of knowledge can be covered under just such a sentence as the gentleman now uses. "So far as I know," he says. I am giving him information that he can find in the Treasury report, and the further statement that nearly $79,000,000 has been expended in the present fiscal year out of the sinking fund for the redemption of bonds. Now, I think the gentleman knows a little bit more about it than he did when he made his statement on the floor. [Applause.]

So far as the definition of the sinking fund is concerned, I want to repeat, and be very positive in my statement, that if the gentleman and members of the committee will read the law, both as it is and as it will be when we pass this amendment, he will know, I think, a little more about the daily balance, and the rest of the committee will, because, so far as he knows, if we pass this amendment, the sinking fund will appear as a part of the daily balance of the Treasury. It will not do any such thing. It never did and never can. The sinking fund law will not permit it. Therefore if he will take my statement for the truth, which it is, he will know a little bit more about the two subjects which he has been discussing in connection with this bill. [Applause.]

Mr. GREEN of Iowa. Mr. Chairman, I yield five minutes to the gentleman from Connecticut [Mr. TILSON].

The CHAIRMAN. The gentleman from Connecticut is recognized for five minutes.

Mr. TILSON. Mr. Chairman, I am very glad that the gentleman from Massachusetts [Mr. TREADWAY] brought us back to the consideration of the bill. This bill proposes to amend the sinking fund law so that the sinking fund may be used for the purchase of bonds issued later than July 1, 1920, in refunding the debt. As the law now stands it is provided that the sinking fund shall be used for retiring bonds outstanding on July 1, 1920. We wish to change the law so that it may be used to purchase bonds issued for refunding purposes subsequent to that date.

The gentleman from Texas makes it his principal objection to this bill that it would permit the sinking-fund money to go into the general funds of the Treasury, if not into the daily balance. The gentleman from Massachusetts [Mr. TREADWAY] has taken him up on the latter point. At any rate, if I understand what he means, he contends that the sinking fund will go into the general fund of the Treasury and that, perhaps, some other bonds or some other indebtedness may be retired with the particular money taken in for this purpose. Of course, there are no particular sums of money collected for the sinking fund. It is simply a certain sum set aside by appropriation for a particular purpose. It must come out of the revenues, like any other appropriation.

Mr. Chairman, I contend that in the first place the accounts, so far as this matter is concerned, are kept in the Treasury now just as they have ever been. If we were required to keep a separate pocket for every bit of change that Uncle Sam has and a different set of bookkeepers to keep every one of these pocket-change accounts, the number of employees and the expense would be beyond all endurance. Therefore the Treasury has always kept its funds so that so far as the particular money that is collected or appropriated for anything is concerned it is not required that the actual money shall be set aside or kept apart from other funds. If Uncle Sam remains solvent, it does not make any difference which pocket he takes the money out of to pay any particular debt.

This bill if enacted into law will require that the sinking fund be used for refunding purposes. It has been so used, as has been shown by the gentleman from Massachusetts. If the law is amended as here proposed it will give a little more freedom in the use of the sinking fund, and this additional latitude is required to save the Treasury from possible embarrassment in using the fund in the manner most advantageous to the Public Treasury. In fact, after the 1st of July, if Liberty bonds should be at par or above, it would not be possible, if I understand correctly, to use any of this fund under the law as it now stands for the purchase of any bonds whatever until Congress could meet and change the law.

It is believed that it would be unwise to leave the law in that situation. It ought to be so that at any time we can use this sinking fund for the purpose for which it was originally intended; that is, to pay the bonded indebtedness of this country, and this bill is for the purpose of enabling the Treasury to do this in the most advantageous manner.

Mr. RAMSEYER. Will the gentleman yield?

Mr. TILSON. I yield.

Mr. RAMSEYER. Will the amendment reduce the sinking fund after the refunding process has taken place?

Mr. TILSON. No.

Mr. RAMSEYER. Has the gentleman read the last part of section 6 (a), subdivision 1—

> Two and one-half per cent of the aggregate amount of such bonds and notes outstanding on July 1, 1920, less an amount equal to the par amount of any obligations of foreign governments held by the United States on July 1, 1920.

Mr. TILSON. Yes; I have read that very carefully.

Mr. RAMSEYER. When you refund you are going to reduce this amount outstanding on July 1, 1920, to the amount according to the report of over $3,000,000,000.

Mr. TILSON. The gentleman's question is whether we shall, under this amendment, reserve less than we have heretofore set aside for the sinking fund?

Mr. RAMSEYER. My question is whether the effect of your amendment is not to reduce the sinking fund after these refunding processes go into effect?

Mr. TILSON. At first I understood the gentleman to mean could this fund be expended for anything else than what it was appropriated for, or would the amount already set aside be diminished? I now understand the gentleman to ask, Shall we hereafter, by reason of this amendment, set aside less for the sinking fund?

Mr. RAMSEYER. That is the idea. After the refunding process goes into effect is not that going to reduce the amount on which you figure the sinking fund? I do not think the sinking fund now provided for ought to be reduced, because I think it ought to be applied to the speedy reduction and final extinction of the national debt.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. I yield to the gentleman two additional minutes.

Mr. TILSON. The amount of the sinking fund is regulated by a definite, fixed annual permanent appropriation which will not be changed in the least by this bill. This bill will not affect the amount of money appropriated for that purpose.

Mr. RAMSEYER. Has the gentleman carefully read the latter part of section 6(a), which I read a moment ago?

Mr. TILSON. Very carefully.

Mr. RAMSEYER. And is he very sure that after this refunding process is placed in effect it will not reduce the amount of money to be set aside annually for the sinking fund?

Mr. TILSON. That is not the intention of this amendment, at any rate, and I do not understand how it could in anywise affect the basis on which the amount of the appropriation each year is figured.

Mr. GREEN of Iowa. Under the five-minute rule I will take time to explain that.

Mr. TILSON. That was not the intention, and, as I understand the present law, such will not be the effect of this amendment.

Mr. RAMSEYER. I hope the committee will carefully consider that entire section, having in mind the question raised.

Mr. TILSON. It is the application of the sinking fund that we mean to affect, and not the amount of it. Of course, if we could change the amount of the indebtedness outstanding on July 1, 1920, the amount of the sinking fund being determined by the amount of the outstanding indebtedness on that date, we, of course, would to that extent modify the sinking fund; but that can not be done, either by the amendment now being considered or by any other means that I know of.

Mr. CHINDBLOM. The sinking fund is 2½ per cent of the amount outstanding on July 1, 1920. That amount has been fixed and will not be changed at all. July 1, 1920, will never come back.

Mr. ANDREWS of Nebraska. Will the gentleman yield?

Mr. TILSON. Yes.

Mr. ANDREWS of Nebraska. This amendment authorizes the use of the sinking fund for the very purpose for which it was created.

Mr. TILSON. Undoubtedly.

The CHAIRMAN. The gentleman from Iowa [Mr. GREEN] has 22 minutes remaining and the gentleman from Texas [Mr. GARNER] has 18 minutes remaining.

Mr. GREEN of Iowa. Will the gentleman from Texas use some of his time?

Mr. GARNER. You may read the bill if you want to.

Mr. GREEN of Iowa. We desire to occupy some more time on this side.

Mr. GARNER. I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I want to read a little editorial from Mr. W. J. Smith, the editor of the Waukegan Daily Sun, of Waukegan, Ill., which is rather apropos and interesting:

> The Chancellor of the British Exchequer, one Stanley Baldwin, has insulted millions of middle westerners with the typical English nasty remarks that our people raise hogs and are ignorant on international debts, and that the great difficulty in the debt question is in the hands of United States politicians, instead of Cabinet officers as in England. Perhaps Baldwin has Hoover in mind; nevertheless, the middle westerners have Baldwin's goat and number, which is zero.
>
> The middle westerners know four and two legged hogs, but raise only four; hence Baldwin's reference to American politicians must be returned to England for real application to the puppets of the hereditary ruling classes.
>
> Besides raising hogs, the middle westerners incidentally raised billions of dollars which were loaned to England to save her from Germany. The same middle westerners will raise h—— with every public official who attempts to condone, conceal, or concur in any international conspiracy to double-cross the American taxpayer by amending the debt refunding act, which clearly represents the last word of the average American voter who indirectly loaned billions to England.

Mr. STAFFORD. Just at the point where the gentleman is reading, referring to hogs, I suppose the gentleman is referring to them because he knows that this is ground-hog day? [Laughter.]

Mr. BLANTON. Well, it was not that kind of a hog.

Mr. BEEDY. Will the gentleman yield?

Mr. BLANTON. No; I want to finish this.

The CHAIRMAN. The gentleman declines to yield.

Mr. BLANTON. Without reading it further I ask that the editorial be placed in the RECORD, and then I will not take up further time.

The CHAIRMAN. The gentleman asks unanimous consent to extend his remarks in the RECORD by inserting the editorial indicated. Is there objection?

There was no objection.

The remainder of the editorial is as follows:

The reactionary Baldwin, his political chief Bonar Law, and other puppets of the hereditary ruling class of imperialists defeated the great commoner Lloyd-George with the false slogan of political tranquillity, which was to come in part through less taxation.

Knowing a debt cancellation or hundred per cent debt repudiation was impossible, Baldwin framed up a clever scheme of passing the high interest charges and the substantial reduction of principal along to future generations, which, of course, have no vote now. This is an old political and diplomatic dodge, but it was withheld until after the last November American elections, because none dared to face the American voter with such a double-cross scheme; however, Baldwin now boldly pretends the scheme is an offer from America and the English press hypocritically kicks about "an offer that was made in England." The average American is wise and will end the duplicity when the conspiracy comes to Congress.

The Washington debt conference was shrouded in silence; however, in England, Baldwin sung his swan song which is the death knell of his party which will give way to the Lloyd-George and labor elements, which never schemed debt dodging or repudiation to save the hereditary ruling classes from destruction, political and material.

Baldwin hypocritically claimed, "America offers 3 per cent" and sixty-odd years' payment period. Through collusion, did Baldwin attempt to put a British offer into the mouth of the American commission, which is made to appear as the initiator and proposer of what means a repeal of or amendments to the debt refunding act, which requires all payments within 25 years at 4½ per cent interest. Such silly diplomatic juggling is a diplomatic swindle, which could only result in the impeachment of American officials who took an oath to enforce and not defeat the debt refunding law. Congress made the only American offer. No private or public official citizen had power to make other offers.

It was reported from abroad that at a London tea party Taft and Harvey promised Bonar Law that the United States would give a refunding period of some sixty-odd years at an interest rate of 2½ per cent. This means a gift of billions of dollars. In regard to international debts, Taft and Harvey represent none other than themselves personally. However, if they attempted to defeat the debt refunding act they are sworn to enforce, Harvey should be recalled by Harding and Taft is open to impeachment charges, if upon investigation Congress finds an international conspiracy to defy and defeat the will of Congress.

Taft and Harvey could promise King George the White House for a colonial home, but such a promise would mean the same as the alleged debt promise; however, if true, the incident is serious and Congress and the President should do the self-evident needful.

Baldwin and his royal political party can not pass their political buck to the Harding administration, which is absolutely indifferent to the political life of Baldwin, Bonar Law, or any other ring of "cabinet" politicians who may desire to fight their campaigns on American soil or with American taxpayers' coin.

Baldwin's attacks on our people and politicians, who are really representatives of free people instead of playthings of hereditary ruling classes, raise many serious questions for all lovers of American practices and institutions.

America has had a wonderful internal development through local taxation and financing with tax-free cheap securities that built good roads, sewers, waterworks, and schools. Strange propaganda proposes to change the American Constitution so that State and city bonds will no longer be tax free. Naturally, the average voter wants no rich man's tax-dodging securities, hence at first the propaganda finds rich soil for growth. If State and city bonds are to be taxed by the United States Government, the local taxpayers must pay higher interest rates, hence local improvements must cost more and the net result may be substantial reductions in the amount of local improvements and the employment of American workmen.

If the Britisher pays less than Congress has demanded, the American must make up the difference in taxes. Taxes are too high now. Do the Federal tax hunters scheme to invade State and city fields of taxation and stop local tax-free securities in order that local taxes may be secured to make up whatever the British dodge, delay, or repudiate in the four and three-quarters billion loans?

Why not let the Baldwin schemers tax 100 per cent the feudal English estates, with their personal property, by-products, which were the gift of some king, and thus avoid the necessity of taxing American State and city bonds, which mean everything to the development and progress of the United States? The Senate better carefully investigate all sources of the propaganda for taxing local securities; perhaps our British friends indirectly, through American agents, have made certain suggestions to promote a shifting of the tax burdens incident to the war.

