

By Mr. TEMPLE: A bill (H. R. 14265) granting a pension to Lizzie G. Chapman; to the Committee on Invalid Pensions.

By Mr. McPHERSON: A resolution (H. Res. 513) for the employment of Richard Streets as a page in the House of Representatives, compensation at the rate of \$900 per annum, under the direction of the Doorkeeper, said position to be in lieu of one page at the rate of \$2.50 per diem, now authorized by law; to the Committee on Accounts.

PETITIONS, ETC.

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

7227. By Mr. ABERNETHY: Petition of Leon Daugherty Post of the American Legion, of Clinton, N. C., opposing soldiers and sailors' adjusted compensation bill, if the revenue to pay for same is to be raised by a sales tax, but favoring the adjusted compensation otherwise; to the Committee on Military Affairs.

7228. By Mr. DALLINGER: Petition of the Cambridge, Mass., Republican Club, favoring an embargo on the exportation of coal; to the Committee on Interstate and Foreign Commerce.

7229. Also, petition of the representatives of women on the Republican State committees of New York, Maine, Vermont, New Hampshire, and Massachusetts, favoring national child labor legislation; to the Committee on Interstate and Foreign Commerce.

7230. By Mr. DARROW: Petition of the Philadelphia Board of Trade, favoring the enactment of Senate Joint Resolution 269, relative to the payment of claims arising through Federal control of railroads; to the Committee on Claims.

7231. By Mr. GALLIVAN: Petition of the Board of Aldermen, Medford, Mass., favoring an embargo being placed on coal shipped from the United States to Canada; to the Committee on Interstate and Foreign Commerce.

7232. Also, petition of Columbia Typographical Union, No. 101, opposing recommendation of the Public Printer in regard to annual leave granted to employees in the Government Printing Office; to the Committee on Printing.

7233. By Mr. KAHN: Petition of the board of supervisors of the city and county of San Francisco, Calif., urging that an antinarcotic week be proclaimed early in 1923; also, that an international conference on the narcotic problem be called, with a view to securing the limitation by treaty of the basic production of poisonous drugs which constitute a major menace to American life; to the Committee on Interstate and Foreign Commerce.

7234. By Mr. KELLEY of Michigan: Petition of 42 residents of Farmington, Mich., favoring the joint resolution extending immediate aid to the famine-stricken peoples of the German and Austrian Republics by the purchase and distribution of American food supplies for the use of such peoples; to the Committee on Foreign Affairs.

7235. By Mr. KETCHAM: Petition of 94 citizens of Marcellus, Mich., and vicinity, protesting the tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

7236. By Mr. KISSEL: Petition of the American Farm Bureau Federation, Washington, D. C., urging Congress to authorize the Secretary of War to enter into such contract or contracts with Henry Ford for the completion and continuous operation of the Muscle Shoals project as will protect the public welfare; to the Committee on Military Affairs.

7237. By Mr. LAWRENCE: Petition of the Northwest Missouri Press Association, urging passage of Senate Joint Resolution 232; to the Committee on Interstate and Foreign Commerce.

7238. By Mr. LAYTON: Petition of members of the Delaware Sportsmen, indorsing House bill 5823, establishing public shooting grounds; to the Committee on Agriculture.

7239. By Mr. MICHENER: Petition of sundry citizens of Michigan, favoring resolution extending relief to German and Austrian Republics; to the Committee on Foreign Affairs.

7240. By Mr. NEWTON of Minnesota: Petition presented by Arthur Schaub, of St. Paul, and signed by sundry residents of Minnesota, urging favorable action by the Congress on resolution to provide immediate relief to Germany and Austria; to the Committee on Foreign Affairs.

7241. By Mr. PORTER: Petition of the District of Columbia Department, National Chapter No. 1, American Legion, indorsing Senate bill 4398, authorizing the Seventy-ninth Division Association to erect in France, in the vicinity of Montfaucon, a memorial to the men of the Seventy-ninth Division who died in action there, or afterwards from wounds received, and which bill further authorizes the placing of an enlarged replica of the distinguished-service cross upon a memorial to honor those dead; to the Committee on Foreign Affairs.

7242. By Mr. ROUSE: Petition of Kishmee Grotto, of Covington, Ky., asking the President to set aside a week to be called "antinarcotic week"; to the Committee on Interstate and Foreign Commerce.

7243. By Mr. SINCLAIR: Petition of the Noonan National Farm Loan Association, Noonan, N. Dak., condemning the Strong bill, to change the Federal farm loan act; to the Committee on Banking and Currency.

7244. Also, petition of William Witte and 70 others, of Regent, New England, Dickinson, and Lefor, N. Dak., urging that aid be extended to the suffering peoples of Germany and Austria; to the Committee on Foreign Affairs.

7245. Also, petition of Yucca National Farm Loan Association, Yucca, N. Dak., condemning the Strong bill to change the Federal farm loan act; to the Committee on Banking and Currency.

7246. By Mr. SWING: Petition of various citizens of San Diego, Calif., favoring action by Congress in extending aid to the famine-stricken regions of Germany and Austria by furnishing food supplies; to the Committee on Foreign Affairs.

SENATE.

FRIDAY, February 9, 1923.

(Legislative day of Monday, February 5, 1923.)

The Senate met at 12 o'clock meridian, on the expiration of the recess.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 13880) for the reorganization and improvement of the foreign service of the United States, and for other purposes, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTIONS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills and joint resolutions, and they were thereupon signed by the Vice President:

S. 1016. An act to amend an act entitled "An act to repeal section 3480 of the Revised Statutes of the United States";

S. 1878. An act to permit the State of Montana to exchange cut-over timberlands granted for educational purposes for other lands of like character and approximate value;

S. 1926. An act to extend the provisions of the act of February 8, 1887, as amended, to lands purchased for Indians;

S. 2023. An act defining the crop failure in the production of wheat, rye, or oats by those who borrowed money from the Government of the United States for the purchase of wheat, rye, or oats for seed, and for other purposes;

S. 3702. An act providing for the acquirement by the United States of privately owned lands situated within certain townships in the Lincoln National Forest, in the State of New Mexico, by exchanging therefor lands on the public domain also within such State;

S. 4169. An act granting the consent of Congress to the city of Aurora, Kane County, Ill., a municipal corporation, to construct, maintain, and operate a bridge across the Fox River;

S. 4260. An act to extend the time for the construction of a bridge over the Columbia River, between the States of Oregon and Washington, at a point approximately 5 miles upstream from Dalles City, Wasco County, in the State of Oregon;

S. 4288. An act to grant the consent of Congress for the special commission constituted by an act of the Legislature of Massachusetts to construct a bridge across the Merrimack River;

S. 4341. An act granting the consent of Congress to the Oregon-Washington Bridge Co. and its successors to construct a bridge across the Columbia River at or near the city of Hood River, Oreg.;

S. 4346. An act granting the consent of Congress to the Delaware State highway department to construct a bridge across the Nanticoke River;

S. 4353. An act granting the consent of Congress to the highway commissioner of the town of Elgin, Kane County, Ill., to construct, maintain, and operate a bridge across the Fox River;

S. 4439. An act to revive and to reenact an act entitled "An act granting the consent of Congress for the construction of a bridge and approaches thereto across the Arkansas River between the cities of Little Rock and Argenta," approved October 6, 1917;

H. R. 10211. An act authorizing an appropriation to meet proportionate expenses of providing a drainage system for Paiute Indian lands in the State of Nevada within the New-lands reclamation project of the Reclamation Service;

S. J. Res. 226. Joint resolution authorizing the acceptance of title to certain land within the Shasta National Forest, Calif.;

S. J. Res. 248. Joint resolution to provide for the payment of salaries to Senators appointed to fill vacancies, and for other purposes; and

S. J. Res. 259. Joint resolution authorizing the President to abrogate the international agreement embodied in certain Executive orders relating to the Panama Canal.

PETITIONS AND MEMORIALS.

Mr. KENDRICK presented resolutions of the Wyoming Engineering Society, of Cheyenne, Wyo., favoring the passage of the so-called Sterling-Leblach bill providing for the reclassification of positions and salaries in the Federal civil service, which were referred to the Committee on Appropriations.

Mr. WILLIS presented a resolution of Goddess of Liberty Council No. 62, Daughters of America, of Cleveland, Ohio, protesting against any amendment of the existing immigration laws of the United States, which was referred to the Committee on Immigration.

Mr. LADD presented a petition of 18 citizens of Chaseley, N. Dak., praying for the passage of legislation extending immediate aid to the famine-stricken peoples of the German and Austrian Republics, which was referred to the Committee on Appropriations.

Mr. CAPPER presented a petition of sundry members of the department of clothing and textiles, Kansas State Agricultural College, of Manhattan, Kans., praying an amendment of the Constitution regulating child labor, which was referred to the Committee on the Judiciary.

Mr. BROUSSARD presented a memorial, numerous signed, by sundry citizens of New Orleans, La., remonstrating against the passage of legislation providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. REED of Pennsylvania presented a petition of the Philadelphia (Pa.) Board of Trade, praying for the passage of the joint resolution (S. J. Res. 269) authorizing the President of the United States, under the provisions of the first sentence of section 202 of the transportation act, 1920, to pay just and meritorious claims for loss of or damage to freight in transportation arising out of or incident to Federal control, and declaring the intent of section 206 (a) of said act in relation to the provision authorizing actions at law against an agent appointed by the President, which was referred to the Committee on Interstate Commerce.

PRICE OF SILVER.

Mr. PITTMAN. Mr. President, I present certain correspondence on the silver situation, which I ask may be printed in the RECORD.

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

AMERICAN SMELTING & REFINING CO.,
New York, January 26, 1923.

HON. KEY PITTMAN,
United States Senator from Nevada,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In the CONGRESSIONAL RECORD of January 22, 1923, on page 2184, appears copy of a letter written by you to the Governor of Nevada, in which, among other things, you say in effect that a vice president of the American Smelting & Refining Co. (meaning the writer of this letter) admitted before a Senate committee "that the smelting companies were not particularly interested in the price of silver, as they pay the producers the market price and sell it at the market price."

The smelting companies handle silver from two classes of product—one, the silver contained in ore which they buy; the other, the silver produced from their own mines. I was discussing the former, and my language was intended to refer only to the fact that smelting companies do not seek to make a profit on the silver they buy in ore in the sense of attempting to sell it for more than they pay for it, as does a merchant, but rather contemplate selling the silver at the same price at which they buy it, making their profit out of the smelting and refining charge agreed upon between the parties.

In this sense my statement is strictly true, but I did not mean to say that smelting companies are not interested in the price of silver. The direct opposite is emphatically the case, for the very excellent reason that the higher the price of silver the larger is the tonnage produced by the mines, and hence the greater the profits for treatment charges that inure to the smelters.

There is another most important reason why smelting companies are directly interested in the price of silver. Every one of them is itself a miner of silver, directly or indirectly. The American Smelting & Refining Co., for instance, is to-day producing silver at the rate of about 20,000,000 ounces per year from the mines owned or controlled by it or its subsidiaries. Every 10-cent increase in the price of silver over the cost of production means to it an increased annual profit of

\$2,000,000. If we assume, for illustration, the cost of producing silver at 50 cents, and the year's output is sold at 60 cents, a profit is made of \$2,000,000; if it is sold at \$1 a profit is made of \$10,000,000. Parenthetically let me add that 90 per cent of our silver-mine production is from outside the United States and is not saleable under the Pittman Act.

In short, as a large miner of silver-bearing ores, the American Smelting & Refining Co., as well as every other smelting company without exception, so far as I know, is as directly interested in the price of silver as it is possible for any miner to be, and this entirely aside from its smelting business and its purchase of silver-bearing ore in connection therewith.

In your letter to Governor Boyle you further say, in effect, that the smelting companies have failed to give their aid to the organization of a selling and credit association which could control over 80 per cent of the production of the world, and that this attitude is "grossly selfish and unfair."

No subject has been more carefully investigated by smelting companies than the organization of such an association as you describe. All investigations have come up against the insurmountable difficulty that such an association is neither legal nor capable of being financed. Under present conditions, if it could be financed, it is not legal, and if it is legal it can not be financed.

The legal difficulty is the Sherman law and supplementary legislation prohibiting combinations for the purpose of raising the price of any commodity. An export association, under the Webb-Pomerene law permitting combinations for sales abroad, would not be effective in the case of silver, for the reason that the price abroad can not be materially raised without likewise raising the price in the United States, and this is specifically prohibited by the Webb Act itself. Obviously the foreign price can not exceed the price in the United States plus freight.

The Copper Export Association well illustrates this principle. It has not tended to raise prices, as is evident from the fact that since its organization the price of copper has been selling pretty steadily below the pre-war level, when there was no export association. All it has been able to do has been to successfully meet the combinations of buyers in foreign countries, which before its organization enabled those countries to acquire their copper at a price lower than it was commanding in the United States.

Entirely aside from the legal difficulty, financial considerations prevent such an association in the case of silver.

The price of silver, unlike that of other metals and commodities in general, is relatively very slightly affected by the production. Other metals and commodities have actual utilitarian uses, but there is in existence in China, Japan, and elsewhere vast volumes of silver which can be immediately placed upon the market, as it is not being utilized for any immediate purpose other than that of being hoarded as a saving. Under this term we may include all silver used for a quasi ornamental purpose. There are, conservatively, at least 10,000,000,000 ounces, and possibly several times that amount, that could be brought upon the world's market in a relatively short time if the price attracted it, and no one can foretell what that price will be from time to time.

In the Review of the Silver Market for 1922, published by Handy & Harman, there is a discussion of this subject on pages 2, 3, and 4, from which a condensed quotation is as follows:

"Production has never been the dominant factor in the silver market, as even a casual comparison of average annual prices and yearly outputs will show. The demand from India and China, more than any other factor, accounts for the price levels at which the silver market rules. Trite as this statement may be, its verity, which has been proved by the experience of many years, appears to have been lost sight of. * * *

"More tangible proof of the comparatively subordinate part which production, or the supply of silver, plays in determining the market price * * * may be seen in a brief consideration of the great rise in silver from 1916 up to January of 1920 and its abrupt fall during the rest of that year. * * * Production figures bore little relation to the course of silver during the years of these violent fluctuations, and at no time during this period could the varying amount of the world's output be said to have influenced the market quotations. * * *

"The pre-war years of 1908 through 1914, however, furnish a more reliable period in which to point out the unimportance of production in influencing silver market quotations. According to statistics furnished in the 1922 report of the Director of the Mint, the world's total output of silver increased from 203,000,000 ounces in 1908 to a record production of 230,000,000 in 1912, but the yearly average price of silver, instead of declining in inverse ratio to the annual supply, rose to an average of over 60½ cents during the same year that the world's production was at its maximum. Furthermore, when supplies of bullion had fallen to 166,000,000 ounces for 1914, the year's average price for silver had dropped to less than 55 cents."

In financing any association such as you mention, it is therefore necessary to decide whether withholding a large part of the world's production for a period of time will cause such a rise in the price of silver as will enable the withheld production to be then sold at the higher price.

It is for this reason that the financing of the movement must have behind it some credit in addition to the silver itself, for when the breaking point is reached and the withheld silver placed upon the market the price may immediately fall.

The history of many efforts in the past to control the price of silver, as well as that of other metals, by withholding from the market, has been almost uniformly one of financial disaster.

You have evidently not been informed of the very careful study given by the various smelting companies to the organization of such an association as you describe, and their investigation, through various financial authorities, of the possibility of doing the necessary financing.

No financing would be possible which did not have back of it the entire credit of all the combined smelting companies, and even then the amount of money that could be raised would not be in all probability sufficient to accomplish the desired result. The smelting companies would be taking all the risk, their very financial existence depending on the success of the movement, while of the profits they would only get that proportion which the output of their mines bears to the total output. In other words, they would take all of the risk and suffer all of the loss if there was a loss, but if the project was successful they would only receive a portion of the profits.

Your letter, if I interpret it correctly, is one of great promise in the cause of silver, because you intimate that the Government of the United States might support such an association.

In that event the Government could readily change the law so as to permit of the necessary association, thus removing the legal barrier by which all attempts to date have been stopped. It could also, by its cooperation, remove the financial difficulty without financial risk to itself, because the influence of our Government with foreign countries is, in my judgment, sufficient to stop the greatest menace to silver which now exists, namely, its rapid demonetization through the debasement or entire abolition of silver for coinage purposes. As, one by one, the currencies of the bankrupt countries are stabilized silver should be restored to their monetary systems. The present tendency, supported by the English Government, to substitute paper currency for silver in India should be suspended.

In my humble opinion, the greatest danger to silver in the future lies not in the termination of the Pittman Act, serious though that may be. The end of the Pittman Act, after all, means only a return to the conditions existing before the United States entered the war. The paramount danger to silver lies in the continuation of the recent steady, remorseless increase of the discontinuance of its use as money. The last few years have seen the debasement of the silver coinage in Great Britain, in the Scandinavian countries, in Central American and in South American countries, and its entire abolition in all countries in Europe who were engaged in the war. If for the next 10 years the tendency of mankind to abolish the use of silver for monetary purposes equals the movement in that direction for the last 10 years, one may readily envisage the ultimate destruction of that intrinsic value in silver which has been placed upon it by the consensus of opinion of mankind since the dawn of history.

No association of smelting companies and mines, either or both, can stop this tendency. It requires the action of governments, and if the Government of the United States does not lend its predominating influence in the councils of the nations of the world to the cause of silver during the next few years, when the currencies of the bankrupt countries of Europe are being stabilized, then the cause of silver seems gloomy, indeed.

The Nicholson resolution seems a step in the right direction. It is a pleasure to note that your keen and lucid mind and sincere loyalty to the cause of silver is engaged in the consideration of that measure to which it promises to bring effective results.

As your letter may inadvertently give the wrong impression of the attitude of the smelting companies, and particularly of my company, on the subject of interest in silver, will you not do us the justice of giving the same publicity in the CONGRESSIONAL RECORD to this letter which you have given to your own? Your so doing will be very greatly appreciated.

With great respect, believe me, sincerely yours,

F. H. BROWNELL,

Vice President American Smelting & Refining Co.

UNITED STATES SENATE,
Washington, February 5, 1923.

Mr. F. H. BROWNELL,
Vice President American Smelting & Refining Co.,
120 Broadway, New York City.

MY DEAR MR. BROWNELL: I have read more carefully your letter of January 26, in reply to a letter addressed to the former Governor of the State of Nevada, appearing in the CONGRESSIONAL RECORD of January 22, 1923, on page 2184.

I am pleased to have your explanation of the meaning that you intended to give in your testimony before the Committee on Mines and Mining of the United States Senate, wherein you said in substance that the smelter companies were not interested in the price of silver, as they all sold at the market.

I was aware, of course, that for many reasons the smelter companies should be interested in the price of silver. You have stated very clearly these reasons. This should urge the smelter companies to take the most active interest in all plans looking to the betterment of the silver industry.

I am still rather at a loss to understand why the smelter companies have so quickly surrendered, particularly in the matter of financing an export association. There is a minimum price for silver. At that minimum price there is no better security in the world than silver bullion. Since the writing of your letter I have discussed this very matter with men who are able to finance such association, and they have expressed their entire willingness to undertake it.

You use a double argument against the formation of such an association. You say if it can be financed, then it is not legal; and if it is legal, then it can not be financed. It is this hopeless attitude on the part of the smelters that appears so unreasonable under the statement of the interest of the smelters in silver as set forth in your letter.

The smelter and copper people organized a copper export association. I assume that that was legal—at least, our Government has not seen fit to attack it. What was the object of such association? Was one of its purposes to sustain the price of copper? Is there any distinction in law in sustaining the price of copper to prevent it from going to a lower level or in raising it from the lower level to the sustained price?

Copper is sold abroad and in the United States just as silver is sold abroad and in the United States. Did the sustaining of the price of copper abroad sustain the price of it in the United States? If so, was that a violation of our antitrust acts? Is it any more illegal to artificially prevent the price of copper from going down in accordance with the supply and the demand than it would be to put it up to such price and hold it there by the same means?

All of our antitrust acts were passed for the purpose of preventing the fixing of unfair and extortionate prices through combinations in restraint of trade. A silver export association will have no such purpose nor will it have that effect.

The exchange value of silver and subsidiary coins and gold in the United States is on the basis of approximately \$1.29 an ounce for silver. Whenever the price of silver is below such price it is below par. The purpose and intent of a silver export association is not to artificially increase its value, but, on the contrary, to remove the artificial restrictions imposed upon its marketing, which do now and for a long time have prevented it from rising to its natural value based on supply and demand.

Congress had in mind at the time that the Webb-Pomerene Act was passed these combinations in foreign countries which have discriminated against and restricted the rise in price of our products. I can hardly conceive of a case in which the price of our products were increased abroad that there would not be some shadowy reflection upon the price at home. It was not this shadowy reflection that Congress intended to prohibit, because such a prohibition would be an annulment of all of the benefits of the act.

The greater part of our American silver is sold abroad. Suppose the association received only that proportion of the American-produced silver and left the proportion that is generally consumed in the United States in the hands of the producers or holders to be sold in competition in the United States as they saw fit. Could the association then be charged with combining to increase the price of silver in the United States? Would not there then be an active competition between the same competitors that now exist in the market of the United States?

The Webb-Pomerene Act was not a foolish thing, as the copper people discovered when they organized the copper export association. It has proven a great benefit to copper. Such an association can be as legally organized for silver, and it will prove equally as beneficial to that metal.

While I am convinced that the organization can be accomplished in a legal way so at least as to protect that part of our silver that is normally sold abroad, it is my intention when the opportunity offers to introduce an amendment to the Webb-Pomerene Act that will clearly remove any ambiguities and dissipate the fears of you and your associates with regard to the legal power to organize a silver export association.

In your reply to me you include a long argument to show that silver is in a desperate situation by reason of the debasement of silver coins in Europe. At the same time, while you quote in your letter United States experts Handy & Harman, you do not emphasize that portion of their report dealing with the subject of debasement of coin. Handy & Harman in their report on this subject say, "But Europe is not our great market for silver."

Again, the silver experts to whom you refer, Handy & Harman, in their report say, "The demand from India and China more than any other factor accounts for the price levels at which the silver market rules." Undoubtedly our great markets for silver are in India and China. There is no debasement of silver in either of these countries and never will be.

The agencies of the British Government have always made a large profit upon the sale of silver both in India and in China. The advantage of Great Britain in oriental commerce is due to a great extent to their control of the supply of silver.

It is true that the fixing of a price for silver is an international matter, but, as I have before stated, so long as foreign agencies can artificially restrict the price of silver below a dollar an ounce, it is useless to discuss with them the fixing of a price for silver at a dollar or above that price. We have it in our power to fight and destroy such restrictions, and such was the intention of the Webb-Pomerene Act. As I have said before, the organization of such an association will be attempted, and I hope that you and your associates will take a less fearful attitude toward the matter.

I thank you for your very frank discussion of the subject. I am aware of the great knowledge you possess with regard to the production and marketing of silver and its condition throughout the world, and it is particularly for this reason that we must have your earnest and active support.

Sincerely,

KEY PITTMAN.

THE COAL SITUATION.

Mr. WALSH of Massachusetts. I present several resolutions from State and city governments, also a few of many communications received by me from citizens illustrating the unrest and anxiety in New England and other parts of the country because of the present coal shortage. These letters indicate that the patience of anthracite-coal consumers is rapidly becoming exhausted, and if some action is not taken by this Congress we should not be surprised at the extreme political views certain to follow such experiences as these letters depict. I ask that they be printed in the RECORD and referred to the Committee on Education and Labor, and also that a copy of the RECORD be sent to the Federal Coal Commission.

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

THE COMMONWEALTH OF MASSACHUSETTS, 1923.

Resolutions favoring the passage by Congress of legislation placing an embargo upon coal.

Whereas there is now pending before the Congress of the United States various bills and resolutions providing for and favoring the passage of legislation placing an embargo upon the export of coal from the United States during the present period of coal shortage; and

Whereas the Hon. JOHN J. ROGERS, Congressman from Massachusetts, has introduced a bill in Congress entitled "A bill declaring an embargo on anthracite coal," being House bill 12827, which declares that the conditions at present prevailing in the production and distribution of anthracite coal constitute a national emergency; and

Whereas great distress and hardship exist in New England on account of such coal shortage: Therefore be it

Resolved, That the House of Representatives of the General Court of Massachusetts urgently requests that Congress take immediate steps for the passage of appropriate legislation to relieve the great distress existing in New England, and hereby records itself in favor of immediate passage of House bill 12878; and be it further

Resolved, That copies of these resolutions be sent by the secretary of the Commonwealth to the President of the United States, to the presiding officers of both branches of Congress, and to the Senators and Representatives in Congress from this Commonwealth.

In House of Representatives, adopted, January 29, 1923.

A true copy.

F. W. COOK,

Secretary of the Commonwealth.

CITY OF MEDFORD, January 30, 1923.

Resolution in board of aldermen, offered by Alderman Edwin M. Harkins. Be it resolved, That, owing to the present inadequate coal supply and the stringent regulations in force relative to procuring and selling coal, the bill now pending before the House of Representatives at Washington, D. C., relative to placing an embargo on coal being shipped from this country to Canada is a measure that deserves the support of the Congressmen and Members of the Senate from Massachusetts; and be it further

Resolved. That the board of aldermen of the city of Medford hereby places itself on record as favoring this legislation; also that a copy of this resolution shall be forwarded to the Congressmen from Massachusetts and to the Senators from this State and to Vice President Calvin Coolidge, of this State.

In board of aldermen, January 30, 1923. Passed.

A true copy.

Attest:

CHARLES A. WINSLOW, *City Clerk.*

BOARD OF ALDERMEN,
SOMERVILLE, MASS., *January 25, 1923.*

Resolved. It is the opinion of this board that the so-called Rogers bill, now before the Federal Congress to the effect that an embargo should be established on the exportation of coal to the Dominion of Canada, should pass; and it is further

Resolved. That a copy of this resolution be sent to the Representative to Congress from this district and to the Senators from this State.

A true copy of an order approved January 26, 1923.

Attest:

JASON M. CARSON, *City Clerk.*

DETROIT, MICH., *December 29, 1922.*

HON. JOHN HAYS HAMMOND,

Chairman of United States Coal Commission, Washington, D. C.

MY DEAR SIR: The Republican National News Service has received a large number of letters from all over the country, asking what is being done regarding coal by your commission, and what progress is being made toward obtaining concrete results before the expiration of this winter.

One of the deep-seated issues that comes home to every citizen is the coal situation. It should be grappled with and solved immediately. It is the most important question before the people of all classes to-day.

The mines should reopen, and the men should go back to work on a definite understanding that whatever the tentative terms of resumption, they should begin work with the explicit purpose and under the fixed program of going immediately, vigorously, and intelligently. Our Government should relentlessly, with arbitrary determination, assume dictatorship over the mines, because there exists an emergency directly affecting the peace, health, safety, and welfare of the Nation, requiring at once governmental regulation and control of the supply of coal during such an emergency, and its equitable distribution to consumers at reasonable prices.

I have personally visited many families of the tenement districts of Detroit, and the condition is appalling. I met a family consisting of father, mother, and five children, burning wood and obtaining poor heat out of that. The mother is expected to be confined shortly, and one of the children is sick in bed. This is a fair example of what exists in other parts of the country. The people are more interested now in how they can buy coal than they are in any other question now before Congress.

The coal question is not a political issue and should not be used for party advantage from any angle, which is clearly demonstrated by the personnel of your commission. I am deeply sensible to the fact that no higher caliber of men could be selected by President Harding to solve the coal problem.

I am taking the liberty of inclosing a bill as drawn by Governor Groesbeck which contains his analysis of the situation, highly commended by the leading men throughout the United States, including governors of States.

The suggestions made in this letter are made with a kindly spirit with no intention to criticize anyone connected with your commission to retard its activity.

With best wishes, I remain yours faithfully,

HENRY W. ROSE,

General Manager Republican National News Service.

(This form of letter was mailed to every member of the United States Coal Commission.)

[From the Detroit News-Journal.]

THE COAL REPORT.

As an expedient for the diversion of an outraged public, the coal fact finders have had a certain political value. As discoverers of new information the body was bound to appear of slighter purpose. The intelligence it has just brought the Government in its first report is merely what thousands of informed citizens have always known. Every fact in the finding is old stuff, every observation might have been made after a day's diligent reading last March.

The commission cites five familiar reasons for the scarcity and high price of bituminous coal, with which it is largely concerned. They are profiteering, which is not discussed; labor difficulties, growing out of a deeper condition; transportation shortage; over-development of mines and surplus miners; and irregularity of demand. If there is any novelty in the report it is its evaluation of these facts. The fact finders regard the first three conditions as symptomatic, the last two as the basic diseases of the coal industry.

Being merely a recounter of old tales, the commission has not felt impelled to produce any ready-made miracle for the correction of either condition. It speaks mildly of encouraging consumers to store coal in the spring and summer, thus making demands on mines and transportation uniform through the year. Consumers, of course, will never do this, since the public is obliged to store no other commodity half a year ahead, and has no intention of tying up funds in dead stock or financing anyone's industry. Concerning the surplus of mines and miners the commission has nothing to say. Unless the public interferes this problem must be unmade by the industry itself, since it has been erected by the same agency. Obviously if the public is supporting 200,000 surplus miners and their families there should be a diversion of their efforts to other fields.

In its parting shot the commission makes the not very original comment that something must be done at once, and makes casual reference to a more intimate participation of the public in the public business of digging and moving coal.

The importance of this report, however, lies chiefly in the fact that it has been made. There is nothing new in it, certainly. But another political expedient is playing out. That is a help, since the problem goes automatically back to the Government's hands, where action must now originate on the familiar truths reported by the commission. If this body has been sufficiently forceful to animate Washington toward seeking any path to peace and order in the coal industry, it will have justified an existence which to date has not appeared necessary. It will, at any rate, have done more than an aimless but loudly protestant public has accomplished in a year.

The law of supply and demand takes a lot of punishment at times. The coal commission has just succeeded in proving that coal is hard to get and harder to pay for because there are too many mines and too many miners.

SPRINGFIELD, MASS., *February 1, 1923.*

HON. DAVID I. WALSH,

Washington, D. C.

DEAR SIR: I note with interest your advocacy of the Government taking over the control of the coal mines—a basic necessity. I believe all the investigations on both sides show that the best good of the country in regard to the production and cost of coal will be best served by what you propose, and I know that I voice the opinion of many other men and women that this sane and feasible solution may be brought about and properly safeguarded from the evil effects of partisan politics.

Very sincerely,

HELEN D. CHAMBERLAIN
(Mrs. George D. Chamberlain).

WORCESTER, MASS., *January 11, 1923.*

HON. DAVID I. WALSH,

Senator, Congress, Washington, D. C.

DEAR SIR: I read your suggestions in reference to shipments of coal to New England. Since then I read the clippings inclosed, and it seems to me if there was an embargo put on shipments of anthracite coal to Canada it would help New England people very much.

Most respectfully yours,

M. A. WHITING.

BROWN SHOE CO.,
St. Louis, January 3, 1923.

HON. DAVID I. WALSH,

Washington, D. C.

DEAR SIR: * * * If the next election has Government ownership of coal mines and railroads for its issue, I believe the side advocating Government ownership would sweep the country. The people are very sick of the railroad and coal situation just now. * * * Go after the railroads and coal mines. That is what the people are interested in.

Yours very truly,

R. B. MCCARTHY.

HARWICH, MASS., *February 6, 1923.*

HON. DAVID I. WALSH,

Washington, D. C.

DEAR SIR: * * * I have the misfortune to be the local fuel distributor for fuel, and the situation here is deplorable. We have been forced to deplete our forests at an alarming rate in order to prevent actual distress, and if something is not done we shall undoubtedly suffer another winter. Are we to freeze throughout New England while the operators and miners are quarreling over a division of spoils? Is our National Congress helpless to devise any method to remedy this situation? I have been in Pennsylvania and know the situation. Plenty of coal, plenty of men to mine it, and the people who live in the North suffering for want of fuel. Your own knowledge of the conditions is superior to mine and I trust will lead you to point the way to some remedy before we are faced with the same condition another year. If taking over the mines is the only remedy, let us take them; if there is a better way, let us take that; but let us do something now and not wait as we did last year. We are anxiously awaiting some act by Congress that will lead us to believe that our representatives are alive to the importance of immediate action.

Yours respectfully,

CHAS. E. HAMER.

[From the Detroit Evening Times.]

UNITED STATES MINE OPERATION SOUGHT—MICHIGAN LEGISLATURE TO DEMAND ACTION TO SECURE ADEQUATE ANTHRACITE.

[Special to the Detroit Times.]

LANSING, January 24.—Federal operation of anthracite mines in Pennsylvania will be demanded by the State of Michigan, it developed to-day.

Convinced beyond any doubt that the Federal and State Governments have exhausted all available means to secure anthracite in adequate quantities from the mines, a concurrent resolution is to be introduced in the legislature by Representative Aaron W. Miles, of Big Rapids.

The resolution will request the enactment of a Federal constitutional amendment which would give the Federal Government the power to operate and perhaps own those mines.

TAKE INITIATIVE.

Michigan would thus be taking the initiative in the attempt to obtain this constitutional amendment, and after a canvass of influential members of both the house and senate, it seems quite probable the resolution will be adopted.

William W. Potter, State fuel administrator and the man who is in as close touch with existing conditions in the Pennsylvania mines as anyone in the country, said this afternoon he would be heartily in favor of Federal control and perhaps Federal ownership of the anthracite mines. It is probable that Potter will assist in every possible way to draft a suitable resolution for introduction in the house.

CERTAIN OF STAND.

"I am absolutely certain the only way to get adequate supplies of coal from the Pennsylvania mines," the fuel administrator declared, "is to operate those mines either under Government control or Government ownership. Numerous letters have come to my office asking that Michigan take the initiative in constructing the necessary machinery to secure such a Federal constitutional amendment. I am glad to know that Representative Miles is preparing such a resolution, and if any senators or representatives are not familiar with the anthracite situation in the United States, I want them to know that all my information is at their disposal at any time. I am convinced that if they knew the situation as I do all of them would exert their influence for the passage of the Miles resolution."

Potter declared further that the resolution would be the proper thing at this time, regardless of whether or not it asked for Government ownership of the hard-coal mines or merely Government control.

LYNN, MASS., February 7, 1923.

HON. DAVID I. WALSH,
United States Senate, Washington, D. C.:

Over 3,000 families in this district without any supply of coal. The Lynn (Mass.) Chamber of Commerce petitions you to place an embargo on all anthracite coal for foreign countries until the necessities of the people in our own country are properly taken care of. Copy sent Interstate Commerce Commission.

RALPH S. BAUER, President.

JANUARY 24, 1923.

HON. DAVID I. WALSH,
Care of United States Senate, Washington, D. C.

DEAR SENATOR WALSH: I believe the proposition of the United States establishing standards for units of heat per 100 pounds in both bituminous and anthracite coal will be one of the most helpful things that has happened in a long time, in so far as the American people are concerned.

I am sending you an editorial from this morning's Boston Post, which will give you an idea of how the matter is being received.

Most of the delays on our railroad trains in New England which have been continuous all winter have resulted from the miserable quality of steam-making, bituminous coal sold to the railroads, the coal being so full of dirt and sulphur that it is impossible to make any great amount of steam from it, and the consequence is that when the train starts out it has to run so slowly because of this that they are anywhere from half an hour to four hours late at their destination. I have talked with many of the engineers on the different engines, and they say that the delays are almost entirely up to the coal. It seems to them that the coal set aside for their use in the engines has been taken from the dump at the mines, as there are so few heat units in it.

You can see how this affects every consumer of coal in the country, whether hard coal or soft coal, and the point raised by the Boston Post that the different grades of coal would mean different grades of prices, corresponding to the heat-producing elements in the product, is something that will eventually work out to at least create honesty and lack of deception in the coal business.

In the meantime the people everywhere are patiently suffering privations unknown to the legislators at Washington, hoping that sometime in the future matters will change so they can more nearly know that they are getting just what they pay for.

With best wishes to you in the effort, believe me,

Sincerely yours,

RALPH S. BAUER.

FIREPROOF COAL.

Senator WALSH'S proposal to enact a law that will compel standardization of coal will strike a responsive chord throughout New England and doubtless in every other section of the country. For even though the chief trouble in recent years has been to get any kind of coal at any price there are still a few of us left with faith that under proper regulation real coal can be produced in sufficient quantities and at reasonable prices.

As to the quality of coal that has been delivered in this section in recent years, a great many people will testify that President Bauer, of the Lynn Chamber of Commerce, was making a conservative statement when he said that 35 per cent of the anthracite delivered in Lynn was fireproof. It is well known that the large buyers of coal, the big industrial corporations and the public utilities companies, employ experts who know coal and who insist that the coal they buy shall contain a certain number of standard heat units to the pound. But the average householder simply orders "coal," and if the material delivered is black he pays the bill.

That there are wide variations in the heating value of coal from different mines everyone connected with the business will readily admit. Why, then, should the price be practically uniform amongst the various dealers? Cotton, wool, flour, almost every basic commodity, is sold on grade at variable prices. It is just as essential for fair dealing that coal for family use be graded and priced accordingly.

As we have remarked before, we are not inclined to hold the retailers very much to blame in this matter of adulterated coal. They have to take it "as is" from the big operators and wholesalers, and it is hardly to be expected that they are going all over it and throw out stone and slate that they have paid for at coal prices. The fault is with the operators, who are too greedy to pay for "picking," as they used to do years ago—or are too mean to forego the profits they make on the "fireproof" stuff. The only way to get after them is by Federal law.

LYNN CHAMBER OF COMMERCE,
Lynn, Mass., January 29, 1923.

HON. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SENATOR WALSH: I am sending you one of many samples of fireproof coal—a shovelful taken out of a 20-ton pile from a coal yard in this district.

This so-called hard coal is sold at \$16 a ton to the consumer. Less than 5 per cent of it will burn in any kind of a test. When put up in 25-pound bags and sold at 35 cents a bag to thousands of families, who are unable to obtain coal in larger quantities, this means that they are paying \$560 a ton for that portion of this fuel that will really burn and make heat. This is dishonesty and robbery. The mine owners or operators are responsible for it.

The only relief is for the National Government to establish at the mines grades of coal based on its heat-producing content per 100 pounds as shipped out and sold according to standard grades, with severe penalties for violation.

Every State in the Nation is afflicted with this fireproof, unburnable coal swindle. Because it fails to produce heat, results in distress and sickness, leading to death among thousands of families during these long weeks of freezing weather.

To overcome this disaster is a real job, and I hope you have the courage and strength to go through with it. The people in Washington have little idea of the suffering this lack of obtaining fuel that will produce heat has caused—to say nothing of the millions of dollars that have been lost on account of transportation and production delays.

Very truly yours,

RALPH S. BAUER.

FEBRUARY 3, 1923.

HON. DAVID I. WALSH,
United States Senate, Washington, D. C.

DEAR SENATOR WALSH: I was very glad indeed to get your letter and a copy of the CONGRESSIONAL RECORD, showing that you presented the letter of the fuel commissioner of the State of Wisconsin along the same lines you and I have been taking up together.

Will you please send me a copy of the CONGRESSIONAL RECORD that has the account of your presenting the letter I sent you originally to the Senate in the form of a petition and having it referred to the committee, as I would like to keep this for my file.

This fireproof coal swindle is nation-wide in its extent, and I think if the Senators who are keeping house in Washington would look into their own coal piles they will find to what extent they are getting theirs with this fireproof product.

I am inclosing to you two more clippings, one from the Boston American of to-day and one from the Lynn Item of to-day. I have had clippings sent to me from papers all over the United States on this matter, all giving you credit for handling it in the Senate.

Senator LODGE writes me that he will do everything he can to help you get this bill through, as I wrote him asking him to do this.

John Hays Hammond, who is the head of this special committee investigating the fuel question, personally knows me. When I was president of the Essex County Associated Boards of Trade several years ago I invited him to two of our outings as a guest of the association, and he came to both of them and seemed to enjoy it immensely. So he will remember me all right, if you have occasion to take this matter up with him, and you might mention this to him.

I know of no subject that really concerns and directly interests the ordinary run of people so much as this paying continually in times of stress for such a large proportion of fuel that will not create any heat at all.

You certainly have the best wishes of this whole Commonwealth with you on this matter.

Very truly yours,

RALPH S. BAUER.

SPRINGFIELD, ILL.,

715 South Douglas Avenue, January 24, 1923.

Senator DAVID I. WALSH,
Washington, D. C.

DEAR SIR: The inclosed clipping from the Springfield (Ill.) State Register intrigues me.

We are at the coal-mine mouth, and it does us little good.

The arrogant "public-be-damned" attitude of the operators is only the more apparent.

Providence has been kind to the consumers in giving us an open winter, and the operators have come down one step from their arbitrary raise of \$1.25 per ton and knocked off 50 cents. As this arbitrary lift of \$1.25 came on top of a 50-cent boost made before the strike last April, we consumers still figure we are being gouged to the \$1.25 limit.

Surely the operators are doing their getting while the getting is good. The consumers are defiantly told that we must pay all the costs of the operators and their loss of profits during that strike. In any case, we seem helpless. Freeze or pay the price is what we are up against.

Frankly, the coal situation is not a pleasant one to consider.

The combustibility is a most important question. Even here we are victims of the present habit of leaving a large percentage of incombustible material in coal.

Perhaps you think the operators would be good enough neighbors to not abuse their community. Their greed is insatiable and their coal full of horseback.

I have reached my three score years and ten and am now simply waiting until the operators' greed shall o'ershoot itself and fall on the other side. It is coming to them and is going to bump them plenty.

If not too much trouble, will you send me a few papers on this Canadian angle of the game, and other angles? I am happy to find some one who is asking a few pertinent questions.

There is little use of talking of normalcy until we get back to old-fashioned honesty and all classes are nearly on the same business level in regards to the returns from their labors.

A fair day's wage for a fair day's work and a fair return for invested capital will win out in the end. Lord hasten the day. It will come, but like Old Black Joe, "I'se coming mighty slow."

Respectfully,

GEO. WILLIAMS.

CAMDEN, N. Y., January 26, 1923.

Senator DAVID I. WALSH,
Washington, D. C.

MY DEAR SIR: I take my hat off to the man who serves the people instead of private interests. I note the stand you take in regard to the coal situation and efforts to bring about a change. As you say, there is much suffering for the need of it. This town has a population of 2,000 and three retail coal yards, and not a pound of hard coal to be obtained at this writing. The New York Central Railroad runs through it, and trains of loaded cars pass daily through it with coal for Canada. Why should this be allowed?

I am a Republican, but can see the party speeding on to defeat in 1924 from playing the game of politics and neglecting the interest of the people.

I wish you success, but doubt if any measure taken will bring about any immediate relief, as a long program will be gone through with and warm weather come before anything will be effected. It takes Congress a long time to get into action. In the meantime the people will suffer and maybe wake up.

Respectfully,

A. B. LE CLARE.

BOSTON, MASS., February 1, 1923.

HON. SENATOR WALSH,
Washington, D. C.

DEAR SIR: I inclose a clipping which tells me that you are introducing a bill in regard to the grading of coal, and I take this opportunity of informing you that I am pleased that you should do this.

As a manufacturer and also as a consumer at home I have had many grounds on which to make complaint about the kind of coal that I have had to pay for. I can see no reason why coal should not be graded and paid for according to its quality. It comes very close to food products in determining the cost of living under modern conditions.

We have been paying \$17 a ton for anthracite in West Newton, where I live, and for soft coal to burn in our building in Boston and our factory in Somerville \$12 a ton. We have to take just what we can get, as there is no competition in the price, all the dealers asking the same in Boston. With such prices as these the matter of quality in fuel becomes very important. The business men feel as I do, that the price is altogether higher than necessary, but that is another matter.

I wish to thank you for putting forward this bill, and would be glad to render you any assistance if it would be any value.

Respectfully yours,

PAPER GOODS CO.,
By EDGAR E. AHELMAS.

"LONGMEAD" ROAD ENDING,
Plainfield, N. J., January 23, 1923.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.

MY DEAR SENATOR: It was with great pleasure that I noticed your interest in the present coal situation in this country. The situation in Lynn and Boston is no worse than in New Jersey. Recently the mayor of this city, in order to relieve the poor, had the coal sold in bags, the price of which would aggregate around \$15 and over a ton.

I think that it is about time that some one would come forward as the spokesman for the people and not wait until the situation becomes worse.

Trusting that you will continue your good work, I am,
Very truly yours,

FRANK LINKE.

LAWRENCE, MASS., February 6, 1923.

Hon. DAVID I. WALSH,
United States Senate, Washington, D. C.:

It is reported that thousands of tons of coal consigned to Lawrence and other New England points in railroad tie up at Rotterdam Junction, N. Y. We exhort our United States Senators to take immediate action before the proper Federal board to cause the railroads to move this coal to its destination. If cold wave continues conditions will be alarming.

Hon. DANIEL W. MAHONEY, Mayor,
PETER CARR,
JOHN A. FLANAGAN,
PATRICK F. McNULTY,
WILLIAM H. D. VOSE,
Aldermen of Lawrence, Mass.

ARTHUR R. HENDERSON & Co.,
Cambridge, Mass., January 22, 1923.

Senator DAVID I. WALSH,
Washington, D. C.

DEAR SENATOR WALSH: I read with interest your statement of your conviction that Government ownership of coal mines was the only solution of the coal situation. In this statement you said something to the effect that that conclusion was reached by you after a thorough study of the situation and that unless some one could offer a better solution you would remain so convinced.

This seemed sufficient invitation to warrant my writing to you to make a suggestion which I believe is worthy of your consideration.

I am a Progressive Republican, and I think I have always believed in the Government ownership of railroads, the telegraph, and telephones (means of communication). In the Government ownership and operation of railroads I believe it would be possible to control the coal situation without Government ownership. By specific regulation of seasons and times of shipment and the enforcement of those regulations on operators and miners and distributors under licensing regulations and requirements this coal situation could be handled.

At present it is a rotten, rotten mess, and my notion of the situation is that it is a thoroughly organized plan of greed from the mine owner and miner down to the smallest retail dealer. It has taken several years to accomplish it, but they have done it now. We certainly are a long-suffering people.

I am not a socialist and never had any sympathy for socialism, but I often wonder we do not have more of it.

May I ask you to let me know what you think of this suggestion?

Very truly yours,

A. R. HENDERSON.

PEABODY FURNITURE CO.,
Boston, January 20, 1923.

Senator DAVID I. WALSH.

DEAR SIR: I take this liberty of writing you and expressing my appreciation as a Republican of the stand you have taken on the coal situation. Your conception of the matter, as expressed or printed in the Herald or Traveler of the 19th instant, is to my mind and that of every thinking man and woman absolutely correct. The sooner this abuse and imposition upon the American people is corrected the better for the Government. Is it possible that the representatives of the people can not see where such a condition of affairs is bringing us to? It is, indeed, unfortunate that they are so unconcerned or blind to the needs of the people and ultimately that of their country. If we are to be saved, our only hope is in men like yourself—unbiased, unselfish, and with a touch of human sympathy, yet ever mindful of the economic needs of the country.

Respectfully yours,

WILLIAM C. LOVETT.

DORCHESTER MASS., January 12, 1923.

DEAR SENATOR WALSH: I am sending you a clipping from the Boston Globe of this date, which I think sets forth pretty clearly some of the deplorable phases of the coal situation.

I for one have so far been unable to buy a single ton of nut coal this winter, although my order has been in the office of the Metropolitan Coal Co. for about two months, and we have two small children in the house at that. If I had not had a little coal left over from last year, we would have been in a bad fix at this time.

Can not something be done to prevent a recurrence of this state of affairs next year?

Very respectfully yours,

FREDERICK M. GREEN.

HOUSE OF REPRESENTATIVES,
COMMONWEALTH OF MASSACHUSETTS,
Boston, February 2, 1923.

Hon. DAVID I. WALSH,
Massachusetts Senator, Washington, D. C.

MY DEAR SENATOR: Is it possible that a few coal owners and operators in the State of Pennsylvania are bigger than the Government of the United States? That they may throttle the situation so acutely as to cause the suffering that is now existing in the State of Massachusetts? Certainly there are no excuses for the conditions that existed last spring, due to the strikes in the coal regions, when a Government as large as this stands idly by and allows it to exist, knowing full well what the consequences will be and are. We feel sure that you and our Congressmen could, if you wished, do something to relieve the intense suffering among our people, caused by the lack of anthracite coal, with no relief in sight.

It is disgraceful for our Government to allow it. Doesn't it seem strange to you that a few coal barons and money fakirs of Wall Street can influence the present administration to believe that the coal miners are to blame for the hardships we are now going through, due to the lack of coal, when in consequence the blame rests entirely with the chosen Representatives to Congress and administration?

This situation will not all be forgotten when the citizens of Massachusetts come to cast their vote in the fall of 1924. We are satisfied that the present Representatives and Senators from the districts have surely all laid down on the job.

Respectfully yours,

WM. E. STAPLES,
Representative Fourth Berkshire District.

CHELMSFORD CENTER, MASS., February 3, 1923.

Hon. DAVID I. WALSH,
Member of the Senate, Washington, D. C.

MY DEAR SIR: May I be favored with a copy of your bill on the standardizing of anthracite?

After 30 years in the retail coal business, and now closely identified with the trade, also as a consumer, I am much interested in some form of regulation at the point of production.

Yours with high respect,

HERBERT R. WHITE,
Chelmsford Center, Mass.

9 BEVERLY ROAD, WORCESTER, MASS.,
February 5, 1923.

Senator DAVID I. WALSH,
Washington, D. C.

DEAR SIR: I write to say that I am in hearty accord with effort to have a Federal law to eliminate "fireproof" coal from our coal bills.

I heat three flats. Last fall I had installed a forced draft controlled by a thermostat so I could burn buckwheat coal. I put in as much as my bin would hold. Lately I have had to buy more. The first was passable, but this last 4 tons! Out of about 4 shovelfuls I picked almost a quart of stones—not slate, just stones. There is also a lot of small pieces about one-half inch that look like melted rock or iron ore, besides the usual amount of slate. Coal dealers blame it on the mines, but why should not the dealer protect his customer; why should they be allowed to sell this stuff for coal? A grocer is not allowed to sell sand for sugar, or even a coal dealer to give short weight, but what's the difference if it's 10 per cent stones?

Yours for protection from extortion,

P. A. CARR.

CAREY'S MEN'S STYLE SHOP,
Boston, Mass., December 20, 1922.

Hon. DAVID I. WALSH,
Washington, D. C.

DEAR SIR: * * * I have always been conservative, but I fear if there isn't some relief from the present condition of things many others, including myself, will be following Bill Haywood and Debs, whom I always thought insane. Now I think different. It seems we are at the mercy of a pack of greedy gongers, with no relief in sight.

Commissions have been investigating. What have they accomplished? There is no need to investigate. You all know we are trimmed to a finish. I may be wrong, but I think there is a fight to a finish coming in the near future, and if it does, I think I know who is going to win. I am writing this letter not with any hope it will do a fraction of good, but merely to express my opinion and let Washington know how we feel.

Respectfully yours,

T. J. CAREY.

DAUGHTERS OF THE AMERICAN REVOLUTION,
The Old South Chapter, January 1, 1923.

MY DEAR MR. WALSH: I am writing to thank you for the interest you have taken in the coal question.

I assure you there is much suffering, and I believe there will be many deaths on account of not being able to get coal.

It is a shame and disgrace to our country, but those men in Washington are very comfortable and they do not care for the people, the ones who put them in office; but I am glad to feel that there is one of you who remembers us. If your efforts do not help us we appreciate your thought just the same.

Very respectfully,

REBECCA L. MARSTON,
44 Henry Avenue, Melrose Highlands, Mass.

CHICOPPEE, MASS., December 29, 1922.

Senator DAVID I. WALSH,
Washington, D. C.

DEAR SIR: The coal situation in our city is critical. Can not something be done to relieve us? Hundreds coming to my store daily complaining that they have none and can get none. When a car comes in there are 300 to 500 children waiting to get a bushel to draw away on their sleds. I myself am burning soft coal at home. I have four children under 10 years old, and there are many others who will suffer if larger quantities are not immediately forthcoming. You know the months of January and February are cold. The Government must take care of us.

Yours,

JOSEPH R. HASTINGS.

24 SHEAFE STREET,
Boston, Mass., December 19, 1922.

Hon. DAVID I. WALSH,
United States Senator, Washington, D. C.

DEAR SIR: The inclosed clipping from the Boston American shows where American anthracite coal is being delivered in Canada while our poor people here in Boston can not seem to get any hard coal at all. This matter seems quite strange.

I have put in an order for some coal since September and have been unable to receive any at all. We have used every effort and have called the coal company a great many times, as we are desperately in need of it.

We know you are interested in the welfare of the people and any step which you may take to help this situation will be more than appreciated by the general public.

Thanking you, I beg to remain, very respectfully,

MARY A. COLUCCI.

43 CHAPEL STREET,
Canton, Mass., December 20, 1922.

Senator DAVID I. WALSH,
Washington, D. C.

DEAR SIR: Won't you do something to help people get coal, please?

Why is it innocent little children have to shiver and freeze while overworked parents actually have to beg for coal after getting a letter from the fuel administration of the town? Our regular dealer would give us no hard coal, only the cannel coal, which is very poor, just like painted rocks as large as a teakettle, and when the oil or tar burns off there is nothing but clinkers left, and \$17 a ton for that! What kind of a Government have we? Why can't some one do something? Do we have to go to the fuel administrator every time we want a bit of coal, then beg to buy it, and pay such high prices for junk? We have had just one-half ton of hard coal, and Sunday, after seeing cars of hard coal in the coal yard, we are unable to get anything but buckwheat coal, which falls right through the grate. Now, let me tell you I do not ask for charity. I will pay for coal if I can get it, and get it I must. I have five small children all under 8 years. My husband is a good provider, works early and late for us, but he has done all in his power to get coal, so I now appeal to you in the name of the law.

Whoever is responsible for this coal situation has indeed no conscience, and I think and know you are a just man working for the common good, so do see if you can not do something so all will be treated equal. If hard-working people who are willing to buy coal and give their families the best they can afford suffer so, I tremble to think what the poor and needy suffer, and at this Christmas season.

My five little ones have whooping cough and I trust you will do all in your power to relieve the situation before the extremely cold weather sets in.

Wishing you the season's greeting, I am, very truly,

Mrs. MARY I. KESSLER.

MITTINEAGUE, MASS., December 29, 1922.

Hon. DAVID I. WALSH,
Washington, D. C.

DEAR SENATOR: May I ask you a few questions which I hope you will find time to answer for me, as I find it hard to understand? It is the coal question which has us all guessing. Why is it that the railroads can not supply cars enough for the mines to ship us hard coal, but they manage to get cars for soft coal to sell at \$13 to \$15 per ton? Why is coal (soft) sold at above prices when it is quoted at mine at \$2.35 to \$4.50 for gas coal?

There is no shortage here of soft coal; can buy all you want at above prices and some of the mixtures (good road filling for spring road building). It certainly took cars to deliver same.

I am inclosing clipping from our local paper (Springfield Daily News), as it affects us. Why does this happen? Also, why is there no company coal shipped East? All around this district it is independent coal, and of course the price must be more, as it costs more. Company coal holdings must be very small.

Why were we led to believe there would be coal at reduced prices and not to buy last spring? Now, the strike is settled; freight rates the same, miners' pay the same, and coal selling around \$20 a ton. It was not so high during war times, and pay was 20 per cent higher.

We were told to have fuel-saving day during the war to help win. There is no need to tell us now; we have to, for want of coal. I am beginning to believe like alien work mates when told not to buy this or that by our leaders, be it sugar or coal, as it will be cheaper or more plentiful. Then is the time to buy and get all you need.

Also, why is it when the Senate starts a probe on high prices they go higher? But the boats go heavier laden to the other side of the ocean, and a six months' or one year probe is ended with no results and another started.

If you can enlighten me, Senator, I will be greatly obliged. Thanking you for the favor, I beg to remain,

EDWARD BARNARD,
108 Moose Street, Mittineague, Mass.

MARINE HOSPITAL RESERVATION, WILMINGTON, N. C.

Mr. FERNALD. I report back favorably without amendment from the Committee on Public Buildings and Grounds the bill (H. R. 13046) authorizing the Secretary of the Treasury to convey to the city of Wilmington, N. C., marine hospital reservation, and I ask for its immediate consideration.

Mr. SMOOT. Let the bill be read first.

The bill was read, as follows:

Be it enacted, etc., That the Secretary of the Treasury is hereby authorized and empowered to convey to the city of Wilmington, New Hanover County, State of North Carolina, by the usual quitclaim deed, at a fair valuation to be determined by the Secretary of the Treasury, but for not less than \$20,000, the following-described tract of land, with all structures and improvements thereon, being the marine hospital reservation in the city of Wilmington, if in the opinion of the said Secretary of the Treasury it is no longer needed for marine hospital purposes, to wit: Fifteen acres, more or less, covering four whole and two one-half city blocks, lying between Eighth and Tenth Streets and extending from Ann Street on the north to a point about 125 feet north of the north line of Nun Street, in the city of Wilmington, county of New Hanover, State of North Carolina.

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

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

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

STATE CAPITOL PARK, BOISE, IDAHO.

Mr. FERNALD. I report back favorably without amendment from the Committee on Public Buildings and Grounds the bill (H. R. 12007) providing for the conveyance of certain land to the city of Boise, Idaho, and from the city of Boise, Idaho, to the United States, and I ask for its immediate consideration.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read as follows:

Be it enacted, etc., That the Secretary of the Treasury be, and he is hereby, authorized and empowered to convey by quitclaim deed to the city of Boise, Ada County, Idaho, for enlargement of the State capitol park, and for no other purpose, all right, title, and interest of the United States of America in and to the alley running east and west through block 54, in which is located the post-office site in the said city: *Provided, however,* That the city shall not have the right to sell and convey the said premises, nor to devote the same to any other purposes than as hereinbefore described, and shall not erect thereon any structures or improvements except such as are incidental to boundaries and ornamentation as part of the State capitol grounds; and in the event that said premises shall not be used as part of the said State capitol grounds, and cared for and maintained as such, the right, title, and interest hereby authorized to be conveyed shall revert to the United States: *Provided, also,* That the city of Boise shall convey to the United States for alley purposes, in accordance with a resolution of the city council of Boise, April 25, 1922, a strip of land in said block 54 as now laid out for such purposes, commencing at the northeast intersection of the post-office site (addition) with Jefferson Street; thence with said Jefferson Street, crossing said alley, 20 feet; thence in a southwesterly direction 78 feet 6 inches; thence in a reverse curve, following the curb now in place, to a north lot line of the said post-office site; thence along said lot line, northwesterly, approximately 49 feet to a point; thence northeasterly to the point of beginning.

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

REPORTS OF COMMITTEES.

Mr. TOWNSEND. The Senator from Vermont [Mr. PAGE] has a report which he is ready to submit, and when it is presented I wish to ask for the consideration of the bill.

Mr. KING. Let me state to the Senator from Michigan that after 2 o'clock debate will be limited upon the pending bill, and there are a number of amendments, and with the limited time I trust the request will not be made.

Mr. TOWNSEND. Very well; I shall call up the bill later.

Mr. PAGE, from the Committee on Naval Affairs, to which was referred the bill (H. R. 11389) for the relief of Robert Guy Robinson, reported it without amendment and submitted a report (No. 1117) thereon.

Mr. McCUMBER, from the Committee on Finance, to which was referred the bill (S. 4318) authorizing the Secretary of the Treasury to make collections and refunds of taxes out of the proceeds of sales of property held in the Treasury, reported it with amendments and submitted a report (No. 1118) thereon.

Mr. ROBINSON, from the Committee on Military Affairs, to which was referred the bill (H. R. 6204) to grant the military target range of Lincoln County, Okla., to the city of Chandler, Okla., and reserving the right to use for military and aviation purposes, reported it without amendment and submitted a report (No. 1119) thereon.

Mr. FLETCHER, from the Committee on Military Affairs, to which was referred the bill (H. R. 11603) to validate for certain purposes the revocation of discharge orders of Lieut. Col. James M. Palmer and the orders restoring such officer to his former rank and command, reported it without amendment and submitted a report (No. 1120) thereon.

Mr. STANFIELD, from the Committee on Claims, to which was referred the bill (S. 1513) for the relief of Margaret Nolan, reported it with an amendment in the nature of a substitute, and submitted a report (No. 1121) thereon.

Mr. CAPPER, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 1490. An act for the relief of G. T. and W. B. Hastings, partners, trading as Hastings Bros. (Rept. No. 1122); and

H. R. 10529. An act for the relief of Harry E. Fiske (Rept. No. 1123).

Mr. STANFIELD, from the Committee on Claims, to which was referred the bill (S. 1538) for the relief of Louis F. Meissner, reported it without amendment and submitted a report (No. 1124) thereon.

Mr. ROBINSON, from the Committee on Claims, to which were referred the following bills, reported them each without amendment and submitted reports thereon:

S. 3879. An act for the relief of William H. Lee (Rept. No. 1125); and

S. 4071. An act for the relief of David C. Van Voorhis (Rept. No. 1126).

COINAGE OF COMMEMORATIVE 50-CENT PIECES.

Mr. PEPPER. From the Committee on Banking and Currency I report back favorably without amendment the bill (S. 4468) to authorize the coinage of 50-cent pieces in commemoration of the three hundredth anniversary of the settling of New Netherlands, the Middle States, in 1624, by Walloons, French and Belgian Huguenots, under the Dutch West India Co. I ask unanimous consent for the immediate consideration of this measure. I think it will occasion no debate. The bill is in the usual form and provides that the coinage shall be done without expense to the United States.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That in commemoration of the three hundredth anniversary of the settling of New Netherlands, the Middle States, in 1624, by Walloons, French and Belgian Huguenots, under the Dutch West India Co., there shall be coined at the mints of the United States silver 50-cent pieces to the number of 300,000, such 50-cent pieces to be of the standard troy weight, composition, diameter, device, and design as shall be fixed by the Director of the Mint, with the approval of the Secretary of the Treasury, which said 50-cent pieces shall be legal tender in any payment to the amount of their face value.

Sec. 2. That all laws now in force relating to the subsidiary silver coins of the United States and the coining or the striking of the same, regulating and guarding the process of coining, providing for the purchase of material and for the transportation, distribution, and redemption of the coins, for the prevention of debasement or counterfeiting, for security of the coin, or for any other purposes, whether said laws are penal or otherwise, shall, so far as applicable, apply to the coinage herein authorized: *Provided*, That the United States shall not be subject to the expense of making the necessary dies and other preparations for this coinage.

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

BILLS AND JOINT RESOLUTIONS INTRODUCED.

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

By Mr. PITTMAN:

A bill (S. 4506) to provide for the acquisition of a site and the erection thereon of a Federal building at Las Vegas, Nev.; to the Committee on Public Buildings and Grounds.

By Mr. McNARY:

A bill (S. 4507) granting an increase of pension to Louise Lucier; and

A bill (S. 4508) granting an increase of pension to Alice Hathaway; to the Committee on Pensions.

A bill (S. 4509) to extend the time for the reimbursement of certain sums appropriated for the benefit of the Indians of the Klamath Indian Reservation in Oregon; to the Committee on Indian Affairs.

By Mr. ODDIE:

A bill (S. 4510) to amend section 24 of the Federal reserve act; to the Committee on Banking and Currency.

By Mr. DIAL:

A bill (S. 4511) granting a pension to John J. Hester; to the Committee on Pensions.

By Mr. KENDRICK:

A bill (S. 4512) for the relief of Oscar A. Demple; to the Committee on Public Lands and Surveys.

By Mr. LA FOLLETTE:

A bill (S. 4513) granting an increase of pension to Mary Lamb; to the Committee on Pensions.

By Mr. FLETCHER:

A bill (S. 4514) authorizing a preliminary examination and survey to be made from Anclote Anchorage to Sponge Exchange Docks and Basin, Tarpon Springs (Fla.) Harbor;

A bill (S. 4515) authorizing a preliminary examination and survey to be made from Whitehead Spit Buoy to the Florida East Coast Railway Terminals, Key West (Fla.) Harbor;

A bill (S. 4516) authorizing a preliminary examination and survey to be made of Manatee River, Fla.;

A bill (S. 4517) authorizing a preliminary examination and survey to be made from Lake Apopka to Lake Tohopekaliga, in Florida; and

A bill (S. 4518) authorizing a preliminary examination and survey to be made of an inland waterway from Pensacola Bay, Fla., to Mobile Bay, Ala.; to the Committee on Commerce.

By Mr. CARAWAY:

A bill (S. 4519) to authorize the county of Lee, in the State of Arkansas, to construct a bridge over the St. Francis River; to the Committee on Commerce.

By Mr. COLT:

A bill (S. 4520) granting an increase of pension to Ella R. Shaw; to the Committee on Pensions.

By Mr. SPENCER:

A bill (S. 4521) to extend the benefits of the employers' liability act of September 7, 1916, to Florence E. Blanks, a former employee of the post office in St. Louis, Mo.; to the Committee on Claims.

By Mr. PEPPER:

A joint resolution (S. J. Res. 277) granting permission for the erection of a monument to symbolize the national game of baseball; to the Committee on the Library.

By Mr. HARRELD:

A joint resolution (S. J. Res. 278) providing for continuation of register and receiver of the land office at Guthrie, Okla., at salaries in effect prior to act of January 24, 1923; to the Committee on Public Lands and Surveys.

THE MERCHANT MARINE.

Mr. KING. I submit an amendment intended to be proposed to the pending ship subsidy bill, House bill 12817. It is not an amendment which I indorse, except that it is an improvement upon the pending bill. In view of the efforts which are being made by the President and Mr. Lasker and numerous lobbyists who are around here in favor of the shipping bill, it is a good time to offer the amendment for consideration. I move that the amendment be printed and lie on the table.

The motion was agreed to.

APPRAISAL OF INDIAN TRIBAL PROPERTY.

Mr. ASHURST submitted two amendments intended to be proposed by him to the bill (H. R. 13835) authorizing the Secretary of the Interior to appraise tribal property of Indians, and for other purposes, which were referred to the Committee on Indian Affairs and ordered to be printed.

AMENDMENTS TO THIRD DEFICIENCY APPROPRIATION BILL.

Mr. LODGE submitted an amendment proposing to appropriate \$233,885.82 to pay the State of Massachusetts for interest and premium paid on coast-defense bonds, as set forth in the findings reported by the Court of Claims in favor of the Commonwealth of Massachusetts and printed in House Document 359, Sixty-fifth Congress, first session, intended to be proposed by him to the third deficiency appropriation bill, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

He also submitted an amendment proposing to pay \$2,500 to Charles F. Redmond as compensation for compiling a revised supplement to the compilation entitled "Treaties, Conventions, International Acts, and Protocols Between the United States and Other Powers," etc., intended to be proposed by him to the third deficiency appropriation bill, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

JOINT COMMISSION ON GOLD AND SILVER INQUIRY.

Mr. NICHOLSON submitted the following concurrent resolution (S. Con. Res. 37), which was referred to the Committee on Mines and Mining:

Resolved by the Senate (the House of Representatives concurring), That a joint commission is hereby created, to be known as the joint commission of gold and silver inquiry, which shall consist of five Senators, three of whom shall be members of the majority party and two of whom shall be members of the minority party, to be appointed by the President of the Senate, and five Representatives, three of whom shall be members of the majority party and two of whom shall be members of the minority party, to be appointed by the Speaker.

Said commission shall investigate and report to the Congress upon the following subjects:

1. The causes of the continuing decrease in the production of gold and silver.
2. The causes of the depressed condition of the gold and silver industry in the United States.
3. The production, reduction, refining, transportation, marketing, sale, and uses of gold and silver in the United States and elsewhere.
4. The effect of the decreased production of gold and silver upon commerce, industry, exchange, and prices.

The said commission is further authorized:

1. To confer with citizens, associations, or corporations of foreign countries with a view to the stabilization and wider use of silver in exchange.
 2. To propose, either formally or informally, to the President of the United States, or the heads of the proper departments, plans for negotiations with foreign governments to the same end.
- The commission shall include in its report recommendations for legislation which in its opinion will tend to remedy existing conditions and shall specifically report upon the limitations of the powers of Congress in enacting relief legislation.

The commission shall elect its chairman, and vacancies occurring in the membership of the commission shall be filled in the same manner as the original appointments.

The commission or any subcommittee of its members is authorized to sit during the sessions, recesses, or adjournment of Congress in the District of Columbia or elsewhere, to send for persons and papers, to administer oaths, to summon and compel the attendance of witnesses, and to employ such personal services and incur such expenses

as may be necessary to carry out the purposes of this resolution; such expenditure shall be paid from the contingent funds of the Senate and House of Representatives in equal proportions, upon vouchers authorized by the committee and signed by the chairman thereof.

HOUSE BILL REFERRED.

H. R. 13880. An act for the reorganization and improvement of the foreign service of the United States, and for other purposes, was read twice by its title and referred to the Committee on Foreign Relations.

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed the following acts:

On February 5, 1923:

S. 472. An act for the relief of William B. Lancaster.

On February 6, 1923:

S. 2210. An act for the relief of Lucy Paradis; and

S. 4390. An act to amend the last paragraph of section 10 of the Federal reserve act as amended by the act of June 3, 1922.

On February 8, 1923:

S. 841. An act for the relief of Elizabeth Marsh Watkins; and

S. 1945. An act to reimburse the Navajo Timber Co., of Delaware, for a deposit made to cover the purchase of timber.

WAR DEPARTMENT APPROPRIATIONS.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 13793) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1924, and for other purposes.

Mr. NORRIS. Mr. President, a few days ago, while the Army appropriation bill was before the Senate, I gave notice of a motion to suspend the rules in order that I might offer an amendment.

Mr. CURTIS. Mr. President, will the Senator yield to me to make the point of no quorum?

Mr. NORRIS. I am willing to do that, because there are some Senators absent whom I desire to have present when I offer the motion. In order that those Senators may be here when the motion is made, 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	Glass	McKellar	Smoot
Bayard	Gooding	McKinley	Spencer
Brookhart	Harrel	McNary	Stanfield
Bursum	Harris	Moses	Stanley
Calder	Harrison	New	Sterling
Cameron	Heflin	Nicholson	Sutherland
Capper	Johnson	Norris	Swanson
Caraway	Jones, Wash.	Oddie	Townsend
Couzens	Kellogg	Overman	Trammell
Culberson	Kendrick	Page	Underwood
Curtis	Keyes	Pepper	Wadsworth
Dial	King	Pittman	Walsh, Mass.
Ernst	Ladd	Pomerene	Warren
Fernald	La Follette	Ransdell	Watson
Fletcher	Lenroot	Reed, Pa.	Willis
Frelinghuysen	Lodge	Robinson	
George	McCormick	Sheppard	
Gerry	McCumber	Shortridge	

The VICE PRESIDENT. Sixty-nine Senators have answered to their names. There is a quorum present.

Mr. NORRIS. Mr. President, on the 5th of February last, while the Army bill was under consideration, I gave notice that I intended to make a motion to suspend the rules of the Senate in order that I might offer the following amendment to the bill, to be inserted on page 104, after line 24:

For the improvement of nitrate plant No. 1 at Muscle Shoals, Ala., by the installation of new machinery therein in order that said plant may be utilized for experimental purposes in extracting nitrogen from the air with the view of lessening the cost of explosives in time of war and fertilizer in time of peace, \$2,000,000.

Mr. President, the proposed amendment would be subject to a point of order under the rules of the Senate, and, therefore, I gave notice that I should make the motion which I now make to suspend the rules in order that I might offer the amendment. I wish to speak briefly in regard to the fertilizer situation and also as to the amendment which I propose to offer, if the rules of the Senate shall be suspended to enable me to do so.

Mr. President, I come from a section of the country where the fertilizer question is not at the present time a real live issue, and it probably will not be so during my lifetime. I am, therefore, not moved in this action by any consideration that in the ordinary happening of events I or my people could have a direct interest in the result. I believe, however, that since the people of a large portion of the country are con-

cerned in the fertilizer situation and since the prosperity of agriculture, or that part of it which is dependent upon fertilizer, is also vitally interested in the question, as are also the consuming public, who are anxious that commodities for human consumption should be produced and delivered to the consumer as cheaply as possible, that this is a subject of great importance in which all of us, when we are considering the welfare of the country, are deeply interested.

We are now compelled, Mr. President, to import nitrates from Chile, and the Chilean Government has levied an export tax on nitrates amounting to something over \$11 a ton, so that fertilizer is necessarily very expensive. I am one of those who believe that, since this is a matter in which all the people have a direct interest, though some of them do not now realize it fully, the Government of the United States can afford to spend public money for the purpose of any legitimate experimentation having in view the cheapening of fertilizer ingredients, the use of which is necessary to sustain human life.

The question of the cheaper production of fertilizer is growing in importance from year to year. In some places even now the success of agriculture is dependent upon the accomplishment of that result. We have everywhere an unlimited source of supply of nitrogen, which is one of the necessary ingredients of all fertilizer. The air which we breathe is composed largely of it; the supply is unlimited, and it is not confined to any locality of the globe; but, Mr. President, so far our scientists have not been able to extract nitrogen from the air without going to an expense that makes the cost of the fertilizer produced from it almost prohibitive. Unless we reestablish our civilization on a different basis or unless we cheapen and improve the method of extracting nitrogen from the air, we will be brought face to face sooner or later with a situation, due to the cost of fertilizer, whereby the cost of living to every human being on earth will be increased to such an extent that, as I have said, we will have to reestablish our entire civilization. To my mind it is a serious question; it is one that faces not only us but the entire world.

It is common knowledge, Mr. President, that nitrogen, one of the principal ingredients of fertilizer—

Mr. President, I wish Senators would not continue their loud conversation around me while I am trying to speak.

The VICE PRESIDENT rapped with his gavel.

Mr. NORRIS. As I have said, I have no selfish interest in this subject; I could have avoided altogether the work that I have devoted to it without in any way affecting my personal or political fortunes. I have come in contact with it not because I wanted to; I did not seek the study of the question, and if I had followed the lines of least resistance I would have made no study of it; but in my official capacity as chairman of the Committee on Agriculture and Forestry it seemed to me that if I did my duty I ought to face this question, not for my people so much as for other people not only in this country but in all the world.

I was about to say, Mr. President, that it is common knowledge that nitrogen, one of the necessary and principal ingredients of all fertilizers, is also a necessary and principal ingredient of all explosives. So there is a connection between nitrogen in time of peace and explosives in time of war. When we became involved in the World War the necessity for having more nitrogen in order to supply our armies and the armies of our allies was apparent to all students of the subject. The question of explosives was all important, and our Government officials, together with all the scientific men they could gather together, began its study.

It was known that there were in operation several processes of extracting nitrogen from the air; it was known that most of those processes were very expensive, that they required immense amounts of capital and some of them very large power facilities in order to bring about the necessary result. So our officers, wisely I think, decided that the Government of the United States as a war measure should go into the business of extracting nitrogen from the air. Everybody knows that the war developed one thing very prominently, and that was that manifold more explosives are required in modern warfare than have ever been used before and that large quantities are necessary to keep armies in the field. I presume the people will never know how near the verge of ruin we stood on that question alone.

Germany had several processes by which nitrogen was extracted from the air. It had been extracted in Norway, where water power was very cheap. The one method that was probably understood better than any other was what was known as the cyanamid process, but it was known that that process, while successful, was very expensive and required very large amounts of power. It was known also that Germany was extracting nitro-

gen from the air by other processes which it was believed were cheaper and more economical. One was known as the Haber process, but our scientists did not have the knowledge to put that process into operation. After legislation by Congress the executive department, under authority of law, located at Muscle Shoals, Ala., a great governmental institution and undertook to build not only dams across the Tennessee River, where large amounts of power could be developed, but to construct the machinery, the buildings, and the plants necessary to extract nitrogen from the air.

The one process that was known and understood, the cyanamid process, was provided for by a very large plant. It is known as nitrate plant No. 2. It is as modern as any plant of its kind in the world. It is the last word in that process. The capacity of that plant is 40,000 tons of nitrogen a year; but it was known by our scientific men that nitrogen was also an important ingredient of fertilizer, and it was thought that the two things could be worked together. For war purposes the cost is a secondary consideration. For fertilizer purposes it is perhaps the first consideration. So they constructed also what was known as nitrate plant No. 1 at Muscle Shoals with a view of extracting nitrogen from the air by the Haber process.

Compared with nitrate plant No. 2, it was a very small affair. It has steam power connected with it, as I remember now, of 5,000 or 6,000 horsepower. The other plant takes a great deal more power. The Haber process does not require nearly so much power. In fact, power is really a secondary consideration in the extraction of nitrogen from the air in that way; but our people did not know enough about the Haber process to make that plant a success. We spent several millions of dollars on it. It never has operated. It has been a failure, while the other plant was as successful as anybody expected it to be.

We have that plant at Muscle Shoals. The machinery in it is of no value. The building is modern and as nearly fireproof as it can be. Its power plant is modern, but as far as the extraction of nitrogen from the air is concerned it has been a failure. Since that time up to the present great advancement has been made in the extraction of nitrogen from the air, and we know now how to build a plant to extract nitrogen from the air by the Haber process. It is still an expensive process for fertilizer, perhaps too expensive to make it practicable. It would be desirable, of course, in time of war that we should establish that process, even though it was not cheap enough to extract nitrogen for fertilizer. We have, of course, the large nitrate plant No. 2 in running order, ready to start up on an hour's notice for the manufacture of fertilizer to its complete capacity. It is a safeguard to the same extent and in the same way that a battleship is a safeguard. Until we devise a better method, a cheaper method, a more economical method, we must, of course, think of nothing else except to keep it in that condition, as we now keep our battleships in first-class condition.

On the basis of the testimony taken by the Agricultural Committee on the Muscle Shoals propositions that were referred to that committee, I think it is a fair statement to say that scientific men agree that there must be some improvement somewhere in the way of cheapening the extraction of nitrogen from the air before we can use that process and have it practical and economical enough to lower the cost of fertilizer. I am just as firm in my belief that we are going to succeed, that by investigation and experimentation we are going to lessen the cost, as I am that we have any plant at all. We have already advanced quite a perceptible degree beyond the knowledge that we had at the time that we built those plants.

Mr. DIAL. Mr. President—

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

Mr. NORRIS. I do.

Mr. DIAL. Do I understand that plant No. 2 could be operated by water?

Mr. NORRIS. Yes. Plant No. 2 has a steam power in connection with it that will operate it when there is not water power. There is not any there yet, of course, but the intention was to operate it by water power when the dams were completed, because that power would be much cheaper than steam, although steam power down there is cheaper than it is in most sections of the country.

Mr. President, because of the importance of this question as a war proposition, if we should be so unfortunate as ever to need it for that purpose, and because of its still greater importance as an agricultural proposition, in my judgment—because, as a war proposition, we can use the other one if necessary—to my mind the most important thing is for the Government, through its scientific departments, its chemistry bureaus, to experiment. We have that other plant there. It is

of no value whatever unless it is used for some purpose. It is true it could be scrapped and the building and the power used for anything in the way of manufacturing; but since we have constructed it, since we own it, since we must concede the importance of the matter, it does seem to me that we are justified in seeing if we can not, by experimentation, cheapen the cost of the extraction of nitrogen from the air.

Since we have constructed that plant a Haber-process plant has been constructed by private people at Syracuse, N. Y., and they are extracting nitrogen from the air now; but I am told by chemists who have examined the plant that, although it is probably as modern as any that we have in this country, they can not even there get the nitrogen cheaply enough to reduce materially the cost of fertilizer, unless they do away with overhead expenses of all kinds.

Recently I talked with one of the leading chemists of our country, who was selected by President Wilson and his advisers to travel over Europe, or that part of Europe where he could travel, before the plant was located at Muscle Shoals. He traveled also over this country, with a view of finding a good location. He has recently been to Europe. He returned just a short time ago. He came to my house a week ago Sunday and told me that in France they had already improved upon the Haber process; they had operations going on now by which they had reduced the cost of extraction of nitrogen from the atmosphere below what Syracuse was able to do, so that improvement is going on. It seems to me that as long as there is a hope of cheapening the process we are justified in keeping on, and who should do it? It is in the interest of all of the people, not only of our country but of the world. We are legislating, however, only for our people. It seems to me we are justified in the use of public funds to go on with that experimentation, especially when at an expense of several millions of dollars we have constructed a plant down there that can be remodeled and made modern. I do not expect it to remain, as it will be reconstructed. I do not want to practice any deception on the Senate or on the people. My own belief is that if we should install the machinery according to my amendment here the time would come when that machinery itself would become junk.

I should be glad to see that time come, because when they work with it on a large scale they will discover, in my judgment, new methods. In fact, that is the object that I have in view. So, Mr. President, it has seemed to me that we ought to remodel the plant down there, that we ought to install the most modern machinery known to the scientific world and extract nitrogen from the air, all of the time working for improvement, recognizing, I will admit, that we may fail.

I am not offering this proposition with any mathematical assurance that it will be a success. I concede that there is such a thing possible as man having reached the last step in the extraction of nitrogen from the air, but I do not believe it. In fact, the time will come in the generations that shall follow, if we have reached the last step, when the human race will be in a sorry predicament; so I have not any hesitancy in using public funds for the purpose of experimentation in this great, important industry, and experimentation always means that we may lose our money and get no return. That is a possibility. I believe the time will come—I think it will follow if this amendment is agreed to—when nitrate plant No. 2, which is now there in full condition to extract nitrogen under the cyanamid process, will become out of date, when we will junk that machinery, and eventually use that great plant by a simpler process, a cheapened process. In fact, Mr. President, the chemists of the entire universe are working on this proposition. If private parties get it, the process will be patented and the people will not get the full benefit of it. If the Government does it, it will be free and open to everybody, not only in this country but everywhere else. We are doing it for the good of all the people. No one will have a monopoly of it if the Government officials make the improvement; and, Mr. President, in my judgment we have them now.

I was talking this morning with a Senator about this proposition, and he said: "The thing I do not like about your proposition is that it is a Government institution. I would rather let private initiative go and get it."

Mr. President, I would, too, if it would get it. I do not want to interfere with private initiative; but if private initiative does get it, the first thing that will happen on every improvement that is made will be a patent not only in this country but in every other country; and while some relief would come to the people at large, perhaps, it would be many years before we would get the full benefit of it. We would have to pay a royalty, whether the Government did it or anybody else did it, to somebody who took out the patent. On a thing that is of

such universal importance it seems to me that we can afford ourselves to employ specialists, chemists, and let them experiment. They will not be in competition with any others. Their methods will be open to the inspection of every chemist and every scientific man in the world. They will consult with everybody everywhere where they can get any information, and work in harmony with them with the one view of cheapening the method of the extraction of nitrogen from the air.

The Senator with whom I was talking this morning—a broad-minded man, a very able Senator, in whom I have the utmost confidence, and for whom I have unlimited respect—said: "One of the troubles with Government employees is that when they get a job that is permanent they lose their initiative. They do not go on and try to do better and improve conditions. They are interested in having short hours themselves and increasing their salaries."

Mr. President, I think there is a great deal in that, and I am not here to deny it. But I am here to assert that at least, in my humble judgment, it does not apply to our scientific men. During the time I have been chairman of the Committee on Agriculture I have come in contact with some of the chemists of the Bureau of Chemistry. I have likewise come in contact with some of the men who are in the Bureau of Standards, all scientific men of the highest degree of efficiency, and I want to say that I never met a body of men more intelligent in the first place, more honest in the next place, and more patriotic in the third place. As a rule they have no idea about 9 o'clock and 4 o'clock and 8 hours a day.

I have a neighbor, a man living within a stone's throw of where I live, in the suburbs of Washington, who has fitted up a laboratory in his attic, and you can find him there every Sunday; or, if he is not there, he will probably be at the Bureau of Standards, and he can often be found there at night. He becomes interested in a problem and never stops studying and working on it. He hardly stops to eat. One of the principal chemists in the Government service during the war used to come to my house quite often and tell me what he had done and what he was doing. He had no idea about his salary; he had no conception of money. He was wedded to his profession. He cared more about doing something for the benefit of humanity than he did about being a millionaire and having an office in Wall Street.

I think of all the classes of men I have ever come in contact with, those people in the Government employ who are doing scientific work are more unselfish than any other class of people I ever met. I know of one of those chemists who turned down an offer from the Standard Oil Co. time after time to go out at more than double his salary, to leave the Government service; and although he was a poor man, striving to pay the mortgage on a little seven-room house he had bought, he refused to do it. So I believe no objection of that kind can be urged as against the class of men, the class of governmental officials, who would handle this work of experimentation if this amendment were agreed to.

I think I said that I could not make any definite promise about what would be accomplished at Muscle Shoals. We are traveling on a path which leads into an unknown and an undeveloped wilderness. We may fail; but, unless somebody makes the investigation and brings about an improvement, if it is possible to bring it about, we will all suffer on account of it. I believe in this kind of an investigation, this kind of experimentation on the part of the Government, because whatever good does come from it will immediately be open to all the people of the United States. No private initiative will be denied the right to use the process, whatever it may be, or go into business anywhere they please and utilize the improvements developed, and get the benefit of the discoveries made at the expense of the public.

A two-thirds vote will be required to carry this motion to suspend the rules. I have talked with several of the Senators who are in favor of accepting the proposition of Mr. Ford in regard to Muscle Shoals. I do not want to be, and I will not be, unless I am forced into it, led into a debate on the Ford proposition now. I think this is away beyond it, away above it. I can not expect this motion to prevail if those who are in favor of accepting Mr. Ford's offer are opposed to the motion, because we will lack the votes. I want to be perfectly frank and perfectly fair with those who believe that Mr. Ford's offer ought to be accepted, and say that while it does not follow as a matter of course, it may be that if this amendment is agreed to, it will require a modification of Mr. Ford's offer. In his offer Mr. Ford has said nothing about nitrate plant No. 1. He has agreed to keep up nitrate plant No. 2, the big one. Under his offer he would get title in fee simple to nitrate plant No. 1 as well as to all the others. He may use it for any purpose. He may manufacture automobiles there, or he may tear out the

machinery and use the building for any other purpose. He is not limited in any way.

It is claimed by those who advocate the acceptance of the Ford offer that Mr. Ford is going to cheapen the price of fertilizer. The people have been led to believe, by the wonderful propaganda which has gone over the country, that he is going to cut the price in two. Recently an interview was given out by Mr. Gray Silver, the Washington representative of the American Farm Bureau Federation, but who, as a matter of fact, devotes most of his time to the Ford proposition, in which he said that if this offer of Mr. Ford were accepted, the price of fertilizer would be cut not only one-half but three-fourths. I will read the first sentence of his interview, which he gave to all the newspapers, and which is published in the American Farm Bureau Weekly News Letter, which goes to all the farmers of that organization throughout the United States. He said:

By authorization of Congress, the price of nitrogen used as a fertilizer in this country can be reduced three-fourths.

Then he went on to say that the way to reduce it would be for Congress to accept the Ford offer. It has often been stated by me and others that no such proposition is involved in Mr. Ford's offer. Mr. Ford has never agreed to reduce the cost of fertilizer one cent; and I do not complain because he does not agree to that, but he does not know whether he could reduce it.

I think he could reduce it, but if he does he will have to experiment; he will have to have a factory somewhere; he will have to have an extensive plant at some place where he can work out all the suggested improvements and see which is practical and which is not in the way of getting nitrogen from the air. It is not known now, either by Mr. Ford or anybody else.

So I am not offering this as against the Ford proposition. Mr. Ford has not yet disclosed to any human being that he is going to utilize this plant No. 1 for the purpose of experimenting in the extraction of nitrogen from the air, with a view of cheapening the price. If he has that idea in his mind—and it would be reasonable he should have—if he is in earnest, if he means what he says, if he thinks he can cheapen the price, he must utilize some machinery, he must utilize some buildings, he must utilize some plant, and he must do it on a large scale in order to cheapen this product; and if he expects to use nitrate plant No. 1, which was built for that purpose, then this will not interfere with his offer one iota. If he got the property, he could simply go on just the same. If, on the other hand, he does not intend to do that, if he does not intend to use nitrate plant No. 1 for experimental purposes, if he does not expect to utilize that method of cheapening the product, then he would have to modify his proposition and he would have to agree not only to maintain plant No. 2 but to maintain plant No. 1 as a nitrate proposition. That would be a small modification. If he is in earnest, if he expects the country to believe the representations which have been made in his behalf, he ought to be glad to do it, it seems to me. So, even though I favored the Ford proposition, I would likewise favor this amendment.

Mr. DIAL. Just for information, why does not the Government operate plant No. 2?

Mr. NORRIS. The Government would operate plant No. 2 if we were in war, and they would operate it, I suppose, even in time of peace if they wanted to make explosives. They could operate it to-morrow; but we are not in war, we do not need a great supply of explosives, and therefore they keep it in a stand-by condition, ready to operate, the same as a battleship.

Mr. DIAL. I thought there was simply a good deal of water running away, doing no good, and that we could operate the plant and make fertilizer and experiment.

Mr. NORRIS. The water power is not finished yet. We can not operate plant No. 2 or any other plant there by water power now because the dam is not completed. We could experiment with plant No. 2, and I should think it would be all right to do so. Most of the scientific witnesses who testified before the committee, while they could not say definitely, as a rule, at least, gave it as their opinion that the probable improvement and the cheapening of the extraction of nitrogen from the air would not come through the cyanamid process but through the Haber or some modification of the Haber process. If I am not right in that, I would like to be corrected by any member of the committee who heard the testimony. It was testified, as I recall, that the field seems more inviting for the manufacture under the Haber process than any other. It must be improved and we expect that it will be improved.

Mr. President, I know there are some Senators who are opposed to the Ford offer and to any other proposition of de-

veloping this property. I am not criticizing them. I concede that they have just as good a right to their opinions as I have to mine. I can not myself understand how a man can take that position, but that makes no difference; there are lots of things I do not understand. Those Senators are against the Ford offer, and they are against any other proposition for the improvement of Muscle Shoals. When they are combined with those who want to accept the Ford offer, they can defeat this amendment or any other similar proposition, because a two-thirds vote is required to suspend the rule and make the amendment in order. Therefore, if those Senators who are in favor of the Ford offer do not feel that they could support a proposition of this kind at this time, of course I can not hope to have my amendment agreed to.

Mr. KING. Mr. President, I understood the Senator to take the position that a vote against his motion to suspend the rule and vote upon the proposition which the Senator is about to submit commits those who vote against it to the Ford proposition. I do not so understand it.

Mr. NORRIS. No; I do not mean to say that, because there are those who are opposed to the Ford offer who will likewise be opposed to this motion. I know that, and I think I said it. I tried to do so.

Mr. KING. I think there are some Senators here who have not committed themselves to the Ford proposition, but who may vote against the Senator's proposition, because they may not feel that it is wise to expend \$2,000,000 for the purpose indicated by the Senator.

Mr. NORRIS. I concede that; the Senator is perfectly right. I concede that a Senator may think we can not afford and that it is not good wisdom to expend this amount of money in experimentation; and, of course, those Senators may be right, because I can not promise any definite result. I do not know what the outcome will be. I only see this one opening in the wilderness, however. It seems to me there is no other. Some man may invent some other method, or some mine of fertilizer may be discovered somewhere in our own country which would result in a reduction in the price. There is no indication that that is going to happen. I would be glad if it should happen.

The Senator from Michigan [Mr. TOWNSEND] has just made a suggestion aside to me that I think is worthy of consideration. He asks what is the objection to not confining this proposition to the extraction of nitrogen from the air. I do not want it confined in that way, I will say frankly to the Senator, although perhaps the amendment does that. I would be glad to modify it so that any method would be open to use. I really accept the wisdom of the suggestion made by the Senator from Michigan. It does not make any difference where the nitrogen comes from. It must come, I think, from some place, or we will be in a deplorable condition.

Mr. TOWNSEND. Mr. President—

The PRESIDING OFFICER (Mr. REED of Pennsylvania in the chair). Does the Senator from Nebraska yield to the Senator from Michigan?

Mr. NORRIS. I yield.

Mr. TOWNSEND. I am in great sympathy with the suggestions of the Senator from Nebraska. After listening to the remarks of the Senator from North Dakota [Mr. LADD] yesterday, in which he contended that the processes of extracting from the air, if I understood him correctly, were not feasible, it occurred to me that the amendment of the Senator from Nebraska should be so changed as to appropriate \$2,000,000 to be used by the scientists of the United States Government in developing some method of producing nitrogen, whatever that method might be, and not confine it in terms to extraction from the air.

Mr. NORRIS. I would be glad to accept the amendment suggested by the Senator when I offer my amendment, if I ever get an opportunity to offer it. I would suggest a proviso that they shall not be confined to nitrate plant No. 2 or to this particular method, but that they may use the money in any way they see fit. I did not hear the Senator from North Dakota [Mr. LADD] yesterday, although I knew he was going to speak. I had a conference that took me away from the Senate and when I returned I found he had finished. I have not had time to read his address in the RECORD. I have great respect for the Senator from North Dakota. He is, as we all know, a chemist. If there is any other method, or if we can modify my amendment so as to make it general in any way to cover any other method, I shall certainly be glad to accept it. I would just as soon cheapen the cost of fertilizer in some other practical way as through the method of obtaining nitrogen from the air. If we can get it in any other way I shall be glad to have it done.

Mr. UNDERWOOD. Mr. President, I am delighted at the interest the Senator from Nebraska [Mr. NORRIS] takes in the

manufacture of nitrogen at the Muscle Shoals plant. I wish that I could agree with him that his proposal is a practical one and one that could produce results that would be beneficial.

I remember when I was a Member of the House I made the first speech that was made on the question of developing air nitrogen in this country. It was during Mr. Taft's administration. I heartily supported the provision in our national defense act appropriating \$20,000,000 and authorizing the President of the United States to select a site for a dam and for the building of a plant to make nitrogen out of the air. That is the law now. It is really the law that controls the existing plant, because although vastly more money was spent than \$20,000,000, it was under the provisions of the national defense act that the plant was located at Muscle Shoals and the subsequent appropriations and authorizations and allotments made.

I am sure that my friend from Nebraska does not contend that there is any way to supply an adequate amount of nitrogen, except from the Chilean nitrate beds, unless it shall come from the air. I am sure that the Senator from North Dakota [Mr. LADD], to whose remarks I listened yesterday with great interest, because he is a great and able chemist, would not so contend. He indicated that there might be other methods than those used now by which we could produce an adequate supply of nitrogen, but I did not understand him to abandon the air as the source of supply. So far as I know, although we find nitrogen in plant life and find it in many other places, it is not found in usable commercial quantities outside of the guano beds of the Pacific Ocean islands, which are about exhausted, and the Chilean nitrate beds of South America and the atmosphere which rests above us. So far as the world knows, that is where it must come from.

Mr. NORRIS. Mr. President, I was interrupted just at the moment and did not hear the sentence just before the last one uttered by the Senator from Alabama. What was it the Senator said about the source of nitrogen?

Mr. UNDERWOOD. I simply said if we eliminate the guano beds of the Pacific islands and the nitrate beds of South America, I know of no other place where an adequate supply of nitrogen could come from except out of the air. I mean in commercial quantities. Of course we could produce nitrogen by breathing the air into our lungs and allowing the blood to absorb the oxygen in the air and then exhale the nitrogen, but we can not confine that in commercial quantities to accomplish any result.

Mr. WADSWORTH. The Senator will admit, however, that it can be acquired through by-product coke ovens.

Mr. UNDERWOOD. Yes; there is a moderate supply that can be taken from that source, but I would not say an adequate supply. I happen to be in the coke-oven business myself. There is only a small supply of nitrogen that can come from by-product ovens, because the amount of by-products that we make is limited by the production of the pig iron. We can not make the by-products commercially successful for the mere production of coke unless we are going to use the coke in the blast furnaces of the country for the production of pig iron. That supply is largely absorbed in the lines that are not used for fertilizer purposes. We supply the nitrogen that is used to make ammonia which is used in the refrigerating plants of the country.

So that when we come to speak of nitrogen for either war purposes or the supply of fertilizer for agricultural purposes we have the Chilean nitrate beds on the one hand, and we have the atmosphere on the other hand. Now, I take it that the Senator from Nebraska in saying that he was ready to adopt any other method that would prove practical meant, as a practical proposition, any other method that could be invented or found that would convert the nitrogen that is found in the air into a form that could be commercially used. Of course, we would all agree to that if some one would find the way. I believe that the world should go on experimenting. I have been told that there have been over a thousand methods devised by which the nitrogen can be drawn from the air, but there are only two or three of them that have ever been practical that can be used to produce a commercial product. The cyanamid process, the Haber process, and perhaps one or two others have been successful, but at any rate we could count all the processes that can be considered at all practical on the fingers of two hands.

I do not object to experimentation. In connection with the Muscle Shoals plant I hope the day may come when in addition to producing nitrogen for war purposes and fertilizer purposes there may be a great experiment plant, but I am not in favor of putting the cart in front of the horse. We had too much experimentation in the matter in the beginning. When the national defense act was passed before we got into the war the bureaus of the Government used a very large proportion of the

appropriation in experimentation and delayed action over 18 months, or nearly two years, by their experimentation that got us nowhere. Then finally they had to come down, when war forced us to action, to do the practical thing, to take a known process to accomplish any result.

A part of their experimentation after we got into the war was the building of nitrate plant No. 1 at Muscle Shoals. It never met with my approval because I thought we ought to do something that was practical and that was not an experiment, which that plant was. It was an effort to adopt the Haber process when we do not know what the Haber process is except theoretically. We knew theoretically what it was, but we did not know the practical details of how to work it out. The result was that the money expended on plant No. 1 was not of any benefit. All that time we were delaying the building and operation of a practical plant by a process that the world had tried and the world knew, but finally at great cost, because it happened during the war time, we built the plant. If we had started to build plant No. 2 at Muscle Shoals two years before the war, before the strain was made on our resources, we probably could have built it for one-half the money that it cost us to build during the pressure of war conditions. But it was this experimentation, when the Congress has called for action, that delayed the plant and probably cost the Government \$40,000,000 more than was necessary.

Now, if we want a lay-by plant to take care of the Government during war times and serve the agricultural interests of the country during peace times, the practical thing to do is not to experiment as an initial step but to adopt the best practical methods of the day and hour and put them into use, using them for the benefit of the people who want the nitrogen, who need the nitrogen, and to whom we pledged the Government to furnish nitrogen in the national defense act passed some five or six years ago. I do not remember the exact date of its passage.

There is no question before the Congress that is nearer to my heart than the real development of this great plant at Muscle Shoals in the interest of the American people, as well as the people of my State.

What we spend, however, I desire shall be spent along business lines, so that a practical result may be accomplished and one which we know is going to be accomplished when we spend the money, and not to spend any more money in experimentation until real accomplishment has been made in the interest of those who need this necessary plant food in order that they may develop agriculture and produce cheaper food. Therefore, Mr. President, I do not favor the proposal of the Senator from Nebraska [Mr. NORRIS].

I do not know about what we are going to experiment. I think if we should provide an appropriation of \$2,000,000 to experiment it would take us away from the practical question of doing something, of accomplishing a result. I think there is a real issue before the Senate and before the House of Representatives, and that is how are we going to operate the plant we already have? We have a going concern; that is, a concern that is prepared to go. We have a great nitrate plant at Muscle Shoals, probably the greatest single nitrate plant in the world, which has in the past made and which can now make nitrogen in the form of cyanamid in commercial quantities, and along commercial lines, and which can supply the fertilizer market. Such production is no experiment. Nitrogen is being produced at the plant at Niagara Falls to-day, which is a plant of similar construction to ours, although it is not so great a plant as that at Muscle Shoals. The fertilizer interests of America are absorbing its product. Nitrogen is being produced in Germany, although the bulk of the production of nitrate in Germany is under the Haber process. The cyanamid process, however, is being used successfully. It is being done in France; it is being done in England; and I think there is also a plant in Italy, although I am not sure about that. But, I repeat, this production is no experiment. Nitrogen has been made. All we shall have to do is to start turning the wheels.

So far as the dam is concerned, that is practically an accomplished fact; it is in the process of building. In the course of two years or, at any rate, not to exceed three years, that great plant will be finished, and the electrical current will flow from the river into it. When this bill passes, as it will, there will then be no dispute about the completion of Dam No. 2 at Muscle Shoals, because the bill not only carries the appropriation for this year but authorizes the engineers to make the final contract for its completion. So, practically speaking, we know that at the end of three years we are going to have great electrical power behind the nitrate plant, which can be successfully and efficiently operated in a business way.

If we are going to spend \$2,000,000, I desire that it shall be spent along practical lines—lines which we are developing—

and not stop the wheels of this endeavor for further experimentation at this time.

I wish, however, to go further than that; that is not my only reason for opposition to the proposal of the Senator from Nebraska. I think the question before Congress now for determination is how the great nitrate plant which is now finished and the power plant at Dam No. 2, which will be finished, at Muscle Shoals, in not to exceed three years, shall be operated. Are we going to operate it by private effort or are we going to operate it as a Government institution? That is the issue which is before the Congress. The Senator from Nebraska favors the operation of this great plant by the Government, while the Secretary of War and the administration did not agree with him in reference to that matter. I agreed with the Senator from Nebraska at one time; two years ago it seemed to me that there was no other way to secure its operation; but the administration which is now in power did not agree with the Senator from Nebraska or myself. The administration said that these great plants should be operated by private concerns; and the Secretary of War asked private enterprise to make a bid or bids for the operation of those plants, so that the Government would have a stand-by plant to make nitrates in time of war and an operating plant to make nitrates for fertilizer in time of peace.

In response to the request of the administration, coming through the Secretary of War, Mr. Henry Ford made a proposal to take over these plants, to pay the Government a certain amount of money, himself to invest \$10,000,000 for the future operation of the plants, and agreed that he would put the plants in operation and would yearly produce 40,000 tons of concentrated nitrates, which I am told equals the amount of Chilean nitrates that we import into this country. I am not sure that I am accurate in reference to the latter statement, but it is approximately correct that the 40,000 tons of concentrated nitrates which Mr. Ford guarantees to produce, if we shall close the contract with him, will substantially equal the amount of nitrogen that we are now importing from Chile in the form of Chilean nitrates. Of course, there is a lot of waste product in the Chilean nitrate, and the tonnage runs to a very much greater amount than 40,000.

However, the question now before the country and before Congress is as to whether we are going to accept an offer which was called for by the War Department and which was made by Henry Ford and submitted to the Congress of the United States for ratification or rejection. So far as I am concerned, I am not going into a full discussion of the Ford offer at this time. I merely wish to say that I think the Ford offer the best proposal that has been made in order to work out the situation along practical lines. The reason why I say it is the best proposal is that behind it is a man who is financially responsible and who guarantees to make 40,000 tons of concentrated nitrogen a year. When he is given an opportunity to carry out that proposal the American people will get the benefit of it. He has agreed to convert that 40,000 tons of nitrogen into fertilizer for the benefit of the American farmer and not to charge over 8 per cent of profit for himself, which is a reasonable limitation.

I do not believe there is any other man in the United States with the capital behind him that could accomplish this result, and I do not believe the Government, if it should operate these plants, can produce 40,000 tons of nitrogen, convert them into fertilizer, and turn the fertilizer over to the agricultural interests of America as cheaply as can Henry Ford. Therefore I stand for the Ford proposal, and if I have an opportunity to vote in the Senate on it I shall vote for it. But there are Senators who differ from me; the Senator from Nebraska differs from me, and I respect his opinion very highly, because I know he is never moved by motives except the highest. Everybody knows the Senator from Nebraska to be an honest and sincere man, and I respect his opinions, although I very seriously differ from his judgment in the matter. I think his judgment is wrong. However, that is the issue. Why should we sidetrack it? Why should we go off on a tangent?

I think it is nothing but fair to Mr. Ford, if the Congress is going to act on this matter at all, that before we tie it up and complicate it by additional expenditures and additional experimentation and additional contracts, we should have a fair and honest vote on the proposal of Mr. Ford as the situation stood when he made the proposal.

Mr. WILLIAMS. Mr. President, is it not rather a universal rule of business ethics that when bids are invited the bidders must be told whether their proposals are accepted or rejected?

Mr. UNDERWOOD. Undoubtedly.

Mr. WILLIAMS. And that action ought to be taken within a reasonable time?

Mr. UNDERWOOD. Undoubtedly; I am in thorough accord with what the Senator says; and I think that is the position here. I believe that Congress has treated Mr. Ford in relation to his offer in a very cavalier way. I think that is the least that can be said about it. The administration invited an honest business man to make an honest proposal. It did not come voluntarily from him, but it was made by invitation. The offer has been here for more than a year; in fact, I think for more than 18 months, and it has been ignored by inaction. As I have said, I think Henry Ford's offer ought to be accepted. Senators may disagree with me; a majority of the Senate have a right to express their opinion on the subject; and the judgment of the House and the Senate must determine the question. Other Senators may be right, and I may be wrong, but I do not think they are right, and I have not any doubt in my mind about one thing, namely, that no matter who is right or who is wrong as to what should be done with this plant, when there was invited a proposal about a Government business, and a very large Government business, from a substantial citizen of the United States, he is being treated in a cavalier manner when it is proposed to sidetrack his proposal—

Mr. WILLIAMS. It is worse than cavalier; it is puritanical. Mr. UNDERWOOD. When it is proposed to sidetrack his proposal for further experimentation, and a direct opportunity is not given to the Congress of the United States either to accept or reject the proposal.

Therefore I think that, in the interest of the great plants which are in my State, and their future development along practical lines, in what I believe to be the best interest of the Government and of those people of the United States who desire cheaper and better fertilizer, we ought, before we do anything else, directly accept or reject the Henry Ford proposal. Then, if we shall accept it, the situation will be ended; but if we reject it we should then consider what we are going to do with these great plants. After that question is determined, then we can decide how we are going to do it, and then the question as to whether we shall enter upon further experimentation or not may be a vital one and one worthy of consideration. Of course, if we are not going to operate the plants ourselves, but are going to turn them over to Henry Ford, it will be for him to determine how he will experiment and how he will produce the nitrogen; but we must first determine the question as to how and when and by whom these great plants are to be operated. Therefore, Mr. President, I intend to vote against the proposal of the Senator from Nebraska.

WORLD WAR FOREIGN DEBT SETTLEMENT.

Mr. McKELLAR. Mr. President, some days ago I wrote the Secretary of the Treasury asking him to give me the figures showing the amounts of principal and interest to be paid by Great Britain under the proposed agreement. I ask unanimous consent to insert in the Record Secretary Mellon's reply and the figures he sent to me.

The PRESIDING OFFICER. Is there objection? The Chair hears none, and it is so ordered.

The matter referred to is as follows:

THE SECRETARY OF THE TREASURY,
Washington, February 7, 1923.

HON. KENNETH MCKELLAR,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I have your letter of February 6, and note your desire for figures showing the amounts of principal and interest, each, to be paid by the British under the proposed debt settlement plan as published during each year of the loan.

In reply, I take pleasure in inclosing herewith a schedule which I think will give you just the figures you desire.

Very truly yours,

A. W. MELLON,
Secretary of the Treasury.

(Inclosure.)

Statement of amounts payable to the United States on account of the proposed refunding bonds to be issued by Great Britain.

Year.	Principal.	Schedule of annual interest installments to be paid by British Government on refunding bonds at rate of 3 per cent for first 10 years, 3½ per cent until final payment.	Schedule of annual principal installments to be paid on account of principal.	Total annual payments.
1.....	\$4,600,000,000	\$138,000,000	\$23,000,000	\$161,000,000
2.....	4,577,000,000	137,310,000	23,000,000	160,310,000
3.....	4,554,000,000	136,620,000	24,000,000	160,620,000
4.....	4,530,000,000	135,900,000	25,000,000	160,900,000
5.....	4,505,000,000	135,150,000	25,000,000	160,150,000
6.....	4,480,000,000	134,400,000	27,000,000	161,400,000

Statement of amounts payable to the United States on account of the proposed refunding bonds to be issued by Great Britain—Cont'd.

Year.	Principal.	Schedule of annual interest installments to be paid by British Government on refunding bonds at rate of 3 per cent for first 10 years, 3½ per cent until final payment.	Schedule of annual principal installments to be paid on account of principal.	Total annual payments.
7.....	\$4,453,000,000	\$133,590,000	\$27,000,000	\$160,590,000
8.....	4,426,000,000	132,780,000	28,000,000	160,780,000
9.....	4,398,000,000	131,940,000	28,000,000	159,940,000
10.....	4,370,000,000	131,100,000	30,000,000	161,100,000
11.....	4,340,000,000	151,900,000	32,000,000	183,900,000
12.....	4,308,000,000	150,780,000	32,000,000	182,780,000
13.....	4,276,000,000	149,660,000	32,000,000	181,660,000
14.....	4,244,000,000	148,540,000	32,000,000	180,540,000
15.....	4,212,000,000	147,420,000	37,000,000	184,420,000
16.....	4,175,000,000	146,125,000	37,000,000	183,125,000
17.....	4,138,000,000	144,830,000	37,000,000	181,830,000
18.....	4,101,000,000	143,535,000	42,000,000	185,535,000
19.....	4,059,000,000	142,065,000	42,000,000	184,065,000
20.....	4,017,000,000	140,595,000	42,000,000	182,595,000
21.....	3,975,000,000	139,125,000	42,000,000	181,125,000
22.....	3,933,000,000	137,655,000	46,000,000	183,655,000
23.....	3,887,000,000	136,045,000	46,000,000	182,045,000
24.....	3,841,000,000	134,435,000	46,000,000	180,435,000
25.....	3,795,000,000	132,825,000	51,000,000	183,825,000
26.....	3,744,000,000	131,040,000	51,000,000	182,040,000
27.....	3,693,000,000	129,255,000	51,000,000	180,255,000
28.....	3,642,000,000	127,470,000	53,000,000	180,470,000
29.....	3,589,000,000	125,615,000	55,000,000	180,615,000
30.....	3,534,000,000	123,680,000	57,000,000	180,680,000
31.....	3,477,000,000	121,685,000	60,000,000	181,685,000
32.....	3,417,000,000	119,595,000	64,000,000	183,595,000
33.....	3,353,000,000	117,355,000	64,000,000	181,355,000
34.....	3,289,000,000	115,115,000	64,000,000	179,115,000
35.....	3,225,000,000	112,875,000	67,000,000	179,875,000
36.....	3,158,000,000	110,530,000	70,000,000	180,530,000
37.....	3,088,000,000	108,080,000	72,000,000	180,080,000
38.....	3,016,000,000	105,560,000	74,000,000	179,560,000
39.....	2,942,000,000	102,970,000	78,000,000	180,970,000
40.....	2,864,000,000	100,240,000	78,000,000	178,240,000
41.....	2,786,000,000	97,510,000	83,000,000	180,510,000
42.....	2,703,000,000	94,605,000	85,000,000	179,605,000
43.....	2,618,000,000	91,630,000	89,000,000	180,630,000
44.....	2,529,000,000	88,515,000	94,000,000	182,515,000
45.....	2,435,000,000	85,225,000	96,000,000	181,225,000
46.....	2,339,000,000	81,865,000	100,000,000	181,865,000
47.....	2,239,000,000	78,365,000	105,000,000	183,365,000
48.....	2,134,000,000	74,690,000	110,000,000	184,690,000
49.....	2,024,000,000	70,840,000	114,000,000	184,840,000
50.....	1,910,000,000	66,850,000	119,000,000	185,850,000
51.....	1,791,000,000	62,685,000	123,000,000	185,685,000
52.....	1,668,000,000	58,380,000	127,000,000	185,380,000
53.....	1,541,000,000	53,985,000	132,000,000	185,985,000
54.....	1,409,000,000	49,315,000	136,000,000	185,315,000
55.....	1,273,000,000	44,555,000	141,000,000	185,555,000
56.....	1,132,000,000	39,620,000	146,000,000	185,620,000
57.....	986,000,000	34,510,000	151,000,000	185,510,000
58.....	835,000,000	29,225,000	156,000,000	185,225,000
59.....	679,000,000	23,765,000	162,000,000	185,765,000
60.....	517,000,000	18,095,000	167,000,000	185,095,000
61.....	350,000,000	12,250,000	175,000,000	187,250,000
62.....	175,000,000	6,125,000	175,000,000	181,125,000
Total.....	6,505,965,000	4,600,000,000	11,105,965,000	

Schedule of annual principal installments to be paid on account of principal of refunding bonds to be issued by Great Britain.

1.....	\$23,000,000	33.....	\$64,000,000
2.....	23,000,000	34.....	64,000,000
3.....	24,000,000	35.....	67,000,000
4.....	25,000,000	36.....	70,000,000
5.....	25,000,000	37.....	72,000,000
6.....	27,000,000	38.....	74,000,000
7.....	27,000,000	39.....	78,000,000
8.....	28,000,000	40.....	78,000,000
9.....	28,000,000	41.....	83,000,000
10.....	30,000,000	42.....	85,000,000
11.....	32,000,000	43.....	89,000,000
12.....	32,000,000	44.....	94,000,000
13.....	32,000,000	45.....	96,000,000
14.....	32,000,000	46.....	100,000,000
15.....	37,000,000	47.....	105,000,000
16.....	37,000,000	48.....	110,000,000
17.....	37,000,000	49.....	114,000,000
18.....	42,000,000	50.....	119,000,000
19.....	42,000,000	51.....	123,000,000
20.....	42,000,000	52.....	127,000,000
21.....	42,000,000	53.....	132,000,000
22.....	46,000,000	54.....	136,000,000
23.....	46,000,000	55.....	141,000,000
24.....	46,000,000	56.....	146,000,000
25.....	51,000,000	57.....	151,000,000
26.....	51,000,000	58.....	156,000,000
27.....	51,000,000	59.....	162,000,000
28.....	53,000,000	60.....	167,000,000
29.....	55,000,000	61.....	175,000,000
30.....	57,000,000	62.....	175,000,000
31.....	60,000,000		
32.....	64,000,000		
Total.....	4,600,000,000		

Mr. McKELLAR. Mr. President, I want to say, in reference to those figures, that Senators will recall that the average rate of interest paid by the United States on this \$4,600,000,000 of bonds—4½ per cent—by a simple calculation amounts to \$195,500,000 per year. I also call attention to the fact that the highest interest rate and principal rate combined, as reported by the Secretary of the Treasury, is one hundred and eighty-seven million and some hundred thousand dollars a year. The average amount of principal and interest paid by Great Britain each year during the life of the loan is just a trifle above \$180,000,000; so that the loss to the American people each year will be just a trifle more than \$15,000,000, and at the end of the period the British loan will be paid, and, unless our loan is paid by us by taxation of the American people, it will not be paid.

I submit these figures, and I hope that Senators will examine them.

Mr. President, I further ask unanimous consent to submit as a part of my remarks an article substantially as published in the New York Times a day or two ago.

The PRESIDING OFFICER. Is there objection?

Mr. CURTIS. Mr. President, the Senator says "substantially as published." What does he mean by that?

Mr. McKELLAR. There were some matters of law, the acts of Congress, that were incorporated in the article as written that were not incorporated in the article as published. Of course, I am perfectly willing, if the Senator has any objection, to read the article.

Mr. WILLIAMS. Mr. President, before I consent to the insertion of that I should like to see it.

Mr. McKELLAR. I will take pleasure in handing it to the Senator.

Mr. WILLIAMS. After that I probably shall not object, but I should like to see it first.

Mr. McKELLAR. I will send it over to the Senator.

Mr. WILLIAMS. I have not time to read it now.

Mr. McKELLAR. Does the Senator from Mississippi object?

Mr. WILLIAMS. I object for the present.

Mr. McKELLAR. If the Senator objects, I will read the article into the record.

Mr. WILLIAMS. Very well. Who is the article from?

Mr. McKELLAR. It is written by myself.

Mr. WILLIAMS. Oh!

Mr. McKELLAR (reading)—

"The debt settlement proposition with Great Britain is purely a business proposition. If the proposal submitted by the two commissions is fair and just alike both to the United States and Great Britain, it ought to be confirmed by the Congress. If it is not fair and just alike to both countries, it ought not to be confirmed. Surely no one can gainsay this proposition. I take the position that the settlement is neither fair nor just to the United States. I take the position we should confirm no settlement which means the cancellation of the principal while Great Britain's annual interest and principal payments combined are not as much as our annual interest payments alone. The result of the agreement is that in 62 years Great Britain, without paying as much in principal and interest combined in any one year as we pay in interest alone, will rid herself of the whole debt, while we will still be obligated in the principal sum of \$4,600,000,000. I can not yet give exact figures"—

I am reading from an article that was prepared by me some days ago. I have just submitted the exact figures, as given by the Secretary of the Treasury—

"but, according to figures I have, the annual sums to be paid by Great Britain, including both principal and interest, will not exceed \$185,000,000 in any one year."

That statement is not exactly accurate. For one year, I think, the combined payments amount to \$187,000,000, and for one or two years to \$186,000,000; but the average as submitted by the Secretary of the Treasury is substantially \$180,000,000 a year; so that I overestimated it rather than underestimated it.

"The original agreement under the act of April 24, 1917"—

I will say to the Senator from Mississippi and to the Senator from Kansas that that is the part of the article I desired to insert in the RECORD. It deals entirely with excerpts from previous statutes governing these bonds, and I am a little surprised that my two friends object to things like that going into the RECORD. I regret that they did it.

Mr. WILLIAMS. Mr. President, I objected merely because I did not know what it was. I told the Senator that.

Mr. McKELLAR. I offered to show it to the Senator.

"Under the act of April 24, 1917:

"The President is hereby authorized on behalf of the United States to purchase at par from such foreign governments then engaged in war with the enemies of the United States their obligations hereafter issued

bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act.

"In the act of September 24, 1917, in which another bond issue was authorized, a like provision was inserted, except that it was provided as follows, in the second issue of bonds:

"But the rate or rates of interest borne by any such obligation shall not be less than the highest rate borne by any bonds of the United States which, at the time of the acquisition thereof, shall have been issued under the authority of said act approved April 24, 1917.

"It also further provides that whenever the American Government had to pay a higher rate of interest that foreign governments should likewise pay the increased rate.

"On April 14, 1918, another act was passed providing for the taking of bonds under like conditions. On March 3, 1919, it was provided that until the expiration of 18 months after the termination of war between the United States and the German Government, as fixed by proclamation of the President, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to establish, in addition to the credits authorized by section 2 of the second Liberty bond act as amended, credits with the United States for any foreign government now engaged in war with the enemies of the United States for the purpose only of providing for purchases of any property owned directly or indirectly by the United States not needed by the United States, or of any wheat the price of which has been or may be guaranteed by the United States. The act further required the Secretary to take 'obligations hereafter issued bearing such rate or rates of interest not less than 5 per cent per annum maturing at such date or dates not later than October 15, 1938, etc.'

"The act under which our commission was established provides as follows as to the rate of interest:

"Provided that nothing contained in this act shall be construed to authorize or empower the commission to extend the time of maturity of any such bonds or any other obligations due to the United States by any foreign government beyond June 15, 1947, or to fix the rate of interest at less than 4½ per cent per annum.

"And again—

"This act shall not be construed to authorize the exchange of bonds or other obligation of any foreign government for those of any foreign government or cancellation of any part of such indebtedness except through payment thereof.

"Great Britain received this money under the terms of these various acts, but instead of selling and delivering to our Government her bonds, she simply made certificates of indebtedness bearing the rate of 5 per cent per annum. This she did of her own accord, and our Government now holds these certificates of indebtedness, bearing the rate of 5 per cent per annum, and Great Britain has paid recently nearly \$100,000,000 as interest upon obligations. It will thus be seen that the Congress voluntarily and in exact accordance with the terms under which the money was borrowed from the American people, and in exact accordance with the terms under which it was loaned to Great Britain, authorized the commission to refund the debt at an average rate of interest of 4½ per cent, that being the average we have to pay, without including the cost of selling our bonds, which cost was quite large. This was the situation when the two commissions met in Washington some weeks ago for the purpose of refunding the debt.

A BUSINESS PROPOSITION.

"The terms on which the money was loaned constituted a plain business transaction. The money was accepted by Great Britain as a business transaction. Our dealings with Great Britain all during the war were all on a business basis. She charged us full war prices for transporting our troops over to France, troops who so nobly aided in preventing her destruction as well as defending our own honor. She charged war prices for all supplies furnished, for all property rented, such as camps, buildings, offices, and the like, to our armies. After the war was over, though she owed us billions in principal and interest, she demanded the cash in dollars—not in her depreciated pounds—for all sums we owed her on any account whatsoever, which balances ran into the millions, and we appropriated the money and paid her cash, in dollars and at full war prices, for all we owed her.

"As heretofore noted, we loaned her, after the war was over, something like a billion of dollars, and really under an express contract for 5 per cent, in order that she might buy our war supplies over there—many of them bought very cheap—and in order that she might bolster up her exchange and increase her commerce. The value of her money was thereby greatly enhanced. Her credit was thereby greatly improved, her business greatly prospered. There has been nothing that suggests the Shylock about our dealings with her. We have resolved every doubt in her favor. We have been more generous to her

than any nation ever was to another in the history of the world. We have been generous to her in dollars, generous to her in service, and generous to her in our unflinching sentiments of kinship. She promised us bonds in the very beginning when we loaned her the money, but she gave us no bonds at that time, as she agreed to do. She made no pretense of giving us bonds, and for four years paid us not a cent of interest, and our Government did not even ask any such payment thereof during the time we paid the balances to her.

"Last fall she said she wanted to settle. We passed a bill constituting a commission to settle with her. She had given us obligations at 5 per cent. She wanted to get that interest rate reduced. That law was openly passed. The terms were expressly set forth. She had full knowledge of these terms. When her commissioners first came over they announced that they were going to pay to the last farthing. The people of the United States thought she was. Everybody knew those terms. The terms on which she borrowed this money were the lowest any nation ever borrowed money for in time of war. The interest rate agreed upon was the identical rate we borrowed the money for from our own people, 4½ per cent. What could be fairer, what could suggest less of the Shylock, what could be less hard, what could be more generous? The rate was probably a little less than one-third the rate at which she borrowed, through J. P. Morgan & Co., the \$500,000,000 borrowed by her just before we went into the war. There is no evidence that she has not paid J. P. Morgan & Co. in full, or is paying in full, at the enormously high rate of interest agreed upon with Morgan & Co. It seems that there was no reduction even asked for there.

THE CONFERENCE.

"Yet, though avowing that Great Britain was going to pay to the last farthing, when she got into secret conference with our commission she took a very different attitude. She claimed, in substance, that it would be to our interest to tax our people for part of the interest she had agreed to pay instead of requiring her to tax her people for it; that she was not able to pay full interest; that her people were already heavily taxed, and more heavily than any other people, and that they would have to economize further to pay even a part; but in a public statement the head of their commission said: 'We are not here to ask for favors or to impose upon generosity.' He simply wanted a 'square deal'; and then, by means known only to the most masterly diplomats, the British commission now say they secured an offer from the American commission to disregard the law of Congress under which the money was loaned, to disregard the contract which the United States already had with Great Britain with respect to this loan, to disregard the law under which the commission was created, to disregard the generous terms which the Congress had fixed, and to make the British a new proposal which will scale the interest charges on the debt in such a way as to permit Great Britain to pay less than the interest charges originally agreed upon and finally to cancel the principal of the indebtedness; and yet Mr. Baldwin announced that he was 'not here to ask for favors.'

WHAT THE SETTLEMENT MEANS.

"The settlement proposed permits Great Britain to pay interest for the first 10 years at 3 per cent and thereafter at 3½ per cent during an additional 52 years. It provides that, beginning the first year with \$23,000,000 payment on the principal, such payments upon the principal will be regularly increased during the life of the bonds until in the sixty-second year the amount of the installment of principal will be \$175,000,000 a year.

"The average rate of interest that the United States pays on this debt of \$4,600,000,000, in round numbers, is 4½ per cent, or \$195,300,000 annually. If this proposed settlement is confirmed by the Congress, Great Britain will never in the 62 years pay as much as \$195,300,000 in both interest and principal payments, and at the end of the period she will have paid us in full under the proposed agreement, while we will still owe the entire \$4,600,000,000."

Of course, provided that we do not refund it at a lower rate of interest at some time in the future. In such event we would take the risk, we would take the chance. As for some of these bonds, they can not be redeemed until 1947, and as to others I am not advised as to whether or not they can be refunded at certain periods. If the Secretary of the Treasury had the right to fix certain periods at which they might be refunded we might save something, but nothing like the immense amount involved in this transaction. I continue the reading:

"In other words, Great Britain's annual payments of both principal and interest will not amount to as much as our annual

payments on interest alone. Of necessity, therefore, we will in the long run have canceled the principal indebtedness. This was precisely what our commission was prohibited by law from doing.

GREAT BRITAIN SOLVENT AND ABLE TO PAY.

"Why should we enter into this agreement to cancel the principal of the indebtedness due by Great Britain? She is fully able to pay it. Her bonds are above par. Her exchange is within 18 cents of normal and going up all the time. It has received a large boost by the expected saving of this settlement upon such favorable terms to her. She has nearly all the world, except the United States, indebted to her. She will undoubtedly get her portion of German reparations before the matter is concluded. Our debt against her is as good as gold. There was no business necessity of scaling our debt or canceling the principal. If our commission did it voluntarily, as the Great Britain commission claims, then our commission was unmindful of American interests and rights and was violating the law, and the Congress ought not to feel in the slightest bound by its action. Great Britain knew the law we had passed, and she can not claim any advantage if she secured or acquiesced in the American commission violating the American law.

THE RIGHT OF THE TRANSACTION.

"Every international controversy should be settled upon the exact rights of the parties thereto. Great Britain, in 1917 and 1918, earnestly sought those loans. Without them and without the services of American soldiers there would have probably been no British Empire to-day. We loaned her this money with the agreement that we would take her bonds bearing the same rate of interest that our bonds were to bear, issued to secure this very money, though Great Britain's bonds were then selling on the market at 95 cents and 2½ per cent; consols at 53. There was never greater generosity shown than in the lending of money upon such terms. That contract under which it was borrowed is the just measure of the right of the case. We lent the money on the solemn promise to our people that Great Britain would pay the same interest on it as we pay and that our people would not be further taxed for either principal or interest. We are paying now an average of 4½ per cent for this money. We should take British bonds bearing a like rate. If in the future we are able to refund our bonds at less interest we should then, in all fairness, allow Great Britain to benefit by the reduced rate. In my judgment, such a settlement would be exceedingly fair and just and even extraordinarily generous.

WE HAVE NO RIGHT TO SETTLE ON ANY OTHER TERMS.

"We are trustees of the American people. What man of us who holds a British obligation, perfectly good, bearing 4½ per cent, will to-day refund it for 3 or 3½ per cent? Of course, no individual would do it. Yet, because it is so easy to tax the American people, there are Representatives in Congress who are willing to make this gigantic reduction in settlement of the British debt. We have no right to do it. The war cost America nearly or quite as much as it cost Great Britain. We received no territory and no reparation, as Great Britain did, and there is not the shadow of an excuse that we can render the people of the United States in defense of our action if we settle this debt upon the terms set forth by the debt commission, which settlement means a less rate than we are paying and a cancellation of the principal.

EXCUSES.

"The British say that they used the money over here to buy American supplies at war prices. So they did; but our goods and supplies were more valuable to them than all the money in the world. They could not have prosecuted the war without our goods and supplies, and they could get them cheaper nowhere in the world. Besides, they charged us for supplies bought of them even more than they charged their own people, or tried to do so. The fact that they bought our goods, instead of being an excuse for reducing the debt, forms a higher reason why it should be collected as agreed upon.

"They next say that they were in the war before we were and lost vastly more men. The answer to this is, we did not owe Great Britain the slightest obligation to have entered the war before we did enter it, not the slightest. It was not our responsibility. We more than did our part and every Briton has admitted it—or at any rate until the debt payment question arose. We had nothing to do with bringing on the war and had no duty to prevent it in the same way that Great Britain had.

"It is next claimed that we should give Great Britain these vast sums of money because of our kinship. The reply to this is that Great Britain has never considered her kinship with us when it interfered with her interests. The question of kin-

ship is all the more reason why the debt should be settled on fair terms, otherwise it will always be a bone of contention. The greatest acrimony in the world always arises when people who are kin have controversies, and especially when one side gets an advantage. Great Britain is the only nation that ever made war on us twice. This debt settlement is not a matter of kinship or sentiment but purely a matter of business. The question is, Should we allow Great Britain this great reduction in her debt, this cancellation of the tremendous principal of her debt, and make up the loss by putting additional tax burdens upon our own people, or shall we settle on the original terms which must be admitted to be the fairest, most generous, ever entered into between nations?

NO OCCASION FOR UNSEEMLY DISCUSSION.

"There is no necessity for crimination or recrimination in regard to these debts. Great Britain is a mighty nation. Her people are a great people; they are a debt-paying people. They are entirely a solvent people. She is not an international bankrupt. She will pay as she agreed to pay if the Congress so directs. She will not lay down upon her obligations. In the refunding transaction she has overreached our commission. She has obtained the recognition of terms from our commission that are not justified, that can not be defended, and in my judgment will never receive the approval of the American people. If we have a proper regard for our own heavily burdened taxpayers we will not ratify this proposed settlement but will settle under the original terms. Such a settlement would be absolutely fair to our own people and absolutely fair to Great Britain.

"The provision for permitting Great Britain to pay only 1½ per cent interest during the first five years is wrong. She is paying more interest than that now. The provision giving her the right to pay in Liberty bonds for par and interest is also to the disadvantage of the United States. She borrowed in dollars and should be required to pay back in dollars."

During the reading the following colloquy took place:

Mr. WILLIAMS. Mr. President, I understand that at 2 o'clock we go under the 10-minute rule. I want to make some observations in reply to the Senator from Tennessee, and I would like to inquire whether it is his object to consume all the time until 2 o'clock?

Mr. MCKELLAR. I asked the Senator and the Senate to permit me to place this matter in the RECORD without reading, and the Senator from Mississippi objected, something rather unusual when a request of that sort is made. I do not desire to take up any more time than is necessary. I am trying to read as rapidly as possible.

Mr. WILLIAMS. The Senator did make a few remarks, and said he wanted to put something in the RECORD in corroboration of them. My utmost concept never led me to believe that he was going to put in the RECORD in corroboration of his own assertion something which he at some place had previously said.

Mr. MCKELLAR. Perhaps the Senator did not hear me state that it is an article which was published in the New York Times a few days ago.

Mr. WILLIAMS. The Senator did not say it was written by himself. It is rather unusual to have a man prove his own statement by something he himself previously said.

Mr. MCKELLAR. I think the Senator misunderstands the situation. He either did not hear my request or he misunderstands it now. I am not trying to prove anything.

Mr. WILLIAMS. You are reading your article, are you not?

Mr. MCKELLAR. I desired to put in the RECORD my views on this subject, and that is what I propose to do, if the Senator will permit me.

Mr. WILLIAMS. Then I ask unanimous consent that the Senator be allowed to print the balance of it, if it is from his pen.

Mr. MCKELLAR. If the Senator will not object, I will make the request for unanimous consent.

Mr. WILLIAMS. Very well, then, let the Senator ask it.

Mr. MCKELLAR. So that the Senator may have as much time as can be given him now, I ask unanimous consent that the remainder of the article, which is very brief, be printed in the RECORD.

The PRESIDING OFFICER. Is the Chair to understand that the article is one written by the Senator himself?

Mr. MCKELLAR. Absolutely.

The PRESIDING OFFICER. Then, under the rule of the Senate, the Chair understands it can not be printed without being read by the Senator.

Mr. MCKELLAR. I think that is the rule, Mr. President, and I am sorry to discommode the Senator.

Mr. WILLIAMS. What was the statement of the Chair?

Mr. MCKELLAR. That it is not proper to put the article in the RECORD in that way.

Mr. WILLIAMS. Not by unanimous consent?

Mr. MCKELLAR. The rule prohibits it. I will just continue. I will try to hurry through so as to give the Senator the time he is seeking.

Mr. WILLIAMS. It will deprive me of the opportunity of replying to the Senator, of course, for it is now only 10 minutes of 2 o'clock.

Mr. MCKELLAR. I will ask unanimous consent that the Senator may have an opportunity. I continue reading.

The reading having been concluded, Mr. MCKELLAR said:

I ask that the article I have read may be printed in the RECORD in 8-point type.

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

Mr. WILLIAMS. Mr. President, there is one diversion of the American politician well known to the current history of the United States for the last 40 years which used to be very popular, but which, thank God, is ceasing to be quite so popular now as it formerly was. I refer to the attempt to cultivate the voters who happen to hate our British ancestors by "twisting the British lion's tail." That performance has been enacted upon this stage and upon the stage at the other end of this Capitol many times more ably than it was enacted a few minutes ago, and by many men much abler than the Senator who just enacted it.

We have just witnessed a rather curious performance. The Senator offered to put in the RECORD something to corroborate a statement which he had just made.

Mr. MCKELLAR. Mr. President, the Senator misunderstood me.

Mr. WILLIAMS. I will leave it to the stenographer's record. When I do hear, I hear.

Mr. MCKELLAR. The Senator did not hear me, then.

Mr. WILLIAMS. The Senator made several statements, most of which were incorrect, some of which were correct, and then he offered to read an article in corroboration of what he had said. *He failed to mention that the article was written by him.* If he had mentioned that the article was written by him, the Chair would have ruled it out upon a point of order upon a request to insert it in the RECORD; but he failed to mention that fact. Why? Then I said that I would not consent to its insertion unless I knew something about it, that I would like to read it first, and the Senator wanted me to read it then, which, of course, was impossible. Then he undertakes to prove his own statements by his own previous statements. That may be debating; but if it is, it has never been honored much in the past history of debating, either in Great Britain or in this country or in any other free country.

Now, Mr. President, I have only 20 minutes, as I understand it, 10 upon the bill and 10 upon the amendment, and a minute or two of that time has already expired.

The Senator from Tennessee said in his broad way that "the war cost the United States almost as much as it did Great Britain." Why, it did not cost the United States as much as it cost Canada. It did not cost the United States as much as it cost Australia. It cost the United States only a little bit more than it cost New Zealand and South Africa, not in money alone but in men. We did not measure prices and expenses in money alone there. We left 50,000 upon the field of battle. Great Britain left something approaching 1,800,000, if I remember correctly. Little Canada alone left twice as many upon the field as we did, and Australia probably nearly twice as many.

Then the Senator wants us to regard this as a little retail mercantile operation—the whole cost measured in dollars or in pounds or in pounds measured back in dollars. Not one word is said by him about human life; not one word about human sympathy; not one word about saving civilization. He wants the United States to be regarded as a cool outsider who came to the aid of Great Britain, engaged in fighting against Germany and Turkey and Bulgaria and Austria-Hungary, as if we were cool outsiders, as if it were no matter of ours, no affairs of ours! He talks as if part of the money was lent by us before we became *partners in the enterprise*. We were not outsiders. We were partners in the enterprise and avowed our honor and our lives and our money to its success. Thank God, it can not be reduced to a little simple proposition of a retail dealer's offset with another retail dealer with whom he keeps mutual accounts.

A great deal of the money that Great Britain obtained from us, coming down to money merely, was money which she bor-

rowed from us to lend to the other copartners in the common enterprise. She lent a great deal more than she borrowed. Why, it is like two men going out to fight a feud with other men in another family, and then one of them keeping account of each chew of tobacco on the route and insisting upon the other fellow paying it back with interest after the game of death is over.

Why, Mr. President, I should be ashamed of any people in the world who could regard a great enterprise like that—a great adventure, or "the great adventure," as Theodore Roosevelt called it—from a common ordinary standpoint of interest rates and nothing else. If we could do that with Great Britain, we could not do it with Belgium, whose people were slapped over like helpless children by superior strength and without any provocation of any description. We could not do it with Serbia, to whom an ultimatum was issued that amounted to a surrender of her sovereignty.

The best terms that we will ever get for the payment of a debt are the terms of the bill for the payment of Great Britain's debt. The Senator spent quite a time telling how much Great Britain owed us and how much we owed Great Britain, but not a word about France or Italy, and when the time comes to fix terms of settlement with France or Italy, he will be found doubtless in favor of more favorable terms to them than these terms are to Great Britain and less favorable to us. There will be no votes to be gained then. It will be said that France is our hereditary ally, our hereditary friend; she came to aid us in the Revolution—Rochambeau, Lafayette, and all that.

I am one of the few men on this floor who voted against the bill which the Senator spent so much unnecessary time in reading. I said then that if we were going to "negotiate" with people, we must "negotiate"; that if we are going to lay down an ultimatum, then we should lay down an ultimatum. The Congress laid down an ultimatum and then, in spite of that, the President of the United States, clothed with constitutional power, proceeded to "negotiate," hampered only by the one thing to which he was forced, to wit, that before he could get the results of his negotiations into accomplishment, he must consult Congress. He is now consulting Congress.

There were a few other little inaccuracies. The Senator said that we "are paying more in any one year" in the shape of interest or rate of interest than Great Britain is paying upon this common transaction. Later on, it is true, he said the statement was not exactly accurate. It is well that he made at least that reservation. It was not only not *exactly* accurate; it was not accurate at all. Under the terms of this settlement, if we make the settlement, *we will get back every dollar of principal that Great Britain owes us* and we will get more in interest than principal during the extension of time.

Mr. President, the Senator said that Great Britain borrowed this money "of her own accord." Belgium borrowed what she borrowed "of her own accord." France—brave, virile, generous France—borrowed what she borrowed "of her own accord." Oh, in a certain sense that is true, of course. They had to try to borrow it, but they borrowed it under a *world necessity of maintaining civilization and democracy* against barbarism and autocracy. We had the money, and we ought to thank God that we *did* have it so we *could* help the world, instead of stepping in like a cheese-paring retail merchant and saying, "While we were engaged upon a common enterprise which resulted in my saving my wife and children and you saving your wife and children from the Indians who were attacking us, I lent you a pound of tobacco, and it has been six months and I want interest at the rate of 10 per cent per annum on it."

Mr. President, I thank God that in great national affairs that sort of a voice as a rule goes unheeded, as well as in great international affairs, great philanthropic affairs, great adventures, to carry through great enterprises in behalf of liberty and humanity and right, in behalf of peace and against the spread of war.

The two fallacies in the Senator's argument were these: The first was that "we were an impartial outsider, and Great Britain was in trouble, so we lent her money." We were in some degree of trouble ourselves and we were not impartial outsiders. We were partners in the enterprise. That is one of the fallacies in his argument. Thank God this question mounts to a height of argument far above that sort of thing.

The next fallacy in his argument is that somehow Great Britain is not paying us her debt. She is under this settlement paying every dollar of principal, and that will be more than half of our debtors will pay. She is paying us an amount of interest, an amount which, stretched through the time of payment, will amount to more than the principal itself. Moreover, she is not saying to us what practically France is saying to-day, because France is saying practically, "Unless we can collect from Ger-

many we can not pay you; unless we shall collect from Germany we shall not pay you." The balance of the Allies and associates in the Great War owed Great Britain nearly twice as much as Great Britain owes us. Great Britain has never once said, "Unless we can collect from our debtors we can not pay you, or we will not pay you."

The Senator paid one tribute to Great Britain which came unconsciously from him, I suppose. He called them a debt-paying people. Thank God, our ancestors in Great Britain have always been a debt-paying people, and I hope that their descendants in America will always be a debt-paying people. I am pretty near a hard-shell Baptist about one thing. I think almost there is an eleventh commandment; in the words of St. Paul: "Owe no man anything."

Now, what is the object of this? It is true that the proposition comes from a Republican administration. It is true that I consider it an absolute miracle that a Republican administration can at any time do anything right, but sometimes it does. I am neither Pharisee nor Sadducee, and I am prepared to admit that "good can come out of Nazareth" at times. Mr. President, as a matter of fact, these great rich United States will pay their public debt off in about one-fourth the time that Great Britain will pay hers, one-half of the time anyhow, and if we pay off our debt our interest stops and we will make a clear profit in interest alone as against Great Britain when the final settlement day comes between Great Britain and us.

Then this debt-paying nation—Great Britain—furthermore has said, "We ask another privilege of you, that if at any time we can pay more than we think, you shall take it." I am astonished that somebody does not get up and say, "No; that would deprive us of some interest in the future."

Mr. President, I am going to take my seat now with this final remark: I hope that the time will never come when America can regard her allies and associates in a great war as merely men who were engaged in a mercantile operation with them. The Senator emphasized again and again and again that this was purely a mercantile operation, or, as he called it, a business proposition.

Mr. McKELLAR. I merely followed the example of President Harding, who used the expression in his message.

Mr. WILLIAMS. If the President of the United States said that, he did a great deal to cancel the broadmindedness of his administration by the febleness of his utterance. The Senator did not improve it by repeating it. Nobody ever improves a feeble utterance by repeating it, and no honest man who does not believe a thing ever repeats it. I took it for granted that when the Senator kept dwelling upon it as "a purely business proposition and nothing else" that he meant it, whether Harding had first said it, or whether he had first said it, and I would have thought from my knowledge of him that he would have granted less credence to the proposition because Harding first said it than he did if he himself had been the originator of it. "A purely business proposition!" France in the Ruhr; the German people sullen; Turkey on the alert on the outside; Bulgaria waiting for the proper moment to help Turkey against her fellow Christians; the United States certain to be drawn in again, if it should become a world war; for somebody would tread upon our neutral rights; the whole world in chaos; we alone rich and united; with European cabinet governments likely to be overthrown day after to-morrow by an adverse vote; yet, gentlemen who are elected to the Senate of the United States—who, of course, deserve their place in it—want us to consider past transactions with our copartners in the World War and the present state of the world as a pure "business affair," a pure matter of dollars and cents and pounds and shillings and pence!

Oh, Mr. President, the Senator from Tennessee [Mr. McKELLAR] did not mean that. I have known him for a long time, and I know he could not have meant that. He was not thinking about the real meaning of his words when he uttered them. He would have been one of the last men in the world to have meant that.

Thank God, man has a dual nature. He is a trading animal, of course, in a certain sense, just as he is a hating animal and a loving animal in a certain sense, and yet there is a sense in which man was built in the image of God. He can go upon the wings of thought to the very footstool of God and scrutinize Deity itself. That part of him always responds to the more generous emotions and the more generous impulses of human nature and will never consent to be bound by mathematical calculations. I saw a thing in a book not long ago that struck me. The author said that he had no confidence in Ricardo's political-economic theories. The other asked, "Why?" "Why," he said, "Ricardo considers a man solely as an economic unit, and man is not an economic unit; he has traditions; he has

ideals; he has loves; the most wicked of us have our adorations inside of ourselves somewhere; and I have never heard"—and this is the sentence to which I call attention—"that a man ever fell in love by mathematical calculation or ever died for a syllogism." And, like the author, I have never heard of it either. So far as I am individually concerned, I had rather fall in love, emotionally and accidentally; and when I come to die I had rather die for a sentiment or a love, and I am not going to die for a logical syllogism or for a mathematical calculation, especially not from the standpoint of the retail merchant, keeping a petty account with another peanut establishment and measuring interest not by mutual advantage in a common enterprise but by daily offsets of expense account.

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

WAR DEPARTMENT APPROPRIATION.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 13793) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1924, and for other purposes.

Mr. HEFLIN obtained the floor.

Mr. JONES of Washington. A parliamentary inquiry.

The VICE PRESIDENT. The Senator will state it.

Mr. JONES of Washington. I merely wish to know whether or not there is an amendment pending.

Mr. WADSWORTH. There is a motion pending.

The VICE PRESIDENT. The motion of the Senator from Nebraska [Mr. NORRIS] is pending.

Mr. HEFLIN. Mr. President, I wish to say a word—

Mr. NORRIS. If the Senator from Alabama will permit me, I desire to make another parliamentary inquiry. The unanimous-consent agreement provides that—

No Senator shall speak more than once nor longer than 10 minutes upon the bill, * * * nor more than once nor longer than 10 minutes upon any amendment thereto.

When an amendment is pending, does it not follow under the agreement that speeches are limited to 10 minutes and that the only time a Senator may speak on the bill is when no amendment is pending?

The VICE PRESIDENT. Generally speaking, the Chair would rule that way, but when a Senator rises and says he wishes to speak on the bill the Chair has to assume that he is speaking on the bill; and the Senator would also have 10 minutes to speak on an amendment.

Mr. HEFLIN. Mr. President, I wish to say a few words in indorsement of what my colleague [Mr. UNDERWOOD] said a few moments ago in opposition to the motion made by the Senator from Nebraska [Mr. NORRIS]. I can not see the good that is hoped to be accomplished by the adoption of the Senator's proposed amendment. Its adoption would mean the expenditure of \$2,000,000 on plant No. 1 at Muscle Shoals. It may be that the Ford offer will be accepted—and I very much hope that it will be—and if it shall be accepted the money which the Government would expend for putting plant No. 1 in order might not be expended as Mr. Ford desired. In other words, it may be that the \$2,000,000 which the Government might expend in putting plant No. 1 in running order would result in the installation of machinery and processes wholly different from those which Mr. Ford would employ.

My recollection is that Mr. Mayo, Mr. Ford's engineer, testified before our committee in the hearings last year that they had a secret process, or thought they had, which they were not at this time willing to make public. They hoped, however, to make commercial fertilizer and make it so that it could be sold for half the price at which fertilizer is being sold to-day.

I am anxious to complete the work at Muscle Shoals; it is a crying shame that it has not been completed long ago; but, as my colleague has said, the whole thing has been abandoned; the Government had quit work; the work already done was being injured, and the money which we had already expended was about to be lost. We all know that nobody had made any bid on it and that the Government had quit work; but when the Government invited bids, Mr. Ford came and inspected Muscle Shoals and made his offer, which is by far the best offer that has been made, and I am whole-heartedly in favor of it. The more that offer is studied, Mr. President, the more men who will carefully examine it, the greater will be the number of Members of the Senate and of the House who will favor finally giving this project over to Mr. Ford. A speech was made recently in the House of Representatives by Representative MADDEN, of Chicago, Ill., strongly indorsing the Ford offer, and I suggest that anyone who wants to inform himself upon this subject, if he will study the speeches delivered by the distinguished Senator from North Dakota [Mr. LADD], will acquire the information which he may desire. I believe that a

majority of the people in the country who have informed themselves favor accepting the Ford offer.

Now, when the matter is held up as it is, with bills pending in the Senate and in the House for the acceptance of the Ford offer, it does seem to me that it would be a little bit out of place for the Government now to appropriate \$2,000,000 to put plant No. 1 in running order, when, if the Government should see fit to accept the Ford offer, that whole amount may have been unwisely expended. It may be that it would not be the process that Mr. Ford wants, that he could not use it, and if so, it would be money wasted. On the other hand, if the Government does expend that \$2,000,000 there, somebody will say then Ford ought to amend his proposal and offer more than he has already proposed to give the Government for this work. Then he might answer, and say, "I can not use the process you put in; I do not want it at all; it is not worth anything to me." That does not seem to me to be good business.

I believe that, as my colleague has suggested, this matter should be determined and that we ought to have a decision upon the question as to who is going to operate Muscle Shoals. If Mr. Ford is not going to get it, he is entitled to know just what the judgment of Congress is; and if he is going to get it, I submit that he ought to get it soon, because we can thereby save much to the American people. The farmers of America are certainly entitled to the consideration and the benefit that would come to them from the acceptance of the Ford offer.

The making in the United States of a nitrogen supply equal to that now which we bring from Chile, a foreign power, each year would result in great good; it would be something worth while to the whole country.

The thing to do now is to decide what we are going to do with Muscle Shoals. Let us decide whether or not we are going to accept the Ford offer. I would like to see it accepted to-day. I am opposed to complicating the matter by tying new propositions to the project. And I trust that the Senator's amendment will not now be agreed to.

Mr. NORRIS. Mr. President, in offering this amendment I confess I was not thinking of Mr. Ford or any other bidder. He is not the only bidder; and, in my judgment, his bid is not as good as the bids of several others which have been made, although I am not in favor of accepting any of them. However, men disagree on those propositions. I was thinking of making available cheap fertilizer, but it seems I have conflicted with the wishes of Mr. Ford. I was thinking of giving to the farmer fertilizer below the present cost; I was thinking of making an investigation that would reduce the cost of fertilizer, and I did not think that I had first to consult Mr. Ford before offering the amendment.

The junior Senator from Alabama who has just spoken says that if we appropriate this money and change this plant, perhaps Mr. Ford would not like it. Well, I confess I had not thought about that, Mr. President. Perhaps he would not. I did say that if he were interested in getting cheap fertilizer for the farmer, he would have to experiment, as anybody would have to do in order to cheapen the process; and if he secured the contract and was in earnest when he was thinking about the dear farmer and providing cheap fertilizer for him he could profit by this improvement in the plant, and it would help him to cheapen the cost of fertilizer. If we wait until the dams are completed and then turn the project over to Ford and he decides to put in this improvement—and he will have to make this or some other improvement—it will then be a year or two before it will be ready, while, if Ford does not get it and somebody else gets it or the Government keeps it and we do not begin this improvement until the dams are finished, we have only delayed furnishing cheap fertilizer to the farmer that much longer. I did not know that we had to consult Mr. Ford when we were trying to get cheap fertilizer for the farmer, and so I have probably made a mistake.

Mr. HARRELD. Mr. President—

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

Mr. HARRELD. Does the Senator know of anything in the Ford offer which binds him to experiment in the matter of obtaining nitrogen?

Mr. NORRIS. No. I said that when I was speaking before. Of course he is not bound to experiment at all, but I assumed that he would, because his men say that he expects to cheapen the cost of fertilizer. If he does, he will have to experiment.

Mr. HARRELD. As a matter of fact, is he not guaranteed 8 per cent profit, whether he cheapens the cost of producing nitrogen or not?

Mr. NORRIS. Yes; that is true.

Mr. CARAWAY. Mr. President, the Senator surely does not mean that.

Mr. NORRIS. He is not guaranteed.

Mr. CARAWAY. Oh, well, that is what the Senator from Oklahoma said—that he was guaranteed a profit.

Mr. NORRIS. No; he is not guaranteed.

Mr. HARRELD. He agrees to sell it for not exceeding 8 per cent profit.

Mr. CARAWAY. If he can find a market.

Mr. NORRIS. Yes; he does not have to sell it for less than 8 per cent profit. That is true. He can sell it without any profit if he wants to, but it will not be Ford; it will be this corporation, I presume, that will sell it, and not sell it below 8 per cent profit. I think that is a fair construction of what the practical operation will be.

The junior Senator from Alabama [Mr. HEFLIN] says, likewise, that he thinks Ford has some secret process, some secret improvement that he knows now, by which he is going to make cheap fertilizer. Mr. President, that may be. I can not dispute that. If he has, if he gets this plant he will cheapen the product; but as a great, big American, as a great, big patriot, as Mr. Ford of course is, would it be fair even to him for us to say or to believe or to intimate that he has within his brain a secret process by which he can cheapen fertilizer to the American farmer, and that he has kept it a secret all these years, and is still keeping it a secret, while the poor farmer is toiling in the sun, trying to raise a crop, and paying an enormous price for fertilizer? If we will credit him with the ordinary amount of milk of human kindness that there is in the heart of any honest citizen, we certainly will not say that he has a secret process by which he can cheapen the cost of fertilizer and that he will not divulge it for the American farmer unless he is given Muscle Shoals, unless he is given a hundred-year lease, unless he is given \$100,000,000 worth of property for \$5,000,000, and unless he is given the money of the taxpayers at less than 3 per cent.

I think more of Mr. Ford than that. Certainly, Mr. President, we will not ascribe to Mr. Ford such unphilanthropic principles as those. We will not charge Mr. Ford with being so hard-hearted, with considering the poor farmer so little, that he will carry in his brain a secret process by which he can cheapen fertilizer to the farmer and not give the farmer the benefit of it unless we pay him a bonus from the Treasury of the taxpayers of the United States. As the Senator from Indiana [Mr. New] says, he is probably one of the wealthiest men of the world. If we are going to say—

Mr. HEFLIN. Mr. President, we can not hear this drop-stitch conversation that is going on over there.

Mr. NORRIS. I think the Senator can hear what I say, and I am the one who has the floor, and I am not responsible for anybody else.

Mr. President, it seems to me that if we want to cheapen fertilizer to the farmer we ought not to say, when the proposition comes up: "We do not know what Ford thinks about it. We must consult Henry Ford first. Maybe this legislation will not suit Henry Ford. Maybe he has a secret process in his mind, and if we will pay him several hundred million dollars out of the Treasury he will give that process to the American farmer and let him live." If that is how we must legislate, then it is time we turned the Senate over to Mr. Ford's men and Mr. Gray Silver.

Mr. HARRIS. Mr. President, as I understand the Senator's amendment, it appropriates \$2,000,000, not to be available until July 1. If Congress, before the end of this session, should accept the Ford proposition, then the Government would not have to spend that money.

Mr. NORRIS. No; it would not, and that reminds me of another point, Mr. President. This money will not be available before the 1st of July, and between now and the 1st of July we can find out what Henry Ford thinks about it, and if he does not like it we can repeal it. There is plenty of time.

Mr. WADSWORTH. An extra session can be called.

Mr. NORRIS. Yes; of course an extra session can be called if he wants it.

Mr. President, as I said in the beginning, my political fortunes are not tied up in this proposition. I have not any interest in it. Although I may be foolish, I have been moved only by what to me seems to be the duty to do something to help out the American farmer.

I do not seem to have pleased the Ford men any better than I have pleased the administration. I conceded to begin with that I could not secure the passage of this amendment, because under the rules it takes a two-thirds vote to suspend the rule, if the Ford people are opposed to it. It is quite evident that the Ford people are opposed to it. They are going to vote against it. I do not want to take up the time of the Senate in

longer debate or useless voting; and since the Ford people do not want it, and I can not pass it without their assistance, I will just have to let the American farmer go on the fertilizer question; and I therefore withdraw the motion that I have made.

The VICE PRESIDENT. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. KING. Mr. President, I gave notice a few days ago that I should propose a suspension of the rules for the purpose of offering an amendment, which I ask the Secretary to read.

The VICE PRESIDENT. The amendment will be read.

The reading clerk read as follows:

At the proper place in the bill insert the following:

"That in conformity with the act entitled 'An act to declare the purpose of the people of the United States as to the future political status of the people of the Philippine Islands and to provide a more autonomous government for those islands,' approved August 29, 1916, the Philippine Legislature is hereby authorized to provide for a general election of delegates to a constitutional convention which shall prepare and formulate a constitution for an independent republican government for the Philippine Islands, and that upon the ratification and promulgation of said constitution and the election of the officers therein provided for and upon satisfactory proof that the government provided for under said constitution is organized and ready to function, the President of the United States shall recognize and proclaim the independence of the Philippine government under said constitution and shall notify the governments with which the United States is in diplomatic correspondence thereof, and shall invite said governments to recognize the independence of the Philippine Islands; and that the President is directed to withdraw the military forces of the United States from said islands within six months after said proclamation recognizing the independence of said Philippine government."

Mr. KING. Mr. President, under the unanimous-consent rule I will have but a short time to discuss this amendment, so can not hope to cover the vital points involved. First let me call the attention of the Senate to the following resolution adopted by the Philippine Legislature:

SIXTH PHILIPPINE LEGISLATURE, FIRST SESSION.

Begun and held at the city of Manila on Monday, the 16th day of October, 1922.

Concurrent Resolution 5, asking the Congress of the United States for authority to call and hold a constitutional convention for the Philippine Islands.

Whereas it is a principle recognized in all democracies, and especially in the political organization of the United States, that a people must be governed by its own constitution, as the legitimate and efficient form of government of the people, by the people, and for the people;

Whereas the situation of the Philippine Islands is and always will be a substantially anomalous one so long as we are not governed by a constitution approved by our representatives, our present liberties, guaranties, and institutions being but concessions of the Congress of the United States;

Whereas the Filipino people have from the beginning on opposed this anomaly and have expressed their desire to enjoy the benefits of immediate and complete independence;

Whereas the people and the Government of the United States have solemnly promised to grant such independence as soon as a stable government can be established in the Philippine Islands;

Whereas such stable government does now exist and operate in said islands, with the necessary guaranties for permanent success and security;

Whereas it is essential, in order that the bonds of friendship between the people of the United States and the people of the Philippine Islands may be strengthened and the best interests of both peoples promoted and assured, that the demand of the Filipino people be complied with and the solemn pledge of the American people redeemed in a speedy and satisfactory manner; and

Whereas it is the sense of this legislature that the discussion and approval, by the legitimate representatives of the people, of a political constitution for the Philippine Islands is an orderly and expeditious procedure for the immediate realization of our independence: Now, therefore, be it

Resolved by the Senate (the House of Representatives of the Philippines concurring), That the Congress of the United States be, and the same hereby is, requested to authorize the Philippine Legislature to provide for a general election, to be held for the purpose of selecting delegates for a constitutional convention, which shall prepare, discuss, and approve a political constitution for the independent Philippine Republic, determine, with the Government of the United States, what kind of relations, if any, shall in future be maintained between said Government of the United States and the Government of the Philippine Islands, and, finally, provide for the election by the people of the Philippine Islands of the officials who shall have authority and perform duties under the constitution so approved, and to whom the present government of the Philippine Islands shall be transferred as soon as they shall legally assume office.

The presiding officers of both houses of the legislature are hereby authorized to communicate the text of this resolution to our Resident Commissioners, for presentation to the Congress of the United States.

Adopted, November 29, 1922.

[SEAL.]

MANUEL L. QUEZON,
President of the Senate.

MANUEL ROXAS,

Speaker of the House of Representatives.

This resolution, which originated in the Philippine Senate, was finally adopted by the same on November 29, 1922.

[SEAL.]

FERNANDO MA. GUERRERO,
Secretary of the Senate.

Finally adopted by the house of representatives on November 21, 1922.

[SEAL.]

NARCISO PIMENTEL,
Acting Secretary of the House of Representatives.

Mr. President, this resolution should go to the Committee on Territories and Insular Possessions, and I ask such reference.

The VICE PRESIDENT. It will be so referred.

Mr. KING. I appreciate that in the closing hours of this session I can not hope to have the resolution which I have offered considered either by a committee of the Senate or by the Senate itself; but I have felt constrained to challenge attention to the Philippine question and to what I conceive to be the duty of the United States regarding such question. The Philippine Islands are far distant from our shores and the wishes of the millions of people inhabiting them seem to be of but little concern to the American people or to this Congress. It is true that declarations have been made by organizations and political parties within this Republic, in which freedom is promised to the Filipinos; and solemn promises have been made that the United States will withdraw its authority and leave the government of the Philippine Archipelago to the inhabitants thereof. But apparently these promises are forgotten and the years go by without bringing to the Philippine people the realization of their desires and aspirations. In view of the solemn pledges made by the Congress of the United States, to withdraw the sovereignty of this Republic from the Philippine Islands and to recognize their independence, I have been surprised and grieved at the indifference to such promises and the general apathy existing throughout the country with respect to the rights of the Filipinos. Senators are familiar with the act of Congress approved August 29, 1916, commonly known as the Jones Act, in which the following legislative declaration appears:

Whereas it was never the intention of the people of the United States in the incipency of the war with Spain to make it a war of conquest or for territorial aggrandizement; and

Whereas it is, as it has always been, the purpose of the people of the United States to withdraw their sovereignty over the Philippine Islands and to recognize their independence as soon as a stable government can be established therein; and

Whereas for the speedy accomplishment of such purpose it is desirable to place in the hands of the people of the Philippines as large a control of their domestic affairs as can be given them without, in the meantime, impairing the exercise of the rights of sovereignty by the people of the United States, in order that, by the use and exercise of popular franchise and governmental powers, they may be the better prepared to fully assume the responsibilities and enjoy all the privileges of complete independence: Therefore

Be it enacted, etc.—

The Jones Act, as Senators will recall, gave to the Filipinos a larger measure of local self-government than that which they had theretofore enjoyed under the American occupation. While it did not give to the Filipinos the full measure of liberty which they desired, nevertheless it was a progressive step and afforded them wider opportunities for political and economic development. When the Jones Act was under discussion there were many people in the United States who believed that the inhabitants of the Philippine Islands were entitled to complete independence, and contended that the United States should withdraw from the islands and surrender the control of the same to the people and to the government erected by them. This view, however, did not prevail, although the thought was expressed by many who did not support the immediate independence of the Filipinos, that within a few years they would have so demonstrated their capacity to maintain order and observe international obligations as to not only justify but require that the United States wholly withdraw from the islands. It seems to me that the time has now come when our Government should redeem its promises and enact such legislation as will enable the Filipinos to call a constitutional convention and formulate such organic law as to them may seem proper.

The Filipinos are a unit in demanding independence. They have patiently and patriotically conducted themselves during the years in which the United States has governed them. They have welcomed all suggestions made looking to their progress and development. They have eagerly assimilated whatever of good our Government brought to them. They have studied our Constitution as well as our institutions. They have sought to learn the art of self-government, appreciating that—

Self-government is not a mere form of institutions to be had when desired * * * it is a form of character.

But during all these years they have maintained their ideals and their national aspirations. While recognizing the fine service of this Republic and the sacrifices made by it in their behalf, they have never lost sight of what they believed to be their destiny and the independent station which they felt they were entitled to enjoy among the free peoples of the earth.

Conceding the advantages derived from the administrative efforts of this Republic, they still desire their own freedom and the right to order their own lives and to determine the form of government under which they shall live. Their attitude is one to be commended not condemned. Their desires for a republic of their own choosing should find a hearty response

and most cordial support in this Republic which is a child of revolution and has grown to preeminence and power under the laws and institutions which a free people enacted and established.

The desire for freedom can not be successfully countered by pointing to the benefits derived from alien control. Material or moral benefits, rich and important though they be, never compensate a courageous, virile, and self-reliant people for a denial of liberty or even a slight deprivation of the right to govern themselves.

The authority of the British crown was tenuous indeed, in 1776, and there were no chains of bondage and no servitude in the thirteen Colonies. The people in the New England colonies as well as in all of the thirteen Colonies, were practically self-governing and enjoyed a high degree of liberty; but they were not completely free; therefore, they severed the cord, slender though it was, which bound them to the British Empire.

And so the Philippine people, though they acknowledge the beneficent work of this Republic in their behalf, have looked forward with the keenest delight to that day when the flag of this Republic would be lowered from the forts and buildings within their homeland and the flag of a free and independent Philippine republic raised as the symbol of authority and sovereignty over their country. Mr. President, no government which we can give them will prove entirely satisfactory to them. We do not regard the Philippine Islands as a part of the territory of the United States. By legislative enactment and by decrees of our judicial tribunals we have said that the Philippine Archipelago is not a part of the United States, nor may the Filipinos enjoy the privileges and immunities possessed by citizens of the United States. We have in effect declared that the Philippine Islands may not be admitted to the Union as one or more States but are to be treated as a colonial possession, subject to such laws and authority as the Congress of the United States may provide. This attitude condemns the Philippine Islands to a status different from that enjoyed by other territory over which our flag floats and which is subject to the control of the Federal Congress. In other words, we have differentiated the Filipinos and their home land from territory which has been acquired by the United States and out of which sovereign States have been carved. It is manifest that such an anomalous situation would intensify the desires of the Filipinos for independence and a severance of the bonds which now bind them to the United States.

Mr. President, we assumed jurisdiction over the Philippine Islands and their inhabitants without the consent of the latter. Our flag was not welcomed by them; they had won their independence from the Spanish Crown and set up a republican form of government under a constitution which contained many liberal and progressive features. They exhibited remarkable patriotism and great ability, and there were manifold evidences that they were competent to govern themselves and to establish domestic tranquillity and discharge such international obligations as are required of an enlightened nation.

It is not my purpose to review the causes leading to the occupation of the Philippine Islands by American troops and the overthrow of the Philippine republic and the assertion of control and authority over the islands and their inhabitants; but I wish to briefly call attention to the fact that the act of this Government in the matter referred to was war, and it resulted in bringing under the authority of the United States millions of people against their will and without their consent.

There were many in the United States who insisted, at the time of American occupation of the Philippine Islands, that they be annexed to the United States forcibly or otherwise, and forever remain a part of the territory of our Nation. Others took the view that our occupation should be indefinite and that when we believed the Filipinos had demonstrated their competency to maintain a stable government we should withdraw from the islands. Still others insisted that our course was imperialistic and could not be defended in morals or upon any principles which had guided the life of this Republic. Without pausing to discuss these views—and time would not permit if I so desired—it is sufficient to say that the Filipinos were led to believe that their islands would not be annexed by the United States, and that in time we would withdraw from the islands and surrender all authority and control to a government to be established by the Filipinos.

President McKinley, soon after the commencement of the Spanish-American War, declared that "forcible annexation can not be thought of—that, according to the code of American morals, is criminal aggression."

Mr. President, I have taken perhaps more than 10 minutes, and I shall now speak on the amendment.

The VICE PRESIDENT. The Senator did not give that notice when he began his remarks.

Mr. KING. I have not offered it as yet as an amendment to the pending bill. I merely directed attention to the fact that I had given this notice. I have not moved for its consideration. I now offer the motion which has been read by the Secretary.

The VICE PRESIDENT. The question is on agreeing to the motion of the Senator from Utah.

Mr. KING. I now claim the right to address myself to the motion for 10 minutes.

The VICE PRESIDENT. The Senator from Utah.

Mr. KING. Mr. McKinley at a later date declared that—

The Philippines are ours, not to exploit, but to develop, to civilize, to educate, and to train in the science of self-government.

Mr. Taft, when Secretary of War, speaking of the Filipinos, said:

When they have learned the principles of popular self-government from a gradually enlarged experience therein, we can discuss the question whether independence is what they desire, and grant it, or whether they prefer the retention of a closer association with the country which, by its guidance, has unselfishly led them on to better conditions.

In 1907 Mr. Taft, in opening the Philippine Assembly, declared that the policy of the United States looked to the improvement of the people industrially and in a self-governing capacity, and he further stated:

As this policy of extending control continues it must logically reduce, and finally end, the sovereignty of the United States in the islands, unless it shall seem wise to the American and the Filipino peoples, on account of mutually beneficial trade relations and possible advantage to the islands in their foreign relations, that the bond shall not be completely severed.

In 1908 Mr. Taft, speaking to the General Assembly of the Philippine Islands, referred to the ultimate independence of the islands.

There are many statements made by officials of the United States authorized to speak, made following the occupation of the islands by the United States, which support the contention I am making, that the Filipinos were led to believe that it was not the purpose of the United States to annex their territory or to keep them indefinitely under the dominion of this Republic. The concurrent resolution adopted by the Philippine Legislative Assembly, and which has just been read, is a pertinent and proper reminder of the promise which we have made and the duty resting upon the United States. This legislative declaration is an assertion of the competency of the Philippine people to govern themselves and a solemn statement that they have a stable government established and functioning. It is a respectful demand that we redeem our promises. We declared, as stated in the Jones Act, that the United States would "withdraw their sovereignty over the Philippine Islands and recognize their independence as soon as a stable government can be established therein."

Does anyone doubt that a stable government has been established? One need only ascertain conditions in the Philippine Islands and compare them with many governments of Europe, as well as other nations of the world, with which we have diplomatic relations, to be convinced that a stable government is established therein. A stable government does not necessarily mean a government which may not change or may not suffer from internal convulsions. But industrial and political conditions in the Philippine Islands furnish satisfactory evidence to the students of government that the Filipinos have made remarkable progress along economic and political lines and have shown character and capacity and those fine qualities which exist in a greater or less degree among a free people and those who seek an orderly and progressive government.

Mr. President, the declarations made by Mr. McKinley and Mr. Taft, as well as those made by Mr. Roosevelt and Mr. Wilson, have been regarded by the Filipinos as pledges that the United States would withdraw their sovereignty from the Philippine Islands and recognize their independence. I remarked that the progress made by the inhabitants of the Philippine Islands has been phenomenal. I submit that the evidence is clear that the time has arrived when the Filipinos have the right to demand that we comply with the solemn covenant contained in the act of Congress of August 29, 1916.

Permit me to briefly call attention to some of the conceded facts with respect to conditions now prevailing in the Philippine Islands. The population is probably 12,000,000. It was more than 10,000,000 in 1918. More than nine-tenths of the inhabitants of the islands are Christians belonging principally to the Roman Catholic Church. May I say in passing that undoubtedly the influence of the religious faith of the people has contributed to the progress made by the people and is, in part, responsible for the orderly conditions there existing.

There are perhaps 500,000 Mohammedans within the islands and several hundred thousand who are denominated pagans.

The European and American population is limited. There are some in our country who have affected to believe that Japan was seeking to colonize the Philippine Islands with a view to ultimate annexation of the islands. The fact is that but few Japanese reside in the Philippine Islands. In 1918 the number was less than 8,000. Japan has evinced no purpose whatever to interfere with the Philippine Islands and in all of her dealings with the islands and with the Filipinos the conduct of Japan has been that of a friendly and honorable nation. The jingoists are responsible largely for the untruthful and fantastic stories which in the past were so persistently circulated, either for the purpose of prejudicing the American people against Japan or to strengthen the imperialistic view entertained by some of our citizens and thus compel the United States to retain control over the Filipinos.

The entire European and American population in 1918 did not exceed 11,000. It will thus be perceived that the Philippine Islands are inhabited by Filipinos. For 20 years they have been in contact with the spirit of our Constitution and have developed a respect for the principles of free government. They are familiar with the Bill of Rights and with the constitutional guarantees enjoyed by the citizens of this Republic. They are acquainted with the tripartite division of powers and understand the functions of the judiciary and the duties of the Executive and the authority and responsibilities of the legislative branch of government. They have courts presided over by able jurists in which controversies arising among the people are determined in an orderly and judicial manner. Their lawyers are men of character and ability, and it is declared by those familiar with the workings of the courts that they compare favorably in their knowledge of the law and in the administration of justice, with courts in some of the States of the Union. The records show that the courts are resorted to by the people to settle disputes, and that there is respect for the courts and for their decrees.

The legislative branch of the government consists of two houses, and the laws enacted demonstrate that men of ability and possessing a knowledge of progressive legislation have places within the legislature. The fiscal affairs of the islands are sound, and the officials exhibit a devotion to their work and an appreciation of the responsibilities resting upon them which argues well for the efficiency of the administration and the stability of any government which they may establish. Great progress has been made in education. Both young and old have exhibited an enthusiasm for knowledge that has been most remarkable. There are to-day enrolled in the public schools more than 950,000 pupils. There are more than 5,000 school-houses, and facilities for education have been taken to the remotest parts of the archipelago. The thirst for knowledge exhibited by the people is good augury for the progress of the people.

There is a university in Manila attended by hundreds of students, and the courses of study there prescribed would be creditable to some of the most advanced universities to be found in the United States. I am told that in the law department of this university seven years of study are required. Throughout the islands there are hospitals, dispensaries, and institutions that care for the sick, afflicted, and indigent; indeed, the essential concomitants of a highly civilized state are found among the Filipinos. There are thousands of men and women of the highest culture and refinement and of broad and comprehensive knowledge.

Hundreds of miles of roads have been constructed, so that the people are brought into closer relations. The internal commerce has greatly expanded and the domestic products have reached a very large volume. I have not seen recent figures as to the foreign commerce, but my recollection is that the figures which I last saw showed a foreign commerce exceeding 600,000,000 pesos.

One of the remarkable features of the islands is the almost universal ownership of land by the people. There are nearly 2,000,000 farms in the islands, showing that a very large proportion of the male population are agriculturalists and own their own farms. This situation makes for stability and character and insures industrial and material progress. Practically all of the land of the islands is owned by the Filipinos, and, as I have indicated, the agricultural products are varied and abundant.

While there is no great individual wealth there is but little poverty. The products of the islands, as stated, are varied, and there is every indication that the exports will increase and that the foreign commerce will expand.

Mr. President, a people, homogeneous as the Filipinos are; living in territory that yields abundantly in fruits and agricul-

zural products; free from debts and oppressive taxation; not menaced by foes from without or dangers from within; and possessing characteristics and ideals and aspirations such as are exhibited among the Filipinos and with a record of achievement along moral, religious, and material lines—demonstrate their fitness for self-government and furnish convincing proof of their future advancement. I submit, Mr. President, that in view of these conditions it is the duty of the United States to give the Filipinos the opportunity to frame their organic law, establish a republic—that being the form of government they desire—and, having so done, to withdraw from the islands and bid the people and their new government Godspeed along the pathway of independence.

May I inquire what reasons exist for our retaining jurisdiction over the islands? The costs to date of this experiment, in what some denominate imperialism and others colonialism, has been stupendous. In 1902 Senator Hoar declared that it had cost our Government \$1,000,000,000. I am advised by the Bureau of Insular Affairs that, according to the figures in that office, the United States has expended nearly \$700,000,000 in connection with the Philippine Islands. The bill before us carries large sums to be expended in the Philippine Islands during the next fiscal year; and, of course, if we retain possession there will be millions annually required which must be met by taxing the American people.

Mr. President, if we are sincere, if we believe in the right of self-determination, if we still follow the precepts of the Declaration of Independence, then the conclusion is inevitable that the Philippine Islands belong to the Filipinos and not to the United States. They have the right to govern themselves in their own way and establish such forms of government as to them may seem just and proper. We can by pursuing the course which I have indicated in my resolution earn the eternal gratitude of the Filipinos. They will be willing to enter into any treaty that will be fair and just and protect whatever interests we may feel our Government or American citizens may have in the Philippine Archipelago. We can bind the Philippine people to this Republic with bands of steel by a generous and just course. This great Republic will have forever the love and the unalloyed affection of the people of these 5,000 islands, more than 7,000 miles distant from our shores. They will pattern their government after the Government of this Republic. They will seek the spirit of liberty which has animated the American people and will have pride and joy in following the footsteps of a Nation that is the greatest force for freedom and justice and righteousness in all the world.

The VICE PRESIDENT. The question is on agreeing to the motion offered by the Senator from Utah to suspend the rules. (Putting the question.) The motion is rejected, there not being two-thirds voting in the affirmative.

Mr. KING. Mr. President, I indicated the other day that I should move to strike out the appropriation of \$56,000,000 plus, under the rivers and harbors item, for the reason that the House had included in the Army bill an appropriation which dealt with rivers and harbors, and I felt that an opportunity should be given the Senate to determine whether they would consider these two bills together, or whether they would insist upon a policy which would call for a segregation of these two important subjects. But the vote yesterday conclusively demonstrated that no attack could be successfully made upon this huge appropriation. The recommendations of the Budget Bureau have been disregarded, the condition of the Treasury ignored, millions of dollars have been demanded for creeks and streams, where there is no commerce—and there is no power to prevent the demands from being satisfied. I shall therefore not press the motion which I gave notice I would offer.

The VICE PRESIDENT. The bill is before the Senate as in Committee of the Whole and open to amendment.

Mr. KING. Mr. President, I sent to the desk yesterday a notice that I would move a suspension of the rule, which I ask may be read at this time.

The VICE PRESIDENT. The notice will be read.

The READING CLERK. The Senator from Utah gives notice of an amendment to insert the following at the proper place in the bill:

That the President is authorized and requested to invite the Governments with which the United States has diplomatic relations, to appoint representatives to a conference to be held in the city of Washington, which shall be charged with the consideration of the causes and purposes of present military and naval expenditures, and the formulation of measures for the reduction of land and naval armaments, for the improvement of industry and commerce, the assurance of public order, and the promotion of peace throughout the world.

Mr. KING. Mr. President—

The VICE PRESIDENT. Does the Senator move to suspend the rule?

Mr. KING. For the purpose of submitting a word or two, I do. The VICE PRESIDENT. The Senator has already spoken on the bill.

Mr. KING. Then I move to suspend the rule.

The VICE PRESIDENT. The question is on the motion to suspend the rule.

Mr. KING. Mr. President, I had intended to address myself to the motion. Yesterday the time of the Senate was so occupied in the discussion of the rivers and harbors provisions of the bill that I had no opportunity to present my motion, and this morning Senators have consumed the time allotted to general debate in considering Muscle Shoals and the debt-funding plan. I had thought I could have a part of the time before 2 o'clock, when the limit on debate was set. I regret that there is no opportunity to consider the resolution without suspending the rule. I shall seek an opportunity to offer it when it will not be subject to a point of order and can be fully discussed.

The observations just made by the Senator from Mississippi [Mr. WILLIAMS] indicate the necessity of the United States taking a course such as is contemplated by the amendment which I had intended to propose. At an early date I hope to have the opportunity to present it to the Senate in the form of a resolution and to obtain a vote upon it. I shall not press the motion at this time.

The VICE PRESIDENT. The Chair understands the motion is withdrawn.

Mr. KING. I withdraw it.

Mr. POINDEXTER. Mr. President, I offer the following amendment to be inserted at the end of the bill.

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. Add at the end of the bill the following:

That the President of the United States be, and he is hereby, authorized to nominate and by and with the advice and consent of the Senate to appoint any commissioned officer of the Army not above the grade of brigadier general, who served in the Army of the United States during the World War, whose service since that war has been creditable, and who has been or may hereafter be retired according to law, to an advanced grade on the retired list at the highest grade held by him during the World War: *Provided*, That no officer shall be thus promoted who was demoted prior to November 11, 1918, for professional unfitness: *Provided further*, That any officer so advanced on the retired list shall continue to receive the pay and allowances of his grade at date of such advancement and that no increase of pay and allowances shall result from the provisions of this act.

Mr. POINDEXTER. Mr. President, the amendment is intended to give to officers of the Army of the United States who served with credit and many of them with distinction in the late war the reward for those services of being allowed to retain the title of the highest rank in which they served during the war. It does not involve the expenditure of a dollar of money. It does not increase in any way their retired pay. It would have the effect of saving those officers from the humiliation which many of them have suffered in place of the reward and distinction from a country that ought to be grateful for their services. This humiliation comes from being demoted in status for the remainder of their lives while on the retired list, many of them being old men, and in not being allowed to wear on occasions of ceremony the uniform or to write upon their cards the name of the rank under which they rendered these responsible services to the Nation.

I have in mind one case of an engineer officer who retired as a colonel. He had a long and distinguished career in the service of his country after he graduated from West Point. He served in France and there, through his efficiency, he became the chief engineer of the American Expeditionary Forces, the head of the great Engineer Corps which we sent to France. Yet, when he returned to the United States he was demoted to the rank of colonel, and is not allowed under existing law to assume on any occasion the rank under which he rendered those valuable and distinguished services in France.

I have a letter from the Secretary of War recommending the adoption of the amendment, which I ask leave to have printed at the close of my remarks.

The VICE PRESIDENT. Without objection it is so ordered.

Mr. POINDEXTER. Just for the information of the Senate, I wish to call particular attention to one paragraph in which the Secretary of War stated:

The amendment proposed by Senator POINDEXTER carries with it no expense to the Government. The increased rank it proposes to confer carries with it no additional pay; it offers only an honorary peacetime title to those who have held the actual title and met the obligations which went with the actual rank, but who, because of retirement, are prevented from reaching such rank the second time. In spite of the fact that the officers concerned would receive no material benefit from this legislation, I think its passage would be a source of much gratification to them and would be recognized by the service generally as a gracious act of recognition of war service.

Mr. HITCHCOCK. What would happen in a case like this. Suppose one of these officers so demoted were called into active service, what rank would he then have?

Mr. POINDEXTER. He would have his actual rank and not the brevet or complimentary rank.

Mr. HITCHCOCK. I do not think so. I do not see on what theory that would be so.

Mr. POINDEXTER. Undoubtedly that would be the case, because there is a provision expressly prohibiting giving him any command except under the rank under which he originally retired. It prohibits paying him any salary emoluments except those of that rank. If that does not accomplish the purpose, the amendment could be further amended in order to accomplish it. The Secretary of War stated in his letter that that is the effect of it. In fact, the amendment was prepared at the War Department in order to avoid any such effect as that which is suggested by the Senator from Nebraska.

Mr. HITCHCOCK. It seems to me he is either one or the other, and if he should be called into active service at his actual rank it ought to be so stated. Otherwise he would be called in at his so-called brevet rank and he would have the pay in that case, of course, of the higher rank.

Mr. POINDEXTER. It reads:

These privileges shall not entitle any officer to command, pay, or emoluments.

Under the provision it would be impossible to call him into active service at the advanced rank. The provision is contained in the amendment.

Mr. HITCHCOCK. What authority would there be to call him into service with either rank?

Mr. POINDEXTER. There would undoubtedly be the authority of the Commander in Chief of the Army under the general law authorizing the detaching of retired officers to active service.

Mr. HITCHCOCK. Yes; but the War Department has no authority to call a man in, after demoting him, and give him active pay.