Why should any American Cabinet officer, Senator, or Congressman worry about what the British toiler is going to do to the tax pocketbook of the hereditary ruling class imperialists? Our officials better worry about what is going to happen to them if they fall for the British schemes to pass the tax buck to American voters. The American hog raisers know so much about the international debts that their Representatives in Congress will not permit the debt refunding act to be now changed even if the British outwit the American commissioners by causing them to foolishly ask Congress to eat its own words and amend the act.

A deadlock may be the British objective; however, during the deadlock the British must pay 5 per cent interest instead of 3, as the British propose, hence any betrayal of Congress and the American public will avail nothing.

No American hog raiser intends to voluntarily raise taxes, especially on local improvement securities, to build British battleships at a time all other nations are trying to save the taxpayers money. British trade discriminations on the high seas, in the German mandate lands or in the colonies secure no American favors. The middle-westerners fully appreciate how the lords of England would dodge or repudiate the American debts to save the hereditary ruling classes from destruction by the British toilers, who are not fussing because their children may have to go to the common schools with the offspring of nonproducers, who are about to pay their own way through fair taxation burdens which can never be unloaded upon the shoulders of the free men of the Middle West of the United States of America where the Declaration of Independence is in force 100 per cent.

Mr. BEEDY. Now will the gentleman yield for a serious question?

Mr. BLANTON. Yes.

Mr. BEEDY. Has the gentleman noticed the most recent press reports, in which a denial has been issued by the British Government of any interview designed to cast any aspersions on the American people is concerned?

Mr. BLANTON. Oh, but there was an interview. I want to say this, that the distinguished gentleman from Ohio [Mr. LONGWORTH] spoke for the administration and its leader on the Debt Funding Commission, and he intimated here—not intimated but said emphatically on the floor, and it will so appear in the RECORD if he does not change his remarks—that unless we accepted that agreement which they had entered into, word for word, without changing it in any way, we would lose this debt.

Mr. BEEDY. Now will the gentleman answer my question?

Mr. BLANTON. Just one minute. He said we would lose this debt from the British Government because, he said, we did not have Great Britain's bond; that we merely had the I O U of Great Britain. These I O U's were given in the stress of war when Britain was on her knees, as you might say, when France was on her knees, appealing to us and practically begging for mercy, and we loaned them the billions and merely took their I O U's. I want to say that I am one of those who believe that Great Britain's I O U is worth 100 cents on the dollar, and that she is going to pay it. She would not repudiate a cent of the principal or of the interest. England is a great nation and she never would have survived if she had ever repudiated her smallest obligation, if she had ever repudiated any part of her national debt. England will not do it. Do not be afraid, we have got the right to send this debt commission back and again say to them that the American people through the Congress instructs you how far you can go and how far you can not go.

Mr. BEEDY. Will the gentleman come back to that portion of the editorial that deals with the reflection on the American people and state whether he has noticed that there has been a denial of that interview and that it was only the report of a lot of newspaper reporters?

Mr. BLANTON. Oh, yes; it has been denied. Diplomacy demanded that. But when our distinguished ambassador went back to England, you heard what was said through a reputable English newspaper as to what was proposed and what was being done by our administration leaders of this country respecting the debt.

Mr. TILSON. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. TILSON. The gentleman intends to keep good faith?

Mr. BLANTON. Oh, yes.

Mr. TILSON. And did not the gentleman say that when he got leave to put in the editorial he would quit? [Laughter.]

Mr. BLANTON. Yes, I said that; but questions were propounded to me; but like I believe that of Great Britain's is, my word is as good as my bond, and I am done.

Mr. MONDELL. Mr. Chairman, following the rule that seems to be in vogue this afternoon to speak on matters that are not before the House, I want to say a word to quiet, if I may, the troubled spirit of my friend from Texas [Mr. GARNER]. He became somewhat disturbed some days ago about the British debt and other foreign debts, and my understanding was that before we got through he and I came to a reasonable and satisfactory agreement with regard to the matter. But it seems he is disturbed again to-day. I think there are very few Members of the House who believed or were very hopeful, at least, that we would be able to settle our differences with our foreign debtors under the legislation providing for the debt commission as it became law. I for one had no expectation that we would be able to reach an agreement with any of the European countries under the terms of that act. I said so at the time. So I am not at all surprised that the Debt Commission is to report, as I understand they will, to the President that it is impossible for them to reach an agreement with the British Government under the terms of the act under which the commission was set up and to ask that the attention of Congress be called to the matter with a view of modifying, if possible, the terms of the agreement. The committee of the House that reported the Debt Commission acted wisely in the matter and the House supported the committee action. They left with the commission the question of the terms of settlement as to the period and interest. In another body important

changes were made fixing a maximum period and a minimum interest charge, and the gentlemen there seemed to be so very insistent on their view of the matter that after some considerable protest we accepted the Senate amendments. They are not workable. Just how soon we shall be called upon to express our judgment in this matter I do not know, but my understanding is that in due time the President will communicate with Congress on the subject and give us the benefit of his judgment as to what ought to be done.

My expectation is that his recommendations will be so reasonable that the House will practically unanimously accept them. I am quite confident they will be sufficiently reasonable so that the gentleman from Texas [Mr. GARNER], who has mentioned the matter on several occasions, will find that he can agree to the proposals that are made.

Mr. GARNER. Will the gentleman yield?

Mr. MONDELL. Certainly.

Mr. GARNER. In view of the gentleman's statement as to another body insisting on controlling the time and interest, does not the gentleman think that it would have been proper for the commission to have come back three or four weeks ago, before the English commission had left, and get the authority, rather than settling the matter themselves and binding this Government as far as it could.

Mr. MONDELL. No; I think what the commission did was proper. They made inquiry of the Members of the House and of the Senate as to how far gentlemen might be willing to go and the disposition they might have to go into the matter of time and interest. I think it was entirely proper, it being imporant that this matter should be settled by the 4th of March, that they should say to the English commission, which I understand they did, that in their opinion a certain settlement could be had if that was agreeable to the British Government and satisfactory to them. It seems to me it was about the only way to proceed. Had the commission, prior to the report of the British commissioners to their Government, come to Congress and suggested a certain settlement we could not have known whether the British Government would agree to those terms or not. It is true the Congress is not bound by any suggestion that may be made, but I am sure Congress will be glad to listen to any reasonable suggestion.

Mr. GARNER. I am glad the gentleman made one statement which clears up the matter somewhat, and that is that our commission said to the English commission that they believed that they could get this particular settlement that has been urged.

The question was asked when the gentleman was out of the Chamber as to which one of the commissions suggested this basis of settlement. The gentleman from Wyoming has relieved us from any uncertainty in that respect, because he has said that the American commission made the suggestion. I am glad to have that information.

Mr. MONDELL. There must have been some suggestion from the American commission, after discussion pro and con, as there always is, that they believed a settlement could be secured through the Congress along certain lines, but that, of course, was not the settlement originally proposed by the American commission. That is a settlement tentatively agreed upon after various suggestions and much discussion. Of course, the American commission endeavored to secure a settlement within the terms of the law under which the commission was created. That was their purpose, that was their effort, but they found that was impossible.

Mr. GARNER. And then submitted the one that may be submitted to Congress?

Mr. MONDELL. I will not say that they submitted that one. There was discussion back and forth, as there always is, and a certain plan of settlement was tentatively submitted, and in due time the Congress will be called upon to decide whether or not it approves that plan of settlement.

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

Mr. MONDELL. Yes.

Mr. LONDON. It is also understood that legislation affecting another sovereign power is of a tentative character.

Mr. MONDELL. I would say that is correct.

Mr. LONDON. So that the powers conferred upon the commission and the instructions given to the commission were subject to the commission reaching an agreement with the representatives of Great Britain.

Mr. MONDELL. That is true.

Mr. GREEN of Iowa. Mr. Chairman, I yield five minutes to the gentleman from Ohio [Mr. FESS].

Mr. FESS. Mr. Chairman, it is somewhat amusing to me to note how my friend from Texas [Mr. GARNER] becomes so excited over an erroneous assumption, and then to see how quietly he subsides when the assumption is corrected by the gentleman from Massachusetts. It is an expenditure of perfectly splendid energy for the entertainment of the House at the expense of the entertainer. It also gives us an indication of how wonderfully enthusiastic we may become over a small affair, a mere assumption for the purpose of presenting an opportunity to make an attack upon the administration. Whatever be the ground for the vigorous attack of our friend, certain things are true, well known to the public, and they can not very well be controverted.

This year of 1923 the Treasury Department found itself facing an indebtedness, obligations coming due and demanding payment in the form of the floating debt, or the unfunded portion of our public debt of $2,500,000,000, the Victory loan to the amount of $4,000,000,000, and also the war-savings stamps, amounting to $656,000,000, amounting all told to over $7,000,000,000. The financing of these enormous obligations was a problem that had to be met, and in a way that would not break the credit of the Nation. The manner in which it has been met, it seems to me, shows a very remarkable achievement upon the part of the Treasury Department, without any particular injury to the business of the country. The floating debt has been absorbed by the investment public, thus releasing the banking assets for industry. The Victories have been likewise taken in amounts and at such terms and tenures as to enable the Treasury to meet them when due. I am glad to have my friend accede to that statement. This policy has lessened the rate the Government must pay for its bonds, at a great saving, and has so strengthened its credit, that its securities have gone to par, amounting to not less than $2,500,000,000, of value to the holder.

In reference to the effort of the Treasury to cover up a deficit, charged by the gentleman from Texas, I think my friend was somewhat unfortunate not only in the error of judgment, but I fear he is subject to a little criticism in so far as his purpose is concerned in making that statement. Too much license is practiced in our partisan statements. In the first place, we had a deficit of $650,000,000, not including the interest of war-savings stamps, facing us. We are justified in the expectation to collect $300,000,000 of back taxes to apply to it, that comes as a part of the revenue, and is properly included in the income of the Government. We are now assured not less than $200,000,000 of interest per year on the foreign debt. While it may be a question where that should go, whether to the payment of current expenses or to the liquidation of the public debt, it nevertheless is income. If we liquidate the War Finance Corporation, as will be done unless the law is changed, it will amount to anywhere from $115,000,000 to $125,000,000; that is a sum also which can be applied to the deficit. Also, if there is to be a disposition of this war material accumulated during the war and still on our hands at great loss, I want just quietly to remind my friend that if we turn that material into money, it ought not to be subject to the gentleman's criticism, because, the Lord knows, it ought to have been done a long time ago. Here are items alone which will almost, if not entirely, wipe out the deficit of six months ago. These items are among the fruits of a business administration bending its energy to make its outgo tally with its income, and outside of partisan circles are the subject of general commendation.

Mr. GARNER rose.

Mr. FESS. Oh, I can not yield. Then I want my friend to especially note this. If under the tariff bill which he so vigorously opposed and he and his party resisted every inch of the way, we increase the revenue over $100,000,000 in a year, and it may reach $150,000,000, then the deficit is gone, and why should the gentleman criticize the Nation for making that sort of business adjudication. Whatever else may be said, we balance our budget, reduce the debt, save on interest, appreciate the Government's credit, revive American industry, and solve unemployment. Surely my friend from Texas would not have us play the dog in the manger, as is so common among those not responsible, by doing nothing ourselves and let no one else do anything? That may be the policy so far as my friend from Texas is concerned, but not the policy of the administration. [Laughter and applause.]

Mr. GREEN of Iowa. Mr. Chairman, it is seldom that so much misinformation has been given to the House in so short a time as was given by the gentleman from Texas [Mr. GARNER] in his statement with reference to the sinking fund and the operations of the Treasury. If one-half of what he said was true, there would be a panic on the stock exchange, a run on all of the banks in the country, a general business depression all over the country, because he intimated—if he did not expressly state it—that the United States Treasury in fact had no surplus, but that, instead, there was a deficit, and that the

Treasury was manipulating the sinking fund to cover up the deficit. I am happy to say that on the 31st of January, of this year, there was in the general fund of the Treasury a balance of $254,546,388, and that if we compare the condition of the Treasury of the United States with its condition one year before that time, it will show, taking into consideration the cash on hand and the amount of the public debt, that during the last calendar year the liabilities of this Government and its general financial standing have been bettered to the extent of about $500,000,000; and in the fiscal year of 1922 we paid off something over a billion dollars of debts, and thereby bettered the condition of the United States Treasury nearly to that extent.

I am astonished at my friend from Texas. He told you over and over again, although I think he finally hedged a little on it, that there never had been any of the Liberty bonds purchased out of the sinking fund. If he had only consulted the last report of the Secretary of Treasury, he would have found that for the fiscal year 1922 there was some $18,000,000 worth of Liberty bonds purchased and that there has been a total of all bonds purchased out of the sinking fund, since it was created, of something over $537,000,000. His whole statement shows a complete misapprehension as to what the sinking fund is. The sinking fund is created by an appropriation. Like every other appropriation, it creates a liability upon the Treasury which must be met. It is necessary and proper that under the sinking fund the amount of the appropriation should be set aside and held for the purposes for which it was appropriated. This has been done. The sinking fund has never fallen short a dollar. It can not be used for any other purpose than that specified in the law, and it never has been under either Democratic or Republican administrations.