Mr. POINDEXTER. It would not be demoting him, because it is expressly provided, should the amendment go into effect, that it carries no command and no pay.

Mr. HITCHCOCK. It carries no command, but the Secretary of War under certain circumstances has the power to take a man on the retired list and put him on active duty and give him active pay. I ask the Senator what rate of pay he would have? Would it be the pay of his retired rank or would the Secretary of War demote him and give him the lower rate?

Mr. POINDEXTER. He would have the pay provided by law, and that is the pay of his actual rank. It is expressly provided in the amendment that he can not get any other pay. I fail to see how the question the Senator from Nebraska raises could be considered.

Mr. HITCHCOCK. The amendment provides for his pay while he is retired, but the law provides that when he is on active duty he shall have the pay of his actual rank.

Mr. POINDEXTER. The Senator does not state the amendment exactly. It does not say while he is retired, but it is universal in effect. It says:

These privileges shall not entitle any officer to command pay or emoluments.

Mr. WADSWORTH. May I ask the Senator where that language appears in the amendment he has offered? I can not find it.

Mr. POINDEXTER. I beg the pardon of the Senator. I was reading the law that is already applicable to the officers of the Civil War. I had several typewritten sheets before me and apparently picked up the wrong one. In effect the language of the amendment which I have proposed is the same—

That any officer so advanced on the retired list shall continue to receive the pay and allowances of his grade at date of such advancement, and that no increase of pay and allowances shall result from the provisions of this act.

It is the same in effect, although not exactly, as the language which I was reading, and which I read from a typewritten sheet which I picked up by mistake, and which is the present law relating to officers who served in the Civil War.

In that connection I call attention to the provisions of the Revised Statutes of 1866, enacted immediately after the close of the Civil War. The following provision was then enacted:

All officers who served during the Rebellion as volunteers in the Army of the United States, and have been honorably mustered out of the volunteer service, shall be entitled to bear the official title, and, upon occasions of ceremony, to wear the uniform of the highest grade they have held, by brevet or other commissions, in the volunteer service. The highest volunteer rank which has been held by officers of the Regular Army shall be entered, with their names, respectively, upon the Army Register. But these privileges shall not entitle any officer to command, pay, or emoluments.

That was enacted in 1866.

Mr. WARREN. That had reference entirely to volunteer officers?

Mr. POINDEXTER. That applied to volunteers.

Mr. WARREN. Those officers were receiving no pay after they were mustered out.

Mr. POINDEXTER. No.

Mr. WARREN. They had no retired pay.

Mr. POINDEXTER. But in 1897 the following provision was passed, which Senators will find at page 546 of the second supplement of the Revised Statutes.

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

Mr. POINDEXTER. I wish to speak 10 minutes upon the bill.

The provision of 1897, to which I had just referred, reads as follows:

All officers who have served during the War of the Rebellion as officers of the Regular Army of the United States, and have been regularly discharged or resigned from the service, shall be entitled to bear the official title and, upon occasions of ceremony, to wear the uniform of the highest grade they have held, by (2) brevet or other commission, as is now authorized for officers of volunteers by section 1226, Revised Statutes (February 4, 1897).

Mr. HITCHCOCK. Will the Senator state how many officers the amendment would affect?

Mr. POINDEXTER. I do not know that I can do so, unless the information may be contained in the document which I have here.

Mr. HITCHCOCK. It would, in effect, be the promotion by wholesale of thousands of retired officers, would it not?

Mr. POINDEXTER. There would not be any such number, and it is not a promotion at all, in so far as command or pay are concerned. It is a mere honorary rank which would be held by such officers if the amendment should be adopted. The Senator from Wyoming [Mr. WARREN] called attention to the fact that the act of 1866 applied to volunteers. I have read the statute which was passed in 1897 which gives to officers of the Regular Army the same identical privileges as to title and wearing the uniform of the highest rank which they held by brevet or other commission during the Civil War as were accorded to the Volunteer officers in the act which was passed in 1866. The amendment which I propose and which is recommended by the Secretary of War and is greatly desired by officers who are affected by it would give to the officers in the last Great War the same compliment and privileges that are enjoyed by the officers who served in the Civil War.

APPENDIX.

WAR DEPARTMENT,
Washington, February 6, 1923.

HON. JAMES W. WADSWORTH, JR.,
Chairman Committee on Military Affairs,
United States Senate.

SIR: With reference to your letter of February 3, 1923, requesting a report on an amendment to H. R. 13793 introduced by Senator POINDEXTER, I invite your attention to the fact that in my report of November 4, 1922, on S. 3669 (copy inclosed) the War Department gave favorable indorsement to the provisions contained in the amendment proposed by Senator POINDEXTER. Since the date of that report, however, several matters in connection with this legislation have been brought to my attention which I think should be incorporated in the amendment. The reasons for the proposed changes are given below, and the amendment as it would read with these changes incorporated is given as the concluding paragraph of this letter.

The reasons for the changes recommended are as follows:

It is desirable that provision be made for brigadier generals who held the rank of major general during the World War to cover the case of those who may retire without having reached the highest rank held by them during the World War. It is not necessary to extend the provisions of the bill to major generals, as there are now several bills before the Congress which provide World War rank for officers of that grade.

A few officers were demoted prior to November 11, 1918, for causes not involving professional unfitness, and the change recommended would prevent an injustice being done them. During the World War some retired officers who had received promotion after going on the retired list received further temporary promotion. By the terms of the amendment as introduced such officers, if advanced to the highest grade held by them during the World War, would receive the pay of the grade held by them when retired instead of the pay of the grade to which they were promoted while on the retired list.

The amendment proposed by Senator Poindexter carries with it no expense to the Government. The increased rank it proposes to confer carries with it no additional pay; it offers only an honorary peace-time title to those who have held the actual title and met the obligations which went with the actual rank, but who, because of retirement, are prevented from reaching such rank a second time. In spite of the fact that the officers concerned would receive no material benefit from this legislation, I think its passage would be a source of much gratification to them and would be recognized by the service generally as a gracious act of recognition of war service.

The amendment with the changes above referred to incorporated is given below. In this form it has the full approval of the War Department.

That the President of the United States be, and he is hereby, authorized to nominate and, by and with the advice and consent of the Senate, to appoint any commissioned officer of the Army, not above the grade of brigadier general, who served in the Army of the United States during the World War, whose service since that war has been

creditable, and who has been or may hereafter be retired according to law, to an advanced grade on the retired list at the highest grade held by him during the World War: *Provided*, That no officer shall be thus promoted who was demoted prior to November 11, 1918, for professional unfitness: *And provided further*, That any officer so advanced on the retired list shall continue to receive the pay and allowances of his grade at date of such advancement, and that no increase of pay and allowances shall result from the provisions of this act.

Sincerely yours,

JOHN W. WEEKS, *Secretary of War.*

The CHAIRMAN COMMITTEE ON MILITARY AFFAIRS,
United States Senate.

SIR: I have the honor to inform you that I have been unavoidably delayed until now in the preparation of the report on S. 3669, to which I referred in my letter to you of August 7, 1922.

I have given careful consideration to the general question of rewards to officers for war-time service and have arrived at the conclusion, after going over the various bills concerning this question that have been introduced from time to time, that this matter can not be equitably nor satisfactorily disposed of unless consideration is given to the claims of all officers of whatever rank who had World War service. For this purpose I think it is both necessary and convenient to divide these officers into two general classes—those who now hold the rank of general officer and those not above the rank of colonel. S. 3669, with the amendments suggested below, offers, in my opinion, a suitable reward for the last-named class.

In arriving at a standard which may be used in determining whether or not an officer is entitled to the reward under consideration, I have become convinced that the satisfactory and equitable criterion is to be found in the character of service rendered during the war, and that length of service and the possession of a decoration should not be considered as determining factors. The great majority of the officers who took part in the war did not have long service, but the services rendered by them were meritorious—in many cases highly so. If the chance to secure decorations came equally to all members of the service their possession could be taken as indicative of meritorious service to the exclusion of other considerations, but as a matter of fact the opportunity to gain them comes to but few, and failure to receive them does not indicate lack of merit.

The various bills referring to this subject which have been introduced have for their object the promotion with or without pay of the officers to whom they relate to the rank held by them during the World War. During that war every worthy officer of the Regular Army, except a very few in the higher grades, received promotion. The deserving ones retained their advanced rank or received further promotion, and the undeserving were demoted. Those holding advanced grades when the war ended had demonstrated their fitness for increased rank by the satisfactory performance of their war-time duties. It seems to me that we have in this fact the standard we are seeking.

If we are now, in time of peace, to confer war-time rank on retired officers not above the rank of colonel, it seems to me that we should not exclude any of those who held advanced rank at the time of the armistice. By doing so we would make a distinction in time of peace which was neither necessary nor practicable in time of war, and would thus place a higher valuation on peace-time rank without command than on war-time rank with command.

While the bill, on account of the omission of pay, does not offer as satisfactory a solution of the matter as I would wish, I believe the solution offered is the only one practicable at this time, and I think its enactment would be gratifying to members of the service and would probably put a stop to the flow of bills on this subject.

S. 3669, amended so that it would receive the approval of the War Department, would read as follows:

"Be it enacted, etc., That the President of the United States be, and he is hereby, authorized to nominate and, by and with the advice and consent of the Senate, to appoint any commissioned officer of the Army not above the grade of colonel, who served in the Army of the United States during the World War, whose service has been creditable, and who has been or may hereafter be retired according to law, to an advanced grade on the retired list at the highest grade held by him during the World War: *Provided*, That no officer shall be thus promoted who was demoted prior to November 11, 1918, for causes other than physical: *And provided further*, That any officer so advanced on the retired list shall have pay and allowances of his grade at date of retirement, and that no increase of pay and allowance shall result from the provisions of this act."

Respectfully,

JOHN W. WEEKS, *Secretary of War.*

Mr. WADSWORTH. Mr. President, the amendment offered by the Senator from Washington brings up a very important and very complicated matter. Thus far Congress has not found a way which is satisfactory to its own ideas of giving suitable recognition to officers who distinguished themselves or who served with credit during the war with Germany. There are three or four bills relative to the subject which are pending in the Military Affairs Committee of the Senate, one of them introduced by myself, and even that is but tentative in its provisions. The fact of the matter is the Senate Military Affairs Committee is groping toward the objective sought in part by the Senator from Washington. The Military Affairs Committee is not yet satisfied just what is the right thing to do. It is at work on the subject, and I am informed that the House Military Affairs Committee is also studying the problem.

The truth is we have given no recognition to any Army officer as the result of his service in the World War with the single exception of General Pershing. No other officer, no matter how distinguished his service was—and some of them commanded 500,000 men—has received any recognition.

However, as this is legislation which is offered to an appropriation bill and touches on a topic which at least two standing

committees of Congress are now studying with all earnestness, I feel impelled to raise the point of order against it.

The VICE PRESIDENT. The point of order is sustained.

Mr. MCKELLAR. Mr. President, I desire at this time to call up the motion which I made on yesterday to suspend the rules for the purpose of offering an amendment to strike out, on page 3, line 1, of the bills, the numerals "\$840" and to insert in lieu thereof the numerals "\$1,140."

The VICE PRESIDENT. The Senator from Tennessee moves that the rules be suspended in order that he may offer an amendment to the pending bill, which the Secretary will state.

The ASSISTANT SECRETARY. On page 3, line 1, it is proposed to strike out "\$840" and in lieu thereof to insert "\$1,140"; so as to make the clause read:

Thirteen telephone switchboard operators at \$1,140 each.

The VICE PRESIDENT. The question is on the motion of the Senator from Tennessee to suspend the rules.

The motion was rejected.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The VICE PRESIDENT. The bill is in the Senate and is open to amendment.

Mr. BROOKHART. Mr. President, on yesterday I offered an amendment, to come in on page 73, line 20, but the Senator from Washington [Mr. JONES] then made a point of order against the amendment. I have since explained the matter to him, and I think the point of order will not be made against the amendment at this time. So I now offer the amendment which I send to the desk.

The VICE PRESIDENT. The amendment proposed by the Senator from Iowa will be stated.

The ASSISTANT SECRETARY. On page 73, at the end of line 20, it is proposed to strike out "\$100" and in lieu thereof to insert "\$40,000," so as to make the clause read:

For arms, ammunition, targets, and other accessories, for target practice for issue and sale in accordance with rules and regulations prescribed by the National Board for the Promotion of Rifle Practice and approved by the Secretary of War, in connection with the encouragement of rifle practice, in pursuance of the provisions of law, \$40,000.

Mr. BROOKHART. Mr. President, in explanation of the situation which impels me to offer the amendment, I desire to say that this item is to provide an appropriation for the purchase of small-bore rifles. Appropriations for this purpose have heretofore been made as high as \$100,000 at different times, but during the World War production the appropriation was dropped down to the nominal sum which is carried in the pending bill, somewhat by reason of the fact that plenty of such rifles were made in the war production. Now, however, the supply of those rifles is exhausted. They were turned over to the Reserve Officers' Training Corps camps, which are, however, the best places in the world for them. We need a thousand rifles, while there are only 200 of them now available. Such rifles cost about \$40 apiece.

The appropriation carried in the amendment, if agreed to, will provide rifles of small bore to be used for training purposes.

Mr. WADSWORTH. Is the Senator from Iowa quite certain that a .22-caliber Springfield rifle costs \$40?

Mr. BROOKHART. Yes; the .22-caliber rifle is the same as the .30 caliber, except, of course, as to bore.

Mr. WADSWORTH. I understand; but how much does the .30-caliber rifle cost?

Mr. BROOKHART. It costs \$41. That is my recollection. They are made by the Ordnance Department.

Mr. WADSWORTH. Certainly no such figure as to the cost of rifles has ever been presented to the Military Affairs Committee. Does the Senator mind stating where he got the information that a Springfield .30-caliber rifle costs \$41?

Mr. BROOKHART. The cost is \$39 or \$41, or somewhere along there. I would not say just what the cost is at this time, for the prices have changed a little bit since the World War.

Mr. WADSWORTH. Will the Senator state where he got the information as to the price of such rifles?

Mr. BROOKHART. I got it from the men who make the rifles.

Mr. WADSWORTH. Does the Senator mean he got it from the Ordnance Department?

Mr. BROOKHART. Yes; I got it from the Ordnance Department. I talk with those officers every year. I did so last year at the Camp Perry School, where they send the officers who supervise the manufacture of the rifles. I am sure the National Rifle Association sells them at cost, and from \$39 to \$41 are the figures for which they have been making those rifles since the World War.

Mr. WADSWORTH. That is the highest figure that I have ever heard mentioned, and the figures which I last heard represented the war-time cost. We have not investigated the cost of the Springfield rifle for the last four years, but the highest cost I have ever heard them quoted at was a trifle over \$30. Before the World War their cost was only about from \$16 to \$19.

Mr. BROOKHART. Then the cost was about \$19. That is correct.

Mr. WADSWORTH. And I do not think the price has doubled since that date.

Mr. BROOKHART. The price has not come down as yet.

Mr. HITCHCOCK. I should like to ask the Senator whether the rifles to which he is referring and which are used in target practice are different from the ordinary service rifle?

Mr. BROOKHART. Yes; they are .22 caliber instead of the high-powered .30 caliber. They are intended for use in armories and for gallery practice, but are not intended for outdoor rifle practice. Rifle practice, especially in peace times, is very valuable, and the use of the small-bore rifle involves a great saving in expense, because on a thousand rounds of ammunition the cost of the rifle itself is saved if a .22 caliber is used instead of a .30 caliber.

Mr. HITCHCOCK. As I recall the testimony before the committee last year, it revealed the fact that we have millions of rifles on hand which are stored and not in use, and yet the Springfield Armory is still making rifles for which we have no use. I suggest to the Senator that instead of authorizing the manufacture of additional rifles it would require nothing but an order from the War Department to have the men in the Springfield Armory make the small-bore rifles.

Mr. BROOKHART. I know all about the million rifles to which the Senator refers; I helped to make some of them myself; but—

Mr. HITCHCOCK. What I have stated, however, is a fact, is it not?

Mr. BROOKHART. They are the high-powered Army rifle, and, of course, absolutely can not be used for the purpose of indoor rifle training. Indoor rifle practice is a very important part of military training, especially in peace times, and the use of the small-bore rifle, as I have said, saves a great deal of expense, because the ammunition for it costs about one-tenth of what the ammunition of the other rifle costs; and by the time a thousand rounds of ammunition have been fired in the .22-caliber rifle the price of the rifle has been saved. Of course, a rifle will stand six or seven thousand rounds now.

Mr. HITCHCOCK. I want to ask the Senator whether it is necessary for the Springfield Armory to continue manufacturing, at the expense which is being constantly incurred, high-power rifles which are not needed?

Mr. BROOKHART. The rifles I have in mind, I again say to the Senator, are not high-power rifles, but are the .22-caliber rifles.

Mr. HITCHCOCK. But the services of the same men who are now wasting the money of the Government in the manufacture of high-power rifles can be diverted to the manufacture of the rifles which the Senator thinks are needed for target practice?

Mr. BROOKHART. The amendment proposes to pay the expense of the same men for manufacturing the .22-caliber rifles who are now manufacturing the high-power rifles. The work will be done by the same men.

Mr. HITCHCOCK. Then, I think the Senator should modify his amendment so as to provide that an equal number of the high-power rifles should not be manufactured, in order not to impose an additional expense on the Government.

Mr. BROOKHART. They are not making the rifles except as necessity requires; there are only a few of the .30-caliber rifles being made at this time.

Mr. WARREN. Mr. President, I do not wish to take the Senator from the floor, but I feel impelled to make a point of order against the amendment. The amount was not estimated for; it enlarges the appropriation provided in the bill; the amendment has not been reported favorably by a standing committee of the Senate, and therefore is entirely out of order.

Mr. BROOKHART. Mr. President, I will say that I myself presented this matter to the committee, to the Senator from Washington [Mr. JONES], and others. I think perhaps they did not grasp my explanation of it at that time. In a general way, I then gave the same explanation that I have undertaken to give here, although I do not think I went into the matter of the number of rifles needed or the cost per rifle, as I have on the floor of the Senate.

Mr. WARREN. But the item was not reported favorably by the Appropriations Committee.

Mr. BROOKHART. I myself presented it to the committee.

Mr. WARREN. The Senator does not understand me. The point of order is that the amendment does not come before us by the report of any committee, nor has any committee recommended it; it is not within the estimate of the Budget Bureau; and, furthermore, it increases the amount of the appropriation. Rule XVI, I think, is perfectly plain.

Mr. BROOKHART. If the Senator desires to urge it, I think his point of order is perfectly good.

The VICE PRESIDENT. The point of order is well taken.

Mr. KING. Mr. President, a parliamentary inquiry with respect to the last amendment. What disposition was made of the amendment offered by the Senator from Iowa?

The VICE PRESIDENT. A point of order being made against it, the Chair ruled that the point of order was well taken.

Mr. KING. I desired to submit an observation on the amendment.

Mr. WADSWORTH. It is out of order.

Mr. KING. It is out of order now. It was not until the Chair so held.

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

The amendments were ordered to be engrossed, and the bill to be read a third time.

The bill was read the third time and passed.

Mr. WADSWORTH. I ask unanimous consent that the clerks be authorized to correct the totals in the bill just passed, and any typographical errors that may have occurred in connection with the totals or punctuation.

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

EMBASSY LAND AT SANTIAGO, CHILE (S. DOC. NO. 300).

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and, with the accompanying papers, referred to the Committee on Foreign Relations and ordered to be printed:

To the Senate and House of Representatives:

I invite the attention of Congress to the inclosed report from the Secretary of State recommending legislation by Congress which will enable him, as agent of the Government of the United States, to convey to the municipality of Santiago, Chile, the title to and interest in a certain portion of that parcel of land on which the American Embassy in the city of Santiago is situated, and to acquire with the proceeds thereof or to receive in exchange therefor title to a parcel of land adjoining another part of the embassy land, in order to enable the city of Santiago to carry out its project for the construction of a new street.

It will be observed that the American ambassador at Santiago is of the opinion that the proposed transaction would be advantageous to the United States and that the Secretary of State holds the view that the exchange should be authorized as an evidence of our friendly desire to gratify the wish of the municipality of Santiago to improve and beautify the city. Agreeing with both, I request favorable consideration by Congress of the draft of proposed legislation submitted by the Secretary of State.

WARREN G. HARDING.

[Inclosure: Report from the Secretary of State.]

THE WHITE HOUSE, February 9, 1923.

Mr. LODGE. Mr. President, in accordance with the message which has just been laid before the Senate I introduce a bill which I ask may be read the first and second times and referred to the Committee on Foreign Relations.

The bill (S. 4522) authorizing the Secretary of State to convey certain land owned by the United States in Santiago, Chile, to the municipality of that city, and to acquire or receive in exchange therefor other land located in the said city, was read twice by its title and referred to the Committee on Foreign Relations.

THE MERCHANT MARINE.

Mr. JONES of Washington. I ask that the unfinished business be laid before the Senate and proceeded with.

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.

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

The VICE PRESIDENT. The Secretary will call the roll. The roll was called, and the following Senators answered to their names:

Ashurst	Brookhart	Bursum	Cameron
Bayard	Broussard	Calder	Capper

Caraway	Heflin	Nelson	Sterling
Colt	Hitchcock	New	Sutherland
Couzens	Johnson	Norbeck	Swanson
Culberson	Jones, Wash.	Norris	Townsend
Curtis	Kendrick	Oddie	Trammell
Dial	Keyes	Overman	Underwood
Dillingham	King	Page	Wadsworth
Ernst	Ladd	Pepper	Walsh, Mass.
Fletcher	Lenroot	Poindexter	Walsh, Mont.
France	Lodge	Ransdell	Warren
George	McCormick	Reed, Pa.	Watson
Gerry	McKellar	Sheppard	Weller
Glass	McKinley	Smoot	
Gooding	McNary	Spencer	
Harris	Moses	Stanley	

The VICE PRESIDENT. Sixty-five Senators have answered to their names. A quorum is present.

Mr. JONES of Washington. Mr. President, I desire to submit some remarks with reference to the shipping bill, which is the unfinished business. In the interest of time, I have reduced to writing what I have to say; but, before proceeding, I want to ask unanimous consent that when the Senate closes its business to-day it recess until 11 o'clock to-morrow. In that connection I will say that I shall be willing to-morrow to have an adjournment taken until 11 o'clock Monday. That will give a morning hour on Monday. After that I expect to press the bill just as urgently as possible.

The VICE PRESIDENT. Is there objection?

Mr. FLETCHER. Mr. President, I am inclined to think that the request is reasonable, and I make no objection to it so far as I am concerned.

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

ROBERT GUY ROBINSON.

Mr. TOWNSEND. Mr. President—

The VICE PRESIDENT. Does the Senator from Washington yield to the Senator from Michigan?

Mr. JONES of Washington. I do.

Mr. TOWNSEND. This morning the Committee on Naval Affairs reported a bill which passed the House unanimously, and which received the unanimous approval of the Committee on Naval Affairs, but, at the suggestion of the junior Senator from Utah [Mr. KING], who wanted to proceed with his speech, I did not ask unanimous consent for its consideration at that time. I now ask unanimous consent for the present consideration of that bill, which is House bill 11389.

Mr. JONES of Washington. With the understanding that it will take no time, I yield for that purpose.

Mr. POINDEXTER. Mr. President, may I ask the Senator from Michigan what the subject matter of the bill is?

Mr. TOWNSEND. It is a bill for the retirement of Robert Guy Robinson under the act of July 12, 1921, he not having known of the limitation that he must make his application before October 1, 1921, he having been wounded 21 times in the war abroad, and carrying to-day two bullets in his body, and the Secretary of the Navy having recommended that this action be taken.

Mr. POINDEXTER. This bill permits him to make application to the Veterans' Bureau for such compensation as is provided by law, does it?

Mr. TOWNSEND. No; it simply entitles him to retirement to the inactive list of the Navy under the act of July 12, 1921.

The VICE PRESIDENT. For the information of the Senate the bill will be read.

The reading clerk read the bill (H. R. 11389) for the relief of Robert Guy Robinson, as follows:

Be it enacted, etc., That so much of section 6 of the Naval appropriation act approved July 12, 1921, as provided that the application for retirement of officers of the Naval Reserve Force and temporary officers of the Navy who have heretofore incurred, or who may hereafter incur, physical disability in line of duty in time of war shall be filed with the Secretary of the Navy not later than October 1, 1921, be, and hereby is, waived in the case of Second Lieut. (provisional) Robert Guy Robinson, Marine Corps Reserve, inactive, and his case is hereby authorized to be considered and acted upon under the remaining provisions of said section if his application for retirement is filed not later than 60 days from the approval of this act.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

Mr. LENROOT. Mr. President, the Senator from Vermont [Mr. PAGE] is not here. Does the Senator know whether any other cases similar to this have come in?

Mr. TOWNSEND. I do not know of one.

Mr. LENROOT. Does the Senator know that there are none?

Mr. TOWNSEND. I do not know that. I am satisfied that practically everybody knew of the act of Congress, and took advantage of it. This man did not know of it. He was in a hospital in Michigan, and knew nothing about it until after the 1st of October, when he could not make his application.

Mr. LENROOT. Was he in the hospital during the entire time?

Mr. TOWNSEND. Practically all of the time. The Secretary of the Navy recommends the passage of this bill with the amendment which he suggests, and which was adopted by the House.

Mr. LENROOT. I shall not object, Mr. President; but I do not want it said hereafter that here is a precedent for lowering the statute which was deliberately enacted.

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

Mr. WALSH of Massachusetts. Mr. President, I should like to ask why there was not some general legislation dealing with this subject.

Mr. TOWNSEND. I do not know of another case where advantage was not taken of the statute.

Mr. WALSH of Massachusetts. I know of four reserve officers in the Navy who have been injured since October 1, between October 1 and July 1, when all reserve officers were put on the inactive list; and it seems to me that this legislation ought to provide the same status for them as for those who were injured prior to October 1.

Mr. TOWNSEND. It is my understanding that this matter was discussed before the Committee on Naval Affairs of the House and that they knew of no other case presented, and there is not a person who is familiar with the case, not excepting the Secretary of the Navy, who does not sympathize with this particular measure.

Mr. WALSH of Massachusetts. I do not want the Senator to think I am opposing the bill now under discussion, but I want to call attention, now that it is under consideration, to the fact that there is general legislation pending before the Committee on Naval Affairs to take care of the reserve officers who have been seriously injured since October 1, and who ought to have the same rights which men have who were injured September 30. I hope there will be some action taken upon that bill before Congress adjourns. I do not mean to object to the bill presented by the Senator from Michigan.

Mr. POINDEXTER. The limitation to which the Senator from Massachusetts refers, October 1, was the date at or before which they were required to make their application. That was not the time within which the injuries must have been incurred, but the time within which application must have been made. The disability must have been incurred in the service in time of war.

Mr. WALSH of Massachusetts. But is it not a fact that those reserve officers who met with disability after October 1 are debarred from the general benefits of the law?

Mr. POINDEXTER. Those who met with disability before October 1 are also barred unless the disability occurred during war service and was of service origin.

Mr. WALSH of Massachusetts. But if they met with disability on September 30 and made application by October 1, they could take advantage of this law?

Mr. POINDEXTER. No. It depended altogether on whether they were still in the service, and as to whether or not the disability was of service origin in time of war.

Mr. WALSH of Massachusetts. I am referring only to those in the service. The Senator remembers that reserve officers did in fact remain in the service until July 1 last, but there was no provision made to take care of those who were disabled while in the service after October 1.

Mr. POINDEXTER. That is true. In the case of temporary officers there was a distinction made between injuries incurred in time of war and those occurring in time of peace.

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

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

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

THE MERCHANT MARINE.

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.

Mr. JONES of Washington. Mr. President, complaint has been made on the outside by those who did not understand the situation because the shipping bill has been laid aside so often and so long. We have been twitted on this floor because we have laid the bill aside from time to time by those who do understand the situation and who know why it has been done.

There is a strong desire in Congress for a vacation. Members do need a rest. Mentally and physically many of them are worn out. Working day after day from early morning till late

at night, as many of them have been doing, without a vacation for years, it is no wonder that they are worn out. No man will know how many years have been taken from his life, but we are sure that many men have had their lives shortened by their work here. The country will be a little more satisfied if Congress appears to be getting on a more normal basis, and that will be a benefit to everybody and to every business.

The only sure way to avoid an extra session was to pass the appropriation bills. While I knew the situation that confronted us, I would have taken a different course if I could have had my way. I believed, and I still believe, that we could have taken up the shipping bill and passed it and then passed the rural-credits legislation and the appropriation bills. I urged this course, but it was not deemed wise. It was insisted that appropriation bills should be passed as they were reported. I yielded, and for this reason have laid aside the shipping bill from time to time.

These bills have passed the Senate. While much talk could just as well have been left unsaid no one can complain. These bills, taken as a whole, have been passed with unusual speed. We are now ready to proceed with the shipping bill. It will not be laid aside for other measures except by a vote of the Senate. We will pass it or we will reject it as the majority shall determine. There are other important measures that should be passed and that I want to see passed. Among them are the debt adjustment bill, the truth in fabrics bill, the filled milk bill, the flood control bill, the reclassification bill, and others. I am in favor of all of them. There is time to consider and pass all of them in regular order. We may have to give long hours to their consideration for the next three weeks, but if we will use the time wisely they will all be brought to a vote after due consideration.

Every Senator will take the course he deems best. I shall question the honesty and sincerity of no man. I accord to each one what I ask for myself and shall do all I can to bring this bill to a vote, taking such means to meet the opposition as may appear to be proper, wise, and necessary.

This bill is opposed because it is said to embody a policy rejected over and over again by Congress. Grant it. That may have been wise then, it is unwise now. Conditions are wholly different. Never before has Congress been confronted with the problem of doing something to get a substantial sum out of a \$3,000,000,000 war investment and to put ships already built into active operation. To my mind there is far more justification for this legislation than there would be if we had no ships. Before the war the failure to provide a subsidy could not affect the value of our ships because we had none. Now it may do so, because we have the ships and we want to sell them. This bill will aid in securing a permanent merchant marine and also help us to sell our ships at a better price than we can otherwise do.

It is said that this aid is not given to build ships but that we propose to give our ships away and then pay men to run them. Not at all. We can not give our ships away now on the condition that they be operated. We hope to make it worth while to buy our ships at a fair price and then to operate them. Its main purpose is to enable those who purchase ships to operate them and to replace them as they wear out with new ships and to build up-to-date ships so as to give us a permanent, well-balanced fleet. If it does this, it will be a great success. If not our ships will waste away and we will soon have no ships, much less a merchant marine.

The able Senator from Florida [Mr. FLETCHER] opposes the provision in the bill giving the board the power to sell the ships on the terms it may prescribe because he says it has that power now. I agree that it has this power under the act of 1920, and so no harm is done by this provision. In addition to this the board is allowed to control the use of the ships if it deems it wise to do so through the terms of sale. This is a wise provision. If ships are suitable for a certain trade, it is well to require such ships to be used in that trade if we want it developed.

It is said that our ships can be bought at \$30 a ton, and that this puts our capital cost even with that of the ships of other flags. Our ships have been offered at \$30 a ton, but they have not been sold. Why? Either that they are not suitable for the routes to be served or that our people do not feel that they can run them under normal conditions in competition with their rivals. This fact alone shows the need of this or some similar aid.

Mr. WALSH of Montana. Mr. President—

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

Mr. JONES of Washington. I yield.

Mr. WALSH of Montana. Will the Senator kindly tell us what character of ships are being offered at \$30 a ton?

Mr. JONES of Washington. Our average steel ships have been offered at \$30 a ton, taking them generally.

Mr. WALSH of Montana. Does the Senator contemplate that under this bill, if it becomes an act, the general run of them will be sold at about that figure?

Mr. JONES of Washington. I hope they will be sold at least for that. I hope they will be sold for more, but I do not know.

Mr. WALSH of Montana. But what does the Senator expect? I hope they will be sold for \$500 a ton.

Mr. JONES of Washington. I wish they could be, but I do not expect it. I have figures here showing that in England ships are being built, especially adapted for special routes, at \$40 a ton. If that is true, we can not hope to sell ships that are 4 or 5 years old for more than \$30 a ton, and I doubt if we can sell them for \$30 a ton.

Mr. WALSH of Montana. What was the average cost per ton?

Mr. JONES of Washington. The average cost was possibly \$185 a ton. It was a war proposition. They were built during the war.

Mr. WALSH of Montana. The Senator says ships are now being built for \$40 a ton?

Mr. JONES of Washington. They are now being built at \$40 a ton in England for special routes.

Mr. WALSH of Montana. I recall the estimate made when the shipping bill of 1915 was under consideration by the Congress, which, by the way, was defeated by a filibuster, it will be remembered, terminating the session of 1915, in which the distinguished President of the United States, then a Senator from Ohio, participated. It was then represented that about \$100 was the cost of construction; and I recall that those opposing that particular shipping bill insisted that under the then existing condition, in view of the price of labor and that kind of thing, they could not be built for less than \$125, and that \$150 was more nearly what they probably would cost.

Mr. JONES of Washington. Even granting that to be true—and I have no recollection about it—

Mr. WALSH of Montana. I was wondering how it could be possible to construct ships now on a basis of \$40 a ton in view of the fact that the then proponents of the bill contended that the ships would cost \$100 a ton, and the opponents of the measure were then insisting that they would cost anywhere from \$125 to \$150 a ton.

Mr. JONES of Washington. Mr. President, I am not going to solve or try to solve past problems. I am looking at the present and the future. It is a fact that ships suitable for special trade are now being built in England at \$40 a ton. When ships are being built abroad now for as low as \$40 a ton good shipping men are not likely to pay \$30 a ton for ships 4 or 5 years old that have been laid up when they can get ships new and specially built for \$40 a ton.

The skill of our labor in the shipyards during the war is cited as proof that we can compete in the building of ships. We may have done it then. Our yards were crowded with work. Special effort was made to turn out work quickly. Not so now. Our yards are closed. Labor is disbanded, and unless we put our shipping on a permanent basis we will have no shipyards. What more conclusive proof of cheaper construction in alien yards can be had than the fact that our people are having ships built in them? They are doing it as the minority report says. They are not doing it for charity's sake, and they are not throwing their money away. They are no doubt following the Democratic policy of getting their ships in the cheapest market.

I agree with Senators that Americans ought to favor American ships and American shipyards. We ought to ride in American ships without the compulsion of law even if the service may not be so good. We ought to have ships built in American yards even if they cost a little more. But human nature is all the same—we will buy if we may where our money will go the farthest. If we have a permanent merchant marine, our shipyards will become efficient, our labor skilled, and we will be able to build as cheaply as anyone, and we will not need to continue this aid. I join most earnestly in urging cooperation among our people on behalf of a merchant marine. I have urged time and again the will to have an American merchant marine. This is well, but our people need the hope of profit to induce them to put their money in an enterprise of any kind. We seek to give that hope in this bill. If we succeed, cooperation will come; the will to do will animate our people, and we will attain our end.

The fact that we had the ships to carry coal from England to this country when the coal strike was on is cited to prove how emergencies like this can be met with the Government ships. Instead of being an argument against this bill it is an argument for it. It was a fortunate thing that we had the ships. Otherwise the rates would have been much higher, and very likely would have been paid to aliens. What do those opposed to this bill propose to do to guard against such a condition in the future? Nothing. The ships we have will not last forever. Idle, they will be useless in a few years. They propose nothing to replace them. The main purpose of this bill is to cause them to be so used that without additional expense to the Government they will be replaced and a permanent supply of ships made available for just such emergencies as well as for the ordinary demands of trade.

Complaint is made that there is no power to control the rates our ships will charge for carrying our products. Those who framed the shipping act of 1916 did not deem it wise to give any governmental body the power to fix the rates on overseas ships. They felt that the competition of foreign ships would be ample and that it would be dangerous to control the rates of our ships when we could not adequately control the rates of our competitors. This was wise then and it is wise now. No policy could be followed that would so deter our people from going into shipping as this. We do protect the Government in this bill without taking away the incentive to efficient and economical handling of the ships. We let the shipowner have the profits on his ships up to 10 per cent in any one year, but if the profits exceed that he must pay into the Treasury one-half of all above that amount up to the amount of his compensation. This is a reasonable assurance, too, that if the shipping business improves very much, practically all of the \$30,000,000 will be paid back. If it be contended that private shipping will make large profits, then it must be granted that the subsidy will be repaid. If the emergency comes and big profits are made, the Government will get its money back, and then there is nothing in this bill to prevent our regulating the rates. We can do that hereafter if we deem it wiser to do so. Let us get our shipping before we begin to regulate it. This is true, however: Our ships can charge no more than their competitors, and the more we have running the lower the rates are likely to be.

Mr. POMERENE. Mr. President—

The PRESIDING OFFICER (Mr. LADD in the chair). Does the Senator from Washington yield to the Senator from Ohio?

Mr. JONES of Washington. I yield.

Mr. POMERENE. The Senator referred to the fact that after earning 10 per cent there can be a refund. Of course under the provisions of the bill that only applies to each fiscal year; that is to say, if a shipping company were to earn even 30 per cent on its capitalization during a given year, only one-third of that would be refunded to the Government. The surplus over and above 10 per cent for that year could not be applied toward the repayment of a subsidy which had been paid in a previous year. Am I right about that?

Mr. JONES of Washington. The Senator is right; but it is also true that if the company earned, say, only 4 per cent, it would get no credit for the amount over 10 per cent that it may have earned the preceding year.

In connection with the matter of rates, the fact was brought out a few days ago by the able junior Senator from Iowa [Mr. BROOKHART] that our farmers are now getting a rate of about \$2 a ton for the transportation of their wheat. That is true, but how does that compare with the pre-war rates when we had no shipping? It is about one-half what our farmers had to pay then. Why is it that it is \$2 now? It is because we have the ships. If we get rid of the ships, if they are not replaced, if they are not kept going by the Government or in some other way, when they are gone the rates will go up; in other words, they would get all the traffic would bear. I think our people sometimes overlook the main purpose of the bill, and that is that it will enable us to maintain our shipping, and when ships wear out it will enable private capital to replace them.

Mr. BROOKHART. Mr. President—

Mr. JONES of Washington. I yield to the Senator from Iowa.

Mr. BROOKHART. With reference to the rate proposition, there is no provision in the bill for regulating rates. If we turn over the ships to private parties, any combination after that with reference to rates would stand. As long as we keep the ships with the Government we can have the dominating influence on rates.

Mr. JONES of Washington. After we get the ships in private hands and get an ample supply of shipping, we can regulate the rates on our ships if we then deem it wise to do so. But

we would find it a mighty difficult thing to regulate and let the foreign competitors go unregulated. It would be a mighty difficult thing to regulate them. But grant that they need regulation, let us get the shipping first.

Now, of course, the Senator from Iowa is going to urge continued and perpetual Government ownership and operation. That is all right. We will have ships then to lower the rates. But we are not finding that the rates on the Government ships are lower than competitive rates. I did not intend to argue, and I am not going to argue, the proposition of Government ownership; but it is true that that action can drive every private shipowner out of business. There is no question of that. If we put the United States Treasury and the wealth of the people of the country behind ships, we could maintain them, no matter what it would cost, and we could drive every private ship owner and operator out of business. But unless we do that, we will not get lower rates. If we maintain the Government ships at the same rates as private parties, then they will probably compete with the Government ships and cause us to run the ships at a loss. In order to get the business we would have to put the rates down and drive private companies out of business.

In my judgment, if we would put the Treasury of the United States and the wealth of the people behind our shipping, we could drive the merchant marine of England off the sea, but where would we be as to transportation facilities, and what would be the cost? I do not know; but the cost, in my judgment, would be simply staggering. However, I am not going to argue that proposition with the Senator from Iowa. If he believes in Government ownership and Government operation being continued, that is very well. I was rather inclined to that view five or six years ago with reference to our railroads, but the more I have been brought in touch with Government agencies trying to transact commercial business the more I have had those ideas driven out of my system.

Mr. BROOKHART. Mr. President, will the Senator yield further?

Mr. JONES of Washington. I yield to the Senator, if he would like to ask me a question.

Mr. BROOKHART. From the Senator's suggestion it would seem that the bill is designed, first, to protect the private shipping of the United States—

Mr. JONES of Washington. Oh, no; not at all. The Senator certainly can not draw that conclusion from my remarks. The purpose of the bill, and I will state it frankly to the Senator, is to get our shipping upon the best possible terms into private ownership and private operation. That is declared to be the policy of the United States and was so declared by Congress in the act of 1920, which has been referred to very often. If the Senator does not agree with that policy, quite well and good.

Mr. BROOKHART. The Senator injected the question of the railroads and spoke about Government management.

Mr. JONES of Washington. No; I have not. I do not yield to the Senator to take up that matter. I do not wish to be discourteous, but I do not want to take up the time of the Senate on that question.

Mr. BROOKHART. May I make just one suggestion? The expenses increased over \$1,400,000,000 on the railroads the first year after they were turned back to private hands.

Mr. JONES of Washington. I am not going to discuss that matter with the Senator.

Mr. HITCHCOCK. I understand, then, the Senator concedes that under Government ownership we are in a better position to compete with the world in shipping than if the vessels were in private ownership?

Mr. JONES of Washington. No; not at all.

Mr. HITCHCOCK. The Senator stated there was no doubt that under Government ownership we could drive the whole merchant marine of Great Britain off the seas.

Mr. JONES of Washington. The Senator has left out a little of what I said. I said if we put the Treasury of the United States behind those ships and all the wealth of the country behind them, we could do it.

Mr. HITCHCOCK. It would be behind under Government ownership, would it not?

Mr. JONES of Washington. I suppose it would as long as the people would consent, but I do not think they would stand for it very long.

Mr. HITCHCOCK. Does the Senator understand by that that under Government ownership the competition could be made more effective than under private ownership?

Mr. JONES of Washington. No; it could be made more destructive.

Mr. HITCHCOCK. It would be more effective if more destructive.

Mr. JONES of Washington. To crush private enterprise and private shipping would be the very worst possible condition that could come to the world.

Mr. HITCHCOCK. There is no need to carry it to that extent.

Mr. JONES of Washington. I think that is where it would have to go if we maintained Government ownership and operation.

Mr. HITCHCOCK. The Senator practically concedes also that as far as regulation of the railroads is concerned, it is hardly feasible under private control and it is feasible entirely under Government control.

Mr. JONES of Washington. No, it is not; it is destructive.

Mr. HITCHCOCK. The Senator made the statement that there were difficulties in the way of Government regulation of freight rates under private control.

Mr. JONES of Washington. Why, certainly.

Mr. HITCHCOCK. But there is no such danger under Government control.

Mr. JONES of Washington. The danger under Government control is that we do not regulate; we destroy.

Mr. HITCHCOCK. We can regulate.

Mr. JONES of Washington. No; we can not.

Mr. HITCHCOCK. We could regulate without the Shipping Board.

Mr. JONES of Washington. If we give cheaper rates and the proposition our friends urge is that under Government ownership and operation there would be cheaper rates. That would not be the case unless we put the rates lower than private parties had them, and when we did that we would drive them out of business. They can not maintain themselves upon rates that we can force by Government ownership and operation.

Now, I am not going to discuss Government ownership and operation. If the Senator believes in that, I have no quarrel with him.

Mr. HITCHCOCK. But that is the issue.

Mr. JONES of Washington. But I am not going to argue it. I have had that knocked out of me by actual experience and observation.

Mr. HITCHCOCK. Is not that the issue in this contest?

Mr. JONES of Washington. It looks like that is where it comes to.

Mr. HITCHCOCK. It is absolutely the issue.

Mr. JONES of Washington. Very well. I am glad to have the Senator say that those who oppose the bill favor Government ownership and operation as a permanent policy. The minority in the House of Representatives were very careful to declare in their report that they do not favor Government ownership and operation. I am glad to have the Senator openly avow that that is the policy and the position of the Senators in this body who oppose the bill.

Mr. HITCHCOCK. I will say to the Senator that without that policy we would not have had a merchant marine, and without that policy we would not have been able to put the freight rates down so that the farmers would get some benefit from them.

Mr. JONES of Washington. We did not do what we have done because we were in favor of it. We did it because we had to do it under the pressure of war needs and war requirements. Of course, every Senator knows that.

Mr. POUNDDEXTER. Does my colleague have in mind what it has cost the United States to conduct this experiment of Government construction and Government ownership and operation?

Mr. JONES of Washington. Oh, something over three billion of dollars, but that seems to be considered a very small sum.

Mr. HITCHCOCK. Having suffered that loss as a war proposition, is there any reason why we should throw it away and turn it over to private interests and give them a subsidy besides?

Mr. JONES of Washington. Does the Senator think that it is throwing it away if we can sell our ships to private interests and get them to operate the ships in such a way as to replace them and carry out the replacement?

Mr. HITCHCOCK. I think the bill is practically throwing away this great merchant marine and paying those to whom we give it to operate the ships.

Mr. JONES of Washington. The Senator can find nothing in the bill which warrants any assertion of that sort unless he believes that the commission which we have will simply throw the ships away. The Senator, as I said awhile ago, could not give these ships away to-day upon the condition that they must be run and operated.

Mr. HITCHCOCK. And yet this time is selected in which to offer them to the public, at a time when they will sell for the very least, perhaps.

Mr. JONES of Washington. It is not because of the time; it is because of the conditions that confront our people for the future. It is because the people of the country who are acquainted with shipping know that even if they had these ships given to them upon the condition that they must run them and operate them they could not do it in competition with the ships of the world under the conditions which our laws impose upon them for the operation of the ships.

Mr. HITCHCOCK. But our Government can do exactly that thing and is doing it now.

Mr. JONES of Washington. I am going to allow the Senator to argue that matter in his own time. I am perfectly willing to yield for a question, but the Senator would have the same opinion when we got through that he has now, and I would have the same opinion, and we would probably be a little stronger in it when we got through.

It is urged that trade is quiet, that ships are tied up all over the world, that what we want is cargoes, and that this aid will not bring cargoes to the ships. It may not, but it will take American ships to the cargoes, and that is what we want to do. Our trade to-day is being carried more and more in alien ships, while our ships lie idle. It may be said that this ought not to be, but that does not alter the fact. This must be because of inequality of some kind, and that is what we seek to overcome in this bill. If we can get our people to use our ships to carry our cargoes, it will not be long until they can hold their own with the world. Ten or fifteen years is not long in the life of the Nation; it is not a long time to establish and put in operation a merchant marine, but we believe it will do it.

It is said that the board is not taking care of the tramp ship and that this bill favors the liner. The board is taking care of routes established under section 7 of the act of 1920, a section considered of special importance to our smaller ports. Under that section concentration of shipping lines at a few ports is prevented. Our southern friends have always been most zealous in behalf of those lines and make no complaint against the subsidy of \$50,000,000 we are now paying to keep them going. They want it continued by the Government. We who support this bill want those routes kept going, but we want it done by private enterprise at far less cost and in a way to insure their permanency. Those who oppose the bill propose no way to keep those routes going when the ships are worn out, as they soon will be.

Of course, that statement is hardly correct in view of the declared attitude of the Senator from Nebraska. The Senator from Nebraska would propose, I have no doubt, that we appropriate \$50,000,000, \$75,000,000, or \$100,000,000 a year for the building of new ships to take the place of those which become worn out or to supply the needs that may develop with reference to our commerce; but Congress has specifically declared against and prohibited the building of any new ships, and we shall have to overturn that policy before we can accomplish much along that line.

We do care for the tramp service under this bill, and proportionately we give such ships greater compensation than we give the liners. While the tramp ship is an important part of a merchant marine, commerce and trade are expanded more in these modern days by fleet ships and regular sailings on definite routes. Shipping men tell me that is the case.

I was very much surprised at this—the statement—for I recalled when we were considering shipping measures before the World War it was stated that tramp ships carried from 60 to 75 per cent of the world's trade, and I had supposed that that condition had continued, but in talking with shipping men was informed otherwise. I wish to say that one of those men was the man of whom the minority speaks so highly and to whom they propose to turn over our shipping. I refer to Mr. Rosbottom. His judgment in this matter ought to be accepted, I should say.

Shipping men tell me—and Mr. Rosbottom was one of them—that conditions are entirely different now from what they were before the war. Then from 60 to 75 per cent of the world's commerce was done by the tramp, while now it is done by the liner.

It is said that a ship subsidy never built up a permanent merchant marine. True enough; but it is also true—and this must not be forgotten—that no extensive merchant marine has ever been created or maintained without government aid, direct or indirect.

The MO-4 contracts are denounced. Chairman Lasker's denunciation is quoted with glee, but no one is fair enough to tell why Mr. Lasker did not do away with them.

Mr. POMERENE. Mr. President, may I ask the Senator from Washington a question?

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

Mr. JONES of Washington. I yield.

Mr. POMERENE. The Senator makes a pretty broad statement when he says that no merchant marine was ever maintained without government aid. Does the Senator, when he uses that expression, mean aid out of the treasury of the government?

Mr. JONES of Washington. I said "direct or indirect."

Mr. POMERENE. Beginning with the law of 1781, when our Government adopted the policy of preferential tariff rates for goods which came in American bottoms—

Mr. JONES of Washington. I had that in mind. That was indirect aid.

Mr. POMERENE. That was not indirect aid out of the Treasury.

Mr. JONES of Washington. I did not mention the Treasury. The Senator from Ohio will not have any controversy with me over discriminating duties.

Mr. POMERENE. No; because I think the Senator and I are practically in agreement as to what ought to be done in this matter. I think we should have found more satisfaction if the Government had followed out the policy contained in the merchant marine act of 1920 upon which the Senator from Washington devoted so much very efficient work.

Mr. JONES of Washington. I feel that way, but, of course, I may be mistaken. I have studied over that proposition a great deal, and I sometimes think that probably I studied over it so long that I may have gotten into a rut and that I may be mistaken.

Mr. POMERENE. I am quite willing to join hands with the Senator from Washington along the line of that legislation.

Mr. JONES of Washington. Mr. Lasker denounced the MO-4 contracts in unmeasured terms, but when he came to deal with the problem in actual practice he found he could not get our ships run any other way. No one would take them on any other contract. He had to run them in that way or not at all. The board deems it for the best interest of the people to keep about 400 ships running on 80 or more routes even under those contracts than to close the routes and turn the trade over to foreigners. I believe they have acted wisely; others may not think so. This bill will aid in getting rid of those contracts, avoid much of the \$50,000,000 we are paying out, and will maintain the service. How would our friends get rid of those contracts? By tying up the ships and losing the trade. Perhaps that might be wise but it would not create a merchant marine, establish trade, or expand commerce. It is also true that much of the graft and viciousness of the MO-4 contracts have been eliminated by the efficient methods of accounting and supervision of the board.

What do my friend from Florida and my friend from Wisconsin propose to do with our ships? They would tie them up with all the attendant loss of business and damage by deterioration or turn them over to the Panama Steamship Co. and Mr. Rosbottom. Then we would have real Government operation that would be a success, so they say. Why? Because they say those are Government agencies that have operated ships successfully. I do not want to disparage those agencies, but there are some facts the people should be told that they probably do not know. One is that the great reason for whatever success has attended the Panama Steamship Co.'s operation is that it has a monopoly of the Government business to and from the Panama Canal, and, above all, it has been run in conjunction with and as a feeder to the Panama Railroad and wholly without Government interference; in other words, as and like a private enterprise.

For the year ending June 30, 1921, the Panama Railroad Steamship Co. had a deficit or loss of \$700,810.27, and for the year ending June 30, 1922, the deficit or loss was \$587,332.45. These facts appear in the annual report of the company itself, so there can be no controversy over them.

What of the United States Lines? Much is attempted to be made of the testimony of Mr. Rosbottom and of the profits made by certain individual ships. Mr. Rosbottom stated the real situation of the United States Lines in a letter to Mr. Lasker in which he said:

It must be borne in mind that the results of the present operation of the United States Lines would show a loss if items of insurance, depreciation, and interest were charged against operating income. This situation would be aggravated if the anticipated reduction in passenger rates takes place.

We can not impress upon you too forcibly the necessity for the enactment of the "alien" provision in the shipping bill in order to accomplish the purpose of the Shipping Board to have a privately owned, permanent merchant marine established and in successful operation upon the north Atlantic.

Unless that or some equivalent method is adopted the steamers at present being operated by the United States Lines must continue to be run by the Shipping Board, with a probable drain on the Treasury until the vessels become obsolete, when the United States Lines will automatically retire from the north Atlantic passenger trade, leaving that service to be maintained by the steamships of foreign registry.

That will happen unless we adopt a permanent Government ownership and operation policy under which we will proceed with Government construction of ships.

Mr. Rosbottom says he has two of the 535 ships, and that they will not last in the North Atlantic service more than 10 years. Why? Because they are not physically fitted for that route, but that they are much better fitted for the Pacific trade. This is one illustration of the inefficiency of Government operation. If privately owned, those ships would be used where they would be most suitable and where they would last the longest. He has two slow German ships which are not suitable for that route, but there are no suitable ships to take their place. There are two large German ships that can be reconditioned, but it will cost from \$3,500,000 to \$4,000,000 to recondition each one. With about \$1,000,000 more a new, up-to-date ship could be built. The Shipping Board, under the law, can spend \$4,000,000 to recondition each of these ships, but it can not take \$5,000,000 and build a new ship. That is Government efficiency, Government operation. If we were to put \$8,000,000 in reconditioning those two ships they would probably be worn out before we got our money back, while if the board could expend \$10,000,000 we could secure two good, first-class ships that would last 20 or 30 years. We could probably take \$10,000,000 and build four high-class, up-to-date combination freight and passenger ships that would last from 20 to 30 years.

This is another illustration of Government waste and inefficiency. Mr. Rosbottom tells me that if he had five ships like the *George Washington* they would all pay. It would cost \$25,000,000 or \$30,000,000 to get them. If we are to continue Government ownership and operation, are we going to appropriate the money to build the ships? If we do not, the very thing Mr. Rosbottom says will happen will come to pass—the vessels of the United States Lines will become obsolete and that line "will automatically retire from the North Atlantic passenger trade, leaving that service to be continued by steamships of foreign registry." He tells me that ships of superior speed and of about 25,000 tons capacity are now being built to go into this trade by Great Britain. I have no doubt that they are so certain of our division and lack of support of our merchant marine that they feel confident they will have no trouble in getting this trade.

Suppose we turn our ships over to these agencies. What would they do with them? They do not need them on the routes they are operating. They would have to tie them up or find or create some agency to run them somewhere else. That would mean a new organization, more demoralization, and we would be right where we are now, only probably worse off.

Grant that we decide that our ships shall be run by the Government, even though the people make good a deficit of \$50,000,000 or more each year and get no lower rates than private ships give; there is a very serious phase that must be cared for, but those who oppose this bill offer nothing to meet it. With the ships running, they will be good only for 10 or 15 years; tied up they will be useless in much less time. What do you propose to do to meet this situation? There is only one of two courses to take; either we will do nothing to replace them or the Government will have to tax the people hundreds of millions of dollars to carry out a building program. Do you dare propose that now?

The Senator from Nebraska has very frankly told the people by his declaration here this afternoon, which is the first straight-out, square, unequivocal declaration I have heard, that those who oppose this bill propose that the Government shall again go into the building of ships in order to maintain permanently Government ownership and operation.

Mr. POMERENE. Mr. President, if the Senator will pardon an interruption, I can not allow the Senator to make that declaration applicable to me. I am against Government ownership, and that attitude can not be expressed too strongly, but I am of the opinion that if the plan which was evidently in the mind of the committee when the act of 1920 was adopted had been carried into effect we could have gotten rid of Government ownership in that way just as well as under the present proposed plan.

Mr. JONES of Washington. Much better, I think, I will say to the Senator.

Mr. POMERENE. And we would have done it with very much less expense to the Government than it can be done under the proposed plan now.

Mr. JONES of Washington. I agree with the Senator as to that.

Mr. POMERENE. And if we can judge by the history of the shipping in the early part of the last century and the latter part of the eighteenth century, that plan would be a success; but it has not been shown, I submit, in the course of debate, that the present plan, if put into effect, will be a success.

Mr. JONES of Washington. Mr. President, right there let me say that I do not suppose anybody can actually demonstrate that this plan will be a success. It may be and it may not be; but I want to call the Senator's attention to this fact, which it seems to me can not be controverted:

If this plan fails to build up an American merchant marine we do not lose anything, because we will not pay out this \$30,000,000 unless we have ships purchased or built and operated. According to the testimony of the experts—I can not say myself—the way they figure it out, they say that if this plan costs us \$30,000,000 a year we will have 7,500,000 tons of shipping under the American flag, and they estimate that that amount of shipping is sufficient to carry at least 50 per cent of our foreign commerce. So, Mr. President, it seems to me that there can be no question but that if this bill does what we think it will do—we can not demonstrate it except by trial—it is well worth the \$30,000,000 that we will expend. I will say frankly that the experts estimate that about \$4,000,000 of this money will go to private shipping now running. That is true; but the balance will have to go to new ships or new ownerships.

Mr. POMERENE. Mr. President, was not the Senator of opinion when the act of 1920 was passed that if that act was passed we would have at least 7,500,000 tons of American shipping?

Mr. JONES of Washington. The Senator will get into no controversy with me over the act of 1920. The trouble is that I see no chance of getting that—none at all—and so, if I can not get that, I am willing to take the next best thing. I want an American merchant marine so badly that if I can not get what I think we ought to have, or what I want, I will take the next best thing that offers any promise of getting it. I know the Senator's views.

Mr. POMERENE. Mr. President, the Senator is appealing to the Senate now to adopt this plan because the experts say that if we have this plan we will have at least 7,500,000 tons of American shipping.

Mr. JONES of Washington. That is not exactly the reason why I appeal to the Senate to vote for it.

Mr. POMERENE. Well, that is one of them.

Mr. JONES of Washington. That is one of the justifications.

Mr. POMERENE. Yes; and I do not lose sight of the fact that many of the men who are now urging this plan have insisted all the while that the plan which the Senator had in mind when the act of 1920 was before the Senate was the more feasible plan of the two.

Mr. JONES of Washington. I want to say to the Senator that many of the men who are urging this plan were opposed to the plan of 1920.

Mr. POMERENE. That is possibly true; but the fact nevertheless remains that some of the men who are on the Shipping Board now and are insisting upon this plan are on record as having said that the other was the better plan.

Mr. JONES of Washington. Oh, yes. I want to say to the Senator, and I think the Senate ought to know it, that Mr. Lasker, the chairman of the Shipping Board, I think with all the Shipping Board behind him, urged President Harding to put into force section 34; but President Wilson did not do so, and President Harding has not done so.

Mr. POMERENE. Then it resolves itself into this: President Wilson, who approved the act of 1920 under which he was directed by the Congress of the United States to serve notice upon the governments of the other countries that we were about to rescind the different treaties and conventions which interfered with preferential freight rates, failed to act, no doubt for reasons that were sufficient to him, and President Harding felt like following in the footsteps of President Wilson; and because the two Executives differ from the Congress of the United States it is now suggested that the Congress of the United States shall surrender without an attempt being made to carry out the plan that the Congress had in mind.

Mr. POINDEXTER. Mr. President, will my colleague allow me to ask a question of the Senator from Ohio?

Mr. JONES of Washington. Yes; although I must say that I do not want to get up an argument on matters that I am not touching on. I will yield to the Senator to ask the question.

Mr. POINDEXTER. Just one question. I am in entire accord with the Senator from Ohio as to the desirability of putting into effect the provisions in regard to preferential tariffs in behalf of American shipping that were contained in both the Republican and the Democratic tariff bills; but I should like to ask the Senator from Ohio what is the difference in principle between remitting 10 cents on the dollar of tariff dues upon goods imported in American ships as one plan, and, on the other hand, collecting the 10 cents, putting it into the Treasury, and then taking it out again and giving it back to the owners of the ships?

Mr. POMERENE. Mr. President, there is all the difference in the world.

Mr. POINDEXTER. Then there is just one further aspect of the same question. I urged, with all of the force that I was capable of bringing to bear upon the question, that American ships should have the preference and privilege and benefit of going through the Panama Canal without paying toll, because I regarded it as an American canal, built for American benefit; and I believe that if the two provisions—preferential duties and free use of the Panama Canal—had been given to American shipping it is very likely that we would not have needed any other aid to American shipping. I must say, however, that I am not convinced as to the difference in principle fundamentally between giving such privileges and preferences as those and the plan of paying a so-called subsidy.

Mr. POMERENE. Mr. President—

Mr. JONES of Washington. I hope the Senator will wait just a moment.

Mr. POMERENE. Very well.

Mr. JONES of Washington. I have an answer to the question of my colleague.

I want to say, Mr. President, that the plan that I had in mind would not have cost the Treasury of the United States a single penny, because what I proposed was to put a higher duty than the normal, regular duty upon goods brought into this country in foreign ships. If they came in American ships they would bear the ordinary, basic duty and it would not cost the Government a penny. If they came in foreign ships, then the duty would be 10 per cent higher, and, instead of costing the Treasury anything, it would put money into the Treasury. That plan was not followed, however, and there is no hope of getting it now, and I do not desire, at this time at any rate, to go into a discussion of that matter. I have very clear views on the subject. They are just in accord with those of my friend from Ohio. I have no doubt he is going to make a speech on that proposition, and I want to hear it, too; but I hope he will not take the time to discuss that matter now.

Mr. POMERENE. Will the Senator pardon me? A question was asked of me. I am not going to answer it now if the senior Senator from Washington objects to my taking the time to do it.

Mr. JONES of Washington. It will not take the Senator long to answer it; will it?

Mr. POMERENE. No; it will not take me very long to do it.

The junior Senator from Washington asks, What is the difference in principle between paying money out of the Treasury and a reduction of tariff rates for goods which come in American bottoms? The difference is this: When we pay money out of the Treasury of the United States in the form of a subsidy, we are paying that money to individual companies. We can understand better what "subsidy" means if we call it a pension, a hand-out, and all of it at the expense of the public.

Mr. JONES of Washington. I will get into a controversy with the Senator over that. We will touch on that a little bit later.

Mr. POMERENE. I think the Senator and I can reconcile our differences if I can just get him to do what he thinks ought to be done here.

Mr. JONES of Washington. Oh, if I had the doing of it, it would soon be done.

Mr. POMERENE. I am quite sure the Senator and I would join hands on that.

Mr. JONES of Washington. But I found out about 24 years ago that there was somebody else in Congress besides myself.

Mr. POMERENE. I recognize that, and I recognize the fact that more than a majority of the Congress in 1920 agreed with the Senator. He was not alone by any means.

As to the other proposition, when we provide for preferential freight rates we are not taking money out of the Treasury. It is true we are benefiting shipping indirectly, but the effect of that policy is this: We are saying to the world that we have a

foreign commerce, partly imports, partly exports; and when we say as to those imports which are on the dutiable list that we will allow American bottoms to carry them and admit them at a lower duty, and say on the other hand as to those goods which are on the free list that we will place a slight duty on them if they come in in foreign bottoms, we are in effect simply building a wall around our own ships, which are our property, our commerce, and we are saying to American shippers, "This is your shipping, and the men who have American bottoms can compete for it, and we will protect you as against the foreign shippers." That is all there is to it.

The Senator refers to the treaty with Great Britain in regard to shipping through the Panama Canal. That is a different proposition. Those of us who believe that all shipping should be treated alike were of the opinion that a formal contract had been entered into between the British Government and the American Government, and that certain rights had been surrendered by the British Government; and under that treaty as we construed it we felt that we were bound to carry out our contract agreement, and hence we provided that there should be no difference. I may have been wrong about that; I do not think I was; but that indicates what is in my mind as to the difference between the two propositions.

Mr. JONES of Washington. I hope we will not go into that subject now.

Mr. SWANSON. Mr. President, I should like to ask the Senator just one question, to see if I misunderstood something he said. As I understand the Senator, he thinks the act of 1920 is better and more effective than this bill.

Mr. JONES of Washington. I think it would be if it were carried out.

Mr. SWANSON. If it were put into operation?

Mr. JONES of Washington. If it were put into operation.

Mr. SWANSON. Then, as I understand, the Senator now offers a measure that is less effective because the President will not execute one that is still existing as law?

Mr. JONES of Washington. No; the other is not self-executing. Section 34 of the act that is referred to does not impose any discriminating duties at all.

Section 34 of the act of 1920 simply directs the President to abrogate the treaties which prevent us from doing it. After that is done then we will have to pass legislation, and the Senator knows what it is to pass tariff legislation.

Mr. SWANSON. But we directed the President to do it.

Mr. JONES of Washington. Yes; we directed the President to do it.

Mr. SWANSON. Under the act of 1920 it would be effective if the President would do that, would it not?

Mr. JONES of Washington. Not unless the provision in the Underwood tariff law would automatically go into effect, and there is a difference of opinion as to that.

Mr. SWANSON. A difference of opinion as to whether it would go into effect automatically?

Mr. JONES of Washington. Yes. I want to say, frankly, that it was not my idea in framing section 34 of the act of 1920 that that in itself would put into effect discriminating duties, and we declared on the floor of the Senate that it simply unshackled our hands and made us free to inaugurate the discriminating duty policy if we deemed it wise to do so. That was declared on the floor of the Senate, and that was my idea about it.

Mr. FLETCHER. In the act of 1913 we adopted that policy.

Mr. JONES of Washington. Yes; but, of course, we did not abrogate the treaties in that act.

Mr. FLETCHER. No.

Mr. JONES of Washington. We simply made it applicable where we did not have any treaty, and it amounted to nothing; but it did embody the principle, we might say.

Mr. POMERENE. Mr. President, I want to ask a question for information. The Senator has just said that if notice had been served, it would have simply unshackled our hands, and then we could have provided for the preferential duties. Am I not right in this, that the act is still on the statute books, in full force and effect, so far as the preferential duties are concerned, except as it has been modified by special conventions entered into by and between this Government and other governments?

Mr. JONES of Washington. My understanding is that if as a matter of fact the discriminating duty policy had gone into effect automatically, it would have been by virtue of the Underwood-Simmons Tariff Act or the act of 1853, under which we provided really by statute for reciprocity between this and other countries.

Mr. SWANSON. Has the Senator discussed with the President his plan as embodied in the act of 1920, as outlined by

the Senator, and this plan and discussed with him and the administration leaders which of the two is preferable?

Mr. JONES of Washington. The President, for reasons satisfactory to himself, took the same position that President Wilson took, that section 34 should not be put into effect. Chairman Lasker and the Shipping Board urged their view upon the President and presented a printed brief, I think, as to their reasons for it, but still did not convince him.

Mr. SWANSON. I understand the Committee on Commerce in the preparation of this bill did not consider the plan the Senator had in contemplation in 1920.

Mr. JONES of Washington. What was the use? We put that into effect in 1920.

Mr. SWANSON. Would it not have been a wise course, if the Senator and the committee thought that was the wiser and better plan, to consider it in connection with this plan and reach a conclusion in Congress, after considering it fully and completely, and then send it to the President, with our conclusions, and give him an opportunity to act?

Mr. JONES of Washington. No.

Mr. SWANSON. It seems to me that would be a wise course to pursue now.

Mr. JONES of Washington. No; that was not deemed wise, and I do not think it is deemed wise now, under the conditions in which our shipping is at the present time. This is rather an emergency proposition, and my opinion is that unless we do something of this kind now it will not be possible for us to do anything before December, at the next session, and we will suffer tremendous losses. But that is only an opinion of mine.

Mr. FLETCHER. May I interrupt the Senator there to bring him back to where he was when he was interrupted?

Mr. JONES of Washington. I would like to get back there.

Mr. FLETCHER. The Senator said we would have 7,500,000 tons of shipping in operation if we would expend the \$30,000,000 provided for in the bill; in other words, that by expending that sum, we could put in private ownership 7,500,000 tons.

Mr. JONES of Washington. I think we ought to put it just the other way, that we would not expend it unless that occurred.

Mr. FLETCHER. Very well. I want to ask the Senator if he believes that anything approaching that quantity of shipping could be sold now, even if the bill should pass and become a law?

Mr. JONES of Washington. The experts themselves do not think so. They frankly say that they think it will probably be three or four years before that is accomplished. In other words, they think that the expenditures under this bill will be only ten or twelve or fifteen million a year, instead of \$30,000,000 during the next three or four years.

Mr. FLETCHER. They hold, I believe, that they could not expect to sell over 300 or 400 ships in the first year. That being true, they will proceed with the operation of some of the other ships, will they not?

Mr. JONES of Washington. I hope so, and I am willing to have the Government make good the losses.

Mr. FLETCHER. Mr. Lasker has also testified before the committee that the overhead cost—which I think is the principal cost—will be about as much when they operate 100 vessels as when they operate 400 vessels; so that in continuing operations they will continue the overhead, and it will be a loss, if it is a loss now.

Mr. JONES of Washington. Let me ask the Senator a question. I ask the Senator from Florida whether or not he is in favor of the permanent Government ownership and operation of ships?

Mr. FLETCHER. Mr. President—

Mr. JONES of Washington. I would like to have an answer without an argument, and the Senator can argue it in his own time.

Mr. FLETCHER. I am not going to argue it. The more I have studied this situation, the more I have gone into the activities of the Shipping Board and the results that have been obtained and accomplished, the more I have observed the lack of public spirit and patriotism and enterprise on the part of individuals in undertaking to supply the country with an adequate merchant marine, the more I am satisfied that we will never have and maintain a merchant marine to serve our commercial needs overseas until the Government owns and operates it.

Mr. JONES of Washington. Then, as I understand it, the Senator is in favor of the permanent ownership and operation of ships?

Mr. FLETCHER. Supplemental to private ownership and private operation.

Mr. JONES of Washington. That is good. Coming back to the proposition, this argument does not apply very well now, in view of the position of the Senator from Florida and the position of the Senator from Nebraska, but I hope we will get a declaration from various other Senators before the session is through.

What I have to say here does not apply to the Senator from Florida now or to the Senator from Nebraska. You ought to tell the people what this building program involves. You ought to deal with them fairly. The Senator from Florida is dealing with them fairly. Let them know that what you propose is to run these ships till they wear out or tie them up till they rot. Are you going to embark on a program of shipbuilding as well as ship operation that will mean an annual expenditure of seventy-five or one hundred million dollars a year for 15 or 20 years with a personnel of Government employees that will run into hundreds of thousands? How long do you suppose the people will stand for anything of the kind? By the time such a policy is abandoned, as it will be, you will have driven every dollar of private capital out of the shipping business and our entire commerce will be at the mercy of foreign shipping. Then, in order to protect the American people from exorbitant rates, you are going to have to drive foreign shipping out of business. The people may condemn those who support this measure now, but it will not be long before those who oppose it will be calling upon the rocks and hills to save them from the wrath of those they have so woefully deceived.

Now, I want to refer to Mr. Rosbottom again. I had the pleasure of meeting Mr. Rosbottom a short time ago here in Washington. I hope the Senator from Florida met him also, and that other Senators met him. It has been said we ought to turn this over to him. They cite him as the proper agency to run these ships. I talked with Mr. Rosbottom about that, and about the success of the Panama Railroad Steamship Line, and he tells why it was a success. I am going to ask Senators whether or not they are willing to follow what Mr. Rosbottom says is necessary in order to make Government operation a success.

Mr. President, I ask leave to print in the RECORD this entire letter without reading it all.

The PRESIDING OFFICER (Mr. LADD in the chair). Is there objection? The Chair hears none, and it is so ordered.

(See Appendix A.)

Mr. JONES of Washington. Mr. Rosbottom gives the history of his connection with the Panama Canal and of the origin of the Panama Railroad Steamship Co. He was connected with the railroad during the French days, and so on. Here is what he states as to why the Panama Steamship Co. was a success:

The successful operation of the Panama Railroad Steamship Line is due in a great measure to the fact that it is operated strictly as a commercial proposition, just as if its stockholders were private individuals and corporations, such as own the stock of the important railroads in this country.

Listen to this:

There has never been any interference on the part of the Government of the United States with the operations of the Panama Railroad Steamship Line by the directors, who are in fact selected by the Government.

Listen:

Those directors have been able to use their best judgment, without direction from anyone, as to the policy that that company should pursue, the salaries these officers and employees should receive, and the manner in which the accounts should be audited. In fact, did not the stock records of the Panama Railroad Co. indicate that the Government of the United States is the chief and sole stockholder of record, there would be practically no evidence of Government ownership.

Oh, Mr. President, if you let the Shipping Board handle the property in its care as the Panama Steamship Co. has been able to handle its property, then I grant you that there is hope of success of Government ownership and operation, but you will not let that be done. Hardly a day passes but that the Senate or the House passes a resolution asking why this is done and why that is done, and for this information and that information with reference to the Shipping Board. The only thing I am afraid of now is that when some of the facts I have called to the attention of the Senate are brought before the Senate, in a day or two, somebody will be offering a resolution for an investigation of the Panama Railroad Steamship Co., trying to find out why it is paying certain salaries, trying to find out why it is employing certain men. Then will be the end of the Panama Railroad Steamship Co.

Oh, Mr. President, the bane of Government ownership and operation is the interference of Congress in the administration of the affairs of any governmentally owned proposition. What is one of the great criticisms of this bill? It is that it gives too much power and too much discretion to the Shipping Board,

and yet the Panama Railroad Steamship Co. has had absolute and unlimited discretion, and has fixed the salaries of all of its employees; yet we haggle here in the Senate over the salaries of men in the Shipping Board, making provision that no more than so many shall get more than so much, no matter what the needs and requirements may be, and, as I have said, passing resolutions every day disrupting the organization, passing resolutions which mean an expense of thousands of dollars in the preparation of data which comes here printed, and which nobody ever looks at. Talk about running Government business in that kind of way! It can not be done. But if we would give them the power and the discretion which has been given and allowed to the Panama Canal Railroad Steamship Co. there would be some hope of success, I admit.

Mr. DIAL. I thought the Shipping Board had all the power, and if they had operated like the Panama Co. operated there would have been no trouble. The trouble is they interfered.

Mr. JONES of Washington. We interfere with them all the time.

Mr. DIAL. I mean the Shipping Board itself interfered with the operators of the ships.

Mr. JONES of Washington. If the Shipping Board did not exercise any control over the people whom it allows to operate its ships, Congress would rise up and remove them. That is what we would do. They would not last a day. They would be denounced, and the President would be impeached if he did not remove them.

Now I am going to read the other statement from Mr. Rosbottom's letter:

In the operation of the Panama Railroad Steamship Line its directors and officers are able to exercise their own judgment as to the salaries that should be paid to its officials and employees, settlements of claims for damage to cargo, accidents, etc., which they would not be allowed to exercise if the corporation were operated, as is the United States Lines, as a direct branch of the Government. The business judgment of its directors and officers is used on all occasions, having regard solely to the best interests of the corporation, and without being affected in the slightest degree by fear as to whether or not that judgment may run counter to special Government laws or regulations, as is required of the Shipping Board and its subsidiaries.

Mr. BROOKHART. Mr. President—

Mr. JONES of Washington. I will grant to the junior Senator from Iowa, I will grant to the Senator from Florida, I will grant to the Senator from Nebraska that if we would intrust this unrestricted power to the Shipping Board and assume that they are honest, patriotic men, trying to do the right thing for the Government and the people, there would be hope of success. Nevertheless, it would drive private enterprise and private capital out of the business. I yield to the Senator from Iowa.

Mr. BROOKHART. I would like to ask the Senator if the salaries paid in the Panama Co. are comparable to those paid in the Shipping Board?

Mr. JONES of Washington. I am glad the Senator asked that question. I was just coming to that point. I have another letter from Mr. Rosbottom, and I am going to read it. I asked him these very questions. Remember now the \$3,000,000,000 of capital investment which was intrusted to the Shipping Board. I wrote a letter to Mr. Rosbottom and this is his reply:

MY DEAR SENATOR: I have your letter of the 11th instant, and reply to your several inquiries as follows—

Mr. BROOKHART. That \$3,000,000,000 of capital has been reduced to some \$100,000,000 or \$200,000,000, has it not?

Mr. JONES of Washington. It is just like the cantonments we built during the war. Of course, it is not worth that much now. It cost more during the war than it should have cost, and yet I criticize nobody for it.

Mr. BROOKHART. But it is unfair to speak of it as \$3,000,000,000 of capital now.

Mr. JONES of Washington. I do not intend to be unfair. I do not think it is unfair. It was a frank statement with reference to the expenditure of the people's money and that we desire to get as much as possible out of it. At any rate, they have a great many more ships to handle than the Panama people have.

I read now from Mr. Rosbottom's reply:

Question 1. What, in my opinion, should be the type, speed, and tonnage of vessels required for the satisfactory Government operation of the United States lines?

I am going to read the answer to this, because it gives some idea of what Mr. Rosbottom thinks we ought to do if we carry out the building program that is absolutely essential for the Government to continue.

Answer. The North Atlantic passenger service is the "top notch" of all passenger steamship operation. The Germans, in my opinion, have the best ideas as to the type of steamer to be operated, and that is 30,000 tons, 20-21 knot speed, capable of carrying between 500 and 600 first class, approximately the same number of second class, and up to 1,200 third class in closed rooms, with freight accommodations for between 3,500 and 4,000 tons. Vessels of this type will in the long run give more satisfactory results.

I ask leave to print the entire letter in the RECORD, and I shall not read it all at this point.

The PRESIDING OFFICER (Mr. McNARY in the chair). Without objection it is so ordered.

(See Appendix B.)

Mr. JONES of Washington. I read further:

Question 2. What is the number of vessels operating by the Panama Railroad Steamship Line?

Keep in mind when I read the answer that the Shipping Board is operating in round numbers 400 ships and that they have in their charge 1,000 more which they hope to operate, and remember that the Panama line is operating practically on one route, just one way from the United States down to Panama with a few feeders in different directions, while the Shipping Board people operate their ships all over the world.

Mr. CALDER. May I suggest to the Senator that only 10 or 12 vessels are operated by the Panama Co.?

Mr. JONES of Washington. I am going to read that just now. I have the answer of Mr. Rossbottom with respect to it. I am calling the attention of Senators to the situation, and I want them to compare it with the answer.

Mr. CALDER. They are operating not 1,500 ships, but about 15.

Mr. JONES of Washington. Here is Mr. Rossbottom's answer:

Answer. Up to within a year ago the Panama Railroad Steamship Line operated a total of 15 vessels, as follows: Ten passenger and cargo steamers, one cattle steamer, two 15,000-ton colliers, and two 7,500-ton coal barges towed by the colliers. It is now operating on regular schedule seven steamers, the remainder of its fleet being tied up because of the depression in trade.

Now, for those 12 ships there are three salaries in excess of \$10,000, two being \$15,000 and one \$12,000. I hope that there will not be any action taken by Congress now to interfere with the Panama Railroad Steamship Co. in the payment of those salaries.

Mr. FLETCHER. But on the Shipping Board they are paying a lot of people over \$20,000 a year.

Mr. JONES of Washington. The Senator thinks it is fine to have two salaries paid to two employees of \$15,000 each for running 12 ships—I do not know how many \$10,000 men they may have—and then try to denounce what is being done here by the Shipping Board when they have claims presented against them of \$300,000,000, which have to be looked after by lawyers, and we have not given them discretion like the Panama Railroad Steamship Line has. I think the comparison is mighty favorable to the Shipping Board.

Mr. President, it may be true that there are too many men employed on the Shipping Board. I expect there are. My recollection is that since the present board got in it has cut off 4,000 or 5,000 of the employees. They may have too many there now. It is again one of the inefficiencies of Government operation. What is the procedure? I will tell Senators what the procedure is, although every Senator knows it. The Shipping Board goes to cut off a man down there, and a Senator hikes himself down to the Shipping Board to protest against it, and tells them, "If you turn this man off, I will jump onto you people in the Senate; I will not support your measure," or something of that sort. That is what is done under Government ownership and operation. We all know that to be true. It is regrettable that it is true. It ought not to be true, but, nevertheless, the fact exists.

Mr. BROOKHART. I would like to inquire if the Senator is in favor of correcting those evils in the Government?

Mr. JONES of Washington. I am.

Mr. BROOKHART. Would it not be a good idea to do that instead of condemning Government operation all the time?

Mr. JONES of Washington. I want to say to the Senator that it is one of the inevitable consequences of our system of Government with Government operation. I want to say to the Senator—and I do not say it boastfully or assuming to myself any better attitude than anybody else—that I had not done it. I have not asked the Shipping Board to put in a man. I have not urged the Shipping Board to keep a man. I have been called on as chairman of the Commerce Committee by people outside my State and away from my State simply because I was chairman of that committee. I have refused to use my position as chairman of the committee to aid men to retain their positions there. I have told the chairman of the Shipping Board that I wanted him to run that board as nearly as possible as a business and have no politics in it, but to run it as efficiently as possible.

In my speech opening the debate on this bill I stated that pride is taken in the minority report presented by the able Senator from Florida [Mr. FLETCHER] for the upbuilding of the merchant marine during the last few years. The Senator

took me to task and said there was no such statement in the report. He is right. There is not. I do not know how I got that impression, which was a very clear one. I must have read his mind unconsciously, however. He did take pride in this fact in the able speech which he delivered. Toward the close of that speech he presents certain tables showing the condition and growth of our merchant marine, and he said:

I submit that these data contradict any sort of inference that the United States is in a bad way regarding the American merchant marine, and all this has been built without any subsidy, if we may for the moment disregard the mail contract subvention which we have heretofore referred to. These figures will show what our shipping was in 1914 and what it is to-day. They will show the development in a really marvelous way of American shipping interests.

Then he said that the private overseas shipping has been doing "fairly well, thank you." Yes; we had but 15 ships of over 1,000 tons each in the overseas trade in 1914, and since then our merchant marine has increased several million tons without what we call a subsidy. Would he have us think this increase has come about by normal means and under ordinary conditions? He knows and the people know that when war broke out our private shipping began to develop with feverish activity under the impetus and the demands of war. The war gave them far more aid than any subsidy could possibly do. It stimulated shipbuilding and ship operation, just as it developed and encouraged other industries in this country. It is true that our merchant marine has increased many millions of tons since 1914, but the Senator knows and the people know that this was done at a cost of nearly \$3,000,000,000 of the people's money. If this increase is an argument for anything, it is an argument showing the necessity of some kind of aid to take the place of war stimulus, which has been taken away.

There can not be any doubt in the mind of any reasonable man that if the war had not come on, if we had not done anything more in shipping than we have been doing in the last 50 years, our shipping would have been to-day in just as bad condition as it was in 1914, if not worse.

Yes; private shipping interests made money during the war, just as all other interests did; but the facts and figures show that shipping did not make so much as other enterprises, and many, if not all, of the ships that were building for private account when we entered the war were taken over by the Government and their owners did not get the profits and build up the reserves they otherwise would, and which those who are their competitors now did get.

But, Mr. President, our competitors are running their ships to-day, under the conditions of world trade, largely upon the reserves which they built up during the war. Private ships not taken over did make good profits during the war, but they are not making profits now. That is clearly shown by the fact that the Government lines, so much talked of, have been running at a loss for the last year or two, and it is also shown by the books of private shipping companies.

The able Senator from Tennessee [Mr. McKELLAR] has told the people of the country that this measure would cost them \$77,000,000 a year. He would have them believe that they would be taxed that much if the bill passes. I know that he does not seek to deceive them, but I fear that he has not looked into the matter carefully. How does he get the sum of \$77,000,000? He estimated 10 per cent of the import revenues at \$35,000,000. I find no fault with that. It may be more. It may be less. Then he said that there are \$10,000,000 of income-tax exemptions. These are all eliminated from the bill by the Commerce Committee, and I have no doubt the Senate will approve this action and the House will accept it. Then there are \$4,000,000 tonnage dues. Those dues are to be paid by shipping and are not to be a tax on the people. They will be paid largely by foreign shipping, too, because foreign shipping is doing most of our business.

Then the Senator included \$15,000,000 for the transportation of Government employees. I do not know if it is that much, but whatever it is it is paid now. It is not new nor is it an added cost to the people. Is it fair to charge it up to this bill? All the bill does in this regard is to require Government officials to travel on American ships instead of foreign ships. It adds not one penny to the taxes of the people. Then, he included \$5,000,000 for the Government mail. That is no new expense. We pay that out for mail carriage now, and a large part goes to foreign shipping. We seek to stop payment to foreign ships, but we do not add to the expense of carrying the mail. In fact, the bill as it passed the House simply provides for carrying the mail at pound rates and added nothing to the marine fund.

Then, the Senator from Tennessee included \$8,000,000 for the carrying of immigrants to this country. Surely the Senator knows that the Government does not pay the traveling expenses of immigrants to this country. All the bill does is to require

one-half of the immigrants to come in our ships, but they must pay their own way as heretofore.

Then, to show more clearly the fallacy of the Senator's contention, so often made in the press as well as here, as to the tax on the people under the bill, I call attention to the fact that the Commerce Committee prepared an amendment limiting the amount that may be expended from the marine fund in any one year to not more than \$30,000,000 a year, instead of \$77,000,000. I am sure the Senate will approve this limitation, and I am confident that the House will accept it. And so, instead of \$77,000,000, no more than \$30,000,000 will be paid out under the bill in any one year.

This constant assertion that the people will be taxed thirty, fifty, or seventy millions a year by this bill is a more confident assertion of its success than its proponents dare to make. I wish I could feel sure that \$30,000,000 would be paid out under it the first year of its passage and every year thereafter. That would show it to be an unqualified success. The fact must not be lost sight of, and it is a fact that no one can dispute, that \$30,000,000 will not be paid out until about 7,500,000 tons of shipping are operating in the foreign trade in private hands under the American flag. When that time comes the Government will have sold at least 5,000,000 tons of its shipping. The amount of this fund that may go to ships now in private ownership will be only about \$4,000,000, and the remainder will go to new or newly bought ships. The object of the bill will be attained and we will have a merchant marine sufficient to carry half our commerce. I do not hope for such a result for three or four years at the best, but if we pay out anything like the money the opponents of the bill say we will pay out, this bill will do all its friends expect.

It is charged that some of the men placed in most responsible positions in operating our ships were in the employ of the British companies before they came into the employ of the Shipping Board. That is true. If these men are genuinely patriotic Americans—and I believe they are—then their experience with and knowledge of the business methods of our greatest competitor should better fit them to handle our ships and meet that competition. If they are not, then the sooner they are removed the better. No proof is presented to show that they are not true to their trust. I think they are giving fine patriotic service.

Senators argue for the continuance of Government operation, and even seem to take the position that the Government should operate ships in competition with private shipping lines. If there has been one complaint more than another against the Shipping Board it has been that it has done this very thing. It has not been its policy to do so where private shipping was furnishing reasonably good and adequate service. The board has felt that the Government is to get out of the shipping business as soon as possible, and that Government ships should not be operated in competition with private ships.

The only purchasers of the Government ships would be private shipping interests or those who want to go into shipping. No one will want to go into the shipping business if they think they must compete with Government ships. They know they can not do it. If the Government operates its ships in competition with private lines it will run them out of business. Such ships backed by the National Treasury supplied by the taxes taken from the people will crush any private competition and so destroy the only purchaser there may be for our ships.

The minority in the House report, so often quoted, says:

We are opposed to permanent Government ownership or operation of our merchant ships; we favor the sale of them to private owners as soon as practicable, but at such time and in such manner as will protect the public interest and insure the establishment and maintenance of a real American merchant marine for the interest of the whole American people, and so as to prevent our ships from falling into the hands of a large syndicate or merchant marine being controlled by a few large companies which would drive out of business the smaller companies and numerous valuable trade routes.

The minority in this body propose nothing, but all their argument leads to permanent Government ownership and operation. I do not believe there are any more Democrats who believe in such a policy than there are Republicans, but to defeat this bill they seem to be willing to take this position.

Criticism is made because certain information was not disclosed to the joint committee. The reason for this refusal was clearly stated, and was that it would furnish information of great value to rival shipping. I believe that reason will appeal to the good judgment of the people and to every business man. The information if it had been disclosed would have been of the greatest possible benefit to our foreign competitors. It would have been of little if any use in the consideration of this bill, but it would have injured our shipping interests and aided our competitors.

This incident illustrates one of the difficulties of the Government engaging in business. There are business methods which are perfectly honorable but which must be kept from business rivals if success would be attained. There must be more or less secrecy in the conduct of private business. The Shipping Board has never refused to give the fullest possible information to the committee. Resolutions to investigate its operations were pending some time ago. It asked the Commerce Committee to be permitted to meet with it in executive session. We did so, Democrats and Republicans alike being present. Those who had introduced the resolutions were invited to be present, but they did not appear. The operations of the board were gone into in the greatest detail. All questions were answered fully and freely. Every Senator was at full liberty to give to the public anything that he felt could properly be given out, and I think I can say that the committee were unanimous that it would be very unwise to have a public investigation because of the aid it would give to our foreign competitors. The board had nothing to conceal from the public, but it would not be wise to give all the facts to the world.

If words would build a merchant marine and maintain it, we would have a fine one. If loud professions of friendship would bring prosperity to the farmer, he would be rolling in wealth. Words, words, words! Beating upon the breast and fervent thanksgiving that one is better than his colleagues harass this Chamber from day to day. And then when a genuine, sincere attempt is made to aid the farmer by bringing in a bill that will aid in meeting the problems that face our people we again hear nothing but words, words, words; and those of loudest professions are most opposed to doing anything. "You can not serve God and mammon." "You are for the Shipping Trust or you are for the farmer." These words are thundered at us across the aisle as conclusive against the bill. It may be fine declamation, but there is not any argument to it and it should fool no one.

When Senators who ought to know better say this bill simply means more money for the Shipping Trust, it is no wonder that the plain man of the street and the farm repeats it. It appeals to a public sentiment founded on prejudice and false assumptions. There is no shipping trust in American ships, and certainly none that will benefit from this bill. Even if there were, it would not be a very large one. There are 60,000,000 tons of shipping in the world in foreign trade, and only a little over 2,000,000 of it is under the American flag.

If we have any shipping trusts they are the Standard Oil Co., the United States Steel Corporation, and the United Fruit Co. They are the largest owners of ships under the American flag, but they get but little aid from this bill. Why? Because the bill expressly prohibits the payment of subsidies to ships carrying the products of the company by which the ships are owned.

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

Mr. JONES of Washington. I yield for a question.

Mr. BROOKHART. In reference to prohibiting the payment of any subsidy to a ship carrying the products of the company by which it is owned, if a subsidiary carrying company were organized, that would avoid the prohibition, and such a ship would be enabled to secure the subsidy, would it not?

Mr. JONES of Washington. If the Senator will suggest an amendment that will cover that situation it will be put in the bill, because the prohibition now in the bill is not intended to be evaded at all. I repeat, if the Senator will propose an amendment that will protect that phase of the situation, so far as I am concerned it will be accepted.

Mr. BROOKHART. I would be helping the Senator out in drafting his bill.

Mr. JONES of Washington. I would be helping the Senator out.

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

Mr. JONES of Washington. I yield for a question.

Mr. STANLEY. As I understand there is no question now, however, between the Senator from Iowa and the Senator from Washington that a subsidiary company operating a ship could under the terms of the bill participate in its benefits, notwithstanding the parent company was engaged in the production of the freight that is carried?

Mr. JONES of Washington. Is it the purpose of this bill to prevent the payment of subsidy to the owner of a vessel for carrying his own products whether that vessel is operated by him directly or by some subsidiary company?

Mr. STANLEY. But the United States Steel Corporation does not operate any ships, and I think it highly probable that the Standard Oil Co. does not. I do not know with certainty as to that; but I know that the company operating the ships on the Great Lakes which carry the ore of the steel corporation

entirely is not the United States Steel Corporation itself, but a shipping company whose stock is owned by the steel corporation.

Mr. JONES of Washington. The Senator from Kentucky need not take my time nor his in reference to that phase of the matter, because I am willing to accept any amendment that will eliminate that possibility so far as ownership is concerned. We do not intend to give a subsidy to the owner of a ship, whether it is operated by him directly or through a subsidiary company, for carrying his own products.

Mr. STANLEY. If the Senator will pardon me, my question is not directed to what the committee or the Senator from Washington intend, but what the bill now authorizes. When the white slave act was under consideration in Congress, Senator after Senator said it meant one thing, but it was not in the act, and the Supreme Court said it meant another. The same thing occurred with reference to the pure food law; one thing was intended, according to the statement of the proponents of the bill, but another thing was in the bill.

I should like to ask one other question because I am very much interested in this matter. Is there anything in this bill to cover the case of a common directorate or common stockholding in carrying companies and industrial companies by which indirectly the shipping company may profit by the carrying of its own freight?

Mr. JONES of Washington. I do not think we have gone into the matter of stock ownership, and so on. I want to call attention now to some facts as to our ships which are engaged in the foreign trade.

Mr. STANLEY. One other question. I am sure if the question of stock ownership is not gone into and if the bill is not fortified by providing, as the Senator from Iowa has suggested, against joint directorates and common ownership of stock, and against an actual common interest, the fruit companies, the Standard Oil Co., the steel company, and every other company that is both an industrial and a carrying company will go through the meshes of the net. What I wanted to know was whether the safeguard provided in the bill is anything more than mere words?

Mr. JONES of Washington. The experts who framed the bill have gone into detail; they have studied it from every angle, and they have tried in the best possible way to meet every condition of that kind which the Senator suggests.

They may not have met every condition, but they have tried to do so. If the Senator will study the terms of the bill, he will find that they have gone into what might be called minute details in order to prevent the evasion of the purpose of the bill. However, if the Senator can suggest any such provision that he thinks is not made I do not think there would be any hesitation about accepting it.

Mr. STANLEY. I am like the Senator from Iowa; I think it is very wise to put in such a provision in case the bill should pass.

Mr. JONES of Washington. I think the Senator will find that the provisions of the bill are adequate.

Mr. STANLEY. I have read the bill fairly carefully; that is, I have read it in a casual way as a Senator would who is not a member of the committee, and I do not mean to quote it verbatim; but I do not recall anything more than a mere statement that a company which carries its own products shall not participate in the benefits of the bonus, or whatever you may choose to call it—the subsidy—provided in this bill.

Mr. JONES of Washington. I think the Senator will find the definitions and details to prevent payment being made in such cases.

Mr. STANLEY. I do not recall any details that afford sufficient protection, and I wish to get the Senator's opinion. Does the Senator believe that the bill as now written will prevent either a subsidiary company or a company which is owned through a joint-stock ownership or other device from participating in the benefits of this bill?

Mr. JONES of Washington. I do think so. I am going to say frankly that personally I doubt the wisdom of it, and I will tell the Senator why.

Mr. STANLEY. Does the Senator—

Mr. JONES of Washington. Now, just wait; let me answer this question in my own way. The Standard Oil Co., as I will point out here in a moment, owns a large number of tankers. They are flying the American flag. They carry the oil of the Standard Oil Co. They will get no subsidy. Those ships are not going to last forever. What is going to happen? When one of those ships wears out and they want another one, they are going to build it under the British flag and put it under the British flag; and when another one wears out and they have to replace it, they are not going to build it and put it under our flag. They are going to build it and put it under a foreign flag,

and so on; and it will not be very many years until these ships that are absolutely essential in time of war will be under a foreign flag, and if we get into trouble and need these ships we can not take them. In deference, however, to the sentiment that there seems to be against giving a subsidy to these ships, we have put this provision in the bill and excluded them from it. If it has not gone far enough, I hope the Senators will suggest some provision to go further, because as the bill is framed it is the intention not to give subsidy to those vessels.

Mr. STANLEY. If the Senator will pardon me, I thoroughly understand that that is the intention.

Mr. JONES of Washington. Then, let us not take any further time on it to-night.

Mr. STANLEY. I want to understand the Senator clearly. Does the Senator mean to state that the language in this bill will prevent a subsidiary of the Standard Oil Co., of the United Fruit Co., or of the Steel Corporation, operating ships, from participating in this benefit?

Mr. JONES of Washington. I do think so. I do so understand it.

Mr. HARRELD. Mr. President—

Mr. JONES of Washington. I yield to the Senator.

Mr. HARRELD. I should like to ask whether, under the terms of this measure, the Standard Oil Co., for instance, could take advantage of this cheap money in building its ships?

Mr. JONES of Washington. No. The Senate committee also reported an amendment prohibiting the loan of any of this money for the building of ships to carry the products of the owners of the vessel. We have met a good many of these suspicious things, or tried to, at any rate.

Here is the situation regarding our ships in the foreign trade: There are 452 ships, of 2,518,206 tons, privately owned in the foreign trade. Of these there are 268, of 1,664,750 tons, carrying oil in bulk or otherwise devoted exclusively to carrying cargoes owned by the owners of the ships. Under the shipping bill there would be no compensation paid on these ships. This leaves 184 vessels, of 853,456 tons, operating in the foreign trade. Of these, 65 are passenger ships, of 338,014 tons, and 119 are cargo vessels, of 515,442 tons; 44 of these passenger ships, of 1,833,031 tons, and 61 cargo ships, of 180,568 tons, are engaged in the West Indian and Caribbean trades, leaving 21 passenger ships, of 154,983 tons, and 58 cargo ships, of 334,874 tons, engaged in the ocean overseas trade. But this is not all of these 65 passenger ships. Twenty-one, of 99,383 tons, and of the 119 cargo ships, 31, of 162,538 tons, are vessels owned by persons who use them largely for carrying products of their own. Assuming that these ships would be used to the extent of one-half of their capacity for carrying the products of their owners, we have a total of 288,322 tons of passenger ships and 434,173 tons of cargo ships eligible to a subsidy under this bill, or 722,495 tons in all. This would take, in round numbers, \$3,500,000 a year.

Of the 17 overseas passenger ships, 5 belong to the International Mercantile Marine Co., on the north trans-Atlantic route; 2 belong to the Oceanic Steamship Co., now running between San Francisco and Australia and receiving a special postal pay or subsidy nearly three times what they would receive under this bill; 2 belong to the China Mail, running between San Francisco and the Orient; 1 belongs to Stephenidis, and runs between New York and Constantinople; and the other 4 run between the Atlantic and Pacific ports for the Pacific Mail, but are considered foreign going because they touch at Mexican ports. From this it will be seen that our privately owned shipping in the foreign trade is small in amount.

The United Fruit Co., the United States Steel Corporation, and W. R. Grace & Co. are large owners of these ships, it is true. They may be more or less connected with each other. They can maintain their ships and do maintain them in competition with foreign ships largely because they carry the products of their other businesses. This bill is not for the aid of these large companies, but it is intended to promote the establishment of new companies that will compete with these companies as well as with foreign companies. This bill is in the interest of smaller capital units in the shipping business. It is intended to give those who may want to go into shipping a fighting chance to compete in foreign trade.

How, then, can anyone who regards the facts say that this bill aids the shipping trusts? I can not understand it. I do not like to think that it is said to deceive the people. If there are any shipping trusts they are under the British flag, and they will be aided by our failure to pass this bill. In any event, I would rather pay a little something to wealthy American shipping interests and keep the freight money at home, employ American seamen, and have American ships to help pay our

taxes and bear the burdens of our Government than to pay out all the freight money to rich foreign companies that pay none of our taxes and share none of our burdens.

Agriculture needs this bill more than any other industry in the country. This is my honest opinion; but I will state why I think so, and I should like some one to point out where I am wrong and wherein the farmer will be injured by this legislation.

The farmer must have cars to get his products to the home market. He must have ships to get his surplus products to world markets. Why? If we have no American merchant marine, he is dependent upon a foreign merchant marine. If that merchant marine is diverted to war needs, the American farmer suffers. This was true in the Boer War, to which we were not a party. English ships were withdrawn from our trade, and rates went up, and farmers' prices went down. When the World War began the farmer suffered most. Rates for transporting his products went up from 100 to 1,100 per cent, and were reflected in lower prices for his products, both at home and abroad. The farmer who must depend upon his neighbor for the plowing of his land or the reaping of his crop is in a bad way. If anyone must suffer from delay, he is the one. The same is true of shipping. The British ship will favor British trade and commerce.

Right here let me give a striking instance that occurred before the war, showing how that is done.

Before the war Argentina wanted to buy 50 locomotives. Bids were called for. British and American bidders made proposals. The American proposal was the lowest. The only way to get these locomotives to Argentina was over a British line running from this country to Argentina or over a British line running from London to Argentina. What was done? The British line from this country to Argentina asked the American bidder \$3 a ton more freight than the line from London asked of the British bidder. What was the result? The result was, of course, that the Americans could not furnish the locomotives for Argentina. That trade, which ought to have come to this country, went to England. How the laboring men of the country can oppose legislation of this kind, looking toward the building up of industries here, I do not know; I can not understand.

Take that one instance: Those engines are largely labor—labor in the mine, labor in the factory, labor in the manufacturing and building of the locomotives. If those engines had been furnished by this country, if we had had American shipping so that we could have carried those engines to Argentina at a lower rate and helped the American manufacturers make good their bid, then not only would our ships have had that business, but the American laborer would have built these engines, and mined the mineral necessary for making the iron, and all that sort of thing.

That just illustrates what happens in manufacturing lines. The same thing would be true of the farmer. Take it out in our country: We raise a lot of apples out there. British Columbia raises apples. Suppose we want to ship apples from our section over to London, and there are two British lines, and we have no American shipping. Who will be favored? Why, of course the British Columbia apple raiser will be favored in lower rates and in quicker service. If any delay must occur, our people will have to suffer it. If we have no ships, our farmer must get to market when and as he can, and if British ships can better serve themselves and their people by carrying the products of other farms, our farmers will be without transportation.

An American merchant marine is of more benefit to agriculture than to any other industry because of the character of the products of the farm. A couple of months ago the apple farmers of our State faced almost total loss of their crops. Why? Because they could not get cars to carry apples to market.

The coal man and the lumberman were suffering, but their coal and lumber were not rotting. They would keep for months until cars could be had. Not so with the apples. So, if there are no ships at the seaboard to take our surplus products to the markets of the world, not only do we get nothing for the surplus but the entire production is badly affected; and here, again, the farmer suffers more than anyone else. If his products are blocked at the seaboard from a lack of ships, not only does the price go down but the product itself rots and wastes away.

The products of the manufacturer can be stored indefinitely. Not so with the products of the farm. This was clearly shown when the World War broke out. Millions of tons of farm prod-

ucts were piled on the docks in the ports of the country, waiting for ships to take them to markets that were crying out for them. The few ships that were available demanded exorbitant freight rates, and the cheap shipping that the farmer had had under a foreign flag became the dearest transportation in his hour of need and brought upon him hundreds of millions of loss. These are facts within the knowledge of all.

Can there be any doubt but that the farmer is more vitally affected by the lack of ocean transportation than anyone else? Is it best for him to be wholly dependent upon foreign shipping, even if it should be a little cheaper for the time being? Surely not. If there is but one great foreign shipping fleet—and there will be but one if we fail to build up our merchant marine—its rates will not be cheap in the end. Trusts and combines will flourish over which we will have no control. If the farm products of another country whose flag the ships fly compete with the products of our farmers in the markets of the world, our farmers will be at their mercy. If any products are to be delayed in getting to the markets, ours will be the ones to suffer. Surely no one will question that fact. It is simply the working of human nature and the law of self-preservation. If we will shut our eyes against prejudice, overlook the fact that some one else may make a little money, weigh the situation and the needs of the farmer, and measure the benefits that will come to him by having a full and adequate supply of ships under a friendly flag to take his surplus products to market when they ought to get there and to aid in opening up new markets for him, I am sure the farmer will not only favor but he will urge and insist upon such steps as may be necessary to attain this great thing. I have two small orchards. They produce all I have to sell; and so I am looking at this matter not only as a citizen of our country but from the standpoint of the actual farmer and from the standpoint of selfish interests.

The House inserted a provision that the amount of compensation to be paid out must be appropriated each year. The Commerce Committee has stricken this provision. Senators throw up their hands in horror at this amendment, and cry out that Congress is abdicating its functions and losing its control over this fund. This is said to be a terrible thing; and yet those who do this proposed to displace the shipping bill and take up a bill that appropriated outright \$100,000,000 and put it in the hands of a board of three, to be spent from time to time as this board deems best. Of course this is no argument one way or the other, but it throws a flood of light upon the motives of the opposition.

This provision is a good one or a bad one. If we hope to make a market for our ships by inducing men to go into the shipping business, we must make it certain that they will get the compensation promised. Capital is timid. It must be sure of its ground. Men will not invest in shipping if they must await the uncertain action of Congress, and we can not compel them to do so. Men will not loan money to others to invest in ships if there is any doubt about the Government keeping its contract. We are sure Congress will carry out a contract made according to the law, and yet I do not know; if the attitude of those who oppose the striking out of this provision means anything, it means that they would not favor carrying out such a contract.

I meant what I said in the report on this bill, and this debate shows that I was right. This amendment is vital to the bill. The President considers it so, and justly so. He proposes to deal honestly with the people. He could accept this provision, remove much opposition to the bill, and have the people still think they have something substantial. He knows they would not have. He does not propose to fool them in this way. He is going to be honest with them. If this amendment is defeated, the bill amounts to nothing. No investments will be made under it. It would better not be passed. If there is no doubt of Congress carrying out any contract made, what is gained by leaving the matter to uncertainty? It will cost no more to make the matter certain. No money will be paid out except under contract, and for the service rendered.

We are told that we do not need any aid, and to let our shipping go on and it will grow and prosper. We did this for 50 years, with the result that we had only 15 ships in the overseas trade when the war broke out in 1914. If our shipping did not grow then what is there to lead us to think it will grow now? There is every indication to the contrary. Our shipping is being laid up now, and more and more the foreign ship is taking our commerce. Ships are being built abroad not only for the home trade but for us also.

I have here a quotation from Fair Play, an English journal, the issue of January 25, 1923, which calls attention to the large amount of building which has been done this last year. I ask that this may be printed in the RECORD without reading.

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

[From Fair Play, January 25, 1923.]

During the year 1922 there have been launched in Great Britain and Ireland 235 merchant vessels of 1,031,081 tons, namely, 208 steamers of 950,516 tons, 17 motor vessels of 78,341 tons, and 10 barges of 2,224 tons. These vessels have been built of steel. The output represents 41.8 per cent of the world's output for 1922, as compared with 35.5 per cent in 1921 and 58 per cent in 1913.

Of the tonnage launched during the year 762,769 tons are for registration in Great Britain and Ireland, and 268,312 tons, 26 per cent of the total tonnage, are for owners residing abroad. This percentage, although much lower than that for the previous year, is still higher than the pre-war figures, which, for the five years 1909-1913, gave an average of 22 1/2 per cent. Of the tonnage launched in 1922, 97,600 tons are for Dutch owners, 43,757 tons for French owners, 33,092 tons for owners in the British Dominions overseas, and 26,715 tons for Spanish owners.

The returns for 1922 show that 91 vessels of between 5,000 and 10,000 tons each and 17 vessels of 10,000 tons and upward were launched. The following are the largest:

	Tons.
Franconia.....	20,000
Conte Verde.....	18,000
Doric.....	16,300
Mongolia.....	15,550
Veendam.....	15,434
Volendam.....	15,434

It will be noticed that while in the last two years English shipping men have been crying out for the United States to scrap its ships because there was such a terrible surplus of tonnage in the world, the same British shipping men have continued to build, as the above figures show; and it will be noticed that the tonnage built for registration in Great Britain and Ireland alone last year, 762,769 tons, is greater than the total amount which Great Britain built for herself and all her customers in 1908.

Mr. JONES of Washington. Mr. President, we must aid our shipping to get its place in the world trade or we will have none at all. We would better face that fact squarely and manfully. Our great rival used heroic measures to bring her shipping to its strong position. We must do so, too. Our task is far more difficult because of the long training and strong position of our competitors. They have their business agencies and connections, banking facilities, trained personnel, and the cooperation of their Government, which is trying to build it up instead of tear it down. We must have a personnel, make trade connections, establish agencies, create banking facilities, and build up our shipping in the face of the competition of this grown-up marine and with the opposition of many of our people and public officials and the spur of party advantage.

They say sell our ships now. We can not do it unless we sell abroad or to a few strong companies at home. We do not want to favor a few companies. We want to encourage the formation of many companies. We want to multiply the number of owners of ships rather than to diminish them. To defeat this bill is to play into the hands of any trusts there are and to enlarge the profits of the rich and strong. Those who inveigh most against the rich and the trusts, in my judgment, would aid them most by defeating this bill.

The man who fights this bill fights the battle of British shipping. He may not intend it so, but the only fear British shipping has that we will build up a large merchant marine to share with them the carrying trade of the world grows out of the possibility of our doing something to aid shipping. That British interests are doing everything they can to defeat this legislation I have no doubt, even if I can not prove it. Through their interlocking interests and connections with our financial, business, and transportation institutions they exert an unconscious, if not a direct, influence upon individual and public sentiment. Many of the arguments advanced here were first advanced in British journals. I do not blame them for what they do. They are fighting for their own interests, and I need no proof that they are doing so. The fact that they think this bill will injure them is conclusive proof to me that it will help us.

I may not be able to show to the satisfaction of anyone that it costs more to construct and operate our ships than it does foreign ships. Hundreds of pages of testimony have been taken, from which anyone seeking evidence to support any particular conclusion can find it. I believe it does cost more to operate our ships. I believe we do pay higher wages. Here are some facts:

I asked an expert of the Shipping Board to prepare a statement with reference to wages paid on British ships and the wages paid on American ships, and he has furnished it to me. I ask to have this inserted in the RECORD at this point as a part of my remarks.

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

Comparison of British and American ships' wages by similar types of ships, showing total crew cost and relationship between officer and crew wages.

[Taken from recent pay rolls conversion of British pound at \$4.65.]

Flag.	Dead-weight.	Fuel.	Crew.	Annual officer wages.	Annual crew wages.	Annual total wages.
American.....	10,600	Coal...	40	\$16,710	\$22,494	\$39,204
British.....	10,800	..do..	45	9,796	17,074	26,870
				6,914	5,420	12,334
American.....	8,800	..do..	39	16,680	21,564	38,244
British.....	9,850	..do..	44	9,696	16,579	26,275
				6,984	4,935	11,919
American.....	8,800	Oil....	34	16,680	16,824	33,504
British.....	8,800	..do..	34	9,672	15,438	25,110
				7,008	1,386	8,394
American.....	7,800	Coal...	39	16,680	21,564	38,244
British.....	7,800	..do..	42	9,548	16,380	25,928
				7,132	5,184	12,316
American.....	5,495	..do..	34	16,140	15,930	32,106
British.....	5,000	..do..	34	9,287	15,537	24,824
				6,853	423	7,276
American.....	3,390	Oil....	27	15,480	13,284	28,764
British.....	3,400	..do..	27	8,990	11,482	20,472
				6,490	1,802	8,292
American.....	2,875	Coal...	34	15,420	17,160	32,580
British.....	3,200	..do..	23	6,944	9,486	16,430
				8,476	7,674	16,150

Mr. JONES of Washington. This does not give the details, the number of men, and all that sort of thing, but I have here several statements, data taken from the pay rolls of the various ships, British and American, which give the number of men and the amount paid to each one. It is rather long, yet it furnishes facts which, it seems to me, can not be controverted and which establish beyond controversy the difference in the wages paid American seamen operating American ships and those paid seamen operating British ships. The date of these statements is the date of the paper showing the wages paid. I ask that these may be printed as appendices to my remarks, not inserted here, but at the end of my remarks.

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

(See Appendix C to Appendix G.)

Mr. HEFLIN. May I ask the Senator how much longer we are to stay in session and whether we are to have an executive session?

Mr. JONES of Washington. We are going to have an executive session and I shall be through in just a little while.

I believe it does cost more to build ships in our yards. I think the facts clearly prove all this, but I am not going to try to point out the proof. There are some facts no one can deny which to my mind are conclusive of this question. We did not build ships and we did not operate ships in the foreign trade for 50 years before the World War. Since that war closed our foreign trade is more and more being carried in foreign ships, our own people are building ships in foreign shipyards, and our ships are being laid up in a greater proportion than any other ships. We do not, under present conditions, hold our own with our competitors. This convinces me that our shipping must have help to survive.

You can wander in the field of theory, speculation, suspicion, fear, doubt, prejudice, and envy all you please, and you will always confront the fact that it took the need and stimulus of war to start us to building and operating ships, and that, with the war closed, our rivals are taking the overseas transportation away from us. We are drifting back to our position before the war, and these plain questions face each of us: Do you want an adequate merchant marine privately owned and operated? Nearly all will answer "yes." Are you willing to do what may be necessary to have it? To that there must be an answer of "yes" or "no." If "no," that ends it; but if "yes," then you will hesitate long before voting against this bill, which is the only practical, concrete proposal presented. As I have said before, it does not suit me in many particulars, but if it does not succeed it will not cost us much, and if it costs us the limit

we will have our merchant marine running as we desire, and I want a merchant marine so hard that I will gladly vote for any measure that holds out a reasonable hope of securing it. Every man who earnestly desires a merchant marine, it seems to me, can well do likewise.

I do not know that this bill, if passed, will build up an American merchant marine and put it upon a permanent basis. No one can tell until it is tried. I think it will do it. If we do not pass it, I think I know what will happen. The organization created to deal with the chaotic problem turned over to this administration by the last one will disintegrate. Its efficiency will be destroyed.

The Shipping Board and the Emergency Fleet Corporation will become the haven of discredited and impecunious politicians and of persons scheming to defraud the Government by getting its property for a song or securing the allowance of stuffed and fraudulent claims. Our ships will rot at the wharves or be run at a great loss to the Treasury, and within 5 or 10 years the hundreds of millions of value we now have in our ships will be dissipated, our merchant marine will be gone, and our farmers, merchants, and industries will be at the mercy of foreign shipping. Of course there will be an honest difference of opinion as to whether or not this will be the condition, but from what I know of the situation there is no doubt about it in my mind. Whatever others may do, I can find no justification for my not supporting anything that offers a hope of avoiding such calamitous results.

Mr. President, I desire to ask that certain matter may be printed at the close of my remarks. I have here an address delivered by Mr. Plummer, of the Shipping Board, to the National Merchant Marine Association last evening, which I ask may be printed at the conclusion of my remarks.

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

(See Appendix H.)

Mr. JONES of Washington. I have here an extract from a speech by ex-President Taft, delivered on September 30, 1909, at Seattle, Wash., which, it seems to me, is very appropriate at the present time. It presents arguments in favor of an American merchant marine and of our doing something to aid it, very clearly and very concisely. I ask that that may be printed at the conclusion of my remarks.

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

(See Appendix I.)

Mr. JONES of Washington. I have two other articles which I want printed as a part of my remarks. One is from the Manufacturers' Record of February 1, 1923, entitled "Why the South should favor subsidy for an American merchant marine." The other is an article which struck me as a very clear and cogent argument in favor of the merchant marine, sent me by Hon. Winthrop L. Marvin. I ask that these may be printed at the conclusion of my remarks.

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

(See Appendix J and Appendix K.)

APPENDIX A.

UNITED STATES LINES,
New York, January 9, 1923.

HON. WESLEY L. JONES,
United States Senate, Washington, D. C.

MY DEAR SENATOR: In compliance with your verbal request, I take pleasure in submitting the following information relative to the activities of the Panama Railroad Steamship Line:

I became connected with the Panama Railroad Co. in 1887. At that time the company operated a railroad across the Isthmus of Panama. It afforded the only means by which cargo and passengers were carried from Europe and from the United States to the west coast of Central and South America, other than the route via Cape Horn and that via the Straits of Magellan. The bulk of the cargo moving from Europe and from the United States to Central and South America and in the opposite direction was carried over the Panama Railroad, with the exception possibly of that cargo originating at, or destined to, ports so close to the Magellan route as to permit of its being carried with equal speed via Magellan or via Panama.

The railroad was "fed" by steamship lines that operated on both sides of its terminals, and the "feeder" from the United States was the Pacific Mail Steamship Co., which operated between New York and Colon on the Atlantic, and between Panama, Central America, Mexico, and San Francisco on the Pacific.

In 1894 the contract between the Panama Railroad Co. and the Pacific Mail Steamship Co. expired by limitation, and, as the directors of the Panama Railroad Co. and of the Pacific Mail Steamship Co. could not agree upon a new form of contract, the Panama Railroad Co. established its own steamship line, operating between New York and Colon, its Atlantic terminals; and also later established another steamship line, operating between Panama and San Francisco. Its line on the Atlantic was first named the "Columbia Line," and later the "Panama Railroad Steamship Line."

The stock control of the Panama Railroad Co. passed to the Government of the United States some time during 1904, when the Government purchased the assets of the French Panama Canal Co., among which were included all but approximately 3,000 shares of the capital stock of the Panama Railroad Co.

From the inauguration of the Panama Railroad Steamship Line in 1894 until the Government of the United States purchased control of the railroad company in 1904, the steamship line was operated solely as a feeder for the Panama Railroad. Its "bookkeeping" proportion of the through rate for the haul on the Atlantic Ocean was purposely made low, so as to yield just a slight return over operating expenses, the idea being to increase the revenue of the railroad itself, which was the important factor in the through traffic between Europe and the United States and the West coast of Central and South America.

Up to 1904 the rates between Europe and Central and South America, although involving a greater Atlantic Ocean haul of 2,000 miles, were always considerably lower than the rates between New York and Central and South America, and some of the European steamship companies that carried traffic from Europe to Central and South America via Colon also operated steamships of foreign registry between New York and Colon, charging for the latter service much higher than they were charging for the haul on their steamers from Europe. This was due, first, to the fact that there was greater competition for the European traffic, a larger number of steamship lines being involved; and, second, to the policy of charging all that the traffic would stand.

In 1904 when the Government of the United States purchased the assets of the French Panama Canal Co., among which was included the majority of the shares of the Panama Railroad Co., a change was necessitated in the policy of the steamship line—no longer could that line be a party to an arrangement by which American shippers were charged more than foreign shippers for a service involving a lesser ocean haul of over 2,000 miles; and by direction of Mr. Taft, then Secretary of War, no rate could be increased except when justified by operating conditions, and no rate, when decreased, could be later increased unless justified by operating expenses.

From 1894 up to the completion of the Panama Canal, the Panama Railroad Steamship Line, which had, with one or two exceptions, always operated at a slight profit, continued to operate at a profit, notwithstanding the fact that it was obliged to carry all employees of the Government between New York and the Canal Zone for a subsistence rate ranging from \$20 to \$30—in most instances \$20—and the bulk of the supplies and equipment needed in the construction of the canal at rates that always involved a reduction from the regular tariff, and in a number of instances resulted in actual loss. It was able to do this and operate at a profit, because of the large quantity of commercial cargo that it handled at regular rates. It did not have sufficient facilities to enable it to handle all the commercial cargo that was offered, and it was obliged to give preference on its steamers to all shipments for account of the Government, with the result that not only was considerable commercial cargo diverted to its competitors but it in many instances was obliged to turn over to its competitors cargo that had been tendered by shippers but which had been shut out for poor-paying Government cargo.

During the period of the war all the facilities of the Panama Railroad Steamship Line were devoted to the transportation of "war-essential" cargo, in cooperation with the war industries and other boards; and even during that period, and subsequently, when rates throughout the world were increased by 200 per cent and 300 per cent, merely because the traffic could stand it, no rate was ever increased by the Panama Railroad Steamship Line except it was justified by increased operating expenses. Subsequent to the termination of the war the large through business that had been previously carried over the Panama Railroad was naturally diverted to the steamships operating through the Panama Canal, because of the reduced cost of transportation and the lesser number of handlings, and of the local business that has not been affected by that competition the Panama Railroad Steamship Line has been obliged to fight for its share with other steamship lines operating on the Atlantic, some of which are of foreign registry.

The loss of this good-paying through traffic is the principal cause of the deficit from which the Panama Railroad Steamship Line has suffered within the past two years and the substitution in its place of local traffic that is carried at ruinous rates in competition with other lines.

The successful operation of the Panama Railroad Steamship Line is due in a great measure to the fact that it is operated strictly as a commercial proposition, just as if its stockholders were private individuals and corporations, such as own the stock of the important railroads in this country. There has never been any interference on the part of the Government of the United States with the operations of the Panama Railroad Steamship Line by the directors, who are in fact selected by the Government. Those directors have been able to use their best judgment, without direction from anyone, as to the policy that the company should pursue, the salaries these officers and employees should receive, the manner in which the accounts should be audited. In fact, did not the stock records of the Panama Railroad Co. indicate that the Government of the United States is the chief and sole stockholder of record, there would be practically no evidence of Government ownership.

The operation of the United States Lines, to which I was transferred a little over a year ago with the approval of the Secretary of War, is an entirely different proposition. In its efforts to secure business the Panama Railroad Steamship Line competed with other lines that had approximately the same kind of tonnage and facilities to offer to shippers. In the United States Lines we are in exactly the reverse position, in that we are not able to offer to shippers anything like the facilities that our competitors, most of whom operate steamers of foreign registry, are able to offer. We have but one real steamer, the steamship *George Washington*, and even that steamer is not to be compared with many of the large steamers of our competitors. The rest of our fleet can not be compared in size, speed, or capacity with even the second-class steamers of our foreign competitors; and even should it be determined to continue the Government operation of the United States Lines, success can not reasonably be expected until a building program is inaugurated that will place in its service steamers of as high and satisfactory a type as are being operated by our foreign competitors in this strictly American traffic.

If the Panama Railroad Steamship Line had been obliged to meet with such severe competition as the United States Lines meets every day and with the same kind of inadequate facilities as are possessed by the United States Lines, the Panama Railroad Steamship Line could never have been operated at a profit, except possibly during the few months of the war, when American steamships had a monopoly

of all traffic from the United States because of foreign steamships being commandeered by foreign admiralities.

In the operation of the Panama Railroad Steamship Line its directors and officers are able to exercise their own judgment as to the salaries that should be paid to its officials and employees, settlements of claims for damage to cargo, accidents, etc., which they would not be allowed to exercise if the corporation were operated, as is the United States Lines, as a direct branch of the Government.

The business judgment of its directors and officers is used on all occasions, having regard solely to the best interests of the corporation, and without being affected in the slightest degree by fear as to whether or not that judgment may run counter to special Government laws or regulations, as is required of the Shipping Board and its subsidiaries.

Very respectfully yours,

T. H. ROSSBOTTOM.

APPENDIX B.

UNITED STATES LINES,
New York, January 12, 1923.

MY DEAR SENATOR: I have your letter of the 11th instant, and reply to your several inquiries as follows:

Question 1. What, in my opinion, should be the type, speed, and tonnage of vessels required for the satisfactory Government operation of the United States Lines?

Answer. The North Atlantic passenger service is the "top notch" of all passenger steamship operation. The Germans, in my opinion, have the best ideas as to the type of steamer to be operated, and that is 30,000 tons, 20-21 knots speed, capable of carrying between 500 and 600 first class, approximately the same number of second class, and up to 1,200 third class in closed rooms, with freight accommodations for between 3,500 and 4,000 tons. Vessels of this type will in the long run give more satisfactory results not only from a passenger and cargo but also from a financial viewpoint than larger steamers of the type of the steamship *Majestic* and steamship *Leviathan*. The German idea is an improved *George Washington*, somewhat larger, and of from 3 to 4 knots greater speed. This is my ideal of a first-class trans-Atlantic liner.

Europeans will travel second class; Americans do not care to do so because they don't want to travel on a steamer in which there is a class of passengers apparently superior to them. For that reason we are changing the steamship *America*, which is now a first-second-third class steamer, to a cabin type steamer, carrying one type of cabin passengers and third class. The cabin passengers will pay approximately the same rate as is now charged to second-class passengers. The steamship *America*, with a speed of from 16 to 17 knots, is a most satisfactory cabin ship, and in my judgment is the ideal type of steamer for the cabin trade.

Our London service is an entirely different proposition. We are now operating with 5 steamers of the 502-foot type that are capable of 14 knots speed. They are about 100 feet too short and 3 knots too slow. They can carry a little in excess of 100 cabin passengers; they should have good accommodations for not less than 200. Three of them have no third-class accommodations; they should have accommodations for not less than 100, and preferably 150, third class in rooms. With the latter type in the London trade, four steamers could operate on a weekly schedule where it now takes five; the increased speed would result in our securing the mail from the New York post office; and the additional passenger capacity could be expected to sufficiently increase the passenger revenue to make the line a profitable one.

Question 2. What is the number of vessels operated by the Panama Railroad Steamship Line?

Answer. Up to within a year ago the Panama Railroad Steamship Line operated a total of 15 vessels, as follows: Ten passenger and cargo steamers, one cattle steamer, two 15,000-ton colliers, and two 7,500-ton coal barges towed by the colliers. It is now operating on regular schedule seven steamers, the remainder of its fleet being tied up because of the depression in trade.

Question 3. State the number of salaries of \$10,000 and up, giving the amount of each.

Answer. There are three salaries in excess of \$10,000, two being \$15,000 and one \$12,000.

Question 4. What is my opinion of the suggestion that the ships of the Emergency Fleet Corporation be turned over to me or to some other individual or single operating agency?

Answer. I do not take much stock in this. The present officials of the Emergency Fleet Corporation are among the most experienced of steamship operators. No one individual could do as well as these officials are doing, and I can not see how any single operating agency could accomplish any more than those officials are now accomplishing.

Question 5. What, in my opinion, should be done if we are to continue Government ownership of our steamers and operate them by the Government or through operating agencies?

Answer. There are three kinds of service that must be considered—(1) the tramp-steamer service, (2) the cargo-liner service, (3) the combined passenger and cargo service.

I do not see why the Government should go into the tramping business. It would be difficult to compete with the foreign tramps because of their very low operating costs, and nothing would be gained in the direction of establishing trade routes or regular service. Let the foreign shippers hunt for and take care of the tramp trade.

The establishment and maintenance of regular trade routes by the operation of cargo and passenger liners is well worth while.

The real question is, what do you mean by "Government operation"? Is it merely operating the steamers, making the necessary repairs, and letting them wear themselves out? Or is it a question of operating what we have and planning new construction, just the same as all privately owned steamship companies are obliged to do? If the first is to be considered "Government operation," and no building is contemplated, the best thing to do, in my judgment, is to continue the operation of steamers for Government account by private operators, but tie up the operators in some way, so that they will have a financial risk of some kind. The present method results in the operator being certain of his expenses for commissions, etc., and he is merely an "agent," sure of his compensation—he can not be expected to take the same interest in the business as if he were financially concerned. A better plan would be to charter the steamers to him—even if the Government pays him for chartering them, instead of the charterer paying for the use of them; or agree upon some plan whereby the

operator runs more of a risk—financial, legal, and business—than he does under the present arrangement.

If "Government operation" involves a construction policy, my idea is that the Government should get out of the steamship business as soon as it has established a balanced fleet and has something that it can sell to private steamship operators, and which those operators can afford to purchase. When the time for sale arrives, it should not be a question of "jacking up" private operators to make high bids for the steamers; it should be a question of accepting reasonable bids from responsible concerns, but tying up those concerns with the obligation to operate that particular trade route with American steamers for a definite number of years. I am rather hopeful that at the end of that period the trade will be so firmly entrenched that the operators will stick to American tonnage.

Regardless as to which of these two plans is adopted, I can not see anything but confusion and heavier financial loss if steamship lines now operating Shipping Board steamers on regular trade routes are replaced by direct Government operating agencies. It would, of course, be possible to establish the Government agencies to operate; but the building up of a business takes considerable time, and the agency and other arrangements that the present operators now have abroad and the facilities they have acquired in the handling of steamers can not be taken from them at short notice and acquired by any direct Government operating agency.

It all takes time and should not be attempted except it be definitely determined that the Government is to run American shipping as it operates, for instance, the Post Office, War, Navy, and other departments of the Government.

There are several other questions that could be handled with advantage to American steamship interests, if you gentlemen of Congress would look into them carefully. They are as follows:

(1) Reciprocity in the matter of licenses to steamship lines. Foreign steamship lines operate to the United States and are admitted here without any restriction whatever. Foreign governments require steamship lines to secure licenses before they can engage in the passenger traffic. Unheard of difficulties are encountered when applications are made on behalf of American lines. All sorts of obstacles are placed in the way, and in many instances licenses are never granted.

(2) The booking of passage on steamships of foreign registry by Government officials and employees traveling at the expense of the Government of the United States instead of on American steamships—a condition practically unheard of with citizens of foreign countries.

(3) The adoption of the policy of foreign governments in requiring that their mail matter be forwarded by steamers flying the flag of their country—rigidly adhered to, regardless as to the extent to which the mail might be delayed. The mail revenue, in many instances, with American steamship lines changes a deficit into a profit.

(4) Allowing immigrants to enter the United States at the rate of 20 per cent per month for 5 months, instead of at the rate of 10 per cent per month for 10 months, results in the control of this traffic by steamship lines of foreign registry. The adoption of a 10 per cent per month plan would correct this condition.

(5) A tendency on the part of Government officials to construe navigation, tariff, and similar laws in a reasonable way, as Congress undoubtedly intended, instead of compelling American steamship operators to comply strictly with various interpretations of the law, all tending to increase operating expenses, would be a step in the right direction.

I trust this letter will give you the information that you desire. If it does not, I shall be glad to be of any further assistance to you.

Very sincerely yours,

T. H. ROSSBOTTOM, General Manager.

HON. WESLEY L. JONES,
United States Senate, Washington, D. C.

APPENDIX C.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, January 29, 1923.

HON. WESLEY L. JONES,
Chairman Committee on Commerce, United States Senate,
Washington, D. C.

MY DEAR SENATOR: I am inclosing two copies of additional comparisons of American and British and American and Norwegian steamers engaged in similar trades—the figures being taken directly off the pay rolls as the ships arrived at the port of New York. The date stated on these memoranda is the date of paying off.

You will observe that one of the American-British statements compares the wages of an American with a British white crew—the other of an American with a British crew composed chiefly of Lascars—East Indians. It is significant that 34 members of the American white crew in this case received a total pay of \$2,742.50 a month, while the partly British but chiefly Lascar crew of 69 of the British steamer received only \$1,707.05—or more than \$1,000 less for one ship per month. It is the practice of British shipowners in the East India and other trades wherever possible to match Lascar crews against American crews—the more effectively to drive our ships off the ocean.

Other comparisons are being made from day to day and will be forwarded to you as completed.

Sincerely yours,

WINTHROP L. MARVIN,
Vice President and General Manager.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, January 14, 1923.

Comparison of pay rolls, American and British cargo ships.

AMERICAN STEAMSHIP "WINONA," OF PHILADELPHIA.

(4,964 gross tons, 3,034 net tons, oil burner.)

	Pay per month.
1 first mate	\$160.00
1 second mate	140.00
1 third mate	125.00
1 radio operator	90.00
1 boatswain	85.00
5 able seamen, at \$55	275.00

	Pay per month.
2 ordinary seamen, at \$40	\$80.00
1 chief engineer	230.00
1 first assistant engineer	160.00
1 second assistant engineer	140.00
1 third assistant engineer	125.00
3 oilers, at \$65	195.00
2 water tenders, at \$65	130.00
3 firemen, at \$57	172.50
1 steward	105.00
1 chief cook	90.00
1 second cook	70.00
3 mess boys, at \$35	105.00
1 purser	100.00

31 Total pay per month..... 2,557.50

BRITISH STEAMSHIP "TREGENNA," OF ST. IVES.
(5,241 gross tons, 3,200 net tons, coal burner.)

	Pay per month.
1 first mate	\$105.08
1 second mate	81.73
1 third mate	60.71
1 carpenter	58.38
1 boatswain	53.71
7 able seamen, at \$46.70	326.90
1 chief engineer	142.44
1 first assistant engineer	102.74
1 second assistant engineer	79.39
1 third assistant engineer	60.71
2 donkey men, at \$53.71	107.42
1 oiler and fireman	51.37
12 firemen and coal passers, at \$49.04	588.48
1 steward	67.72
1 cook	63.05
3 boys, at \$26.15	78.45

36 Total pay per month..... 2,028.28

On basis of pound sterling=\$4.67.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, September 8, 1922.

Comparison of pay rolls, American and British cargo ships, New York-East India trade.

AMERICAN STEAMSHIP "THE LAMBS," OF NEWARK.

(Shipping Board; 6,629 gross tons; 4,122 net tons; oil burner.)

	Pay per month.
1 first mate	\$165.00
1 second mate	145.00
1 third mate	130.00
1 radio operator	90.00
1 carpenter	70.00
1 boatswain	65.00
6 able seamen, at \$55	330.00
2 ordinary seamen, at \$40	80.00
1 chief engineer	240.00
1 first assistant engineer	165.00
1 second assistant engineer	145.00
1 third assistant engineer	130.00
3 oilers, at \$65	195.00
3 firemen, at \$57.50	172.50
2 wipers, at \$50	100.00
1 chief steward	105.00
1 cook	90.00
1 second cook	70.00
3 messboys, at \$35	105.00

32 Total pay per month..... 2,592.50

BRITISH STEAMSHIP "LORENZO," OF LONDON.

"Ellerman," Wilson Line (Ltd.), 6,008 gross tons, 3,753 net tons; coal burner.

	Pay per month.
1 first mate	\$118.46
1 second mate	96.11
1 third mate	78.23
1 radio operator	49.17
1 carpenter	64.82
5 apprentices (receive no wages).	
1 chief engineer	158.69
1 second engineer	118.46
1 third engineer	96.11
1 fourth engineer	78.23
1 fifth engineer	73.76
1 chief steward	78.23

16 1,010.27

LASCARS—DECK DEPARTMENT.

1 boatswain (serang)	18.00
1 boatswain's mate	17.11
5 quartermasters (seacanny), at \$16.50	82.50
23 able seamen, at \$7.50	172.50
1 cleaner (lapas)	6.60

31 296.71

LASCARS—ENGINE DEPARTMENT.

1 first oiler (tindal)	11.10
1 second oiler (tindal)	9.00
1 No. 1 fireman	22.50
1 No. 2 fireman	13.20
1 No. 3 fireman	11.10
1 No. 4 fireman	10.50

	Pay per month.
1 donkey man	\$10.50
32 firemen, at \$9	288.00
11 coal passers, at \$7.20	79.20

50 455.10

LASCARS—STEWARD'S DEPARTMENT.

1 cook	25.50
1 second cook	22.50
1 third cook	13.50
4 boys, at \$10.50	42.00

7 103.50

104 Total pay per month..... 1,865.58

On basis of pound sterling=\$4.47.
On basis of rupee=30 cents.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, September 7, 1922.

AMERICAN SHIP WAGES.

Steamship "Sabotawan," cargo ship, of New York (Shipping Board), 4,834 gross tons, 3,045 net tons, oil burner.

MEDITERRANEAN TRADE.

	Pay per month.
1 first mate	\$160.00
1 second mate	140.00
1 third mate	125.00
1 radio operator	90.00
1 carpenter-boatswain	65.00
6 able seamen, at \$55	330.00
2 ordinary seamen, at \$45	90.00
1 chief engineer	230.00
1 first assistant engineer	160.00
1 second assistant engineer	140.00
1 third assistant engineer	125.00
3 oilers, at \$65	195.00
3 firemen, at \$57.50	172.50
2 wipers, at \$50	100.00
1 steward	105.00
1 cook	90.00
1 second cook	70.00
3 messboys, at \$35	105.00

31 Total pay per month..... 2,492.50

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 14, 1922.

AMERICAN SHIP WAGES.

Steamship "Rotarian," cargo ship, of Tacoma (Shipping Board), 4,747 gross tons, 2,925 net tons, oil burner.

WEST COAST OF SOUTH AMERICA TRADE.

	Pay per month.
1 first mate	\$160.00
1 second mate	140.00
1 third mate	125.00
1 radio operator	90.00
1 boatswain and carpenter	65.00
6 able seamen, at \$55	330.00
2 ordinary seamen, at \$40	80.00
1 purser	90.00
1 chief engineer	230.00
1 first assistant engineer	160.00
1 second assistant engineer	140.00
1 third assistant engineer	125.00
3 oilers, at \$65	195.00
3 firemen, at \$57.50	172.50
2 wipers, at \$50	100.00
1 steward	105.00
1 cook	90.00
1 second cook	70.00
3 messboys, at \$35	105.00

32 Total pay per month..... 2,572.50

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 19, 1922.

AMERICAN SHIP WAGES.

Steamship "Norlina," cargo ship, of New York, 4,596 gross tons, 2,840 net tons, oil burner.

EUROPEAN TRADE.

	Pay per month.
1 first mate	\$135.00
1 second mate	115.00
1 third mate	95.00
1 radio operator	90.00
1 carpenter	55.00
1 boatswain	50.00
6 able seamen, at \$45	270.00
2 ordinary seamen, at \$40	80.00
1 chief engineer	185.00
1 first assistant engineer	135.00
1 second assistant engineer	115.00
1 third assistant engineer	95.00
3 oilers, at \$50	150.00
3 firemen, at \$47.50	142.50
2 wipers, at \$40	80.00
1 steward	95.00
1 cook	80.00
1 galley boy	45.00
3 messmen, at \$40	120.00

32 Total pay per month..... 2,132.50

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, September 2, 1922.

BRITISH SHIP WAGES.

Steamship "Kazembe," cargo ship, of North Shields (Ellerman & Bucknall Steamship Co., Ltd.).
(4,676 gross tons, 2,938 net tons; coal burner.)

EAST INDIA TRADE.

		British money per month.	American money per month.
		£. s.	
1	First mate.....	21 10	\$95.99
1	Second mate.....	18 0	80.28
1	Third mate.....	14 10	64.67
1	Radio operator.....	1 0	4.46
1	Chief engineer.....	30 10	136.03
1	First assistant engineer.....	23 10	104.81
1	Second assistant engineer.....	18 0	80.28
1	Third assistant engineer.....	14 10	64.67
1	Fourth assistant engineer.....	13 10	60.21
1	Carpenter.....	13 0	57.93
1	Chief steward.....	15 0	66.90
4	Apprentices.....	.. ..	.. ..
15	Total.....	183 0	816.18

LASCARS—DECK DEPARTMENT.

		Rupees per month.	
4	Quartermasters (seacanny), at 55 rupees.....	220	@\$15.95=63.80
1	Boatswain (serang).....	60	17.40
1	First mate (tindal).....	37	10.73
1	Second mate (tindal).....	30	8.70
1	Cassab.....	30	8.70
1	Winchman.....	28	8.12
4	Seamen, at 25 rupees.....	100	@7.25=29.00
2	Seamen, at 23 rupees.....	46	@6.67=13.34
1	Seaman.....	22	6.38
3	Seamen, at 20 rupees.....	60	@5.80=17.40
2	Seamen, at 18 rupees.....	36	@5.22=10.44
1	Tapass (cleaner).....	22	6.38
22	Total.....	691	200.39
37	Carried forward (American money).....		1,016.57

LASCARS—ENGINE DEPARTMENT.

1	Serang.....	60	17.40
1	First tindal.....	35	10.15
1	Second tindal.....	30	8.70
1	Third tindal.....	28	8.12
1	Cassab.....	28	8.12
3	Donkey men and others, at 28 rupees.....	84	@8.12=24.36
12	Firermen, at 23 rupees.....	276	@6.67=80.04
6	Trimmers, at 18 rupees.....	108	@5.22=31.32
26	Total.....	649	188.21

LASCARS—ENGINE DEPARTMENT.

		Hongkong dollars per month.	
1	Fireman.....	25	13.50
1	Storekeeper.....	25	13.50
2	Total.....	50	27.00

LASCARS—STEWARDS DEPARTMENT.

		Rupees per month.	
1	Cook.....	75	21.75
1	Second cook.....	40	11.60
1	Pantryman.....	34	9.86
5	Boys, at 34 rupees.....	170	@9.86=49.30
8	Total.....	319	92.51
73	Total pay per month.....		1,324.29

¹ Balance paid by Marconi Co.
Pound sterling=\$4.46.
Rupee=29 cents.
Hongkong dollar=54 cents.

² Stand wireless watches.

APPENDIX D.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, July 26, 1922.

AMERICAN SHIP WAGES.

Steamship "Independence Hall," cargo ship, of Philadelphia (Shipping Board), 5,050 gross tons, 3,076 net tons, oil burner.

EUROPEAN TRADE.

		Pay per month.
1	first mate.....	\$165.00
1	second mate.....	145.00
1	third mate.....	120.00
1	radio operator.....	90.00
1	boatswain.....	65.00
6	able seamen, at \$55.....	330.00
2	ordinary seamen, at \$40.....	80.00
1	chief engineer.....	240.00
1	first assistant engineer.....	165.00
1	second assistant engineer.....	145.00
1	third assistant engineer.....	130.00
3	oilers, at \$65.....	195.00
8	water tenders, at \$65.....	520.00

		Pay per month.
3	firemen, at \$57.50.....	\$172.50
2	wipers, at \$50.....	100.00
1	steward.....	105.00
1	cook.....	90.00
1	baker.....	70.00
3	mess boys, at \$35.....	105.00
34	Total pay per month.....	2,707.50

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 17, 1922.

AMERICAN SHIP WAGES.

Steamship, steel, "Seafarer," cargo ship, of New York, 5,685 gross tons, 3,450 net tons, oil burner.

ATLANTIC-PACIFIC TRADE.

		Pay per month.
1	first mate.....	\$165.00
1	second mate.....	140.00
1	third mate.....	125.00
1	junior third mate.....	100.00
1	radio operator.....	90.00
1	carpenter.....	70.00
1	boatswain.....	65.00
7	able seamen, at \$47.50.....	332.50
2	ordinary seamen, at \$35.....	70.00
1	chief engineer.....	285.00
1	first assistant engineer.....	165.00
1	second assistant engineer.....	140.00
1	third assistant engineer.....	125.00
1	junior third assistant engineer.....	70.00
1	storekeeper.....	55.00
3	oilers, at \$55.....	165.00
3	firemen, at \$50.....	150.00
3	wipers, at \$40.....	120.00
1	steward.....	105.00
1	cook.....	90.00
1	second cook and baker.....	70.00
2	messmen, at \$40.....	80.00
2	mess boys, at \$30.....	60.00
38	Total pay per month.....	2,837.50
25	Americans.....	

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, September 11, 1922.

BRITISH SHIP WAGES.

Steamship "Matoppo," cargo ship, of London (Ellerman & Bucknall Steamship Co., Ltd.).
(5,280 gross tons, 3,420 net tons; coal burner.)

SOUTH AFRICAN TRADE.

		British money per month.	American money per month.
		£. s.	
1	First mate.....	24 10	\$109.27
1	Second mate.....	21 0	93.66
1	Third mate.....	17 10	78.05
1	Radio operator.....	0 1	.22
1	Second radio operator.....	0 1	.22
1	Carpenter.....	14 10	64.67
1	Boatswain.....	13 10	60.21
7	Able seamen, at £12 6s.....	86 2	@\$54.84=383.88
1	Able seaman.....	12 0	53.52
1	do.....	10 4	45.43
2	Able seamen, at £10.....	20 0	@44.60= 89.20
1	Ordinary seaman.....	5 10	24.53
1	Chief engineer.....	35 10	158.33
1	First assistant engineer.....	26 10	118.19
1	Second assistant engineer.....	21 10	95.89
1	Third assistant engineer.....	17 10	78.05
1	Fourth assistant engineer.....	16 10	73.59
1	Chief steward.....	16 10	73.59
25	Total.....	358 18	1,600.55

LASCARS—DECK DEPARTMENT.

		Rupees per month.	
4	Quartermasters (seacanny), at 55 rupees.....	220	@15.95=63.80
1	Serang (boatswain).....	60	17.40
1	Tindal (second boatswain).....	37	10.73
1	Cassab.....	30	8.70
4	Sailors, at 25 rupees.....	100	@7.25=29.00
4	Sailors, at 22 rupees.....	88	@6.38=25.52
4	Sailors, at 21 rupees.....	84	@6.09=24.36
1	Sailor.....	20	5.80
1	Bhandary.....	25	7.25
1	Tapass.....	22	6.38
22	Total.....	686	198.94
47	Carried forward (American money).....		1,799.49

LASCARS—ENGINE DEPARTMENT.

1	Serang.....	60	17.40
1	Tindal.....	35	10.15
1	Second Tindal.....	30	8.70
2	Donkey men, at 28 rupees.....	56	@8.12=16.24
3	Greasers, at 28 rupees.....	78	@7.54=22.62

¹ Balance paid by Marconi Co.

Steamship "Matoppo," cargo ship, of London, etc.—Continued.
SOUTH AFRICAN TRADE—continued.

	British money per month.	American money per month.
LASCARS—ENGINE DEPARTMENT—continued.		
12 Firemen, at 23 rupees.....	276	@ \$6.67= \$80.04
9 Coal passers, at 18 rupees.....	162	@ 5.22= 46.98
1 Bhandary.....	25	7.25
30 Total.....	722	209.38
LASCARS—STEWARD'S DEPARTMENT.		
1 Cook.....	75	21.75
1 Second cook.....	40	11.60
4 Waiters, at 35 rupees.....	140	@ 10.15= 40.60
1 Pantryman.....	35	10.15
1 Mess boy.....	34	9.86
1 Cassab.....	28	8.12
9 Total.....	352	102.08
86 Total pay per month.....		2,110.95

Pound sterling—\$4.46.
Rupee—29 cents.

APPENDIX E.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, July 28, 1922.

AMERICAN SHIP WAGES.

Steamship "Luapalile," cargo ship, of Philadelphia (Shipping Board),
4,929 gross tons, 3,951 net tons, oil burner.

EUROPEAN TRADE.

	Pay per month.
1 first mate.....	\$165.00
1 second mate.....	145.00
1 third mate.....	130.00
1 radio operator.....	90.00
1 boatswain.....	70.00
5 able seamen, at \$55.....	275.00
2 ordinary seamen, at \$40.....	80.00
1 chief engineer.....	240.00
1 first assistant engineer.....	165.00
1 second assistant engineer.....	145.00
1 third assistant engineer.....	130.00
3 oilers, at \$65.....	195.00
2 water tenders, at \$65.....	130.00
3 firemen, at \$57.50.....	172.50
2 wipers, at \$50.....	100.00
1 steward.....	105.00
1 cook.....	90.00
1 second cook and baker.....	70.00
3 messboys, at \$35.....	105.00
32 Total pay per month.....	2,602.50

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 18, 1922.

AMERICAN SHIP WAGES.

Steamship "Satartia," cargo ship, of Philadelphia (Shipping Board),
4,994 gross tons, 3,921 net tons, oil burner.

EAST INDIA TRADE.

	Pay per month.
1 first mate.....	\$160.00
1 second mate.....	140.00
1 third mate.....	125.00
1 radio operator.....	90.00
1 boatswain.....	65.00
7 able seamen, at \$55.....	385.00
2 ordinary seamen, at \$40.....	80.00
1 chief engineer.....	230.00
1 first assistant engineer.....	160.00
1 second assistant engineer.....	140.00
1 third assistant engineer.....	125.00
3 oilers, at \$65.....	195.00
3 water tenders, at \$65.....	195.00
3 firemen, at \$57.50.....	172.50
2 wipers, at \$50.....	100.00
1 steward.....	105.00
1 cook.....	90.00
1 second cook.....	45.00
3 messboys, at \$35.....	105.00
35 Total pay per month.....	2,707.50

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, July 30, 1922.

AMERICAN SHIP WAGES.

Steamship "Winona," cargo ship, of Philadelphia (Shipping Board),
4,964 gross tons, 3,934 net tons, oil burner.

MEDITERRANEAN TRADE.

	Pay per month.
1 first mate.....	\$100.00
1 second mate.....	140.00
1 third mate.....	125.00
1 radio operator.....	90.00
1 boatswain.....	65.00
5 able seamen, at \$55.....	275.00

	Pay per month.
2 ordinary seamen, at \$40.....	\$80.00
1 chief engineer.....	230.00
1 first assistant engineer.....	160.00
1 second assistant engineer.....	140.00
1 third assistant engineer.....	125.00
3 oilers, at \$65.....	195.00
2 water tenders, at \$65.....	130.00
3 firemen, at \$57.50.....	172.50
1 steward.....	105.00
1 chief cook.....	90.00
1 second cook.....	70.00
3 messboys, at \$35.....	105.00
1 purser.....	100.00
31 Total pay per month.....	2,557.50

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, August 27, 1922.

BRITISH SHIP WAGES.

Steamship "Swazi," cargo ship, of London (Ellerman & Bucknall Steamship Co., Ltd.)

(4,940 gross tons, 3,174 net tons; coal burner.)

EAST INDIA TRADE.

	British money per month.	American money per month.
1 First mate.....	£. s. 20 10	\$91.23
1 Second mate.....	16 10	73.43
1 Third mate.....	13 0	57.85
12 Radio operators, at £1.....	2 0	@ \$4.45= 8.90
1 Chief engineer.....	28 10	126.83
1 Second engineer.....	22 10	100.13
1 Third engineer.....	16 10	73.43
1 Fourth engineer.....	13 0	57.85
1 Fifth engineer.....	12 0	53.40
1 Steward.....	14 10	64.53
11 Total.....	159 0	707.58
LASCARS—DECK DEPARTMENT.		
	Rupees per month.	
1 Fourth mate (serang).....	75	22.50
1 Boatswain (tindal).....	46	13.80
1 Second boatswain.....	37	11.10
1 Winchman.....	36	10.80
1 Carpenter.....	120	36.00
4 Quartermasters (seacanny), at 69 rupees.....	276	@ 20.70= 82.80
4 Seamen, at 31 rupees.....	124	@ 9.30= 37.20
4 Seamen, at 28 rupees.....	112	@ 8.40= 33.60
2 Seamen, at 25 rupees.....	50	@ 7.50= 15.00
3 Seamen, at 22 rupees.....	66	@ 6.60= 19.80
1 Storekeeper.....	36	10.80
23 Total.....	978	293.40
LASCARS—ENGINE DEPARTMENT.		
1 Serang.....	75	22.50
1 Tindal.....	44	13.20
1 Second tindal.....	37	11.10
2 Donkey men, at 35 rupees.....	70	@ 10.50= 21.00
3 Oilers, at 32 rupees.....	96	@ 9.60= 28.80
13 Firemen, at 30 rupees.....	390	@ 9.00= 117.00
15 Trimmers, at 24 rupees.....	360	@ 7.20= 108.00
1 Casab.....	35	10.50
37 Total.....	1,107	332.10
71 Carried forward (American money).....		1,333.08
LASCARS—STEWARD'S DEPARTMENT.		
1 Steward.....	90	27.00
1 Chief cook.....	85	25.50
1 Second cook.....	45	13.50
1 Pantryman.....	45	13.50
1 Messroom boy.....	35	10.50
3 Galley men, at 30 rupees.....	90	@ 9.00= 27.00
1 Messman.....	35	10.50
1 Tapass.....	29	8.70
10 Total.....	454	136.20
81 Total pay per month.....		1,499.28

¹ Balance paid by Marconi Co.

Pound sterling—\$4.45.

Rupee—30 cents.

APPENDIX F.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, January 14, 1923.

Comparison of pay rolls, American and British cargo ships, Far East trade.

AMERICAN STEAMSHIP "STANLEY," OF SEATTLE.
(6,463 gross tons, 4,712 net tons; oil burner.)

	Pay per month.
1 first mate.....	\$165.00
1 second mate.....	145.00
1 third mate.....	130.00
1 radio operator.....	90.00

	Pay per month.
1 carpenter	\$70.00
1 boatswain	65.00
6 able seamen, at \$55	330.00
2 ordinary seamen, at \$40	80.00
1 chief engineer	240.00
1 first assistant engineer	165.00
1 second assistant engineer	145.00
1 third assistant engineer	130.00
3 oilers, at \$65	195.00
3 firemen, at \$57.50	172.50
2 wipers, at \$50	100.00
1 steward	105.00
1 cook	90.00
1 second cook	70.00
3 messboys, at \$35	105.00
32 Total pay per month	2,592.50

BRITISH STEAMSHIP "KENTUCKY," OF NORTH SHIELDS.
(6,601 gross tons, 4,250 net tons; coal burner.)

	Pay per month.
1 first mate	\$123.76
1 second mate	98.07
1 third mate	63.05
1 chief engineer	165.79
1 first assistant engineer	114.42
1 second assistant engineer	98.07
1 third assistant engineer	81.73
1 fourth assistant engineer	77.06
1 steward	81.73
9	903.68

LASCARS—DECK DEPARTMENT.

1 serang	11.66
1 tindal	8.82
1 cassab	8.19
4 quartermasters, at \$9.45	37.80
9 sailors, at \$7.25	65.25
1 bhandary	7.88
1 tapass	5.67
18	145.27

LASCARS—ENGINE DEPARTMENT.

1 serang	18.90
1 tindal	11.03
1 second tindal	9.45
1 cassab	8.82
3 donkey men, at \$8.82	26.46
16 firemen, at \$7.25	116.00
6 trimmers, at \$5.67	34.02
1 bhandary	7.88
30	232.56

LASCARS—STEWARD'S DEPARTMENT.

1 cook	23.63
1 second cook	12.60
1 pantryman	10.71
2 galley servants, at \$10.71	21.42
1 mess boy	10.71
6	79.07

63 Total pay per month	1,360.58
On basis of pound sterling=\$4.67.	
On basis of rupee=31½ cents.	

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, January 20, 1923.

Comparison of pay rolls, American and British cargo ships, European trade.

AMERICAN STEAMSHIP "EASTERN PILOT," OF SEATTLE.
(3,162 gross tons, 1,924 net tons; coal burner.)

	Pay per month.
1 first mate	\$160.00
1 second mate	140.00
1 third mate	125.00
1 radio operator	90.00
1 boatswain	65.00
4 able seamen, at \$55	220.00
2 ordinary seamen, at \$40	80.00
1 chief engineer	230.00
1 first assistant engineer	160.00
1 second assistant engineer	140.00
1 third assistant engineer	125.00
3 oilers, at \$65	195.00
6 firemen, at \$57.50	345.00
3 coal passers, at \$50	150.00
1 steward and cook	105.00
1 second steward and cook	70.00
3 messboys, at \$35	105.00
32 Total pay per month	2,505.00

BRITISH STEAMSHIP "WOLDINGHAM," OF LONDON.
(3,043 gross tons, 1,938 net tons; coal burner.)

	Pay per month.
1 first mate	\$109.75
1 second mate	93.40
1 third mate	67.72
1 carpenter	63.05
1 boatswain	63.05
8 able seamen, at \$56.04	448.32
1 chief engineer	170.46
1 first assistant engineer	109.75
1 second assistant engineer	95.74

	Pay per month.
1 donkeyman	\$63.05
8 firemen and trimmers, at \$58.38	467.04
1 steward	77.06
1 cook	72.39
1 engineer's boy	23.35
8 boys, at \$0.23	.69
30 Total pay per month	1,861.77
On basis of pound sterling=\$4.67.	

APPENDIX G.

AMERICAN STEAMSHIP OWNERS' ASSOCIATION,
New York, January 12, 1923.

Comparison of pay rolls, American and British cargo ships, Far East trade.

AMERICAN STEAMSHIP "ENDICOTT," OF SEATTLE.
6,319 gross tons, 4,720 net tons, oil burner.

AMERICAN SHIP, ALL-WHITE CREW.

	Pay per month.
1 first mate	\$165.00
1 second mate	145.00
1 third mate	130.00
1 radio operator	90.00
1 carpenter	70.00
1 boatswain	65.00
6 able seamen, at \$55	330.00
2 ordinary seamen, at \$40	80.00
1 chief engineer	240.00
1 first assistant engineer	165.00
1 second assistant engineer	145.00
1 third assistant engineer	130.00
3 oilers, at \$65	195.00
3 firemen, at \$57.50	172.50
3 wipers, at \$50	150.00
1 steward	105.00
1 cook	90.00
1 second cook	70.00
3 mess boys, at \$35	105.00
1 purser	100.00
34 Total pay per month	2,742.50

BRITISH STEAMSHIP "CITY OF MELBOURNE," OF LIVERPOOL.
(6,630 gross tons, 4,125 net tons; coal burner.)

BRITISH SHIP PART WHITE, CHIEFLY LASCAR CREW.

	Pay per month.
1 first mate	\$121.42
1 second mate	102.74
1 third mate	86.40
1 chief engineer	165.79
1 first assistant engineer	119.09
1 second assistant engineer	102.74
1 third assistant engineer	86.40
1 fourth assistant engineer	81.73
4 quartermasters, at \$58.38	233.52
1 steward	81.73
1 storekeeper	63.05
14	1,244.61

LASCARS, DECK DEPARTMENT.

1 serang	11.97
1 tindal	8.82
1 cassab	6.30
14 sailors, at \$7.25	101.50
1 cook	7.88
1 pantry boy	.95
1 pantry boy	1.26
1 carpenter	37.36
21	176.04

LASCARS, ENGINE DEPARTMENT.

1 serang	18.90
1 tindal	11.03
1 second tindal	9.45
1 third tindal	8.82
1 cassab	8.82
1 donkeyman	8.82
3 greasers, at \$8.19	24.57
10 firemen, at \$7.25	72.50
9 trimmers, at \$5.67	51.03
1 bhandary	7.88
1 topass	6.93
1 mess boy	10.71
1 cook and baker	23.63
1 second cook and baker	12.60
1 galley boy	10.71
34	286.40

68 Total pay per month	1,707.05
On basis of pound sterling=\$4.67.	
On basis of rupee=31½ cents.	

APPENDIX H.

UNITED STATES SHIPPING BOARD,
DIVISION OF INFORMATION,
Washington.

[Release Thursday morning papers, February 8, 1923.]

ADDRESS OF EDWARD C. PLUMMER, COMMISSIONER, UNITED STATES SHIPPING BOARD, AT THE EVENING SESSION OF THE ANNUAL CONVENTION OF THE NATIONAL MERCHANT MARINE ASSOCIATION, AT THE WASHINGTON HOTEL, WASHINGTON, D. C., FEBRUARY 7, 1923.

Mr. President, members of the National Merchant Marine Association, and friends, it is a special pleasure to address you at this time,

not only because I know and have for years followed with increasing admiration the work of President RAMSDELL, who is a statesman ever keeping in mind the interests of all the people in all the States of this Union instead of local fragments, but also because this National Merchant Marine Association is doing an educational work of measureless value to our country.

For years propaganda in the interest of foreign ships, which had found such a treasure house in the foreign commerce of the United States, pursued a devious course among our people with little difficulty. Now and then there was a partial exposure of this influence; but it was when the National Merchant Marine Association began its work of presenting actual facts to the whole American public—began to reveal the nature and sources of insidious attacks upon American shipping—that the citizens of the United States were given an opportunity to know the whole truth, were awakened to the vast national interests which this question of an American merchant marine involves, and to the fact that the commercial independence of this country, to say nothing of our national security, demands an adequate fleet of merchant ships under the Stars and Stripes.

It is an honor—a great honor—to address men who are performing such notably patriotic services as these. You are men who deal with facts. Therefore I shall not indulge in argument; I shall not discuss theories; I shall not attempt to impose personal views; I shall do exactly what the title to my address indicates that I propose to do here—I shall discuss "Shipping facts."

In doing this it is important for us constantly to keep in mind the controlling truth that we must deal with our shipping and our shipping conditions as they are, not as they might be. This is a fact which too many would-be illuminators of maritime problems overlook. There is no sense in discussing what we might do if we were permitted by law to man our ships with Chinese or other inexpensive labor; to ignore food and sanitary regulations; to have our vessels foreign in everything except the name—and have even the name painted abroad. We must take things as they are. We must recognize American standards. We must talk as Americans. Foreigners know this, and therefore we find those competitors agreeing that only by Government aid can American ships be enabled to exist in the foreign trade of this country.

This is the distinct statement of the great British authority—Lloyd's. This is the declaration to be found in the British Fairplay's summary of shipping views with which it opened the New Year. This is a fact which every practical shipping man knows. And therefore the only practical question left for discussion is whether or not it is of importance to have American ships engaged in our foreign trade. If this question be answered in the affirmative, Government aid becomes mandatory. There is absolutely no escape from it. Anyone who denies this conclusion willfully ignores the truth.

Now, is it of national importance to have American ships engaged in the foreign trade of this country? It happens that the answer to this question can be taken in abundance from foreign sources and therefore from sources which opponents of American shipping, who generally—consciously or unconsciously—reflect and accept the foreign view, can hardly fail to recognize.

The recent report of Sir John E. Thornycroft, appearing in the British Lloyd's, reviewing the situation as he found it in Brazil during a recent visit there, speaks volumes. To use his own words:

"The Americans are pushing everywhere and taking control. Large orders for locomotives, for coal-plant grabs, etc., have recently gone to the United States, and a new steel factory is equipped with American plant, while it is probable that large orders for electrifying the street railways will also go to America. Germany, of course, has always had a watchful eye on Brazil and is pushing her wares there. There is still room for British enterprise, and we trust this will not be lacking even to the extent of giving the long credit which the present low exchange makes necessary.

"It would be apparent to British exporters that in Brazil there is a market capable of great development if they will set about exploiting it with energy and resourcefulness, as they have now every inducement to do."

This growth of American business in South America, which has given such employment to Americans, is wholly—mark, I say wholly—due to the fact that since the war we have put American ships into the service between those countries and the United States. There had been ships plying between Brazil and the United States for 50 years, but they were foreign ships, and the foreigners got the business which is now coming to us. That is the statement of Sir John, and surely no opponent of American shipping would think of questioning the word of a titled Englishman!

Take the case of our services from the Pacific States to the east coast of South America. Before our vessels were put on that route business there was negligible. We started with freighters and small cargoes. The business sought by the Shipping Board has so developed that already we have supplemented those freighters with combination freight and passenger ships, and the growth of this business, constant and healthy, is of great benefit not only to the people of the United States but to the people of South America whom we serve.

Adequate water services between two countries are always beneficial to both countries, and what both of our South American lines have accomplished is a benefit to the South American countries served as well as to the United States.

Now, it is a common, and suspiciously consistent, statement made by opponents of American shipping (and among the opponents of American shipping I, of course, include those who profess to favor American shipping but whose actions invariably contradict their words) that foreigners always have supplied us with adequate shipping in international trade, and therefore that there is no need of adding American ships to the fleets in international service.

Of course, the statement is false. Of course, any man who looks into the facts knows the statement is false. Of course, this falsity has been exposed repeatedly. But a characteristic of both the conscious as well as the unconscious opponents of American shipping is that a mere truth never interferes with the continuance of their false declarations. However, once more I will call attention, as so many others have done, to the lie which this statement of adequate service to this country by foreign ships carries.

Only recently Senator BROOKHART of Iowa put into the RECORD the fact that American farmers have this year been securing lower freight rates on their grain than those enjoyed prior to the World War. Now, when it is remembered that the cost of operating all ships, foreign as well as domestic, has been greatly increased since the World War; that, logically, the grain rates across the Atlantic would this year have been far higher than they were before the war, just as other transportation costs are higher; that if these Atlantic grain rates now were 50 per cent higher than they were before the war, they

would then be nothing more than on an equality with rates which foreigners charged us before the war, it will be understood what a tremendous saving this low freight rate, to which the Senator has so properly called attention, has meant to the American farmer, and what vast sums of money foreign shipping men took away from Americans while they controlled our ocean transportation.

For the only reason assigned by anyone, and the one reason which the foreign shipping men unanimously give, for these "excessively low rates"—as they choose to term them—is the surpluses of ocean tonnage, which surpluses are charged directly to that vast increase in the amount of American merchant shipping created by the war.

Lloyd's List has repeatedly discussed this feature and shown that the increase in American shipping is almost identical with the amount of world surplus tonnage now afloat. Now, it is obvious that since the farmer this year has been getting his grain carried at figures which, in effect, are 50 per cent less than the figures charged by the foreign shipping men prior to the World War, that the foreign shipping men then were not giving the American shipper the cheap rates and the cheap service which they could have given him if they had had to—that it was only when American ships forced foreign ships to reduce their rates that they made these reductions, therefore facts clearly give the lie to the foreign claim that foreign ships always gave Americans adequate services at low rates.

Smoke screeners may attempt to divert attention from this "knock-down" fact by arguing the problem of whether or not such low rates are profitable to the shipowners; but as long as foreign ships continue to congest our harbors seeking this business at these low figures, and the principal foreign lines engaged in it continue somehow to pay 10 per cent dividends, most real Americans will be willing to let the American farmer get the benefit of these low rates which American ships have made possible and let the foreigner and his friends in the United States do the arguing.

Since the price of export grain is made in Liverpool, the American farmer does get the benefit of low Atlantic freight rates; and it's more important for Americans to guard the interests of the American farmer than it is to guard the interests of the foreign shipowner.

This is not theory; this is a fact, and a fact brought before the public by an eminent Senator who is not to be charged with being an advocate of subsidies to American vessels.

Now take a specific case that happened only a few years before the World War and which shows the kind of service Americans received and will receive from foreign ships when there are no American ships to insure us fair treatment. The Government of Argentina was in the market for 50 locomotives. Americans and Englishmen were the close bidders on that great contract. On the actual price of these locomotives the Americans were the lowest bidders. But we had no American steamship service to South America then. Both the British and the American locomotive builders had to depend on British steamers to carry those locomotives to South America, and it happened that the same British company operated the line from the United States and the line from England by which these locomotives must be transported.

Although the distance that the British locomotives must be carried was some 500 miles greater than the distance the American locomotives must be carried, those British steamship people named the American builders a rate \$3 a ton higher than what they offered to these British locomotive builders. That extra charge of \$3 a ton defeated the American manufacturers and gave this contract to their competitors. If American ships had been in the service then, as they are now, we would have had that contract.

Now, when it is recalled that a locomotive is practically all labor, it can be seen what the lack of American shipping in that single instance cost the workmen of this country. And that is only one of many cases.

The four-volume report of evidence and findings resulting from the investigation conducted by the Merchant Marine Committee, of which former Secretary of Commerce Alexander was chairman in 1914, gives a very good picture of shipping conditions as they were before the war. "Fighting ships"—and that is what the owners of those craft themselves called them—which crushed all would-be competitors in ocean areas which the English, German, and French combination had reserved to itself, are not the best evidences of an undying love and affection for the merchant marine of this country or of a desire to give our merchants and our exporters a fair chance in the commercial marts of the world.

But now comes a proposition, based on alleged unprofitable freight rates of which American citizens have been receiving the benefit, which has far-reaching possibilities and deserves immediate attention.

Foreign shipping authorities are busily preparing the public for an increase in freight rates. They apparently consider the American competition as temporary; they repeatedly refer to the time when the people of the United States will "weary of taxing themselves for the benefit of a special class" and they—the foreigners—will be able to secure "remunerative rates" for shipping.

Of course, the proper solution of the problem, even taking it as they present it, is in an enlarged employment of the more economical ships, rather than in charging increased rates so that uneconomical ships may be made profitable. That uneconomical ships are in the service is admitted. While attempting to propose a solution of the problem which will confront foreign ships if Government aid shall make it possible for American ships to engage in the foreign trade of the United States, English statisticians analyzed the merchant fleet of England and classified fully one-quarter of the fleet as really obsolete. They also admit the great economies which are already demonstrated as practicable both in type and operation of the modern ship.

American competition on the ocean will compel the giving of those transportation benefits to Americans. The question then will be not "How much will the traffic bear?" but "How low a rate of transportation is it possible for us to make?" Compelling the foreign shipping man constantly to face this latter question is worth more in actual cash to the people of the United States than any amount which any form of Government aid to United States vessels could cost.

Proof of this statement is right at hand. Already those Shipping Board steamers running to South America have compelled our British competitors to build for that service three 10,000-ton Diesel-engined ships. They know they must make the lowest possible rates if they are to share in this great ocean business of the United States, and these new ships can be operated on those long runs at less than two-thirds of the cost of corresponding steamships. That is what we have compelled them to do, to the mutual benefit of the people of those South American countries and of the United States.

But this is only the beginning. Ocean service is on the threshold of as great a change as that which followed the advent of steam. Just as steam, and the consequent development of economical water transportation, developed an international business which raised the merchant fleet of England from 3,000,000 to 21,000,000 tons, so those coming economies in ocean transportation by making possible exchange of commodities which heretofore have not been able to stand the traffic charge will create employment for a far greater fleet than the world ever has known, and in that fleet the American ships must have their proper place.

Fortunately we have hundreds of ships whose hulls are perfect and which, through Government aid, can be put into the trade as needed. Temporarily it means taking some business from our competitors. Ultimately it means more business for all the ships of the world.

Shipping is a means, not an end. It means foreign markets for the people who have ships. Merchant shipping is what enabled England to build up such a tremendous world trade; made her commercial empire possible. Merchant shipping is what gave England and Germany their dominating commercial influence in South America before the war, to the practical exclusion from that continent, so logically associated with us, of Americans, who then had no ships of their own. The changed conditions there, brought about by the services which the Shipping Board has established, have demonstrated anew, and in a most striking manner, how national ships develop national trade. Now, it is for Americans to act on the knowledge they possess and not be misled in a matter of such vast commercial importance to our country by deluding utterances from those who either have omitted to examine facts or who prefer to accept foreign theories regardless of their effect upon the people of the United States.

This truth the National Merchant Marine Association is doing much to bring home to the people of the United States. May it never falter in this great patriotic work!

APPENDIX I.

[Extract from speech of President William Howard Taft, made in Seattle, Saturday, September 30, 1909.]

MERCHANT MARINE NEEDS AID.

China is waking up. She is approaching a period of development that can not but increase her trade and augment her importance as a customer and as a trader with this country, while Japan and all other oriental countries are moving onward with giant steps in the commercial competition of the world. The many prophecies that have been made that in the next half century the commercial progress of the world is to be seen more decidedly in the Pacific than anywhere else are certainly well founded; and under those conditions it behooves us Americans interested in pushing our trade into every quarter of the globe to take steps to repair a condition that exists in respect to our merchant marine that is humiliating to our national pride and most burdensome to us in competition with other nations in obtaining international trade.

We maintain a protective tariff to encourage our manufacturing, farming, and mining industries at home and within our jurisdiction, but when we assume to enter into competition on the high seas in trade between international ports, our jurisdiction to control that trade, so far as the vessels of other nations are concerned, of course ceases, and the question which we have to meet is how with the greater wages that we pay, with the more stringent laws that we enact for the protection of our sailors, and with the protective system making a difference in the price between the necessities to be used in the maintenance of a merchant marine, we shall enable that merchant marine to compete with the marine of the rest of the world.

\$35,000,000 PAID IN SUBSIDY.

This is not the only question, either, for it will be found on an examination of the methods pursued in other countries with respect to their merchant marine, that there is now extended by way of subsidies by the various governments to their respective ships upward of \$35,000,000, and this offers another means by which in the competition the American merchant ship is driven out of business and finds itself utterly unable to bid against its foreign competitors.

Not only this, but so inadequate is the American merchant marine to-day that in seeking auxiliary ships with which to make our Navy an instrument of offense or defense, or, indeed, in sending it around the world as a fleet, we have to call on vessels sailing under a foreign flag to carry our coal and to supply the other needs of such a journey. Were we compelled to go into a war to-day, our merchant marine lacks altogether a sufficient tonnage of auxiliary unarmed ships absolutely necessary to the proper operation of the Navy, and were a war to come on we should have to purchase such vessels from a foreign country, and this might, under the laws governing neutrals, be most difficult.

SOUTH AMERICAN TRADE.

The trade between the eastern ports of the United States and South America is a most valuable trade, and now equals something like \$250,000,000; but European nations, appreciating the growing character of this trade, have, by subsidies and other means of encouragement, so increased the sailings of large and well-equipped vessels from Europe to the ports of South America as visibly to affect the proportion of trade which is coming to the United States by the very limited service of a direct character between New York and South American ports.

I need not tell you of the inadequacy of the American shipping marine on the Pacific coast and the growing power for commercial purposes in this regard of the Empire of Japan. Japan is one of the most active and generous countries in the matter of subsidies to its merchant marine that we have, and the effect is only too visible in an examination of the statistics. For this reason it seems to me that there is no subject to which Congress can better devote its attention in the coming session than the passage of a bill which shall encourage our merchant marine in such a way as to establish American lines directly between New York and other eastern ports and South American ports, and between our Pacific coast ports and the Orient and the Philippines. We earn a profit from our foreign mails of from \$6,000,000 to \$8,000,000 a year. The application of that amount would be quite sufficient to put on a satisfactory basis two or three oriental lines and several lines from the east to South America. Of course, we are familiar with the argument that this would be contributing to private companies out of the Treasury of the United States; but we are thus contributing in various ways on similar principles in effect, both by our protective tariff law, by our river and harbor bills, and by our Reclamation Serv-

ice. We are not putting money into the pockets of the shipowners, but we are giving them money with which they can compete for a reasonable profit only with the merchant marine of the world.

THINKS COUNTRY IS READY FOR SUBSIDY.

From my observation I think the country is ready now to try such a law and to witness its effect in a comparatively small way upon the foreign trade of the United States. If it is successful, experience will show how the policy can best be expanded and enlarged and the American commercial flag be made to wave upon the seas as it did before our Civil War. It is true that our foreign trade is great and increasing, and this without the merchant marine, but it is also true that the ownership of a merchant marine greatly enhances the opportunities for extending trade for the merchants of the country having such a merchant marine.

There is no part of the country more interested in the development of this policy than Seattle, Wash., and the whole Pacific coast. With the enormous energy and potential force that you have developed in your community here for trade and business expansion, it can not have escaped the foresight of your business captains that the development of a merchant marine means the growth of Seattle into a port of such importance that hardly the lively imagination of her ambitious citizens can compass it.

APPENDIX J.

WHY THE SOUTH SHOULD FAVOR SUBSIDY FOR AN AMERICAN MERCHANT MARINE.

Of all sections of this country the South preeminently should be active and aggressive in favor of the development of an American merchant marine, and this can only be brought about by an adequate subvention or subsidy to American ships. The South has three-fifths of the coast line of the United States; it has vast potentialities for the development of foreign commerce. For the fiscal year 1921 the total exports through southern ports amounted to \$2,294,000,000, which largely exceeded the total value of exports from the United States for any year prior to 1913, and were nearly double the total value of foreign exports for the entire country as late as 1900. For the same year the value of imports at southern ports amounted to \$391,489,000, giving a total commerce in and out of over \$2,800,000,000. The exports from five leading southern customs districts for that year amounted to \$1,867,000,000, as compared with a total of \$356,000,000 from the entire Pacific coast. The exports, for instance, from Galveston for that year were \$550,000,000, or nearly \$200,000,000 more than the total exports for the entire Pacific coast. The exports from New Orleans that year were \$614,000,000, or nearly four times the total exports from San Francisco, or \$240,000,000 more than the combined exports from San Francisco, Los Angeles, and San Diego. These figures, startling as they are, are indicative of the enormous expansion at southern ports, are merely suggestive of the possibilities of foreign commerce through these ports. They do not, of course, include the enormous coastwise commerce to and from all of the southern ports. They merely serve to show what the South is beginning to do in the way of exporting its own products through its own ports, and how the West is also seeking an outlet through the South. Every dollar of foreign trade through southern ports is an argument in favor of the development of our own merchant marine.

It seems scarcely conceivable that the people of this country, with its resources so boundless as to stagger the mind, with a growth already great enough to give us one-half of the world's railroad mileage, one-half of the world's coal and iron and steel output, with other things in proportion, should for one moment be satisfied to permit our flag to be driven from the high seas.

"Commerce follows the flag," is an old saying as true to-day as when uttered. Unless our flag floats in all the ports of the world the respect for it will be lessened on the part of other nations and our power to command the trade of other countries will be greatly decreased. The ships of every other nation give first attention to the trade of their own people, regardless of all denials which may be made by foreign shipowners. As a German steamship line some years ago, in fighting the effort of this country to develop a merchant marine, was found by congressional investigation to be carrying on its pay roll a Washington agent of one of the leading press associations, in order to mislead the public as to the need of an American merchant marine, so influences of many kinds are at work to-day to mislead the people of the country and to fill many newspapers with propaganda, the origin of which some of them do not themselves understand, against the necessity of a subvention for the rebuilding of a merchant marine. Without a merchant marine this Nation would lose many of its commercial potentialities and would be, in time of peace and in time of war, at the mercy of other countries, and its flag would be despised by the peoples of many nations because it did not have the courage to see that the Stars and Stripes floated in every port and on every sea.

The South, of all sections, should unite in favor of legislation for the maintenance of American shipping against the foreign shipping interests which are vigorous and aggressive in trying to prevent the passage of such a measure.

APPENDIX K.

The real problem of the American merchant marine is very simple. This is overwhelmingly a protectionist country. It is not a free-trade country. When the Democratic Party comes into power it carefully reduces tariff rates. It does not efface them. Its revenue duties leave substantial protection to every American industry exposed to foreign competition. The Republican Party systematically places high duties on foreign products that come into competition with our own products. This has been the policy of the United States for more than a hundred years.

In the first 60 years of our national existence overseas shipping was protected exactly as were all other American industries—by preferential tariff rates, and in addition by preferential tonnage rates. During these 60 years the United States was one of the greatest and undoubtedly the most efficient and successful maritime country in the world.

Gradually these discriminating duties, initiated in 1789, were given up under so-called treaties of reciprocity with other Governments. But these other Governments, and notably Great Britain, then proceeded to subsidize a part or all of their new steamship lines. The United States, except for a brief period from 1847 to 1856, has not in a general way subsidized any steamship services. That is to say, our overseas shipping, unlike all other internationally competitive indus-

ties, has for 60 years been without any actual protection by the Government. It is significant that our overseas shipping business under these conditions is the only American industry that has declined.

Our American shipowners and operators, though regarded as the most expert in the world, have been unable in these past 60 years to compete with the lower wages, aided by the subsidies and bounties of foreign Governments. Thus our sea shipping has been gradually driven from the ocean. In 1914, when the World War began, there were only six American ships in regular trans-Atlantic service, and only six American ships in trans-Pacific service to the Orient, under the American flag.

This condition had its inevitable result on American shipbuilding. For several years before the World War not one large steamer had been built in this country exclusively for the overseas trade.

The sole cause of the loss of our overseas shipping was that alone of all American competitive industries it was an absolutely unprotected industry.

The Republican national platforms had repeatedly declared for protection to American overseas shipping. Bills to carry out this solemn pledge had been repeatedly offered in Congress. They have all been defeated by narrow majorities because a certain number of Middle Western Senators and Representatives voted with virtually the solid body of the Democrats against any aid to the overseas merchant marine. This, in brief, is the history of our ocean shipping since the Civil War.

The World War, as you know, found the United States helpless to transport any appreciable part of its own export products in its own ships, when the ships of foreign governments that had been monopolizing our overseas carrying trade were largely withdrawn or interned, as was the case in the summer of 1914.

As a consequence freight rates were advanced to unheard-of figures by the few foreign ships that remained available for our ocean carrying. Secretary McAdoo, then the head of the Treasury Department, estimated that these arbitrarily advanced freight rates were costing the farmers of this country in particular at the rate of several hundred million dollars a year in the year 1915. Indeed, as you remember, some of our products could find no ships at all, and a severe blockade ensued on American railroads.

All this was one price which the American people were forced to pay for the incomprehensible neglect of the merchant marine by the national lawmakers.

Another price, and a very great and staggering one, was the \$3,500,000,000 which we expended for the emergency construction of ships at a cost as high as \$200 per dead-weight ton—ships which could have been built in this country before the war for from \$50 to \$65 a ton. All but a small part of this cost of war emergency ship construction could have been saved if the United States had given moderate, systematic aid to its merchant marine beforehand.

Now, the question that confronts the country is what to do in order that such an enormous penalty for the lack of a merchant shipping may never be incurred again. As we understand your suggestion, it is that the Government should continue the operation of the ships it now has and should continue to own and operate their own merchant marine.

May we submit that if this policy were adopted, to continue to own and operate the Government-owned merchant marine, it would fail to solve the question, because of the fact, which we fear you overlook, that a great part of our merchant marine engaged not only in coastwise commerce but in overseas trade is owned and operated at the present time by private American citizens and corporations.

On January 1, 1923, out of our total seagoing merchant marine of a total of 13,193,935 gross tons, the Government, through the Shipping Board, owned 7,350,643 tons, while 5,843,292 tons were held in private ownership. If from the Government-owned total of 7,350,643 tons there were stricken out, as there logically should be, the amount of war-built tonnage gravely defective in character and of no possible commercial use, it would be found that the Government-owned tonnage and the privately owned tonnage in our ocean-going fleet were practically equal. Therefore continued Government ownership and operation would solve the shipping problem only so far as a part of our ocean-going shipping is concerned.

Of the privately owned tonnage, the greater part is now engaged in the coastwise trade, where there is not and never has been foreign competition. But a very substantial part of the privately owned tonnage is struggling against heavy odds to live against the double competition of foreign ships, with their lower wages and, in some cases, their bounties and subsidies, and also against the competition of the Government-owned ships, whose deficits are made up out of the Public Treasury.