The sinking fund is no new thing. It has nothing to do with the daily balances except in an indirect way as all our appropriations have, for when the amount of an appropriation is paid, of course it reduces the amount of the daily balances that much. Now, that is all there is to this matter. Mr. Chairman, it is no more possible that this fund can be manipulated than any other account of the Government can be manipulated. The books of the Government, its general statements, are open to everybody each day. A daily statement shows the condition of our finances, and these statements are obtainable by every Member of Congress or anybody else who chooses to get them. If there was any such manipulation as the gentleman talks about, nobody would have confidence in the administration; but, instead of that, I am glad to say that one of the great achievements of the Republican administration has been its success in steadily reducing the amount of our indebtedness and decreasing the amount upon which we must pay interest. Instead of distrust there is everywhere confidence in the management of our finances.

Mr. FESS. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. FESS. The Secretary of the Treasury stated that the appreciation of the Liberty bonds from the low mark to where they are now has been two and a half billion dollars.

Mr. GREEN of Iowa. To the owners; yes; by reason of the confidence inspired by the highly successful management of our national finances. Let me say also that this talk about the Government selling railway securities to pay current expenses is all nonsense. Ever since the Republican administration took charge the receipts have exceeded the expenses. There is not and will not be any deficit. The law provides what shall be done with money received from sale of railway securities. It is applied on the debt the railroads owe the Government.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. CONNALLY of Texas. Is it the gentleman's contention that the sinking fund constitutes an automatic appropriation for that purpose?

Mr. GREEN of Iowa. Yes; it is a continuous and permanent appropriation.

Mr. CONNALLY of Texas. I am asking for information. I do not profess to be an expert. Suppose when the time comes for that appropriation and there is no money in the Treasury, the sinking fund does not get it?

Mr. GREEN of Iowa. That never has and never will happen under a Republican administration.

Mr. CONNALLY of Texas. But a Republican administration is not apt to be in very long, and I am asking for the future.

Mr. GREEN of Iowa. I do not know what will happen under a Democratic administration. I would be a little fearful.

Mr. CONNALLY of Texas. Here is what I wanted to get at. The gentleman says there is always money to be appropriated for this sinking fund; but suppose the Treasury gets the money to put in the sinking fund by issuing short-time notes of indebtedness. Then the Treasury is not any better off than before?

Mr. GREEN of Iowa. The gentleman ought to be aware——

Mr. CONNALLY of Texas. I am asking for information. The gentleman knows; I do not.

Mr. GREEN of Iowa. There is no authority of law for issuing bonds or short-time certificates for such a purpose as that.

Mr. CONNALLY of Texas. You can issue them to get the money to run the Government; have you not been doing that?

Mr. GREEN of Iowa. Certainly not.

Mr. LONGWORTH. The last administration where bonds were ever issued for the purpose of running the Government was a Democratic administration.

Mr. CHINDBLOM. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. CHINDBLOM. Owing to the fact that the question was asked whether this sinking fund was actually an appropriation, I suggest it might be well to insert in the RECORD, and I am going to read here, the language of section 6:

> For the fiscal year beginning July 1, 1920, and for each fiscal year thereafter, until all such bonds and notes are retired, there is hereby appropriated out of any money in the Treasury not otherwise appropriated, for the purpose of such sinking fund, an amount equal to the sum of (1) 2½ per cent of the aggregate amount of such bonds and notes outstanding on July 1, 1920—

And so forth.

The appropriation has been made for every year until these bonds have been retired.

Mr. GREEN of Iowa. Certainly, the gentleman is entirely correct, and this bill which we bring into the House to-day does not in the least affect that appropriation. It has no effect upon that whatever.

Mr. CHINDBLOM. And right in that connection, the amount of notes and bonds outstanding July 1, 1920—that is, if they are hereafter refunded by the issue of other bonds—will never be changed.

Mr. GREEN of Iowa. No; it will be just the same.

Mr. ANDREWS of Nebraska. Does not this bill now pending simply make that appropriation available for the purpose for which it was intended?

Mr. GREEN of Iowa. Yes; that is the intention, to reduce the public debt. Now, the trouble about the present situation is that, under the law as it stands, the money may not be used to the best advantage, or possibly it can not be used at all, because there might be none of the Liberty bonds which could be bought at par.

Mr. LONDON. Will the gentleman yield?

Mr. GREEN of Iowa. I will.

Mr. LONDON. Is the sinking fund anything more than a bookkeeping transaction?

Mr. GREEN of Iowa. Well, it has been contended often on this floor that it was nothing but a bookkeeping transaction, but under the present law I think it is more. The appropriation is annual, and the Treasury is required to redeem bonds to the amount of it.

Mr. LONDON. I remember Mr. KITCHIN, Democratic leader, in reply to a question that I propounded, saying that it was nothing but a bookkeeping transaction.

Mr. LONGWORTH. That was quite true until the present law was passed. The gentleman from North Carolina [Mr. KITCHIN] was quite correct at that time. But this law makes it a real sinking fund.

Mr. LONDON. Is a certain amount of money set aside as a sinking fund, or is it merely an entry in the books? Is a tax collected for the purpose of setting aside a certain fund called the sinking fund?

Mr. GREEN of Iowa. No special tax is collected for this fund. The gentleman heard the gentleman from Illinois [Mr. CHINDBLOM] read the law, that there is so much appropriated each year, and so forth?

Mr. CHINDBLOM. This appropriation is in exactly the same status as any other appropriation. The money has been appropriated. Of course, from time to time the money has got to be brought into the Treasury through revenue. But the appropriation is there. You do not take so much gold and so much silver and set it aside.

Mr. LONDON. In other words, the sinking fund is a liability?

Mr. GREEN of Iowa. Yes; and a charge upon the Treasury. That is what the gentleman from Texas did not understand. He seemed to think it was an asset.

Mr. LONDON. What I want to know is what assets are set off against the liability.

Mr. CHINDBLOM. Congress must see to it that the assets are there to meet the liabilities of the Government.

Mr. LONDON. Of course, I assume that the Treasury is solvent. But, outside of the question of solvency, is there a separate amount of money set aside to cover the obligations of the fund?

Mr. CHINDBLOM. There is no money set aside for any particular purpose, so far as I understand it.

Mr. GREEN of Iowa. I am glad to say that the Treasury is in a solvent condition. There is no deficit, and none is likely to occur.

The CHAIRMAN. The Clerk will read the bill for amendment.

The Clerk read as follows:

Be it enacted, etc., That subdivision (a) of section 6 of the Victory Liberty loan act is amended by inserting before the period at the end of the first sentence a comma and the following words: "and of bonds and notes thereafter issued, under any of such acts or under any of such acts as amended, for refunding purposes."

Mr. ANDREWS of Nebraska. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Nebraska moves to strike out the last word.

Mr. ANDREWS of Nebraska. Mr. Chairman, I call attention to the daily Treasury statement for January 31, 1923. It will be found on the front page of that report that the net balance in the general fund is quoted at $254,546,388. Read the footnote below. This footnote came into this form of report on the 1st day of October, 1915. In a moment I will call attention to the condition relating to that change. This note says:

The amount to the credit of disbursing officers and agents to-day—

That is, January 31, 1923—

was $790,246,056.87.

There is only one way in which funds can be advanced to disbursing officers, namely, by accountable warrants. The warrants must issue, and do issue, before the advances are entered. What does that mean? It means a deficiency. If they had attempted to cash all of those accountable warrants on the last day of last month, they would have had a deficit of $535,699,668.79.

When did that style of bookkeeping begin? At the close of business on September 30, 1915. Prior to that date the net balance carried in the general fund meant unencumbered cash. That had a definite significance to every banker and every business man and every student of public measures throughout the country.

Note the reports for September 30, 1915, and October 1, 1915. What do they show? The net receipts of cash on the 1st day of October, 1915, amounted to $1,321,000. What was reported as the net balance on the 1st day of October of that year—$128,063,545.23? Where did they get it? They secured it by a peculiar method of bookkeeping, and I invite the attention of the gentleman from Texas [Mr. GARNER] to the record for those dates.

Occasionally I have followed these checks, and I have never yet found a single day when the amount of the net balance reported in the general fund was equal to the advances to the disbursing officers. Quite a technical line of explanation is required to bring out that story, but my five minutes will not permit me to go into it. The Treasurer of the United States holds these advances on the books of his office here in Washington. The disbursing officer who may be granted an advance of $100,000 may have $10,000 entered upon the books for him to-day and $10,000 to-morrow, and they will take 10 days to enter the $100,000. There it stands, an overdraft of more than $500,000,000 in accountable warrants.

We can not tell; the bankers of the country can not tell how much unencumbered cash there was in the Treasury on that date. In fact, this method of bookkeeping makes it impossible to ascertain reliable information upon that point. Suppose you had an account of $10,000 and you had issued checks of $20,000. How many bonds could you redeem out of that balance in bank with only a deficit of $10,000 to draw upon?

There is the situation, a situation into which the gentleman from Texas [Mr. GARNER] would come with all of the brilliancy and the flights of imagination for which he is noted. [Applause.]

On September 30, 1915, the net balance in the general fund was $40,898,894.97. That was unencumbered cash and it meant something definite. For a long period of time the net balance in the general fund included nothing but unencumbered cash and thus conveyed to all definite information with respect to that important item.

Beginning with the 1st day of October, 1915, however, the Secretary of the Treasury announced through his official reports a net balance which included encumbered cash also. That form of statement is still in force. I have never yet found a reasonable and I might say a sensible explanation for it. Note the significant fact that the net balance in that fund for October 1, 1915, was given by the Secretary of the Treasury as $128,063,545.23, indicating a net receipt of cash for that day of $88,164,650.26. These figures are amazing in view of the facts, but what are the facts? We naturally inquire. What were the receipts and disbursements for that day, October 1, 1915? The receipts were $2,831,363.31. The disbursements were $1,509,271.25, making the net receipts $1,322,092.06. Here let me suggest a puzzle to the gentleman from Texas [Mr. GARNER]. By what mathematical process can he or even a Democratic Secretary of the Treasury make the addition of $40,898,894.97 and $1,322,092.06 equal to $128,063,545.23?

Is it possible that even the cunning, the brilliant flights of imagination, the wild guesses, all combined on the part of the gentleman from Texas, could produce a financial result like that? If so, he is surely such an amazing multimillionaire that he has not the courage to tell us what his actual worth is to-day.

The general-fund account is sometimes called the Treasurer's warrant account. Under that designation the provisions of law were applied in covering moneys into the account and taking funds out of the account. All of the revenues properly entered in that account appeared under what is generally known as covering warrants or repay warrants.

The funds were taken out of that account by means of settlement warrants and accountable warrants. Settlement warrants were issued in cases which had been audited before payment. Accountable warrants were used to take money out of that fund when advances were made to disbursing officers, paymasters in the Army, and paymasters in the Navy throughout the States and throughout the world. The use of those accountable warrants meant that the officers to whom such funds had been advanced must account for them by legal vouchers to be returned regularly in their accounts and entered to their credit against the advances that were made to them by the accountable warrants.

Prior to the last day of September, 1915, the advances upon accountable warrants were deducted from the balance in that fund and charged against the disbursing officers. When so advanced the disbursing officers had full authority to issue their checks to the full amount of their credits. Thus, at a glance, we could ascertain the exact amount of the unencumbered cash in the general fund of the Treasury. Under this change, made by Secretary McAdoo, it is impossible to tell how much cash is available unless you take the official records and make your additions and subtractions. The present form of the Treasury's daily statement, however, does not give reliable information upon those points.

An extended explanation appears on the first page of the daily statement for October 1, 1915. From it I quote the following:

(1) The daily statement of the United States Treasury and the monthly public debt statement of the Government have been revised by a committee appointed by order of Secretary McAdoo, so as to make them more intelligible and clearer (clear) to the public. The new daily statement will represent the actual conditions of the Treasury, so far as it is possible to present it at the close of business each day.

(2) In the new form the item (disbursing officers' balances) is excluded from the liability side of the general fund and included in the net balance.