Permanent ownership and operation of Government-owned ships would in all probability finally destroy the private American investments in overseas shipping enterprises.

As the Government would presumably scarcely undertake to build any more ships, the result would be the extinction of American shipbuilding for overseas commerce and its dependence entirely on the modest demands of the coastwise trade. Such a condition as this would gravely menace our resources for national defense in time of a national emergency.

We do not believe that those Senators who urge continued private Government ownership and operation realize its disastrous effect upon those private American shipping companies which have been making a very earnest struggle to survive. Governmental competition imposed upon foreign competition would most certainly put an end to them and to all of our shipyards except those required for the purposes of domestic commerce.

In this connection we would like to emphasize the fact that it is the privately owned ships that are making relatively the best headway today against foreign competition, for the reason that it is the private lines that are operated with the greater economy and enterprise and show the better results from operation. It is estimated that \$30,000,000 a year in shipping subsidies to privately owned ships and to the additional ships purchased by private owners from the Shipping Board would enable our merchant marine to increase and prosper in the foreign trade, while, on the other hand, the operation of that part of our merchant marine now Government owned is costing the country \$50,000,000 a year.

There are two main methods by which the American merchant marine may be aided and protected in overseas trade. One is the former national policy of discriminating customs duties and tonnage dues, which was unquestionably effective in the first decades of our national history. But unfortunately, in order to apply these policies, it is necessary to ask for the amendment of all of our principal commercial treaties with foreign governments, which President Wilson and President Harding have successively refused to undertake.

The shipping subsidy policy, on the other hand, is the modern method of aid and encouragement to the merchant marines of the world as practiced in one form or degree or another by all foreign maritime governments. Great Britain subsidizes her principal lines of steamers through mail and admiralty payments. She has been doing this since 1839, when she began with the Cunard Line. Her total expenditures on mail, admiralty, and other forms of imperial encouragement are now stated to be nearly \$10,000,000 a year. She is not paying an excessive sum, because she is realizing on her immense previous expenditures for this purpose. France has been paying as high as \$13,000,000 a year; Italy is now proposing to pay about \$10,000,000 a year; Japan has been paying from \$4,000,000 to \$6,000,000 a year. All nations giving subsidy grant these payments under careful terms of law and contract, as it is proposed to do in the pending shipping bill. All of them continue the policy, with the conviction that it is wise and advantageous.

Some governments pay direct bounties of so much per ton or per horsepower as direct encouragement to shipbuilding. Others pay subsidies or bounties only for purposes of navigation. But the great fundamental fact may be stated that all maritime nations in the world, our own excepted, do follow a policy of frank protectionism by subsidy either to all of their steamship lines or to those of them that are regarded as of the greatest national value.

How can the United States, paying generally higher wages, offering more liberal subsistence to its officers and seamen, hope to prevail under a policy of free trade on the sea against the world-wide policy of subsidies or subvention? Our national experience in the past 60 years has absolutely proved that such an effort is impossible.

In the course of the present debate assertions have been made regarding provisions of the present shipping bill that are based on a grave misapprehension. It has been stated, for example, that the bill confers its benefits chiefly on the larger and faster passenger liners and discriminates against the purely cargo ships. It is true that a higher rate of subsidy or compensation is provided for fast steamers carrying the mails than for "tramp" ships which convey no mails or passengers. But this is based on the fact that the "tramp" steamers, with their relatively low capital costs and small crews, do not need so high a compensation as the faster and more costly liners, with greatly larger crews, to place them on a basis of equality in competition with foreigners.

We would urge that you read carefully the statement recently presented by Senator JONES, chairman of the Committee on Commerce, as follows:

"Mr. President, it is true that the rate specified for the cargo ships is not as great in figures as that specified for the liners, and yet the experts before the committee testified that proportionately and relatively a greater benefit goes to the cargo ships than to the liners, because they are less expensive to operate, have smaller crews, and take less coal or oil, and so forth; so the fact that there is a higher rate of cents per ton for the liners than for the cargo ships does not show that more favors are rendered to the liner than to the cargo ship. As I said, the experts say that there is less favor to the liner proportionately and relatively than to the cargo ship; but the purpose of the subsidy payment to cargo ships is entirely to meet the difference in wages between the American ship and her foreign, particularly her British, competitor of like type and tonnage, because that is the main difference.

The following is an exact comparison of wages paid on the American steamer *Hog Island* and the British steamer *Cornish Point*, of nearly equal dead-weight tonnage, the American ship being an economical oil burner and the British ship a coal burner, the American ship having a speed of 10 knots and the British ship a speed of 13 knots.

"Mr. President, I ask permission to print this table here. It shows the specific charges and rates. It shows that the difference in cost of American wages over the English wages per month is \$735, or per year \$8,820. In other words, it costs that much more to operate that American ship than it does to operate that corresponding British ship.

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

Comparison of American and British ship wages.

DECK DEPARTMENT.

[Pound sterling equals \$4.50.]

United States, Hog Island, 7,800 dead-weight tons, oil burner, 10 knots.				England, Cornish Point, cargo, 8,200 dead-weight tons, coal burner, 12-13 knots.			
Rate.	Number.	Pay per man.	Pay per month.	Rate.	Number.	Pay per man.	Pay per month.
Master.....	1	\$270	\$270	Master.....	1	£ 48 10	£ 48 10
First officer.....	1	165	165	Chief officer.....	1	23 10	23 10
Second officer.....	1	145	145	Second officer.....	1	17 0	17 0
Third officer.....	1	130	130	Third officer.....	1	13 0	13 0
Carpenter and boatswain.....	1	85	85	Carpenter.....	1	12 10	12 10
Able-bodied seamen.....	6	55	330	Boatswain.....	1	11 10	11 10
Ordinary seamen.....	2	40	80	Able-bodied seamen.....	8	10 0	80 0
				Apprentices.....	2	0 0	0 0
Total.....	13		1,185	Total.....	16		157 10

ENGINE DEPARTMENT.

Chief engineer.....	1	\$240	\$240	Chief engineer.....	1	30 10	30 10
Assistant engineer.....	1	165	165	Second engineer.....	1	23 10	23 10
Second assistant engineer.....	1	145	145	Third engineer.....	1	17 0	17 0
Third assistant engineer.....	1	130	130	Fourth engineer.....	1	13 0	13 0
Oilers.....	3	65	195	Donkeyman.....	1	11 10	11 10
Firemen.....	3	57½	172½	Greasers.....	2	11 0	22 0
Wipers.....	2	50	100	Firemen.....	12	10 10	123 0
Total.....	12		1,147½	Total.....	19		241 10

Comparison of American and British ship wages—Continued.
STEWARD'S DEPARTMENT.

United States, Hog Island, 7,800 dead-weight tons, oil burner, 10 knots.				England, Cornish Point, cargo, 8,200 dead-weight tons, coal burner, 12½-13 knots.			
Rate.	Num-ber.	Pay per man.	Pay per month.	Rate.	Num-ber.	Pay per man.	Pay per month.
Chief steward.....	1	\$105	\$105	Chief steward.....	1	£ 14 10	£ 14 10
Chief cook.....	1	90	90	Assistant steward.....	1	9 5	9 5
Second cook and baker.....	1	70	70	Mess room steward.....	1	9 0	9 0
Mess boys.....	3	35	105	Chief cook.....	1	13 10	13 10
				Second cook.....	1	10 0	10 0
Total.....	6		370	Total.....	5		56 5
Wireless operator..	1	90	90				
Grand total..	32		2,792½	Grand total..	40		457 5

RECAPITULATION.

Deck department..	13	\$1,185	Deck department	16	157 10	\$708½
Engine department.....	12	1,147½	Engine department.....	19	243 10	1,095½
Steward's department.....	6	370	Steward's department.....	5	56 5	253
Wireless operator..	1	90				
Total.....	32	2,792½	Total.....	40		2,057½

Difference in cost American wages over English:
Per month..... \$735
Per year..... 8,820

"Mr. JONES of Washington. Now, what about the subsidy?
"If, as is stated in the minority report, the *Hog Island* under this bill were to receive a subsidy of \$11,000 a year, this would adequately cover the annual difference in the pay of the crew, which would be \$8,820, and a further difference that exists in the cost of feeding the officers and seamen. This is all that would be required, for American and British cargo ships purchase their fuel and general stores and supplies on the world's level of markets. The higher wage and subsistence cost of the American crew is, therefore, the only factor that needs to be covered by a subsidy or compensation. There would be hundreds of American cargo steamers, like the *Hog Island*, afloat and in active service in the hands of American owners if they were given a rate of compensation of \$11,000 a year; that would virtually equalize their wage-operating costs with the costs of their British competitors. This \$11,000, it is true, is not a large subsidy, but it is all that the distinctive cargo steamer needs. It covers the difference in the cost of operation and a little bit more; but that is all that we ask for. That is all that anybody could expect.

"The minority report emphasizes the fact that the great, fast ships will receive a higher rate of subsidy because of their superior size and speed combined. The truth is that because of their size and speed and, therefore, of the larger crews which they demand, especially for the proper care of passengers, they actually require a very much larger compensation from the Government in order to be able to meet their foreign competitors on anything like equal terms. In other words, the differential is greater, and, of course, a larger subsidy in amount must be raised to cover that differential.

"The minority report cites the steamers *George Washington* and *America*, of the United States lines, declaring that the *America* would receive a 'gift of \$300,000 under this bill.' But, again, it is easy to demonstrate from official facts that the higher compensation for the large, swift American passenger ships is necessary and justifiable. In a comparison of the wage roll of the *America* and of a similar British steamer, the *Baltic*, both well-known mail, passenger, and cargo carriers in the trans-Atlantic trade—the *America*, of 21,114 gross tons, 17 knots, burning coal, and the *Baltic*, of 23,884 gross tons, 17 knots, also burning coal—the differential in the American pay roll over the British pay roll for each month is \$19,451.50, or, for the entire year, \$233,468.

"As in the case of the *Hog Island* and the *Cornish Point*, there must be also an allowance for the difference in the cost of subsistence of the American and British crews. Allowing for this subsistence of the 300 or 400 men usually carried on the *America* and *Baltic*, it is manifest that a compensation of the \$300,000 a year mentioned in the minority report will approximately put the American liner on an equality with the British liner, exactly as the \$11,000 a year would place the American freight ship on approximately even conditions with the British freight ship. Therefore, in proportion to the requirements of the case, the American cargo ship is just as well protected by a subsidy of \$11,000 a year as the American mail, passenger, and freight lines is protected by a subsidy of \$300,000.

"The shipping bill does not discriminate against the cargo ship. It gives that ship exactly the same good, fair American chance that it gives the liner. As a matter of fact, it gives it a little bit better chance, and we can well afford to give more to the liners as a measure of national defense. We will be fully justified in doing that."

The assertion has repeatedly been made that the cost of the shipping subsidy bill would be \$75,000,000 a year. You will find that in the present bill the expenditures for compensation or subsidy are strictly limited to \$30,000,000.

All ships receiving subsidy must be built, as a general policy, in the United States, thus affording very direct, powerful encouragement to our shipbuilding industry, so valuable for national defense. Moreover, two-thirds of the crews of compensated ships below the rank of officers must be American citizens, thus assuring the Government of a large body of citizen seamen.

All the compensated ships must be turned over to the Government in war at a price not enhanced by any emergency that requires their transfer. American ownership of the compensated ships must be preponderant.

Not to go further into detail, the shipping bill, in our judgment, honestly represents an effort to secure a greatly prosperous merchant marine and at the same time to protect the vital interests of the Government. We would reemphasize the fact that if the Government continues to own and operate its ocean tonnage, such a course will fail to solve the problem of the merchant marine and will enhance the difficulties of and effectually destroy American private initiative and enterprise in overseas commerce. We are very sure that you do not desire such a result. Under continued Government ownership and operation, that one-half of our merchant marine that is Government owned would be in fact subsidized from the National Treasury against the other half, privately owned, that would remain absolutely unprotected as at present.

It would be exactly as if the United States were to take over, own, and operate, at the expense of the Public Treasury, one-half of the railroads of the United States, to the certain destruction of the remainder. We believe that such a course could not possibly be advocated by Senators in possession of the full knowledge of the facts. It should be remembered that American ships in overseas trade as a rule are now making no money and are maintaining themselves by the utmost exertions. They could not possibly survive against Government-owned American ships whose deficits were made up, as they are now, by appropriations of Congress.

Finally, we submit that the total cost of the proposed subsidy is set in the act at \$300,000,000 a year. This is about one-tenth of the annual expenditure for the maintenance of the United States Navy. Rear Admiral William S. Sims, who speaks with the utmost knowledge and authority, has lately said, "The Navy of the United States would be of very little value as a defense of the United States and our possessions if it were not for the merchant marine."

OIL AND GAS WELLS ON PUBLIC LANDS IN OKLAHOMA.

Mr. STANFIELD. From the committee on Public Lands and Surveys I report back favorably with amendments the bill (S. 4197) to authorize the Secretary of the Interior to issue to certain persons and certain corporations permits to explore, or leases of, certain lands that lie south of the medial line of the main channel of Red River, in Oklahoma, and for other purposes, and I submit a report (No. 1127) thereon. I ask for the immediate consideration of the bill. It is not a bill which will require any explanation.

Mr. FLETCHER. Mr. President, I dislike to object to this kind of a request, but, of course, as the Senator knows, there are very few now here and there may be some Senators absent who will be interested in this kind of a measure.

Mr. STANFIELD. I should like to say to the Senator from Florida that the bill has been very carefully considered by the Public Lands Committee and has the unanimous approval of the committee, and also the approval of the Secretary of the Interior. It is important that the bill should be acted upon immediately in order that the Secretary of the Interior may be empowered to act.

Mr. ROBINSON. To what does the bill relate?

The VICE PRESIDENT. The bill will be read by title.

The Assistant Secretary read the bill by title.

Mr. ROBINSON. I hope the bill may be passed.

Mr. FLETCHER. I do not know anything about the bill but I have no objection to its passage. I only believe that it is a bad practice at the close of a day's session to call up bills for passage when there may be those interested who are not here. I believe it is a bad practice to give unanimous consent for the passage of a measure of any importance under such circumstances; but I do not in this case insist on my objection to the passage of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendments were:

On page 1, line 4, after the word "citizens," to insert "of the United States";

On page 1, line 5, after the word "deposits," to insert "belonging to the United States and";

On page 1, line 9, to strike out the words "prior to October 1, 1919," and insert "prior to January 1, 1920";

On page 1, line 10, after the word "faith," to insert the words "and with reasonable diligence";

On page 2, line 17, after the word "interest," to strike out the period and insert a comma, followed by the words "which the lessee or permittee assumes and agrees to observe";

On page 2, line 24, after the word "otherwise," to strike out the period and insert a comma, followed by the words "having made expenditures thereon as in section 1 required";

On page 3, line 5, to change the word "four" to "six";

On page 3, line 6, to change the word "eighty" to "forty";

On page 3, line 20, after the word "deducting," to strike out the word "the" and insert the words "one-half";

On page 3, line 21, to strike out the words "proper proportionate part";

On page 3, line 22, to strike out the words "and the cost of administration and production" and insert in lieu thereof the words "but not including the cost of drilling and operating the wells";

On page 4, line 2, to change the period to a colon and add the following provisos: "Provided, That the Secretary of the Interior is authorized and directed to take such legal steps as may be necessary and proper to collect from any person or persons who shall not be awarded a permit or lease under this act an amount equal to the value of all oil and gas produced by him or them from any of said lands prior to the inclusion of said property in the receivership, except oil or gas used on the property for production purposes or unavoidably lost and except other reasonable and proper allowances for the expenses of production: *Provided further*, That of the amount so collected, 12½ per cent shall be reserved to the United States as royalty and the balance after deducting the expense of collection shall be paid over to the person or persons awarded permits or leases under this act, as their interests may appear"; and

On page 6, line 6, after the word "ship," to insert the words, "which the Attorney General is hereby directed to apply for and secure at the earliest practicable date";

So as to make the bill read:

Be it enacted, etc., That the Secretary of the Interior is hereby authorized to adjust and determine the equitable claims of citizens of the United States and domestic corporations to lands and oil and gas deposits belonging to the United States and situated south of the medial line of the main channel of Red River, Okla., which lands were claimed and possessed in good faith by such citizens or corporations, or their predecessors in interest, prior to January 1, 1920, and upon which lands expenditures were made in good faith and with reasonable diligence in an effort to discover or develop oil or gas. And the Secretary of the Interior is further authorized to issue to those persons or corporations that may be found equitably entitled thereto permits to explore, or leases of, said lands so claimed by them.

Sec. 2. That applications for permits and leases under this act shall be made to the Secretary of the Interior, and shall be made within and not after 30 days from and after the date that this act becomes a law. Leases and permits under this act shall be granted to the assignees or successors in interest of the original locators or the original claimants in all cases where the original locators or original claimants have assigned or transferred their rights, but when leases or permits are granted to the assignees or successors in interest of the original locators or original claimants the said leases and permits shall be subject to all contracts, not contrary to law or public policy, between the original locators or original claimants and their successors in interest, which the lessee or permittee assumes and agrees to observe. In every case where there shall be any conflict or contest on account of overlapping claims the said conflict or contest shall be determined upon competent evidence, and in every such case the land in conflict shall be granted to the person or corporation that in good faith first possessed and claimed the land and maintained such possession until disposed of by judicial process or otherwise, having made expenditures thereon as in section 1 required.

Sec. 3. That not more than 160 acres shall be granted by leases or permits to any one person or corporation, except in those cases where two or more locations or claims have been assigned to one person or corporation, and in such cases not more than 640 acres shall be granted by leases or permits to any one person or corporation.

Sec. 4. That each lessee shall be required to pay to the United States an amount equal to the value at the time of production of 12½ per cent of all oil and gas produced by him prior to the issuance of the lease, except oil or gas used on the property for production purposes or unavoidably lost; and shall be required to pay to the United States a royalty of not less than 12½ per cent of all oil and gas produced by him after the issuance of the lease, except oil and gas used on the property for production purposes or unavoidably lost. Of the proceeds of the oil and gas that have been produced or that may hereafter be produced by the receiver of said property, who was appointed by the Supreme Court of the United States, after deducting one-half of the cost of the said receivership but not including the cost of drilling and operating the wells, 12½ per cent shall be paid to the United States, and the residue shall be paid to the person or corporation to whom may be granted a lease of the land on which said oil and gas were produced: *Provided*, That the Secretary of the Interior is authorized and directed to take such legal steps as may be necessary and proper to collect from any person or persons who shall not be awarded a permit or lease under this act an amount equal to the value of all oil and gas produced by him or them from any of said lands prior to the inclusion of said property in the receivership, except oil or gas used on the property for production purposes or unavoidably lost, and except other reasonable and proper allowances for the expenses of production: *Provided further*, That of the amount so collected 12½ per cent shall be reserved to the United States as royalty and the balance, after deducting the expense of collection, shall be paid over to the person or persons awarded permits or leases under this act as their interests may appear.

Sec. 5. That except as otherwise provided herein the applicable provisions of the act of Congress approved February 25, 1920, entitled "An act to permit the mining of coal, phosphate, oil, oil shale, gas, and sodium on the public domain," shall apply to the leases and permits granted hereunder, including the provisions of sections 35 and 36 of said act relating to the disposition of royalties: *Provided*, That after the adjudication and disposition of all applications under this act, any lands and deposits remaining unappropriated and undisposed of shall, after date fixed by order of the Secretary of the Interior, be disposed of in accordance with the provisions of said act of February 25, 1920: *Provided further*, That upon the approval of this act the Secretary of the Interior is authorized to take over and operate existing wells on any of such lands pending the final disposition of applications for leases and permits, and to utilize and expend in connection with such administration and operation so much as may be necessary of moneys heretofore impounded from past production or hereafter produced, and upon final disposition of applications for and the issuance of leases and permits, after deducting the expenses of administration and operation and payment to the United States of the royalty herein provided, to pay the balance remaining to the person or company entitled thereto: *And provided further*, That out of the 10 per cent of money hereafter received from royalties and rentals under the provisions of this act

and paid into the Treasury of the United States and credited to miscellaneous receipts, as provided by section 35 of the said act of February 25, 1920, the Secretary of the Interior is authorized to use and expend such portion as may be required to pay the expense of administration and supervision over leases and permits and the products thereof.

Sec. 6. That nothing in this act shall be construed to interfere with the possession by the Supreme Court of the United States, through its receiver or receivers, of any part of the lands described in section 1 of this act, nor to authorize the Secretary of the Interior to dispose of any of said lands or oil or gas deposits involved in litigation now pending in the Supreme Court of the United States until the final disposition of said proceeding. The authority herein granted to the Secretary of the Interior to take over and operate oil wells on said lands shall not become effective until the said lands shall be, by the Supreme Court of the United States, discharged from its possession. And nothing in this act shall be construed to interfere with the jurisdiction, power, and authority of the Supreme Court of the United States to adjudicate claims against its said receiver, to direct the payment of such claims against the said receiver as may be allowed by the said court, to settle the said receiver's accounts, and to continue the receivership until, in due and orderly course, the same may be brought to an end. The Supreme Court of the United States is hereby authorized, upon the termination of the said receivership, which the Attorney General is hereby directed to apply for and secure at the earliest practicable date, to direct its receiver to pay to the Secretary of the Interior all funds that may at that time remain in the hands of the said receiver; and when said funds shall be paid to the Secretary of the Interior, the same shall be administered as in this act provided.

Sec. 7. That the Secretary of the Interior is authorized to prescribe the necessary and proper rules and regulations and to do any and all things necessary to carry out and accomplish the purposes of this act.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

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

EXECUTIVE SESSION.

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

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened, and (at 6 o'clock and 5 minutes p. m.) the Senate, under the order previously entered, took a recess until to-morrow, Saturday, February 10, 1923, at 11 o'clock a. m.

NOMINATIONS.

Executive nominations received by the Senate February 9 (legislative day of February 5), 1923.

AMBASSADOR EXTRAORDINARY AND MINISTER PLENIPOTENTIARY.

Maj. Gen. Enoch H. Crowder to be ambassador extraordinary and minister plenipotentiary of the United States of America to Cuba.

PROMOTIONS IN THE REGULAR ARMY.

To be first lieutenants.

Second Lieut. Charles William Leng, jr., Cavalry, from January 7, 1923.

Second Lieut. Edward Ward Hendrick, Coast Artillery Corps, from January 7, 1923.

Second Lieut. Frederick Pearson, Infantry, from January 8, 1923.

Second Lieut. Charles Frederick Colson, Infantry, from January 11, 1923.

Second Lieut. Albert Walker Johnson, Cavalry, from January 11, 1923.

Second Lieut. Donald Frederic Carroll, Infantry, from January 13, 1923.

Second Lieut. Bernard Wellington Slifer, Coast Artillery Corps, from January 16, 1923.

Second Lieut. Willard Ames Holbrook, jr., Cavalry, from January 17, 1923.

Second Lieut. Austin Monroe Wilson, jr., Coast Artillery Corps, from January 18, 1923.

Second Lieut. Samuel Powell Walker, jr., Cavalry, from January 24, 1923.

Second Lieut. Robert Alwin Schow, Infantry, from January 27, 1923.

Second Lieut. John Harrison Stokes, jr., Infantry, from January 30, 1923.

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY.

ORDNANCE DEPARTMENT.

Maj. Donald Armstrong, Coast Artillery Corps, with rank from July 1, 1920.

FIELD ARTILLERY.

Capt. Douglas Lee Crane, Quartermaster Corps, with rank from July 1, 1920.

AIR SERVICE.

Second Lieut. Louis Meline Merrick, Cavalry.

CONFIRMATIONS.

Executive nominations confirmed by the Senate February 9 (legislative day of February 5), 1923.

UNITED STATES DISTRICT JUDGE.

Charles L. McKeehan to be district judge, eastern district of Pennsylvania.

INTERNAL REVENUE COLLECTOR.

Acel C. Alexander to be collector of internal revenue for district of Oklahoma.

UNITED STATES COAST GUARD.

Wilfred N. Derby to be lieutenant.

Herman H. Curry to be ensign (engineering).

POSTMASTERS.

ARKANSAS.

Edward S. Miller, Bentonville.

James W. Oglesby, jr., Gravette.

CALIFORNIA.

James R. Willoughby, Corcoran.

George L. Clare, Guerneville.

William E. Hunt, Kelseyville.

GEORGIA.

Charles H. Crumbly, Greensboro.

Pleasant N. Little, Madison.

IDAHO.

Clyde Hanson, Malad City.

MINNESOTA.

Anna W. Isaacson, Palisade.

Samuel A. Nystrom, Watertown.

MONTANA.

Fred N. Weed, Terry.

NEBRASKA.

William R. Brooks, Campbell.

Edward T. Best, jr., Neligh.

Ray L. Mallory, Pierce.

John Becker, Stanton.

NEW YORK.

Sumter L. Happy, Mount Vernon.

OHIO.

Henry A. Taylor, Cleveland.

John T. Daniels, Greenfield.

OKLAHOMA.

Dory E. McKenney, Custer.

Ada Bartels, Denoya.

PENNSYLVANIA.

Frank H. Cratsley, Imperial.

SOUTH DAKOTA.

Truman C. Knott, Bristol.

HOUSE OF REPRESENTATIVES.

FRIDAY, February 9, 1923.

The House met at 11 a. m.

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

Father in heaven, hear us and come to our help. We entreat Thee that all that is deepest and all that is truest in our own natures may be inspired by Thy Holy Spirit. Meet us to-day and work in us the blessing that falls like an angel's spirit from the upper places. Again hearts are wounded and stricken, and O how they know their own anguish. Come to them with the comfort that heals and with the faith that recovers. Help us to hold on for the few years that remain. In all good things may our constancy and fidelity be without flaw or hesitation. When our arms are empty, our hands idle, and our home desolate may we incarnate in our lives the sublime truth of the cross and live under its light that never grows dim. Amen.

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

REFUNDING OF FOREIGN DEBT.

The SPEAKER. By unanimous consent it is in order to-day to take up for consideration the bill (H. R. 14254) to refund the foreign debt.

Mr. FORDNEY. 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 the bill (H. R. 14254) to amend the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign Governments held by the United States of America, and for other purposes," approved February 9, 1922. Pending that motion, I desire to come to some agreement with gentlemen on the other side respecting the time for general debate. The gentleman from Tennessee [Mr. GARRETT] suggested that there be four hours of general debate. That is satisfactory to this side.

Mr. COLLIER. Mr. Speaker, I think that is satisfactory.

Mr. FORDNEY. Very well, Mr. Speaker, I make that request, one-half of the time to be controlled by myself and one-half by the gentleman from Mississippi [Mr. COLLIER].

The SPEAKER. The gentleman from Michigan moves that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 14254, and pending that motion asks unanimous consent that general debate be limited to four hours, one-half to be controlled by himself and one-half by the gentleman from Mississippi [Mr. COLLIER]. Is there objection?

Mr. BLANTON. Mr. Speaker, I understand that the gentleman from Michigan [Mr. FORDNEY] and the gentleman from Mississippi [Mr. COLLIER] are both in favor of the resolution.

Mr. COLLIER. I will say right now that the gentleman's understanding is not correct.

Mr. BLANTON. Very well; then I have no objection.

Mr. STAFFORD. May I inquire whether it would be agreeable to the gentleman to have general debate confined to the bill?

Mr. FORDNEY. Oh, by all means.

Mr. STAFFORD. Will the gentleman not incorporate that in his request?

Mr. FORDNEY. And that general debate be confined to the bill.

The SPEAKER. Is there objection?

Mr. LONDON. Mr. Speaker, reserving the right to object, the subject is so broad that it is almost impossible to confine it to the bill. Intelligent discussion of it would involve the entire situation. I favor the bill, but I think there should be no such limitation.

Mr. MONDELL. Of course, the limitation is only that the debate shall be confined to the general subject before us.

Mr. GREEN of Iowa. It merely means that those having the floor will not discuss matters not related in any way to the general subject.

Mr. LONDON. Such as the protective tariff?

Mr. GREEN of Iowa. No.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Michigan that the House resolve itself into Committee of the Whole House on the state of the Union.

The question was taken; and on a division (demanded by Mr. GARRETT of Tennessee) there were—ayes 78, noes 6.

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

The SPEAKER. The gentleman from Tennessee makes the point of order that there is no quorum present. Evidently there is not. The Doorkeeper will close the doors, the Sergeant at Arms will bring in absent Members, and the Clerk will call the roll.

The question was taken; and there were—yeas 278, nays 2, not voting 146, as follows:

YEAS—278.

Abernethy	Box	Cole, Iowa	Driver
Ackerman	Brand	Cole, Ohio	Dunbar
Andrew, Mass.	Briggs	Collier	Dupré
Andrews, Nebr.	Brooks, Ill.	Collins	Echols
Appleby	Brown, Tenn.	Colton	Edmonds
Arentz	Browne, Wis.	Connally, Tex.	Elliott
Aswell	Burtness	Cooper, Ohio	Ellis
Atkeson	Burton	Cooper, Wis.	Evans
Bacharach	Butler	Copley	Fairchild
Bankhead	Byrnes, S. C.	Coughlin	Fairfield
Barbour	Byrns, Tenn.	Crago	Favrot
Barkley	Campbell, Kans.	Cramton	Fenn
Beck	Campbell, Pa.	Crisp	Fess
Beedy	Cannon	Curry	Fisher
Begg	Cantrill	Dale	Fitzgerald
Benham	Carter	Dallinger	Fordney
Bird	Chalmers	Darrow	Foster
Bixler	Chandler, Okla.	Deal	Frear
Black	Chindblom	Dempsey	Free
Bland, Ind.	Christopherson	Denison	Freeman
Bland, Va.	Clague	Dickinson	Frothingham
Blanton	Clark, Fla.	Dominick	Fuller
Boles	Clarke, N. Y.	Dowell	Fulmer
Bowling	Cockran	Drewry	Gallivan

Garrett, Tenn.	Knutson	Newton, Minn.	Stegall
Garrett, Tex.	Kopp	Norton	Stedman
Gensman	Kraus	Ogden	Stevenson
Gernerd	Lampert	Oldfield	Strong, Kans.
Gifford	Langley	Oliver	Summers, Wash.
Glynn	Lanham	Olpp	Summers, Tex.
Goodykoontz	Lankford	Parker, N. Y.	Swank
Graham, Ill.	Larsen, Ga.	Parks, Ark.	Sweet
Green, Iowa	Larson, Minn.	Patterson, Mo.	Swing
Greene, Mass.	Lawrence	Paul	Taylor, Colo.
Griest	Layton	Perkins	Taylor, Tenn.
Griffin	Lazaro	Porter	Thompson
Hadley	Lea, Calif.	Pou	Thorpe
Hammer	Leatherwood	Pringey	Tillman
Hardy, Colo.	Lee, Ga.	Purnell	Tilson
Hardy, Tex.	Lineberger	Quin	Timberlake
Haugen	Little	Radeliffe	Towner
Hawley	Logan	Rainey, Ill.	Turner
Hayden	London	Raker	Tyson
Henry	Longworth	Rankin	Underhill
Hersey	Lowrey	Rayburn	Vaile
Hickey	Luce	Reece	Vestal
Hicks	Luhring	Rhodes	Vinson
Hill	Lyon	Ricketts	Voigt
Himes	McClintic	Riordan	Volstead
Hooker	McDuffie	Roach	Walters
Huddleston	McLaughlin, Mich.	Robertson	Ward, N. Y.
Hudspeth	McPherson	Robson	Ward, N. C.
Hull	McSwain	Rodenberg	Watson
Humphrey, Nebr.	MacGregor	Rogers	Weaver
Husted	MacLafferty	Rouse	White, Kans.
Ireland	Madden	Sabath	White, Me.
Jacoway	Maloney	Sanders, Ind.	Williams, Ill.
Jefferis, Nebr.	Mansfield	Sanders, Tex.	Williams, Ill.
Jeffers, Ala.	Mapes	Sandlin	Williamson
Johnson, Ky.	Martin	Schall	Wilson
Johnson, Miss.	Mead	Shelton	Wingo
Johnson, Wash.	Michener	Stclair	Winslow
Jones, Tex.	Mondell	Sinnott	Wood, Ind.
Kearns	Montague	Slemp	Woodruff
Kelly, Pa.	Moore, Ohio	Smith, Idaho	Woods, Va.
Ketcham	Moore, Va.	Snell	Wright
Kiess	Moore, Ind.	Snyder	Wyant
Kincheloe	Morgan	Speaks	Young
Kissel	Murphy	Sproul	
Kline, Pa.	Nelson, A. P.	Stafford	

NAYS—2.

Carew Cullen
NOT VOTING—146.

Almon	Goldsborough	McKenzie	Scott, Mich.
Anderson	Gorman	McLaughlin, Nebr.	Scott, Tenn.
Ansorge	Gould	McLaughlin, Pa.	Sears
Anthony	Graham, Pa.	Magee	Shaw
Bell	Greene, Vt.	Merritt	Shreve
Blakeney	Hawes	Michaelson	Siegel
Bond	Hays	Miller	Sisson
Bowers	Herrick	Mills	Smith, Mich.
Brennan	Hoch	Moore, Ill.	Smithwick
Britten	Hogan	Morin	Steenerson
Brooks, Pa.	Huck	Mott	Stephens
Buchanan	Hukriede	Mudd	Stiness
Bulwinkle	Humphreys, Miss.	Nelson, Me.	Stoil
Burdick	Hutchinson	Nelson, J. M.	Strong, Pa.
Burke	James	Newton, Mo.	Sullivan
Cable	Johnson, S. Dak.	O'Brien	Tague
Chandler, N. Y.	Jones, Pa.	O'Connor	Taylor, Ark.
Clanson	Kahn	Overstreet	Taylor, N. J.
Clouse	Keller	Paige	Temple
Codd	Kelley, Mich.	Park, Ga.	Ten Eyck
Connolly, Pa.	Kendall	Parker, N. J.	Thomas
Crowther	Kennedy	Patterson, N. J.	Tincher
Davis, Minn.	Kindred	Periman	Tinkham
Davis, Tenn.	King	Petersen	Treadway
Doughton	Kirkpatrick	Rainey, Ala.	Tucker
Drane	Kitchin	Ramseyer	Upshaw
Dunn	Kleczka	Ransley	Volk
Dyer	Kline, N. Y.	Reber	Wason
Faust	Knight	Reed, N. Y.	Webster
Fields	Kreider	Reed, W. Va.	Wheeler
Fish	Kunz	Riddick	Wise
Focht	Lee, N. Y.	Rose	Woodyard
French	Lehlbach	Rosenbloom	Wurzbach
Funk	Linthicum	Rossdale	Yates
Gahn	McArthur	Rucker	Zihlman
Garner	McCormick	Ryan	
Gilbert	McFadden	Sanders, N. Y.	

So the motion was agreed to.
The Clerk announced the following pairs:
Until further notice:

- Mr. Bowers with Mr. Garner.
- Mr. Magee with Mr. Almon.
- Mr. Shreve with Mr. Sullivan.
- Mr. Johnson of South Dakota with Mr. Davis of Tennessee.
- Mr. Stephens with Mr. Goldsborough.
- Mr. Tincher with Mr. Kindred.
- Mr. Kendall with Mr. O'Brien.
- Mr. Reed of New York with Mr. Sears.
- Mr. Treadway with Mr. Fields.
- Mr. Graham of Pennsylvania with Mr. Upshaw.
- Mr. Michaelson with Mr. Bell.
- Mr. Burdick with Mr. Tague.
- Mr. Faust with Mr. Doughton.
- Mr. Lehlbach with Mr. Hawes.
- Mr. Newton of Missouri with Mr. Linthicum.
- Mr. Mudd with Mr. Park of Georgia.

Mr. Merritt with Mr. Tucker.
Mr. Britten with Mr. Gilbert.
Mr. Strong of Pennsylvania with Mr. Kitchin.
Mr. Patterson of New Jersey with Mr. Wise.
Mr. Kahn with Mr. O'Connor.
Mr. Kirkpatrick with Mr. Humphreys of Mississippi.
Mr. Davis of Minnesota with Mr. Buchanan.
Mr. Fish with Mr. Thomas.
Mr. Wurzbach with Mr. Smithwick.
Mr. Paige with Mr. Kunz.
Mr. Moore of Illinois with Mr. Drane.
Mr. Dunn with Mr. Bulwinkle.
Mr. Kline of New York with Mr. Stoll.
Mr. Connolly of Pennsylvania with Mr. Taylor of Arkansas.
Mr. Brennan with Mr. Rucker.
Mrs. Huck with Mr. Sisson.
Mr. Keller with Mr. Overstreet.
Mr. Crowther with Mr. Rainey of Alabama.

The result of the vote was announced as above recorded.
Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 14254, with Mr. TOWNER in the chair.

The Clerk read the bill, as follows:

Be it enacted, etc., That the first proviso of section 2 of the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," approved February 9, 1922, is amended to read as follows:

"Provided, That the settlement of indebtedness of the United Kingdom of Great Britain and Ireland to the United States, recommended by the commission and approved by the President, as set forth by him in a message presented to Congress on February 7, 1923, as contained in House Document No. 554, Sixty-seventh Congress, fourth session, as follows:

Principal of notes to be refunded	\$4, 074, 818, 358. 44
Interest accrued and unpaid up to Dec. 15, 1922, at the rate of 4½ per cent	629, 836, 106. 99
	4, 704, 654, 465. 43
Deduct payments made Oct. 16, 1922, and Nov. 15, 1922, with interest at 4½ per cent thereon to Dec. 15, 1922	100, 526, 379. 69
	4, 604, 128, 085. 74
To be paid in cash	4, 128, 085. 74

Total principal of indebtedness as of Dec. 15, 1922, for which British Government bonds are to be issued to the United States Government at par

4, 600, 000, 000. 00

"The principal of the bonds shall be paid in annual installments on a fixed schedule, subject to the right of the British Government to make these payments in three-year periods. The amount of the first year's installment will be \$23,000,000, and these annual installments will increase with due regularity during the life of the bonds, until, in the sixty-second year, the amount of the installment will be \$175,000,000, the aggregate installments being equal to the total principal of the debt.

"The British Government shall have the right to pay off additional amounts of the principal of the bonds on any interest date upon 90 days' previous notice.

"Interest is to be payable upon the unpaid balances at the following rates, on December 15 and June 15 of each year: 3 per cent semiannually, June 15, 1923, to December 15, 1932, inclusive; 3½ per cent semiannually, June 15, 1933, until final payment.

"For the first five years one-half the interest may be deferred and added to the principal, bonds to be issued therefor similar to those of the original issue.

"Any payment of interest or of principal may be made in any United States Government bonds issued since April 6, 1917, such bonds to be taken at par and accrued interest—is hereby approved and authorized, and settlements, similar but not more favorable in terms with other governments indebted to the United States, as set forth in this section, are hereby authorized to be made, subject to the approval of the President."

Mr. FORDNEY. Mr. Speaker, I yield 30 minutes to the gentleman from Ohio [Mr. BURTON]. [Applause; Members rising.]

Mr. BURTON. Mr. Chairman and gentlemen, I thank you for this very kind reception. It is my desire to proceed for 20 minutes without interruption, and the remaining 10 minutes I shall give to the answering of questions.

It is with a profound sense of responsibility that I approach the discussion of this bill. No measure has been presented in this House of more far-reaching importance since the days when our armies were battling in the field. At the outset I wish to call attention to the exceptional quality of these obligations which we are discussing. They are an obligation from one country to another. Instances have been frequent in which a nation has granted subventions to allies in war, but loans have usually been subscribed for by private individuals or organizations. This feature gives a peculiar delicacy to a transaction of this kind. The unprecedented magnitude of the amounts of these loans must impress us very strongly, as well as the effect upon exchanges, upon trade, and more than that, upon relations of amity between nations. Therefore, every American citizen who has a vision of world welfare must give careful consideration to this proposition.

I take the stand here, which I have repeatedly taken, that we should not release the principal of these debts from foreign countries, but I think I should be recreant to duty, I should be unmindful of the interests not only of our own country but of those vast interests which pertain to the whole world, if I did not also advocate a reasonable degree of concession and leniency in the terms of payment. These debts were incurred for advances made at various times after our entry into the war. Their amount, in the principal sum, on the 15th of November last was computed at \$10,045,000,000.

This debt was made up of four classes, the first and most important being for advances made under the Liberty loan act, amounting to \$9,386,000,000. The second was for purchases of surplus war supplies amounting to \$574,000,000. Next to that comes advances made by the American Relief Association, \$84,000,000 in amount, and fourth and last, although there are some other sums of minor importance, the debts due the United States Grain Corporation, the stock of which is exclusively owned by the United States, amounting to \$56,000,000. This last amount is not included in the above total.

Divers payments have been made on these amounts, but at the time the World War Debt Commission was created, in February, 1922, only two countries had settled. Cuba, having a debt of \$7,740,500, gave bonds, and has regularly paid installments of principal and interest. [Applause.] The State of Nicaragua gave an obligation which provided that the interest should not be collected until the maturity of the principal. That amount is comparatively small, amounting to \$170,585.35.

It was in this situation that the World Debt Funding Commission was created, with the authority which is set forth in the report of the Committee on Ways and Means. That commission has very vigorously, I might say, endeavored to make some settlement of those debts. Notice was given at an early date to all the debtor countries that we were ready to meet with them and negotiate upon the subject. Their diplomatic representatives here in Washington conferred with us. Delegates came from various countries to the United States to present their case. No adjustment, however, which was within the terms of the law, or which we could recommend to the Congress has, however, been possible, except in the case of the United Kingdom of Great Britain and Ireland.

No amounts are now due from that Government except for advances authorized by the Liberty loan acts. The principal sum of this debt is \$4,074,000,000. After computing interest from the date of an adjustment made in April and May, 1919, deducting payments of \$100,000,000 in October and November last and a sum of little over \$4,000,000 which is proposed shall be paid in cash when a settlement is concluded, the indebtedness of the English Government under the plan recommended would be \$4,600,000,000 as of December 15, 1922. The commission presents you the settlement set forth in extenso in the bill, with the approval of the President and with the earnest recommendation that it be adopted. The terms of the original law provided that the duration of any loan should not be more than 25 years nor the rate of interest less than 4½ per cent.

This was manifestly impossible at the outset. Some time, when a larger amount of time can be allotted to me, I wish to speak, with the kind permission of the House, upon the economic phases of this situation. I will say right briefly here that so great a transfer of capital as would be involved in the payment of those debts, or even in the payment of the debt of Great Britain inside of 25 years, would be disastrous to our own people as well as to the United Kingdom of Great Britain and Ireland. Under the last administration the payment of interest was suspended when Mr. CARTER GLASS, then Secretary of the Treasury, on the 18th of December, 1919, sent a letter to the Committee on Ways and Means in which he said:

The collection in dollars of this interest under present circumstances would be no less disastrous to American interests than to the interests of our debtors.

And so payment of interest was suspended. You can not destroy a delicate balance in finance between countries by an overwhelming wrench such as this would create without disaster. France, after the war of 1870-71, was subject to the payment of an indemnity of 5,000,000,000 francs, approximating a billion dollars. What was the result—and that indemnity, by the way, is not at all comparable with these amounts—France by rigid economy, by changing an excess of imports over exports to an excess of exports over imports, by calling in foreign loans, by calling forth that which was in the stockings or houses of the peasants, paid off that amount by 1873; and yet the payment of this very large amount of money to Germany inflated values, increased prices, and

caused an artificial prosperity there, which was followed by a wave of depression, so that one of their comic newspapers said, more in earnest than in jest, "Let us have another war, let us be defeated next time and pay an indemnity and then we will be prosperous." And even the great Bismarck at one time remarked that he did not know but it would be better if Germany had an indemnity to pay and then they would have prosperity. I may say here that our stock of gold in the United States, though it affords us most sincere gratification, is not altogether an asset; that it would be far better for us if a part of this gold were distributed among the nations of the earth, loaned on adequate security, because its presence here tends to create inflation, raise prices, and stimulate injudicious enterprise.

For that reason the commission felt that it was best for the first five years to make the terms very moderate, and I now come to a statement of the particulars. First, consideration was given to the rate of interest on these advances, which in 1917 was fixed at 3 and 3¼ per cent, and then raised gradually until our Treasury Department on October 31, 1918, suggested that it should be 5 per cent. The interest was incorporated with the principal April 15 and May 15, 1919—about two-thirds in April and one-third in May. The commission recommends that the rate of interest from those dates to December 15, 1922, be made 4½ per cent, the rate of interest on the larger amount of our bonds. The second modification from the statute of last year is in the rate of interest in the future.

We suggest the 4½ per cent as provided in the existing law be changed to 3 per cent from December 15, 1922, to December 15, 1932, and thereafter 3½ per cent, payable semiannually. I also desire again to say that some time I wish to address you on rates of interest. There is every probability after 10 years rates of interest will come down within that figure of 3½ per cent. For 30 years, from 1880 to 1909, inclusive, the return on English consols was less than 3 per cent, reaching a minimum of 2.4 per cent in 1897.

Our own experience has been in the same direction. Especially after the Civil War the rate of interest decreased so rapidly that some of our bonds which had been placed were sold at a very large premium. Since 1920 rates of interest and the return on securities in this country have very substantially fallen.

The third change is the extension of the period from 25 years to 62 years, during which time, by regular increase, partial payments are to be made, the first payment being fixed at \$23,000,000 in 1923, and at \$175,000,000 in the last year that the loan has to run, which would be 1984.

Four provisions have been recommended which, I think, the members of the commission had a right to make under the authority of the existing statute. Great Britain may make payments of principal in three-year periods instead of annually. She may, on giving 90 days' notice, pay installments of principal. Thirdly, for the first five years the interest, half of it, may be funded with the principal; that is, the amount of interest would be \$138,000,000. The debtor country may fund \$69,000,000 of that into bonds on the same terms as the original bonds, 3 per cent until 1932 and 3½ per cent thereafter. The fourth provision is that the debtor may pay installments of principal and interest by the presentation of our bonds issued after April 6, 1917, and such bonds are to be credited at par with accrued interest. The date of April 6, 1917, is fixed to avoid the Panama bonds and some other bonds and obligations which are now selling at a discount. I do not see why we, who are so proud of our credit, could refuse to meet this offer. They would come to us with our own bonds in their hands and say, "We will pay you with these." How can we refuse? Again, it would be extremely favorable for us, in that it would bolster up the price of our own bonds because of those withdrawn by payments.

These, gentlemen, are the conditions under this bill in a general way.

Mr. BLANTON. Mr. Chairman, will the gentleman yield for a question?

Mr. BURTON. My time is not quite up. I will yield in a very few minutes. How much time have I used, Mr. Chairman?

The CHAIRMAN. Seventeen minutes.

Mr. BURTON. Then, I have three minutes more. Now, the importance of this transaction to us and to the world I can not overrate. We can not afford to take the position of a harsh and grasping creditor. The whole world is now open to us and to our trade and to our enterprise. We hope also to our helpful influence.

Let the principal of the debt be paid. I might rehearse some of the reasons which I have often given for my contention on

that point: The sacredness of national obligations which must be observed, the cancellation of which would hereafter tend to break down national credit; the fact that the loans we made to those countries were made not from an overflowing Treasury but by issuing bonds; the fact that if we were to cancel these debts, Europe, in a ferment, might use a very considerable share of that which would otherwise be used in the payment of this debt in military equipment, which would carry a constant threat to the peace of the world. Then, again our obligations in the way of debt at the beginning of the war were trivial, almost, and the increase of our debt and taxation as a result of the war has been as great or greater proportionately than is the case with our debtors.

Those are the reasons on one side. What are the reasons on the other side, in the midst of this uncertainty? Great Britain comes forward and says, "We expect to pay if you will make the terms such that we can meet them."

This \$4,600,000,000, again, it must be remembered, was for purchases made in this country, and to that \$4,600,000,000 and more were added \$3,000,000,000 for purchases paid in cash—a great stimulus to our trade and to our wealth, changing us in effect from a debtor into a creditor nation; and because of these purchases made by Great Britain in that time of whirling activity very large income taxes and excess-profits taxes were paid into the American Treasury, reaching into the hundreds of millions, maybe a billion or more. They themselves are staggering under a crushing weight of taxation in order to meet their expenses and maintain their credit, which they have so proudly maintained for 200 years. This they have accomplished by subjecting their people to a rate of taxation more severe per capita and more severe in its various forms than that ever borne by any nation in time of peace. Without alliance with them, with no encouragement of any imperial aspirations of theirs, we know that the future progress of the world in civilization depends very largely upon the concurrent action of the two great branches of the English-speaking race. [Applause.]

Mr. Webster, after having listened to the morning call at Quebec, thought out that famous apostrophe to the British Empire, "whose morning drumbeat, beginning with the sun and keeping pace with the hours, encircles the globe with one continuous unbroken strain of the martial airs of England." Those martial airs were sounded to rouse soldiers on many a bloody field, in Flanders, at Ypres, and wherever the fight was bloodiest, and many of those who were roused by that call sleep where the poppies grow. But we hope that this other country with which we have so much in common, with the same literature, the same sweet English tongue, may in the future, with strains, not so much of martial music as of beneficence and blessing, with us encircle the globe with those notes which make for peace and amity and a new era on the earth. [Prolonged applause.]

Now, Mr. Chairman, I believe I have 10 minutes in which to answer questions.

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

Mr. BURTON. Yes.

Mr. BLANTON. In support of the gentleman's position that it would be disastrous to this country for this debt to be paid back in 25 years, the gentleman reminded us of the wish made by the German funny papers and by Bismarck. That wish has been realized for the German people. The German people now are paying an indemnity. If Bismarck could see the German people now do you think he would still wish them in their present situation?

Mr. BURTON. Oh, all I care to say in regard to that situation is that we must bear in mind that harsh treatment from one country to another is very likely to bring reciprocity at some future time, and therefore it is not best to be harsh. [Applause.]

Mr. COCKRAN. Will the gentleman yield for a question?

Mr. BURTON. Certainly.

Mr. COCKRAN. I should like to ask the gentleman from Ohio if the reason for this remission of interest from the amount promised in the contract to that mentioned in this bill is the fact that England is not able to pay a higher rate of interest?

Mr. BURTON. I think it is entirely impossible for England to assure us of larger payments in the way of interest and principal than those provided here. I may say to the gentleman from New York that the settlement we have made is not based alone on any consideration of leniency, important as that is, but upon the probable ability of our debtor to meet the demand.

Mr. CARTER. Will the gentleman from Ohio yield?

Mr. BURTON. I yield to the gentleman from Oklahoma.

Mr. CARTER. I wish to know—I am sure the gentleman can give the House the information—what is the relative indebtedness of the two countries, Great Britain and the United States.

Mr. BURTON. Great Britain owes about £7,700,000,000, which would be \$35,000,000,000 and more, based upon present rates of exchange. Our net debt, which has been diminished in the last few years, is somewhere between \$22,000,000,000 and \$23,000,000,000.

Mr. CARTER. Can the gentleman give the per capita debt of the two countries?

Mr. BURTON. The per capita debt is very much larger in Great Britain than in the United States. I could not figure it accurately in a moment.

Mr. BARKLEY. Will the gentleman yield?

Mr. BURTON. I yield to the gentleman from Kentucky.

Mr. BARKLEY. Will the gentleman give us the relative per capita tax of the two countries?

Mr. BURTON. The per capita tax is a somewhat difficult proposition, but that of Great Britain is about \$80 per capita for national purposes, and about \$20 per capita for domestic rates and purposes. Ours is between \$80 and \$35 per capita for national purposes, and for domestic purposes it is difficult to say, perhaps from \$20 to \$30 up. It differs very materially in the different States. I should like at some time to answer the question of the gentleman from Kentucky [Mr. BARKLEY] after a more careful preparation as to the exact figures. There is no question that theirs is two-thirds larger than ours.

Mr. BARKLEY. It is safe to assume that the per capita tax of Great Britain is much larger than that of the United States.

Mr. BURTON. It is at least five-thirds—once and two-thirds as much.

Mr. FESS. Will the gentleman yield?

Mr. BURTON. Yes; I am glad to yield to my colleague.

Mr. FESS. Will my colleague state the percentage of debt in ratio to our wealth in comparison with that of Britain?

Mr. BURTON. Estimates of wealth are more or less fanciful. I have given a good deal of time to the gathering of figures on that subject. Our own wealth is variously estimated at from \$220,000,000,000 to \$280,000,000,000. That of Great Britain is estimated at only about \$80,000,000,000, probably not more than a third as much as ours. Those estimates, I must say, however, are more or less conjectural.

Mr. FESS. I have seen the statement that the British debt is 46 per cent of her wealth, while ours is only about 10 per cent. Is that correct?

Mr. BURTON. Oh, yes; I think so.

Mr. PURNELL. Will the gentleman yield?

Mr. BURTON. I yield to the gentleman from Indiana.

Mr. PURNELL. So many conflicting statements have been made that I should like to know what the Government of the United States actually holds as evidence of these various debts.

Mr. BURTON. There is a kind of due bill, a copy of which is attached to the hearings.

Mr. LONGWORTH. I can furnish my colleague with a copy.

Mr. BURTON. I have never gained any very great satisfaction from reading it.

Mr. PURNELL. I wish the gentleman would enlarge upon that.

Mr. BURTON. I have not the time to do that, much as I would like to do so; but I will ask the gentleman to examine the document.

Mr. WOODS of Virginia. Mr. Chairman, will the gentleman yield?

Mr. BURTON. I yield to the gentleman from Virginia.

Mr. WOODS of Virginia. Will the gentleman kindly tell us what effect this settlement will have upon the stability of European governments, and what will be the effect if the settlement is not made?

Mr. BURTON. The making of this settlement will have a very favorable effect as regards stability of exchanges and things of that kind. If not made, the effect would certainly be disastrous.

Mr. MOORE of Virginia. Will the gentleman yield?

Mr. BURTON. Certainly.

Mr. MOORE of Virginia. May I ask the gentleman a question which seems to suggest an equitable consideration in reference to this matter? What loans did Great Britain make to her allies during the war, and to what extent has she been able to recover them?

Mr. BURTON. Her loans aggregated in principal up to date \$1,503,000,000. I do not think there have been any collections made on the loans.

Mr. SUMNERS of Texas. Will the gentleman yield?

Mr. BURTON. I will yield to the gentleman from Texas.

Mr. SUMNERS of Texas. Has the gentleman any figures as to the relative earning capacity of the English as compared with the Americans?

Mr. BURTON. That is merely conjectural. I think our earning capacity per capita is greater than that of England, because we are more advanced in the methods of using machinery in place of manual labor, by the greater readiness and adaptability of most of our workmen, and our resources in the way of raw material are more immediately at hand. These are the principal advantages of the United States.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. FORDNEY. I yield the gentleman 5 minutes more.

Mr. OLIVER. Will the gentleman yield?

Mr. BURTON. Certainly.

Mr. OLIVER. The gentleman stated that the debt of England was \$35,000,000,000. Did not a part of that indebtedness represent the expenditures in the World War by Great Britain?

Mr. BURTON. I have a table in regard to that. Nearly all of it, or about nine-tenths is the result of the World War. I have the figures running back to 1840, and I think for a considerable time after that date the English debt was nearly 800,000,000 pounds.

Mr. BYRNES of South Carolina. Will the gentleman yield?

Mr. BURTON. I will yield to the gentleman from South Carolina.

Mr. BYRNES of South Carolina. Would the gentleman from Ohio be willing to say whether he would recommend the settlement of the debts of other nations to us on similar terms to that provided in this bill?

Mr. BURTON. Yes; I regard this as establishing a new standard.

Mr. BYRNES of South Carolina. Does not the gentleman think the people would rejoice to know that they could settle the other debts on the same terms as provided in this resolution? [Applause.]

Mr. BURTON. No one would rejoice any more than the members of the commission.

Mr. BANKHEAD. Will the gentleman from Ohio yield?

Mr. BURTON. I will yield to the gentleman from Alabama.

Mr. BANKHEAD. If we do not accept the terms of settlement imposed in the pending bill, what alternative remedy has this Government?

Mr. BURTON. Let it run as it is, run with only an occasional payment, without payment of interest or principal indefinitely. Since April, 1919, there has been a payment made of \$100,000,000; but it has run along like a debt that had no special recognition or standing with either country.

Mr. CLARK of Florida. Will the gentleman yield?

Mr. BURTON. I will yield to the gentleman from Florida.

Mr. CLARK of Florida. The gentleman spoke about some paper in writing, in the nature of a due bill, or something of that kind. I would like to ask the gentleman if one nation can have any written paper that would be binding on that nation, whether a bill of sale or a promissory note or a bond or anything else, if the debtor nation determines not to pay?

Mr. BURTON. There would be remedies known to international law. One would be to wage war; another would be to grab the property of that debtor nation and of its nationals that was inside of our country. There are several remedies, but we would not want to resort to them.

Mr. KNUTSON. Will the gentleman yield?

Mr. BURTON. I will yield to the gentleman from Minnesota.

Mr. KNUTSON. Have the debts due to Great Britain from other countries been funded?

Mr. BURTON. I think not. The Balfour proposition was to release them, but they wanted some other releases besides.

Mr. KNUTSON. Do they carry any interest?

Mr. BURTON. That is a little uncertain. I do not think more than a very small amount of interest has been received.

Mr. KNUTSON. What is the per cent of interest?

Mr. BURTON. There is no agreement about it.

Mr. LONGWORTH. Will the gentleman yield?

Mr. BURTON. I will yield to my colleague.

Mr. LONGWORTH. I do not know as the gentleman has mentioned it, but there is one important consideration in this bill, and that is that Great Britain may, if she pleases, pay a portion of the debt in American bonds.

Mr. BURTON. I did mention it. That was a concession that we could not refuse.

Mr. BRITTEN. Will the gentleman yield?

Mr. BURTON. Certainly.

Mr. BRITTEN. Will the gentleman tell the House, if he can, the approximate value of the colonies acquired by Great Britain after and during the war?

Mr. BURTON. They are figuring on the question whether they are worth anything or not. They are a very large source of expense thus far. If you figure it per acre or per hectare, the area taken over would be very valuable. There is an illustration of what may be the result of large indemnities. The Allies took away the ships of Germany and virtually destroyed the shipbuilding trade in their own countries for a time.

The CHAIRMAN. The time of the gentleman has again expired.

Mr. FORDNEY. I yield to the gentleman five minutes more.

Mr. KINCHELOE. Will the gentleman yield?

Mr. BURTON. I will yield to the gentleman from Kentucky.

Mr. KINCHELOE. The gentleman, in the course of his remarks, stated that England had some American bonds with which she would pay a part of the debt. Would the gentleman mind stating what the sum total of those bonds is and when they were bought and the interest they are drawing?

Mr. BURTON. I do not think I made quite that statement. It is thought that there is a certain amount of bonds of the United States in England. I doubt if there is a very large amount. They were practically all sent over during the war to apply on payments. I do not think that they subscribed for our bonds during the war.

Mr. KINCHELOE. If there are any bonds there, they are owned by individuals?

Mr. BURTON. Yes; and not by the Government.

Mr. STAFFORD. Can the gentleman make any forecast, without embarrassment to his work as a member of this commission, as to when the other debtor nations will fund their debts owing to us, as Great Britain has so magnanimously funded this?

Mr. BURTON. I could not say. That is the reason for the last provision in this law. We want to be able to function between now and the time when Congress next meets.

Mr. COLLIER. Let me ask the gentleman if he has estimated the amount of interest that would be lost by making the proposed settlements instead of the one under which the commission was created proposed. The gentleman yesterday could not give us any information on that.

Mr. BURTON. It is a matter of long computation. The abatement on past indebtedness would be approximately \$80,000,000 up to December 15, 1922. For the next 10 years, if no payments were made on principal, it would be \$57,500,000 per annum, which would amount to \$575,000,000, but payments on principal are to be made during that time, which would diminish the \$575,000,000 estimate substantially. Then after the 10 years it would be something over \$30,000,000 a year, diminishing. But to my mind we can brush all that aside. It is not a question of whether we get the full pound of flesh, but whether we get anything, and whether we conduct ourselves as this great wealthy Nation which wants to be a leader in world affairs ought to conduct itself. [Applause.] I concede the amounts bulk large. It is just about \$80,000,000 that we are abating, if you call it 5 per cent to date on past advances.

The original interest on these advances was 3 per cent, then 3½ per cent, then 4 per cent, a very complicated proposition, then 4½ per cent on that proportion of the indebtedness on which our bonds were paying 4½ per cent, and finally our Government sent word on October 31, 1918, that it ought all to be settled at 5 per cent.

Mr. COLLIER. For the reason the gentleman stated our representatives did not push the 25-year proposition. I understood the gentleman to say it was manifest to all that that was impossible to be agreed to.

Mr. BURTON. We repeatedly called attention to what the law was and what our limitations were, but from the very outset it was manifest that neither the rate of interest nor the time was possible of agreement.

Mr. COLLIER. After the commission found they could not agree on any of the essentials of the law which created the commission there was no attempt on the part of the commission to report back to the body from which they got their authority, was there?

Mr. BURTON. No.

Mr. COLLIER. Everything was kept quiet?

Mr. BURTON. Well, so far as secrecy is concerned, I quote to the gentleman what I quoted yesterday from Mr. David Lloyd-George, that anyone who has ever been a member of a family of more than three would see the howling absurdity of holding an international conference in public. [Laughter.]

The CHAIRMAN. The time of the gentleman from Ohio has again expired.

Mr. COLLIER. Mr. Chairman, I request the Chair to let me know when I have consumed 15 minutes. I ask unanimous consent to extend and revise my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. COLLIER. Mr. Chairman and gentlemen of the House, I know that I speak for all when I say that we would be glad to get the refunding of these foreign obligations behind us. I wish to congratulate the gentleman from Ohio [Mr. BURTON] upon his presentation of the case from his side of the question, and I regret very much that in the discussion of a question which means so much to the American people I find myself unable to agree to the proposition now before the House. I believe it of the utmost importance that these foreign obligations should be refunded, and if I had absolute knowledge that this is the last word of Great Britain, and that the proposal now before us is the best that Great Britain can do, I for one, honoring and respecting that great country, would be among the very first to agree to that proposal. We have had one of the commissioners, the gentleman from Ohio [Mr. BURTON], before us, and we got no information from him at all, except vague statements that it was manifest to us from the start that Great Britain could not comply with the American demands as set forth in the law which created the commission.

We asked him for some information regarding the proposals made by the British Government. There was the law which in its essentials empowered the commission to make specific terms with England. Every essential of this law was ignored. These loans made by our Government were accepted by the foreign governments at the time of their greatest need. The foreign governments came to us and said, "If you will lend us this money to fight the common enemy, we will pay it back to you upon the same terms and under the same conditions parallel with the bonds you have to issue to get this money. That is the brief history of the lending of this money, and the Congress of the United States, without, I believe, one dissenting vote, agreed to a law which empowered the American commission to do two things in the negotiation of the settlement of these debts. One was to refund these obligations at 4½ per cent interest, and the other was to extend the time of maturity for a period of 25 years.

In view of the fact that both of these essentials of the law creating this commission were ignored, we at least had the right to expect some information as to why they were ignored. We wanted to know if every effort to conform to the statute creating the commission had been made. But all information was refused us on the ground that these negotiations were sacred and confidential.

If I had information that would convince me that this is the best proposition Great Britain can accept, then I, too, would gladly vote for the refunding of these bonds upon the proposed agreement.

I do not want to force Great Britain or any other country to make terms impossible for them to carry out. I do not want "the pound of flesh" that the gentleman from Ohio referred to so often. But I do want the gentleman from Ohio or some other member of the commission to give me some information why the American people should surrender and cancel \$1,600,000,000 of our foreign debt to England.

I want to know whether Great Britain refused to pay this \$1,600,000,000, or whether Great Britain says the United Kingdom was unable to pay this sum, or whether the American commission generously gave England this sum. I think the American people who are paying 4½ per cent interest upon money they borrowed to lend to England are entitled to know officially at least why England is willing to pay only 3 per cent upon this money.

The gentleman from Ohio gives us only his own impressions which he gathered talking to various citizens of England. I again repeat that if the American commission will lay before the House convincing information that these terms are the only terms Great Britain can or is willing to make I will vote to ratify them.

Briefly speaking, what is the history of these foreign debts? The provisions of the various Liberty loan acts which authorized the lending of this money to our allies in order to carry on the war are plain and explicit. They do not give the Secretary of the Treasury or any commission any discretion to either change the rates of interest or fix the maturity of the loans. They simply provide that when the Secretary of the Treasury shall loan money to the representatives of the foreign governments, the Secretary shall with this money purchase at

par from those foreign governments their obligations at a rate of interest not less than the highest rate of interest in any Liberty loan act bond that may be issued here in the United States. They further provide that these foreign obligations or bonds so purchased at par by the Secretary of the Treasury from the foreign governments shall bear in all their essentials resemblance to the bonds that have been issued here in the United States and which were purchased by the American people.

We all know that when the Democratic administration negotiated these loans no partisanship of any kind crept into the discussion of the methods of these negotiations. There were no executive meetings of the Ways and Means Committee and the Republicans Members were invited to participate with us on each and every occasion.

Partisanship for the first time came into the attempted settlement of these debts when the bill creating the commission was, in October, 1921, discussed in the House.

It was first contemplated that the Secretary of the Treasury, Mr. Mellon, be given full authority to settle these debts, and bills were introduced in the House by the chairman of the Ways and Means Committee [Mr. FORBNEY] and in the Senate by the chairman of the Finance Committee, the late Senator PENROSE, conferring upon the Secretary of the Treasury discretionary powers to settle these obligations. These bills even contemplated giving the Secretary permission to accept the obligations of one government in exchange for the obligations of another government. There was so much dissatisfaction over these bills that a bill creating a commission was then reported to the House. The bill gave discretionary powers to a commission of five Members, and I offered an amendment that this commission report back to Congress before the terms of any final settlement should be made. This motion was defeated by a partisan vote. I then offered the same amendment in the form of a motion to recommit, which on a call of the House was defeated.

The Senate amended the bill by taking away the discretionary powers of the commission and accomplishing in another way the substance in all its essentials of what the Democrats tried to embody in the bill when it passed the House. The Senate amendment was a proviso that nothing contained in the act shall be construed to authorize or empower the commission to extend the time of maturity of any such bonds or other obligations due the United States by any foreign government beyond June 15, 1947, or to fix the rate of interest at less than 4½ per cent per annum.

When the bill was reported back to the House it was passed unanimously with the Senate amendments.

The commission had no authority to change the rate of interest from 4½ per cent per annum, as set forth in the law creating the commission, nor did the commission have authority to extend the time of maturity from 25 years, as set forth in the law, to 62 years, as proposed in the proposal submitted by our commission to the representatives of Great Britain.

This is the proposition our representatives made to the representatives of the British Government:

Principal of notes to be refunded.....	\$4, 074, 818, 358. 44
Interest accrued and unpaid up to Dec. 15, 1922, at the rate of 4½ per cent.....	629, 836, 106. 99
	4, 704, 654, 465. 43
Deduct payments made Oct. 16, 1922, and Nov. 15, 1922, with interest at 4½ per cent thereon to Dec. 15, 1922.....	100, 526, 379. 69
	4, 604, 128, 085. 74
To be paid in cash.....	4, 128, 085. 74
Total principal of indebtedness as of Dec. 15, 1922, for which British Government bonds are to be issued to the United States Government at par...	4, 600, 000, 000. 00

The principal of the bonds shall be paid in annual installments on a fixed schedule, subject to the right of the British Government to make these payments in three-year periods. The amount of the first year's installment will be \$23,000,000, and these annual installments will increase with due regularity during the life of the bonds until in the sixty-second year the amount of the installment will be \$175,000,000, the aggregate installments being equal to the total principal of the debt.

The British Government shall have the right to pay off additional amounts of the principal of the bonds on an interest date upon 90 days' previous notice.

Interest is to be payable upon the unpaid balances at the following rates, on December 15 and June 15 of each year:

Three per cent semiannually, June 15, 1923, to December 15, 1932, inclusive; 3½ per cent semiannually, June 15, 1933, until final payment.

For the first five years one-half of the interest may be deferred and added to the principal; bonds to be issued therefor similar to those of the original issue.

Any payment of interest or of principal may be made in any United States Government bonds issued since April 6, 1917, such bonds to be taken at par and accrued interest.

Partisanship never entered into these proceedings until the bill creating the commission was brought up for consideration. On the floor of the House that day a great many cruel and unkind things were said about the Democratic administration and the way in which Mr. McAdoo had made these loans. The gentleman from Ohio [Mr. LONGWORTH] seems to be obsessed with the idea that the "mere notes of hand," as he described the security Mr. McAdoo took—the mere notes of hand, the I O U the Democratic administration took—were not good security. He has made many speeches denouncing the notes Mr. McAdoo received from the foreign governments. A few days ago on the floor of this House, speaking on this bill, he congratulated the Congress and the American people that now we had good security. My friends, there is no more power to collect the bonds that you take to-day, if this bill is passed, than there was to collect the notes given by foreign governments to the Secretary of the Treasury when the loans were first made. I consider a bond of Great Britain, I consider a note of hand of Great Britain, I consider an I O U, if you please, of Great Britain—if written in that I O U and on that note of hand there is a solemn promise to pay—good and ample security.

But I am sick and tired of hearing men like the gentleman from Ohio [Mr. LONGWORTH] and the gentleman from Michigan [Mr. FORDNEY], and even the gentleman from Ohio [Mr. BURTON], get up and talk about the false security that the Democratic administration took. Yesterday I asked Commissioner BURTON, when he appeared before the committee, if Great Britain's solemn promise to pay, written into a note of hand and signed by her representative agents, was not as good a moral obligation as the present bond, and to my intense surprise he said it might be as good a legal obligation but was not as good a moral obligation. I for one can not understand such reasoning. What is behind these bonds? What makes these bonds ample security? Has Great Britain pledged to us her real estate? Are they backed by negotiable stocks and bonds? Has England pledged to us her colonial possessions? Has she even set aside a special tax for a sinking fund; has she provided in any way for a sinking fund? No. Then, what makes these bonds ample and good security? It is simply and solely because England's solemn promise to pay is written on those bonds; and that same solemn promise to pay was written on the notes given by England to secure Mr. McAdoo for the money he loaned to that country.

Mr. HUSTED. Will the gentleman yield?

Mr. COLLIER. Briefly.

Mr. HUSTED. Of course, we will all admit that these I O U's which were signed by diplomatic officials evidenced the debt and the intention to pay, but the gentleman will admit, I think, that they were not definitive obligations; they did not carry all the terms intended to be followed by a definitive obligation in which would be defined exactly what the terms agreed upon should be.

Mr. COLLIER. The gentleman will admit this, that the I O U's would not be worth the paper they are written on if England repudiated them; and the gentleman will admit that the bonds, if we pass this bill to-day, will not be worth the paper that they are written on if England repudiates them. There is only one court in which those bonds, if a default should be made, could be enforced, and that is not a court of law—it is a court of force—and I for one would never refer to that court for these debts or the debts of any other country. [Applause.]

Mr. BLANTON. Will the gentleman read the obligation which she gave us?

Mr. COLLIER. I have that and I will put it in the RECORD. This is a sample of the obligation Mr. McAdoo took from the representatives of the British Government when he loaned them the money. This is a sample copy of the obligation signed by the representatives of the British Government which these gentlemen so facetiously refer to as a mere note of hand, an I O U.

CERTIFICATE OF INDEBTEDNESS.

\$— (amount in figures).

The Government of (name of foreign Government), for value received, promises to pay to the United States of America, or assigns, the sum of (number of dollars in words) on demand, with interest from date hereof at the rate of (rate per cent) per cent per annum. Such principal sum and the interest thereon will be paid without deduction for any (name of foreign Government) taxes, present or future, in gold coin of the United States of America of the present standard of weight and fineness at the Subtreasury of the United States in New York, or, at the option of the holders, at the Treasury of the United States in Washington.

This certificate will be converted by the Government of (name of foreign Government) if requested by the Secretary of the Treasury of the United States of America at par with an adjustment of accrued interest into an equal par amount of (rate per cent) per cent convertible gold bonds of the Government of (name of foreign Government), conforming to the provisions of acts of Congress of the United States known, respectively, as second Liberty bond act, third Liberty bond act, and fourth Liberty bond act. If bonds of the United States issued under authority of said acts shall be converted into other bonds of the United States bearing a higher rate of interest than $4\frac{1}{2}$ per cent per annum, a proportionate part of the obligations of the Government of (name of foreign Government) of this series acquired by the United States under authority of said acts shall, at the request of said Secretary of the Treasury, be converted into obligations of said Government of (name of foreign Government), bearing interest at a rate exceeding that previously borne by this obligation by the same amount as the interest rate of the bonds of the United States issued upon such conversion exceeds the interest rate of (rate of this obligation) per cent, but not less than the highest rate of interest borne by such bonds of the United States.

(Signature of representative of foreign Government.)
For the Government of (name of foreign Government).
Dated the — day of —.

This mere note of hand is as solemn and as honest an obligation as any Government bond. There is no court of law in which the bonds in the proposed bill could be collected that these notes could not also be collected.

Both depend solely and alone upon Great Britain's promise to pay, and there is no tribunal save the tribunal of war where either one of these obligations could ever be collected if England refused to pay.

But, say the gentleman from Ohio [Mr. LONGWORTH] and the gentleman from Michigan [Mr. FORDNEY], the Democratic administration violated the Liberty loan acts. Mr. McAdoo should have taken a bond for each dollar as he gave it to the foreign governments, as the law directed him to do. These gentlemen tell us that if the Democratic Secretary of the Treasury had done that we would not be in the position we are now in.

These gentlemen know that this could not have been done at that time. These gentlemen know that this money was not loaned in one sum at one time to our allies, but that the loaning of this money covered a considerable period of time and it was given out in installments as the Allies needed it.

England would tell us that during the period of seven or eight months a billion dollars would be needed. France might tell us that during that same period of time a billion and a half might be needed. Other countries might want several hundred millions more to be paid to them as they needed it in commitments, as they were called. When we informed our allies that we would let them have this money on the same terms and conditions we would have to pay the American people in order to borrow this money to lend to them, this money was not in the Treasury at that time. These gentlemen knew that. This money had to be raised by the sale of Liberty bonds.

These countries were given a credit for the amount that was asked for and it was given to them as they needed it.

One week a certain amount would be drawn, another week another amount, and several weeks afterwards still another amount. We did not have this money in the Treasury. We had to raise it by the sale of Liberty bonds. England would ask for \$2,000,000,000, two-thirds of it to be advanced at the end of 60 or 90 days or longer. How could the Secretary of the Treasury know what the rate of interest would be on bonds to be issued three or four months in advance? We did not know how long the war would continue. We did not know how many bond issues would have to be made. Experience had already proved that subsequent bond issues would have to authorize a higher rate of interest than the first issue. How could the Secretary of the Treasury, at the time the loan was credited to the foreign Government, refund these obligations and fix the rate of interest when he himself did not know when the money would be raised by succeeding Liberty bond acts nor what the rate of interest would be?

So he did the only feasible, the only sensible, thing, which was to place this amount to the credit of the foreign governments to be drawn by them as needed, and took their demand notes, which afterwards could be changed into bonds parallel in their essentials with our own Liberty bonds.

But I want to make a few observations on the question of partisanship, which the Republicans have shown in the consideration of this matter.

This is a government by parties. That has been the policy of our Government since first it took its place among the nations of the earth. A strong majority party to put into effect the principles for which it stands and to carry on the Government according to the mandates of those who placed that party in power. That is the function of a majority. But the minority has an equally important function. Its function is to stand guard against the excesses and extravagances of the majority. The minority is the sentinel standing on the

watchtower warning and restraining the majority from acts which the free exercise of power unchecked might prove to be dangerous to our institutions and to our Government.

This policy has been recognized from the very moment our country took its place among the great nations of the earth. But what do we find now? A partisanship unheard of in the annals of our country. I challenge the pages of the history of American politics to show as partisan an appointment as the appointment of three Republican Cabinet officers and a Republican Senator and a Republican Member of the House to be the sole members of a commission which had to deal with the refunding of over \$11,000,000,000, contributed alike by the American people.

As against the personnel of those gentlemen I, of course, have nothing to say and could have nothing to say. But there are millions of people in the United States who contributed of their means so that this money could be loaned to our allies and who belong to the minority party. I ask you, do you think it fair, do you think it right, do you think it just that their voices should be silent and that their interests should not be represented in the settlement of these debts?

If they wanted to be fair about this matter, if they wanted the twenty or thirty millions of people who helped to contribute to these loans by their means to be represented, why did they not give the minority at least one member on this commission? I ask you again, I ask the American people, was it right, was it fair, was it proper to deny the minority even one representative on a commission which meant so much not alone to our people but to the rest of the world?

Mr. HUDSPETH. Will the gentleman now yield?

Mr. COLLIER. I will.

Mr. HUDSPETH. The gentleman from Ohio [Mr. BURTON] stated that the obligation of Cuba had been settled by bonds. Can the gentleman state whether there was any remission of any interest in reference to that obligation?

Mr. COLLIER. Of course, I could not answer that question, because all matters connected with this was turned over to this partisan commission, and I gather from the former Senator from Ohio that all these matters are sacred and it would be bad and not proper for us to go into them.

Mr. DENISON and Mr. CARTER rose.

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

Mr. COLLIER. I will yield first to the gentleman from Illinois, who rose first.

Mr. DENISON. When these obligations were first incurred and the loans were made and the money advanced, of course that was all handled by one party alone—the Democratic Party?

Mr. COLLIER. Yes.

Mr. DENISON. And the Republicans were not consulted or asked for advice; and if they gave advice, their advice was not accepted. Is there any difference in principle between letting one party make the obligations and the other fund them?

Mr. COLLIER. There would be no difference in the principle, but there is a great deal of difference in the gentleman stating here something that, with all due deference to him, I may say, are not parallel instances.

Mr. McAdoo was the agent. He got that money through the Liberty bond act, for which the gentleman from Michigan [Mr. FORDNEY] and every other Republican Member of the Committee on Ways and Means and of the House voted; that was to borrow money to loan to our allies. I see what the gentleman is coming to. He wants to ask why Mr. McAdoo did not fund the bonded debt.

Mr. DENISON. I am not coming to anything. I want to ask a question. The same Congress that gave Mr. McAdoo the authority to make these obligations gave him this authority to fund them.

Mr. CARTER. Mr. Chairman, will the gentleman yield now?

Mr. COLLIER. Yes.

Mr. CARTER. I agree with the gentleman that there has been some surrender of our rights here. I agree that the matter has been handled in a partisan way. I agree most heartily in all that the gentleman says about the way the party on the other side have acted in this matter. But the question before us now is, What are we going to do if we are not going to do this? [Applause.]

Mr. COLLIER. I must have expressed myself badly. If any Member here has gathered from my criticism of the administration making an economic question such a partisan one, that that would now have anything to do with the final settlement of this question. It should not. I am as anxious to see this debt refunded as any of you, and I have tried my best to get the gentleman from Ohio to tell us why it was that the com-

mission came to the conclusions they have. What proposition did England offer? What happened around the table? I made a motion in the committee that we send up to the other end of the Avenue and get a financier who very often forgets that he is a politician, the Secretary of the Treasury, and ask him some questions, and the motion was voted down. And when I myself tried to get some information, so that I could go home and justify my action to the people whom I represent, so that I could say, "Here are the reasons why we should surrender \$1,600,000,000 in an obligation which we took from Great Britain and which was accepted in good faith by Great Britain."

I was told in the usual gentle way by the chairman of the committee that I was delaying the proceeding and remonstrated with so often on the ground that I was taking up the time and trying to delay the expedition of the bill that I was practically forced to desist. It was passed through with the most indecent haste. We have had no consideration of the measure, and we have not been able to get any information. Every question we asked would be met with the statement that that question would be a privileged question, and that they could not answer it by reason of making some international blunder. Of course, I do not wish to embroil us in any of those international complications any more than the gentleman from Ohio does. But I do think that when a law is passed by practically a unanimous vote of the House and Senate, putting several essentials into that law and empowering the commission to act up to those essentials, and the commission ignores each and every one of those essentials, the American people have a right to know why these essentials were ignored. We asked the gentleman from Ohio [Mr. BURTON], "Please tell us what were the reasons actuating you in ignoring all the essentials in the law which created you?" And all that we could get was the answer that it was manifest from the start that Great Britain would not be able to do this. And the only reason Commissioner BURTON could give us was not anything England's representatives said or did, but was from his personal observation when he went to England.

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

Mr. COLLIER. Yes.

Mr. McSWAIN. Has the committee of which the gentleman is a distinguished member ever investigated to see what taxes in Great Britain go to subsidies for the support of their merchant marine and for keeping in commission the greatest navy in the world?

Mr. COLLIER. Nobody suggested anything of that sort.

Mr. McSWAIN. Is that not like the case of a man who can not pay his grocer's bill because he must keep up his expense for gasoline for his limousine?

Mr. COLLIER. I do not want to tax anybody beyond their ability to pay. I thought the committee ought to have some information upon which to act. I am anxious, and I know the American people are anxious, to get these foreign debts behind us. We are willing to strain a number of points, and I was trying in all sincerity and to the best of my ability to get all the information I could; but I could get nothing but platitudes and a story about a man who told Senator BURTON that he was willing to pay 15 shillings on the pound to pay the debt, and then he was knighted. Every time we came to those questions they would be declared to be privileged.

My friends, I think this is a matter in which the American people are entitled to have some information.

Mr. LONDON. Mr. Chairman, will the gentleman yield on this last question of secrecy for a suggestion?

Mr. COLLIER. I will.

Mr. LONDON. If on the score of secrecy members of the Committee on Ways and Means are prevented from getting at the facts now, why will not the same thing occur in the future? What will prevent it from occurring in the future?

Mr. COLLIER. I did not catch the gentleman's question.

Mr. LONDON. I say that on the score of secrecy members of the Committee on Ways and Means were unable to get information and facts.

Mr. COLLIER. We did not get information.

Mr. LONDON. Now, in case England should refuse to live up to the new arrangement in the future, then on the score of secrecy she may be able to get away with it?

Mr. COLLIER. Yes.

Mr. LONDON. Why do you permit that secrecy? Why do you stand for it?

Mr. COLLIER. You may go over there and put it over NICK LONGWORTH and Brother FORDNEY and the balance of them, but I could not do it. [Laughter.]

Mr. Chairman and gentlemen of the House, because of the great importance to the American people and to the rest of

the world in the refunding of these debts the majority party in this House owed it to us and to the country that we should obtain some information from a commission of five Republicans in whom was vested all the power to negotiate. I state here on the floor of this House that we did not get that information and were met with generalities only. [Applause.]

I reserve the remainder of my time.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. HILL having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed without amendment bills of the following titles:

H. R. 855. An act for the relief of Fred G. Leith, United States Navy;

H. R. 13046. An act authorizing the Secretary of the Treasury to convey to the city of Wilmington, N. C., marine-hospital reservation; and

H. R. 12007. An act providing for the conveyance of certain land to the city of Boise, Idaho, and from the city of Boise, Idaho, to the United States.

The message also announced that the Senate had passed bills of the following titles, in which the concurrence of the House of Representatives was requested:

S. 4469. An act 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; and

S. 3892. An act authorizing the State of California to bring suit against the United States to determine title to certain lands in Siskiyou County, Calif.

The message also announced that the Senate had passed with an amendment the bill (H. R. 5224) to authorize the Secretary of the Navy to certify to the Secretary of the Interior for restoration to the public domain lands in the State of Louisiana not needed for naval purposes, in which the concurrence of the House of Representatives was requested.

REFUNDING OF FOREIGN DEBT.

The committee resumed its session.

Mr. FORDNEY. I yield eight minutes to the gentleman from Wisconsin [Mr. FREAR].

Mr. FREAR. Mr. Chairman and gentlemen of the House, I do not believe anyone present will charge me with partisanship ordinarily. I have tried to get at the merits of propositions presented here, and although frequently disagreeing with some of my colleagues on this side of the aisle, I can not see any real question of difference to separate us to-day. The gentleman from Mississippi [Mr. COLLIER], who has just spoken, my colleague on the Ways and Means Committee, has referred to partisanship politics in this matter, and I fear that he has rather represented himself than the people on his side of the aisle, and I do not believe he has done justice to himself, for he is a very able Member. I will leave to the gentleman from Ohio [Mr. LONGWORTH] to answer—as I know he will—matters in regard to the inception of this loan. Speaking for myself, I will say that as the loan was made during the war the mantle of fairness ought to be spread over those who undertook to negotiate this loan with Great Britain, and also the loans with other governments, because they acted under a tremendous pressure at that time, and could not do what would be done in ordinary times of peace.

Responding to the question that was asked a few moments ago of the gentleman from Mississippi, as to whether or not England at this time is sending her warships abroad and whether that is not a great expense to Great Britain that might better be paid in interest, let me say that Great Britain to-day is not spending more for her war vessels than we are in this country, according to my best information, and we are at peace with the world. Practically in the throes of war to-day, Great Britain is trying to protect her possessions, and yet in these trying times her cabinet has offered this settlement. So far as the ship subsidy is concerned, and the inquiry covered that—I say this with equal fairness—I do not believe she pays any subsidy in proportion to what has been proposed in the legislation pending before Congress, as the gentleman who propounded the inquiry can readily ascertain.

With this situation abroad, I believe we have all essential facts before us, and I do not ask Senator BURTON to testify on this. We have facts before us that will convince any intelligent man that this was a fair settlement for us under all the circumstances and that Great Britain certainly did a wonderful thing in making good her national credit. [Applause.]

The estimates to-day of able economists show the average per capita debt in this country to-day is \$160; that is, after we deduct this British debt, which we can fairly do when the debt obligations are received. That means an \$800 national-debt average for a family of five in the United States. In Great

Britain to-day, without any substantial prospect of getting back any or practically any debts due her from other countries, her debt per capita is \$800, or as much as that of our average family of five; and a family of five in England is obligated on the average to an amount of \$4,000. Can we as intelligent legislators fail to recognize the condition that confronts Great Britain to-day or the great effort she has made to meet her war-time obligations? It does not require any additional facts than knowledge of her own comparative financial burdens to understand fully what she has done to meet her promises to us.

I do not care to ask the gentlemen who made up the American Debt Commission to tell all the conversations that occurred over the board or the pleas that were made for or by Great Britain in that delicate transaction. We know what they were, and Great Britain has done a wonderful thing in coming up as closely as she has to the mark and far beyond expectations of this country. [Applause.] In the law which we passed the House never inserted any rate of interest. In that law we never inserted any determination as to time of payment—not when it passed the House. It was the Senate which did both, and we finally confirmed the Senate action; but it was not put in when it passed here. We did provide for the commission; and if there is one thing of which we may well be proud it is of the distinguished Member whom the House furnished as a part of that commission and of the fine work that he did. [Applause, Members rising.] I may say, what is generally appreciated, that our distinguished colleague from Ohio [Mr. BURTON] is known throughout the country as an authority second to none on the subject of finance. We all understand that, and I believe it is a great credit to the House as well as to the country that he was a member of that commission. In a way I feel pleased to know that in the committee I urged five different amendments, all of which finally became a part of the law under which the settlement was made. As it came originally from the Secretary of the Treasury the bill was without any limitation. The Secretary of the Treasury had sole power to settle in his own way and terms all debts, and the proposition pressed in committee was to put his resolution through that same morning. Members of the committee who were present will remember that five amendments were urged by me to the bill. One was for a commission, another no cancellation of bonds, a third for no substitution of bonds. All those provisions were adopted, and they are the essentials under which the commission acted when effecting this debt settlement, notwithstanding the fact that my good friend from Mississippi [Mr. COLLIER] says none of the essentials are in it. The question of interest becomes a question of England's ability to pay, and with a national indebtedness of \$4,000 for the average family of five can we say that they did not offer us a fair proposition when without any expectation of payments to themselves from other governments they now undertake to pay the full face of the obligation and pay interest, not what the Congress originally proposed but an interest rate that is ordinarily paid in times of peace by great governments.

Mr. Chairman, an important factor in arranging settlements with foreign governments confronts us. The present English ministry is jealous of the honor and good name of the English people, never yet tarnished with the charge of debt repudiation.

Strong political interests in England to-day and also in other countries indebted to ours have voiced a protest or hope that in addition to an expenditure of more than \$20,000,000,000 apart from money loaned to foreign governments, we should cancel foreign loans aggregating nearly \$11,000,000,000. We are not selfish nor mercenary when asking for a repayment of these debts. Apart from sacrifices made by our people when engaged in a common cause we pledged them that so far as we could act these foreign debts would be repaid and their heavy burden of taxation, both local and national, be lightened to that extent. The people gave until it hurt to raise the money. Our good faith is involved in such payments and repayments.

We have a group of international bankers in New York, powerful in wealth and influence, that seeks to undermine our own position by widely published proposals for a cancellation of foreign debts, notwithstanding the law prohibits any such act by the commission. Inspired, as many believe, by a desire to enhance the value of billions of dollars in foreign securities now held by these bankers, as owners or agents, which they would not dream of canceling, foreign governments have been misled by propaganda for debt cancellation into a belief that the American Congress and the country would approve a proposition of that character.

Those advocating cancellation at home or abroad have complicated a delicate situation in these debt negotiations, but our commission has sought to meet every essential under the law and the Government of Great Britain has met their proposals fairly and, in my judgment, equitably.

The settlement of \$4,700,000,000 due from England on which amount 3 per cent is to be paid for 10 years and 3½ per cent thereafter until fully paid, will practically reach the ordinary interest rate on Government securities within a decade in all probability.

Remembering that international obligations are a matter of faith and not of enforcement other than by military and naval power; that we believe in peace and fought the war to end all wars, and also in the interest of world-wide confidence that forms a basis for all industrial and political strength, I feel the agreement reached by all parties has marked a forward step toward better adjustment of our relations with all governments indebted to ours.

Mr. LONDON. Will the gentleman yield?

Mr. FREAR. I will when I have finished. I have one or two other matters briefly to discuss. One proposition contained in this bill that seems to me of supreme importance is that it establishes a permanent policy for this Government in its transactions with foreign governments. We have here an acknowledgment of our debt. We have here a proposition that there is to be no repudiation by one of the great governments of the world. In my opinion, we could have afforded to go further in order to have that fact established, in order to set a precedent for other governments with which we are to negotiate hereafter. [Applause.] This was admittedly a partisan or one-party commission. I was desirous, according to my original amendment, of having its members come from both sides of the aisle, but I feel that this commission in a non-partisan manner has secured far more than was expected by the Congress in having an agreement reached to be placed upon the statute books.

Mr. SNYDER. And more than was expected by the public, either.

Mr. FREAR. And more than was expected by the public, as has been suggested by my colleague from New York. Now, as to the other governments, we can not say what the future may bring forth in settlements; but under the terms of the proposition as it passed the House and the Senate in this bill it is announced that no more favorable conditions can be expected by other governments than those given to Great Britain. We may not receive as good terms in all cases, for we can not get money from people unless they have it or can raise it hereafter. But we do know this: That the commission must come back to the House and to the Senate if it can not secure an agreement as fair as this, and its members have accomplished, in my judgment, a splendid work. [Applause.]

Mr. FORDNEY. I yield 10 minutes to the gentleman from Ohio [Mr. LONGWORTH].

The CHAIRMAN. The gentleman from Ohio [Mr. LONGWORTH] is recognized for 10 minutes. [Applause.]

Mr. LONGWORTH. Mr. Chairman and gentlemen, I join with my colleague from Wisconsin in lamenting the fact that the gentleman representing the minority of the Ways and Means Committee [Mr. COLLIER] has seen fit to bring partisan politics into the discussion of this question. I, however, hope and believe that when the final vote is taken a very substantial majority on that side of the House will be found voting with us in favor of the bill. [Applause.] The gentleman from Mississippi has brought up the fetish on which he has harped for months—that his party has not been allowed on all occasions to sit with the majority of the Ways and Means Committee, while during the war our party, then in the minority, sat with the Ways and Means Committee. That is a perfectly simple proposition. During the stress of war the Republican minority upon the Ways and Means Committee could be trusted not to bring politics into consideration. [Applause.]

I have never said that we had no security from Great Britain or any other country for the loans advanced to them. I merely said that the law under which these loans were authorized was ignored at the time they were made, and I leave it to any unprejudiced lawyer in this House, after I read the section of the first Liberty bond act under which the loans to Great Britain and other countries were made, whether the law was not ignored in receiving the security which the gentleman from Mississippi prizes so highly.

Section 2 of the first Liberty loan act, which for the first time authorized loans to foreign governments, reads as follows:

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase at par, from such foreign governments then engaged in war with the enemies of the United States, their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act.

Now, what does that mean?

Mr. GRAHAM of Illinois. The act says during the period of the war, does it?

Mr. LONGWORTH. No; it does not limit it to the war period. What is the effect of this provision? It simply authorizes the proceeds of the bonds purchased by the American people to be invested in precisely similar securities issued by foreign governments. There was no authorization whatever to lend cash on a note of hand.

Now, what is the security that we have received from Great Britain and other countries?

Mr. HARDY of Texas. Will the gentleman read that provision of the law again?

Mr. LONGWORTH. If I can get some more time. Can the gentleman from Michigan yield me more time?

Mr. FORDNEY. I have requests for 20 minutes more time than I have. Will the gentleman from Mississippi let us have a little more time?

Mr. COLLIER. I have requests for 50 minutes more time than I have.

Mr. LINEBERGER. Mr. Chairman, I have five minutes which I will yield to the gentleman from Ohio.

Mr. LONGWORTH. I am under great obligation to my friend from California, because I think this matter ought to be straightened out so that we may see just where we stand.

I am not speaking for political effect at all. I am simply asserting that as a matter of fact the law was violated, and in that I am confirmed by the gentleman from Texas [Mr. GARNER], who the other day admitted that the law had been violated. I will read the section again, if desired:

SEC. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase at par, from such foreign governments then engaged in war with the enemies of the United States, their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act.

That same provision was carried in the subsequent Liberty loan acts. Now what was the security that came into the possession of the Treasury Department? I hold in my hand one of the last certificates of indebtedness, and here are the essential parts of it:

The Government of the United Kingdom of Great Britain and Ireland, for value received, promises to pay to the United States of America, or assigns, the sum of \$1,000,000 on demand, with interest from the date hereof at the rate of 5 per cent per annum.

Such a transaction, in my opinion, was not authorized under the law. I am not saying that it is not good security to an extent at least, and possibly the exigencies of the situation made it necessary. But I have said repeatedly and now assert that the law was violated in making it.

Mr. BLANTON. Will the gentleman yield?

Mr. LONGWORTH. Yes.

Mr. BLANTON. Will not the gentleman be fair enough to read it all?

Mr. LONGWORTH. There is a provision later for subsequent conversion, but that is not an essential. I said that I read the essential part.

Mr. BLANTON. It provides for giving bond at the rate of interest not less than that charged by the United States for its money.

Mr. LONGWORTH. Yes; but that is nonessential in the proposition we are now considering.

Mr. COLLIER. Mr. Chairman, will the gentleman state to the House whether there is any court on the face of the earth where this security could be enforced and bonds taken?

Mr. LONGWORTH. Oh, what is the use of talking about a court when it is a question of an obligation between two great nations.

Mr. COLLIER. In case of default could it be collected, except by force?

Mr. LONGWORTH. Mr. Chairman, the gentleman begs the question. Here is the only proposition: We can not collect that demand note, and every sensible man in the United States and every sensible man in Great Britain knows it. Is there a man anywhere within the sound of my voice who will assert that it is possible under existing conditions to collect \$4,600,000,000 from Great Britain, at 5 per cent, on demand? It is too absurd to talk about, and that is all there is involved in this proposition. Instead of having that doubtful security, we have, if we accept the proposition brought in by our commission, a debt funded under such conditions that it can be collected, and that is what the American people are interested

in and what the people of Great Britain are interested in. [Applause.]

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

Mr. LONGWORTH. I can not yield. The gentleman from Mississippi [Mr. COLLIER], says that the two essentials of the law were violated, those essentials being an interest rate of 4½ per cent and a 25-year limitation. If the gentleman thinks that those are the essentials of this law, why did he not insist upon them when the bill was under consideration in the House? And why did he not suggest them in committee? No such suggestion was ever made. The bill that passed this House had no limitation whatever with regard to interest or with regard to the period of the loan.

Those provisions were added in the Senate. If they could have been put in when the bill was under consideration in the House why did he not suggest that they be inserted if he believes them to be essential? As a matter of fact we are getting back more nearly to the attitude of the House on this proposition when it passed the House, and what I think was the proper attitude.

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

Mr. LONGWORTH. Yes.

Mr. COLLIER. The gentleman asked me why we did not put those in in the House. I offered a motion to recommit, when you vested full power in this commission, that this commission be empowered to come back to Congress before they made any settlement, and that motion was voted down.

Mr. LONGWORTH. Precisely, and that is just practically what we are doing now. They have come back to Congress. [Applause.] When did any man on the other side try to limit the rate of interest or the period of time? You say you insisted that any agreement made by the committee must be referred to the House for ratification. Why, that is what we are doing now, and that is what we are to vote upon to-day.

Mr. COLLIER. I want to congratulate the gentleman from Ohio on his at last coming to the subject of my motion to recommit.

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

Mr. LONGWORTH. I can not yield.

Mr. STEVENSON. I just want to get some information.

Mr. LONGWORTH. It is not a question whether our obligation to-day from Great Britain is good or not. Of course it is good, but it is not in a form in which it can be executed in detail. This new agreement is creditable to Great Britain; it is creditable to the United States, and it will do much to stabilize financial conditions throughout the world.

The CHAIRMAN. The time of the gentleman from Ohio has expired.

Mr. COLLIER. Mr. Chairman, I yield 15 minutes to the gentleman from Arkansas [Mr. OLDFIELD].

Mr. OLDFIELD. Mr. Chairman and gentlemen of the committee, a good deal has been said here this morning about which is the best security, the note of hand which we got during the war, or these bonds that we are going to get now. I do not think there is any difference, for this reason: The notes have not been disputed. Great Britain has never said that she did not owe these obligations and she has shown no disposition up to date to repudiate them. I have great respect for the British nation. I think they have the smartest statesmen in the world, in fact, I think they have bested our statesmen in this proposition, and I am going to tell you why. I have great respect for the British people. You know that they want to pay their debts and I believe they are going to pay their debts. I believe in being generous to the taxpayers of Great Britain, but I think generosity to a foreign taxpayer means putting him on the same basis, on the same level, on the same footing with the taxpayers of our own country. I dare say this commission would have had a great deal of trouble if they had suggested to Great Britain that they pay more interest than we pay. I know that the taxpayers of this country are up against it, and everybody knows it. They are clamoring all the time to reduce taxes. They have had the excess profits tax repealed because it was too much, they said; they said they could not pay it, and they have had the surtaxes reduced because they said they could not pay them, and I get letters almost every day from constituents saying that they are going to have to borrow money to pay their taxes. I believe we ought not to charge the taxpayers of Great Britain less than we charge our own taxpayers. Here is what ought to have been done. I was very anxious to have Secretary Mellon before our committee. He is the chairman of the commission and I think the ablest man in the Republican administration, and also I think he plays politics less than any other man connected with the administration, from the President down. You can always tell where Secretary Mellon

stands. When he says to-day that he stands for a certain proposition or against a proposition, you may put it down that to-morrow he will be standing right on that same spot.

I wanted to have Secretary Mellon before us, because I wanted to get as good information as we could from the chairman of the commission. They refused to let him come. Here is what ought to have been done. Mr. BURTON, the gentleman from Ohio, said in 10 years the interest rate will probably be down to 3 or 3½ per cent. Here is the reason it is likely not to come down. The British people will give these bonds, this \$4,600,000,000 worth of bonds, that they are going to give this country. Now, under this provision here they can pay these bonds in American bonds. That is perfectly all right. There is nothing wrong about that, but our bonds will draw 4½ per cent, and we are going to have bonds outstanding just as long as those bonds run, or 62 years.

Mr. SNYDER. We have some at 3½ per cent.

Mr. BLACK. Will the gentleman yield for a brief question?

Mr. OLDFIELD. I will.

Mr. BLACK. Simply in direct connection with what the gentleman is discussing. These bonds will be entirely tax exempt?

Mr. OLDFIELD. Yes.

Mr. BLACK. And our tax-exempt bonds at 3½ per cent are now selling at par, which is convincing to my mind we can float 3½ per cent bonds.

Mr. OLDFIELD. All right, why not wait until that time comes?

Mr. BLACK. I think it is here now, I will say to the gentleman.

Mr. OLDFIELD. They are not—

Mr. BLACK. We are not issuing tax-exempt bonds.

Mr. WOODRUFF. Will the gentleman yield?

Mr. OLDFIELD. I will.

Mr. WOODRUFF. The gentleman stated the English will exchange our bonds, drawing presumably 4½ per cent interest, for their bonds, which draw only 3 or 3½ per cent. I do not believe that the English sense of good business would permit them to do such a thing.

Mr. OLDFIELD. I did not say that exactly. I said the British international bankers can purchase for the British Government bonds to-day at 98.60, 4½ per cent United States bonds. They can hold those bonds until maturity, if they desire, and make 1½ per cent on the money. In other words, the taxpayers of this country would be paying into the British treasury, because the British treasury would own these bonds, 4½ per cent, while the British taxpayers would be paying into our Treasury only 3 per cent.

Mr. LINTHICUM. How long do they run?

Mr. OLDFIELD. Until 1952, some of them, long after the 10 years. Here are some that run until 1952, drawing 4½ per cent. If they can do that, they can force the taxpayer of America to pay into the British treasury, because those bonds are going to be held by the British treasury and held until they are due; it will make our taxpayers pay into the British treasury 4½ per cent semiannually while they pay into our Treasury 3 per cent semiannually. Here is what ought to be done—

Mr. HUSTED. Will the gentleman yield?

Mr. OLDFIELD. I have not the time.

Mr. HUSTED. For a brief question.

Mr. OLDFIELD. Another thing. I think there is some understanding between the British international bankers and the American international bankers to hold up the interest rate on bonds of our country. It would be easy to do it so as to give the international bankers an opportunity of making 1½ per cent on the money which they owe us. Now, that can be done; and that is what will be done if it can be done, because there are no smarter statesmen on the globe to-day than Stanley Baldwin and Bonar Law and that bunch. There are none who know how to take care of the taxpayer of Great Britain better than they do, and they are always on the job. I yield to the gentleman from New York.

Mr. HUSTED. If the British Government can not pay their debts without issuing bonds, where are they going to get the money from to buy our Liberty bonds?

Mr. OLDFIELD. I say we can not pay our own debts without issuing bonds.

Mr. HUSTED. Even if they could make the 1 per cent on the exchange, where are they going to get the money to buy our bonds in order to make 1 per cent profit? They have got to get the money, as they certainly have not got the money to invest in our bonds.

Mr. JOHNSON of Mississippi. We are to-day paying 4½ per cent and propose to take 1½ off what our debtors owe us.

Mr. OLDFIELD. They are promising to pay so much each year—\$23,000,000 and interest. That amounts to a great deal of money—\$150,000,000 or \$200,000,000—and if they can make 1½ per cent on \$200,000,000, do you not think the British Government is going to do it? And they are going to make the taxpayer of America pay the difference. That is the situation. There is no way around it. Now, as to partisanship, of course there has been partisanship from the start to finish about this. Mr. Leffingwell, Assistant Secretary of the Treasury, conversant with all the details in regard to these loans and one of the biggest Republicans in the country, a very able fellow, you do not say anything about. Mr. Leffingwell did more than any other one man to make these loans to Great Britain in the first place during the war. Yet you on the Republican side persist in saying that the Democrats played partisan politics when this money was loaned to Great Britain. Gentlemen, you can not get away with that stuff. You growled all the time during the war; that is, the leaders on the Republican side did. And my good friend from Pennsylvania, Mr. Moore, a member of the Committee on Ways and Means at that time, got up here seriously day after day and wanted to take the conduct of the war out of the President's hands and put it into the hands of a commission—I presume a Republican commission. There was partisanship manifested by the Republicans all through the war, if you please, and now you come here and want to give the taxpayers of foreign countries an advantage over our own taxpayers. I do not think it is right; I do not think it is fair to our taxpayers. I believe Great Britain can pay, because I believe if she can pay 3 per cent or 3½ per cent she can pay 4½ per cent. I think that about it, and you think that about it, too. If she can not pay the debt at all, she will repudiate these bonds just as quickly as she would repudiate a note of hand or any other agreement.

You are going to have trouble explaining to the taxpayers of America why it is you charge the taxpayers of our country more than you charge the taxpayers of some foreign country. I do not say that with any disrespect for Great Britain. She is one of the greatest nations in the world. She has her drum beat all around the world, just as the gentleman from Ohio [Mr. BURTON] said. There is no question about that. But it is costing her a great deal of money, and if she did not have to beat so many drums all over the world she might have more money with which to pay her debts.

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

Mr. OLDFIELD. Yes.

Mr. BOX. When this commission found itself unable to act under the instructions contained in the act creating them, were they able to show any reason for not obeying that act? Was there anything more than an expression of opinion, any concrete facts?

Mr. OLDFIELD. We have had no concrete facts, only a statement from the gentleman from Ohio [Mr. BURTON], a member of the commission. We thought the Secretary of the Treasury would be able to give us the best information. He has less of the politician in his make-up than any of them. But we could get no facts from him. Mr. BURTON gave us no more facts than he did in his speech here. There were no facts in his speech, but some of the best speeches made both on the floor of this House and elsewhere are void of facts. Lots of good speeches are not intended to contain facts. But there is no reason on earth for not requiring the British Government to pay more than 3 per cent. They are willing, my friends, to tax the taxpayers of America 4½ per cent and let the British off at 3 per cent and 3½ per cent.

If they want to repudiate the debt, let them do it. That is their lookout. But they are not going to do it. I do not like to see a bill passed here, my friends, that will permit any conspiracy of any sort by which our taxpayers are compelled to pay money into the Treasury at 4½ per cent and then have our Government pay it into the exchequer of Great Britain and transfer it over there at 3 and 3½ per cent. It is not fair to the American people. I am not going to vote for this bill. [Applause.]

Mr. COLLIER. Mr. Chairman, I yield 15 minutes to the gentleman from Georgia [Mr. CRISP].

The CHAIRMAN. The gentleman from Georgia is recognized for 15 minutes.

Mr. CRISP. Mr. Chairman and gentlemen of the committee, believing that this settlement, all things considered, is a reasonable one, I expect to vote for it. [Applause.]

But I, in common with the men on my side of the House, resent the unfair and partisan way in which this whole matter has been handled by this Republican administration. This is a country of parties, and while minority parties have very few

rights, they have always been permitted heretofore to serve on commissions and legislative committees dealing with things going to the vital interests of the people of the United States. Common courtesy demands that they be given this consideration, which was denied us.

Here is a proposition dealing with \$10,000,000,000 of the public debt, and the minority party was absolutely refused any representation on the commission. In saying that, I do not want to cast any reflection upon the personnel of that commission. I think they are splendid, able men, and I have no doubt whatever that they did what they believed was for the best interests of the people of the United States. As I have just said, I think their proposal a reasonable one, and I expect to vote for it.

Mr. Chairman, this is not an ordinary debt between nations in peace time, or a debt like a debt between two individuals. Let us consider briefly the history of this debt. When we entered the war it was to our interest to see that the Allies maintained their armies in the field. Shortly after we declared war the Russian Army collapsed and was withdrawn from the conflict. Our allies were being hard pressed for money, and the Congress of the United States knew that if our fighting allies could not get money to purchase supplies for their armies, they would have to withdraw them from the battle fields and America would have to send many more million boys overseas to carry on the conflict than she would if the Allies continued to function. So it was suggested that as our credit was good and the Allies were paying to private individuals as much as 6 per cent or 7 per cent for money, that we loan them money, and we thought it was to our selfish interest that we make these loans.

I was on the Committee on Ways and Means during the war and was present when all of these loans were authorized. It was the intent of Congress that we should lend this money to the Allies at the same rate of interest we had to pay to raise the money by selling our bonds. We did not care to make any money on the transaction, but we wanted to give them, our allies, battling for our rights as well as theirs, the benefit of our credit and let them get the money as cheap as they could.

Gentlemen of the Congress, do you not know that about every dollar we loaned England was expended in the United States for the purchase of cotton, cotton goods, machinery, war material, and food supplies to be used in the prosecution of the war in which we were actively engaged? The sum so expended here increased our national wealth, and the United States Treasury benefited to the extent of millions of dollars by receiving income taxes and excess-profits taxes from the American citizens who made money out of these expenditures. Do you not know also that England loaned to our mutual allies fighting with us approximately \$6,000,000,000 to enable them to maintain their armies, and none of this colossal sum has been repaid England to-day?

Now, that is the history of this transaction. That being true, is it to our honor or credit to be like a Shylock and demand the last drop of blood, even if we could collect it, which we can not? The President and our funding commission say to Congress this is the best settlement we can get. I conceive it to be my duty as a Representative to represent the United States and my people in exactly the same way that I would represent myself in an individual transaction.

Now, what are the facts in this case we are called upon to decide? England, like most of the world, ourselves included, is staggering under a great debt and tax burden. There is economic unrest and unemployment there as there is elsewhere in all the world, and what humanity to-day craves above everything else is stabilization of the world's economic conditions and a return to a peace basis.

Now, when our Government made these loans it took demand obligations, the first ones drawing 3 per cent, and finally the obligation of Great Britain took the form of a promissory note payable on demand and bearing 5 per cent interest. That was made during the war as a war loan to help our allies carry on a common war, fighting a common enemy. Now the war is over. In war time interest rates are always higher than in peace time. These loans were made during the greatest war of history. Happily that war is now over. England owes us approximately \$5,000,000,000, and no sensible man for a moment believes that it is possible for England to now pay that colossal sum on demand, as their note we hold provides. The foreign debt being in an uncertain and chaotic condition, therefore, the wise and sensible thing to do was to fund and settle the debt. Congress appointed a commission to do that. That commission was limited as to the time to which they could extend the debt and as to the rate of interest. Under the terms of the act of Congress the commission could not extend the

time beyond 25 years nor agree upon a rate of interest lower than 4½ per cent. Now, I wish we had more information as to what transpired between our commissioners and those of Great Britain. I recognize, however, the delicacy of the situation from an international standpoint. We are called upon to approve a settlement which, in effect, requires Great Britain to pay us interest at the rate of 4½ per cent up to the 15th of last December, which equals the interest we had to pay on our bonds to obtain the money to loan them, future interest from the date of settlement to be at the rate of 3 and 3½ per cent. The time of the debt was extended to 62 years. Our funding commission entered into a tentative agreement for a settlement of the debt on this basis, stating to the English representatives that it could be put in force and effect only when Congress gave approval to it. We are now asked to ratify that agreement. I sought and desired all the information I could get. Why, our commission even tentatively agreed to a proposition that contravened the limitation under which the commission was acting as to the time and the rate of interest. May I read to you a question which I asked our colleague, Senator BURTON, who was a member of the commission, when he testified yesterday before the Ways and Means Committee, he being the only witness that we had before the committee, though we sought to have others:

Mr. CRISP. I understood you to say that the representative of Great Britain said they could not and would not fund the debt under the terms of the original act.

Mr. BURTON. Oh, yes; they practically said that again and again. Whether we ever put up to them the question, "Will you pay that?" and they said "No," I could not absolutely recollect, but in substance that question was presented to them a great many times. We pointed out to them, "There is the statute under which we are working, and we desire you to come to that."

But they would not come to that. Now, gentlemen, a contract is mutual. Both parties to the contract must agree to it. It was manifestly to our interest that this debt be funded, and here the contracting parties could not agree under the terms under which our commissioners were acting.

If they could not agree and would not agree to it, what is our alternative? Gentlemen of the House of Representatives, there are only two ways to collect an international debt. One is by the voluntary payment of the debt. The other is by the use of your Army and Navy. We to-day have many thousand brave American boys sleeping in Flanders Field and thousands of others in the United States maimed and crippled for life. God knows I would not vote to snatch any American boy from his mother's arms, nor any husband from a loving wife, to send him overseas to collect this debt [applause], and I say to you what you all know, that it is unthinkable that there should ever be a conflict between the two great English-speaking nations on the earth over money. But I do say that this settlement is a reasonable settlement. Most of the wars that have been fought have been fought over commerce, money. Here are the two greatest nations on earth, the English-speaking nations of the world, setting an example to the world showing that they can amicably adjust their business relations, even to the amount of \$5,000,000,000, to the welfare and honor of both nations. That in my judgment is what this settlement does.

Gentlemen, America is very much interested in selling our surplus products, and the market for them is broad. My own section is vitally interested, because a great part of the cotton crop is bought in England. If Europe becomes bankrupt and can not purchase our cotton, the American mills will have a monopoly, and I have no doubt the price of cotton will be greatly depreciated. In 1914, owing to submarine warfare, when Europe could not purchase it, the price dropped to 5 cents per pound. The West and other sections of this country are likewise interested, for their surplus wheat and meat products are shipped abroad. If the English Government and the other governments have to pay all these colossal sums at once, their purchasing power will be destroyed, and their currency depreciated and become of very little purchasing value. What I say about the English Government of course applies to the others, for if this settlement is made all the other governments are entitled to the same terms, and our great Government of course will extend those terms to them. If they have to pay these colossal sums at once in money, they can not purchase our surplus products, and that will keep the economic condition of the world upset. Some may say "If they can pay according to the terms of this agreement, why should they not pay under the old terms?" When this debt is funded it will be amortized and the English Government will know that it has only a certain amount of interest and principal to pay each year.

Their industrial life will become stimulated, their economic conditions will be stabilized, and they will go to work to create

the wealth necessary to meet the payments due under the funding agreement. Until the debt is funded, their financial affairs are uncertain and chaotic, but, when funded, they will know how to proceed.

They can levy their taxes accordingly, and they can and will, in my judgment, meet these payments, whereas it is physically impossible for them to meet the payments under the terms of the war obligation which this Government holds. Do you know that to-day the English people are paying the highest taxes of anybody in the world? Their income tax is higher than ours. We come next to them. Our taxes are next to theirs in the degree of burdensomeness; but the per capita taxes in the United States are \$160 a year, while the English per capita is \$800. England's bonded indebtedness aggregates the enormous sum of \$35,000,000,000, five-sevenths of which was expended in the prosecution of the war in which we were engaged. Her indebtedness approximates 50 per cent of her national wealth. The wealth of the United States is estimated at two hundred and eighty-six billions, and our national indebtedness, deducting the amount owed us by the foreign nations, amounts to a net debt of about \$12,000,000,000, or only approximately 8 per cent of our national wealth.

Now, gentlemen, if you had as an individual the note of a debtor who could not pay at once, if he had defaulted on the interest for years and had not paid any of the interest, if he proposed to fund that debt, to amortize the principal, and you believed that by doing so you could get your money, what would you do? You would extend the time, just as when you have an insolvent creditor who has gone into bankruptcy you will take anything you can get.

My friend [Mr. OLDFIELD] had a good deal to say about the possibility of England buying up our bonds and making a profit on the interest. I do not believe that will happen. I think that is a mere straw man, for I do not believe England, when she has not the money to pay her own obligations, has any money to buy our bonds. England is a debt-paying country, and if she had the money, in my judgment, she would pay the last shilling of this debt. I think the suggestion of the gentleman from Arkansas [Mr. OLDFIELD] is a mere myth and will not amount to anything. But even admitting that it is true, I do not think this great Government of ours can refuse to accept its own solemn obligation—its bonds—in payment of an indebtedness owing to it.

But should the English Government attempt to buy up our bonds, seeking to make a profit out of them by virtue of the different rate of interest, we have a complete remedy. Under an act of Congress we have a sinking fund in the Treasury, and the Secretary of the Treasury is authorized to use this fund in purchasing any United States outstanding bonds and canceling the bonds so purchased. If Great Britain were to buy any United States bonds and hold them to collect a higher interest than they are paying us, our Government would purchase the bonds from her, which England could not, in good conscience after this settlement, refuse to permit, and cancel same. In peace time our Government can easily float bonds nontaxable, as the English bonds will be, at the same rate of interest provided in this funding proposition, 3½ per cent. To-day United States bonds, nontaxable, bearing a rate of 3½ per cent are selling above par. Mr. Speaker, I am unalterably opposed to canceling the debts due us by the foreign nations of the earth and will always insist on their paying every dollar of the principal with a reasonable rate of interest thereon. The proposition we are to-day called upon to vote on provides for the payment of every dollar of the principal owing us by England with interest thereon at 4½ per cent up to the date of this settlement, the debt bearing interest from that date at 3 and 3½ per cent. I am not a financier, but all financiers agree that bonds to run over a period of 62 years, nontaxable, issued by one of the greatest nations of the earth are a fine investment, yielding 3½ per cent interest. Before the European war, English consols, or their bonds, sold at par, bearing only 3 per cent interest. Therefore, I do not think the United States is making any sacrifice in settling this war debt with its principal ally on the basis proposed in this settlement. Mr. Speaker, Great Britain is the only nation of the world owing us that has made any effort whatever to settle her indebtedness, or has responded to our invitation to enter into negotiations for funding same. It is certainly to her honor and credit that she regards as inviolate her obligations and wishes to settle them so far as her ability to do so permits. As I have before stated, I am opposed to the cancellation of the amounts owing to us by other nations, and, in my judgment, the funding of this debt will be notice to France, Belgium, Italy, and the other nations owing us that the United States demands and expects them to pay their indebtedness, and I have no

doubt that national pride and honor will induce them to fund their debt on the same basis as herein proposed. Would not every American rejoice to-day if he knew that we would be paid back the principal owing to us by the foreign nations, with 3 per cent interest on each? I am a Democrat and have my share of partisanship, and I am willing to play politics on domestic questions where the welfare of humanity is not involved. I do not arrogate to myself superior virtues over my colleagues, but accord to each of them the utmost sincerity of purpose and believe that they vote their convictions having in mind the best interest of the country, just as I do. In my judgment, the war-torn, tax-burdened, weary world longs, above everything else, for stabilization of world conditions which will tend to promote the peace, prosperity, and happiness of the people of the world. In my judgment, the funding of this debt is the first step inaugurated by this administration that tends to do this. Therefore, I shall not let politics nor, possibly, my own personal political welfare deter me from voting for a proposition that, from the depths of my soul, I believe is fair and reasonable to the contracting parties and tends to promote the welfare and happiness of humanity. Therefore, I am going to vote to fund this debt as proposed in the resolution before us. [Applause.]

MESSAGE FROM THE PRESIDENT.

The committee informally rose; and Mr. BEGG having taken the chair, a message in writing from the President of the United States, by Mr. Latta, one of his secretaries, who also informed the House of Representatives that the President had approved and signed bills of the following titles:

On February 6, 1923:

H. R. 6294. An act promoting civilization and self-support among the Indians of the Mescalero Reservation, in New Mexico.

On February 8, 1923:

H. R. 11731. An act to provide for the renting of the first floor of the customhouse at Mobile, Ala., to the Mobile Chamber of Commerce.

H. R. 12473. An act granting the consent of Congress to the Winco Block Coal Co., a corporation, to construct a bridge across the Tug Fork of the Big Sandy River, in Mingo County, W. Va.

REFUNDING OF FOREIGN DEBT.

The committee resumed its session.

Mr. FORDNEY. Mr. Chairman, I yield 10 minutes to the gentleman from Ohio [Mr. FESS].

Mr. FESS. Mr. Chairman and members of the committee, I wish to compliment the gentleman who has just left the floor [Mr. CRISP] over the fair, unbiased statement that he has made. He has put the discussion on the basis that the committee would like to hear discussed in this great transaction. It is in sharp contrast with the position of some of the minority who, on the foreign-debt question, are not in position to throw stones. I do not believe I am overstating when I say that this is the largest transaction in the way of payment of obligations in the history of the world. When you look over the figures that will entail the debtor country, the amount of payment, the sum total when completed—the principal of \$4,600,000,000 and accumulated interest—will amount to \$11,105,000,000 that one government is to pay another government. When a sovereign power engages in a solemn obligation such as this is, to respect and satisfy a debt that was contracted in war time, when nobody thought of the terms except to win the war, it is a tremendous undertaking and reflects credit not only on the debtor country but great credit on the commission that has brought to consummation this transaction. [Applause.]

I want to note the merits of the proposition the commissioners have brought in. It is to be paid in dollars and not in sterling. That does away with the possibility of the debtor country inflating its money in order to make easy payment. No one can overlook the importance of that. In Germany, now, her public debt has been canceled by the simple process of inflating the mark. Even in France the franc has gone from normal down to about 6 cents, so that debts paid in francs are paid at about one-third of their normal value. No such possibility of debt scaling is allowed in this settlement. The obligation is also permitted to be paid in bonds, and that makes sure immediately that there will be no discount of the American securities, because it offers a new market for our own obligations. It will, on the other hand, greatly appreciate their value. [Applause.] That is one of the chief features of the transaction, and discloses the wisdom of the commission. It is one of the surest ways to strengthen Government credit. Besides these two features, it makes certain a definite amount of income each year to our

Government and our Treasury, an income from one source, definitely set out in this plan of settlement, which makes easy future financing of our Treasury in future obligations that we are to take up. All elements of indefinite calculations on the foreign debt are removed. These are some of the merits from our Government's standpoint of this tremendous consummation. Gentlemen, we are apt to overlook the burden of this debt and properly sympathize with the attitude of the countries concerned. It certainly reflects credit on the debtor country. In the first place the United Kingdom of Great Britain faces tremendous problems of ominous seriousness. Her changing Empire in the last 10 years, especially during and since the Great War, is one of the most outstanding symptoms of a modern trend of colonial governments throughout the world.

These facts should not be ignored in the adjustment of the greatest fiscal transaction in the history of the world. Look at her uncertainty in India. Anyone who has followed the recent movements in India must recognize, in spite of her wonderful work in that part of the world, that Britain has a problem in that country. Look at the present situation in Egypt. Anyone who has followed the modern trend there must recognize that Great Britain has a problem there.

Think of the enormous debt of the British Empire, \$33,000,000,000 or more, when it was only three billions when the war began, according to the best authorities. It has been estimated to be as much as 46 per cent of her wealth. Our wealth has been estimated as high as \$300,000,000,000, but if we make it \$250,000,000,000 and include in our public debt all of the loans that the other governments owe us, outside of Great Britain, our debt would only be then 7 per cent of our wealth, while Britain's debt is nearly one-half of her wealth. In the light of these facts we should realize that the tremendous outlay that Great Britain agrees to pay us is only one-sixth of her total indebtedness. So I say to you, my friends, that when a nation like Britain comes up and meets her obligations as she has agreed to in this proposal no one can overestimate its abiding results. It is no desire on the part of America to drive a hard bargain and we do not mean to do so in this plan. On the other hand, when Britain acts as she has in this case, freely, we ought to show her leniency. It would be different did she complain that she did not owe us.

It must not be overlooked that this debtor country's chief source of wealth is in her merchant marine. We are now on the sea, and will in time become the chief competitor in her main source of wealth. Her attitude in thus freely admitting the obligation and her specific steps to pay, notwithstanding her heavy taxes, reflect great credit upon her honor.

Mr. EVANS. Will the gentleman yield?

Mr. FESS. I regret that I can not yield. I want now to say something on the interest item. In addition to this side of the discussion there is another consideration, if you view the future from the past, and that is that 3 or 3½ per cent is not a lower rate of interest than we will be financing our own obligations after we have reached stability. We had that rate in the Panama bonds, and we even went as low as 2 per cent in some bonds; but to be absolutely fair, that is not a good comparison, because the bonds at 2 per cent had a circulation privilege, which does not make it a good comparison. But with our credit assuring stability, as it will, our bonds are going above par, and we will see American bonds selling for more than 100 per cent, as they did before the war.

Mr. SNYDER. The 3½ per cent bonds are above par now.

Mr. FESS. As the gentleman from New York says, our 3½ bonds are above par now, and just as certainly as we stabilize conditions and secure this agreement we are strengthening our national credit, and our bonds will steadily increase in value. The provision in this bill which accepts our bonds in payment of the debt will prevent their discount by creating a foreign demand for them.

Everyone who studies the current of credits will also note that as our bonds go up our interest goes down. That is the law of all international transactions as well as governmental business.

Now, in the minute I have remaining I want to succinctly state what I think will be the specific results in the larger sense of this measure. The world will see as the result of this the greatest single transaction the country has ever undertaken, in my judgment, in some ways the greatest act for general stability since the armistice; that it is the prelude of other European settlements and sets a standard at once for all debtor countries. Secondly, it shows that the possibility of governmental defaults upon international obligations has been removed, and this twaddle in Europe and in certain sections in America urging, if not demanding, the cancellation of these debts will be forever ended. [Applause.] In addition to that,

and as a result of it, stability in Europe will be advanced by the people setting their houses in order and proceeding upon business lines as no other thing up to date will insure.

So long as Americans, from whatever reasons, agitate for cancellation, whether it be based on business, altruistic, or foreign-market arguments, there will be a disinclination for these countries to take the proper steps to insure economic stability. This measure will have at least the merit of putting an end to this sort of misguided judgment.

With the economic recovery in Europe on its way, capital will begin to flow to Europe, and American capital will seek that field as a safe one for investment and in this way will assist Europe as well as ourselves. Besides that, this measure will create a better feeling between the two branches of the Anglo-Saxon or English-speaking people, which will insure stability, if it can be secured, both politically and economically, and peace in the world, if peace is possible, will be advanced in the interests of all peoples. I compliment this commission and this committee upon this remarkable achievement that is to be its second step in the incorporation into law to-day by what I predict an almost unanimous vote of this branch of Congress. [Applause.]

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from North Dakota [Mr. YOUNG].

Mr. BLANTON. Mr. Chairman, I rise to a point of order. Under the rules of the House under which we went into the committee to consider these resolutions there were to be four hours of general debate. I raise the question in order to say that there should be a fair division of the time. Nearly three hours have been consumed, and yet there have been only two speeches against this resolution.

Mr. FORDNEY. That is about the proportion in the House against the bill.

Mr. BLANTON. But that is not what the rule provides or what the arrangement was.

Mr. FORDNEY. Does the gentleman want two hours?

Mr. BLANTON. Oh, no; but we ought to have some time.

Mr. FORDNEY. The gentleman is about the only one who is against the bill.

Mr. BLANTON. I am glad that there is at least one against the bill besides the gentleman from Arkansas [Mr. OLDFIELD] and the gentleman from Mississippi [Mr. COLLIER]. We are entitled to a fair division of this time, and I think the time has been running long enough, so that there ought to be a little more consideration given to the few men who oppose the resolution.

The CHAIRMAN. It is not within the power of the Committee of the Whole to change the rule that was adopted by the House.

Mr. BLANTON. I raised the question yesterday evening and I raise it again this morning to see that those in opposition would be given time, and we were assured that we would be given a fair division of the time, and the time is not being fairly divided now. This is just a mild protest.

The CHAIRMAN. There is nothing before the committee. The Chair recognizes the gentleman from North Dakota.

Mr. YOUNG. Mr. Chairman, this has been a most interesting debate. During the debate and during the hearings before the Ways and Means Committee one or two things which might have been mentioned were overlooked, and I think perhaps it might be well to call attention to them now.

In the first place, it was not good hard money that was loaned to Great Britain, in the sense that the money was turned over to the one who borrowed it. This money did not go to Great Britain to be expended by Britain in payments to its own manufacturers, laborers, and farmers. We simply established a credit for them here; all the money to be paid to our manufacturers, to our laborers, and to our farmers. It might properly have been called a due bill. It is about the same as though the owner of a department store were to make a contract with a builder to construct a building and to pay him for it in goods. That would be quite an advantage, would it not? I think this ought to be kept in mind when we consider whether 3 or 3½ per cent upon the entire face of the loan is fair or not. We have not permitted Great Britain to make repayment in kind. They have not been permitted to pay in merchandise. In fact, we have passed a tariff law which has raised the duties upon British and other foreign products.

There is another consideration. To my mind it is a very distinct advantage to have the payment of the loan spread over a period of 62 years. This goes to the purchasing power of Great Britain, and if settlements are made with other countries upon the same basis it will go to the purchasing power of all these countries, and this method of settlement means that they are going to be able to buy more of our American products. Some of our people have thought it so important to increase the purchas-

ing power of the European debtor countries that they have even advocated the entire cancellation of the loans. Those who do not go that far will at least agree that the long period for payment will make it possible to sell more of our manufactured goods and farm products.

Mr. LONDON. Mr. Chairman, will the gentleman, as a member of the Committee on Ways and Means, yield for a brief question?

Mr. YOUNG. Yes.

Mr. LONDON. I have been trying to find out whether the arrangement means that Great Britain shall issue bonds of small denominations or whether it means that we are going to get a diplomatic piece of paper such as we obtained in 1917? What does the arrangement mean?

Mr. YOUNG. My impression is that those bonds will undoubtedly be issued in the customary form of Government bonds. I doubt if the commission worked out the details to show the denominations, but undoubtedly there will be formal bonds issued somewhat the same as they are issued now in Great Britain and such as they sell to their own people, and they will be sent here.

Mr. LONDON. The proposed law does not demand it.

Mr. YOUNG. This ratification does not require it.

Mr. GREEN of Iowa. I think the gentleman speaks a little hastily. On page 2 there is the statement that the total principal of indebtedness as of December 15, 1922, "for which British Government bonds are to be issued to the United States Government at par."

Mr. YOUNG. I believe that was my statement. Formal British bonds will be issued. The gentleman asked in what denominations. I do not know whether they will be in \$500 denominations or in \$1,000 denominations.

Mr. LONDON. The British Government bonds may be of five documents, each for \$2,000,000,000, say.

Mr. YOUNG. Oh, there is reason in all things. I do not think any such settlement is proposed. This is a good-faith proposition all around.

Mr. LONDON. The original bond that was given by Great Britain—

Mr. YOUNG. That was simply an I. O. U., and informal proposition, and this agreement calls for the giving of formal bonds.

Mr. LONDON. It was a bond as much as any obligation could be.

Mr. YOUNG. I think the gentleman is unreasonable in his criticism.

Mr. LONDON. Oh, I am friendly to the bill and I shall vote for it. But I want to know whether the bonds will be denominations and amounts that will place them on the general market or whether it will be a repetition of a Government statement in writing, such as we had in 1917.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from Illinois, Mr. GRAHAM.

Mr. GRAHAM of Illinois. Mr. Chairman and gentlemen of the committee, I have watched with considerable interest to see what the attitude of the minority of the House would be on this very important question. I have been very much pleased to see that many of the membership of the minority are doing what I think they should do in this matter—approving of it; but I have been disappointed to see some of the leaders of the minority upon the Ways and Means Committee opposing this very just and wise proposition. To those I want to say a word or so. It seems to me, gentlemen of the minority, as to those of you who oppose this proposition, that you are putting yourselves and your party in a very undesirable position.

In the first place, we all voted for these Liberty loan acts, and authorized President Wilson to make certain loans to foreign countries. We provided, in effect at least, that those loans should be made during the period of the war and close at the end of the war, and we provided that they should be made by taking the bonds of other countries. That was not done, as has been stated, and the obligations taken were not obligations such as were prescribed by the act, but were, in my opinion, in entire violation of the letter of the act. Not only was that true, but after the period of the war ended over a billion dollars of this money was loaned at times when I have always contended, and now contend, under the law it was absolutely illegal to do so. Not only was that true, but over \$150,000,000 of this money was loaned to people who had not been allies of ours in the war, but were our enemies. Now this was done by the last administration. And during the time that administration kept in power and up to March 21, 1921, not a single step was taken toward the funding of this debt, not a thing, and the impression was prevalent over the

world, and held in other countries very strongly, that it was our intention never to insist upon the collection of that debt.

Mr. LINEBERGER. Will the gentleman yield for a brief question?

Mr. GRAHAM of Illinois. I have not the time. There was the impression that it was never our intention to collect this money; whether created rightfully or wrongfully, that was the impression. On the first of March, 1921, when President Harding came into office with his administration everything was in a condition of uncertainty. No one knew what the obligations were; there was nothing found except these diplomatic promissory notes of no legal and binding effect, because everybody knows that the only way one nation can bind itself to pay money to another is by its bonds, issued by authority of the legislative bodies of those countries. The day came along when we desired to have authority to have a debt-funding commission appointed. I say nothing in regard to the question of whether we should have had a bipartisan commission, that is not a matter to be considered now. I want, however, to call attention to what happened when that matter came up in the House. When it was taken up in the House on October 24, 1921, for the passage of that bill, almost the entire minority of this House voted against it, and almost the entire majority voted for it. The ayes were 200 and the nays were 117, the nays being almost entirely from the minority. In the Senate, January 30, 1922, the yeas were 29 and the nays were 26, the minority opposing it. At the time when we were trying to appoint a commission and straighten matters out, the minority in this House and the minority in the other House joined in opposition to our doing anything at all. Now, gentlemen of the minority, and those of you who oppose this proposition to-day, your party can not stand safely upon the proposition of opposing the passage of this bill, when the only proposition of settlement that could be made is brought before us and is in the bill.

No party can stand on that record. No party can afford to do it, and I say to you now, gentlemen of the minority, that, while we would like to have you join with us in the passage of the bill, we will pass it whether you join or not. It is a just proposition, it is a sound proposition, and one of the things which the people commissioned the majority party of this House to do at the last election.

Mr. STEAGALL. Will the gentleman yield?

Mr. GRAHAM of Illinois. No; I have not the time. If you are not going to do this, what are you going to do? Are we going to sit still and do nothing? Are we to continue the policy adopted by the last administration, sit idle and do nothing? To reject this proposal would bring disaster. You ask us why we are taking these bonds at a lower rate than the original interest. The reason is we are getting bonds in lieu of ambassadorial notes; we are getting the debt funded. This funding will lead to the funding of the rest of the international debt in a similar manner and reestablish amity and credit throughout the world. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. COLLIER. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BLANTON. Mr. Chairman, this debt of \$4,604,128,085.74 with interest from December 15, 1922, which Great Britain now owes the United States represents loans we made her during the recent war, which Great Britain and her allies entered against Germany, because that war-mad Imperial Government treated sacred national obligations as a scrap of paper.

The distinguished gentleman from Ohio would have us and the country believe that the sacred obligations which the Government of the United Kingdom of Great Britain and Ireland signed and gave our country, evidencing this stupendous loan of \$4,604,128,085.74 made during the war, is now deemed by England a mere scrap of paper. He and other prominent Republican leaders would have us believe that such obligations are not collectible at face value, and, secondly, if we sought to collect face value on same, we would be Shylocks demanding our pound of flesh.

There is nothing Shylock in the proposition of demanding settlement of a debt at face value in kind, especially where the debtor is financially able to fund a settlement at face value. Where money is borrowed on certain terms and the terms are met by money being paid back or promised to be paid, according to the agreement, there is no pound of flesh in the proposition. The settlement becomes a Shylock transaction only when the unreasonable is demanded, and flesh and blood rather than money is the resulting sacrifice.

What are the facts? Under what conditions did we enter this war and make this loan of \$4,604,128,085.74 to England? Belgium had been invaded and devastated, and was facing annihilation. Russia, after nobly defending one frontier, had collapsed and was taken over by enemies and no longer in a position to render aid, but was becoming a costly liability. All of Russia's artillery had been captured or destroyed, and her crushed soldiers ragged and barefooted and rapidly renegading. France, sore and bleeding, had her back to the wall. Italy was ready to give up the struggle. England was practically upon her knees, and, like France, had her back to the wall. Under such conditions these countries sent their various commissions to this country, many of whom were received on this floor and addressed this House, and all appealed for help and financial succor. They represented to us that European civilization was in the balance and that without immediate financial help ruination would surely result.

Not only did our country mobilize and train 4,000,000 soldiers and send many of them across the seas to their assistance but we loaned them over \$10,000,000,000. Our Government did not have this money to loan. It had to borrow it from the people of the United States. It had to issue Government bonds and sell these bonds to the people of the United States. Many of these bonds were bought by the poor people of the United States. Vigilant committees were formed in every community in the United States, who represented to all citizens that unless they bought bonds to the uttermost limit of their financial capacity they were yellow and not patriotic. In instances where certain citizens failed to buy bonds their homes and business houses were in the nighttime painted with yellow streaks, and they and members of their families were ostracized by neighbors. Many citizens were forced to borrow money and buy bonds. Some were insulted, killings took place between former friends and neighbors over the question. Some of these bonds bore interest as high as 4½ per cent, payable semiannually in cash. And during the deflation period many families were forced to sell their bonds far below face value in order to pay back the purchase money they had borrowed at the banks.

When so raising this money through issuing and selling our bonds to our people, in order to make these foreign loans, Congress did it under a law which assured our own people that England and the other foreign countries accepting such loans under the terms of such law would pay us in bonds carrying the same rate of interest which our Government had to pay for its money borrowed. And Woodrow Wilson, the great American President, saw to it that our rights were thus protected. Did he take a mere scrap of paper? Did he take a worthless document? Was it a mere unauthorized I O U, non-collectible between honorable governments? Ah, no; he did nothing of the kind. Why is it that no Member yet has read the kind of an obligation that he took from these foreign countries? Would it not have been as little as the gentleman from Ohio [Mr. LONGWORTH] could do, in fairness to Woodrow Wilson, when he criticized this obligation, to have read it to you and placed it in the RECORD, so that it would clearly appear just what kind of an obligation Great Britain is now under to the United States? Here is a copy of one of these certificates of indebtedness which Great Britain gave to the United States, signed and executed by her representative, every time she got a dollar in loan from our Government:

CERTIFICATE OF INDEBTEDNESS—SEVENTH SERIES—\$1,000,000.

The Government of the United Kingdom of Great Britain and Ireland, for value received, promises to pay to the United States of America, or assigns, the sum of \$1,000,000 on demand, with interest from the date thereof, at the rate of 5 per cent per annum. Such principal sum and the interest thereon will be paid at the subtreasury of the United States in New York, or, at the option of the holder, at the Treasury of the United States in Washington, in gold coin of the United States of America of the present standard of weight and fineness, or, at the option of the holder, at the Bank of England, London, England, in pounds sterling, at the buying rate for cable sterling on London in the New York market at noon on the day of such demand, as determined by the Federal Reserve Bank of New York, and at any such place of payment, without deduction for any British taxes, present or future.

This certificate will be converted by the Government of the United Kingdom of Great Britain and Ireland, if requested by the Secretary of the Treasury of the United States of America, at par, with an adjustment of accrued interest, into an equal par amount to 5 per cent convertible gold bonds of the Government of the United Kingdom of Great Britain and Ireland conforming to the provisions of acts of Congress of the United States known, respectively, as second Liberty bond act, third Liberty bond act, and fourth Liberty bond act. If bonds of the United States issued under authority of said acts shall be converted into other bonds of the United States bearing a higher rate of interest than 4½ per cent per annum, a proportionate part of the obligations of the Government of the United Kingdom of Great Britain and Ireland of this series acquired by the United States under authority of said acts shall, at the request of said Secretary of the Treasury, be converted into obligations of said Government of the United Kingdom of Great Britain and Ireland bearing interest at a rate exceeding that previously borne by this obligation by the same

amount as the interest rate of the bonds of the United States issued upon such conversion exceeds the interest rate of 4½ per cent but not less than the highest rate of interest borne by such bonds of the United States.

For the Government of the United Kingdom of Great Britain and Ireland.

Dated this — day of —, 1919.

Is that a mere scrap of paper? Not if the debtor is an honorable nation with ability to pay. Just such a certificate of indebtedness as the foregoing did our Government take from Great Britain for every loan we made her, and we now hold certificates of indebtedness such as the above duly signed and executed by the Government of the United Kingdom of Great Britain and Ireland covering the entire \$4,604,128,085.74 now owing us by Great Britain. And I submit to the lawyers of this House and to the lawyers of the United States that, considering the stress of war during which this money was loaned, we could not have drawn up a more binding obligation had the matter been submitted to the entire membership of the American Bar Association for drafting. What more could Woodrow Wilson have done during this stress-time emergency of war? What more could he have gotten from Great Britain to hold as a proper evidence of indebtedness until the war could be won and in the after-war settlements Great Britain could then issue bonds under legislative authority?

Yet the distinguished gentleman from Ohio [Mr. LONGWORTH] says that it is merely an unauthorized I O U; that it is a mere scrap of paper; that it is noncollectible except by force of arms; and that in order to now secure proper bonds from Great Britain, in accordance with the terms of her agreement, we must take what we can get; we must be willing to sacrifice part of what is due, otherwise we might not get anything. He and those with him would have us believe that Great Britain is bordering on insolvency; that we are dealing with a bankrupt. And he intimates to us that the bonds which under this sacrifice he proposes for our people to make in order to get them will be collectible without force of arms. What is there about such bonds that will make them more collectible than the present certificates of indebtedness we already hold? I am not surprised at his display of ignorance on legal matters. Unfortunately for Mr. LONGWORTH, after he took his course of law at Harvard and then finished in the Cincinnati Law School and received his law diploma, instead of continuing in the practice and learning more about the law he shortly let his friends place him on a school board and then went into politics, and has since been too busy to learn much about the law.

What will make the bonds of Great Britain collectible? It will be the honor of Great Britain. It will be the stability of her faith and credit. Without such we would never be able to collect one penny on such bonds from Great Britain, for our Nation will never collect any money debt by force of arms. The identical same thing that will make the bonds which we are to receive collectible will make the certificates of indebtedness we now hold equally collectible. The honor of a great nation is behind the certificates of indebtedness we already hold. That is all Great Britain will put behind the bonds she is to give us, the honor of Great Britain. And that is enough to make these certificates of indebtedness worth 100 cents on the dollar.

Now, under what authority was this Debt Funding Commission created? What limitations did we place around them? How far did we tell them they could go, and when did we tell them to stop? By section 2 of the act creating the commission Congress thus limited them:

Provided, That nothing contained in this act shall be construed to authorize or empower the commission to extend the time of maturity of any such bonds or other obligations due the United States of America by any foreign government beyond June 15, 1947, or to fix the rate of interest at less than 4½ per cent per annum.

Thus Congress, representing the American people, whose \$4,604,128,085.74 was loaned to Great Britain, instructed this Debt Funding Commission not to extend the time of payment beyond 25 years, or 1947, and not to accept a rate of interest less than 4½ per cent, which was amply authorized by the certificates of indebtedness executed and given us by Great Britain.

And in section 3 of such act, creating such commission, Congress, representing the American people, further provided:

SEC. 3. That this act shall not be construed to authorize * * * cancellation of any part of such indebtedness except through payment thereof.

And the rate of interest on deferred payments constituted just as much a part of said indebtedness as the principal sum. And the commission was thus definitely instructed by Congress not to cancel any part of the principal, interest, or rate of interest on deferred payments. Therefore this commission was instructed not to extend the time of payment beyond 25 years

and not to fix the rate of interest on deferred payments at less than 4½ per cent.

Any statesman in any party would assume that in appointing five members of such a nonpartisan commission to handle debts aggregating the stupendous sum of nearly \$11,000,000,000 the Executive would appoint two Democrats from the minority party, or at least give them some representation on the commission. But to our surprise President Harding placed only orthodox Republicans on this commission. And not one single Democrat and only a very few Republicans have been able to find out what actually transpired during the conference that resulted in this unauthorized and unwarranted settlement.

And what are the excuses now offered us for accepting it? We are not accepting it, for that term implies discretion. We have no discretion in the matter. It is being thrust upon us. It is being now forced down us. We have to take the medicine because the doctor says so. We can not refuse. It is alleged there is no other alternative. When we confront the gentleman from Ohio [Mr. BURTON] with the direction Congress gave him and his confederates that they must not extend the time beyond 25 years, this distinguished statesman tells us that Congress was shortsighted, that it did not know what was good for the American people, that for this four and one-half billions of dollars to be paid back to us within 25 years would bring disaster to our Government and to our people, that it would go to our head and cause too much prosperity in the United States.

Analyzing his position, do you know what that means? Just one thing. That where a country during war could mobilize, train, arm, and ship 4,000,000 soldiers across the seas, and then finance, borrow, and raise in cash over \$10,000,000,000 and loan it to its allies, then for Great Britain to pay back \$4,000,000,000 to such country within 25 years would make a fool out of the United States. Are we in such splendid financial condition that we could not safely assimilate \$4,000,000,000 if paid to us in 25 years? Why, our Government now owes approximately \$23,000,000,000. Just a few months ago we had a deficit of \$760,000,000, and the only way it has been reduced was through the sale of our capital assets. Our annual expenses are approximately \$3,000,000,000. We have an unsettled outstanding obligation due our ex-service men of about \$3,000,000,000 in adjusted compensation. It ought to occur to any business man, and more especially to every statesman in the United States, that our country could place to very good use the sum of four and one-half billion dollars if collected during the period of 25 years.

Now, as to the other excuse that this action was necessary, that Great Britain was not financially able to pay the face value of her certificates of indebtedness. Has that position been proven?

Mr. HUDSPETH. Is there any statement by this Debt Settlement Commission to the effect that the British Government at this time is bankrupt?

Mr. BLANTON. Well, if they had so stated we would not believe it.

Mr. HUDSPETH. Have they stated it?

Mr. BLANTON. No. We know better; we know it by the conduct of every Britisher who has come to this country within the last two years, who has gone back home with an arrogant, supercilious slur upon us.

If Great Britain were unable to pay the face value of her obligations with an extension of 25 years for payment, why did not she so represent the matter to our commission? And in such case, why did not they return to Congress and so state the facts? In such a situation Congress would have gladly extended proper leniency. And our commission would have kept within the law and obeyed our instructions. But without bringing any such representations to us, and without bringing any proposition whatever from England to us, our commission went beyond the law and exceeded its authority by proposing to Great Britain that she should have 62 years in which to pay off this debt, and should be allowed the interest rate of 3 per cent for the first 10 years and 3½ per cent for the other 52 years, and entered into a tentative settlement with Great Britain on that basis, under such circumstances as prove that they knew the President and his administration would approve of it, and would order his 170 majority in this House to ratify it. I am not going to do it. I am not going to sanction such high-handed methods by my vote.

Why Great Britain is the mistress of the seas. She boasts that the sun ever shines upon her dominions. Her titled nobility live in luxury and extravagance. She complains that she is forced to tax the royal estates of her great lords and noblemen, which is causing some of their immense land holdings to be sold, and that she only wants to tax their incomes, and does not want to force them to sell any of their lands.

Notwithstanding the fact that she owed us \$4,603,128,085.74 she has made every kind of claim imaginable against our Government and collected the money from us in cash. We paid England immense sums for transporting our soldiers to France to save her and all Europe from destruction, and she has not hesitated to charge us at every turn. The claims she has made against us, and which we have paid, would disgust any fair-minded citizen. Since the armistice we have paid Great Britain sums approximating \$1,000,000,000. She did not offer to let us credit it on what she owed us, but had our Government pay her the money. One of the German ships which we took over in New York after war began, and which under international law we would have been authorized to keep ourselves, we permitted to be given to Great Britain as part of her reparation against Germany, and because we used this German ship during the war to transport our troops and supplies to Europe for England's defense, England is now asking that we pay her several hundred thousand dollars for such use of said ship during the war. Upon just such ridiculous claims as this did we pay England nearly \$1,000,000,000 since the armistice. And by passing this resolution to-day you are to make England another present of about \$2,000,000,000 in interest that belongs to the American people, who are now taxed most heavily themselves. I am not going to do it with my vote.

I am not going to ratify a proposition where our agents have exceeded their authority. What we ought to do is to vote down this resolution and reinstruct our commission to have a new conference with Great Britain's commission and have them advise us whether they are financially unable to meet their obligations with a 25-year extension of time and the interest rate they contracted, and if they are not then to make us the best proposal they can, according to their financial ability, and then let Congress, and not an unauthorized Republican commission, grant them the necessary concessions.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. GRAHAM of Illinois. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. COLLIER. Mr. Chairman, I yield 15 minutes to the gentleman from Tennessee [Mr. GARRETT].

The CHAIRMAN. The gentleman from Tennessee is recognized for 15 minutes.

Mr. GARRETT of Tennessee. Mr. Chairman, I regret to find myself out of accord with some of the leading members of the Committee on Ways and Means on my side of the House as well as with other colleagues in whose judgment and patriotism and loyalty I have such profound confidence. But this is a major question with which we are dealing to-day. I share with my colleagues who are opposed to this measure the resentment which they feel on account of the way in which this business has been handled from the beginning by this administration. I share the resentment which all fair-minded men must feel at the action of the administration in making this commission the representative of one party alone upon a purely business transaction. I share the resentment which is felt toward the attitude which the majority party maintained toward the Democratic war administration from the very close of the war. I deplore the fact that through their machinations, indulged in for partisan political purposes in the main, a great program which was laid down by the great Democratic administration was interfered with, and that as a result of that interference desolation came throughout the world, and for their folly men, women, and children everywhere on earth have paid in torture and toil and tears. [Applause.]

But, Mr. Chairman, that resentment which I feel does not in my opinion justify me, as a Representative in the American Congress, in rejecting the only thing which this administration has done that has even a tendency toward stabilizing world conditions, and I shall support this proposition. [Applause.]

I do not support it for the reason given by the gentleman from Illinois [Mr. GRAHAM] a few moments ago. Let me say to the gentleman from Illinois [Mr. GRAHAM] that this side of the Chamber needs no lecture from him in order to enable it to do the thing that is right and the thing that is statesmanlike. [Applause.] The gentleman from Illinois is mistaken in his recollection of the facts. The gentleman from Ohio [Mr. LONGWORTH] is mistaken when he asserts that the Secretary of the Treasury originally in taking these obligations violated the law. I have not the time to go into that now, but the gentleman from Ohio [Mr. LONGWORTH] and I fought out that proposition on the floor before when we had up the matter of the

creation of this commission, and I am satisfied with the record as it stands. Who expected that the Secretary of the Treasury at that time would literally take bonds of Great Britain? The people of this country who were buying Liberty bonds paid their money months and months in advance before they ever got a bond. They simply got the obligation of the Government. The Secretary of the Treasury took the I O U's of the British Government to be replaced by bonds. He acted within the law. He acted in the only way that he or any other Secretary of the Treasury could have acted. So far as the security is concerned, gentlemen are nonsensical when they assert that the security contained in these bonds will be any better than the security behind those I O U's. [Applause.] All that was behind those I O U's and all that is behind these bonds is the faith, the honor, and the integrity of the British Nation. [Applause.]

Now I will tell you why I am for this settlement. I do not know whether these gentlemen could have done any better or not. I know that they did not do any better, and you gentlemen upon the Democratic side of the Chamber who are disposed to vote against this settlement because you think it is possible that they might have done better, let me ask you, What do you hope to gain by voting it down if you had the power to vote it down?

Do you hope to abolish this commission? Why, no. Do you hope to have a nonpartisan or bipartisan commission? Why, no; you can not hope that from this administration. Where will you be if it be voted down? You will be in the hands of the same commission dealing with the same questions; you will be in the hands of the same administration. In God's name do you say we shall wait another two years, that the Democratic Party shall go before the country saying that we shall wait for another two years, for Calpurnia perhaps to have sweeter dreams, before we will take a step toward settling this indebtedness and stabilizing to the extent that we can the affairs of the world?

Losses! Well, after all, that is speculative. That will depend upon world conditions in the future as to whether we shall lose by this transaction. Sixty-two years is a long time, even in the life of a nation. What vicissitudes will occur in the world during that time we do not know. Oh, from the time we began to make these loans—and I always favored the loans—I have felt that these international debts were going to be a source of irritation, of annoyance, of possible trouble between nations through at least half a century and perhaps a full century. If there be some financial sacrifice in this, and that is speculative, I think, Mr. Chairman, we can afford to make that sacrifice in order to have this much settled and to that extent remove a possible cause of irritation and the dangers of future conflicts. [Applause.]

Some gentlemen talk about this as though it were a debt between individuals. Not so. Nations can apply the same principles to the settlement of debts between themselves that are applied between individuals, but they have not the tribunals that individuals have. There is no court before which we can sue and obtain a judgment, there is no international sheriff to enforce an execution. There are just two ways, Mr. Chairman, in which this money will come into our Treasury. One is by voluntary payment on the part of the nations that owe us. The other is by the arms of the United States being sent forth in the hands of the young men of the United States to collect the debt.

This does much more than settle the basis of the indebtedness with England. This, if I interpret it correctly, fixes irrevocably, unless Congress shall change its action in the future, the basis which must be adopted in settling more indebtedness than is involved with England, to wit, the indebtedness of France and Italy and Belgium and all the other nations that owe us. This fixes the terms upon which they, too, will pay. Do you believe there is an individual in the United States to-day reasonably well informed of the conditions in foreign nations who would not regard it as a splendid transaction if we could have the assurance, even such as is given here, that we shall obtain from France and Italy and Belgium and Czechoslovakia and those other nations 3 and 3½ per cent on the indebtedness that they owe us?

This transaction can not be judged by the British debt alone. It fixes inevitably the basis upon which all the other settlements are to be made.

Whether England has done all she could do of course I do not know. I think it is reasonably certain that we can not expect these other nations to do more, even if this basis were not fixed. The great proposition involved here is this: It looks toward the stabilization of the world. [Applause.]

There may be complaints here and there about the rate of interest. I do not know. Temporarily, at least, we are paying more upon our bonds than we will receive upon these; but there is a larger aspect, there is a broader vision, there is a greater thing. The happiness, the prosperity, the peace of the human race will be at least advanced somewhat by the adoption of this settlement. And for that reason, feeling my responsibility as a Representative, I am willing to forget the partisanship that has been manifested by Republicans, I am willing to forget the narrowness of the administration that happens to be in power. I am willing to forget the indecencies of their campaign of 1920, in order to try to rise to the bigness of the subject and the bigness of the hour. [Applause, the Members rising.]

Mr. FORDNEY. I yield five minutes to the gentleman from Texas [Mr. SUMNERS].

The CHAIRMAN. The gentleman from Texas [Mr. SUMNERS] is recognized for five minutes. [Applause.]

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen of the committee, this talk about the prior obligation negotiated under the former administration not being as binding as the bonds to be issued is absurd. But that is beside the point. What ought we now to do, all things considered? The agents of this Government have been in negotiation with the agents of the British Government and report an arrangement, agreed to by the agents of the British Government, looking to the refunding of its debt owing to this Nation. Payments are to be extended through a long period. That is necessary because everybody knows and all will admit that Great Britain can not pay the debt now. It is necessary for our own interest to have these payments gradually made. Money is the blood of commerce. It is as dangerous to the body to get too much at one place as it is not to have enough in another. If we are to sell our surplus cotton, grain, live stock, and so forth, we must leave our customers with something to pay for them.

As I understand from this debate, the difference between Members is largely a question as to interest. The proposed rate on the British bonds is 3 and 3/4 per cent, while our own tax-free 3 1/2 per cent bonds are at par. When I consider the conditions in Great Britain, financial, industrial, and political; when I consider the general world conditions, and the probable effect, I am unwilling to take the responsibility of throwing this matter back into negotiations because of the difference in the interest rate. That is the clear-cut issue. I have no responsibility with reference to the negotiations or the result thereof up to this time. All the negotiations come from the party in power. But regardless of the view of the minority with reference to how they have proceeded, the fact is they have proceeded. We come now to pass judgment on the situation as it is this day, upon our duty as it is this day. Great Britain is having its political difficulties. The talk of repudiation is not unheard in that country. What would be the effect upon public opinion there of the failure to ratify the results of the negotiations which have been in progress no one can foretell. But no student of conditions which obtain can fail to appreciate its probable effect. We can not afford to take the chance of throwing this matter back, even if a little higher rate of interest should have been agreed upon.

The strain upon that nation is great to-day. How much more it can stand nobody knows. But everybody knows that the failure of these negotiations would add to that strain, reduce the chances of having even the principal of our debt paid, and imperil the markets for our products. Not only that, but in the midst of a world disorganized and confused there are two great nations on the earth, and only two, upon which rest the major part of the responsibility of holding the world together until sanity and order shall have come again to the world. If Great Britain goes, there will be but one—your Nation and mine. I do not know what was the best our representatives could have done, but I do know that in the state of public opinion in Great Britain there is a limit beyond which the present Government there can not go and remain in power. Nobody can guess what would happen then.

Every man should vote on this question assuming his share of responsibility as though his vote would determine the issue. No man should take the position in his own mind that if he votes against ratification all he will have to do will be to criticize it, because it will pass anyway and he will not have to answer for the results which would have followed if the proposition had been defeated. If we should throw the matter back into negotiation and uncertainty we would do that which, in my judgment, the present condition of the world does not justify us in doing. This is perhaps the most tragic and dangerous hour in the world's history, and I do not believe that

any man who looks with understanding at the world situation can fail to recognize that government, broadly speaking, in the world was never in greater peril. This is a solemn hour for the man who has the responsibility of being a Member of the American Congress. On one hand is the rate of interest, on the other the matter of adjustments, of greater assurance of payments, of contribution to world stability, of greater probability of preserving a market for our products. The influence of disintegration, political, economic, moral, and religious, working in the world to-day, and I am not a pessimist, is characteristic of that period between the fifth and tenth centuries when the world went into the Dark Age in its history. I do not believe that a more solemn hour ever came in the world's history than this. I am willing to share responsibility. I may make a mistake, but its consequences can not possibly exceed a matter of 1 per cent per annum in interest, and it will make more sure the payment of the principal; it will make more sure a market for my people; and without a shadow of doubt will help toward world stability.

Now let us see about this trade. This is a business transaction. I am talking now about this as a plain, common-sense business transaction—the American Government on one hand and a hard-pressed creditor on the other. Every man who has ever represented clients engaged in the wholesale business, for instance, has confronted the situation where a creditor who in a bad condition is unable to meet his payments as they become due. What is the horse-sense thing to do? Take a chance on forcing repudiation, of losing the debt and a good customer besides, or getting around the council table with the representatives of the creditor and determine the best thing to do and agree to do it? That is the common-sense thing to do. [Applause.] Never in my life, nor did any of the rest of you who represented a client that had as much at stake as our client, this nation, cavil over the difference of 1 per cent interest. [Applause.] I do not say that much is involved. Our 3 1/2 per cent bonds are selling at par, and these British bonds run that high; I do not recall the exact figures. Let us remember one other thing: Of all these war-loan debtors this Nation has to-day, England is the only one who will even talk with us about paying. [Applause.] Now, I want to help them along; I want to encourage them; and I want them to set a good example for the other debtors. [Applause.] The rest of them are either talking or acting repudiation.

We are not dealing simply with England's debt to-day; we are dealing with the great international debts owing to this Republic. I want to make them understand that we will be kind, that we will be reasonable, but that we expect them to "come across." [Laughter and applause.] That is the practical, common-sense thing to do if nothing more was involved than the collection of our debt. We can not sue these creditors. There is no court to hear the case and no constabulary to enforce the judgment. But what do we do under similar conditions even when we do have courts and sheriffs? I challenge the common sense and experience of any lawyer here that whenever a lot of debtors of his clients got into a situation like that in which our European creditors are now, most of them not even talking about paying at all, and one of them makes a proposition as favorable to his client as this British proposition is, I challenge the experience of any lawyer on the floor if he ever turned down the proposition. I am not willing to do it, especially when I consider the inevitable effect toward world stability which would come from its acceptance and the inevitable contrary effect which would come from the rejection not only upon world conditions but upon the markets in which my people must sell their surplus products.

Mr. FORDNEY. Mr. Chairman, I yield three minutes to the gentleman from Ohio [Mr. CHALMERS].

Mr. CHALMERS. Mr. Chairman, as a Member of Congress I want to congratulate all who have been instrumental in bringing to pass this just settlement of the greatest financial transaction of all ages. It is a settlement. Already it has been approved by the British Government. It has been met with almost unanimous approval by the people of this country and shortly will have been officially indorsed by the American Congress. In my judgment, on the final vote there will not be more than 25 recorded against it. Why should there be? Why should anyone vote against an agreement that is just and fair to both parties? We do not wish to exact the last ounce of the pound of flesh.

This is a settlement with honor. The debtor nation says that this far we can go and no further. We accept that statement in good faith.

As I have said before, this is the largest business deal since the creation, and probably there never will be a transaction

of such magnitude again. I hope this resolution will be the first and the model for others that will bring about as just a settlement of all our international credits.

This fair and equitable settlement of the indebtedness of the United Kingdom of Great Britain and Ireland to the United States will go down in history as a great achievement in a great administration. This resolution, which will be adopted to-day by the House of Representatives, and the Limitation of Armaments Conference write the Harding administration indelibly on the pages of history as one of the great administrations of the American Nation. [Applause.]

Mr. COLLIER. Mr. Chairman, I yield 10 minutes to the gentleman from North Carolina [Mr. ABERNETHY].

Mr. ABERNETHY. Mr. Chairman and gentlemen of the House, no one feels more than I do to-day my limitations in this debate. I would be very glad indeed if I could follow some very good friends of mine on the minority side of the House and vote for this proposition, but I have not read nor have I heard an argument from anyone that will justify me when I go back home to my people, from whom I recently came—and more recently than most of you—and sustain the position of a vote whereby, in my opinion, we give to the Government of Great Britain in a period of 62 years approximately more than \$2,000,000,000 in interest.

At the present time, Mr. Chairman and gentlemen of the House, the debt of Great Britain to this country amounts to \$4,135,818,358.44 as principal. The interest (including the interest due November 15, 1922) amounts to \$611,044,201.85, making a total indebtedness to this country of \$4,746,862,560.29. I talked this morning with the Treasury Department, and they tell me that at the present time these demand obligations of Great Britain due this country carry a rate of interest of 5 per cent.

We are asked to solemnly cast our votes to reduce that interest rate from 5 per cent to 3 per cent for 10 years and to 3½ per cent for a period of 52 years. Should we do it? By what process of reasoning can we come to the conclusion to do it? Should we do it from patriotic motives? Should we do it because we love Great Britain? Should we do it because Great Britain is a bankrupt nation? Should we do it to help the people down home who are paying enormous taxes? Right down here in the Internal Revenue Bureau to-day I know a man who has been assessed as high as \$40,000 and who only has until a specified day in March to seek relief from that assessment. Has there been any let-up of the burdensome taxes in this country except to repeal certain surtaxes in favor of the rich interests of the country?

I ask you men here, who have to vote, and who have to go back home and meet the folks two years hence, how are you going to justify your vote in giving Great Britain more than \$2,000,000,000 in interest? The funding act, passed February 9, 1922, allowed the World War Foreign Debt Commission to refund or convert and to extend the time of payment of foreign debts due us provided the interest should not be less than 4½ per cent and that the period of time should not be extended for payment beyond June 15, 1947. That is what this commission was authorized to grant to Great Britain. Practically everybody voted for that. What did the commission do? Great Britain said to them, "We can not pay now; we can not pay these demand obligations; we want time." The commission said, "Very well, we will give you time," and they gave Great Britain time—62 years. Great Britain still was not satisfied; they wanted a reduction of interest. Our commission became generous and liberal and agreed to recommend to the President and Congress a reduction from 5 to 3 per cent for 10 years and to 3½ per cent for 52 years.

Let us say that you owe a bank money on a 12 months' note. You are called upon to pay that loan at the expiration of the 12 months, and you can not pay it. You say to the bank, "I owe this money and want to pay it, but I can not do it now," and you ask for time. The bank agrees that it will give you time; and then suppose you turn around and say to the bank that you not only want time but that you want a reduction in the interest rate from 5 per cent to 3 per cent or 3½ per cent. What would the banker say to you?

According to my calculation, if this bill we are now considering becomes a law, for the first 10 years we would be giving to Great Britain 1½ per cent in interest, which would amount in 10 years on the debt now due to \$593,357,820. During the 52 years Great Britain would be given three-quarters of 1 per cent in interest, which would amount for that period of time to \$1,856,277,398.48. Adding what we give to Great Britain in interest for the 10 years with what we give in interest for 52 years, we have a grand total of \$2,449,635,218.40. These are the figures.

Let us consider the matter for a moment as to the amount of interest we are giving Great Britain, calculating the reduction in interest from the present 5 per cent which is now being charged. For the first 10 years we would be giving Great Britain 2 per cent, which, according to my calculation, would amount in 10 years on the debt now due to \$875,372,512.10. And during the 52 years Great Britain would be given 1½ per cent in interest, which would amount for that period of time to \$3,413,952,796.80, a grand total for the 62 years of \$4,289,325,308.90.

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

Mr. ABERNETHY. No; I can not yield; I have not the time. I want to read you now something from a very good authority.

This is a statement prepared and submitted to Secretary Mellon, Secretary Hoover, Senator Smoot, Representative Burton, and Secretary Hughes by Mr. Walter S. Tower, American commercial attaché in London—a man right on the ground, an \$8,000 per annum employee, or officer of the Government, who has studied this question. What does he say? Let me read it to you:

AMERICAN EMBASSY, OFFICE OF THE COMMERCIAL ATTACHÉ,
London, January 31, 1922.

The main points in the plan for refunding foreign debts owed to the United States, as proposed by B. F. Yoakum, probably would meet with general approval not only in the United States but also in the debtor countries.

There are two fundamental ideas which apparently lie behind the suggestions:

First. The need for reduction of taxes in the United States, and, Second. A definite arrangement regarding payment of interest and principal of war debts to the United States, in order that the European countries may know exactly where they stand in this matter.

Both of these objectives are not only desirable but necessary for the full recovery of industrial and trade activity.

The main idea in the Yoakum plan is to refund the debts at 4½ per cent interest for 50 years, with 2 per cent sinking funds. The bonds given by the European nations on this basis could then be used as collateral by the United States Government for the issue of, say, \$5,000,000,000 of 4½ per cent Treasury bonds, which would refund a like amount of outstanding war loans. Interest and sinking-fund payments on the foreign government issues, held as collateral for this domestic issue, would provide for both interest payment and amortization.

From the standpoint of the European countries, I believe the plan would be acceptable, in the main; 50 years is long enough for any refunding issue to run and 4½ per cent is not too high a rate of interest, at least under existing circumstances.

The immediate criticism which I am sure would develop, however, would be that Britain alone is in a position immediately to pay interest on its share of the debt, to say nothing of payments into a sinking fund. Clearly France is not now and for five years may not be in position to pay anything either on interest or principal account. For Italy it may be 10 years before such payments can reasonably be expected. Even Britain, according to some opinions, can and will pay only in the event that the United States takes a firm stand and indicates the necessity of having such payments undertaken immediately, whatever may be the effects of such payments on the fiscal policy of the British Government. I think a good many financial men here believe that it would do this country a good service to have the United States adopt a firm attitude toward such payments from Britain, because of their feeling that much of the British Government fiscal policy is unsound and foolish.

If the suggestions made by Mr. Yoakum were modified in such respects as to provide for postponing interest payment, and payments into the sinking fund, according to the varying prospective ability of the several countries to discharge their obligations, I think the opinion here would be very favorable to such a solution of a vexatious and disturbing problem. Such postponing of interest and sinking fund payments as would be required, for instance, in the case of France and Italy might modify somewhat the idea of issuing a United States domestic loan for refunding war issues on the basis of the European government securities as collateral on account of the fact that only the British share of the collateral would immediately have value through meeting of interest and sinking-fund obligations.

As Mr. Yoakum points out, however, a United States Treasury issue does not need collateral, and the possible exception to his plan, made to cover the present inability of certain of the debtors to meet their obligations, would not destroy the value of his suggestion as an apparently satisfactory and effective solution of the debt question.

WALTER S. TOWER,
American Commercial Attaché.

I dare say that this gentleman has made a greater study than has this partisan commission that we are asked as Democrats here to sustain. I want something else besides the advice of a partisan commission to justify me when I go home to the folks and ask them to send me back. I want something more than a vote to give away to the British people over \$2,000,000,000 in interest and to grant an extension of demand notes of \$4,600,000,000 of Great Britain for 62 years.

What are the reasons assigned why we should be so liberal to Great Britain in this settlement? I take it that the statement of Hon. THEODORE E. BURTON, of the Debt Funding Commission, in the hearings before the Ways and Means Committee furnishes for the proponents of this measure the most forcible reasons, and in all fairness I incorporate them in my remarks, as follows:

The proposed settlement must have the approval both of the President and the Congress. It is to be noted that the rate of interest is lower and the term longer than that fixed by the statute creating the commission. It is extremely desirable that a settlement should promptly be made on the plan outlined for the following reasons: First, in fairness to Great Britain. England is the only country which has come forward with a proposition looking to an immediate settlement of debts incurred to this country during the war. Also, it is the sole country of

Europe which is providing for current expenditures by taxation. In order to do this it has been necessary for her to impose a burden of taxation far heavier than any of the leading nations has ever imposed in time of peace. A commendable pride in her credit stimulates a desire to meet all her obligations. In this connection it must be said that while the debts of the various nations of Europe to us should not be canceled, a considerate, yes, a generous, policy should be adopted in the terms imposed. It must be recognized that all of our allies in the late war made sacrifices far in excess of those suffered by the United States, however great our own may have been. Each is carrying a weight of obligations approaching or even surpassing one-half of all the wealth they possess, accumulated through centuries. Universal bankruptcy is threatened in all of them unless conditions improve. The ability to pay their obligations must be based upon faith in the future.

Second, as a practical matter. The rates of interest, although lower than those now prevailing, are not lower than in normal times. The average rate of return on English consols for more than 50 years prior to 1914 was less than 3 per cent. The rate reached a minimum of 2.4 per cent in 1897 and was less than 3 per cent from 1880 until 1909. There is every reason to believe that, notwithstanding the unfavorable situation created by the vast amount of national debts and the loss of resources by reason of the war, there will be a marked decrease in interest rates in the next 10 years. Since the peak in 1920 there has been a fall varying from 1 to 2 per cent in the United States, in the return upon investments and the rate at which new securities can be floated. In the time of the Civil War our Government issued securities at 7.3 per cent and also 6 per cent, payable in gold. There was a very marked fall soon after the close of the war.

Third, there is a financial advantage which can hardly be measured which inures to the people of the United States in case rates of exchange become more favorable to our debtors.

This would mean greatly increased purchases from us, especially in cotton and meats and all the varied products of agriculture. A crushing weight of taxation in any country will seriously diminish its purchasing power and fetter industry.

In conclusion, it is scarcely necessary to mention the stabilizing effect in finance and trade which a settlement of this debt would accomplish. Quite as important as anything is the good will which would be promoted by a settlement of debts which, so long as they remain unliquidated, are sure to promote controversy and ill feeling.

When the taxpaying citizenship of this country, who are groaning under the heavy weight of taxes, look at this statement of Mr. BURTON they will begin to compare notes and see about the justification for the passage of this bill. We are dealing to-day in the consideration of this bill primarily with Great Britain.

I assert that Great Britain never anticipated such favorable terms of settlement. The leading and oldest journal of practical finance and trade in Great Britain and a paper that more nearly represents the substantial thought of the people of that country in financial matters is *The Statist*, and in this connection it is well to quote from this paper. In the issue of January 22, 1921, on page 122, in an article entitled "British debt to United States of America," in discussing the refunding of the debt the paper uses this sentence:

It is hoped that Lord Chalmers will be able to secure a 5 per cent rate in funding the demand notes.

And again on May 28, 1921, on page 1009, *The Statist* published an article entitled "British debt to the United States," as follows:

FINANCIAL NOTES.

BRITISH DEBT TO THE UNITED STATES.

Further information on the course of negotiations between the Governments of the United Kingdom and the United States as to the settlement of our war debts to the United States was given by President Harding in a speech delivered in New York on the 23d instant, in which he outlined a tentative scheme which, it is understood, is being submitted to the British treasury. The new scheme has reference not to measures for repaying our indebtedness but to changing the form of our obligations with a view to making our creditors the general public of the United States instead of the United States Government. To secure this end it is suggested that the demand notes now held by the United States Treasury be converted into bearer bonds which are to be distributed to the public in exchange for the Liberty bonds at present held. The principal and interest of these bearer bonds would be payable by the British Government in dollars, and would be guaranteed by the United States Government. Special terms would, of course, be given in order to insure that the bonds would be accepted by the public in exchange for Liberty bonds. From the point of view of the United States Government the operation would be a favorable one, as, if successful, it would be tantamount to paying off a considerable portion of their unfunded indebtedness. From our point of view it would have the advantage of converting our obligations to the United States, amounting to nearly £1,000,000,000 at the par of exchange, from an obligation payable on demand to a long-term debt, for the term of the bearer bonds proposed is 30 years. Against this, however, must be set the fact that our annual interest charge would have to be substantially increased in order to make the debt in its new form acceptable by United States investors, and this is an important consideration in view of the position of the New York exchange. The merit of the scheme from our point of view obviously depends on the extent of the increase in interest charges to our Government, but considering that the proposed bearer bonds would have the guaranty of the United States Government, the operation could scarcely be more costly to us than if we sought to achieve the same end by floating a loan in the United States for the purpose of repaying our demand notes. It is understood that if an agreement can be arrived at as regards the scheme, it will be extended so as to cover the whole of the Allies' debt to the United States Government.

And, again, on September 23, 1922, page 440, *The Statist* published the following article:

FUNDING THE DEBT.

On Tuesday it was announced that the chancellor of the exchequer, Sir R. Horne, would head the Government delegation to America to arrange with the United States committee the terms of the funding of

our debt to the United States. In view of the proximity of the negotiations (Sir R. Horne is to leave on October 18) it will be useful to set out the existing position of our American debt. The details, as on March 31 last, are shown in the following table:

Debt of United Kingdom Government to United States Government and United States nationals.

(Amount outstanding on March 31, 1922.)

Form of debt.	When payable.	Amount.	Sterling equivalent at \$4.40 to 1 pound.
Government loan.....	On demand..	\$4,166,318,358	£946,891,000
5½ per cent 10-year bonds.....	Aug. 1, 1929	116,391,600	26,453,000
5½ per cent 3-year notes.....	Nov. 1, 1922	53,421,000	12,141,000
5½ per cent 20-year bonds.....	Feb. 1, 1937	143,587,000	32,633,000
American loan (unpaid balance)...	Oct. 15, 1940	13,850	3,000
Total.....		4,479,731,808	1,018,121,000
Add unpaid interest on Government loan.....		509,148,000	115,715,000
Grand total.....		4,988,879,808	1,133,836,000

During the last financial year our debt to America was reduced by \$209,909,000, equivalent to £47,707,000 at an exchange of \$4.40 to the pound, and between March 31 last and September 16 a further reduction of £9,435,000 has been effected. The total debt owed by our Government to the United States on March 31 last stood at \$4,988,879,808, or £1,133,836,000 at \$4.40 to the pound, which is slightly below the current rate. The gross amount includes \$4,166,318,358 in demand notes and accrued interest thereon amounting to \$509,148,000. Of the remainder \$53,421,000, or £12,141,000 at \$4.40 to the pound, is payable on November 1 of this year, \$116,400,000 is due in 1929 and \$143,600,000 is repayable in 1937. It may be presumed that the amount due on November 1 next will be retired at maturity.

The demand notes, which constitute the bulk of the debt, are held by the United States Government and not by United States nationals. It is with these alone that the American allies' debt refunding act is concerned as regards our own portion of the debt, and it is with these that the forthcoming discussions will be concerned. The act referred to has entrusted the handling of the negotiations on the American side to a committee appointed by Congress, under the chairmanship of Mr. Mellon, Secretary of the Treasury. The discussions to take place are limited by the act to matters of detail rather than general principles. Thus it is already fixed by legislation that the demand notes at present held by the United States Government are to be exchanged for long-term bonds. The bonds to be issued in exchange by us are to be bonds of our Government and no other, no set-offs in respect of debts owed by other governments to us being allowed. The maximum currency of the bonds is fixed at 25 years and the minimum rate of interest they may bear is 4½ per cent. Subject to these limits the negotiating parties are to agree upon the rate of interest on the bonds and their term and the manner in which interest and amortization is to be paid.

Perhaps the chief interest of our creditor in the arrangements to be made for funding the debt is the possibility of selling our bonds to United States nationals, and thus acquiring ready cash before the maturity of the debt, and without doubt the American committee will have this end in view throughout the discussions with our delegation. It is safe to forecast that when the long-term bonds of our Government are made available they will be offered to American investors, backed by the additional guaranty of the United States Government. The American Government can naturally borrow more cheaply in the New York capital market than our Government could, and, consequently, bonds guaranteed as to principal and interest by the home Government can be absorbed in the United States at a lower rate of interest than if they carried the guaranty of the British Government alone.

The rate of interest which we will have to pay on our debt to America, therefore, depends mainly on the marketability of the funding bonds in the United States and the valuation which American investors are likely to place on securities of the home Government. At present the United Kingdom 5½ per cent bonds (1937) are quoted at around 103 in Wall Street, having fallen substantially in price during the past fortnight. At this price they offer a direct yield of 25 6s. 10d. per cent and a yield with redemption of 4 19s. 8d. per cent. The 5½'s of 1929 at 106½ give a flat return of 25 2s. 11d. per cent and a redemption yield of 4 7s. 3d. per cent. As regards United States Government securities in New York, the 4½ per cent Liberty loan, 1932-1947, offers a flat yield of 4 4s. 7d. On the whole it would appear that a British Government 4½ per cent security would have to be offered at a discount in New York, and, even if backed by the guaranty of the United States Government, would not find an eager market if yielding only 4½ per cent. It must be remembered also that the force of the gilt-edge boom has been spent for a considerable time in New York and the appetite of investors for fixed interest-bearing descriptions will be in the near future as it has been in past months. If, therefore, the American Government contemplate a transfer of their United Kingdom Government credits to the general investing public, in all probability we will be called upon to pay on our funding bonds a higher rate of interest than the stipulated minimum, 4½ per cent. In view of the huge size of the debt the ultimate decision as to the rate of interest is one of great importance to our financial position. At an exchange of \$4.40 to the pound the total of our demand indebtedness amounts to \$946,891,000, on which 1 per cent represents nearly \$9,500,000 yearly. If we assume that our Government will have to pay 4½ per cent on the debt, our annual interest remittance to the United States Government will be in the neighborhood of \$48,000,000. Adding accrued interest, the total amount in respect of principal to be paid to America is £1,062,000,000. Assuming that payment is spread equally over 25 years, the annual payment would be about \$42,000,000. The statement, therefore, that during the next quarter of a century our annual remittance to the American Government will be at amounts varying from \$90,000,000 down to \$40,000,000 presents a fairly accurate picture as to the extent to which our war borrowings from America are going to affect our national finances. Obviously, our American debt will from next year onward place a strain on our resources so great that we can not afford to talk lightly of remitting the debts owed by our allies to us. From the American point of view it means that the Government will be granted a long respite before they are forced to retrench in expenditure and will find it easier to launch out in popular schemes such as that embodied in the soldiers' bonus bill. The American industrial com-

munity must, however, be prepared for many years to come to tolerate an excess of imports into the country. Any attempt to prevent an increased influx of commodities through the medium of tariff legislation will simply result in a restriction of exports of American commodities.

It will be noted from these various articles that the rate of interest which Great Britain hoped to be able to secure was ranging from 5 per cent to 4½ per cent, and that the time period which they hoped to get was 25 years.

Now, what has happened to change the situation? Our debt commissioners were instructed by Congress to make no settlement to extend beyond June, 1947, and to grant no rate of interest of less than 4½ per cent.

What has brought about this sudden change? Congress is not informed. We are told that the delicate situation forbids our securing this information from the commissioners. Even the powerful Ways and Means Committee can not secure this information. It is locked up in the breasts of this partisan commission, and we are asked to vote as a gift to Great Britain billions of dollars and to do it blindfolded and on the say so of this commission.

I for one am not willing to do so, nor do I believe the American people are willing to go into this proposition. Why should we not take the American people into our confidence in this matter? The question of the settlement has been submitted to Congress, and the American people are entitled to know the real reasons which are now hid behind the curtain, which cause the commission to recommend the settlement.

It is well in this connection to call to your attention what our Government is paying in the way of interest on its bonds.

The report of the Secretary of the Treasury, on page 159, gives the following information:

Liberty and Victory bonds outstanding June 30, 1922.

First Liberty loan 3½ per cent interim certificates	\$267,950
First Liberty loan 3½ per cent bonds	1,407,650,600
First Liberty loan converted 4 per cent bonds	12,475,400
First Liberty loan converted 4½ per cent bonds	525,107,100
First Liberty loan second converted 4½ per cent bonds	3,490,000
Second Liberty loan 4 per cent bonds	54,113,050
Second Liberty loan converted 4½ per cent bonds	3,253,661,950
Third Liberty loan 4½ per cent bonds	3,469,741,800
Fourth Liberty loan 4½ per cent bonds	6,339,167,050
Victory Liberty loan 3½ per cent notes	14,609,400
Victory Liberty loan 4½ per cent notes	1,985,842,100
Total outstanding	17,066,126,400

Most of these bonds are long-term bonds. Some of them run until June, 1947.