In connection with this statement and specific provisions of law and practice of the department we should note the important fact that the issuance of accountable warrants constitutes a direct and immediate draft upon the general fund of the Treasury. Those accountable warrants set apart a definite amount of money, which the department has no right under the law to use except under those advances and until the unexpended balance of any fund so advanced shall have been returned into the general fund by appropriate repay warrants. Then how does this new practice make things clearer for the public or for anybody, for that matter? It does not and it can not in the very nature of things do so. Take two or three illustrations, and I suggest these to the meditation of my friend the gentleman from Texas [Mr. GARNER] and ask him how he can hope to redeem Government bonds out of this net balance in the Treasury in view of the conditions that exist on the dates given. Take, if you please, December 2, 1922.

The net balance for that date was reported as $336,040,000, while the advances to disbursing officers on the same date by accountable warrants aggregated $763,063,000. If all of these warrants had been pressed for payment on that date, a deficiency of $427,023,000 would have appeared. Take December 30, 1922. A deficiency of $226,834,000 would have appeared. On January 15, 1923, the shortage would have been $511,127,000,

and on January 31, 1923, it would have exceeded $500,000,000. Can you see anything clear and definite in this method of bookkeeping? Let my friend, Mr. GARNER, the gentleman from Texas, turn the headlight of his intelligence upon these questions and illuminate them if he can. Does he understand them? Of course, he can not unravel them and find his way more easily to anything definite than he could have crawled through the barbed-wire entaglements on the battle fields of France in the World War.

Illustrations could be multiplied indefinitely, but the examples already given are sufficient to show the indefinite and unreliable meaning of the net balance as it is now carried in the general fund of the Treasury.

This general fund of the Treasury is the reservoir into which all customs, internal revenues, and miscellaneous receipts are entered. From it we draw the funds to meet the general expenses of the Government, aside from postal affairs. Hence all of the various methods of taxation outside the Postal Service point toward this general fund. As the demands upon this fund are now exeecssive, and will be for many years to come, we must study the various methods of taxation with special care in order that sufficient revenues may be received and that the burdens of taxation may be equitably distributed. At this time the most important question for consideration is tax-exempt securities.

TAX-EXEMPT SECURITIES.

Our methods of Federal taxation have been radically changed during the last 10 years and other equally important changes will follow during the next 10 years.

Before the World War we were collecting under the general fund of the Treasury about equal amounts from customs and internal revenue. The postal receipts at that time approximated $266,000,000, making the total Federal revenue for all purposes about $990,000,000. The total revenues now collected for all purposes approximate $3,500,000,000.

The wise foresight of a Republican Congress under the administration of President Taft submitted to the States the sixteenth amendment to our Federal Constitution empowering Congress to lay and collect taxes on incomes. This was the most important change in our methods of Federal taxation. That amendment was proposed to the legislatures of the several States by the Sixty-first Congress and was declared, in a proclamation of the Secretary of State, dated February 25, 1913, to have been ratified by the legislatures of the requisite number of States—36. Accordingly it became a part of our Federal Constitution, and the way was thus prepared for income-tax legislation that followed soon thereafter. That amendment reads as follows:

The Congress shall have power to lay and collect taxes on incomes, from whatever source derived, without apportionment among the several States, and without regard to any census or enumeration.

Without this additional constitutional authority Congress would have been seriously embarrassed in providing funds to meet the requirements of the World War. During the fiscal years 1918, 1919, 1920, $12,835,000,000 were secured through internal-revenue taxation, chiefly from taxes on incomes.

Prior to 1913 the Treasury received internal revenues ranging from $250,000,000 to $300,000,000 annually. These figures show the results from revenue legislation enacted under the sixteenth amendment. The usefulness of this amendment is further disclosed by the revenues that must be secured under it permanently for an indefinite period of time—perhaps permanently. Thus it appears that the income tax is now a permanent part of Federal taxation. It is quite important that taxpayers generally should draw a clear distinction between a property tax and an income tax. The States generally levy taxes on property, while the Federal Government does not employ property taxes in any form. Under the sixteenth amendment, however, the Federal Government taxes the incomes of individuals and corporations within fixed limitations. We now have an annual fixed charge of nearly $1,000,000,000 to pay interest on our public debt; about $450,000,000 to $500,000,000 for the benefit of the disabled soldiers of the World War; approximately $1,500,000,000 for the annual running expenses of the Government; and about $500,000,000 to cancel obligations growing out of the World War and such public improvements as the interests of the people generally may require. These facts and figures clearly prove that a large amount of revenue must be secured annually from a tax on income.

An income tax should be intelligently graduated so that great wealth will be compelled to bear its full share of Federal expenses.

The pending resolution will, if submitted to the States and ratified by them, close an avenue—tax-exempt securities—through which billions of dollars are now seeking refuge from taxation. It is estimated that $1,500,000,000 of taxable wealth was invested in tax-exempt securities during the last calendar year—1922—and that the total investments in such securities now approximates $16,000,000,000.

Unless we are seeking to release great wealth from any share in the burdens of taxation, we must vote for the submission of this amendment and the States must ratify it. How can any Member consistently vote to levy taxes upon great wealth and then vote against this amendment? Such inconsistency is not expected from any Member of this House or from any State. The resolution reads as follows:

ARTICLE —.

SECTION 1. The United States shall have power to lay and collect taxes on income derived from securities issued after the ratification of this article, by or under the authority of any State, but without discrimination against income derived from such securities and in favor of income derived from securities issued, after the ratification of this article, by or under the authority of the United States or any other State.

SEC. 2. Each State shall have power to lay and collect taxes on income derived by its residents from securities issued, after the ratification of this article, by or under the authority of the United States, but without discrimination against income derived from such securities and in favor of income derived from securities issued, after the ratification of this article, by or under the authority of such State.

Passed the House of Representatives January 23, 1923.

The revenue act of November 23, 1921, provides for an individual tax of 8 per cent of the amount of the net income, and also a surtax of 1 per cent of the amount by which the net income exceeds $5,000 and does not exceed $6,000. The rate of surtax gradually increases with the increase of net income until it reaches 50 per cent of the amount by which the net income exceeds $200,000. Beyond the limit of $200,000 net income the Government is to receive 50 per cent, or one-half of the total net income. At this point those who are receiving large incomes begin to search for lines of investment. When they find that a tax-exempt security will yield a better rate of return without risk and care than productive enterprises will yield, tax-exempt securities become very attractive. They furnish in this way not only an escape of capital from taxation and productive enterprise but they also encourage idleness on the part of many people who would otherwise be producers.

The Member who voted as I did for these higher rates of surtaxes is logically compelled to vote for the adoption of this resolution.

STATE RIGHTS.

It is argued by some that we dare not deliver to the Congress the authority to tax the incomes from State, county, municipal, and school bonds, because it might go so far as to levy rates of confiscation upon such incomes. That argument proves entirely too much. It involves the idea that we dare not risk the Congress in this matter because of the fear that State credits might be destroyed. This argument logically implies that it is unfair to delegate the taxing power to Congress for any purpose whatever. How, then, did the advocate of such a doctrine secure Federal revenues to pay the expenses of the Government? According to that kind of political doctrine we dare not vest the legislatures of the States with the powers of taxation. Where, then, would you lodge such power? Human beings somewhere must exercise that authority. The record of legislative bodies in the States and the Congress of the United States throughout the entire history of the Government refute that fallacious doctrine.

Mr. GREEN of Iowa. Mr. Chairman, I move that the committee do now rise and report the bill to the House without amendment, with the recommendation that the bill do pass.

The CHAIRMAN. The gentleman from Iowa moves that the committee do now rise and report the bill to the House without amendment, with the recommendation that the bill do pass. The question is on agreeing to that motion.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. HUSTED, 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. 13827) relating to the sinking fund for bonds and notes of the United States, had directed him to report the same back to the House with the recommendation that it do pass.

Mr. GREEN of Iowa. Mr. Speaker, I move the previous question on the bill to the final passage or rejection.

The SPEAKER. The gentleman from Iowa moves the previous question on the bill to the final passage or rejection.

The previous question was ordered.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, and was accordingly read the third time.

The SPEAKER. The question is on the passage.

The question being taken, the Speaker announced that the ayes appeared to have it.

Mr. BLANTON. May we have a division on that, Mr. Speaker?

The House divided; and there were—ayes 70, noes 13.

Accordingly the bill was passed.

On motion of Mr. GREEN of Iowa, a motion to reconsider the vote by which the bill was passed was laid on the table.

BRIDGE ACROSS TUG FORK OF BIG SANDY RIVER, MINGO COUNTY, W. VA.

Mr. GOODYKOONTZ. Mr. Speaker, I desire to call up from the Speaker's table the bill (H. R. 12473) granting the consent of Congress to the Winco Block Coal Co., a corporation, to construct a bridge across the Tug Fork of Big Sandy River, in Mingo County, W. Va., and move to concur in the Senate amendments.

The SPEAKER. The gentleman calls up the bill (H. R. 12473) from the Speaker's table and moves to concur in the Senate amendments. The Clerk will report the bill by title.

The Clerk read the title of the bill.

The Senate amendments were read.

The motion of Mr. GOODYKOONTZ was agreed to.

Accordingly the Senate amendments were concurred in.

CAPITAL GAINS AND LOSSES.

Mr. GREEN of Iowa. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 13770, to amend the revenue act of 1921, in respect to capital gains and losses, and for other purposes; and pending that motion I would like to ask the gentleman from Texas if we can agree on the time to be used in general debate.

Mr. GARNER. The bill is unanimously reported from the committee, and I do not care about any debate, as far as I know, from this side.

Mr. GREEN of Iowa. I have requests for some time, so I suggest that there be 15 minutes on a side.

Mr. GARNER. That is agreeable to me.

Mr. GREEN of Iowa. Then I ask unanimous consent that the time for general debate be limited to one-half hour, 15 minutes on a side.

The SPEAKER. The gentleman from Iowa asks unanimous consent that the time for general debate be limited to 30 minutes, half to be controlled by himself and half by the gentleman from Texas [Mr. GARNER]. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Iowa.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of H. R. 13770, with Mr. MADDEN in the chair.

Mr. GREEN of Iowa. I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent that the first reading of the bill be dispensed with. Is there objection?

There was no objection.

Mr. GREEN of Iowa. Mr. Chairman, I believe there is no opposition to this bill. I will, however, give a general explanation of it, but for the present I will yield 10 minutes to the gentleman from California [Mr. MACLAFFERTY].

Mr. MACLAFFERTY. Mr. Chairman and gentlemen, I am very grateful for the 10 minutes which the gentleman from Iowa has yielded to me. I wish to speak on a matter not related to this bill. I wish to make a few observations in connection with an article that appeared in the Philadelphia Public Ledger of January 28, 1923, in reference to a bill introduced by me about a week ago (H. R. 13737) authorizing the Secretary of the Navy, as part of the naval base of the United States on San Francisco Bay, to accept a site given by the city of Alameda.

I am not here to discuss the merits of a naval base site on San Francisco Bay, but I wish to place in the RECORD the newspaper article to which I have referred and to make a few observations upon this article.

This article, as you will find when you read it, is very uncomplimentary to the personnel of our Navy Department. It alleges that a certain clique of naval officers who desire to participate in the social functions of the city of San Francisco want to see a naval base located at Alameda, Calif., directly across the bay, and to sink about $150,000,000 of the money of the people of the United States.

The article to which I refer is as follows:

Another attempt is being made to commit the Government to the expenditure of a minimum of $150,000,000 for construction of a naval base at Alameda, in San Francisco Bay, involving also the scrapping of the $40,000,000 navy yard at Mare Island, about 20 miles up the bay. Undiscouraged by the Public Ledger exposé of the nonessential outpouring of public funds almost two years ago and the subsequent rejection of the project, a clique of naval officers has renewed the issue, determined, as one of them states, "to put this thing over if it takes 50 years to do it."

The opening wedge this time is a bill by Representative MACLAFFERTY, of California, proposing to present as a gift to the Federal Government the 5,240 acres suggested as a site for the proposed Alameda naval base. The Naval Affairs Committee of the House has manifested an obvious antagonism to the bill, in spite of testimony by Secretary Denby, who has been won over to indorsement of the project by the Navy Board, headed by Rear Admiral Hugh L. Rodman, for years an advocate of the Mare Island scrapping scheme.

There is every reason to believe the MacLafferty program will encounter the same fate as the original proposal, rejected by a substantial majority of the Senate after the Public Ledger, Senator BORAH, of Idaho, and Senator KING, of Utah, had exposed the useless expenditure of public funds involved. Mr. Denby's reception by the House committee was such he remembered suddenly he was due at a Cabinet meeting when a broadside of questions was directed at him.

SITE OFFERED "UNDER WATER."

The so-called "site" offered to the Federal Government is entirely under water. To reclaim it would necessitate an original outlay of not less than $300,000 for construction of a retaining wall and pumping. The one stock argument in favor of such an outpouring of public funds at a time when economy is supposed to be the watchword and the administration is pointing with pride to the four-power Pacific pact as banishing the fear of war in the Pacific, is that the channel to the Mare Island yard, at Vallejo, will not permit of passage of deep-draft vessels.

When the agitation for the scrapping of Mare Island was begun in 1916 by a clique of naval officers hankering for the social advantages of San Francisco—and few blame them for that—they had an effective argument against Mare Island. That argument does not hold water to-day. It was that deep-draft vessels could not pass over the Pinole Shoals in safety. Those shoals are about 3 miles below Mare Island, extending for about 5 or 6 miles.

Secretary Denby, having been won over to the General Board theory the channel was unsafe for navigation, declined to permit the battleship *Arizona* to go to Mare Island. The *Arizona* draws about 30 feet of water, yet there was no dispute over the fact the channel would accommodate in complete safety vessels drawing 32 feet. The trans-Atlantic liner *Mount Vernon*, drawing 31 feet, navigated the channel in full safety. The battleship *California* was launched without mishap.

During the last 12 months 6,114,100 tons of shipping navigated the upper bay in safety, an increase in tonnage over 1915 of 3,887,442 in commercial shipping, which has not been impressed by the arguments of the Navy Department group. That there is a 35-foot channel is the view of competent engineers, who offer concrete facts to every specious argument of the proponents of the enormous outlay at Alameda.

CHANNEL EASY TO CLEAR.

Although Congress appropriated $100,000 for dredging of the San Francisco Bay last year, only two weeks were consumed by the Army engineers in keeping the channel open at the Pinole Shoals. In response to the Navy allegations that the channel is a silting one, the Army engineers have stated officially it is a scouring one.

It has been shown by competent authorities that the cost of building two dry docks on the mud flats at Alameda would be around $11,500,000 and require 10 years for the task, while two dry docks would be built on solid ground at Mare Island for $7,600,000 within 2 years. A naval base at Alameda would be, it is contended, a duplication of the Pearl Harbor troubles.

Such naval experts as Capt. Henry M. Gleason, construction officer for 10 years, now with a Waterbury, Conn., firm; Edward L. Beach, former commandant at Mare Island, now professor of American naval history at Stanford University; Capt. Leonard M. Cox, public officer of the twelfth naval district; and the eminent naval strategist, Capt. Dudley Knox, have given the weight of their technical testimony in favor of Mare Island.

Contentions of the Navy clique that they had no intention of scrapping Mare Island have been met with the presentation of photostatic copies of an unpublished report in which recourse was had and indorsement given to the Helm recommendation that the facilities of Mare Island be transferred to Alameda.

It is to be regretted that a paper of the standing and influence of the Philadelphia Public Ledger should lend its columns to an ex parte partisan statement in a controversial matter between two localities in the United States 3,000 miles away upon which evidently it has little accurate information.

Starting out with an extravagant assertion that a minimum of $150,000,000 is contemplated for the construction of a naval base on San Francisco Bay, which has no foundation in fact, unless, indeed, it refers to a period of time covering 50 or 100 years, it is stated that the MacLafferty bill, now being considered by the Naval Affairs Committee of the House of Representatives, involves the scrapping of a $40,000,000 navy yard at Mare Island, 20 miles away. The fact is, in this particular matter, that according to the report of the Ball committee, dated January 31, 1921, $32,000,000 had been expended from 1854 to that time on Mare Island, and that the salvage value of the plant at the present time is $8,000,000, so that $24,000,000 which has been invested are of no value and have served their purpose in the naval functions the yard performed during its history.

The plan now advocated by Mare Island proponents is that a new plant be built on the south end of the island, about 2

miles away from the present plant. This in itself involves reproduction of the whole Mare Island plant, as far as it is modern, 2 miles from the present site, at whatever cost might be necessary, so that we see here in the beginning an unfair, biased presentation calculated to misinform the public and arouse prejudice.

The Ledger in a very laudable manner asserts that it is opposed to the waste of public funds, and immediately follows by asserting that a "clique of naval officers" is determined to put this thing over if it takes 50 years to do it. In other words, our naval service, which is second to none in the world in its intelligence, in its efficiency, in its loyalty, is here by innuendo and inference linked up with a plan to exploit the public funds. An examination of the evidence shows that not one of the naval proponents of Alameda either resides in California or has any interest there, while all the proponents of Mare Island have been on duty there and some of them live there. The Ledger, like any other paper of standing, must of necessity seek to be fair, but it has been misled, and there is no doubt, it is hoped, when the true facts are made apparent it will make correction. The opposition which it refers to, of Senators BORAH and KING, is not directed to the merits of this controversy but rather involves public policy as to how far the United States should go in any new enterprise of a military character when all seek to reduce the burden of military competition. However, in this particular instance the Ledger overlooks the fact that the establishment of a base on San Francisco Bay concentrates naval activities and is an economic project because of that fact, as contrasted with the present conditions, where the fleet is scattered all over the Pacific coast, with appropriations aggregating many millions made here, there, and elsewhere which would be obviated if concentration took place. Overhead could be reduced and duplication of administrative expenses would be substantially cut under the present plan.

Furthermore, the Ledger, professing a desire to save public funds, takes no consideration of the fact that at the present day the Pacific Fleet consists of 11 capital ships, which during the past year have been at anchor in the open sea from 50 to 75 per cent of the time. When we consider the record of volcanic activity to the south, causing tidal waves and great destruction along the sea coast, and also the sudden appearance of volcanic islands to the north, is it not a hazard to keep those ships, costing from $20,000,000 to $40,000,000 each, at anchor in the open sea when they might ride in safety in the harbor of San Francisco Bay?

The Ledger refers to the site as being under water, but it refrains from mentioning that the "under water" is merely a tideland condition which is no different from the rest of the tideland water front of Oakland, Berkeley, and Alameda, which is being reclaimed and which has a commercial value of from $10,000 to $40,000 an acre. Why is not the Ledger fair and why does it make ex parte statements not giving both sides of the controversy?

The Ledger intimates that "a clique of naval officers" is interested in being near to the social activities of San Francisco and that influences them to make a favorable recommendation. Surely when the responsible editors of the paper reflect upon the stigma that assertion places upon the whole naval service it will be withdrawn with profound apology. During the late war we heard no intimation that naval officers were willing to exploit the Public Treasury and pervert their professional opinions for social pleasures, and the record of the Navy is such since the first day of its existence that this slander has no justification whatsoever and should be condemned by all fair-minded men who have any interest in this branch of the service that has served the country so well.

The correspondent of the Ledger makes some argument as to the merits of this situation. He says that during the last 12 months 6,000,000 tons of shipping have navigated the upper bay in safety, but he does not explain how a battleship drawing 35 feet of water, with a list or an increased draft because of accident, can get through a 35-foot channel; he does not explain how the fleet, if based at Mare Island in war time, could get to sea if some alien enemy were to place a bomb in a merchant ship while it was passing through this channel and sink it so as to bottle up the whole fleet. He does, however, assert that competent authority places the cost of building two dry docks at Alameda at $11,000,000, while the same dry docks could be built at Mare Island for $7,000,000. In other words, the only thing he sees is the difference between $7,000,000 and $11,000,000, and he considers that a sufficient reason for deciding in favor of the $7,000,000. Of course, the public must judge whether that argument is sound, or whether the statement of Admiral Rodman, a ranking officer of the Navy, who commanded the greatest fleet of the Navy in modern times in an actual war under actual war conditions, shall be taken when he says that the Carquinez Strait site is entirely out of the question.

The Public Ledger article quotes, with apparent emphasis, those who are in favor of the Mare Island location, but fails to say that the President of the United States, the Secretary of the Navy, the Chief of Operations, the distinguished members of the Helm board, the congressional special committee, and, last of all, Admirals Rodman, Robertson, and Pratt, now ranking and responsible officers of the Navy, are against Mare Island and for Alameda.

It is time that this campaign of innuendo, insinuation, misrepresentation—at one time an appeal for economy, at another time a reference to sentimental factors, slurring the officers of the Navy, intimating that those who are responsible are actuated by sinister and ulterior motives—shall cease. It is time that the people of the United States shall know the facts, and it is with great satisfaction that the friends of the Navy and the friends of the Pacific coast now realize that the controversy will be thrashed out on its merits before the Naval Affairs Committee of the House of Representatives and a decision arrived at. If all these responsible officers of the Navy are wrong they should be displaced and put on the retired list and the people who are right should succeed them. If they are right, the everlasting gossip and scandal which has been circulated concerning this matter should cease, and the people of the United States, especially those living upon the Pacific coast, should have the protection that they are entitled to against a possible warfare by the establishment of a proper and fully equipped naval base on San Francisco Bay, the only harbor from San Diego to Cape Flattery that is capable of serving such a purpose.

Words fail to convey the proper condemnation that should attach to those who, in a roundabout manner and by stealth, stigmatize the naval service of the United States as corrupt. It is time that some one arose and dissipated this smoke screen of villification which has been created to the detriment of the commissioned personnel of the Navy of the United States. Those gentlemen, because of their position, are not able to defend themselves, but it is due the public that the true facts be known and it is to be hoped that this campaign of slander will cease. [Applause.]

Mr. BLANTON. Will the gentleman yield for a question?

Mr. MACLAFFERTY. I yield to the gentleman from Texas.

Mr. BLANTON. When the gentleman takes one position and his colleague [Mr. CURRY] takes another position, which one are we to believe.

Mr. MACLAFFERTY. Wait until the hearings are held.

Mr. GREEN of Iowa. Mr. Chairman, I shall take but little time on this bill, unless some one desires to ask some questions in relation to it. The bill itself is rather long, but that is because it includes a number of provisions contained in the old law. In fact, it is mostly made up of provisions of the present law.

The necessity for this bill is set forth in the recommendations made by the Secretary of the Treasury in his annual report, of which I will read a portion.

A most serious gap in the existing revenue laws—

Says the Secretary of the Treasury—

arises from the treatment of capital transactions. The law taxes capital gains and recognizes capital losses, but the taxpayer retains the initiative and refrains from realizing taxable gains while taking deductible losses. The situation is particularly serious under the revenue act of 1921, which limits the tax on capital gains to 12½ per cent, but puts no limit on the deduction of capital losses. This means that capital losses may entirely cancel real income, while capital gains will not be realized at all, or, if realized, are taxed at only 12½ per cent. Under the present system—

Says the Secretary—

the Government is being whipsawed, and the Treasury therefore strongly urges that the existing provision as to capital gains be made to apply conversely to capital losses and that the amount by which the tax may be reduced on account of losses from the sale of capital assets should not exceed 12½ per cent of the amount of the loss. This would, to a large extent, check one of the methods widely used by taxpayers at the present time for decreasing their yearly income.

The bill carries out the recommendation of the Secretary that the reduction on account of losses on sales of capital assets should not exceed 12½ per cent of the amount of the loss.

Under the revenue acts of 1918 and 1921 capital gains or losses represent the difference between the actual cost to the taxpayer and the consideration received on the sale of those assets. The tax was based accordingly; that is, if there was a gain, there was a tax on the gain; and if there was a loss, a reduction was given for the loss. But this system did not prove at all satisfactory. It was often unjust to the taxpayer, because it required the tax to be paid on accumulations of many years. It might go back to 1913. Naturally it interfered with

the course of business, because if a party who had profits in capital assets, land, or buildings, which had accumulated since 1913, wished to sell or change it, he would have to pay, under our high system of surtaxes, a rate which might amount to 77 per cent on the profits realized thereby. Consequently there were few sales of capital assets.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. COLLIER. Does the gentleman want more time?

Mr. GREEN of Iowa. Yes; I would like about five minutes more.

Mr. COLLIER. I yield the gentleman five minutes.

Mr. GREEN of Iowa. The result was that the holders of capital assets refrained from realizing a profit, but they took their losses when they had one and got the deduction, by reason of the loss, in making up their income tax. Besides this they often manipulated transactions on the stock exchange so that the losses were merely paper losses. They were not, in fact, ever realized. Thus in the case of an investment a taxpayer might sell securities for less than the price paid. He would incur a loss which can be deducted, and then at the end of 30 days buy back the securities. In 30 days more they might have risen, so that the transaction was, in fact, profitable.

Mr. ACKERMAN. Will the gentleman yield?

Mr. GREEN of Iowa. Yes.

Mr. ACKERMAN. If this becomes a law would this affect the incomes in 1922?

Mr. GREEN of Iowa. No; it will not, I will say to the gentleman; it will apply only to gains or losses that occurred during this calendar year, the returns for which will be made in 1924. Now, in the last revision of the revenue law we undertook to remedy the situation which was created by the act of 1921, and limited the amount which might be taxed on capital gains to 12½ per cent. There was no limit placed on the amount which would be allowed for a loss. The consequence is that under the present situation there is a limit on the gains as to the amount which may be taxed, but full credit given for the losses. This bill simply seeks to establish the same rate of allowance for the losses as is fixed on the gains in case gain is realized. Obviously this is equitable and ought to be the law. Moreover, if the bill goes into effect large sums will be saved to the Treasury and it will not be so easy to evade taxation by fictitious losses.

Mr. COLLIER. Mr. Chairman, I believe we have no requests for time on this side on this bill. It is the unanimous report from the committee and, as the gentleman from Iowa says, it equalizes the conditions.

Mr. BRIGGS. Will the gentleman yield?

Mr. COLLIER. I will.

Mr. BRIGGS. I want to compliment the committee on the form in which they have brought in this report. The report shows the existing law with the proposed changes made by the pending bill. Those are carried in italics and the part to be stricken out having a line through it. So often in this House measures come before the committee with a suggestion that a semicolon be stricken out here and a comma inserted there and to add the following words, so that we do not know what the new law is and what changes are being made. But this bill carries forward the reenactment of the section and in the report it shows precisely what changes are made in existing law. I think it is an excellent form to be followed in Congress, so that it shows precisely what changes are to be made by the proposed bill from existing law and one I think that should be generally adopted. It obtains in many States under their constitution.

Mr. GREEN of Iowa. I was about to say that the extremely complicated bill that we had yesterday was accompanied by a similar report showing the changes that were made.

Mr. COLLIER. Mr. Chairman, it is seldom that the majority brings in a bill that all can agree upon, and I was glad to yield to the chairman of the committee, the gentleman from Iowa. I do not care to discuss the bill further.

The CHAIRMAN. The Clerk will read the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That section 206 of the revenue act of 1921 is amended, to take effect on January 1, 1923, to read as follows:

"CAPITAL GAIN AND CAPITAL LOSS.

"SEC. 206. (a) That for the purposes of this title—

"(1) The term 'capital gain' means taxable gain from the sale or exchange of capital assets consummated after December 31, 1921;

"(2) The term 'capital loss' means deductible loss resulting from the sale or exchange of capital assets consummated after December 31, 1921;

"(3) The term 'capital deductions' means such deductions as are allowed under this title for the purpose of computing net income and are properly allocable to or chargeable against items of capital gain or capital loss as defined in this section;

"(4) The term 'capital net gain' means the excess of the total amount of capital gain over the sum of the capital deductions and capital losses;

"(5) The term 'capital net loss' means the excess of the sum of the capital losses plus the capital deductions over the total amount of capital gain;

"(6) The term 'ordinary net income' means the net income, computed in accordance with the provisions of this title, after excluding all items of capital gain, capital loss, and capital deductions; and

"(7) The term 'capital assets' as used in this section means property acquired and held by the taxpayer for profit or investment for more than two years (whether or not connected with his trade or business), but does not include property held for the personal use or consumption of the taxpayer or his family, or stock in trade of the taxpayer or other property of a kind which would properly be included in the inventory of the taxpayer if on hand at the close of the taxable year.

"(b) In the case of any taxpayer (other than a corporation) who for any taxable year derives a capital net gain, there shall (at the election of the taxpayer) be levied, collected, and paid, in lieu of the taxes imposed by sections 210 and 211 of this title, a tax determined as follows:

"A partial tax shall first be computed upon the basis of the ordinary net income at the rates and in the manner provided in sections 210 and 211, and the total tax shall be this amount plus 12½ per cent of the capital net gain; but if the taxpayer elects to be taxed under this subdivision the total tax shall in no such case be less than 12½ per cent of the total net income.

"(c) In the case of any taxpayer (other than a corporation) who for any taxable year sustains a capital net loss, there shall be levied, collected, and paid, in lieu of the taxes imposed by sections 210 and 211 of this title, a tax determined as follows:

"A partial tax shall first be computed upon the basis of the ordinary net income at the rates and in the manner provided in sections 210 and 211, and the total tax shall be this amount minus 12½ per cent of the capital net loss; but in no case shall the tax under this subdivision be less than the taxes imposed by sections 210 and 211 computed without regard to the provisions of this section.

"(d) The total tax determined under subdivision (b) or (c) shall be computed, collected, and paid in the same manner, at the same time, and subject to the same provisions of law, including penalties, as other taxes under this title.

"(e) In the case of a partnership or of an estate or trust, the proper part of each share of the net income which consists, respectively, of ordinary net income, capital net gain, or capital net loss shall be determined under rules and regulations to be prescribed by the commissioner with the approval of the Secretary, and shall be separately shown in the return of the partnership or estate or trust, and shall be taxed to the member or beneficiary, or to the estate or trust as provided in sections 218 and 219, but at the rates and in the manner provided in subdivision (b) or (c) of this section."

SEC. 2. Subdivision (c) of section 205 of the revenue act of 1921 is amended by striking out "If a fiscal year of a partnership begins in 1920 and ends in 1921, or begins in 1921 and ends in 1922" and inserting in lieu thereof the following: "If a fiscal year of a partnership begins in one calendar year and ends in another calendar year."

SEC. 3. Section 205 of the revenue act of 1921 is further amended by adding at the end thereof a new subdivision to read as follows:

"(d) If a taxpayer makes return for a fiscal year beginning in 1922 and ending in 1923 his tax under this title for the taxable year 1923 shall be the sum of (1) the same proportion of a tax for the entire period computed under this title (as in force on December 31, 1922) at the rates for the calendar year 1922 which the portion of such period falling within the calendar year 1922 is of the entire period, and (2) the same proportion of a tax for the entire period computed under this title (as in force on January 1, 1923) at the rates for the calendar year 1923 which the portion of such period falling within the calendar year 1923 is of the entire period."

Mr. GREEN of Iowa. Mr. Chairman, I move that the committee do now rise and report the bill to the House with the recommendation that it do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MADDEN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (H. R. 13770) to amend the revenue act of 1921 in respect to capital gains and losses, and for other purposes, and had directed him to report the same back without amendment with the recommendation that the bill do pass.

Mr. GREEN of Iowa. Mr. Speaker, I move the previous question on the bill to its final passage.

The previous question was ordered.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

On motion of Mr. GREEN of Iowa, a motion to reconsider the vote whereby the bill was passed was laid on the table.

INCREASING NUMBER OF INTERNAL REVENUE COLLECTION DISTRICTS.

Mr. GREEN of Iowa. Mr. Speaker, with a view to adjusting the business for the rest of the day, may I ask the gentleman from Texas [Mr. GARNER] if there will be any controversy over the bill S. 2051, to increase the number of collection districts for the collection of internal revenue.

Mr. GARNER. Yes; there will be some time asked over that bill.

SALARY OF COLLECTOR OF CUSTOMS FOR THE DISTRICT FOR NORTH CAROLINA.

Mr. GREEN of Iowa. Mr. Speaker, I call up the bill H. R. 10816, to fix the annual salary of the collector of customs for the district of North Carolina, and ask unanimous consent that the bill may be considered in the House as in Committee of the Whole.

Mr. MADDEN. Mr. Speaker, is not this bill on the Union Calendar? It is not a privileged bill.

Mr. GREEN of Iowa. Mr. Speaker, I ask unanimous consent to call the bill (H. R. 10816) for consideration and that the bill be considered in the House as in the Committee of the Whole.

The SPEAKER. The gentleman from Iowa asks unanimous consent to call up for consideration the bill H. R. 10816. Is there objection?

There was no objection.

The SPEAKER. The gentleman from Iowa asks unanimous consent that the bill may be considered in the House as in Committee of the Whole. Is there objection?

Mr. MADDEN. Mr. Speaker, reserving the right to object, what does the bill do?

Mr. GREEN of Iowa. It raises the salary of the collector at Wilmington, N. C., from $2,500 to $5,000. This salary was fixed 50 years ago, when they obtained only a very small amount of revenue at that point. They now get between five and six million dollars a year. There are collection districts where they receive only two or three hundred thousand dollars a year, but a salary of $5,000 is paid to the collector.

Mr. MADDEN. Is this the only district in the United States where the salary is supposed to be inadequate?

Mr. GREEN of Iowa. It is the only one as to which there is such a gross disproportion, as compared to the other salaries paid and the amount collected for the Government.

Mr. GARNER. This is the only one where the spread between the amount of the receipts and the amount of the salary is so great. Of course, there are inequalities all over. If I recollect rightly, the chief clerk in this office receives $250 a year more than the collector does.

Mr. MADDEN. I shall not object.

Mr. STAFFORD. Mr. Speaker, reserving the right to object, I think this is a meritorious bill, but it is questionable practice to call up by unanimous consent for passage a bill which is not privileged. I understand the bill is on the Unanimous Consent Calendar for consideration on Monday next.

Mr. GREEN of Iowa. That is true, but we have been considering business from the Ways and Means Committee to-day, and it seems to be a good time to dispose of this. There is no objection to it, so far as I know, because everyone recognizes the extraordinary disproportion that prevails with reference to this salary. A very great injustice is created; a large amount is demanded for the bond, and there is a great responsibility, as well as much work to be done. The situation is such that it ought to be remedied.

Mr. STAFFORD. I understand that this is the last bill that the gentleman intends to call up to-day?

Mr. GREEN of Iowa. Yes.

Mr. STAFFORD. And that he intends to move to adjourn at the conclusion of this bill?

Mr. GREEN of Iowa. The gentleman from Pennsylvania [Mr. EDMONDS], I think, obtained unanimous consent to proceed with the bills on the Private Calendar unobjected to after we got through.

Mr. STAFFORD. Oh, he would not want to proceed after 5 or 6 o'clock.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The Clerk will report the bill.

The Clerk read the bill, as follows:

Be it enacted, etc., That the salary of the collector of customs for the district of North Carolina is hereby fixed at $5,000 per annum.

Mr. MADDEN. Mr. Chairman, I move to strike out the last word in order to ask the gentleman a question. I notice that the Secretary of the Treasury recommended only $3,600 as compensation for the collector of this particular district. Why did the committee increase that amount to $5,000?

Mr. GREEN of Iowa. We thought it was unfair that there should be some 15 or 20 collectors of customs getting all the way from $5,000 to $10,000 a year when this particular port, in point of revenue received, runs about sixth or seventh in the line.

Mr. MADDEN. I expect to be guided by the judgment of the committee, but I think the gentleman from Iowa [Mr. GREEN] ought to make a statement as to why the committee differed with the Secretary of the Treasury.

Mr. GREEN of Iowa. We did not agree with the Secretary of the Treasury on that point because we thought that a man who was collecting or likely to collect five or six million dollars a year ought to receive at least $5,000 a year; that the responsibility placed upon him was so great, that his duties were so manifold, that we were fully justified in fixing the salary at $5,000 a year.

Mr. MADDEN. I think the committee was very wise, yet at the same time I think it is well enough to have the RECORD show that the committee used its independent judgment, that it was not guided by the technical experts of the department. Sometimes, you know, the House is criticized because it is said that we laymen have no independent judgment, and the charge is made that our judgment, when we do use it, is not the best; that expert knowledge is the thing that we ought to be guided by. I am glad to know that the Committee on Ways and Means considered itself wise enough to exercise an independent judgment and to ignore the recommendation of the experts in the Treasury Department.

Mr. TILSON. Mr. Speaker, we all recognize the fact that this has been a very rapidly increasing business at this port. It seems to be a growing port, and there is every indication that we ought to have a good man there.

Mr. STAFFORD. Mr. Speaker, I move to strike out the last word. In looking over the table of receipts for the various offices as tabulated in the report I noticed this one for North Carolina stands seventh, and that the receipts have grown tremendously in the last few years. Can the gentleman give an explanation for the reason of these unusually increased receipts at this port?

Mr. GREEN of Iowa. My understanding is that—perhaps the gentleman from North Carolina can explain.

Mr. STAFFORD. Is it because it is near Cuba? [Laughter.]

Mr. BULWINKLE. Mr. Speaker, my understanding is that Winston-Salem, which is one of the largest inland ports of entry in the United States on account of the tobacco business, imports a great quantity of tobacco, sugar, cigarette papers, and like matters, for the manufacture of chewing tobacco, smoking tobacco, cigarettes, and cigars, and that that is one of the reasons.

Mr. GREEN of Iowa. Mr. Speaker, my understanding is the same as the gentleman who has just spoken—that it is on account of the large increase in the entries of tobacco at that point on account of the great manufacturing establishments near there, and also entries of sugar that come into that port for various reasons.

Mr. STAFFORD. Is there any increase in the importation of raisins?

Mr. BULWINKLE. No, sir; we have corn. [Laughter.]

Mr. BLANTON. Mr. Speaker, I rise in opposition to the pro forma amendment for the purpose of submitting a unanimous-consent request. The gentleman from New York [Mr. SNELL] the other day called my attention to the fact that the construction which the Washington newspapers had placed upon a certain order that had been made by Superintendent Ballou in reference to the alleged proposed four-day teaching week, as commented upon by me, was erroneous, and in a conversation I had with Superintendent Ballou thereafter he assured me it was erroneous, as the headlines of his orders had been misconstrued by the press. I told him that if he would send me a statement I would ask to have it put in the RECORD. He has sent me that statement and I ask unanimous consent to place that statement, with the exhibits, in the RECORD, showing his exact position concerning the matter. I did not want to do an injustice.

The SPEAKER. The gentleman from Texas asks unanimous consent to extend his remarks in the RECORD for the purpose indicated. Is there objection? [After a pause.] The Chair hears none.

The statement and exhibits are as follows:

WASHINGTON, D. C., *February 1, 1923.*

The Hon. THOMAS L. BLANTON,
United States House of Representatives,
Washington, D. C.

MY DEAR MR. BLANTON: My attention has been called to a statement made by you on the floor of the House on January 26, 1923, in which you comment on the supposed policy of the superintendent of schools which contemplates having teachers render only four days of teaching service per week. According to the press, you made a similar statement before the Committee on the District of Columbia of the House at its session yesterday morning. I am sure you want to represent correctly the policies of the school authorities in operating the school system. I am therefore taking the liberty of handing you herewith the following information:

1. An extract from the annual report of the board of education for 1920–21. This statement shows that the Board of Education, on the superintendent's recommendation, extended the period of teaching service of kindergarteners and teachers of the first and second grades from 3½ hours to 5 hours per day.

2. A statement of general principles governing extra hours of work in kindergarten and primary departments, issued by the directors of kindergartens and of primary instruction. This statement shows the disposition of the additional time of these teachers, over and above the 3½ hours of service which they have heretofore rendered.

3. Superintendent's circular 35, 1922–23, relating to the 5-hour day for teachers, accompanied by detailed instructions prepared by a committee of school officers.

4. A schedule of work for the kindergarten department. This statement was prepared and issued by the director of kindergartens of the white schools.

In connection with this subject, and supplementing the above information, I desire to make the following observations:

KINDERGARTENS.

As a rule, kindergarten children throughout the country attend school not more than 3 or 3½ hours per day. Moreover, teachers of kindergarten classes usually are not required to render more than 3 or 3½ hours of teaching service a day, for a period of 5 days per week.

The school authorities in Washington have developed a plan whereby all teachers of kindergartens are to render a full five-hour day of school service. One afternoon per week is being reserved for conference and instruction with the director of kindergartens. The other four afternoons per week are devoted to the assistance of teachers in the first three grades. All kindergartens teach five days per week.

ELEMENTARY SCHOOLS.

The general practice throughout the country is to provide 4½ or 5 hours of instruction for the children in grades first, second, and third. A somewhat different practice has heretofore been followed in Washington. All first and second grade classes in Washington have been on a 3½ hour per day schedule for 5 days per week.

The minimum salary of first and second grade teachers was made equal to the minimum salary of upper-grade teachers a few years ago. In October, 1920, the Board of Education, on recommendation of the present superintendent of schools, adopted a policy requiring at least 5 hours of teaching service of all teachers in the elementary schools. This order requires the teachers of grades first and second to render additional teaching service over and above the 3½ hours of instruction given their own classes. This service is rendered in connection with the instruction of other classes in the school. Each teacher in the grades teaches five days per week.

While the several circulars of information and instructions to teachers sent out by supervisors and directors have referred to "one day a week" this has meant the "extra hours" of the day, outside of the 3 or 3½ hours of instruction, as the title of the circulars indicates. No confusion has arisen among teachers, and I regret that this language may have misled anyone.

The fact is that no public day-school teacher in Washington teaches less than five days per week. No policy which contemplates having them teach less than five days per week has even been considered, as far as the present superintendent knows.

If there is any further information which I can furnish on this subject, I shall take pleasure in doing so.

Very sincerely yours,

FRANK W. BALLOU,
Superintendent of Schools.

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EXHIBITS.

[Extract from Annual Report of the Board of Education, school year 1920–21.]

7. FIVE-HOUR DAY FOR KINDERGARTNERS AND TEACHERS OF GRADES 1 AND 2.

On October 20, on recommendation of the superintendent, the Board of Education adopted the following policy:

"That the board formulate a policy whereby all teachers in elementary schools shall render a full day of professional service, even when such teachers are not assigned to entire-day schools. He also asked that the superintendent be authorized to frame such provisions as may seem expedient to cover the service of such teachers by having them render additional teaching for the benefit of pupils who may need it in their own or other classes."

As stated in a circular dated October 28 to officers, the purposes of the above order are as follows:

"To unify the length of day for teachers; to provide needed professional training for some of the teachers recently appointed; to place at the disposal of the children a larger amount of the time of teachers; and to provide opportunity for the teachers to give additional instruction to individual pupils who need it. In short, the purpose is to improve teachers and teaching for the benefit of the children. Your administration of this order of the board should be in accordance with the statement of its purpose.

"It is likely that teachers affected by this order have made other arrangement for the disposition of their time outside of their present three and a half hours of teaching. The superintendent will give consideration to requests of teachers for a modification of the application of this order in the case of those teachers who have been and are now pursuing collegiate work leading to a degree in a regularly established institution within the District of Columbia. Such applications should be prepared by the individual teachers concerned and accompanied by a certified statement from the institution where courses are being taken."

The additional hour and a half of the teacher's time required for the schools was devoted to certain school activities. Kindergartners spent one period of the five days with the director of kindergartens in study conferences, one day for school visiting, field work, or excursions with children, one day to observation in kindergartens or in grade 1 or grade 2, one day to mothers' meetings or specially assigned work, and one day to actual work with children in primary grades.

Teachers in grades 1 and 2 gave this additional hour and a half per day to the backward pupils of their own classes as far as the classroom facilities permitted; to assisting one another in individual work with children of a single class; to excursions with the children; and to study conferences with the director of primary instruction.

Since the minimum salary of the teachers in the elementary schools is now uniform for all, it seemed logical to abandon a practice which required five hours of service of certain teachers and required only three and a half hours of certain other teachers because the latter happened to be teaching in grades 1 and 2 instead of teaching in a higher grade. The primary purpose was not equal treatment of teachers, however, but rather to place more of their time at the disposal of the school children and the other work of the schools incidental to teaching.

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GENERAL PRINCIPLES COVERING EXTRA HOURS OF WORK IN THE KINDERGARTEN AND PRIMARY DEPARTMENT.

KINDERGARTEN.

1. One day a week shall be reserved for the director for study conferences.
2. One day shall be used for school visiting or field work and excursions.
3. One day shall be used for observation in a kindergarten and first or second grade.
4. One day shall be devoted to mothers' meetings, general meetings with the director, or preparation of special work.
5. One day shall be spent in work with children in primary grades or in class work preparatory thereto.

PRIMARY GRADES.

1. First and second grade teachers shall give their additional time to their own classes so far as building facilities permit.
2. Where this is impossible a mutual exchange between two teachers occupying the same room or teaching in the same building is suggested.
3. All excursions and trips shall be taken outside of the regular three and one-half hour class schedule.
4. One day a week shall be reserved for the director of primary instruction for study conferences.
5. The time of the model teachers shall be provided for by the director of primary instruction.

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(Superintendent's circular No. 35.)

WASHINGTON, D. C., *January 20, 1923.*

FIVE-HOUR DAY FOR TEACHERS.

To officers and teachers:

The supervising principals, directors of primary instruction, directors of kindergartens, and principals of buildings will hold themselves individually and collectively responsible for the appropriate professional use of the five hours of time of teachers whose classes receive less than five hours of instruction. In the absence of directions from supervising officers, the building principal will exercise discretion.

Some suggestions as to procedure are contained in the accompanying report of a committee of school officers. These suggestions are for the guidance of teachers concerned until modified by responsible school officials.

Very sincerely yours,

FRANK W. BALLOU,
Superintendent of Schools.

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MY DEAR DR. BALLOU: Your committee appointed to consider the five-hour day program for part-time teachers respectfully submits the following report. This report is unanimous except that Mr. Bruce would omit the words "preparation and care of seat work," in paragraph No. 3, holding that that work should be done entirely outside of the regular day.

RECOMMENDATIONS.

GRADES.

1. That the school day be divided into two periods—(a) 3½ hours for regular class work and (b) 1½ hours for other school activities.
2. That for four days in the week the hour and a half period shall be devoted by the grade teacher to constructive instructional work, either with her own pupils or with the pupils of a teacher occupying with her the same room, said work to be carried on in accordance with the plans and suggestions given to teachers by the directors of primary instruction.
3. That one day in the week be allowed each teacher for preparation and care of seat work, for visiting other schools, and attendance on regular meetings called by the directors of primary instruction. As far as possible this "free" day should be the same day of the week through a semester and should be the day chosen by the directors for their regular meetings.
4. That directors may call meetings of teachers oftener than once a week for special purposes if it shall seem necessary.
5. That a teacher of pupils under compulsory school age with the advice and consent of her principal may visit at any time the homes of pupils for the purpose of securing better attendance and deportment.
6. That a teacher on the advice of her supervising principal or her director may visit other classes on other than her regular visiting day.
7. That all half-time teachers shall assist in the building discipline and other school activities when not conflicting with their regular school work.
8. That teachers leaving the building during school hours shall leave with the principal a statement of where they may be found.
9. That the hours for teachers of a. m. classes shall be from 8.45 to 3, and for teachers of p. m. classes from 10.30 to 4.30.
10. That the lunch hour shall be from 12.30 to 1.30 for morning teachers, from 12 to 1 o'clock for afternoon teachers.

KINDERGARTEN.

11. That the foregoing directions shall govern kindergarten teachers, except (a) that their day shall consist of two periods of three and two hours, respectively, from 9 to 12 and 1 to 3 for a. m. teachers, and from 10 to 12 and 1 to 4 for p. m. teachers; (b) that they shall be responsible to the directors of kindergartens; and (c) that their teaching work shall be with their own pupils, or in grades 1, 2, 3, and 4, where the assignment shall be under the immediate direction of the principal of the building.
12. That it shall be the duty of the building principal to see that these directions are carried out.

Respectfully yours,

B. W. MURCH, *Chairman,*
J. C. BRUCE,
ROSE LEES HARDY,
E. F. B. MERRITT,
CATHERINE R. WATKINS,
IMOGENE WORMLEY,
Committee.

—

KINDERGARTEN DEPARTMENT.

SCHEDULE OF WORK RELATIVE TO THE 5-HOUR DAY.

A program for all teachers in the kindergarten department to become effective on and after February 1, 1923.

Since conditions and accommodations vary greatly in different buildings and in different divisions, this schedule has been made as comprehensive and as flexible as is consistent with a clear and definite understanding of duties, in order to provide opportunity for such individual adjustments as will best serve the interests of the schools.

GENERAL SUGGESTIONS.

Four days a week—Monday, Tuesday, Wednesday, Thursday—the afternoon hours shall be used for teaching; for garden work, whenever the season permits; and for excursions, with the exception of two afternoons a month, to be designated by the director of kindergartens, and used for observation and for class work.

Friday afternoon shall be reserved for mothers' meetings, for visiting in the homes of the children, and for the preparation of necessary classroom work. This afternoon is also reserved by the director of kindergartens for general monthly meetings of the department.

SPECIFIC SUGGESTIONS RELATIVE TO AFTERNOON TEACHING.

(Note. Each kindergartner is expected to select among the following plans the one which will prove most helpful in her particular building and to work out the adjustments which her individual problem may demand.)

Plan A. Teaching groups of kindergarten children who may need special help in speech, in motor controls, or other necessary adjustments.

Plan B. Teaching groups of kindergarten children who may be able to take more advanced work in English (language, stories, dramatization), numbers, art, handwork, etc.

Plan C. Teaching groups of primary children (first or second grade) whenever the children in either of these grades are on the full-day basis and the teachers in these respective grades desire the help of the kindergartner in handwork, rhythms, or in musical and literary appreciation.

Plan D. Teaching groups of children in third or fourth grades subjects to be limited to those which are specialized in kindergarten training, viz, nature study, stories, oral English, dramatization, art, music, handwork.

(Note 1: In buildings where a kindergarten with two teachers alternates with a one-teacher class the regular kindergarten assistant may assist in the one-teacher class, provided such an arrangement is satisfactory to the kindergartner in charge of this class, and provided also that the assistant is not needed by her own group for special teaching or for excursions.)

(Note 2: Each teacher is expected to carry out the above schedule as far as conditions permit. Wherever situations are such as to make adjustment impossible the kindergartner may make out a definite schedule for herself, following the general plan as closely as possible, and submit the same to the director of kindergartens for approval.)

(Note 3. Measuring and weighing children, testing eyesight and hearing, and helping in other school activities may be substituted whenever necessary for afternoon teaching.)

CATHERINE WATKINS,
Director of Kindergartens.

The bill was ordered to be engrossed and read the third time, was read the third time, and passed.

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

Mr. GARNER. Will the gentleman withhold that until the gentleman from Iowa can move to reconsider the vote?

Mr. STAFFORD. Certainly.

On motion of Mr. GREEN of Iowa, a motion to reconsider the vote by which the bill was passed was laid on the table.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that this day they had presented to the President of the United States for his approval the following bill:

H. R. 6294. An act promoting civilization and self-support among the Indians of the Mescalero Reservation, in New Mexico.

ADJOURNMENT.

Mr. STAFFORD. Mr. Speaker, I cheerfully renew my point of order that there is no quorum present.

Mr. GREEN of Iowa. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 23 minutes p. m.) the House adjourned until to-morrow, Saturday, February 3, 1923, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

944. Under clause 2 of Rule XXIV, a communication from the President of the United States, transmitting supplemental and deficiency estimates of appropriations for the legislative establishment of the United States for the fiscal year ending June 30, 1924, and for prior years, amounting in all to $74,625.25 (H. Doc. No. 542), was taken from the Speaker's table and referred to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. BUTLER: Committee on Naval Affairs. H. R. 14119. A bill to repeal section 1481 of the Revised Statutes; with an amendment (Rept. No. 1514). Referred to the Committee of the Whole House on the state of the Union.

Mr. VAILE: Committee on the Public Lands. H. R. 11637. A bill authorizing the Secretary of the Interior to approve indemnity selections in exchange for described granted school lands; without amendment (Rept. No. 1519). Referred to the Committee of the Whole House on the state of the Union.

Mr. CHRISTOPHERSON: Committee on the Public Lands. H. R. 14144. A bill to limit and fix the time within which suits may be brought or rights asserted in court arising out of the provisions of subdivision 3 of section 302 of the soldiers and sailors' civil relief act, approved March 18, 1918, being chapter 20, volume 40, General Statutes of the United States; with an amendment (Rept. No. 1520). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. DRIVER: Committee on the Public Lands. S. 3154. An act for the relief of C. M. Rieves; without amendment (Rept. No. 1513). Referred to the Committee of the Whole House.

Mr. WHITE of Kansas: Committee on the Public Lands. H. R. 13024. A bill for the relief of August Nelson; without amendment (Rept. No. 1515). Referred to the Committee of the Whole House.

Mr. SINNOTT: Committee on the Public Lands. H. R. 13612. A bill authorizing the issuance of patent to the legal representatives of Miles J. Davis, deceased; without amendment (Rept. No. 1516). Referred to the Committee of the Whole House.

Mr. SINNOTT: Committee on the Public Lands. H. R. 13614. A bill for the relief of Wyatt A. Marshall; without amendment (Rept. No. 1517). Referred to the Committee of the Whole House.

Mr. SINNOTT: Committee on the Public Lands. H. R. 14028. A bill for the relief of Joseph H. Lokken; without amendment (Rept. No. 1518). Referred to the Committee of the Whole House.

Mr. HILL: Committee on Military Affairs. H. J. Res. 222. A joint resolution authorizing the President of the United States to amend the discharge certificate issued Ramon B. Harrison, formerly captain, Infantry, United States Army; with amendments (Rept. No. 1521). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 13804) granting an increase of pension to Mary A. Yoes; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 14053) granting a pension to David Steers, alias William Johnson; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HADLEY: A bill (H. R. 14163) providing for the sale of land comprising certain military reservations in the State of Washington and for a grant of land to the county of San Juan, Wash.; to the Committee on Military Affairs.

By Mr. STEPHENS: A bill (H. R. 14164) to authorize the Secretary of the Navy to permit the sale of exterior articles of the uniform to honorably discharged enlisted men; to the Committee on Naval Affairs.

By Mr. McFADDEN: A bill (H. R. 14165) to amend section 5138 of the Revised Statutes of the United States relating to the amount of capital stock required by national banking associations; to the Committee on Banking and Currency.

By Mr. EDMONDS: A bill (H. R. 14166) relating to the carriage of goods by sea; to the Committee on the Merchant Marine and Fisheries.

By Mr. SINCLAIR: A bill (H. R. 14167) to promote and encourage agriculture by divesting grains of their interstate character in certain cases; to the Committee on Interstate and Foreign Commerce.

By Mr. GERNERD: A bill (H. R. 14168) for the purchase of a site and the erection of a public building at Allentown, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. SINCLAIR: A bill (H. R. 14169) to secure to the United States a monopoly of electrical means for the transmission of intelligence for hire; to provide for the acquisition by the Post Office Department of the telephone and telegraph network; and to license certain telephone lines, radio and telegraph agencies; to the Committee on Interstate and Foreign Commerce.

By Mr. WOOD of Indiana: Resolution (H. J. Res. 433) to authorize the Secretary of Agriculture to accept membership for the United States in the permanent Association of the International Road Congresses; to the Committee on Foreign Affairs.

By Mr. CULLEN: Memorial of the Legislature of the State of Oregon, favoring a constitutional amendment which will prohibit the further issuance of tax-exempt securities being submitted by Congress; to the Committee on Ways and Means.

By Mr. McCLINTIC: Memorial of the Legislature of the State of Oklahoma petitioning the Congress of the United States to grant aid to the Kansas City, Mexico & Orient Railroad; to the Committee on Interstate and Foreign Commerce.

Also, memorial of the Legislature of the State of Oklahoma requesting Congress to give its sympathetic consideration to a basic plan for a return to world sanity through a conference of World War powers under the leadership of the United States; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. CABLE: A bill (H. R. 14170) granting an increase of pension to Mary J. Coburn; to the Committee on Invalid Pensions.

By Mr. COLTON: A bill (H. R. 14171) for the relief of the widow and minor children of Raymond C. Hanford; to the Committee on Claims.

By Mr. TILSON: A bill (H. R. 14172) granting a pension to John T. O'Neil; to the Committee on Pensions.

By Mr. HICKS: A bill (H. R. 14173) for the relief of First Lieut. John I. Conroy; to the Committee on Naval Affairs.

By Mr. JOHNSON of Kentucky: A bill (H. R. 14174) granting a pension to Martha A. Storms; to the Committee on Invalid Pensions.

By Mr. JOHNSON of South Dakota: A bill (H. R. 14175) granting a pension to Amelia A. Ball; to the Committee on Invalid Pensions.

By Miss ROBERTSON: A bill (H. R. 14176) granting a pension to Jane Dick; to the Committee on Invalid Pensions.

By Mr. SHAW: A bill (H. R. 14177) granting a pension to Matilda J. Farris; to the Committee on Invalid Pensions.

By Mr. SWEET: A bill (H. R. 14178) granting a pension to Charles V. McClure; to the Committee on Invalid Pensions.

By Mr. VAILE: A bill (H. R. 14179) granting a pension to Emma B. Higgins; to the Committee on Invalid Pensions.

By Mr. WHITE of Maine: A bill (H. R. 14180) granting a pension to Lelia E. Bowley; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

7154. By Mr. ANSORGE: Petition of Associated Musicians of Greater New York, New York City, favoring an amendment to the Volstead Act permitting the use of light wines and beers; to the Committee on the Judiciary.

7155. By Mr. COLE of Ohio: Petition of members of Bucyrus Council, No. 184, Junior Order United American Mechanics, protesting against any modification of the immigration law; to the Committee on Immigration and Naturalization.

7156. By Mr. FAUST: Petition of citizens of Tarkio, Mo., to abolish tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

7157. By Mr. GARNER: Petition of 64 citizens of Texas, favoring legislation granting immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7158. By Mr. KAHN: Petition of the California Academy of Sciences, urging the passage of House bill 5823; to the Committee on Agriculture.

7159. Also, petition of citizens of San Francisco, Calif., urging Congress to extend immediate aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7160. Also, petition of the To Kalon Club, of San Francisco, Calif., urging that an antinarcotic week be proclaimed early in 1923 as a means of mobilizing all public-spirited bodies for the work of arousing the American people to the gravity of the drug menace; to the Committee on Interstate and Foreign Commerce.

7161. By Mr. KISSEL: Petition to promote Americanization work in the public schools, Washington, D. C., asking Congress to provide sufficient appropriations in order to continue the night classes; to the Committee on the District of Columbia.

7162. By Mr. MOORES of Indiana: Petition of 63 citizens of Indiana, urging the repeal of the tax on small arms, ammunition, and firearms; to the Committee on Ways and Means.

7163. By Mr. NEWTON of Minnesota: Petition of Mr. F. T. Bremer and other residents of Minnesota, petitioning the Congress to act favorably upon joint resolution purporting to extend immediate aid to Germany and Austria; to the Committee on Foreign Affairs.

7164. Also, petition presented by Arthur Schaub, of St. Paul, Minn., on behalf of certain residents of Minnesota, for favorable consideration by the Congress of resolution purporting to extend immediate aid to Germany and Austria; to the Committee on Foreign Affairs.

7165. By Mr. PARKER of New Jersey: Petition of numerous citizens of Newark, N. J., asking immediate famine relief to the German and Austrian people; to the Committee on Foreign Affairs.

7166. Also, petition of numerous residents of Orange, N. J., asking immediate famine relief to the German and Austrian people; to the Committee on Foreign Affairs.

7167. By Mr. RADCLIFFE: Petition of citizens of the seventh congressional district of New Jersey, supporting a joint resolution aiding the German and Austrian Republics; to the Committee on Foreign Affairs.

7168. By Mr. SINCLAIR: Petition of Bucyrus National Farm Loan Association, Bucyrus, N. Dak., condemning House bill 13125, to change the Federal farm loan act; to the Committee on Banking and Currency.

7169. Also, petition of Carpio Farm Loan Association, Carpio, N. Dak., condemning the Strong bill; to the Committee on Banking and Currency.

7170. Also, petition of E. F. Hehn and 42 others, of Leith, Elgin, and Pretty Rock, N. Dak., asking that aid be extended the suffering peoples of Germany and Austria; to the Committee on Foreign Affairs.

7171. Also, petition of Rev. Dominic Reeber and 51 others, of Glen Ullin, N. Dak., urging the passage of legislation providing for the extension of aid to the suffering peoples of Germany and Austria; to the Committee on Foreign Affairs.

7172. Also, petition of F. D. Scholl and 29 others, of Litchville, N. Dak., urging the passage of the joint resolution now pending for the extension of aid to the suffering peoples of Germany and Austria; to the Committee on Foreign Affairs.

7173. Also, petition of Tagus Federal Farm Loan Association, Tagus, N. Dak., protesting against the Strong bill, to change the Federal farm loan act; to the Committee on Banking and Currency.

SENATE.

SATURDAY, *February 3, 1923.*

(Legislative day of Monday, January 29, 1923.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	George	McCumber	Smoot
Ball	Glass	McKellar	Spencer
Borah	Gooding	McKinley	Sterling
Brandegee	Hale	McLean	Sutherland
Brookhart	Harreld	McNary	Swanson
Calder	Harris	Moses	Trammell
Cameron	Harrison	New	Underwood
Capper	Heflin	Norbeck	Wadsworth
Caraway	Jones, Wash.	Norris	Walsh, Mass.
Couzens	Kendrick	Oddie	Warren
Culberson	Keyes	Page	Watson
Curtis	King	Phipps	Weller
Ernst	Ladd	Pittman	Willis
Fernald	La Follette	Pomerene	
Fletcher	Lodge	Reed, Pa.	
Frelinghuysen	McCormick	Robinson	

Mr. CURTIS. I wish to announce that the Senator from Minnesota [Mr. KELLOGG] is unavoidably absent.

Mr. HEFLIN. The Senator from South Carolina [Mr. SMITH] is absent on official business.

The VICE PRESIDENT. Sixty-one Senators have answered to their names. A quorum is present.

OPERATION OF TRAMP VESSELS BY THE UNITED STATES (S. DOC. NO. 297).

The VICE PRESIDENT laid before the Senate a communication from the chairman of the United States Shipping Board, submitting, in response to Senate resolution 410, agreed to January 16, 1923, information relative to tramp tonnage operations, etc., which was ordered to lie on the table and to be printed.

PETITIONS AND MEMORIALS.

Mr. LADD presented a resolution of the Mayville (N. Dak.) Local Equity Union, protesting against the passage of the so-called Strong bill amending certain sections of the Federal farm loan act, etc., which was referred to the Committee on Banking and Currency.