I desire to call especial attention to that provision of the bill now under consideration which provides as follows:

Any payment of interest or of principal may be made in any United States Government bonds issued since April 6, 1917, such bonds to be taken at par and accrued interest.

Now, under this provision what is to hinder the British Government or its bankers or agents from buying our Liberty and Victory bonds, which draw from 3½ to 4½ per cent, and pay off all the British debt by the interest saved by the transaction? This is not unlikely and it is most probable. It is possible for Great Britain or her agents to buy up Liberty and Victory bonds and pay us back at the expiration of the term of the American bonds, and in the interim we would find our Government paying Great Britain or her agents 3½ per cent, 4 per cent, 4½ per cent, or 4¾ per cent on the American bonds, as the case may be, and our Government only receiving 3 per cent and 3½ per cent on the British bonds. The possible action as above indicated by Great Britain or her agents would enable Great Britain to pay back her debt to us by the profits made out of us in the difference in interest, and a calculation will demonstrate this, I confidently assert.

The great argument in favor of the proposed legislation is Great Britain's inability to pay. A careful study of the internal affairs of Great Britain, I take it, will show that country has recovered rapidly from the war. I think it is well to call to the attention of the House and the country—and especially at this time, when our President and the leaders of the majority side of this House have refused to permit the soldiers' and sailors' compensation or bonus to be taken care of by the payments to be made by Great Britain under this bill—to the liberal way in which Great Britain has taken care of her sailors and soldiers of the World War, and I desire to insert for public information, and especially for the information of our veterans of the World War, who have been denied their adjusted compensation by this administration, the following statements, one by Mr. Carl Meyer, December 6, 1921:

LIBRARY OF CONGRESS,
Legislative Reference Service.
War gratuities to soldiers and sailors,
GREAT BRITAIN.
A.—ARMY.

I. Gratuities to noncommissioned officers and men. (London Times, December 20, 1918, p. 5.)

A royal warrant of December 19, 1918, authorizing a gratuity to non-commissioned officers and men was issued as an army order. (Army

Order No. 17, 1919.) The minimum gratuity payable to a soldier is as follows:

(1) Private, lance corporal, lance bombardier, or equivalent rank	£5
(2) Second corporal, bombardier, corporal, or lance sergeant	6
(3) Corporal of horse (household cavalry) or sergeant	8
(4) Squadron quartermaster, corporal (household cavalry) or squadron, battery, troop, or company quartermaster sergeant, staff corporal (household cavalry), staff sergeant, or color sergeant	10
(5) Warrant officer, class 2	12
(6) Warrant officer, class 1	15

Sections 6 to 9 of Army Order 17, 1919, follow:
"Sec. 6. Soldiers who have completed more than 12 calendar months' war service will receive, in addition, the following sums in respect of each complete calendar month or portion of a calendar month of war service beyond 12 months, subject to a maximum of 48 such monthly increments, corresponding to a total gratuity covering five years' war service—

(a) If with any war service overseas	Shillings. 10
(b) If with no such service	5

the rates under both (a) and (b) being subject to reduction in the cases shown in the next paragraph, and the rate under (b) not applying to any war service rendered by the soldier as a boy.

"Sec. 7. If a soldier has been entitled to draw service pension during any portion of his war service, or if he has been entitled under article 6 of the royal warrant published in Army Order 1, of 1918, to elect to draw it, in respect of any portion of that service, irrespective of whether he has actually drawn it or not, the monthly addition for any month during the whole of which pension has been, or would have been issuable, will be 5 shillings or 2 shillings 6 pence instead of 10 shillings and 5 shillings, respectively.

"Sec. 8. The minimum gratuity payable to a soldier who is a boy will be £2. The additional sum for each month's war service after the first 12 months will be as in paragraph 6, except that if no service has been rendered overseas the sum shall be 2 shillings 6 pence instead of 5 shillings. For the purpose of this warrant the term 'boy' will include trumpeters, drummers, buglers, pipers, fifers, and bandmen enlisted as boys, and under the age of 18.

"Sec. 9. The soldier who has served both as boy and man will be eligible for the minimum as a man if he has given any war service overseas, or has over six months' war service as a man. Otherwise the boy's minimum will apply."

The monthly additions will be 10s. if any overseas war service has been rendered; if not, they will be 2s. 6d. for each month beyond the first 12 served wholly as a boy and 5s. for each subsequent month.

II. GRATUITIES TO OFFICERS (ARMY AND NAVY GAZETTE, FEBRUARY 15, 1919, PAGE 109; SEE ALSO LONDON TIMES, FEBRUARY 13, 1919, PAGE 6).

The gratuities to officers of the army in recognition of their war service are set forth in a schedule appended to a royal warrant which is published as an army order. The schedule, subject to certain exceptions, runs as follows:

1. Subject to the other conditions laid down below, war service for the purpose of this warrant shall be commissioned service within periods beginning from August 4, 1914, inclusive, and ending at the date of the termination of the war as defined by statutory authority, or August 3, 1919, whichever comes first.

2. Such service shall include any war service with the Egyptian Army, West African Frontier Force, King's African Rifles, or in the Royal Navy, Royal Marines, or Royal Air Force, which would qualify for a war gratuity under this warrant had such service been in the army.

3. The minimum gratuity payable to an officer in respect of war service will be as follows:

Second Lieutenant	
Officer classed for pay Q.II., or JJ., royal warrant of July 5, 1918	£35
Staff Lieutenant, third class	
Lieutenant	
Aid-de-camp	
Staff lieutenant, first or second class	
Officer classed for pay N, O, P, GG, or HH, royal warrant of July 5, 1918, or paid at an equivalent rate	£40
Captain	
Brigade major	
Assistant military secretary (unless otherwise classed for pay)	
General staff officer, third grade	
Staff captain	£45
Commandant or governor of detention barracks or military prison, second class	
Officer classed for pay K, L, M., CC, DD, EE, or FF, royal warrant of July 5, 1918, or paid at an equivalent rate	
Chaplain, fourth class	
Major	
Deputy assistant director at the war office	
General staff officer, second grade	
Deputy assistant, adjutant and quartermaster general	
Deputy assistant, adjutant general deputy assistant quartermaster general	£60
Deputy assistant director of supplies and transport	
Commandant or governor of detention barracks or military prison, first class	
Officer classed for pay G, H, I, J, Z, AA, or BB, royal warrant of July 5, 1918, or paid at an equivalent rate	
Chaplain, third class	
Lieutenant colonel	
Assistant director at war office	
Commander of a district	
Officer i/c records (other than royal engineers)	
General staff officer, first grade	
Assistant adjutant and quartermaster general	
Assistant adjutant general	£75
Assistant quartermaster general	
Officer classed for pay D, E, F, V, W, X, or Y, royal warrant of July 5, 1918, or paid at an equivalent rate	
Military attaché	
Chaplain, second class	
Colonel	
Assistant director of supplies and transport paid at £800	
Commander of coast defenses (unless paid as a brigadier general or major general)	
Commander of royal garrison artillery	£100
Officer classed for pay C. or T., royal warrant of July 5, 1918, or paid at an equivalent rate	
Chaplain, first class (including deputy chaplain general, and principal chaplain)	

Brigadier general, i/c administration.....	£140
Brigadier general, general staff (other than commandants of the Royal Military Academy and Royal Military College).....	
Brigadier general, not otherwise classified.....	
Brigade commander.....	
Chief engineer.....	
Officer i/c royal engineer records.....	
Commander of coast defenses, if a brigadier general.....	
Commandant, school of military engineering.....	
Commandant, ordnance college.....	
Officer classed for pay B. or S., royal warrant of July 5, 1918, or paid at an equivalent rate.....	
Major general.....	£200
Chaplain general.....	
Lieutenant general.....	£370
General and field marshal, rates to be fixed by the army council.....	

III. GRANTS TO COMMANDING OFFICERS.¹

On August 6, 1919, the House of Commons appropriated the sum of £585,000, to be issued as grants, varying from £10,000 to £100,000, to military and naval leaders in the war. Of this sum £375,000 were distributed among the military leaders.

B.—NAVY.

By order in council of March 25, 1920 (Order in Council, 1920, No. 629; Great Britain, Statutory Rules and Orders, issued in the year 1920, London, 1921, vol. 2, p. 265 ff), gratuities were granted to officers and men of the navy, marines, naval reserves, and naval volunteer reserves who have served during the war.

I. Gratuities to temporary officers, officers of the royal naval reserve and royal volunteer reserve, and officers of the retired and emergency lists were granted subject to certain exceptions, on the following scales:

- (a) Entered or promoted from ratings, etc., on or before February 18, 1919—
- For the first year's service or part of a year's service, 124 days' pay.
- For each subsequent year or part of a year's service, 62 days' pay.
- (b) Entered or promoted from ratings, etc., after February 18, 1919, 31 days' pay.

All officers on the retired or emergency lists employed during the war, for year's service or part of a year's service, 31 days' pay.

II. Gratuities to permanent officers on the active lists of the royal navy and royal marines, including the R. N. R. and R. N. V. R., for service during the war.¹

Relative rank of officer.	For the first year's service (or for a part of a year if a year has not been served).	Increment for each additional month after a year's service.	
		Officers who have served at sea or overseas.	Officers who have not served at sea or overseas.
	£	£	£ s. d.
Admiral of the fleet.....	720	3	1 10 0
Admiral.....	540		
Vice admiral.....	370	2	1 0 0
Rear admiral.....	200		
Commodores, first and second class.....	140	1	0 10 0
Captain, over 3 years' seniority.....	100		
Commander and captain, under 3 years' seniority.....	75		
Lieutenant commander.....	60		
Lieutenant.....	45		
Sublieutenant.....	40		
Commissioned warrant officer.....	35		
Warrant officer.....	30		
Midshipman.....	20		
Paymaster cadet.....	15		

1. Order in Council, 1920, No. 649; Great Britain, Statutory Rules and Orders, 1920, London, 1921, volume 2, page 271.

Officers who have served at sea or overseas for any period during the war to receive the higher rate of increment for the whole of their war service after the first year, irrespective of any shore service which may be included therein.

The war gratuities of chaplains to be assessed on the following scales:

- Chaplain of the fleet, same rate as for rear admiral.
- Chaplain of 20 years' seniority, same rate as for captain, over 3 years' seniority.
- Chaplain of 15 years' seniority, same rate as for commander.
- Chaplain of 8 and under 15 years' seniority, same rate as for lieutenant commander.
- Chaplain under 8 years' seniority, same rate as for lieutenant.

III.—GRATUITIES TO SEAMEN AND MARINES.²

(a) Royal Navy.

	For the first year's service or part of a year if a year has not been served. ³	Increment for each additional calendar month or final portion of a calendar month after a year's service, subject to a maximum of 48 such monthly increments.	
Boys.....	2	10	To those who have served at sea or overseas for any period during their qualifying war service.
Ordinary seamen or able seamen.....	5		
Leading rates.....	6		
Petty officers.....	8		
Chief petty officers.....	12		
		5	To those who have not served at sea or overseas.

¹ Parliamentary Debates, House of Commons, vol. 119, p. 208 ff.

² Order in Council, 1920, No. 649; Great Britain, Statutory Rules and Orders, London, 1921, vol. 2, p. 274.

³ No gratuity to be paid to ratings who have rendered only 6 months or less than 6 months' service within the prescribed war period without any service at sea or overseas.

(b) Royal marines.

The scale for warrant officers, noncommissioned officers, men, and boys of the royal marines to be as laid down for equivalent ranks in the army, and to be inclusive of marching money now payable.

IV.—GRATUITIES TO CERTAIN NAVAL AND MARINE OFFICERS.

By Order in Council of October 13, 1920 (Order in Council, 1920, No. 2087; Great Britain, Statutory Rules and Orders, London, 1921, vol. 2, p. 330), gratuities, subject to certain exceptions, were granted to certain officers of the naval and marine forces who were employed during the late war but were not paid at naval rates of pay, as set forth in the following schedule:

- (1) The gratuity to be at the rate of 31 days' pay for each complete year of service.
- (2) The conditions governing the award to be the same as those which apply to the ordinary war gratuity.
- (3) No service rendered subsequent to the 1st of August, 1919, and no service for which pay has not been issued direct from naval funds to count for the gratuity.
- (4) The rate of pay on which the gratuity would be assessed to be not the full pay of the rank held but the pay actually drawn on the 1st of August, 1919 (or on the last day of service, if previous to that date), or on the 11th of November, 1918, if more advantageous, and to be exclusive of the retired pay element, if any, merged in such rate of pay.
- (5) The gratuity to have retrospective effect to August 2, 1914.

V.—GRANTS TO COMMANDING OFFICERS.

Of the sum of £585,000 appropriated by Parliament on August 5, 1919, to be issued as grants varying from £10,000 to £100,000 to military and naval leaders¹ in the war, £200,000² were distributed among seven of the leading naval officers.

(c) Table showing expenditures and estimates for purposes of war gratuities:³

	Amount.	
	£	s. d.
I. ARMY.⁴		
Gratuities on discharge, etc.:		
Appropriations for 1919-20.....	65,787,081	17 5
Estimates for 1919-1921.....	97,000	0 0
Estimates for 1921-22.....	187,000	0 0
Total.....	66,071,081	17 5
II. NAVY.⁵		
Gratuities to officers and men:		
Appropriations for 1919-20.....	11,620,173	18 10
Estimates for 1920-21.....	389,300	0 0
Estimates for 1921-22.....	166,000	0 0
Total.....	12,175,473	18 10
III.		
Army and Navy commanders ⁶	585,000	0 0
Grand total.....	78,831,555	16 3

¹ For detailed statement see Parliamentary Debates, House of Commons, vol. 19, p. 207.

² £275,000 were distributed among 11 army chiefs; the remainder of £10,000 went to Sir Hugh Trenchard, of the Air Service.

³ So far as they are available.

⁴ The data for the appropriations for 1919-20 are taken from Great Britain Army annual account, 1919-20 (H. of C. P. 72), London, 1921, p. 114; the estimates for 1920-21 and for 1921-22 are taken from Great Britain Army estimates for 1921-22 (H. of C. P. 99), London, 1921, p. 126.

⁵ The data for the appropriations for 1919-20 are taken from Great Britain Navy appropriation account, 1919-20 (H. of C. P. 56), London, 1921, p. 60; the estimates for 1920-21 and for 1921-22 are taken from Great Britain Navy estimates for the year 1921-22 (H. of C. P. 43), London, 1921, p. 150.

⁶ Parliamentary Debates, House of Commons, vol. 119, No. 109, p. 207.

Another statement by Mr. C. C. Tansill, August 25, 1922:

War gratuities paid to British admirals and to British generals.

	NAVY.	Pounds.
Admiral of the Fleet Sir David Beatty (earl of)	100,000	
Admiral of the Fleet Viscount Jellicoe (viscount)	50,000	
Admiral Sir Charles E. Madden (baronetcy)	10,000	
Admiral Sir F. C. Dovelton Sturdee	10,000	
Rear Admiral Sir John de Robeck (baronetcy)	10,000	
Vice Admiral Sir Roger J. B. Keyes (baronetcy)	10,000	
Commodore Sir Reginald J. Tyrwhitt (baronetcy)	10,000	
ARMY.		
Field Marshal Sir Douglas Haig	100,000	
Field Marshal Viscount French	50,000	
Field Marshal Sir Edmund Allenby	50,000	
Field Marshal Sir H. Plumer	30,000	
Field Marshal Sir Henry Wilson	10,000	
Gen. Sir Henry Rawlinson	30,000	
Gen. the Hon. Sir Julian Byng	30,000	
Gen. Sir Henry Horne	30,000	
Gen. Sir William Robertson	10,000	
Gen. Sir William Birdwood	10,000	
Lieut. Col. Sir Maurice Hankey	25,000	
AIR.		
Air Vice Marshal Sir Hugh Trenchard	10,000	

DRAFT PROCLAMATION GRANTING PRIZE MONEY TO THE FLEET.¹

"We do therefore now make known to all our loving subjects and to all others whom it may concern * * * that the net produce of all such prizes captured during the present war as shall * * * be declared to be droits of the Crown, and of all other sums which shall be paid into the naval prize fund shall be for the entire benefit and encouragement of the officers and men of our naval and marine forces, and shall be distributable when * * * there is a sufficient fund

¹ Officat; issued by H. M. Stationery Office, 1918.

standing to the credit of the naval prize fund to warrant it; that a distribution shall be made in shares and proportions hereafter mentioned to those members of our naval and marine forces as aforesaid who have during the present war performed service at sea in our ships and vessels of war," etc.:

	Shares.
Commander in chief Grand Fleet.....	2,000
Admiral commander in chief.....	1,250
Admiral commanding a squadron.....	1,000
Vice admiral commander in chief.....	1,000
Vice admiral commanding a squadron.....	750
Vice admiral.....	500
Rear admiral commander in chief.....	750
Rear admiral commanding a squadron.....	500
Rear admiral.....	300

From a letter of Robert P. Skinner, American consul general, London, to the Secretary of the Navy:

"Instead of as in the past making the award of prize money to the actual captors, the net value of the prizes taken will be pooled and distributed among the whole of the fleet engaged in this war at the close of hostilities under a scale of distributions."

SPEECH OF THE PRIME MINISTER, AUGUST 6, 1919, RELATIVE TO THE GRANTING OF WAR GRATUITIES TO BRITISH ADMIRALS AND SAILORS.

The PRIME MINISTER¹. It is an honored tradition of this country that it rewards liberally those who have rendered it conspicuous and distinguished services in time of peril, and that, I venture to say, is a sound tradition for a country. Ingratitude chills the ardor of service, and no State has long thriven which does not display its gratitude to those who have served it well in its time of peril. It was really one of the marked features of distinction between Rome and Carthage, and the lesson is not without its value. I am proud of the fact that the pensions we have voted in this House—the scale of pensions—to the men who have served us well in the field and in the air and on the sea is incomparably the most generous in Europe. I think the amount aggregates £98,000,000 a year, which is half the whole of the national expenditure before the war. There is no scale in Europe which compares with it, and I am proud of it. But we do wisely, we shall do wisely, if we accept this motion, in maintaining the tradition that exceptional rewards should be given to those who have borne exceptional responsibilities with exceptional success. That is the proposition which I would invite the committee to accept.

The Duke of Wellington had voted to him two pensions, in the aggregate £4,000 a year, for three lives, and after the Battle of Waterloo a sum of £500,000 was voted to him. That was for him alone. Lord Wolseley had £25,000 voted to him for the Ashanti campaign and £30,000 for the Egyptian campaign. Those were moved by Mr. Gladstone, who was undoubtedly one of the most rigid and stern of all the great economists. Lord Roberts had £12,000 voted to him for the Afghan campaign and £100,000 for the Boer War. Lord Kitchener had £30,000 voted to him for the Soudan campaign and £50,000 for the Boer War. Those two were moved by another famous and very rigid economist, Sir Michael Hicks-Beach. That was the view taken in the past of the kind of reward that ought to be accorded to men who had rendered services of this kind to the country. In magnitude, in gratefulness for this country, there is no comparison between those wars and the war which has just come to a conclusion.

Therefore, the sums which we are inviting the committee to agree to err in comparison, not on the side of overliberality, but quite the reverse, and we have come to the conclusion that the precedents of the past should rather be fined down, not because we regard the merits of the men to whom we are going to invite the House to accord the vote as being less in comparison than those whose names I have quoted, but because we had to have regard to the gigantic burdens of the community. I need hardly tell the committee that our greatest difficulty was in choosing—a very delicate and difficult task. There were so many who have done well, there were so many who have rendered brilliant and even dazzling service, and our difficulty is not in recommending the names which are down in the list, but in confining the appeal to the munificence of Parliament to these names. I may say a few words about each of these men. There are so many that I can not possibly do justice to any of the individuals which are mentioned. Therefore, if I say a few sentences in respect to men of great and outstanding merit it must not be regarded as in the least an indication that I do not consider that a good deal more might be legitimately said to the committee on the subject.

I, first of all, naturally, choose Field-Marshal Sir Douglas Haig. I have already spoken in this House, and at some length, on his great qualities. His tenacity of purpose, his dauntlessness in the face of what looked like disaster, make him an embodiment of the race which is so proud to claim him amongst its sons. But there is another quality of Sir Douglas Haig, which is known well only to those who knew him well, and that is the readiness with which he has always been prepared to subordinate self to the demands of his country. That was never more clearly manifested than in the way in which he accepted the command of Field Marshal Foch over the British forces which hitherto had been commanded by Sir Douglas Haig. There have been great men in the past who have rendered distinguished service to their country in this and in other lands, and who never hesitated to risk their lives in rendering that service, but who, somehow, failed in loyalty when it was a question of personal pride or professional pride. Sir Douglas Haig has been as ready to sacrifice his own pride of position as he has always been ready to run the risk of his life. For that especially we honor and respect him. After all, modesty adds a cubit to the stature of the tallest man.

I would like to say a word now about Lord French, and I should like to say that in this day of crowning triumph we must not forget the day of small things—the time when Field Marshal French, then Sir John French, had to lead few men, fine men, great men, never finer soldiers quitted these shores to fight for the flag, but they were few against overpowering odds, inadequately equipped against the most finely equipped army in Europe. He fought one of the six decisive battles in this war. That is too often forgotten. Sir John French led the British Army in one of the six decisive battles and campaigns of a war which produced hundreds of great battles. He fought the Battle of Ypres—it is now clear from the German account of it—against overpowering odds. He won it. Had it been lost, the war would have taken a different turn. From the moment he won it the faith in Ger-

man military supremacy was irretrievably doomed. It is, therefore, meet that we should now, when German militarism is shattered beyond recovery, remember the great commander who, with small means, fought during the first year of the war and won a battle which covered the British Army with honor.

The name of General Allenby will be ever remembered as that of the brilliant commander who fought and won the last and most triumphant of the crusades. It was his good fortune, aided by his skill, to be able to bring to a glorious end an enterprise which absorbed the chivalry of Europe for centuries. We forget now that the military strength of Europe was concentrated for generations upon this purpose and concentrated in vain. A British Army under the command of General Allenby achieved it and achieved it finally.

I have spoken quite recently of Sir Henry Wilson, one of the most gifted soldiers this country has ever possessed. I will add only one word to what I have said. His vision and organizing gifts constituted one of the most treasured assets of this country in the trying days of 1918, and no list would be complete without Sir Henry Wilson. As for Sir William Robertson, his services were rendered in the all-important field of organization. It is he we have to thank for the fact that the general staff was so well organized and rendered such great service, especially during the last two or three years of the war. He certainly deserves a name in this great list. As for Air Vice Marshal Trenchard, he, by his energy and daring and drive and imagination and magnetism, which make for great leadership in war, made the air force become the powerful and formidable fighting machine that it was.

I have another name, the name of one who took no part in battle, but he was as essential to our success in this war as any name—I mean Sir Maurice Hankey. It is difficult for those who know to speak about Sir Maurice Hankey's services without appearing to exaggerate. His services were known only to a few, but none rendered greater service and none, therefore, is more worthy of honor and of thanks. If any Member of this House will take the trouble to ask the leaders in any sphere of this war or of the peace about the services of Sir Maurice Hankey, they will realize what I mean. Let them ask naval leaders or military leaders, let them ask M. Clemenceau or President Wilson or Signor Orlando, and they will all bear the same testimony. He was the first to recognize before this war that if a great war ever came it would be a matter not merely of fighting men but for the organization of the whole resources of a country, and inspired that war book that is one of the most remarkable productions that any man could peruse. Going through it now, one can see how he foresaw things which were perhaps not visible except to very searching minds like his at the time, and which have now become part of the horrible realities of war. He served under my predecessor for a good many years, and I am permitted to read a letter Mr. Asquith wrote to him in November of last year, after the signing of the armistice. This is Mr. Asquith's letter:

"No one knows as well as I do how much we owe to you for our (ignorantly derided) pre-war preparation, nor the extent and value of your daily, and almost hourly, contribution during the first two and a half years to every measure in all spheres that was thought out and done. I know that you have continued to the end, under constant strain which can not be measured, to render the same invaluable service. I should like you to know that in my judgment you have been in a true sense what Carnot was called, 'The Organizer of Victory.'"

I am in accord with every word of that. He refused a highly remunerative offer in order to remain in the service of Britain. If Sir Maurice Hankey's name were left out of this list I should feel ashamed of it. There is no one who has a better right to be in it, and there is no one I recommend to the House with less hesitation.

With regard to the army commanders whose names are very well known and whose achievements are known, no army ever had better fighting commanders, and those who take an interest in the history of war know how much a commander in chief depends on his fighting commanders and how much they contributed to Wellington's success in the peninsula and to Napoleon's success in his great European campaign. As a matter of fact, when Napoleon was deprived of the support of his great marshals, he failed; and Sir Douglas Haig and Field Marshal Foch were the first to recognize that it would have been impossible, especially in 1918, to have turned the tide of battle had it not been for the brilliant leadership of General Plumer, General Horne, General Byng, General Rawlinson, and afterwards General Birdwood, and I certainly commend their names to the generosity of the House.

I come to the fleet. As for Admiral Beatty, everybody will recognize that he is worthy of the highest traditions of British seamanship. By his great fighting qualities in the war he established finally the supremacy of the British Navy over its foes. There is no better tribute to his leadership than the fact that the fleet of the foe, having contested that leadership once, thought it wise to avoid putting it to any further test. As for Admiral Jellicoe, his services before the war and during the war were incalculable. His chief work was the work of organization, not so well known to the public but just as essential to the success of a fleet in war as that of the fighting leaders who went into battle. Those are the services that Admiral Jellicoe rendered to the British Navy. As for Admiral Sturdee, the committee will remember the brilliant action he fought off the Falkland Islands, by which he rid the Pacific Ocean and the Atlantic of raiders who interrupted our commerce and threatened to put an end to it for some years. As for Admiral de Roebeck, his services in the Aegean are well known. Admiral Tyrwhitt, who commanded the torpedo flotillas on the east coast, is the outstanding representative of that special branch of naval service which embodies that ceaseless vigilance, ever watching, ever pursuing, ever chasing, ever striking, night and day, summer and winter, fair weather and foul, which ultimately ended in completely baffling the designs of the foe. Then there is Sir Roger Keys. His name will ever be quoted in naval history as the chief figure in one of those dramatic exploits which enrich the story of the fleet and enter into the character of the fleet. Those are the stories which attract children and attract the human mind when impressions sink deep into it and remain firmly in it, and this is one of the stories that will help build up the character of the race. No list would be complete without Sir Roger Keys, the hero of one of the most dramatic exploits of the war. There is also Admiral Madden, who undoubtedly rendered invaluable aid in the organization of the Grand Fleet and of the navy.

That, I think, completes the list. I think that it will be agreed that they are all men who deserve well of the bounty of the House. I have taken the trouble to examine the precedents for grants of this character covering two or three centuries, and I think that if Members of the House will take the same trouble they will find that we have fallen short of precedent, if at all. I think the members of this committee would do well, remembering this tradition, which is an honor-

¹ Great Britain Parliamentary Debates, Com. 119, 4-19, August, 1919, pp. 208-213.

able and high one, not to depart from it; and I therefore, remembering the great services these people rendered, and remembering what might have befallen this country if we had not had skillful leadership, earnestly say to the House that this is but a small part of the recognition which we owe to these great men.

It is evident from the above statements that Great Britain is abundantly able to take care of her soldiers and sailors of the World War and has done so.

An examination of the heavy subsidies paid by Great Britain to her shipping will show that she is abundantly able in this particular.

I can not see how this legislation will help the taxpayers of this country. I can see how it may and probably will increase the value of the British and other foreign bonds held by certain financial interests in this country. I think Great Britain is abundantly able to pay, and I can not see any reason why we should present her with billions of dollars in interest.

Mr. FORDNEY. Mr. Chairman, I yield four minutes to the gentleman from Texas [Mr. BLACK].

Mr. BLACK. Mr. Chairman, I think the debate on both sides of the House has been worthy of the important question now before us. Of course, in the few minutes I have available, or even if I had longer time, I would not expect to contribute anything noteworthy to the discussion. However, I want to state briefly why I am going to vote for the resolution approving the settlement. I think it may be fairly stated that the chief argument against the acceptance of it is that it is not the best one that we can procure. Well, that term "best" is susceptible of two constructions. Some gentlemen seem to think the hardest bargain we can drive is the "best" settlement. I take a different view. My view is that a settlement upon terms which the debtor nation may reasonably be expected to fulfill is better than one which might look more attractive on its face, but which imposed a burden of settlement impossible to fulfill. The world is still bleeding from the wounds of war. It is true the great World War ended more than four years ago, but the world is in a more disturbed condition of mind than almost ever before. The kaleidoscope of the world has been changed. Empires have fallen and thrones have crumbled as the dust of the desert. It seems sometimes that the elemental forces have suddenly been unloosed and are about to overrun the world. Serious-minded men are inquiring, What forces can be brought into play which will hold back the advancing tides of racial hate, of sectional animosities, and of imperialistic designs? One of the answers to that question is: Promote a feeling of friendliness and cooperation between the two great nations of the English-speaking race, the United States and Great Britain.

Therefore the question does not present itself, to my mind, What is the best bargain we can drive? but rather more, Is this a fair and equitable settlement considering the conditions which obtain? I think it is. If this settlement can not be justified as a fair settlement, then it can not be justified at all, and I say vote against it. Any proposition to arrive at terms for the settlement of the debt due should satisfactorily provide for the fulfillment of three important conditions:

First. Payment of the principal in full, without the remission of any part of it to the debtor nation.

Second. The payments should be upon the amortization plan, so that by the payment of a certain part of the principal each year the whole debt will be paid in a given number of years agreed upon.

Third. The rate of interest should be such as a solvent government would be expected to pay upon a bonded obligation extending over a long period of years.

Does the settlement agreed upon meet these conditions? I do not hesitate to say that in my judgment it does. (1) It provides for the payment of every dollar of the debt in American dollars and not in British pounds sterling. Therefore if the rate of exchange is against the pound sterling, as it now is and has been for several years, we will not lose by it. We will receive payments at par. (2) It provides that the payments shall be made upon the amortization plan, which, of course, we all understand is a payment of part of the debt each year, in such amounts as will pay all of the debt in 62 years.

It may not be out of place for me to remind the House that when the original refunding bill was passed providing for the appointment of this commission, I offered an amendment authorizing the commission to make settlement upon the amortization plan. By examining the CONGRESSIONAL RECORD of that date my amendment will be found to read as follows:

Amendment offered by Mr. BLACK to the Frear amendment: After the word "provided" strike out the balance and insert the following: "Any such bond or obligation of any foreign government accepted under the authority herein granted may contain an agreement providing for the repayment of the loan on an amortization plan by means of a fixed number of annual or semiannual installments sufficient to cover, first, a charge on the loan as interest at the rate of 4 per cent per annum,

and, second, such amounts to be applied on the principal as will extinguish the debts within an agreed period of not more than 35 years."

I did not expect the amendment would carry at that time and yet I felt sure that it was the only plan possible to provide for a real sure-enough payment of the debt. I am glad the commission has followed it, though varying the terms somewhat from those I suggested.

(3) The settlement provides for 3 per cent interest for first 10 years and 3½ per cent thereafter until all payments are made. Now that is the only thing that is even subject to an argument. We are all agreed upon the other two propositions. Objection is made that the rate is too low, but it must be remembered that the interest will be going entirely to the United States Government and will be entirely tax exempt. Our tax-exempt 3½ per cent Liberty bonds are now selling at par and that fact establishes to the satisfaction of my mind that the rates of interest provided in this agreement are reasonably fair to us. Before the war the United States Panama 3 per cent—a straight investment bond without the currency provision—sold up to 103. We may reasonably expect the same conditions to return within a few years. Therefore, Mr. Chairman, believing that the terms of agreement meet the three conditions which I outlined at the outset of my remarks as being necessary to an equitable settlement, I shall vote for it. [Applause.]

Mr. CRISP. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. BANKHEAD]. [Applause.]

Mr. BANKHEAD. Mr. Chairman and gentlemen of the committee, this is a question that has naturally given many of us considerable concern as to how we should vote upon it, but after having given it all the mature consideration of which I have been capable, I can not escape the conclusion as a representative of the people of my own congressional district and partially as a representative on the floor of this House of the Government of the United States, that it is my duty to support this settlement of the British debt. [Applause.] Some complaint has been made here that it has been admitted that the proposal upon which we are now acting was the proposal of the American commission itself. I do not see anything in that fact to subject our commissioners to criticism. They were appointed, as I understand the spirit and letter of the act under which they were appointed, not to meet British representatives across a dead line and demand a settlement in terms, but they were appointed for the purpose of undertaking to negotiate for a fair settlement with the British Government. [Applause.]

And after they had had the facts fully presented to them, after they had learned from creditable witnesses, as they no doubt esteemed the representatives of the British Government to be, of the fiscal situation in Great Britain, the economic difficulties under which they were laboring, of their staggering national debt, I say I do not see anything inherently discreditable that they should propose themselves the terms of settlement which they are now offering. Gentlemen, the great question, it occurs to me, we should ask ourselves in this dilemma is this: If we do not accept the terms of this proposal what remedy, what reasonable remedy is at our command either to induce or enforce the settlement of this tremendous amount of money now long since past due? There is only one, and in its last analysis, as has been so admirably suggested by the gentleman from Tennessee in his excellent presentation of this question, it is the force of arms. Is there any gentleman here who proposes to vote against this debt settlement who would follow his action to its logical conclusion and say that if Great Britain will not meet it according to the terms of the original obligation, we will mobilize the Army and the Navy of the United States and send them abroad to enforce this collection? Is there any Representative of his people here to-day who will be willing to say, after the fresh memories of the recent great world tragedy through which we have gone, again we will summon our soldiers for the purpose of enforcing that debt? Gentleman, solemnly and seriously I say to you that this is the only legitimate and logical sequence to a refusal to accept the offer now made, and for one I would not pursue that course.

Gentleman have urged here that a great Government like Great Britain will not repudiate an obligation, yet I want to call to your attention the evidence quoted by the gentleman from Georgia [Mr. CRISP] that the gentleman from Ohio [Mr. BURTON] quoted the British representatives as having said they could not and would not pay 4½ per cent interest and undertake to pay this debt in 25 years. If that is a correct statement of their attitude, gentlemen, it trenches dangerously close to repudiation. I say the settlement here proposed seems to be an adequately fair one considering all the elements that enter into it. Gentlemen, the international situation of the world with reference to credits and economic stability is like

a log jam on a great stream. That is the situation, and here is the key log. It is a log jam of the international stream of the world, and here it seems to me is an opportunity to loosen the key log and thereby release the obstructions of international debts all along the line. The cotton growers of my section are vitally concerned in the stability of British credit, for there lies our greatest foreign consumer of cotton. I would rejoice to believe that we could be assured of the protection of our other foreign debts upon as favorable terms as those here offered by England. It would be a tremendous relief to our Treasury and tax payers to get such settlements. That is the reason, gentlemen, and for others that occur to me, which I have not time to argue, I shall give my support to this proposition. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. Mr. FORDNEY. I yield four minutes to the gentleman from New York [Mr. HUSTED].

Mr. HUSTED. Mr. Chairman, I think that practically all of us on both sides of the aisle are agreed that our International Debt Commission has made a good settlement, as favorable to us as we had any right or reason to expect. We all know the circumstances under which these foreign loans were made, and most of us remember them. We loaned this money after we entered the European war when Great Britain was on her knees, when France and Italy were on their knees, and when they could no longer carry on as they had been carrying on, because they did not have the necessary money and they could not borrow the money unless we loaned it to them. This money which we loaned was expended in a joint enterprise; it was used in the prosecution of a common undertaking in which we were all interested and in which we were all engaged. It was expended for the carrying on of the war, and it was expended chiefly during the period when we were not ready to do our part, when we did not have men in the trenches, when we could not send a soldier to the front. This money which we loaned was expended for us just as it was expended for Great Britain and for France. It was used for the benefit of all the nations that were engaged in the war against the Central Powers.

And the money was expended in this country; not one cent of it ever went out of it. It was expended here for the products of the American farm and for the products of the American factory. Those farm products and those manufactured goods were sold at high, inflated war prices. The profits went into the pockets of the American farmers and into the pockets of the American manufacturers, and on those profits income taxes were paid, which went into the Treasury of the United States. If Great Britain is satisfied with this settlement, I certainly think that the United States of America ought to be. [Applause.]

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. SUMNERS of Texas. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

Mr. BANKHEAD. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. CRISP. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama [Mr. STEAGALL].

The CHAIRMAN. The gentleman from Alabama is recognized for 10 minutes.

Mr. STEAGALL. Mr. Chairman, I greatly regret that I am unable to follow the counsel of those on the Republican side of the House who bear responsibility on this legislation. Even more do I regret that I am unable to agree with the distinguished Members on the Democratic side of the House who look upon the proposal in a different light from the views I entertain. I am especially embarrassed in not being able to follow the splendid leader of the minority [Mr. GARRETT], who, perhaps, made the ablest and most convincing speech that has been made in the discussion of this bill.

But, Mr. Chairman, all of us have our individual responsibilities here, and I am trying to live up to mine. I am sure that I approach the consideration of this question from the standpoint of utmost friendliness to Great Britain. I cast my vote to loan American money and to send the young men of America to shed their blood side by side with her when she was fighting with her back to the wall. I appreciate her sacrifices in that great struggle, and I do not for a moment forget that she is to-day attempting to lead the world into the paths of peace and prosperity and to restore order out

of chaos and confusion. I rejoice that she is presenting to other nations the spectacle of a Government that is attempting to show something of common honesty and good faith in her international relationships.

I do not think that the United States can be justly classed as cruel, grasping, or unreasonable in asking and expecting that the money furnished by the taxpayers of the Nation and sent to the rescue of Great Britain in the hour of her distress shall be repaid in full. I know of no better consideration that could exist, either in law or morals, than that which underlies the debt of the Allies to this Government. This money was loaned and expended in the fight which saved the very lives of the allied governments.

I decline to join in the imputation that Great Britain would consider the repudiation of such an obligation. There is nothing to substantiate such a charge. On the contrary, the Government of Great Britain has all along acknowledged this indebtedness and has been making actual payments on it.

I am frank to say that if I were convinced that a real necessity existed for the acceptance of the offer tendered the Congress I should unhesitatingly cast my vote accordingly, but we have no information to that effect. So far as I can learn, and so far as has been disclosed in the hearings—and these hearings, let me say, are embodied in one little pamphlet containing about a dozen pages, though we are dealing with the greatest financial transaction ever handled in all human history—our representatives went into the conference to begin the discussion of this question, having made up their minds to repudiate the solemn instructions of the Congress that created them and laid down the conditions and limitations under which they were empowered to make settlement, and, so far as we are told, never for a moment was there any effort made by them to secure an agreement in accordance with the terms of the act which gave them their powers. Their attitude was about like that of lawyers going out to confess judgment against their clients.

With all deference to the able and distinguished gentlemen who constituted the American commission, I want to say that I am unable to find justification for the great rejoicing and congratulations indulged in by some of the gentlemen who have participated in this discussion. I can not quite recognize that it is a great accomplishment for a lawyer who goes out to collect a debt and walks up to those from whom he is to obtain payment and asks "how much do you want deducted?" If this is to be the measure of success, it would be easy to surpass the achievement. It would only be necessary to create another commission, call another meeting, and let them knock off two or three billion dollars more. Then the glory and congratulations of to-day would be forgotten in the greater glory of the achievement of to-morrow.

Gentlemen, I can not accept the reasoning that we must deal with this proposition as if the financial interests of America were absolutely and inseparably merged in the interests of Great Britain. All during this debate we hear these questions: How much are the taxes of Great Britain? What is her wealth? What does she own as compared with what we own? How much ought to be taken off her indebtedness to enable her to meet it without having to sacrifice too much?

I do not desire that our Government attempt to drive any hard bargain or make any harsh or oppressive exactions, but it is my desire as a Representative in the American Congress to approach this question from the standpoint of America and American interests. I am under oath to do that, and I do not believe that the best interests of America, or even the best interests of Great Britain, can be promoted by a settlement that amounts practically to half payment and half cancellation.

Much has been said in this discussion of the effect the proposed settlement would have in reviving confidence and stabilizing world conditions. I appreciate the benefits to follow on that line. The argument has weight with me, but it is more important that such a settlement be effected as will preserve undiminished the confidence and good feeling that exists between the people of the United States and Great Britain. Nothing could be more unfortunate than that the masses of the American people should be left to feel that their interests have been betrayed and that any portion of the burdens of the war that should properly be borne by Great Britain had been transferred to the backs of the people of this country. [Applause.]

When we made these loans to the Allies their credit was impaired, and the bonds held against them by the bankers and investors of the United States of America were below par. We restored their credit and made their bonds safe and sound. We may be sure that whatever reductions in the indebtedness of the Allies may be granted or allowed by the United States, the bankers and investors will not fail to collect in full all

that is owing to them. I do not object to this. It is perfectly legitimate and proper, and I am glad that it is so. It is best for us and best for the world that the debts of the Allies, no matter to whom they are owing, shall be paid in full, but as long as there is no question about the discharge of the indebtedness to the bankers and bondholders I do not think that we, as representatives of the American people, should hastily and unnecessarily make unjust reductions in the indebtedness to our Government. The bankers will not reduce their interest below the stipulations of their contracts or extend their holdings for a period of over 60 years.

The gentleman from Georgia [Mr. CRISP] in his very able argument in favor of this legislation made a statement that contains much food for serious thought when he said that wars are generally fought over money and commerce. In my humble judgment, the wise course for this Government is to discharge the debts growing out of the war in as short time as may be done with wisdom and prudence. A burden so vast as that which rests upon our people as a result of the war is enough to endanger the peace and perpetuity of any other Government on earth, and the sooner we are rid of it the brighter will be our future. Public safety requires that we should pay off our debts, get a clean sheet, and be prepared to finance any conflict that may threaten us in the years to come. An unimpaired credit constitutes the best possible preparedness. In my judgment we ought to have the patriotism and foresight to levy sufficient taxes to pay our debts and restore our credit as the surest guaranty of the Nation's safety.

When the loans were made to our Allies they contracted with us to pay 5 per cent interest, with the stipulation that the interest rate to be charged would not exceed the rate at which we floated our indebtedness, from the proceeds of which we made the loans. It is perfectly right and proper that the rate be reduced so as not to exceed that which the United States is paying. But there can be no justification for accepting less. Anything else is not payment, but repudiation or cancellation to the extent that our Government loses on the transaction.

The plan submitted to us contemplates a relinquishment of our rights under our contract and a loss of several billions of dollars to be borne by the taxpayers of America.

We have reduced the interest rate to be paid by Great Britain from 5 to 4½ per cent, the average amount which it is estimated we have to pay. The yearly interest rate of Great Britain on her entire indebtedness to the United States at 4½ per cent is \$199,750,000. For the first 10 years during which time the rate, under the proposed plan, is to be reduced to 3 per cent, the yearly interest would be \$141,000,000, lacking \$58,750,000 a year, which we as the surety for Great Britain would have to make good. This would amount in 10 years to \$587,500,000—nearly \$600,000,000—which is in effect a reduction of Great Britain's indebtedness to that amount.

The yearly interest, rated at 3½ per cent, amounts to \$164,500,000. That is \$35,250,000 a year less than the amount which would be due at 4½ per cent, and for a period of 52 years would amount to \$1,833,000,000 to be paid by the United States. So we see, assuming that only the interest is paid, the United States would lose a total of \$2,420,000,000. This is the amount which we would have to lose in this period by reason of becoming surety for Great Britain, because it must be remembered that the United States had to go out and borrow this money and still owes for it, and our interest-bearing bonds are still outstanding to cover it.

The following table shows the advances by this country to the Allies:

Country.	Credits established.	Cash advanced.	Other charges against credits.	Balance under established credits.
Belgium.....	\$349,214,467.89	\$349,214,467.89	.....	.....
Cuba.....	10,000,000.00	10,000,000.00	.....	.....
Czechoslovakia.....	67,329,041.10	61,974,041.10	.....	\$5,355,000.00
France.....	2,997,477,890.00	2,997,477,890.00	.....	.....
Great Britain.....	4,277,000,000.00	4,277,000,000.00	.....	.....
Greece.....	48,236,629.05	15,000,000.00	\$33,236,629.05	.....
Italy.....	1,648,034,050.90	1,648,034,050.90	.....	.....
Liberia.....	26,000.00	26,000.00	.....	.....
Rumania.....	25,000,000.00	25,000,000.00	.....	.....
Russia.....	187,729,750.00	187,729,750.00	.....	.....
Serbia.....	26,780,465.56	26,780,465.56	.....	.....
Total.....	9,636,828,204.50	9,598,236,575.45	33,236,629.05	5,355,000.00

Now, let us see where we land if we follow the plan we are asked to adopt. We are urged to make the reduction in favor

of Great Britain, amounting to \$2,420,000,000, on the score of the financial difficulties confronting Great Britain. I do not accept the contention that Great Britain is not able to keep her contracts or that she desires to repudiate her debts. I acquit her of these imputations of weakness and bad faith. The fact is she is meeting her obligations elsewhere all along the line. She is going forward with a program of economic reconstruction and strengthening her preparations for defense and improving her navy. She is paying a liberal bonus to her soldiers of the late war. Right here I want to ask how we can justify the shifting of the enormous burden of \$2,420,500,000 to be borne by our people, for which we are to tax our brave boys who risked their lives in defense of the allied cause and who have been denied the recognition which Great Britain has generously bestowed upon her gallant defenders?

But we are urged to grant this enormous reduction to Great Britain because of the serious demands now being made upon her strength and resources. Let us see where we shall land if we follow this policy to its logical conclusion. Gentlemen tell us that "this is not merely a settlement with Great Britain alone, but it is the beginning of other settlements to be consummated with the other allies who are indebted to us." Admit for the sake of argument—though we have no real proof to substantiate the contention—that Great Britain says it is necessary to have this enormous reduction.

Mind you, no one has shown us the mathematics by which it is determined that Great Britain is able to pay within 62 years all the principal of her debt and interest at 3 or 3½ per cent, but is unable to pay on the basis of 4½ per cent interest. [Applause.]

But suppose we follow the reasoning in the case of Great Britain. How much do we surrender? More than \$2,420,500,000. What are we going to do when we get to the case of France, after having announced our program of generosity? We must consider her distressed condition and pay regard to the troubles which beset her and the dangers which threaten her safety. How can we be less generous to France than we are to Great Britain? Nothing so stirred the patriotism and fervor of our people as the recollection of our debt of gratitude to France for her aid when the American Colonies were struggling for independence. Who would attempt to defend a policy on the part of our Government that discriminated against France and in favor of Great Britain? If we make good to France the same loss we propose to bear on behalf of Great Britain we surrender nearly all of her debt. The amount it is proposed to allow Great Britain in the way of a reduction exceeds the amount of the debt of any other ally, unless it be that of France. If we follow the logic that underlies this proposed settlement with Great Britain and the argument made in support of it to-day, it is idle to talk any more about collecting debts from any other country. If all the Allies are to be allowed reductions in accordance with their peculiar difficulties and necessities, we shall never be able to collect a dollar from anybody except Great Britain. [Applause.]

We are told that this original contract or bond which the Secretary of the Treasury accepted for the United States covering loans made to Great Britain is a scrap of paper and worth nothing. That is hardly justified in the face of the great boasts being made to-day over the settlement which our representatives are attempting to have us accept. All this accomplishment of which they boast is based on the contract made by Secretary McAdoo, and which they now brand as worthless. I want to know what we shall have behind any new promise of Great Britain that does not stand behind the contract that the Secretary of the Treasury took when this money was loaned at the outset?

Mr. STAFFORD. Mr. Chairman, will the gentleman yield?
Mr. STEAGALL. I am sorry, but I have not the time.

There is not a particle of security, no collateral—nothing whatever except a promise to pay. We should be then, as now, dependent upon the resources and good faith of Great Britain.

What assurance have we that Great Britain will not seek a new settlement? If the very Congress that created the commission and wrote into the act the limitations to control in the exercise of the power granted stands ready now to swallow its words and say, "The great Congress of America did not know how to deal with this thing; we bow to the superior wisdom of the commission created by us; we withdraw the effort unwisely and thoughtlessly made to limit and control them in their negotiations," how do we know that a subsequent Congress will not set aside what we are doing to-day? Indeed, Great Britain would be justified in coming again, even to the present Congress, for further reductions.

Mr. LINEBERGER. Will the gentleman yield?
Mr. STEAGALL. Yes.

Mr. LINEBERGER. Has not Great Britain already accepted this proposition which we are passing on to-day?

Mr. STEAGALL. Did not Great Britain accept our terms when we loaned her the money and accepted her bond under the other contract?

Mr. LINEBERGER. She has accepted this specific proposition through the action of her Parliament.

Mr. STEAGALL. Surely, and if the next Congress comes along and wants to knock off a billion or two more, as we have every right to assume might be the case, I have no doubt a superior diplomatic commission could be established who might hoodwink the British representatives into accepting that! [Applause.]

Mr. FORDNEY. I yield five minutes to the gentleman from Massachusetts [Mr. ANDREW], and if he does not wish to use it I yield five minutes to the gentleman from North Carolina [Mr. POU].

Mr. POU. Mr. Chairman, in view of the great sacrifices that were made by Great Britain during the war, in view of the fact that Great Britain was our ally, not wishing to drive any hard bargain with an ally, and because I believe this is a reasonable, fair, and just settlement of this great debt, I shall vote to approve the action of the commission. [Applause.] After the tragedy of the war some of us had many varied and serious reflections. We made certain resolves. For one I made the resolve that by the help of Almighty God the remainder of my life should be dedicated to the cause of peace. I believe that the acceptance of this settlement by the commissioners is a step toward world peace. [Applause.] After all, the only controversy is about the matter of interest. There is no real controversy about the length of time. We are debating here whether we shall demand from Great Britain 4½ per cent interest or whether we shall accept 3 per cent, followed by an increase to 3½ per cent. Why, Mr. Chairman, in the cause of international good feeling, in my judgment the sacrifice of interest sinks into utter insignificance when we consider the good feeling that will be engendered between these two great nations in a satisfactory settlement of a matter of this magnitude. I have no hesitancy about my position. The gentleman from Tennessee [Mr. GARRETT], in the great speech—though it was a short one—that he delivered from this desk a few minutes ago, expressed my sentiments in words far better than I could hope to express myself; but I can not help asking myself this question: If I vote against the report of these commissioners, what alternative is there? This is the first step toward world adjustment. It is a step in the direction of making the murderer, Germany, pay for crimes which engulfed the whole world in blood. [Applause.] So, Mr. Speaker, having attempted to justify my vote in this feeble manner, I take the responsibility and go back to my constituents in the full belief that they will be glad to approve the settlement which is recommended by the American commissioners, and which, in my humble judgment, means so much for world peace and world stability. [Applause.]

I yield back the remainder of my time.

Mr. FORDNEY. I yield five minutes to the gentleman from Wisconsin [Mr. STAFFORD].

Mr. STAFFORD. Mr. Chairman, with the nationalistic spirit engendered by reason of the World War it is not surprising that there is such general unanimity throughout the country in approval of the terms of the British debt settlement, because the public recognizes the magnanimity of the British Government in offering such generous terms of settlement. Beset with difficulties that have not confronted the British nation in generations other than those during the World War, with the withdrawal of France from participation in the settlement of reparations with Germany, with a break in the negotiations at Lausanne, with Ismet Pasha demanding more than can be expected of our former allies, Great Britain does not seize upon existing conditions as an excuse for withdrawing and terminating the negotiations. She goes ahead, the only debtor nation of this Government that has done so, and presents terms which are so flatteringly generous that the whole country virtually, as expressed in the public press, indorses the terms.

We who were here during the World War remember that it was never intended that the I O U's given by the diplomats and held by the United States as evidences of the indebtedness of the various nations should be the permanent form of the indebtedness. Those who served here during those trying days knew that it was impracticable for any of the foreign governments to negotiate at that time the bonds in exchange for our bonds. Those were the days when we were occupied with greater things. The Committee on Appropriations during that time voted authorizations of \$23,000,000,000. The I O U's which were taken gave ample security to our Government, but it was never intended that the obligation of 5 per cent should be

exacted from these foreign governments. The very reading of the certificates shows that that was not the intention, and it would be unconscionable on the part of our Government now, if it were a bond, to insist on the payment of 5 per cent, when everyone knows that this Government can get the money at less than 4 per cent. I would be guilty of the basest betrayal of my trust if I were to exact not only the pound of flesh but also the ounce of blood from our foreign associates in the World War, just because that rate happened to be written down as the maximum rate to secure our Government against any possible rise in rates. The very reading of the certificate shows that it was only intended as a temporary expedient. Those who know about it know that it was not intended even after the war that we should accept the I O U's as a permanent form of indebtedness. Assistant Secretary Leffingwell stated after the armistice before the Committee on Appropriations that it was not intended at that time to accept permanent forms of indebtedness in the way of bonds. Why? Because Great Britain was not in any position to give any permanent bond. Everything was in a topsy-turvy condition.

Should there be any criticism because we waited three or four years before negotiations were begun? Anyone acquainted with international finance knows that the terms written into the authorization of this commission, the limitation of 25 years, was not possible of fulfillment, and that the limitation of 4½ per cent is greater than the now prevailing rate. Shall we to-day exact 4½ per cent in the way of interest from one of our allied powers when we can borrow money on long-term bonds for less than 4 per cent? Is there not going to be any conscience on the part of this great Nation in dealing with another?

I wish the military intelligence officers of every other debtor nation could have been present here to-day and have seen the unanimity of sentiment throughout this Chamber in response to the remarks of the gentleman from Texas [Mr. SUMNERS] when he said he hoped this indication of our purpose in settling this debt would inspire other debtor nations to do likewise. If they had been here and seen that demonstration they would know that Great Britain has sensed the mind of America in the settlement of this debt. They would have seen an example which ought to be followed by these other nations instead of trying to exact blood money when it is not possible to pay it. For everyone who knows anything about international finance knows that France can not maintain her large standing army of 400,000 men and at the same time pay the indebtedness that she owes to this Government. She has her choice between paying that indebtedness and reducing her standing army. Let France cease her imperial conquest in the Ruhr. Let France and Italy give heed to the voice of America as expressed by our great Secretary of State to have a redetermination by unprejudiced financial experts of the amount of reparations that Germany can pay, and then accept the bond and end the strife that may, unless checked, imperil the civilization of Europe. England has shown the way, will France and Italy follow?

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from North Carolina [Mr. DOUGHTON].

Mr. DOUGHTON. Mr. Chairman, believing as I do after such an investigation as I have had an opportunity to make that the settlement recommended by our commission is fair and just and equitable, I shall support this resolution. [Applause.] To me, my colleagues, it is not so much a question as to what Great Britain can pay or what she is able to pay, but the consideration with me is what is it just and right she should pay. I would much have preferred to see the President appoint a bipartisan commission to investigate and make a recommendation on this great matter of world importance, but in his wisdom he did not do so, and the fact that he appointed a partisan commission is no evidence to me that they acted in a partisan manner. I have every reason to believe that they acted in a patriotic manner. They had all the facts before them and every opportunity to make a thorough and complete investigation, and after doing so they have recommended to us this settlement as just and fair to both nations.

When we entered the World War Belgium lay prostrate, France was bled white, and England was fighting with her back to the wall. At least, my colleagues, from the time we passed the war resolution until our armies were on the Continent of Europe, England and her allies were fighting our battles. They not only needed our armies to stop the German onrush to Paris but they needed our financial assistance to keep their armies up to efficient standards until our armies reached the battle lines. They were our fellow sufferers and comrades in arms, helping to fight our battles, and I feel that they have come forward with a manly offer to do what is equitable, just, and fair.

Mr. McSWAIN. Will the gentleman yield?

Mr. DOUGHTON. Yes.

Mr. McSWAIN. There was a remark made by the gentleman from North Carolina [Mr. POW] to the effect that this proposal was the entering wedge for a requirement to compel Germany to pay for the assault that she had committed on civilization. Will my friend state whether he concurs in that remark, and what connection there is between this matter and that; if we agree with Great Britain in this, will she join with France in making Germany pay?

Mr. DOUGHTON. If I had an hour's time I might enter into that phase of the controversy. I was stating the reasons that impel me to support this measure. I believe when the settlement is made it will be a long forward step taken toward world stabilization and world peace.

Without criticizing or impugning the motives of those who oppose this measure or see differently from myself, I fully believe, everything being considered, that the recommendation of the committee is an equitable and just settlement. Therefore I shall wholeheartedly support this bill.

Mr. COLLIER. Mr. Chairman, I yield five minutes to the gentleman from Maryland [Mr. LINTHICUM].

Mr. LINTHICUM. Mr. Chairman, I shall support this bill giving authority to our debt-funding commission to settle with Great Britain upon a basis of 3 per cent for the first 10 years and thereafter at 3½ per cent and, when the time comes, with the other countries who owe us money, upon a like basis. I look upon the indebtedness of Great Britain to us differently from a debt contracted in peace times or for money to be used, by the Government borrowing for such purposes, as it might see fit. The debt of Great Britain was created at a time when we were one of her allies straining ourselves for the preservation of civilization in the world by the defeat of the German and Austrian Empires. It was created at a time when England called across the waters that the Allies' backs were against the wall and help must be forthcoming immediately; at a time when we were preparing with breakneck speed our armed forces to cross the seas and join our allies in the defense of our rights.

England needed funds; she had borrowed to her limit, and the only place she could get the money was from our Government. We agreed to loan it, because we knew by lending the money the Allies would be able to keep their forces in the field until we could reach them to lend our aid.

It was not, Mr. Chairman, a loan in dollars and cents, but a loan in credits. In other words, we established a credit for Great Britain in this country, and with that credit she purchased food for her armies, ammunition, and all other things which go to make up the defense in a great war. With this credit she purchased from our farmers, our merchants, and our manufacturers. She paid war prices, and our people made large profits. Upon these profits they paid income taxes, and so it made our people more prosperous and rich, and our country received greater funds in taxation. I daresay considerable of this money found its way into the United States Treasury in income taxes, because, with surtaxes and excess-profit taxes, millions were collected from the people of this country.

Great Britain, as the gentleman from Texas [Mr. SUMMERS] has said, is the only one of our debtors who will even talk to us about a settlement. I add to this that she not only will talk to us but she has already paid \$150,000,000 to us in interest on the debt. Great Britain now offers to settle with us by paying all interest at 4½ per cent to December 15, 1922, and thereafter 3 per cent for the first 10 years, and 3½ per cent thereafter, thereby canceling the whole indebtedness by interest and partial-principal payments within 62 years, and at the expiration thereof she will have paid \$11,105,965,000 in interest and principal.

The question which is debated to-day is whether she should not pay 4½ per cent for the entire time. I realize, Mr. Chairman, it would bring to us a very considerable sum by this additional interest, but I verily believe that if we would take this entire British indebtedness, represented in bonds, we could underwrite them, as we have done for many of the Philippine bonds, and sell them to the public at a rate to yield us 3½ per cent, especially when you realize the fact that these bonds are tax exempt.

We must not forget that there is a widespread sentiment among many of our people that we should not charge any interest. There is also a considerable sentiment that the Allies should all cancel their entire debts in order to bring about stability and peace in the world. I do not agree with this sentiment, but I do believe that our people will be entirely satisfied with the settlement as made by our debt commission and will feel that Great Britain in her present financial straits has endeavored to do her best in the settlement of her debts.

We must not forget, as the gentleman from Virginia [Mr. WOODS] has reminded me, that when we came to settle our Revolutionary debt to France, that country said, "Pay me the principal and I will forgive you the interest."

The money represented by these national debts was all expended in a common cause in which the Allies had united—the preservation of civilization and the rights of individuals.

So long as Great Britain, France, and Belgium were able to maintain their armies in the fields it saved our boys from taking their places. Those nations were fighting after we entered the war with us and for us, and taking all these matters into consideration and the success of the war, I can not but feel that the settlement is just and fair, when we realize the chaotic condition of the entire world. [Applause.]

The gentleman from Virginia in a conversation with me a short time back reminded me of the fact that when we came to settle our Revolutionary debt with France, France said to us, "Pay me the principal and I will forgive you the interest," and we settled our national debt in that way.

Mr. Chairman, I feel, as I have said, that we can accept this settlement; that it will not be any loss to our country; and I believe that Great Britain, with her great national honor, will carry it out according to the details described in the settlement.

Mr. FORDNEY. Mr. Chairman, I yield five minutes to the gentleman from Iowa [Mr. GREEN].

Mr. GREEN of Iowa. Mr. Chairman, I had not expected, nor had I desired, that this debate should take a partisan turn, but almost from the beginning from the other side of the House politics has been injected into it. The principal charge made has been that the commission has consummated a great achievement, but that it was created by a Republican administration and composed of Republicans. To this charge I enter a plea of guilty. It is not the first time that anything of that kind has occurred, and it probably will not be the last time that the capacity of Republican leaders for managing the most important affairs of the country has been demonstrated.

The achievement of the commission, to my mind, has been not simply worthy of approval, but in fact most remarkable under the circumstances. Throughout the whole world there was a clamor for repudiation and constant demands for cancellation of the debts which arose out of the Great War, and which are owing from any of the allied nations to another. This sentiment not only prevailed in Europe but to a certain extent existed in our own country, and many of our people contended that it was actually to our interest that all these debts should be extinguished, including the one which is now in process of settlement.

Out of this clamor for repudiation the commission has come back to Congress with a positive acknowledgment of the debt. Instead of the indefinite, uncertain scrap of paper which we had we have now an acknowledgment of the debt and will obtain bonds precise and certain in their terms. From a condition under which we received nothing either in the way of principal or interest they have rescued us and brought back a proposition which provides for annual payment and in the long run will finally wipe out the debt.

Mr. Chairman, the credit is not alone with the commission nor to this country in accepting these terms. No more credit than is due has been given at any time in this debate for the part which England herself has taken. Few perhaps have considered fully the conditions which prevail in England which made it extremely unlikely that she should comply with the terms of this proposition and utterly impossible that she should pay this debt in full, according to the original terms. It was not alone the stupendous debt under which she labored, for the war had created a staggering load of other charges which must be met each day for pensions and the care of her disabled soldiers, and crushing taxes are already required to meet her liabilities. As a result of European conditions her business has been depressed and a million and a half men walk her streets and roads in search of employment that can not be found. Nor is this all. Her peace is threatened by wars which involve other nations and rumors of war in which the British nation must take part. Unrest and discontent are rife in many of her colonies, and even revolutions are threatened. Yet England, bending under the crushing load, harassed on every side, troubled in her various domains, has proudly taken up this additional burden and will march with it along the path of honor, rugged and thorny though it be. All honor, I say, to England. [Applause.]

Mr. Chairman, as everyone here knows, I represent in part one of the great agricultural States of the Middle West, perhaps the greatest agricultural State of our Union. As such I fall in the class that, according to a prominent English

authority, if correctly reported by the newspapers, is not capable of taking a broad view of such matters as are before us. Be that as it may, Mr. Chairman, I was from the first in favor of giving the commission full power with reference to the settlement of the British debt and believed that a better and more satisfactory settlement was likely to be obtained if such authority was given. It did not seem to me to be necessary to require the commission to come back to Congress to obtain its final approval. I also was in favor of granting liberal terms to England for many reasons. We should keep in mind it is the only country that has made any overtures to us concerning the settlement of its debt, and for this reason is entitled to favorable consideration. But above and more important than this, it seemed to me, that we could not, as a great nation which had lost in comparison but little by the war, deal rigidly with a debtor which had been brought to a most unfortunate condition by reason of expenditures, both in blood and treasure, made primarily, it is true, for its own interest, but actually in a large degree for our benefit. We were partners in the great enterprise of preserving the freedom of the world from the domination of a military autocracy. Should we shoulder our soldiers fought by the side of the English in the greatest conflict the world has ever known. Hundreds of thousands of British subjects now sleep beneath the soil of France, having given their lives in a cause which was not theirs alone but ours as well.

Mr. Chairman, on such a debt we can not correctly strike a balance by a mechanical computation which is governed by technical legal rules. A higher principle should guide us and I hope has controlled in this settlement. For my part I should have voted for it if the commission had found that even more favorable conditions ought to have been granted. As it is, I hope and trust that the moderate terms which have been granted will serve to further cement that friendship which ought to exist between two great English-speaking nations, which, acting together, can control the destinies of the world, but which, parted by discord and enmity, can only bring ruin upon themselves and destruction to civilization. For these reasons I most heartily congratulate the commission on its work, and when I vote for this measure will do so with a degree of pleasure and satisfaction which I have not often found in my congressional work.

Mr. COLLIER. Mr. Chairman, I yield seven minutes to the gentleman from Mississippi [Mr. HUMPHREYS].

Mr. STEAGALL. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection?
There was no objection.

Mr. FESS. Mr. Chairman, I make the same request.
The CHAIRMAN. Is there objection?

There was no objection.

Mr. HUMPHREYS of Mississippi. Mr. Chairman, I do not think I can contribute anything to this debate. I have asked this time because I did not want the Record to fail to disclose exactly my attitude on the subject. I have heard several gentlemen wondering what would be said when they return home to their constituents, what their constituents would think of their vote here. I believe I represent as intelligent a constituency as any other gentleman on this floor, and with all due respect to my constituents I think I know more about this proposition than they do. If I do not, then they ought to send some man here who will study these questions and understand them better than they because they have not the time to study and understand them as we do. I am in favor of this bill, and I am in favor of the arrangement which the commissioners have made. For that reason I shall vote for the bill.

If I were to consider this solely from the selfish standpoint of my constituents—and I suppose we are all more or less influenced by such considerations—I would certainly favor this settlement, and I am rather inclined to the belief that I would favor it even if it had been more generous than it is. I know of no constituency that is more deeply interested in stabilizing the business conditions of the world, in stabilizing international credit and exchange, than mine is, because my constituents are practically all engaged in or in some way dependent upon the production of cotton which they hope to ship abroad and sell to consumers on the other side. Viewing it solely from a selfish standpoint, what would happen to them if we rejected this proposition? I am not an expert in international credit and banking. I do not understand the intricacies of international exchange, but I have the opinion of men who are experts, that if the word goes out from Washington throughout the world that the United States has rejected this proposition and will insist that England pay her debt at 4½ per cent within 25 years, and that we are going to insist that she live

up to her contract, it will seriously disturb international trade conditions and still more seriously hamper international exchange and credits.

If that happens one result will be that those producers in this country who are largely dependent upon foreign markets will see the products of their fields decline tremendously in value. [Applause.] Suppose our action should be to discredit England. Suppose it should be to destroy or seriously impair the credit of England in the world, and that the rest of the world should understand that we had issued a proclamation that we are not interested in their welfare, that we shall do nothing on our part to contribute to the rehabilitation of the world, and that our only concern is in collecting, and collecting now, the money they owe us, what then? I believe that anything that seriously retards the rehabilitation of the Old World will do the cotton producer infinitely more harm than the boll weevil has ever done. If we can not sell our cotton across the ocean, we may just as well let the boll weevil have it, for he will pay practically as much as we can get for it elsewhere.

I do not indorse the action of the administration, of course, in appointing a partisan commission to deal with this great subject. I think it is a mistake for a President in such circumstances to fail to select out of the opposite political party some outstanding man to represent the Government on such commissions. President Wilson failed to do that himself when he undertook to make the first readjustment after the armistice, and Mr. Harding is following that bad example. When he came back a partisan Senate, inspired, I have always believed very largely by the fact that no Republican of national importance had been put on the commission, defeated the treaty which he had helped negotiate and which meant so much for the world, and I, among others on my side of the House, severely criticised the partisan stand of the Republican party upon that occasion. Are we now to emulate that bad example and because a Republican President through a Republican commission has made this agreement undertake to defeat it? That is not a sufficient reason to convince my judgment.

Suppose we refuse to ratify this agreement; what will be the effect upon public opinion not only in England but throughout the world? Is it true that no President can negotiate any treaty or effect any arrangement looking to the settlement of the tremendous problems which we have inherited from the war without encountering the bitter opposition of the opposite political party in this country?

Mr. Wilson undertook to effect an agreement at Versailles, which, in my opinion, would have brought peace to this very distracted world and would have made possible the readjustment of the infinite variety of perplexing questions which have harried all the nations ever since its rejection. But a partisan majority in the Senate defeated his high purpose.

Mr. Harding, through the commissioners of his choosing, has now undertaken to settle one of the great problems which has disturbed and still is disturbing business conditions throughout the world, and I, for one, am not going to follow the bad example which the Republicans set when they defeated the treaty of Versailles.

It is true when we loaned this money to England we had to issue our own bonds and borrow the money, and, as I understand the facts, it was a part of the agreement that she would take the money upon exactly the same terms as to interest and maturity of the bonds upon which we ourselves had borrowed it.

Under the arrangements recently effected by the commissioners of the two countries these terms are changed, and those changes are all favorable to England.

There is only one forum in which such matters can be properly determined and that is the forum of good conscience. We can, of course, insist that she live up to the letter of the agreement. But for the astute counsel who saved him from the performance of a very specific contract into which he had deliberately entered, the Merchant of Venice would have been compelled to pay the penalty nominated in his bond, but all of us who have witnessed this great trial, perhaps with no exceptions, were delighted at the outcome when the new Daniel came to judgment.

Washington warned us in his farewell address of the unwisdom of an undue friendship for one nation or an undue prejudice against another.

But I can not wipe out of my memory to-day and approach this question uninfluenced by the facts which that memory presents at the time this money was loaned and when, as we believed, the liberties of the world were in jeopardy.

Those conditions doubtless did and should properly enter into the consideration in this settlement.

Three years of war had well-nigh exhausted the Allies. The government of the Czar had been overthrown by revolu-

tion and it was quite apparent that Russia would retire from the conflict. Rumania and Serbia had been overrun and the campaign at Gallipoli had failed. Germany, flushed by these victories, was able to strengthen her western front by the addition of many thousands of soldiers withdrawn from the other fronts.

England, in addition to the then unequalled expenditure of money for the conduct of her own military operations, had been forced to finance her allies. She believed that the destruction of the British Empire was imminent, and we believed that the liberties of the world were involved in the outcome.

Money, of course, was difficult to get and interest rates soared high. It was in such circumstances that we loaned her the money after we had been drawn into the conflict.

The armistice was signed and the guns ceased to fire on the battle fronts, but we know now that the war had not ended.

President Wilson with the representatives of our associates in the war undertook to negotiate a treaty which he believed, and all of us hoped, would inaugurate an era of peace on earth. When that treaty came to us, a partisan majority in the Senate refused to ratify it, and by so doing complicated the already dangerously unsettled conditions of the world.

I did, and so did the rest of us on this side of the Chamber, criticize the Republican Party for what we believed to be its spirit of narrow partisanship in dealing with a great international matter.

To-day conditions are reversed. President Harding has now undertaken to help to readjust the appalling industrial and financial conditions which have so seriously interfered with all international trade since the war.

Surely we are not going to follow the bad example set us by the Republican Senate and permit our partisanship to lead us into the serious error of blocking this first great step toward world rehabilitation.

England has come to us with an earnest and genuine desire to repay the money we loaned her when we were both touching elbows in the fight for democracy. She has asked no alms; she has not appealed to our charity; she frankly asks us for our bill. Our commissioners proposed to her to settle upon certain terms which provide for the amortization of her debt in 62 years at a rate of interest which they believed fair and just. I believe they have done well, and I am going to vote to ratify their acts.

What would happen if we should reject this as we rejected the treaty of Versailles? If we say to the world, as we would practically be saying, that we will not ratify any agreement any Executive may make with any of the powers of the earth looking to a peaceful settlement of the distressful conditions which now obtain throughout the world?

Our commissioners say this is a fair and just settlement, and I believe it is. England is not the great money power of the earth she was a few years ago, and the Government of England is not refusing to lay the heavy hand of the tax gatherer on her people in an earnest effort to discharge all of her obligations. The fact is, as I am advised, the Englishman is the most heavily taxed citizen in the world. Any substantial increase would amount to practical confiscation. Their wealth is not more than 30 per cent of the estimated wealth of the United States. The increase in her present revenue over her revenue before the war exceeds the total annual savings of all of her people prior to 1914. Can we in good conscience demand that she do more?

Assuming that we will never collect the debt owing to us by any of the other allies, the debt of the United States Government is about \$180 per capita of our population. The per capita debt of the English Government is \$900. In other words, the debt of the United States Government for each family is about \$900, and the national debt of England is \$4,000 for each family. She has no undeveloped resources. Ours are almost unlimited. She is the best customer we have across the seas, and upon the ability of her industrial enterprises to continue functioning depends in considerable degree the prosperity of the producers of raw materials in this country.

The nations she financed—and they were our allies as well as hers—have not paid her and can not pay her.

I am not at all influenced by the charge that we are showing favoritism to England. The bill provides that no settlement hereafter made with any of our other allies shall be upon more favorable terms to them; but I dare say if we could make an arrangement with our other debtors that would really guarantee the repayment to us of the vast sums they owe us we would not quibble with them long about the rate of interest they were to pay.

England is doing her best to-day to keep the peace of the world, and she can not be charged with shirking the great

responsibility which rests upon every powerful member of the family of nations. She is to-day at Smyrna in a desperate effort to stamp out a fire which, if kindled, may start a conflagration which will sweep the earth.

If another European war should come and the existing order of things be overturned, she will be the rock upon which the waves of Bolshevism will dash to pieces, if, indeed, they can be stopped at all. She stands for orderly government everywhere her influence is dominant; for the enforcement of law; for the preservation of governmental guarantees of life, liberty, and property; and when these guaranties are lost men will in vain engage in the pursuit of happiness.

I am not willing to take the chance of crippling her or lessening the power of her strong right arm, and therefore, Mr. Chairman, I shall vote for this bill. [Applause.]

The CHAIRMAN. The time of the gentleman has expired. Mr. FORDNEY. I yield five minutes to the gentleman from Maryland [Mr. HILL].

Mr. HILL. Mr. Chairman and members of the committee, when this House in a few minutes passes this legislation by an almost unanimous vote, as it will do, it will have done a thing far greater for national and international peace and stabilization than even the Conference on Limitation of Armament accomplished.

On October 24, 1921, when the World War Foreign Debt Commission was discussed in this House, foreign governments owed the United States \$10,141,267,585.68 in addition to certain accrued interest. Of this vast sum, \$13,999,146.60 was lent to Esthonia and \$9,025,000 to Cuba, but the greatest sums were advanced to our allies in the war, Great Britain, France, and Italy.

When we were discussing the creation of that commission, whose splendid work we will soon ratify and confirm, I said that "the American people will be glad to see in this bill that the World War Foreign Debt Commission will not have power to cancel 'any part of such indebtedness except through payment thereof.'" To-day, I am sure that the American people are glad that Great Britain has led the way for final settlement of this huge debt. War on account of these debts with any of our recent allies is inconceivable, but this settlement with Great Britain removes a constant possibility of misunderstanding and mutual distrust, and makes for world balance and world peace and good will.

It is a privilege of high order to participate as a Member of this House in this, the greatest international achievement since the armistice, and it has been a memorable thing to have heard such contributions to the discussion as the speeches of the gentlemen from Ohio [Mr. BURTON and Mr. LONGWORTH] and the gentleman from Tennessee [Mr. GARRETT] and others. The Evening Sun, of Baltimore, remarked editorially Saturday evening, February 5, under the caption "A good settlement," that "the terms of the agreement reached between the American Debt Funding Commission and the British mission seem to be based on a certain businesslike recognition of the facts of the situation."

This, I think, will be the sound judgment of the Nation, and on that firm basis of fair business dealings the two great English-speaking nations stand together for world peace and fairness.

The President said in this Hall a few days ago—

The call of the world to-day is for integrity of agreements, the sanctity of covenants, the validity of contracts. Here is the first clearing of the war-clouded skies in a debt-burdened world, and the sincere commitment of one great nation to validate its financial pledges and discharge its obligations in the highest sense of financial honor.

This agreement is alike to the honor of England and ourselves and to the great credit of the President, the commission, and all concerned. [Applause.]

The CHAIRMAN. The gentleman from Michigan [Mr. FORDNEY]. [Applause.]

Mr. FORDNEY. Mr. Chairman and gentlemen of the committee, we are dealing with a people who are indebted to us, Nine men out of 10 in this House are indebted to somebody. [Applause.] Do not forget. I have been married nearly 50 years, and I am still indebted to my mother-in-law. I want to deal generously with the people who owe us this great sum of money. This is a precedent and basis for other nations of the world who owe us money. We expect them to come forward and settle upon practically this same basis. The question has been asked here, What is the per capita debt of Great Britain? Great Britain's per capita debt to-day in round numbers is \$800, and that of France \$900, and of Germany \$1,500, and of the people of the United States \$200; or deducting from our public debt the amount owing us by foreign nations, our public

debt per capita to-day is \$118, \$30 greater than the per capita debt of this great Nation at the close of the Civil War.

My good friends, it behooves us to deal generously with the people who were engaged in that Great War, and who suffered more than we did, both in the loss of property and human life. To-day we can afford to settle upon this basis, and I am going to ask for a record vote, a yea-and-nay vote, at the passage of this bill for one purpose only, and that is to show to the world the support of the Congress of the United States to our commission which was created by law to deal with this great question.

At the time our Government took these short-time or demand foreign bonds I, upon the floor of this House, stated that I justified the action of the Secretary of the Treasury in doing so, for the reason that at that time we did not know the rate of interest we would be obliged to pay our own people for money to loan to these foreign governments. We did not know how long the World War would last; therefore we took the demand bonds, with the understanding that we would, at the end of the war, surrender these short-time bonds for long-time bonds, and, my friends, that is just what is proposed by this bill. In other words, we now propose to close the deal entered into by the former administration with Great Britain, and Great Britain has agreed to settle as per conditions set out in this bill.

For the purpose of information I now wish to insert into the RECORD a letter just received from the Treasury Department; also copy of one of the demand certificates held by our Government given by Great Britain, and, Mr. Chairman, I now ask for a reading of the bill.

THE UNDERSECRETARY OF THE TREASURY,
Washington, February 8, 1923.

HON. JOSEPH W. FORDNEY,
Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.

DEAR MR. FORDNEY: In accordance with our conversation of this afternoon, I am inclosing herewith a copy of a form of obligation (seventh series) given by the British Government for advances made under the Liberty bond acts. The terms of the obligations changed from time to time in order to conform to the provisions of the successive Liberty bond acts, but the seventh series was the last, and the form used for that series serves to indicate the general form of the obligations of the earlier series. I shall be glad to let you have copies of the obligations of the other series if desired.

Sincerely yours,

S. P. GILBERT, JR.,
Undersecretary.

CERTIFICATE OF INDEBTEDNESS.
SEVENTH SERIES.
(\$1,000,000.)

The Government of the United Kingdom of Great Britain and Ireland, for value received, promises to pay to the United States of America, or assigns, the sum of \$1,000,000, on demand, with interest from the date hereof, at the rate of 5 per cent per annum. Such principal sum and the interest thereon will be paid at the subtreasury of the United States in New York, or, at the option of the holder, at the Treasury of the United States in Washington, in gold coin of the United States of America of the present standard of weight and fineness, or, at the option of the holder, at the Bank of England, London, England, in pounds sterling, at the buying rate for cable sterling in London in the New York market at noon on the day of such demand, as determined by the Federal Reserve Bank of New York, and at any such place of payment without deduction for any British taxes, present or future.

This certificate will be converted by the Government of the United Kingdom of Great Britain and Ireland, if requested by the Secretary of the Treasury of the United States of America, at par, with an adjustment of accrued interest, into an equal par amount of 5 per cent convertible gold bonds of the Government of the United Kingdom of Great Britain and Ireland conforming to the provisions of acts of Congress of the United States known, respectively, as second Liberty bond act, third Liberty bond act, and fourth Liberty bond act. If bonds of the United States issued under authority of said acts shall be converted into other bonds of the United States bearing a higher rate of interest than 4½ per cent per annum, a proportionate part of the obligations of the Government of the United Kingdom of Great Britain and Ireland of this series acquired by the United States under authority of said acts shall, at the request of said Secretary of the Treasury, be converted into obligations of said Government of the United Kingdom of Great Britain and Ireland bearing interest at a rate exceeding that previously borne by this obligation by the same amount as the interest rate of the bonds of the United States issued upon such conversion exceeds the interest rate of 4½ per cent but not less than the highest rate of interest borne by such bonds of the United States.

For the Government of the United Kingdom
of Great Britain and Ireland.

Dated this — day of —, 1919.

Mr. Chairman, I now ask for a reading of the bill.

The Clerk read as follows:

Be it enacted, etc., That the first proviso of section 2 of the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," approved February 9, 1922, is amended to read as follows:

"Provided, That the settlement of indebtedness of the United Kingdom of Great Britain and Ireland to the United States, recommended by the commission and approved by the President, as set forth by him in a message presented to Congress on February 7, 1923, as contained

in House Document No. 554, Sixty-seventh Congress, fourth session, as follows:

Principal of notes to be refunded	\$4, 074, 818, 358. 44
Interest accrued and unpaid up to Dec. 15, 1922, at the rate of 4½ per cent	629, 836, 106. 99
	4, 704, 654, 465. 43
Deduct payments made Oct. 16, 1922, and Nov. 15, 1922, with interest at 4½ per cent thereon to Dec. 15, 1922	100, 526, 379. 69
	4, 604, 128, 085. 74
To be paid in cash	4, 128, 085. 74

Total principal of indebtedness as of Dec. 15, 1922, for which British Government bonds are to be issued to the United States Government at par

4, 600, 000, 000. 00

"The principal of the bonds shall be paid in annual installments on a fixed schedule, subject to the right of the British Government to make these payments in three-year periods. The amount of the first year's installment will be \$23,000,000 and these annual installments will increase with due regularity during the life of the bonds until, in the sixty-second year, the amount of the installment will be \$175,000,000, the aggregate installments being equal to the total principal of the debt.

"The British Government shall have the right to pay off additional amounts of the principal of the bonds on any interest date upon 90 days' previous notice.

"Interest is to be payable upon the unpaid balances at the following rates, on December 15 and June 15 of each year: 3 per cent semi-annually, June 15, 1923, to December 15, 1932, inclusive; 3½ per cent semi-annually, June 15, 1933, until final payment.

"For the first five years one-half the interest may be deferred and added to the principal, bonds to be issued therefor similar to those of the original issue.

"Any payment of interest or of principal may be made in any United States Government bonds issued since April 6, 1917, such bonds to be taken at par and accrued interest—is hereby approved and authorized, and settlements, similar, but not more favorable in terms, with other governments indebted to the United States, as set forth in this section, are hereby authorized to be made, subject to the approval of the President."

Mr. BURTON. Mr. Chairman, I desire to offer an amendment to give greater clarity to one portion of the bill.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BURTON: Page 3, lines 8 to 10, strike out all of lines 8, 9, and 10, after the word "year" and the colon following, and insert in lieu thereof the following: "At the rate of 3 per cent per annum payable semiannually from December 15, 1922, to December 15, 1932; thereafter at the rate of 3½ per cent per annum payable semiannually until final payment."

Mr. BURTON. Mr. Chairman, I regard the provisions there as such that while it can be readily interpreted it is not altogether in the best form, and the amendment states clearly—

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. BURTON. Certainly.

Mr. GARRETT of Tennessee. The provisions in the bill, in line 8, is June 15, 1923. As I heard the amendment read from the desk it said June 15, 1922.

Mr. BURTON. December 15, 1922.

Mr. STAFFORD. Mr. Chairman, may we have the amendment again reported, with the permission of the gentleman?

The CHAIRMAN. Without objection, the amendment will again be read.

The Clerk read as follows:

Page 3, lines 8 to 10, strike out all of lines 8, 9, and 10, after the word "year" and the colon following, and insert in lieu thereof the following: "At the rate of 3 per cent per annum, payable semiannually, from December 15, 1922, to December 15, 1932, thereafter at the rate of 3½ per cent per annum, payable semiannually, until final payment."

Mr. FORDNEY. Mr. Chairman, the committee will accept that amendment.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman from Ohio [Mr. BURTON] yield before he yields the floor and that amendment is voted on?

Mr. BURTON. Yes.

Mr. GARRETT of Tennessee. As I understand, this proposition set forth in the bill is the basis of the agreement. Can the gentleman inform the House whether this same text is that which has been ratified by the British Government?

Mr. BURTON. The British Government had a representative here, who agreed upon this modification. It means the same thing in any event, but it is more clearly expressed.

Mr. GARRETT of Tennessee. The payments will begin six months earlier under the gentleman's amendment.

Mr. BURTON. No. The bonds are dated December 15, 1922, and this interest is payable June 15 and December 15. The object of that is so that whatever is paid may be available for payments from our Treasury July 1 thereafter and January 1 thereafter. That was the suggestion of the American commission, that it be made December 15 and June 15.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

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

Mr. BURTON. Yes.

Mr. LONDON. The gentleman has just stated that the bonds are dated December 15, 1922. I have been endeavoring to find out the denominations of those bonds.

Mr. BURTON. That is a matter of detail, to be arranged according to the option of our Treasury Department. Presumably in the beginning they will be in very large amounts, with the option, at the request of our Government, to split them up into smaller denominations.

Mr. LONDON. In other words, it is in the nature of an obligation given by one government to another instead of the usual bond?

Mr. BURTON. A usual bond, but an unusual payee.

Mr. LONDON. A government obligor to a government obligee.

Mr. BURTON. Yes.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. HUDSPETH. Mr. Chairman, I wish to offer an amendment to the amendment.

The CHAIRMAN. The Chair will recognize the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Chairman, if this resolution is to be adopted at all—

A MEMBER. Oh, no. [Laughter.]

Mr. BLANTON. Do not get in a hurry. I am here to use time, and I will use it. If this resolution is to be adopted at all, we ought to adopt the amendment just offered by the gentleman from Ohio. We ought to adopt another amendment, also, to place back into this resolution a further restriction in this proviso in section 2 that will place proper limitation upon settlements concerning the other five or six billions of dollars that other countries owe us. When we adopt this resolution we are taking away every restriction from this present commission. For two more years they have a right to act in the settlement of the other \$6,000,000,000 that the other foreign countries owe us without any restriction. Is not that true?

Mr. BURTON. By no means.

Mr. BLANTON. What restriction is left?

Mr. BURTON. In settlements similar but not more favorable in terms with other Governments indebted to the United States, as set forth in this section, subject to the approval of the President. [Applause.]

Mr. BLANTON. That is all right, so far as it goes. [Laughter.] But then the commission, as the distinguished gentleman will admit—if the other country wanted to come up and say, "I do not treat my obligations as a scrap of paper; I want to pay 100 cents on the dollar on my obligations; I want to pay 4½ per cent interest, what I agreed to pay," the American Government could not accept it? You could not accept it?

Mr. BURTON. Will the gentleman promise to make that same speech to these Governments that are indebted to us and induce them to come up and say that? [Laughter.]

Mr. BLANTON. I will ask the gentleman if he would accept it under this resolution? You could not accept a more favorable proposition.

Mr. BURTON. Certainly we could; any offer under the terms of the original statute. But it is inconceivable that that will happen. [Laughter.]

Mr. FORDNEY. Mr. Chairman, I move that all debate on this amendment and all amendments thereto be now closed.

The CHAIRMAN. The gentleman from Michigan moves that all debate on this amendment and all amendments thereto be now closed.

Mr. ROSENBLUM. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. ROSENBLUM. Will that mean that no more amendments will be offered at all?

The CHAIRMAN. No, the Chair thinks.

Mr. FORDNEY. Mr. Chairman, I move that all debate on this amendment and all amendments thereto close in five minutes, for the purpose of letting the gentleman from New York [Mr. LONDON] have five minutes.

The CHAIRMAN. The gentleman from Michigan moves that all debate on this amendment and all amendments thereto be closed in five minutes. The question is on agreeing to that motion.

The motion was agreed to.

The CHAIRMAN. The gentleman from New York [Mr. LONDON] is recognized.

Mr. LONDON. Mr. Chairman, I feel that if I did not speak on this measure I would be remiss in my duty as a Representative of the largest one-Member constituency. After all, I represent a certain school of thought, and while in various parliamentary bodies there are representatives of schools of "sharks" I represent a school of philosophy. [Laughter.]

As a socialist I can not content myself with merely voting for the bill. I want also to say a word in favor of it. [Applause.]

This is the outstanding act of this Congress. Not since 1814, when the agreement was reached between the United States and Great Britain for removing all war vessels from the Great Lakes and all forts on a boundary line of 3,000 miles, has so great a step been taken in the direction of peace between two great nations. Having cast my vote against the declaration of war and having lived through its sorrows, I rejoice that I have now an opportunity to vote for a measure which will help to promote international understanding and the peace of the world. [Applause.] I am not interested in percentages of interest; you can not speak the language of usury in dealings among nations.

When you extend the time of payment for 62 years—for nearly two generations—you offer a basis of an adjustment to all nations of the world. I will take the converse of the proposition laid down by the gentleman from Texas [Mr. SUMNERS], which you all applauded, because I am afraid to be too much in agreement with you; it makes me doubt whether I am right. [Laughter.] He thought it was an invitation to all nations to pay their debts. It is more than that. It is a plea to the distracted nations to recognize each other's difficulties and to mutually liquidate their indebtedness. By this we say to France and her militaristic element, "See what we have done! See how the United States has acted toward a great, prosperous, and rich nation like Great Britain. We invite you to do likewise to the prostrate and helpless people of Germany." It will be a suggestion to ourselves as well as to the rest of the world how to deal with the distressed and bleeding people of Russia—180,000,000 in the agony of more than one revolution striving toward the light and trying to rise above themselves toward a better future. It is but a first step, but a giant's step forward, this settlement of the debt between Great Britain and this country. I support whole-heartedly this legislation. [Applause.]

Mr. HUDSPETH. Mr. Chairman, I have an amendment.

Mr. FORDNEY. I move that all debate on this amendment and all amendments to the bill close in 10 minutes.

Mr. ROSENBLUM. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Michigan moves that all debate on the bill and all amendments thereto close in 10 minutes.

Mr. HUDSPETH. Will the gentleman give me one minute?

The CHAIRMAN. The question is on the motion of the gentleman from Michigan.

The motion of Mr. FORDNEY was agreed to.

Mr. HUDSPETH. Mr. Chairman, I want to offer an amendment to the amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

Mr. HUDSPETH. I desire to offer an amendment to the amendment of the gentleman from Ohio by striking out "3½ per cent" where it occurs and inserting "4½ per cent."

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HUDSPETH: Strike out "3 and 3½ per cent" where they occur in the amendment offered by Mr. BURTON and insert in lieu thereof "4½ per cent."

Mr. HUDSPETH. Will the gentleman yield me a moment?

Mr. FORDNEY. I yield to the gentleman one minute.

The CHAIRMAN. There can be no time yielded on this amendment, because by a vote of the committee debate was closed on the amendment of the gentleman from Ohio and all amendments thereto. The question is on the amendment offered by the gentleman from Texas [Mr. HUDSPETH].

The question being taken, the amendment was rejected.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Ohio.

The question being taken, the amendment was agreed to.

Mr. ROSENBLUM. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from West Virginia offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ROSENBLUM, page 3, line 13, after the word "issue" insert:

Provided, however, That during the period of time set out above, if there shall be found due or owing any sum or sums of money from the United States to the United Kingdom of Great Britain and Ireland, that such sum or sums shall be credited to the Government of Great Britain and Ireland as against the full indebtedness to the United States, as of the date of such finding.

Mr. BURTON. I reserve a point of order on the amendment.

Mr. LONGWORTH. I reserve a point of order on the amendment.

Mr. ROSENBLUM. Mr. Chairman and gentlemen of the committee, the purpose of this amendment may be discerned readily by the majority of you who are familiar with financial matters. The bill provides that for three years there can be no payment on principal should Great Britain desire that, and that half of the amount of interest that accrues for the first five years may be reduced by issuing bonds similar to those exchanged at this time. So that, with the exception of the \$23,000,000 provided for in line 14, the probabilities are that all the real, hard cash that our people paid over to England that will come back to us in the first five years under the provisions of this bill will be that \$23,000,000. Ever since this bill was presented I have tried to secure from the Treasury Department a statement of how much money we have paid Great Britain since this indebtedness was incurred as well as the amount they were still claiming from us. I have failed to get any definite statement, but it was \$1,000,000,000 anyhow; and it may be that in the next two or three years we will be called upon to pay from \$500,000,000 to \$800,000,000 more in the good, hard cash of the people whom we represent while we are securing for them in return a promise to pay something running over the period of 62 years. So, in all good spirit and well wishes to Great Britain, our ally, but in the interest of the people of this country, why add to the amount that shall be due to us when they begin paying real, hard cash by our sending more cash over there in payment for the carrying of our troops and supplies and the purchase of cannon, and so on, for which we owed them and for which they have many hundreds of millions in claims against the United States?

The purpose of this amendment is that when these things are adjudicated, and it is held that they have a valid claim for two or three or four hundred million dollars, why not credit it to the interest account that is accrued rather than be sending it over to them in cash? I do not see anything unreasonable in that proposition. It would be regarded as sound business for the grocers and butchers and individuals whom you represent, and if it is sound business for individuals, why is it not sound business for the Nation?

Mr. GREEN of Iowa. Does the gentleman understand that the effect of this amendment would be to throw this whole thing back into the chaos where it was before?

Mr. ROSENBLUM. Not necessarily. We accept the term of the indebtedness, we accept the interest rate. We are extending the time 62 years. I am going to vote for this bill regardless of whether this amendment is adopted or not. In the next five years cash will be king more than ever before. During that time governments will be extending credit to other governments for commercial purposes, to finance business men, and so forth. If my amendment is defeated, we shall in all probability pay to Great Britain five or six hundred million dollars more than we receive. This is not good judgment and is not required by the situation. The acceptance on our part of 3 and 3/4 per cent on the debt, the extension to 62 years in the time for payment should be enough to show the world our willingness to help. We should not, however, be asked to further advance money to Great Britain, which we certainly do if my amendment is omitted from the bill.

The CHAIRMAN. The gentleman from Michigan [Mr. FORDNEY] is recognized for five minutes.

Mr. FORDNEY. Mr. Chairman, I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from West Virginia.

The question was taken, and on a division (demanded by Mr. BLANTON) there were 8 ayes and 111 noes.

So the amendment was rejected.

Mr. FORDNEY. Mr. Chairman, I move that the committee do now rise and report the bill with an amendment to the House, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to; accordingly the committee rose, and the Speaker having resumed the chair, Mr. TOWNER, 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. 14254) to amend the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," approved February 9, 1922, and had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. FORDNEY. Mr. Speaker, I move the previous question on the bill and amendment to final passage.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read the third time, and was read the third time.

Mr. O'CONNOR. Mr. Speaker, I move to recommit the bill to the Committee on Ways and Means, with instructions to report it back forthwith, with the following amendment:

"This resolution shall not go into effect until the Hay-Pauncefote treaty is repealed."

The SPEAKER. The gentleman from Louisiana moves to recommit the bill with instructions which the Clerk will report.

The Clerk read as follows:

Mr. O'CONNOR moves to recommit the bill to the Committee on Ways and Means with instructions to that committee to report the same back forthwith with the following amendment: At the end of the bill insert: "This resolution shall not go into effect until the Hay-Pauncefote treaty is repealed."

Mr. STAFFORD. Mr. Speaker, I make the point of order on the motion to recommit.

The CHAIRMAN. The Chair sustains the point of order. The question is on the passage of the bill.

Mr. FORDNEY. Mr. Speaker, I demand the yeas and nays. The yeas and nays were ordered.

The question was taken; and there were—yeas 291, nays 44, not voting 91, as follows:

YEAS—291.

Ackerman	Dunn	Kopp	Robison
Anderson	Dupré	Kraus	Rodenberg
Andrew, Mass.	Echols	Lampert	Rogers
Andrews, Nebr.	Edmonds	Langley	Rosenbloom
Anthony	Elliott	Lanham	Rucker
Appleby	Evans	Larsen, Ga.	Sanders, Ind.
Arentz	Fairchild	Larsen, Minn.	Sanders, N. Y.
Aswell	Faust	Lawrence	Schall
Atkeson	Fenn	Layton	Scott, Tenn.
Bacharach	Fess	Lazaro	Sears
Bankhead	Fields	Lea, Calif.	Shaw
Barbour	Fish	Leatherwood	Shelton
Barkley	Fisher	Lee, Ga.	Sinclair
Beck	Fitzgerald	Lineberger	Sinnott
Beedy	Focht	Linthicum	Sisson
Begg	Fordney	Little	Slemp
Bell	Foster	London	Smith, Idaho
Benham	Frear	Longworth	Snell
Bird	Freeman	Luce	Snyder
Bixler	French	Luhring	Speaks
Black	Frothingham	Lyon	Sproul
Bland, Ind.	Fuller	McArthur	Stafford
Bland, Va.	Fulmer	McDuffie	Stedman
Boies	Funk	McKenzie	Steenerson
Bond	Garrett, Tenn.	McLaughlin, Mich.	Stevens
Briggs	Gensman	McLaughlin, Nebr.	Stevenson
Britten	Gerner	McPherson	Strong, Kans.
Brooks, Ill.	Gifford	MacGregor	Summers, Wash.
Brown, Tenn.	Glynn	MacLafferty	Summers, Tex.
Browne, Wis.	Graham, Ill.	Madden	Swank
Buchanan	Green, Iowa	Magee	Sweet
Burness	Greene, Mass.	Maloney	Swing
Burton	Greene, Vt.	Mapes	Taylor, Colo.
Butler	Griest	Martin	Taylor, Tenn.
Byrnes, S. C.	Griffin	Michener	Temple
Byrns, Tenn.	Hadley	Miller	Thompson
Cable	Hardy, Colo.	Mondell	Thorpe
Campbell, Kans.	Hardy, Tex.	Montague	Tilson
Campbell, Pa.	Haugen	Moore, Ill.	Timberlake
Cannon	Hawes	Moore, Ohio	Tinkham
Cantrill	Hawley	Moore, Va.	Towner
Carter	Hayden	Moore, Ind.	Tucker
Chalmers	Hays	Morgan	Turner
Chandler, Okla.	Herrick	Mott	Tyson
Chindblom	Hersey	Mudd	Underhill
Christopherson	Hickey	Murphy	Upshaw
Clague	Hicks	Nelson, Me.	Vaile
Clark, Fla.	Hill	Nelson, A. P.	Vestal
Clarke, N. Y.	Hoch	Nelson, J. M.	Vinson
Clouse	Hooker	Newton, Minn.	Voigt
Cole, Iowa	Huddleston	Newton, Mo.	Volstead
Cole, Ohio	Hukriede	Norton	Walters
Colton	Hull	Ogden	Ward, N. Y.
Connally, Tex.	Humphrey, Nebr.	Oliver	Ward, N. C.
Cooper, Ohio	Humphreys, Miss.	Overstreet	Watson
Cooper, Wis.	Husted	Parker, N. J.	Weaver
Coughlin	Ireland	Parker, N. Y.	Webster
Crago	Jacoway	Patterson, Mo.	White, Kans.
Cramton	James	Patterson, N. J.	White, Me.
Crisp	Jefferis, Nebr.	Paul	Williams, Ill.
Curry	Jefferis, Ala.	Perkins	Williams, Tex.
Dale	Johnson, Wash.	Porter	Williamson
Dallinger	Kearns	Pou	Wilson
Darrow	Kelley, Mich.	Pringey	Winslow
Deal	Kelly, Pa.	Purnell	Woodruff
Dempsey	Ketcham	Radcliffe	Woods, Va.
Denison	Kiess	Rayburn	Woodyard
Dickinson	Kincheloe	Reece	Wright
Doughton	Kirkpatrick	Reed, W. Va.	Wurzbach
Dowell	Kissel	Rhodes	Wyant
Drewry	Klecza	Ricketts	Young
Driver	Kline, Pa.	Roach	Zihlman
Dunbar	Knutson	Robertson	

NAYS—44.

Abernethy	Favrot	McCormick	Riordan
Almon	Gallivan	McSwain	Rouse
Blanton	Garrett, Tex.	Mansfield	Sabath
Bowling	Hammer	Mead	Sanders, Tex.
Box	Hudspeth	O'Connor	Sandlin
Brand	Johnson, Ky.	Oldfield	Smithwick
Carew	Johnson, Miss.	Parks, Ark.	Steagall
Collier	Jones, Tex.	Quin	Taylor, Ark.
Collins	Lankford	Ralney, Ill.	Thomas
Cullen	Logan	Raker	Tilman
Dominick	Lowrey	Rankin	Wingo

NOT VOTING—91.

Ansorge	Garner	Kreider	Rose
Blakeney	Gilbert	Kunz	Rossdale
Bowers	Goldsborough	Lee, N. Y.	Ryan
Brennan	Goodykoontz	Lehlbach	Scott, Mich.
Brooks, Pa.	Gorman	McClintic	Shreve
Bulwinkle	Gould	McPadden	Siegel
Burdick	Graham, Pa.	McLaughlin, Pa.	Smith, Mich.
Burke	Henry	Merritt	Stiness
Chandler, N. Y.	Himes	Michaelson	Stoll
Classon	Hogan	Mills	Strong, Pa.
Cockran	Huck	Morin	Sullivan
Codd	Hutchinson	O'Brien	Tague
Connolly, Pa.	Johnson, S. Dak.	Olpp	Taylor, N. J.
Copley	Jones, Pa.	Paige	Ten Eyck
Crowther	Kahn	Park, Ga.	Tincher
Davis, Minn.	Keller	Perlman	Treadway
Davis, Tenn.	Kendall	Petersen	Volk
Drane	Kennedy	Rainey, Ala.	Wason
Dyer	Kindred	Ramsayer	Wheeler
Ellis	King	Ransley	Wise
Fairfield	Kitchin	Reber	Wood, Ind.
Free	Kline, N. Y.	Reed, N. Y.	Yates
Gahn	Knight	Riddick	

So the bill was passed.

The Clerk announced the following additional pairs:

On the vote:

Mr. Treadway (for) with Mr. Knight (against).

Mr. Graham of Pennsylvania (for) with Mr. Sullivan (against).

Mr. Davis of Tennessee (for) with Mr. Kindred (against).

Mr. Morin (for) with Mr. Tague (against).

Mr. Tincher (for) with Mr. Keller (against).

Until further notice:

Mr. Reed of New York with Mr. Bulwinkle.

Mr. Free with Mr. McClintic.

Mr. Crowther with Mr. Goldsborough.

Mr. Yates with Mr. Wise.

Mr. Fairfield with Mr. Stoll.

Mr. Kendall with Mr. Garner.

Mr. Johnson of South Dakota with Mr. Cockran.

Mr. Hutchinson with Mr. Drane.

Mr. Brennan with Mr. Kitchin.

Mr. Merritt with Mr. O'Brien.

Mr. Lehlbach with Mr. Kunz.

Mr. Smith of Michigan with Mr. Gilbert.

Mr. Shreve with Mr. Park of Georgia.

Mr. Perlman with Mr. Rainey of Alabama.

Mr. HENRY. Mr. Speaker, I desire to vote "yea."

The SPEAKER. Was the gentleman present and listening when his name was called?

Mr. HENRY. I was not.

The SPEAKER. The gentleman does not bring himself within the rules.

The result of the vote was announced as above recorded.

On motion of Mr. FORDNEY, a motion to reconsider the vote by which the bill was passed was laid on the table.

EXTENSION OF REMARKS.

Mr. FORDNEY. Mr. Speaker, I ask unanimous consent that all Members of the House may have general leave to extend their remarks in the RECORD upon the subject matter of the bill for five legislative days.

The SPEAKER. The gentleman from Michigan asks unanimous consent that all Members have five legislative days within which to extend their remarks upon the bill just passed. Is there objection?

There was no objection.

The extensions of remarks referred to are here printed in full as follows:

Mr. STEVENSON. Mr. Speaker, I will vote for this bill and take this opportunity to state some of my reasons:

First. It closes up and funds the debt of our largest debtor at a rate which will be equal in a few years to the rate all the bonds of the United States will bear, and insures good feeling with our greatest customer; with Britain prosperous and friendly, the cotton farmer of the South has a market always.

Second. It closes the door to the clamor for debt cancellation. England having funded and agreed to pay her debt will not back any other nation in asking to be freed from them.

Third. It backs up Mr. Willson's position, that we were not in the war for profit, but patriotism; and we would not drive a Shylock trade with our greatest associate in the war.

Fourth. It cements the friendship of the great English-speaking peoples and presents to the world the spectacle of amity which does much to insure lasting peace. The balance of the world will be slow to attack the Anglo-Saxon combination and they do not seek to attack others. There are many other reasons which I will not stop to enumerate. I append an editorial, by former Chief Justice Jones of South Carolina, in the Lancaster News, which states the case so well that it deserves perpetuation, as follows:

THE BRITISH DEBT SETTLEMENT.

We believe the proposed adjustment of the British debt to the United States meets the demands of both justice and equity. A speedy acceptance of the terms of agreement by Congress would be most salutary in its stabilizing effect on world finance and the promotion of good will between the great English-speaking nations. To make the adjustment a subject for partisan politics would be very unwise. We must admire the British for the unflinching maintenance of their debt-paying honor in times of great economic distress. The United States can certainly afford to be considerate in long-time extension of credit at moderate interest.

Mr. APPLEBY. Mr. Speaker and gentlemen of the House, I have listened with a great deal of interest to the statements made by the Members of this House upon this most important subject. The proponents of the measure, as well as its opponents, all seem to agree upon the main points at issue, viz, that it will be to the advantage of America to have this obligation on the part of Great Britain gotten into funded obligations rather than allow the I O U's to continue in their present shape. The only real question to be determined by this Congress is the duration of the bonded indebtedness and the rates of interest on said bonds. It will make little difference to our people whether the bonds are to be paid in 25 years at the rate of 4½ per cent or whether these bonds will be paid in 62 years at an interest rate of 3 and 3½ per cent. What the American people want is a speedy settlement of not only this obligation but the remaining \$19,000,000 owing the United States by our late allies. It seems to me that the English Government has made a fair proposition when all phases of their financial condition are taken into consideration. The most cordial relations exist between England and America, and knowing that we all desire that such pleasant relations continue this act on the part of this branch of our National Legislature will have a beneficial effect upon the other nations who are our debtors, and probably cause them to begin negotiations with us with a view of settling their debts upon a similar basis. May this 9th day of February, 1923, be a historic day of our Nation, a day marking the beginning of a new era not only for America but for England.

Mr. ACKERMAN. Mr. Speaker, the observation has been made to-day that the United States of America is giving away billions in the settlement proposed in this bill to the great detriment of our own nationals. Let us see exactly what it amounts to. The difference between a 3½ per cent rate and a 5 per cent rate for the 62 years during which the amortization of the principal takes places is stated to be \$2,449,635,218.40.

Viewed as a concrete proposition this is a sum exceeding the amount asked for by the first Liberty loan. However, this is not to be conceded all at once, but through a period nearly equal to the allotted life of man—over three score years. Now let us analyze the figures as compared with the present population of the United States and what it will be at the end of 1985 when the last installment will be liquidated.

The population of the United States at the present time is 110,000,000 people. It is increasing at the rate of not less than 1,680,000 persons a year. If only that normal increase is considered, the population in the United States in 1985, when very few of those who are living will be alive, will be practically doubled—it can not be less than 214,160,000. Of course the cumulative increase will be much greater. Granting that situation, do we all realize that this concession will not amount to 2 cents per month per inhabitant in this country? Not the price of a postage stamp to mail a letter! Let us figure it out: 2 cents per month equals 24 cents per individual per year, or \$26,400,000 per year. Sixty-two times this amount would equal \$1,636,800,000. But the population in that time will have increased by at least 104,160,000 persons, which at 24 cents a year or a postage stamp per month equals the sum of \$24,998,400. For 62 years this progressive increase, averaged over the period, will amount to \$774,950,400, which added to \$1,636,800,000 amounts to \$2,411,750,400, or practically the total amount of interest conceded; the fractions that I have discarded will take care of the small deficiency. Therefore we who are enthusiastically

favoring this settlement can truthfully say to anyone who may object to the proposed terms that the concession of interest does not amount to a postage stamp per month for each person in our country.

Mr. HUMPHREY of Nebraska. Mr. Speaker, I am very glad to give my support to H. R. 14254, in substance approving the report and settlement of the conferees in the adjustment of the indebtedness of the two great English-speaking nations. The terms of the settlement, I am sure, will meet with the approval of the people of my district, and they will be satisfied with the definite and fixed terms of the agreement presented.

It shows a very healthy return to pre-war conditions when the only two nations on earth to-day worth living for and fighting for can get together on a business basis and adjust the money consideration that exists between them, strike a balance, and arrive at a conclusion. Apparently the United States made no effort to drive a sharp bargain because she held the whip hand. And the British Government made no attempt to confess and avoid payment because she was and is hard pressed as a result of the World War. The "pound of flesh" does not appear in the transaction between these two great nations.

About the middle of last November the total debts owed to the United States by the fighting nations in the war was, in round numbers, \$10,100,000,000. About this sum of money had been sent overseas to help out the allied governments in their mighty effort to carry on the war. On the money advanced interest had accrued amounting to about \$1,500,000,000, bringing the total amount due to the United States Government up to about the sum of \$11,500,000,000. The money loaned or passed over to the allied governments represented transactions that occurred in 1917, 1918, and 1919. It seems to be an "open account" that the allied governments had with the United States. On her individual account payments have been made by Great Britain, in all, amounting to \$100,526,000, and the remainder of the sum due was subject to such counterclaims and offsets as the English Government might wish to interpose in order to reduce its liability.

To the credit of the English people, let it be known that no such claims were filed. Of the moneys invested in the allied governments during the war period the English Government admits a just claim against her exchequer amounting to \$4,604,000,000. And this sum she has arranged to pay. The difference between what England will pay and the total sum invested, if it can be called an investment, is the money loaned to the other allied nations engaged in the war. What these other nations will do, what course they may pursue, in no way affects the validity or equity of this settlement.

France owes the next largest sum, and so far shows no disposition to pay either interest or principal. She says she must depend on the German indemnity to pay her obligations to us. And as matters now stand it looks like the collection of the German indemnity will be indefinitely delayed. The other nations whose "I O U's" we are said to hold are now out of the game, and an understanding with them along any line of proposed settlement is not likely at an early date. It seems that it resolves itself into the parable, "Behold, a sower went forth to sow," and out of every 11 grains of seed that left his hand 4 of them fell on good ground and will return the seed that he sowed. The other seven grains fell on stony ground, among the thorns and tares, and if they produce at all it will be a straggly, uneven field.

The work of this World War Foreign Debt Commission has been thorough and accurate, and it has arrived at results. It is set out in full review in H. R. 14254. The opponents to the passage of this bill base their objection to the change the commission makes in the terms of the agreement differing from the conditions set out in the bill creating the commission. But the Congress passed the law under which the commission acted. It set out rigid, fixed, unworkable conditions, under which results could not be proclaimed. The same power that fixed this rule can certainly change it. The purpose of the bill is to make the law conform to the agreement reached by the commission. This is within the purview of power granted.

The fact that other countries do not, will not, or can not pay in no way absolves Great Britain, or does it furnish her an excuse for further delay or compromise. But the fact that she is the only one of the allied nations that acknowledges her indebtedness and fixes the time and the interest rate and the amount of the obligation, invites at least reasonable consideration for a fair offer as to the terms of payment. Her proposal is to issue bonds for the amount found due, fixing the interest rate and the time of payment. It is a fair proposal in itself. It ought to be accepted. It will clean the slate, close at least one account, and establish the cordial relations between the two

great English-speaking peoples that in the immediate future is as important as the settlement itself.

Stability, credit, confidence, faith in men as individuals, as well as in governments, is an essential condition to world peace right now. This will help it along.

It ought also to put an end to the propaganda of the United States canceling the obligations incurred by the various allied nations under stress of war. The purpose of war is to put stress on somebody—on some nation. Forgiving debts may or may not be a Christian act. "As we forgive our debtors," it is said, "so will they forgive their debtors." And thus the German indemnity will be reduced to the allied nation to which it has been allocated by the sum of our forgiveness. If this should so result, the transaction certainly presents an anomalous situation.

In 1917, 1918, and 1919 the American people bent their backs to raise the money necessary to win the war. If by forgiving the debt of the allied nations due us from the money thus raised the German indemnity is correspondingly decreased, the net result is that the moneys raised by the American people in 1917 to "win the war" is applied and used in 1923 to pay the German indemnity. And this, to my mind, is unthinkable. These debts due from the various allied nations are not due so much to our Government as they are to our people as individuals. We personally raised the money that went to these debtor nations. And while our investments in our own Government securities have been taken over by the Government in a legal and orderly way, ours is not a forgettable interest in the transaction in which practically every American had a part. And all Americans will hail with delight the settlement negotiated with Great Britain and hope for an equally just settlement with other nations when the leaven of honesty, outcropping at all points in this settlement, has leavened the whole of the allied powers.

Mr. LANKFORD. Mr. Speaker, occasionally I hear talk of economy. I thought that economy meant to save. I did not know it meant to take from him that "hath not" and give "unto him that hath." This, though, is the economy practiced here. A few days ago a great move for economy was made. The free garden and flower seed was killed. The millions of people—school children, little boys and girls—were deprived of free flower seed and garden seed. There was great rejoicing among the alleged economists. Of course, free seed cost money, but why rejoice so much over saving a few pennies from the hands of children and the poor and yet give untold millions to the big rich; millions to the big shipping interest in the form of a subsidy; millions, yea billions, to the British Government—billions not of our own but of the people's hard-earned money.

There is great rejoicing when a few pennies are saved from the meager allowance that the farmers of the Nation have been getting. This rejoicing is only exceeded when billions are given to Wall Street, the corporate interests, or to England. The shouting over the defeat of the free-seed item reminds me of the fellow who was rejoicing because he killed a rabbit in his cabbage patch and paid no attention to a thousand head of elephants which were devouring his cabbage.

Gentlemen, you are worrying about a gimlet hole in one end of the financial barrel when the whole head is out of the other end. For every dollar you saved by cutting off free seed you give by this bill to the British Government \$30,000. You cancel a small per cent of interest on a large sum of money, which is equivalent to canceling a large amount of the debt. What is the difference between giving away a dollar of interest and giving away a dollar of principal? It is a dollar in either event. England owes the United States about \$50 for every man, woman, and child in the United States, or \$5,000,000,000. Those in favor of giving part of this money to England avoid saying they favor canceling one-third or one-half of this debt, but say they favor giving 62 years' time on the debt and a very low rate of 3 per cent interest. The payments to be made are very small compared to the size of the debt. If England paid 4½ per cent interest and made these small payments, she would pay interest and a very small part of principal each year, so that at the end of 62 years there would still be due about two-thirds of the debt. This is what is to be knocked off. I can not agree to it. Why let England have money at less interest than we are paying for the very money we are loaning? Why let England have money for decidedly less than our people can borrow it?

The United States is taxing everybody and everything to get money to pay interest on this money that is being given away. It is even proposed to tax farm-loan bonds and run up the rate to the farmers so as to get money to give away to England. It is proposed to give millions, yea, billions, to England to use

in building up a shipping interest to compete with our shipping, and it is proposed to give a subsidy to the American ship interests to compete with the English shipping. This is to be some race, with the peoples' money being given away to pay the expenses of the big shipowners in America and England. Where does the taxpayer come in? Well, he is catching what "Paddy" gave the drum.

They say we are not able to pay our soldiers a bonus. England is paying her soldier boys a bonus, and we are giving her the money to pay it with. How can any just man favor that? It is said that giving this money to England will cause her to like us. Why do we want her to only like us a few billion dollars' worth? Why not give it all to her, and then maybe she would love us. The idea is absurd.

Is it true that England does not like us and we must give her this money to get her to like us? Is it true she likes us but will hate us if we do not give her a few billions of the people's money? These propositions are too absurd for any purpose.

It has even been suggested that it would hurt this country for all this money to be paid back in a short time. I admit the big bankers do not want it paid back now. They can manipulate money for their selfish purposes best when there is little money other than that which they control. These foreign debts are the biggest debts ever owed by any debtor since the beginning of time, and it is an outrage for them to be manipulated solely as pleaseth the international bankers and other multi-millionaires.

How long will the people do the paying and the big financial crooks of the Nation do the manipulating? These big rich are not giving away any of their money, either interest or principal. In fact, they loaned money to England, and she owes it yet. When Uncle Sam's debt is donated in part, then England can pay the big rich promptly in full, interest and principal. Everyone who thinks knows why Wall Street would be glad for all these debts to be canceled. If every Congress gives away as much as this Congress is trying to give away, in 10 years our national wealth will be gone, our people will be paupers, and will be the most abject slaves the sun ever shone on.

Mr. PARKER of New Jersey. Mr. Speaker, I am most heartily in favor of the settlement made with Great Britain. It gives the United States a real security, payable with interest at definite times which will pay \$4,600,000,000 of our debt. This is much better than the vague notes held by us now. The settlement will have world-wide influence. It will tend to stabilize British finance, which is not oversecure when we consider how much Great Britain owes; that she is paying current expenses out of principal by excessive death duties; that she depends on foreign trade; that her markets have been reduced so that over a million of her people are without employment and receiving employment doles; and that she must maintain an army and navy to meet European and eastern crises. This settlement is an example to other nations which makes possible and probable some settlement with them.

These advantages have been so powerfully brought before the House that they effectually dispose of the objection that the United States was to receive bonds bearing as much interest as those which she had issued; that she is now to receive 4½ per cent for the last four years, 3 per cent for 10 years hereafter, and 3½ per cent for the next 52 years, and that these rates are less than the interest which the United States is paying, which interest is 4½ per cent.

This statement is plausible, but it is not true. The United States is paying only 3½ per cent on tax-free bonds which are now above par in the market. The last sale was at 101.74. This interest of 3½ per cent is well above our former peace rates for Government securities, which used to be at 3 and 2 per cent before the war and will be so again. The United States is not paying 4½ per cent interest, because that interest is subject to large surtaxes now and to the ordinary income tax after a few years, and these taxes are supposed to amount to much more than the difference between 4½ per cent and 3½ per cent. If sales prove anything, these bonds sell at about 3 per cent less than the 3½ per cent nontaxable bonds.

It seems, therefore, that Great Britain by this settlement will pay us more interest than what the United States is paying upon its own bonds, because the United States takes back by surtaxes and taxes a large part of the amount of interest which it agrees to pay. It is perfectly plain that the statutes for the issue of like bonds by foreign governments can only refer to tax-free bonds.

The first act authorizing bonds for the war and to extend credit to foreign governments was passed April 24, 1917, and authorized five billions of bonds at not over 3½ per cent, payable in gold and exempt both as to principal and interest from

all taxation except estate or inheritance taxes imposed by authority of the United States or its possessions or by any State or local taxing authority, but without the circulation privilege.

By the second section of this act the United States could buy at par from foreign governments engaged in war with our enemies, their obligations bearing the same rate of interest and containing in their essentials the same terms and conditions as ours, and providing that if any of our bonds issued for such purchase shall thereafter be converted to a higher rate of interest, then the foreign bonds shall be converted in like manner into obligations bearing the same rate of interest as our bonds. Section 5 provides that if before the war is over we issue bonds at a higher rate, these bonds may be so converted. The essential parts of the act are as follows:

The bonds herein authorized shall be in such form and subject to such terms and conditions of issue, conversion, redemption, maturities, payment, and rate and time of payment of interest, not exceeding 3½ per cent per annum, as the Secretary of the Treasury may prescribe. The principal and interest thereof shall be payable in United States gold coin of the present standard of value and shall be exempt, both as to principal and interest, from all taxation, except estate or inheritance taxes, imposed by authority of the United States or its possessions or by any State or local taxing authority, but such bonds shall not bear the circulation privilege.

The bonds herein authorized shall first be offered at not less than par as a popular loan, under such regulations prescribed by the Secretary of the Treasury as will give all citizens of the United States an equal opportunity to participate therein, and any portion of the bonds so offered and not subscribed for may be otherwise disposed of at not less than par by the Secretary of the Treasury, but no commissions shall be allowed or paid on any bonds issued under authority of this act.

Sec. 2. That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase, at par, from such foreign governments then engaged in war with the enemies of the United States, their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act; to enter into such arrangements as may be necessary or desirable for establishing such credits and for purchasing such obligations of foreign governments and for the subsequent payment thereof before maturity, but such arrangements shall provide that if any of the bonds of the United States issued and used for the purchase of such foreign obligations shall thereafter be converted into other bonds of the United States bearing a higher rate of interest than 3½ per cent per annum under the provisions of section 5 of this act, then and in that event the obligations of such foreign governments held by the United States shall be by such foreign governments converted in like manner and extent into obligations bearing the same rate of interest as the bonds of the United States issued under the provisions of section 5 of this act. For the purposes of this section there is appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$3,000,000,000, or so much thereof as may be necessary: *Provided*, That the authority granted by this section to the Secretary of the Treasury to purchase bonds from foreign governments, as aforesaid, shall cease upon the termination of the war between the United States and the Imperial German Government.

Sec. 3. That the Secretary of the Treasury, under such terms and conditions as he may prescribe, is hereby authorized to receive on or before maturity payment for any obligations of such foreign governments purchased on behalf of the United States, and to sell at not less than the purchase price any of such obligations and to apply the proceeds thereof, and any payments made by foreign governments on account of their said obligations, to the redemption or purchase at not more than par and accrued interest of any bonds of the United States issued under authority of this act; and if such bonds are not available for this purpose the Secretary of the Treasury shall redeem or purchase any other outstanding interest-bearing obligations of the United States which may at such time be subject to call or which may be purchased at not more than par and accrued interest.

Sec. 5. That any series of bonds issued under authority of sections 1 and 4 of this act may, under such terms and conditions as the Secretary of the Treasury may prescribe, be convertible into bonds bearing a higher rate of interest than the rate at which the same were issued if any subsequent series of bonds shall be issued at a higher rate of interest before the termination of the war between the United States and the Imperial German Government, the date of such termination to be fixed by a proclamation of the President of the United States.

On September 24, 1917, after two billions of bonds had been issued, we authorized seven and one-half billion more at not over 4 per cent, and, after provision for certificates of loan, section 7 provided that all such bonds and the certificates should be exempt from United States, State, or local taxation, "except (a) estate or inheritance taxes, and (b) graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes now or hereafter imposed by the United States upon the income or profits of individuals," and so forth, with a proviso that \$5,000 owned by any person should be tax free.

It is perfectly plain that we could not exchange this form of bonds for British bonds bearing the same condition and which would therefore be subject to British surtaxes and excess-profits taxes.

On October 3, 1917, the first war revenue act was passed, with a graduated income tax, surtaxes, and excess-profits taxes.

On April 4, 1918, the third Liberty loan was passed, authorizing twelve billions of new bonds at not over 4½ per cent, with-

out privilege of conversion, and issues of bonds payable in foreign money were authorized.

July 9, 1918, the fourth Liberty bond act was passed, changing twelve billions to twenty billions, and providing that bonds payable in foreign money, while beneficially owned by a non-resident alien not engaged in business in the United States, should be wholly exempt from United States or local taxation.

On September 24, 1918, certain changes were made in the amount of exempt holdings of bonds.

February 24, 1919, a new revenue act was passed. By section 211 the surtaxes were very largely increased. By section 221 all income of a nonresident alien individual received from the United States was subject to 8 per cent, and by section 400 nonresidents paid estate or inheritance taxes. The conversion privilege hampered the United States in issuing new bonds and we had to resort to short-term notes.

The Victory Liberty loan act was passed March 3, 1919, for 7,000,000,000 of notes, at 4½ per cent, which might be wholly or partially exempt from taxation at the discretion of the Secretary of the Treasury, and section 4 amended the previous act so as to provide that all United States indebtedness while beneficially owned by a nonresident alien should be wholly exempt from taxation.

This review of the statutes has been tedious, but it has not been useless if it bring out the curious muddle introduced by the system of taxing our own securities under which British or German or French capital may now buy United States 4½ per cent bonds and hold them absolutely free of tax, while an American capitalist can not afford to own them because he might have to pay back to the Government two-thirds of the income received by way of surtaxes. Meanwhile we are paying to our own people less than 3½ per cent, tax free, if the prices in the market tell anything.

This settlement is on fair, sensible, old-fashioned terms. The bonds that we receive will be tax free and the United States will do well if it make new issues of tax-free bonds at not over 3 or 3½ per cent per annum, and reestablish its credit and business on the old-fashioned basis which can be thoroughly understood, and which imposes no penalty upon rich men for putting their capital into business at low rates of interest.

It is absolutely necessary that we should be able to fund our debt at low interest, and capital can not afford to own our securities so long as they are subject to taxes and surtaxes in the hands of men of wealth.

This settlement is a great step forward.

Mr. HUDDLESTON. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record upon the subject of Americanism.

The SPEAKER. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. HUDDLESTON. Mr. Speaker, under leave to extend my remarks I desire to print a speech which I made in the city of Baltimore on February 4, 1923, as follows:

THE NEW AMERICANISM—AND THE OLD.

What is Americanism? Does the new Americanism differ from that taught by the founders of the Republic? Do the security leagues, defense societies, and other self-appointed guardians of our institutions hold to the principles of Jefferson and Lincoln, or are they seeking to train America in a new departure? The pronouncements of these organizations upon the subject are not to be accepted as final, for they are merely representatives of classes and groups and are in no sense qualified to voice the patriotism and wisdom of the whole people.

To understand America we must know not merely the history of our country but of the world's civilization. We must consider not merely political systems but the development of economic principles. We must understand something of world conditions of the time when our Nation came into being.

AMERICA, THE FIRST GREAT EXPERIMENT IN DEMOCRACY.

America was the first of the great republics. Here was made the original great experiment in democracy, in the ability of all of the people of a nation to govern themselves. The principle that governments derive their just powers from the consent of the governed was here for the first time applied on an important scale. That principle as enunciated in the preamble to the Declaration of Independence was untried. It was launched upon a world in which civil government shaded from rule by a small and privileged class down to sheer autocracy. The doctrines of the preamble were heard in the Old World as the ravings of wild radicals. The beneficiaries of the old system, riding at ease upon the shoulders of the masses, viewed the principles of Jefferson as impossible, almost insane. These principles came into a world of baron and serf, of privilege smug and assured, a world which could not believe it possible that men are created equal.

World conditions have changed since '76. America's example has not been wholly in vain. The spirit of democracy has pervaded all the peoples. None now accept despotism without protest. Empires have crumbled, thrones have tottered, princes and lords have hurried into the dust. There is a danger that we will conceive of Americanism as having been born in a time such as we now have. With such a conception it is impossible to understand our institutions.

There are two schools of political thought in every land. On the one side are the antidemocrats, those who hold that men have no

natural right to order their own lives and that the wealthy, the cultured, and those of birth are best qualified to rule and hence should hold the political power. A tenet of the faith of these is that property and property rights are sacrosanct as the instrumentality through which their positions of influence may be assured. On the other hand are the humanitarians, those who value men per capita, those who feel that the right to life, liberty, and the pursuit of happiness is equally the natural and moral right of all men whether great or small. These hold that God never made any man wise enough or good enough to be the ruler of another man.

We are prone to think that the people of the Colonies were united in their aspirations. To the contrary, the principles which inspired the Revolutionaries were grossly offensive to an important faction. The rich, the powerful, the officials, and many of the educated had Old World ties of both interest and ideals. They wanted to hold to the old systems. They wanted no independence which meant more than the mere transfer of the seat of government to our own shores. It was in the main the great masses who believed in democracy and who were willing to die if need be for a new order. This division of sentiment weakened our efforts and made success infinitely more difficult.

TORIES DISPUTED WITH REVOLUTIONARIES FOR POLITICAL POWER.

From the parts of the Colonies not occupied by British troops the Tories withdrew to the West Indies, to Canada, and to Europe. Some of them never came back, but after independence was gained many returned and resumed their property and by degrees their dominating status. Resuming their former wealth, they soon asserted themselves in resuming their former influence. It was only a few years after the Revolution before those who had been Tories during the war disputed for political power with the Revolutionaries who had fought the war.

The Revolution was fought under the Articles of Confederation. For the purpose of forming a permanent pact between the Colonies, a Constitutional Convention was assembled in 1787. It is a startling fact that in the convention held so soon after the treaty of peace was signed there was no representative of the masses—no member of the mechanic or small-farmer class. It was a "property-owners' convention," composed almost wholly of land speculators, large planters, owners of public securities, and of professional men. Small wonder, then, that the convention concerned itself chiefly with protecting business and property rights. It eventually found it necessary to resort to the revolutionary method of submitting the Constitution for ratification in a manner violative of the plain provisions of the Articles of Confederation.

In answer to the criticism of the democratic elements that the Constitution had omitted all reference to the English Bill of Rights, the reactionaries argued that express mention of the rights was unnecessary, as they were the implied prerogative of every citizen and existed independently of the Constitution. The liberals were not content with this and insisted that the Bill of Rights should be included within the letter of the law. The Constitution would never have been ratified by the required number of States except for the promise made by its supporters that the Bill of Rights should be incorporated by amendments, a promise which was subsequently violated by the rejection of all but 10 of the proposed amendments.

THE SOURCE OF AMERICANISM.

Thus we find that the greatest political issue of post-revolutionary days concerned the first 10 amendments to the Constitution. I believe that there can be no doubt, if in that time either Washington, Jefferson, Madison, or Samuel Adams had been asked to define "Americanism," he would have pointed to the preamble to the declaration and to the amendments. Either would have said that the chief function of the Constitution was to safeguard the principles enunciated in these documents and as machinery for the defense of those principles.

But we need not look merely to statesmen for a definition of the old Americanism. To Jefferson, it was his great mission to defend the principles of civil liberty as found in the preamble and the amendments and to extend their operation. He, with others of his school, were the organized fighting forces of early democracy. They thwarted Hamilton's purpose to clothe the Executive with panoply befitting a monarchy. They opposed the Federalist program in every detail. They struck down the alien and sedition acts of 1798. Their principles were approved in popular elections by overwhelming majorities, so that for a continuous 25 years of the formative period of the Republic that liberal group remained in power.

By the support which the people gave to that group approval was given to its interpretation of the purposes of the Revolution. The people approved the position of Jefferson and his associates that true Americanism was embodied in the preamble and the amendments. Therefore, to learn of the old Americanism we have but to study these documents.

The corner stone of American foreign policy from the close of the Revolution was isolation. Nowhere is that policy more clearly expressed than in Washington's Farewell Address, the gist of which is in these words:

"The great rule of conduct for us in regard to foreign nations is in extending our commercial relations; to have with them as little political connection as possible.

"Europe has a set of primary interests, which to us have none or a very remote relation. Hence she must be engaged in frequent controversies, the causes of which are essentially foreign to our concerns."

In discussing the subject, Jefferson said:

"I am for free commerce with all nations and political connections with none."

This policy was adhered to by every statesman in power during the period; it also found expression in the Monroe doctrine and later in Jackson's state papers and in the eloquent speeches of Clay. It may be confidently said that to definitely separate ourselves from the political intrigues of the Old World was practically the sole foreign policy of the earlier statesmen.

Be it also remembered that our isolation from Old World concerns was never geographical nor commercial but was always purely political. With Great Britain in Canada and in the West Indies, with Spain in Florida and Mexico, and with France in Louisiana, we were geographically surrounded. On the other hand, the need for commercial intercourse with foreign nations was always pressing and the desire to foster commerce never lacking. Those who now argue that because of the development of rapid transit and overseas communication we should abandon our old policy of isolation do not understand the reasons back of that policy, for our geographical contact with Old World nations was infinitely closer than steamships and telegraphs can produce.

AMERICAN FUNDAMENTALS.

Let us see, then, what are American fundamentals: Equality, liberty, and self-government, found in the preamble; the right of habeas corpus, as protected by section 9 of Article I; and freedom of speech, religion, and assemblage; prohibition against searches and seizures; due process of law, trial by jury, and other civil rights as secured by the amendments. It is to be noted that these principles relate chiefly to the enjoyment of civil and religious liberty, and, as an incident thereto, to the protection of private property. Without regard for these fundamental principles our Nation may be rich and powerful, but it can not be said to represent the ideals for which the Revolutionaries shed their blood. Without these fundamentals the Nation may possibly be perpetuated, but with the surrender of any one of them or its perversion from its true and original meaning the soul of the old Americanism will have departed.

All governments respond to the collective will of the Nation. Whether it be the Emperor of Japan or the President of the United States, Lenin in Moscow or Bonar Law in Downing Street, all rulers are at last the puppets of public opinion. Only we must not forget that public opinion is not always majority opinion; usually it is the opinion merely of those who count, of the coterie or group, large or small, who surround the seat of power. In the case of the United States there is a ruling class none the less than characterize an autocracy. Only with us the dominant elements are forced to take the trouble to mold a public opinion to support their measures. It thus becomes more expensive and troublesome to rule in a republic, for public support is essential and always must the rulers have the cooperation of the picked and leading spirits of the communities.

Again it must be borne in mind that governments usually take the form and adhere to the policies consistent with the ideals of their peoples and which further their material interest. In other words, they are dominated by public opinion as I have defined it. And when the ideals and interests of a people change, a tendency toward change in government and principles is inevitable.

Americans of Revolutionary days were a rural people, scattered upon the border of a wide continent. They or their fathers had come to these shores to escape oppression. Their chief desire was to be let alone and to have an opportunity to work out their own salvation. They feared Europe and Old World intrigues. They did not expect fostering and did not feel a need for protection except as against the painted savages. To a people of this social and economic habit, and holding to these ideals of liberty, the old Americanism was admirably adapted.

THE FORMATIVE PERIOD.

The seventy years following the Revolution were a formative period. The population multiplied, the frontier expanded deep into the continent, roads were built, national borders were established, and our civic institutions developed by experience. There were social and economic changes, but they were not fundamental, so that our people remained about the same with much the same opinions and interests.

Following the Civil War, industrialism had its rise. With a large and increasing population, there was a growing demand for goods and manufactured articles. A tariff wall was erected upon our boundaries, and American industrialists and financiers found a market upon whatever terms they chose to ask. Then followed a tremendous growth in industry and in industrial populations, drawn from our own farms and augmented by an ever-increasing stream of immigrants. Great changes were worked within two or three decades. We became less and less an agricultural people and more and more devoted to industrialism. Great fortunes arose out of the operations of Civil War contractors, railroad promoters, manufacturers, and financiers.

GOVERNMENT BY BIG BUSINESS.

In the early nineties a change began to come over the spirit of the American dream. Production in our factories had mounted until in many lines it began to exceed the home demand. Manufacturers who had had no competition except the competition from abroad, from which they were protected by tariffs, began to find themselves in competition with each other for an American market not large enough to satisfy them all. Tariff walls no longer sufficed to keep mills going. Competition at home became increasingly acute with a resulting shrinkage in prices and loss in profits. There was resulting industrial depression which affected both commerce and finance and even reacted disastrously upon the farmers. Out of the welter came monopolization, the organization of trusts and combines, the real excuse and purpose of which was to prevent ruinous competition among American industrialists.

But the structure of industrialism had been erected. It was not possible to abandon the system. Trustification at best was merely a palliative. It related merely to the home situation. As it proceeded until practically all lines of industrial production found protection against each other and ways of perpetuating by monopoly their profits from home business, more and more was felt the need for foreign markets. The era of railroad building had ended. Practically all of the Nation's mineral wealth had been collected into a few hands. Development at home was so far advanced that capitalists and financiers found themselves under the same pressure as captains of industry. More and more their eyes turned to foreign fields for investment and exploitation.

OUR FIRST ADVENTURE IN IMPERIALISM.

The control of Government by big business and big finance culminated in the inauguration of President McKinley in 1897. That administration and all those which have followed have responded to the changed American outlook. Possibly the first straw which indicated the veering of the American breeze was the program for naval increase promoted by Secretary Whitney. At any rate, the change was well under way by '98. By that time we had marked for our own the West Indies, Central and South America, and a share of the rapidly dissolving Chinese Empire. Cuba gave the first opportunity, and "Cuba libre" was the hypocritical slogan by which the masses were rallied to our first great adventure in imperialism. It was not by mere chance that Dewey's squadron was in oriental waters, ready to swoop on the Philippines, an admirable base for our operations in the Orient.

We swallowed Porto Rico at a gulp, but our professions concerning Cuba forced us to almost Old World diplomatic delicacy in assuming a protectorate. What the Cuban protectorate means is aptly illustrated by the presence of an American major general in Habana at this time and the dictation to which he has required the Cuban Government to submit. The house of Morgan is now advertising \$50,000,000 of Cuban bonds for sale at ninety-nine odd. Our Government forced Cuba to issue these bonds. Morgan paid 96 for them and so cleans up a million and a half on the deal and who knows what else in commissions—the new Americanism!

DOLLAR DIPLOMACY AND THE RAVISHMENT OF COLOMBIA.

The Philippines secured, came Hay with his "dollar diplomacy," and an American regiment marched to Peking by way of showing the world

that we had entered the great game. Came later from year to year the strengthening of our hold on sundry South American countries, our ravishment of Colombia for Panama, the Sandwich Islands incident, and our adventures in Nicaragua, Haiti, and Santo Domingo. We have also twice invaded Mexico.

The incidents and activities to which I have referred are not to be taken separately. They are parts of a whole, and bespeak a definite national policy. They are merely the tangible, visible evidences of the change. Those who rule America, those who mold its public opinion and dominate its ideals, have deliberately decided upon a new national course. They have need for foreign markets and for foreign fields for investment and exploitation. They have definitely decided that we shall go into competition with Great Britain, Germany, France, and Japan in the world-wide business of exploitation in which they are engaged.

Greatest profits are realized when goods are sold or money loaned to weak and undeveloped peoples. Competition is troublesome, therefore zones and spheres are selected and competitors excluded from them. The fundamental rule of the great game is that other nations are not to be allowed to compete on equal terms, and that the choicest bits are to be reserved for the overlord power. Other nations of the world know this, and our rulers know it no less well. Other powers practice it for the advantage of their nationals, and our rulers are resolved also to practice it for their own benefit.

THE PHILOSOPHY OF THE NEW AMERICANISM.

We have definitely entered into competition with the great exploiting nations in the business in which they are engaged. To successfully compete we must qualify and perfect ourselves, we must place ourselves in as good situation as our competitors, we must shape our political, social, and economic lives for the competition. We must make of ourselves a competitor as perfect as those whom we oppose. This is the philosophy of the new Americanism.

Competition is a matter of strength, of cheap production, readily available resources, facility and safety in distribution, domestic tranquility and order, strength to collect debts, and to prevent encroachment upon our chosen fields of trade. These are the outlines of the new Americanism.

"DOWN WITH FREE SPEECH AND FREE ASSEMBLAGE."

To insure domestic tranquillity there must be no political agitation. "Demagogues and socialists" must be muzzled; hence down with free speech and free assemblage. Witness the Sterling sedition bill passed by the recent Senate and the sedition bill fathered by Attorney General Palmer and favorably reported by the House Judiciary Committee in the form of the more oppressive Graham bill. Only by an eyelash were these measures prevented from becoming law. Witness the sedition statutes of New York, California, Michigan, and other States. Witness 60 men yet in Federal prisons, most of them merely for membership in an organization said to be opposed to the recent war. Witness Daugherty at Chicago enjoining railroad strikers from speech and assemblage.

Domestic tranquillity also requires a docile population trained in obedience. Conscription is very useful to this end. The unformed boys are taken from their homes and placed in the ranks under hard-handed drillmasters. Here everything depends upon rank; the conscripts are trained to respect their betters and those in authority.

The impassable gulf which separates them from officer class accustoms them to social and economic barriers. If they have ideas of equality and democracy, here they are strangled. If they have initiative, it is quelled. If they are ambitious, they are subdued. If they are resentful, they are crushed. Out they go upon discharge, molded into orderly, quiet, resigned, unresentful, and unimaginative uniformity. Surely no agitator can find material in them.

Peace at home requires the means to enforce peace. There must be no possibility that the situation will ever get out of hand. Police, and again police; and since conscripted soldiers are the cheapest police, then soldier conscripts for policemen. And with police, espionage—a laud filled with spies. Witness Daugherty, who has literally spent millions on his espionage system during the past 12 months. And with spying, passports made difficult to obtain, and the registration of aliens only, since the time is not yet ripe to register citizens.

DOWN WITH LABOR UNIONS; UP WITH THE "OPEN SHOP."

Cheap production requires cheap, docile, and steady labor. Organization encourages laborers to be more independent and assertive. They produce an objectionable class consciousness. Then down with labor unions and up with a nation-wide conspiracy for the "open shop," the great "American plan," even if it requires provoked strikes to destroy the unions. Witness the strikes in the textile, coal mining, steel, and railroad industries.

But strikes tend to increase production costs, so that strikes must be outlawed both in public opinion and the courts. Witness the nationwide propaganda and misrepresentation of excesses of strikers. Witness the Kansas industrial court. Witness an orgy of antistrike legislation in the States. Witness again Daugherty's Chicago injunction, with the President of the United States demanding of Congress that strikes should be prohibited by law.

Cheap production is insured by cheap and docile labor. Ignorant and untrained immigrants are quite desirable. Therefore open up the gates. But stay, a strange ferment is working in the downtrodden European masses. They are holding to new heresies of equality and justice. Let us, then, be very careful that in admitting aliens we accept none who think. Muscle is what we want, not brains. If there were only some way to insure that the alien laborer would remain docile and cheap all would be well, but let us not ignore the urge which may come in his strange new surroundings for more than he should have. A cunningly devised immigration law which will comb out the "brother to the ox" from the "dangerous agitator" would be admirable. But to make sure we must postpone the protection of citizenship so as to hold a threat of deportation over the immigrant and thus prevent labor strikes.

TRADITIONAL POLICY OF ISOLATION ABANDONED.

A policy of foreign isolation is inconsistent with the strength in diplomacy required for competition in playing the great game. Farewell, then, to the teachings of the fathers; farewell to American non-intervention. How can there be isolation from Europe and Asia and yet meddling all the while with every South American concern?

The present administration has been frank in its five-power pact. We have solemnly bound ourselves not to have a larger Navy than any other power in the world. What a concession! For 300 years naval supremacy has been the corner stone of British policy. An island homeland, dependent upon ships for food for her people and with possessions in all the seven seas, the empire would crumble if an enemy should wrest control of the seas from Great Britain for 60 days. We have been generous. Her chiefest world competitor, self-supporting at home, we condescend to agree that we will not aspire to domination of the seas.

The four-power treaty is a still more frank admission that we are engaged in the same business as Great Britain, France, and Japan. We entered into partnership with them, each virtually agreeing to defend the other in its possessions in the Orient and not to poach on the other's preserves. It assures us peace for 10 years, and perhaps assures us war shortly after its period has expired.

Only by sheer good luck did we escape binding ourselves by the treaty of Versailles to defend the newly carved and fanciful boundaries of Europe. Nevertheless we have our observer at Lausanne. Were there anything to gain, the word might yet be given that we should help or hinder—as our business interests might appear—France in the Ruhr, or battle for British oil promoters at Baku or Mosul. The nations of the world must be made to know that America has arrived and will be a factor in all divisions of spoil in the future.

MILITARISM AND NAVALISM.

Of course, there must be great armies and navies, for war is a necessary incident to the great game. The possibility of war must always be in the background, for intimidation is the chiefest factor in preventing competition. There is always probability of war over division of spoil, and when the world has all been staked off, war is necessary in order to remove the landmarks.

A proposal to submit the decision for war or peace to the people is ridiculous—it is almost treason. What do the people know of the springs which move rulers? What would be the use of being strong on land and sea if we must submit whether we will use the strength to town meetings and country hustings, where not one in ten can hope to derive any benefit from a war?

No; it is hard for democracies to wage successful war. A strong centralized government is needed, a corps of trusty councillors with authority to decide in secret and to launch, without warning, armies and navies upon an adversary. National policies must be kept secret from competitors. The people even must not dream of the war they are being driven toward. The adversary must have no time to prepare for the onslaught. It is hard for democracies to wage war. Therefore minimize Congress and make it servile; this will make for a strongly centralized government; "stand by the President; he knows—let him decide."

And in this connection conscription again is of great value. It insures plenty of "cannon fodder" and makes unnecessary any appeal to the people to support the war. Without conscription wars must be popular, time and trouble must be taken to inculcate faith in the righteousness of the cause. With conscription all this is unnecessary. It is no matter that the masses who are expected to do the fighting are opposed to the war. Their opinions are not considered.

My friends, I wonder if yet you have not said the word "Prussianism." That is what we are driving for. That is the ideal of the dominant group; that is the new Americanism.

We who hold to the old Americanism found in the preamble and the 10 amendments have reason to fear for the future of our country. We may well realize that there can be no abiding democracy among a people separated into social classes and economic groups, in which all the advantage, all the hope, and all the opportunity rests with the few, and all the labor and all the burdens are imposed upon the many. We may well oppose the tendency toward the aggregation of the wealth of the Nation into a few hands, the monopolization of our natural resources, and the usurpation by the few of the opportunities which naturally belong to all. A Nation may be a powerful imperialism, but it can not be truly great, it can not be a truly democratic nation if, typical of its life, is the gilt and splendor of Fifth Avenue and the squalor and hunger of the slums.

The real patriots—those who love the soul of America and wish to hold it true to its high mission as the exemplar of liberty and justice to all the world—must bind themselves to the task to see that those who do the hard and useful work may still aspire, and that the door of hope and opportunity shall be open to those who may come after them. We must fight for our country. We must fight for its institutions. We must fight to keep it what the founders designed—a home for men who are free, a land of hope and opportunity. We must hold onto the old Americanism of justice, liberty, and equality. We must fight for the old Americanism.

Mr. ECHOLS. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the subject of the radio message sent out by the Department of Labor in connection with the school system of West Virginia.

Mr. STAFFORD. Is that very lengthy?

Mr. ECHOLS. No.

The SPEAKER. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. ECHOLS. Mr. Speaker, under leave granted me to extend my remarks, I wish to explain that my delay in doing so has been due to my desire to make some investigation of the activities of one Crane Gartz, mentioned in an interview recently published in the Washington Times. According to the interview, Mr. Gartz is to go into West Virginia at the head of some sort of investigating committee. I shall refer to him later on. At this point I want to have printed in the RECORD some extracts from the radio message recently sent out by the Department of Labor relating to certain conditions alleged to prevail in West Virginia. They are as follows:

1. One of the first necessities for children's health in wintertime is coal. It is almost as necessary as milk.

2. Schools in camps are often of the rural type—one room, one teacher—offering only five or six elementary grades. The terms are short, the schools are poorly equipped, and the teachers are untrained. In the West Virginia camps which the children's bureau studied many of the teachers had had no education beyond the eighth grade, and two-thirds of their pupils were failing to make normal progress for their ages.

3. In order that American children may live in warm houses, is it necessary for several thousand of them to engage in the mining industry? Is it necessary that the miners' children, even if they do not go to work, should have a seriously restricted education?

These statements are made by a Government agency. They are not in general true, and, therefore, are defamatory of the State's good name. It is wonderful what the demagogue can do with his weird imagination and half truths. What are the facts as to West Virginia? We are now spending in road improvement \$50,000,000 covered by State bonds, paying the Virginia debt of \$13,000,000, and building a capitol which will cost \$6,000,000 to \$8,000,000. Despite these extraordinary tax burdens, 52 per cent of the total expenditures of public money in the State is being used in educational work; 75 per cent of that amount is expended in what might be properly termed the rural sections of the State.

McDowell County, the greatest coal-producing county in the State, ranks third in educational advancement. It has 25 high schools. It pays among the highest salaries paid teachers in the State. The length of the term of school is nine months. Outside "uplifters" and other "Meddlesome Matties" have not seriously interfered with the development and school progress in McDowell County. In Fayette, the third largest coal-producing county in the State, the salaries of teachers in the coal districts of the county, in the elementary grades, range generally from \$150 to \$200 per month, and in the high schools from \$208.33 to \$300 per month. These are higher salaries than are paid the teachers right here in the city of Washington for performing the same grade of work. Fayette County was at one time seriously afflicted with the "reformers," but in recent years she has been getting rid of them. These are typical coal counties.

The per capita cost in the State based on enrollment is \$45.10. The minimum school term is seven and one-half months for the present year, and next year it will be eight months. Hundreds of the teachers in the coal fields are graduates of the State normal schools, of which there are six, and the primary purpose of these schools is to train teachers. The law so requires. The students at these schools come from the coal fields in as great numbers or perhaps greater than anywhere else in the State, and they go back there after graduation to teach. Two of the normal schools are located in great coal-producing counties and rank high as educational institutions. How many States in the Union spend more than half the total annual expenditures in educational work?

The coal-producing sections are rapidly surpassing the other rural sections of the State in offering educational opportunities. It is true that the miner is often of a migratory nature, and thousands of illiterates come into the State, work for a while, maybe a year or two, and drift elsewhere. It is also true that the teacher in the coal fields has rather serious competition with the socialist reformer; while the teacher is trying to develop the boy into a substantial, educated American citizen the socialist reformer is trying to make of him a flaming anarchist who would resist all law enforcement and orderly procedure.

West Virginia will welcome practical suggestions from practical people with honest intentions, but we are growing tired of the Stephen S. Wises, the John D. Ryans, the guardians from the other end of the Capitol, and the "uplifters" from up the Avenue—self-constituted keepers of the public conscience—appointing themselves committees and investigators, coming into West Virginia, staying a few hours, obtaining no general truth, and then publishing broadcast to the country slanderous statements. They condemn the whole State because everything is not just what they think it ought to be.

The law prohibiting the working of children in the mines is generally well observed. There are, no doubt, isolated cases of its infraction. The State is rapidly bringing right to the door of the children in the coal fields an opportunity to educate themselves.

The radio message says, "One of the first necessities for children's health in wintertime is coal." Here is wisdom; here is a discovery—a child's health depends upon coal. This knowledge must not be kept from the world a minute. Send it by mail? No, indeed. Broadcast it by telephone or telegraph? Not on your life. We will flash it right into the homes by radio. The poor mothers will not have coal, but they will have radio receivers by the thousands.

All the Wises, the Ryans, the self-appointed investigators and "uplifters," and the ten thousand additional demagogues who have prated about "social justice" and the evils in the mining sections of the country never had a job for a workingman; they never found a job for a workingman; they never paid a day's wages to a workingman, or built a mile of railroad to haul coal or other commodities, or manufactured a foot of lumber with which to build a home, created an industry, or made a practical suggestion of any kind to correct the evils about which they complain. Their chief business is to make socialists, anarchists,

more political demagogues, and fill the jails and penitentiaries of the country with the dupes to whose credulity they appeal and upon whose hard-earned money they often subsist. Untold tons of coal have remained in the West Virginia hills for thousands of years, and they never furnished the brains, the energy, or the money with which to remove a ton of it; and it would remain there for untold centuries yet to come if the world depended upon them to remove it. The children of the country, in whose welfare they pretend to be interested, would go without homes and freeze a thousand times if they waited for actual help from them. They would Russianize the world in a decade if their advice were followed. The greatest thing they possess is irresponsibility. If windmills would produce coal and create industry, they could successfully operate; but since it requires intelligence, energy, and means, the production of coal and the creation of industry are not in their line.

They go into the West Virginia coal fields with their carrion proboscides, and carrion they must find, or else their missions would be failures. Finding the carcass of an ant one-fourth of an inch in length and weighing one forty-eighth of an ounce, they magnify it a few million times, return, and herald the news of their find to the rest of the buzzard flock from the Atlantic to the Pacific. Their baseless reports and irresponsible statements create wrong impressions in the minds of good people and distrust in the minds of the credulous and encourage violence and crime.

If these "reformers" had gone into West Virginia for the purpose of finding facts, they could have found the best equipped coal mines, the most sanitary conditions surrounding coal mines in mountainous regions, and the purest drinking water in the world, the highest paid wages to miners considering the labor required to mine the coal anywhere to be found, and more days' work per year than anywhere in the United States. They could have found all that, and they could have found that these conditions prevail in ten mining towns where what they report prevails in one. They could have found also a contented, happy people in those sections where outside demagogic influences have not interfered.

We do not object to Rabbi Wise and Father Ryan because of their religious affiliations. We object to them because their impractical preachments do infinitely more harm than they do good. Their use of figments of truth creates an atmosphere of poison and hate which has frequently resulted in the death of innocent people. Press reports in the last few days state that Rabbi Wise denies the authenticity of the Ten Commandments. Father Ryan has been discredited by some of the great leaders of his own church.

These bigots go so far as to even defy the courts, as shown by an interview recently appearing in the Washington Times. In that interview one Crane Gartz is quoted as saying in reference to a court order entered by the judge of the Circuit Court of Logan County, W. Va.:

This injunction is null and void if it is made to apply to us, who are attempting only to exercise our constitutional rights, and we shall ignore it.

Gartz; a name not yet quite Americanized. Why not Fritz or Trotz(ky)? The interview also shows Gartz is from Chicago and California. Being from Chicago he is probably a friend of Big Bill Haywood, convicted of conspiracy against the Government, a fugitive from justice now "serving time" in Russia; and being from California he is probably a friend of the McNamara brothers who served a term in the penitentiary for bombing the Los Angeles Times Building and killing more than a score of innocent men, women, and children.

It is further stated that "with young Gartz will be public officials, ministers, and attorneys." No mission into West Virginia headed by a man like Gartz would be complete without "public officials and ministers," who will probably need the "attorneys." Why the "officials"? Who are they, and whom do they represent? What authority will they have in West Virginia? Why the "ministers" but to give a semblance of respectability to a disreputable gang?

Let the country take notice that West Virginia, defamed and maligned, is to again be afflicted with outside, self-appointed, front-page notoriety seekers coming into the State admittedly with the intention of violating an order of the judge of a circuit court of that State, duly elected by the people of his circuit, which, by the way, is composed of three counties, two of which are farming and not coal-producing counties.

Who are Gartz and his official, ministerial, and legal mob-inciting accomplices that they are above the law of the State? Gartz says: "This injunction is null and void, * * * and we shall ignore it." Who believes that this uninvited bunch of conspirators are going into West Virginia for the purpose of helping conditions in that State? They have no such pur-

pose in mind. After their visit, in which they will accomplish nothing for good, they will broadcast a statement to the country to gain notoriety and to spread their insidious propaganda.

Gartz in 1921 was an assistant organizer of the amnesty committee of the American Civil Liberties Union and served as a picket at the White House in Washington. He has been a frequent consultant with Eugene V. Debs, who served a term in the penitentiary for violating the laws of the land. He has been keeping in close touch with one Roger M. Baldwin, president of the American Civil Liberties Union, and who also served a year in the Essex County jail for violating the draft law. He has been in the western Pennsylvania coal fields, and after his visit there he reported to an executive meeting of the American Civil Liberties Union. He is an active opponent of the California criminal syndicalist law.

This is a brief sketch of the activities of the man who is going into West Virginia as head of a committee composed of "officials, ministers, and attorneys."

I do not know whether or not the injunction order of the judge of the circuit court of Logan County is authorized by the laws of the State of West Virginia. I do not know the facts; but if it is not the law, there is a supreme court in the State of West Virginia composed of able, conscientious jurists, who will promptly correct any error made by any circuit court in the State when properly brought before them.

What would the people of New York or the people of Chicago think if a few infamous plotters down in West Virginia would constitute themselves committees and announce that they intended to go to the city of Chicago or the city of New York for the purpose of enforcing their "constitutional rights" and there violate the order of the courts of those great cities? They could find more poverty, misery, and illiteracy on the East Side of New York or the river section of Chicago than can be found in the whole of the State of West Virginia. If such committees should go into these cities with such avowed intentions as are stated by Gartz and undertake to carry them out they would sleep in the jails of those cities the first night after their arrival, and that is where they ought to sleep.

It is no defense to West Virginia to direct attention to violence, illiteracy, misery, and crime in other States. She does not depend upon such defense. She is justified, however, in calling attention to the character, capability, associates, and activities of her detractors.

The people of West Virginia entertain a very keen and deep sympathy for her people in any sufferings that might come to them. They as keenly and deeply resent any outside interferences that intensify these sufferings. The people of that State as much understand and appreciate their moral obligations and sacred responsibilities to society as do the people of any other section of the country, and they are as ready, willing, and competent to perform those obligations and carry out those responsibilities as are the people of any other section, and they are quite capable of defending the State's good name when maligned by outside political posers, religious fanatics, and social reformers.

Any State is worthy to be classed among the great States of the Union that enforces her laws, preserves order, furnishes adequate educational opportunities to her youth, builds good roads, and provides a reasonable and equitable system of taxation. These constitute the most of government. To the performance of these duties West Virginia is earnestly and successfully devoting her energy.

Mr. VOLSTEAD. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by printing therein certain decisions and cases with reference to the enforcement of prohibition in the various States.

The SPEAKER. Is there objection?

Mr. STAFFORD. How extensive are those?

Mr. VOLSTEAD. Just one page.

Mr. STAFFORD. As the gentleman and I are both leaving Congress I shall not object.

The SPEAKER. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. VOLSTEAD. Mr. Speaker, under consent granted to extend my remarks, permit me to call attention to the following decisions construing and sustaining prohibition legislation, National and State:

The eighteenth amendment valid: Rhode Island v. Palmer (253 U. S. 350); Dillon v. Gloss (256 U. S. 368).

Power of Congress to define "intoxicating liquor": Rhode Island v. Palmer (253 U. S. 350); Ruppert v. Caffey (251 U. S. 264).

Chief Justice White said, in Rhode Island v. Palmer (253 U. S. 350, 391):

"* * * as the prohibition did not define the intoxicating beverages which it prohibited, in the absence of anything to the contrary

it clearly, from the very fact of its adoption, cast upon Congress the duty not only of defining the prohibited beverages but also of enacting such regulations and sanctions as were essential to make them operative when defined.

State laws prohibiting liquor traffic not repealed and new prohibitory legislation authorized: *U. S. v. Barto, Lanza, et al.*, decided Dec. 11, 1922, U. S. Su. Ct. Adv. Op., 1922-23, No. 5, p. 169; *Vigliotti v. Pennsylvania*, decided April 10, 1922, U. S. Su. Ct. Adv. Op., 1921-22, No. 13, p. 389; *Ewing v. State (Ala.)*, 90 So. 136; *Smith v. State (Ga.)*, 105 S. E. 364; *State v. Campbell (N. C.)*, 110 S. E. 86; *Allen v. Comm. (Va.)*, 105 S. E. 589; *Ex Parte Volpi (Cal.)*, 199 Pac. 1090; *State v. Moore (Idaho)*, filed Dec. 30, 1922 (not yet reported); *Comm. v. Nickerson (Mass.)*, 128 N. E. 273.

Prosecution under State law not a bar to a prosecution for the same offense under the Federal law: *U. S. v. Lanza, Barto, et al.*, decided Dec. 11, 1922, U. S. Su. Ct. Adv. Op., 1922-23, No. 5, p. 169.

United States revenue laws revived by supplemental prohibition act as of November 23, 1921: *U. S. v. Stafoff, Brooks, and Remus*, decided Jan. 2, 1923, U. S. Su. Ct. Adv. Op., 1922-23, No. 7, p. 211.

Prohibition act providing for injunction against liquor nuisances valid: *Lewinsohn v. United States, C. C. A., 7th Cir.*, 278 Fed. 421, certiorari denied, 42 Su. Ct. 463; *United States v. Reisenweber, C. C. A., 2d Cir.*, decided January 13, 1923. (Not yet reported.)

Shipment of beverage liquor through the United States prohibited: *Grogan v. Walker, Anchor Line v. Aldridge*, decided May 15, 1922, U. S. Su. Ct. Adv. Op., 1921-22, No. 15, p. 511.

Liquor may not be withdrawn from bonded warehouses for beverage use in home: *Cornell v. Moore*, 257 U. S. 491.

State search and seizure laws construed: *Banks v. State (Ala.)*, 93 So. 293, certiorari denied November 13, 1922, U. S. Su. Ct. Adv. Op., 1922-23, No. 6, p. 176; *Mike Rosanski et al v. State of Ohio*, decided December, 1922 (not yet reported); *State v. Wasyl Chuchola (Del.)*, decided September 29, 1922 (not yet reported); *People v. Mayen (Cal.)*, 205 Pac. 435; *City of Sloux Falls v. Walser (S. Dak.)*, 187 N. W. 821; *Watson v. State (Nebr.)*, 189 N. W. 620; *State v. Shaffer (Wash.)*, 207 Pac. 229; *State v. Kees (W. Va.)*, 114 S. E. 617; *State v. Brown (W. Va.)*, 114 S. E. 372; *State v. Snodgrass (W. Va.)*, 114 S. E. 136; *People v. DeCesare (Mich.)*, 190 N. W. 302; *People v. Case (Mich.)*, 190 N. W. 289; *Pasch v. People (Colo.)*, 209 Pac. 639; *Green v. State (Tex.)*, 241 S. W. 1014; *Shaddix v. State (Tex.)*, 235 S. W. 602; *State v. Magnano (Conn.)*, 117 Atl. 550; *State v. Mullen (Mont.)*, 207 Pac. 634; *Brent v. Comm. (Ky.)*, 240 S. W. 45; *Bowling v. Comm. (Ky.)*, 237 S. W. 381; *State v. Simmons (N. C.)*, 110 S. E. 591; *Hughes v. State (Tenn.)*, 238 S. W. 588.

Conspiracy to violate national prohibition act punishable: *Violette v. United States (C. C. A., 9th Cir.)*, 278 Fed. 163, certiorari denied, 42 Su. Ct. 382; *Reld et al v. United States (C. C. A., 6th Cir.)*, 276 Fed. 253; *United States v. Hettler (D. C. N. D., Ill.)*, 274 Fed. 401; *Alderman v. United States (C. C. A., 5th Cir.)*, 279 Fed. 259, certiorari denied, 42 Su. Ct. 586.

Mr. HILL. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing therein an address which I delivered at the Economic Club in New York last week.

The SPEAKER. Is there objection?

Mr. HERRICK. Mr. Speaker, I object.

Mr. LONDON. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by incorporating therein an appeal purporting to have been made by German trade-unions to the American Congress.

The SPEAKER. Is there objection?

Mr. SNELL. Mr. Speaker, I object.

Mr. MONDELL. Mr. Speaker, will the gentleman withhold his objection?

Mr. SNELL. Certainly.

Mr. MONDELL. Does the gentleman from New York know anything about the authenticity of this?

Mr. LONDON. I said "purporting to be."

Mr. SNELL. We have a lot of just such resolutions sent in to us and we do not put them in the RECORD.

The SPEAKER. Is there objection?

Mr. LINEBERGER. Mr. Speaker, reserving the right to object, just what is this?

Mr. LONDON. It is an appeal which is reported to have been addressed to the American Congress by representatives of German trade-unions—12,000,000 workers.

Mr. LINEBERGER. Mr. Speaker, I object.

LEAVES OF ABSENCE.

By unanimous consent, leave of absence was granted to—

Mr. KENDALL, for one week, on account of illness.

Mr. DAVIS of Tennessee, for to-day, on account of illness.

AGRICULTURAL APPROPRIATION BILL.

Mr. ANDERSON. Mr. Speaker, I ask unanimous consent to take from the Speaker's table the Agricultural appropriation bill, insist upon the amendment of the House to the amendment of the Senate No. 33, and agree to the conference asked by the Senate.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to take from the Speaker's table the Agricultural appropriation bill, insist upon the amendment of the House to the amendment of the Senate No. 33, and agree to the conference asked by the Senate. Is there objection?

There was no objection.

The Chair appointed the following conferees:

Mr. ANDERSON, Mr. MAGEE, Mr. WASON, Mr. BUCHANAN, Mr. LEE of Georgia.

SENATE BILLS REFERRED.

Under clause 2 of Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 4469. An act 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; to the Committee on Interstate and Foreign Commerce.

S. 3892. An act authorizing the State of California to bring suit against the United States to determine title to certain lands in Siskiyou County, Calif.; to the Committee on the Judiciary.

ENROLLED BILLS SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 10817. An act to amend section 100 of the Judicial Code of the United States.

H. R. 13593. An act making appropriations for the Post Office Department for the fiscal year ending June 30, 1924, and for other purposes.

THE LATE REPRESENTATIVE HENRY Z. OSBORNE.

Mr. CURRY. Mr. Speaker, it is with extreme sorrow and regret that I announce to the House the death of that splendid patriotic American citizen and able Representative, Hon. HENRY Z. OSBORNE, of the tenth California district. He passed away at his home in Los Angeles yesterday. Captain OSBORNE was the last and the only Member of the House who was a survivor of the Civil War on the Union side. There is one other Member of the House who is a survivor of the Civil War, but on the Confederate side, the distinguished gentleman from North Carolina, Major STEDMAN.

Mr. MONDELL. Mr. Speaker, the announcement of the death of our respected colleague came to us at a time when, by unanimous consent, it had been arranged to take up and consider a measure of very great importance to-day. Under any other circumstances the House, out of its regard to Captain OSBORNE, would have adjourned immediately. We who knew him, however, were convinced that if the wishes of this man, who was patriotic enough to enlist in his country's cause as a boy of 16, and who gained for himself a wonderful record of patriotic service all of his life, could have been expressed, he would have desired us to continue and complete this day's work.

Mr. CURRY. Mr. Speaker, at some future time I shall ask that a day be set aside for addresses on the life, character, and public services of our late friend and colleague. Meanwhile I send to the Clerk's desk the following resolution, which I ask to have read:

The Clerk read as follows.

House Resolution 518.

Resolved, That the House has heard with profound sorrow of the death of Hon. HENRY Z. OSBORNE, a Representative from the State of California.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect this House do now adjourn.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

ADJOURNMENT.

Accordingly (at 5 o'clock and 3 minutes p. m.) the House adjourned until to-morrow, Saturday, February 10, 1923, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

970. A letter from the Postmaster General and the Secretary of the Treasury, transmitting additional recommendations to the one submitted December 30, 1922 (H. Doc. No. 523), for a Federal building program throughout the United States, and submitting a table showing the number of leases and approximately the amount of rents paid for buildings for Federal use (H. Doc. No. 561); to the Committee on Public Buildings and Grounds and ordered to be printed.

971. A communication from the President of the United States, transmitting a communication from the Secretary of the Treasury submitting an estimate of appropriation in the sum of \$425 to pay a claim which he has adjusted, and which requires an appropriation for its payment (H. Doc. No. 562); to the Committee on Appropriations and ordered to be printed.

972. A letter from the Secretary of the Treasury, transmitting summary showing status of claims for reimbursement of losses on account of war conditions of contractors and subcontractors for the post offices and other buildings and work under the supervision of the Treasury Department; to the Committee on Expenditures on Public Buildings.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. DEMPSEY: Committee on Rivers and Harbors. S. 3968. An act to improve the navigability of waters of the United States by preventing oil pollution thereof; with an amendment (Rept. No. 1569). Referred to the House Calendar.

Mr. PARKER of New York: Committee on Interstate and Foreign Commerce. S. 4358. An act to authorize the American Niagara Railroad Corporation to build a bridge across the Niagara River between the State of New York and the Dominion of Canada; with amendments (Rept. No. 1572). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. EDMONDS: Committee on Claims. S. 3412. An act for the relief of Mrs. John D. Hall; without amendment (Rept. No. 1570). Referred to the Committee of the Whole House.

Mr. EDMONDS: Committee on Claims. H. R. 6108. A bill to permit the correction of the general account of Charles B. Strecker, former Assistant Treasurer United States; with an amendment (Rept. No. 1571). Referred to the Committee of the Whole House.

Mr. McCORMICK: Committee on Public Lands. H. R. 8291. A bill for the relief of Trygve Kristian Lode; without amendment (Rept. No. 1573). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HOGAN: A bill (H. R. 14266) to amend section 4 of the national defense act; to the Committee on Military Affairs.

By Mr. WINGO: A bill (H. R. 14267) to authorize the Baptist National Hospital Association (Inc.) to use and occupy certain land in the Hot Springs National Park, and for other purposes; to the Committee on the Public Lands.

By Mr. DRIVER: A bill (H. R. 14268) to authorize the county of Lee, in the State of Arkansas, to construct a bridge over the St. Francis River; to the Committee on Interstate and Foreign Commerce.

By Mr. VAILE: A bill (H. R. 14269) to authorize the general accounting officers of the United States to allow credit to certain disbursing officers for payments of salary made on properly certified and approved vouchers; to the Committee on Claims.

By Mr. STRONG of Kansas: A bill (H. R. 14270) to amend sections 3, 4, 9, 12, 15, 21, 22, and 25 of the act of Congress approved July 17, 1916, known as the Federal farm loan act; to the Committee on Banking and Currency.

By Mr. HERRICK: A bill (H. R. 14271) appropriating the sum of \$25,000 from the Federal Treasury, to match a like sum appropriated by any State legislature, to be used in said State for the suppression of venereal diseases; to the Committee on Appropriations.

By Mr. HAUGEN: A bill (H. R. 14272) to amend section 81 of the act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; to the Committee on the Judiciary.

By Mr. JOHNSON of Washington: A bill (H. R. 14273) to limit the immigration of aliens into the United States; to the Committee on Immigration and Naturalization.

By Mr. FULMER: A bill (H. R. 14274) to establish and promote the use of the official cotton standards of the United States in interstate and foreign commerce, to prevent deception therein, and provide for the proper application of such standards, and for other purposes; to the Committee on Agriculture.

By Mr. HAUGEN: A joint resolution (H. J. Res. 438) authorizing the chairman of the Committee on Agriculture to appoint a subcommittee, to consist of not more than eight members of the Committee on Agriculture, to investigate problems relating to reforestation, and for other purposes; to the Committee on Rules.

By Mr. ALMON: A joint resolution (H. J. Res. 439) providing for printing additional copies of soil survey of Lauderdale County, Ala.; to the Committee on Printing.

By Mr. FULLER: A resolution (H. Res. 517) to pay Norman E. Ives \$800 for extra and expert services to the Committee on Invalid Pensions during the third and fourth sessions of the Sixty-seventh Congress by detail from the Bureau of Pensions; to the Committee on Accounts.

By Mr. TINKHAM: Memorial of the Legislature of the State of Massachusetts favoring an embargo being placed on coal shipped from United States to Canada; to the Committee on Interstate and Foreign Commerce.

By Mr. STEENERSON: Memorial of the Legislature of the State of Minnesota expressing its opposition to branch banking; to the Committee on Banking and Currency.

By Mr. ROGERS: Memorial of the Legislature of the State of Massachusetts favoring the passage by Congress of legislation placing an embargo on coal; to the Committee on Interstate and Foreign Commerce.

By Mr. NEWTON of Minnesota: Memorial of the Legislature of the State of Minnesota opposing branch banking; to the Committee on Banking and Currency.

By Mr. ANDREW of Massachusetts: Memorial of the Legislature of the State of Massachusetts favoring the passage by Congress of legislation placing an embargo on coal; to the Committee on Interstate and Foreign Commerce.

By Mr. FROTHINGHAM: Memorial of the Legislature of the State of Massachusetts favoring the passage of legislation placing an embargo on coal; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLE of Ohio: A bill (H. R. 14275) granting a pension to Lewis Corfman; to the Committee on Invalid Pensions.

By Mr. EVANS: A bill (H. R. 14276) granting a pension to John W. Genung; to the Committee on Invalid Pensions.

By Mr. FESS: A bill (H. R. 14277) granting a pension to John Scott; to the Committee on Invalid Pensions.

By Mr. GIFFORD: A bill (H. R. 14278) granting a pension to Abbie D. Washburn; to the Committee on Invalid Pensions.

By Mr. HICKS: A bill (H. R. 14279) providing for the examination and survey of Great Peconic Bay, at Jamesport, Long Island, N. Y.; to the Committee on Rivers and Harbors.

By Mr. KENDALL: A bill (H. R. 14280) granting a pension to Lydia Boyer; to the Committee on Invalid Pensions.

By Mr. MACGREGOR: A bill (H. R. 14281) granting a pension to Margaret Heid; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 14282) granting a pension to Eugenia Hammond; to the Committee on Invalid Pensions.

By Mr. WILLIAMSON: A bill (H. R. 14283) granting a pension to Eusiby Peyton Cleaver and Rosemary Cleaver; to the Committee on Pensions.

PETITIONS, ETC.

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

7247. By the SPEAKER (by request): Petition of members of the General Richard Montgomery Council, American Association for Recognition of the Irish Republic, demanding that England pay 4 per cent on her debt; to the Committee on Ways and Means.

7248. By Mr. ANSORGE: Petition of the Brunswick-Balke-Collender Co., New York City, favoring bill S. 4303, to amend the joint resolution extending the operation of the immigration act of May 19, 1921, as amended by the resolution of May 11, 1922; to the Committee on Immigration and Naturalization.

7249. By Mr. BECK: Petition of W. A. Schreiber and others, of La Crosse County, Wis.; George F. Woerth and others, of Sauk County, Wis.; Frank P. Hemp and others, of Clark County, Wis.; Albert Degener and others, of Clark County, Wis.; J. Mittelstoedt and others, of Monroe County, Wis.; and also letter from Rev. William Parisius, of Neillsville, Wis., urging immediate passage of the joint resolution for the relief of the starving people of central Europe; to the Committee on Foreign Affairs.

7250. By Mr. COLE of Ohio: Petition of executive committee of the Federal Council of Churches, urging the United States to associate itself with the humanitarian commissions of the League of Nations; to the Committee on Foreign Affairs.

7251. Also, petition of executive council, Thirty-seventh Division Veterans' Association, requesting that there be included

in the bill which has been introduced in the United States Senate providing for the erection of a monument memorial of the capture of the village of Montfaucon, suitable mention of recorded facts concerning the part played by the Thirty-seventh Division in such capture; to the Committee on Foreign Affairs.

7252. By Mr. KISSEL: Petition of Knights of Pythias Relief and Employment Bureau, New York City, N. Y., favoring the establishment of a central police bureau; to the Committee on the Judiciary.

7253. By Mr. MACGREGOR: Petition of Edgar Braun and other citizens of Buffalo, N. Y., favoring legislation extending aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7254. Also, petition of members of the Political Service Club, of Erie County, urging the passage of the Townsend bill, which provides for a shorter hour for night employees; to the Committee on the Post Office and Post Roads.

7255. By Mr. TINKHAM: Petition of Columbia Typographical Union, No. 101, opposing recommendation of the Public Printer in regard to annual leave granted to employees in the Government Printing Office; to the Committee on Printing.

7256. By Mr. WATSON: Petition of the Mothers' Club of North Glenside, Pa., favoring restrictive immigration; to the Committee on Immigration and Naturalization.

SENATE.

SATURDAY, February 10, 1923.

(Legislative day of Monday, February 5, 1923.)

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

Mr. HARRISON. 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	Gerry	McCormick	Ransdell
Bayard	Glass	McCumber	Reed, Pa.
Brookhart	Gooding	McKellar	Robinson
Bursum	Harrell	McKinley	Sheppard
Calder	Harris	McNary	Spencer
Cameron	Harrison	Moses	Stanfield
Capper	Heflin	Nelson	Stanley
Colt	Hitchcock	New	Sterling
Couzens	Johnson	Nicholson	Sutherland
Culberson	Jones, Wash.	Norris	Townsend
Curtis	Kellogg	Oddie	Trammell
Dial	Keyes	Overman	Underwood
Dillingham	Ladd	Page	Walsh, Mass.
Fletcher	La Follette	Pepper	Walsh, Mont.
France	Lenroot	Polndexter	Warren
George	Lodge	Pomerene	Willis

The VICE PRESIDENT. Sixty-four Senators have answered to their names. A quorum is present.

REPORT OF THE COMMISSIONER OF PATENTS.

The VICE PRESIDENT laid before the Senate a communication from the First Assistant Secretary of the Interior, transmitting, pursuant to law, the report of the Commissioner of Patents for the calendar year 1922, which was referred to the Committee on Patents.

TRANSCONTINENTAL FREIGHT BUREAU.

The VICE PRESIDENT laid before the Senate a communication from the chairman of the Interstate Commerce Commission, transmitting, in response to Senate Resolution 194, submitted by Mr. PITTMAN and agreed to December 15, 1921, a report of the results of its investigation of the organization, management, and control of the Transcontinental Freight Bureau, which was referred to the Committee on Interstate Commerce.

DEPARTMENTAL USE OF AUTOMOBILES.

The VICE PRESIDENT laid before the Senate the following message from the President of the United States, which was read and, with the accompanying papers, ordered to lie on the table:

To the Senate:

I transmit herewith a report by the Secretary of State furnishing, in response to the Senate's resolution of January 6, 1923, information concerning the passenger automobile in use by the Department of State.

WARREN G. HARDING.

THE WHITE HOUSE, February 10, 1923.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had insisted upon its amendment to Senate amendment No. 33 to the bill

(H. R. 13481) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1924, and for other purposes, had agreed to the further conference requested by the Senate on the disagreeing votes of the two Houses thereon, and that Mr. ANDERSON, Mr. MAGEE, Mr. WASON, Mr. BUCHANAN, and Mr. LEE of Georgia were appointed managers on the part of the House at the further conference.

The message also announced that the House had passed a bill (H. R. 14254) to amend the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," approved February 9, 1922, in which it requested the concurrence of the Senate.

The message further communicated to the Senate the intelligence of the death of Hon. HENRY Z. OSBORNE, late a Representative from the State of California, and transmitted the resolutions of the House thereon.

ENROLLED BILLS SIGNED.

The message also announced that the Speaker of the House had signed the following enrolled bills, and they were thereupon signed by the Vice President:

H. R. 10817. An act to amend section 100 of the Judicial Code of the United States; and

H. R. 13593. An act making appropriations for the Post Office Department for the fiscal year ending June 30, 1924, and for other purposes.

PETITIONS AND MEMORIALS.

Mr. ROBINSON presented resolutions of the Farmers' National Farm Loan Association, of Fordyce, Ark., favoring the passage of the so-called Strong bill amending certain sections of the Federal farm loan act, which were referred to the Committee on Banking and Currency.

Mr. KEYES presented resolutions of the congregation of the South Main Street Congregational Church, of Manchester; the executive committee of the Woman's Club of Hanover, of Hanover; and the Sunday School Superintendents' Association, of Manchester, all in the State of New Hampshire, praying an amendment of the Constitution regulating child labor, which were referred to the Committee on the Judiciary.

Mr. NELSON presented a resolution adopted by a general council meeting of the White Oak Point Bands of Chippewa Indians of the Mississippi, at Ball Club, Itasca County, Minn., favoring the passage of the so-called Larson bill, providing for a per capita distribution of funds in the Treasury to the credit of Chippewas for the relief of suffering and distress among said Indians, which was referred to the Committee on Indian Affairs.

Mr. LADD presented a resolution of the Killdeer National Farm Loan Association, of Killdeer, N. Dak., protesting against 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.

Mr. WILLIS presented a resolution of the Ohio State Horticultural Society, favoring the passage of the so-called Purnell bill, for the financial assistance of agricultural experiment stations, which was referred to the Committee on Appropriations.

Mr. OWEN presented the following resolutions of the House of Representatives of Oklahoma, which were referred to the Committee on Foreign Relations:

STATE OF OKLAHOMA,
HOUSE OF REPRESENTATIVES, NINTH LEGISLATURE,
Oklahoma City, January 27, 1923.

Senator ROBERT L. OWEN,
Washington, D. C.

DEAR SENATOR OWEN: Inclosed find copy of Engrossed House Resolution No. 16 which was passed by unanimous consent of the House of Representatives.

Very truly yours,

C. J. KENDLE, Chief Clerk.

Engrossed House Resolution No. 16 memorializing Congress to give its sympathetic consideration to a basic plan for a return to world sanity through a conference of world war powers under leadership of the United States.

Whereas it is made known by the American press that conditions in continental Europe grow daily worse; that nations, great and small, are tottering, unable to pay expenses; and

Whereas suffering among the people is increasing, famine threatens here and there, unemployment is growing, and a spirit of suicidal desperation has settled down over half the world; and

Whereas if step follows step and a new world war results this conflict by comparison will bleach the red horror of the last one, sweeping us along with the rest; and

Whereas the time to avert the European crisis is before it leads to a new conflict of nations: Now, therefore, be it

Resolved by the House of Representatives of the Ninth Legislature of the State of Oklahoma, That we memorialize the Congress of the United States to give its sympathetic consideration to the following basic plan for a return to world sanity: