

7316. By Mr. KISSEL: Petition of Central Trades and Labor Council, Greater New York and vicinity, favoring the passage of Senate bill 3136, known as the teachers' salary bill; to the Committee on the District of Columbia.

7317. By Mr. NEWTON of Minnesota: Petition signed by Theo. J. E. Fomnessen and other residents of Minneapolis, Minn., indorsing joint resolution purporting to extend immediate aid to people of German and Austrian Republics; to the Committee on Foreign Affairs.

7318. By Mr. ROGERS: Petition adopted at the town meeting, Carlisle, Mass., urging Congress to set up some agency which shall have the power to fix a maximum price on coal; to the Committee on Interstate and Foreign Commerce.

7319. By Mr. SMITH of Idaho: Petition by settlers on Twin Falls north side project, Idaho, favoring a reduction of freight rates; to the Committee on Interstate and Foreign Commerce.

7320. Also, petition by settlers on Twin Falls north side project, Idaho, favoring a reduction of freight rates; to the Committee on Interstate and Foreign Commerce.

7321. By Mr. TAGUE: Petition of Court Italy, No. 142, Foresters of America, and Loggia Unione E Progresso, Sons of Italy, all of Boston, Mass., against the passage of House bill 14273 further restricting immigration; to the Committee on Immigration and Naturalization.

SENATE.

FRIDAY, February 16, 1923.

(Legislative day of Tuesday, February 13, 1923.)

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

REORGANIZATION OF EXECUTIVE DEPARTMENTS (S. DOC. NO. 302).

Mr. SMOOT. Mr. President, I have here a complete statement of the organization of our Government departments as they exist to-day, together with a complete statement of the reorganization of the departments of the Government as recommended by the President and Cabinet at the request of the Joint Committee on Reorganization. I ask that the statement be printed in the RECORD, together with the heading that I submit with the plan, and also that a copy of the President's letter addressed to Mr. Walter F. Brown, chairman of the Joint Committee on Reorganization of the Government Departments, be printed in the RECORD, to be followed by the outline of the reorganization plan recommended by the President and the Cabinet. I ask also that the reorganization plan with the heading be printed as a public document.

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

The letter and statement are as follows:

[Senate Document No. 302, Sixty-seventh Congress, fourth session.]

REORGANIZATION OF THE EXECUTIVE DEPARTMENTS.

Letter from the President of the United States to Mr. Walter F. Brown, chairman of the Joint Committee on the Reorganization of Government Departments, transmitting a chart exhibiting in detail the present organization of the Government departments and the changes suggested by the President and the Cabinet. Presented by Mr. SMOOT February 13 (calendar day, February 16), 1923. Ordered to be printed.

THE WHITE HOUSE,
Washington, February 13, 1923.

Mr. WALTER F. BROWN,
Chairman Joint Committee on the Reorganization
of Government Departments, Washington, D. C.

MY DEAR MR. BROWN: I hand you herewith a chart which exhibits in detail the present organization of the Government departments and the changes suggested after numerous conferences and consultations with the various heads of the executive branch of the Government. The changes, with few exceptions, notably that of coordinating all agencies of national defense, have the sanction of the Cabinet. In a few instances, which I believe are of minor importance, the principle of major purpose has not been followed to the letter, in order to avoid controversies which might jeopardize reorganization as a whole.

Permit me to repeat what I have said to the members of the Joint Committee on Reorganization—that I regret deeply the delay in placing our suggestions in your hands. It has been caused solely by the difficulty which has been encountered in reconciling the views of the various persons charged with the responsibility of administering the executive branch of the Government.

With the earnest hope that the suggestions submitted may be of material assistance to the committee in performing its most important task, I am,

Very truly yours,

WARREN G. HARDING.

OUTLINE OF THE REORGANIZATION PLAN RECOMMENDED BY THE PRESIDENT AND THE CABINET.

SUMMARY OF RECOMMENDATIONS.

The outstanding recommendations are as follows:

- I. The coordination of the Military and Naval Establishments under a single Cabinet officer as the Department of National Defense.
- II. The transfer of all nonmilitary functions from the War and Navy Departments to civilian departments, chiefly Interior and Commerce,

III. The elimination of all nonfiscal functions from the Treasury Department.

IV. The establishment of one new department, the Department of Education and Welfare.

V. The change of the name of the Post Office Department to Department of Communications.

VI. The attachment to the several departments of all independent establishments except those which perform quasi-judicial functions or act as service agencies for all departments.

THE MORE IMPORTANT CHANGES, BY DEPARTMENTS.

STATE DEPARTMENT.

(a) The Bureau of Insular Affairs is transferred from the War Department to the Department of State.

TREASURY DEPARTMENT.

(a) The General Accounting Office, now an independent establishment, is transferred to the Treasury Department.

(b) The following bureaus, now in the Treasury Department, are transferred to other departments as noted:

BUREAU OR OFFICE—	TRANSFERRED TO—
Bureau of the Budget	Independent establishment.
General Supply Committee	Independent establishment. ¹
Public Health Service	Education and Welfare.
Coast Guard	Commerce, defense. ²
Supervising Architect's Office	Interior.

WAR AND NAVY DEPARTMENTS.

(a) These departments are placed under a single Cabinet officer, as the Department of Defense. Three undersecretaries are provided; for the Army, for the Navy, and for national resources.

(b) The nonmilitary engineering activities of the War Department, including the Board of Engineers for Rivers and Harbors, the District and Division Engineer Offices, the Mississippi River and California Débris Commissions, the Board of Road Commissioners for Alaska, and the Office of Public Buildings and Grounds (District of Columbia), are transferred to the Department of the Interior.

(c) The marine activities of the War Department, including the Lake Survey Office, the Inland and Coastwise Waterways Service, and the supervisor of New York Harbor, are transferred to the Department of Commerce.

(d) The Bureau of Insular Affairs is transferred from the War Department to the Department of State.

(e) The Hydrographic Office and the Naval Observatory are transferred from the Navy Department to the Department of Commerce.

(f) The Revenue Cutter Service, now a part of the Coast Guard in the Treasury Department, is transferred from that department to the Naval Establishment.

DEPARTMENT OF THE INTERIOR.

(a) The Interior Department is given two major functions: The administration of the public domain and the construction and maintenance of public works. The subdivisions of the department are grouped accordingly under two assistant secretaries.

(b) The educational and health activities of the department, including the Bureau of Education, Indian schools, Howard University, the Columbia Institution for the Deaf, St. Elizabeths Hospital, and Freedmen's Hospital, together with the Bureau of Pensions, are transferred to the new Department of Education and Welfare.

(c) The Bureau of Mines³ and the Patent Office are transferred to the Department of Commerce.

(d) The nonmilitary engineering activities of the War Department⁴ are transferred to the Department of the Interior, as is also control over the national military parks.

(e) The Supervising Architect's Office is transferred from the Treasury Department to the Department of the Interior.

(f) The Bureau of Public Roads is transferred from the Department of Agriculture to the Department of the Interior.

(g) The functions of the Federal Power Commission, an independent establishment, are transferred to the Department of the Interior.

DEPARTMENT OF JUSTICE.

(a) The solicitors of the several departments, now nominally under the control of the Department of Justice, are transferred to the departments to which they are respectively attached.

(b) The office of the Alien Property Custodian, now an independent establishment, is transferred to the Department of Justice.

(c) The administration of United States prisons is transferred from the Department of Justice to the Department of Education and Welfare.

DEPARTMENT OF COMMUNICATIONS.

(a) The Post Office Department is renamed as the Department of Communications. The only important change contemplated is the addition of a bureau to develop and extend telephone and telegraphic communications, including wireless, for the general public benefit.

DEPARTMENT OF AGRICULTURE.

(a) The Bureau of Public Roads is transferred to the Department of the Interior.

(b) The Botanic Garden is transferred from congressional supervision to the control of the Department of Agriculture.

DEPARTMENT OF COMMERCE.

(a) The Department of Commerce is given three major functions: The promotion of industry, the promotion of trade, and the development, regulation, and protection of the merchant marine. The subdivisions of the department are organized, accordingly, under three Assistant Secretaries.

(b) The Bureau of Mines and the Patent Office are transferred to the Department of Commerce from the Department of the Interior, as well as the compilation of statistics of mineral production.⁵

¹ A bureau of purchase and supply is proposed, to be an independent establishment. It would assume the functions now performed by the General Supply Committee.

² The Coast Guard is now composed of the former Revenue Cutter and Life Saving Services (consolidated by the act approved January 28, 1915). It is proposed that the Revenue Cutter Service shall be transferred to the Naval Establishment (Department of Defense) and the Life Saving Service to the Department of Commerce.

³ Except the Government fuel yards, which is to become a part of the proposed Bureau of Purchase and Supply (independent).

⁴ See (b) under War and Navy Departments.

⁵ Statistics of mineral production are compiled by the Geological Survey of the Interior Department.

(c) The Lake Survey, the inland and coastwise waterways service, the supervisor of New York Harbor, and the compilation of statistics of internal commerce are transferred from the War Department to the Department of Commerce.

(d) The Hydrographic Office and the Naval Observatory are transferred from the Navy Department to the Department of Commerce.

(e) The Life Saving Service is transferred from the Treasury Department (Coast Guard) to the Department of Commerce, which is given control likewise over the United States section of the Inter-American High Commission, now in the Treasury Department.

DEPARTMENT OF LABOR.

(a) The functions of the women's and children's bureaus, except such as relate to women and children in industry, are transferred to the Department of Education and Welfare.

DEPARTMENT OF EDUCATION AND WELFARE.

(a) This is a new department, to have four major subdivisions, each in charge of an assistant secretary, as follows:

Education.
Health.
Social service.
Veteran Relief.

(b) Existing bureaus and offices to be transferred to the Department of Education and Welfare are as follows:

From the Department of the Interior:

Bureau of Education.
Indian schools.
Howard University.
St. Elizabeths Hospital.
Freedmen's Hospital.
Bureau of Pensions.

From the Department of Labor:

Women's Bureau (part).
Children's Bureau (part).

From the Treasury Department:

Public Health Service.

From the War Department:

Soldiers' Home.

From the Department of Justice:

Office of the Superintendent of Prisons.

Independent establishments:

Smithsonian Institution.³
Federal Board for Vocational Education.
National Home for Disabled Volunteer Soldiers.
Columbia Institution for the Deaf.
Veterans' Bureau.

INDEPENDENT ESTABLISHMENTS.

(a) To the greatest possible extent the existing independent establishments have been placed under the administrative supervision of some department. Only those remain which are quasi judicial in character, necessitating a board or commission form of organization, or which perform a service function for all branches of the Government. These are as follows:

Commissions, boards, etc.:

Civil Service Commission.
Shipping Board Emergency Fleet Corporation.
Tariff Commission.
Interstate Commerce Commission.
Federal Trade Commission.
Federal Reserve Board.
War Finance Corporation.
Coal Commission.
Railroad Administration.
Railroad Labor Board.
World War Foreign Debt Commission.

Service bureaus and offices:

Bureau of the Budget.
Government Printing Office.
Bureau of Efficiency.
Bureau of Purchase and Supply, Government Fuel Yards.

CONGRESS OF THE UNITED STATES, JOINT COMMITTEE ON REORGANIZATION.

WALTER F. BROWN, representing the President, chairman.

REED SMOOT, Senator from Utah, vice chairman.

JAMES W. WADSWORTH, JR., Senator from New York.

PAT HARRISON, Senator from Mississippi.

J. STANLEY WEBSTER, Representative from Washington.

HENRY W. TEMPLE, Representative from Pennsylvania.

R. WALTON MOORE, Representative from Virginia.

Scheme of reorganization of the executive departments suggested by the President and Cabinet at the request of the joint committee.

CHART A.—The existing organization of the executive departments.

THE PRESIDENT.

INDEPENDENT EXECUTIVE ESTABLISHMENTS.

Smithsonian Institution (Education and Welfare):

National Museum.
National Gallery of Art.
International Exchange Service.
Bureau of American Ethnology.
Astrophysical Observatory.
National Zoological Park.

International Catalogue of Scientific Literature.

Columbia Institution for the Deaf (Education and Welfare).

National Home for Disabled Volunteer Soldiers (Education and Welfare).

Superintendent of the State, War, and Navy Buildings (Interior).

Civil Service Commission.

Interstate Commerce Commission.

Geographic Board (omitted).

Commission of Fine Arts (Interior).

³ There is some doubt, considering the legal character of the Smithsonian Institution, whether it can be incorporated in a Government department. Its functions, however, are in harmony with those of the proposed Department of Education and Welfare, and the propriety of its inclusion therein is unquestioned if it can legally be accomplished.

Rock Creek and Potomac Parkway Commission (Interior).

Bureau of Efficiency.

Federal Reserve Board.

Federal Trade Commission.

National Advisory Committee for Aeronautics (Defense).

Employees' Compensation Commission (Pensions).

Shipping Board:

Emergency Fleet Corporation.

Tariff Commission.

Federal Board for Vocational Education (Education and Welfare).

Alien Property Custodian (Justice).

Railroad Administration.

War Finance Corporation.

Railroad Labor Board.

Federal Power Commission (Interior).

Veterans' Bureau (Education and Welfare).

Coal Commission.

General Accounting Office (Treasury).

World War Foreign Debt Commission.

(I) DEPARTMENT OF STATE.

Secretary of State.

Diplomatic Service.

Consular Service.

United States Sections, International Commissions.

Undersecretary of State:

Office of Economic Adviser.
Division of Latin American Affairs.
Division of Mexican Affairs.
Division of Current Information.
Division of Publications.
Office of Special Agent.

Assistant Secretary:

Division of Western European Affairs.
Division of Near Eastern Affairs.
Division of Eastern European Affairs.
Bureau of Appointments.

Second Assistant Secretary:

Division of Passport Control.
Visé Office.

Diplomatic Bureau.

Bureau of Indexes and Archives.

Third Assistant Secretary:

Office of Ceremonials.
Division of Far Eastern Affairs.
Bureau of Accounts.
War Trade Board Section.

Director of the Consular Service:

Consular Bureau.
Office of Consular Personnel.
Commercial Office.
Division of Political and Economic Information.
Office of Chief Clerk.

Solicitor.

(II) DEPARTMENT OF THE TREASURY.

Secretary of the Treasury.

Undersecretary, in charge of fiscal bureaus:

Commissioner of the Public Debt—
Division of Loans and Currency.
Register of the Treasury.
Division of Public Debt Accounts and Audit.
Savings Division.

Commissioner of Accounts and Deposits—

Division of Bookkeeping and Warrants.
Division of Deposits.

Treasurer of the United States.

Comptroller of the Currency.

Bureau of the Budget (Independent).

Bureau of the Mint.

Federal Farm Loan Bureau.

Secret Service Division.

Assistant Secretary, in charge of foreign loans and miscellaneous:

United States Section, Inter-American High Commission (Com-

merce).

Bureau of Engraving and Printing.

General Supply Committee (Independent).

Departmental executive offices.

Assistant Secretary, in charge of public health, public buildings, and

Coast Guard (omitted):

Public Health Service (Education and Welfare).

Supervising Architect's Office (Interior).

Coast Guard (Revenue Cutter Service to Defense; Life Saving Ser-

vice to Commerce).

Assistant Secretary, in charge of the collection of the revenues:

Bureau of Internal Revenue—

Prohibition Commissioner.

Division of Customs.

Customs Service.

(III) DEPARTMENT OF WAR (DEFENSE).

Secretary of War.

Assistant Secretary.

Executive Offices.

General Staff.

War boards and commissions.

Office of the Adjutant General.

Office of the Inspector General.

Office of the Judge Advocate General.

Office of the Quartermaster General.

Office of the Chief of Finance.

Office of the Surgeon General.

Office of the Chief of Ordnance.

Office of the Chief of Chemical Warfare Service.

Militia Bureau.

Bureau of Insular Affairs (State).

Office of the Chief of Chaplains.

Office of the Chief Signal Officer.

Office of the Chief of Air Service.

Office of the Chief of Infantry.

Office of the Chief of Cavalry.

Office of the Chief of Field Artillery.

Office of the Chief of Coast Artillery.

Office of the Chief of Engineers.
 Board of Engineers for Rivers and Harbors (Interior).
 Board of Engineers, New York City (Interior).
 Supervisor of New York Harbor (Commerce).
 United States Engineer Offices (Interior).
 Lake Survey (Commerce).
 Mississippi River Commission (Interior).
 California Débris Commission (Interior).
 Board of Road Commissioners for Alaska (Interior).
 Office of Public Buildings and Grounds and Washington Monument (Interior).
 Military Academy.
 Inland and Coastwise Waterways Service (Commerce).
 Panama Canal.
 National Military Park Commissions (Interior).
 Soldiers' Home (Education and Welfare).

(IV) DEPARTMENT OF THE NAVY (DEFENSE).

Secretary of the Navy.
 Assistant Secretary.
 Executive offices.

Office of Naval Operations.
 Navy boards.
 Bureau of Navigation:
 Hydrographic Office (Commerce).
 Naval Observatory (Commerce).
 Naval Academy.
 Bureau of Yards and Docks.
 Bureau of Ordnance.
 Bureau of Construction and Repair.
 Bureau of Engineering.
 Bureau of Aeronautics.
 Bureau of Supplies and Accounts.
 Bureau of Medicine and Surgery.
 Headquarters, Marine Corps.
 Judge Advocate General.
 Solicitor.

(V) DEPARTMENT OF THE INTERIOR.

Secretary of the Interior.
 Executive offices.

First Assistant Secretary:
 General Land Office.
 Reclamation Service.
 National Park Service.
 Assistant Secretary:
 Bureau of Indian Affairs (schools to Education and Welfare).
 Bureau of Pensions (Education and Welfare).
 Patent Office (Commerce).
 Bureau of Education (Education and Welfare).
 St. Elizabeths Hospital (Education and Welfare).
 Howard University (Education and Welfare).
 Freedmen's Hospital (Education and Welfare).
 Administration of Alaska and Hawaii.
 Geological Survey.
 Bureau of Mines (Commerce):
 Government fuel yards (Bureau of Purchase and Supply, independent).
 Alaskan Engineering Commission.
 War Minerals Relief Commission.

(VI) DEPARTMENT OF JUSTICE.

Attorney General.
 Solicitor General.

War Contracts Section.
 Assistant to the Attorney General:
 Antitrust Division.
 Assistant Attorney General:
 Division for the Defense of Suits.
 Assistant Attorney General:
 Public Lands Division—
 Office of Titles.
 Office of Land Litigation in the District of Columbia.
 Assistant Attorney General:
 Criminal Division.
 Assistant Attorney General:
 Division of Admiralty, Finance, Foreign Relations, Territorial and Insular Affairs.
 Assistant Attorney General:
 Division of Taxation, Insurance, Prohibition, and Minor Regulations of Commerce.
 Assistant Attorney General:
 Customs Division.
 Assistant Attorney General:
 Executive Offices.
 Solicitor of the Treasury (Treasury).
 Solicitor of Internal Revenue (Treasury).
 Solicitor for the Interior Department (Interior).
 Solicitor for the Department of Commerce (Commerce).
 Solicitor for the Department of Labor (Labor).
 Bureau of Investigation.
 Office of Superintendent of Prisons (Education and Welfare).
 Office of Pardons.

(VII) POST OFFICE DEPARTMENT (COMMUNICATIONS).

Postmaster General.
 Executive offices.

First Assistant Postmaster General:
 Postmasters' appointments division.
 Post office service division.
 Dead letter division.
 Second Assistant Postmaster General:
 Railway Mail Service division.
 Railway adjustments division.
 Foreign mails division.
 Air mail service division.
 Third Assistant Postmaster General:
 Money orders division.
 Postal savings division.
 Registered mails division.
 Stamp division.
 Finance division.
 Classification division.

Fourth Assistant Postmaster General:
 Rural mails division.
 Motor vehicle service division.
 Equipment and supplies division.
 Chief Inspector.
 Purchasing agent (omitted).
 Office of the comptroller.
 Solicitor.

(VIII) DEPARTMENT OF AGRICULTURE.

Secretary of Agriculture.
 Assistant Secretary.
 Executive offices.

Administration of Packers and Stockyards and Trading in Grain Futures.
 Weather Bureau.
 Bureau of Animal Industry.
 Bureau of Plant Industry.
 Forest Service.
 Bureau of Chemistry.
 Bureau of Soils.
 Bureau of Entomology.
 Bureau of Biological Survey.
 Division of Publications.
 States Relations Service.
 Bureau of Public Roads (Interior).
 Bureau of Agricultural Economics.
 Insecticide and Fungicide Board.
 Federal Horticultural Board.
 Solicitor.

(IX) DEPARTMENT OF COMMERCE.

Secretary of Commerce.
 Assistant Secretary.
 Executive Offices.

Bureau of the Census.
 Bureau of Foreign and Domestic Commerce.
 Bureau of Standards.
 Bureau of Fisheries.
 Bureau of Lighthouses.
 Coast and Geodetic Survey.
 Bureau of Navigation.
 Steamboat Inspection Service.

(X) DEPARTMENT OF LABOR.

Secretary of Labor.
 Assistant Secretary.
 Second Assistant Secretary.
 Executive Offices.

Bureau of Immigration.
 Bureau of Naturalization.
 Bureau of Labor Statistics.
 Children's Bureau (part Education and Welfare).
 Women's Bureau (part Education and Welfare).
 Division of Conciliation.
 Employment Service.
 Housing Corporation.

ESTABLISHMENTS UNDER CONGRESSIONAL DIRECTION.

Library of Congress.
 Architect of the Capitol (Interior).
 Government Printing Office (independent).
 Botanic Garden (Agriculture).
 Miscellaneous memorial commissions.
 National Forest Reservation Commission.
 Public Buildings Commission (independent).

FEBRUARY 9, 1923.

CHART B.—*The organization of the executive departments recommended by the President and the Cabinet.*

THE PRESIDENT.
 Secretary and staff.

INDEPENDENT EXECUTIVE ESTABLISHMENTS.

Budget Bureau (Treasury).
 Civil Service Commission.
 Bureau of Efficiency.
 Bureau of Purchase and Supply (new).
 Government Fuel Yard (Interior).
 Government Printing Office (Congress).
 Shipping Board:
 Emergency Fleet Corporation.
 Tariff Commission.
 Railroad Administration.
 Interstate Commerce Commission.
 Federal Trade Commission.
 Federal Reserve Board.
 War Finance Corporation.
 Coal Commission.
 Railroad Labor Board.
 World War Foreign Debt Commission.
 Public Buildings Commission (Congress).

(1) DEPARTMENT OF STATE.

Secretary of State.

Diplomatic Service.
 Consular Service.
 United States sections, international commissions.

Undersecretary of State:
 Office of the Economic Adviser.
 Division of Latin American Affairs.
 Division of Mexican Affairs.
 Division of Current Information.
 Division of Publications.
 Office of Special Agent.

Assistant Secretary:
 Division of Western European Affairs.
 Division of Near Eastern Affairs.
 Division of Eastern European Affairs.
 Bureau of Appointments.

Assistant Secretary:
 Division of Passport Control.
 Visé Office.
 Diplomatic Bureau.
 Bureau of Indexes and Archives.

Assistant Secretary:

Office of Ceremonials.
Division of Far Eastern Affairs.
Bureau of Accounts.
War Trade Board Section.

Assistant Secretary:

Bureau of Insular Affairs (War).
Consular Bureau.
Office of Consul Personnel.
Commercial Office.
Division of Political and Economic Information.
Office of Chief Clerk.

Solicitor:

(II) DEPARTMENT OF THE TREASURY.

Secretary of the Treasury.

Undersecretary in Charge of Fiscal Bureaus:

Commissioner of the Public Debt—
Division of Loans and Currency.
Register of the Treasury.
Division of Public Debt Accounts and Audit.
Savings Division.

Commissioner of Accounts and Deposits—
Division of Bookkeeping and Warrants.
Division of Deposits.

Treasurer of the United States.
Comptroller of the Currency.

Bureau of the Mint.
Federal Farm Loan Bureau.
Secret Service Division.

Assistant Secretary in Charge of Foreign Loans and Miscellaneous:

Bureau of Engraving and Printing.
General Accounting Office (Independent).
Departmental Executive Offices.

Solicitor of the Treasury (Justice).

Assistant Secretary in Charge of the Collection of the Revenues:

Bureau of Internal Revenue—
Solicitor of Internal Revenue (Justice).
Prohibition Commissioner.

Division of Customs.
Customs Service.

(III) DEPARTMENT OF DEFENSE (WAR, NAVY).

Secretary for defense.

Undersecretary for the Army.

Assistant Secretary.

Executive offices:

General Staff.
War boards and commissions.
Office of The Adjutant General.
Office of the Inspector General.
Office of the Judge Advocate General.
Office of the Quartermaster General.
Office of the Chief of Finance.
Office of the Surgeon General.
Office of the Chief of Ordnance.
Office of the Chief of Chemical Warfare Service.
Militia Bureau.
Office of the Chief of Chaplains.
Office of the Chief Signal Officer.
Office of the Chief of Air Service.
Office of the Chief of Infantry.
Office of the Chief of Cavalry.
Office of the Chief of Field Artillery.
Office of the Chief of Coast Artillery.
Office of the Chief of Engineers.
Military Academy.
Panama Canal.

Undersecretary for the Navy.

Assistant Secretary.

Executive offices:

Office of Naval Operations.
Navy boards.
Bureau of Navigation—
Naval Academy.
Bureau of Yards and Docks.
Bureau of Ordnance.
Bureau of Construction and Repair.
Bureau of Engineering.
Bureau of Aeronautics.
Bureau of Supplies and Accounts.
Bureau of Medicine and Surgery.
Revenue Cutter Service (Coast Guard, Treasury).
Headquarters, Marine Corps.
Judge Advocate General—
Solicitor.

Undersecretary for National Resources (new).

Assistant Secretary.

Executive offices:

Men.
Munitions.
Food and clothing.
Transportation.
Communications.
Fuel.
Miscellaneous.

Jolot boards (War and Navy).

National Advisory Committee for Aeronautics (independent).

(IV) DEPARTMENT OF THE INTERIOR.

Secretary of the Interior.

Executive Offices.

Assistant Secretary for Public Domain:

Administration of Alaska and Hawaii.
Indian Lands and Reservations.
General Land Office.
Geological Survey.
War Minerals Relief Commission.
National Park Service.
National Military Park Commissions (War).
Federal Power Section (Federal Power Commission).

Assistant Secretary for Public Works:

Bureau of Public Roads (Agriculture).
Supervising Architect's Office (Treasury).
Alaskan Engineering Commission.
Reclamation Service.

Board of Engineers for Rivers and Harbors (War)—

Board of Engineers, New York City (War).
United States Engineer Offices (War).
Mississippi River Commission (War).
California Débris Commission (War).

Board of Road Commissioners for Alaska (War).

Bureau of District of Columbia Buildings and Grounds—

Office of Public Buildings and Grounds (War).
Commission of Fine Arts (Independent).
Superintendent, State, War, and Navy Department Buildings (Independent).

Architect of the Capitol (Congress).

Rock Creek and Potomac Parkway Commission (Independent).

Solicitor (Justice).

(V) DEPARTMENT OF JUSTICE.

Attorney General.

Solicitor General.

War Contracts Section.

Bureau of Investigation.

Office of Pardons.

Assistant to the Attorney General:

Antitrust Division.

Assistant Attorney General:

Division for the Defense of Suits.

Assistant Attorney General:

Public Lands Division—

Office of Titles.

Office of Land Litigation in the District of Columbia.

Assistant Attorney General:

Criminal Division.

Assistant Attorney General:

Division of Admiralty, Finance, Foreign Relations, Territorial and Insular Affairs.

Alien Property Custodian (independent).

Assistant Attorney General:

Division of Taxation, Insurance, Prohibition, and Minor Regulations of Commerce.

Assistant Attorney General:

Customs Division.

Assistant Attorney General:

Executive offices.

(VI) DEPARTMENT OF COMMUNICATIONS (POST OFFICE).

Secretary of Communications.

Undersecretary of Communications.

Executive offices.

Assistant Secretary for Postal Service:

Postmasters' Appointments Division.

Post Office Service Division.

Dead Letter Division.

Assistant Secretary for Postal Transportation:

Railway Mail Service Division.

Railway Adjustments Division.

Foreign Mails Division.

Air Mail Service Division.

Assistant Secretary for Postal Finance:

Office of the Comptroller.

Money Orders Division.

Postal Savings Division.

Registered Mails Division.

Stamp Division.

Finance Division.

Classification Division.

Assistant Secretary for Postal Purchases and Supplies:

Rural Mails Division.

Motor Vehicle Service Division.

Equipment and Supplies Division.

Assistant Secretary for Telephone and Telegraph (including Radio)

(new):

Telephone Division.

Telegraph Division.

Chief Inspector.

Solicitor.

(VII) DEPARTMENT OF AGRICULTURE.

Secretary of Agriculture.

Assistant Secretary.

Executive offices.

Administration of packers and stockyards and trading in grain futures.

Weather Bureau.

Bureau of Animal Industry.

Bureau of Plant Industry.

Botanic Garden (Congress).

Forest Service.

Bureau of Chemistry.

Bureau of Soils.

Bureau of Entomology.

Bureau of Biological Survey.

Division of Publications.

States Relations Service.

Bureau of Agricultural Economics.

Insecticide and Fungicide Board.

Federal Horticultural Board.

Solicitor.

(VIII) DEPARTMENT OF COMMERCE.

Secretary of Commerce.

Executive offices.

Assistant Secretary for Industry:

Bureau of Standards.

Bureau of Mines (Interior).

Bureau of Fisheries.

Bureau of Federal Statistics (new)—

(Bureau of the Census).

Bureau of Customs Statistics (Treasury).

Mineral Production Statistics (Geological Survey).

Internal Commerce Statistics (War).

Bureau of Patents (Interior).

Assistant Secretary for Trade:
 Bureau of Foreign and Domestic Commerce.
 United States section Inter-American High Commission (Treasury).
 Bureau of Transportation (new)—
 Airways.
 Waterways (Federal canals, except Panama).
 Highways.
 Assistant Secretary for Merchant Marine:
 Coast and Geodetic Survey—
 Lake Survey (War).
 Hydrographic Office (Navy).
 National Observatory (Navy).
 Bureau of Lighthouses.
 Life Saving Service (Coast Guard, Treasury).
 Bureau of Navigation.
 Steamboat Inspection Service.
 Inland and Coastwise Waterways Service (War).
 Supervisor of New York Harbor (War).
 Solicitor (Justice).

(IX) DEPARTMENT OF LABOR,
 Secretary of Labor.
 Assistant Secretary.
 Second Assistant Secretary.
 Executive offices.

Bureau of Immigration.
 Bureau of Naturalization.
 Bureau of Labor Statistics.
 Children's Bureau (less nonindustrial service).
 Women's Bureau (less nonindustrial service).
 Division of Conciliation.
 Employment Service.
 Housing Corporation.
 Solicitor (Justice).

(X) DEPARTMENT OF EDUCATION AND WELFARE.

Secretary of Education and Welfare.
 Executive offices.

Assistant Secretary for Education:
 General education—
 Bureau of Education (Interior).
 Indian schools (Interior).
 Howard University (Interior).
 Columbia Institution for the Deaf (Independent).
 Smithsonian Institution (Independent)—
 National Museum.
 National Gallery of Art.
 International Exchange Service.
 Bureau of American Ethnology.
 Astrophysical Observatory.
 National Zoological Park.
 International Catalogue of Scientific Literature.
 Physical education (new).
 Vocational education (Federal Board for Vocational Education)—
 Section of vocational rehabilitation.
 Assistant Secretary for Public Health:
 Public Health Service (Treasury)—
 Quarantine and sanitation.
 Hospitalization—
 National Home for Disabled Volunteer Soldiers (Independent).
 Soldiers' Home (War).
 St. Elizabeths Hospital (Interior).
 Freedmen's Hospital (Interior).
 Research.
 Assistant Secretary for Social Service:
 Women's Bureau (Labor—part).
 Children's Bureau (Labor—part).
 Superintendent of Prisons (Justice).
 Assistant Secretary for Veteran Relief:
 Veterans' Bureau (Independent).
 Bureau of Pensions (Interior).
 Solicitor.

ESTABLISHMENTS UNDER CONGRESSIONAL DIRECTION.

Library of Congress.
 National Forest Reservation Commission.
 Miscellaneous Memorial Commissions.

FEBRUARY 9, 1923.

PETITIONS AND MEMORIALS.

Mr. WILLIS presented a telegram in the nature of a petition from the Merchant Tailors' Exchange, of Cincinnati, Ohio, praying for the passage of the so-called ship subsidy bill, which was ordered to lie on the table.

Mr. WARREN presented communications in the nature of memorials of the Cheyenne Trades and Labor Assembly, of Cheyenne, and the Central Labor Union, of Rock Springs, both in the State of Wyoming, remonstrating against the passage of the so-called ship subsidy bill, which were ordered to lie on the table.

Mr. CAPPER presented a resolution adopted by the First Church of Christ Scientist, of Winfield, Kans., praying an amendment to the Constitution governing the passage of legislation regulating child labor, which was referred to the Committee on the Judiciary.

Mr. LADD presented a resolution of the Hazen National Farm Loan Association, of Hazen, N. Dak., protesting against the passage of House bill 13125, amending certain sections of the Federal farm loan act, which was referred to the Committee on Banking and Currency.

Mr. McLEAN presented a communication in the nature of a petition of the Derby and Shelton Board of Trade, of Derby, Conn., praying for the passage of legislation creating a national police bureau in the District of Columbia, which was referred to the Committee on the District of Columbia.

He also presented a resolution adopted at a meeting of citizens in the Old State House at Hartford, Conn., favoring the passage of legislation permitting admission into the United States of Armenians and Greeks who have been expelled from the Turkish Empire, which was ordered to lie on the table.

REPORTS OF COMMITTEES.

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

H. R. 6358. An act authorizing the accounting officers of the Treasury to pay to A. E. Ackerman the pay and allowances of his rank for services performed prior to the approval of his bond by the Secretary of the Navy (Rept. No. 1155); and

H. R. 8046. An act for the relief of Themis Christ (Rept. No. 1156).

Mr. FERNALD, from the Committee on Public Buildings and Grounds, to which were referred the following bills, reported them each without amendment:

S. 4476. An act to convey to the Big Rock Stone & Construction Co. a portion of the hospital reservation of United States Veterans' Hospital No. 78 (Fort Logan H. Roots), in the State of Arkansas; and

H. R. 11579. An act to amend section 1 of an act approved January 11, 1922, entitled "An act to permit the city of Chicago to acquire real estate of the United States of America."

SILVER SERVICE OF BATTLESHIP SOUTH CAROLINA.

Mr. PAGE. Mr. President, from the Committee on Naval Affairs I report back favorably, without amendment, the bill (H. R. 13351) authorizing the Secretary of the Navy, in his discretion, to deliver to the Daughters of the American Revolution of the State of South Carolina the silver service which was used upon the battleship *South Carolina*, and I submit a report (No. 1153) thereon. I call the attention of the Senator from South Carolina [Mr. SMITH] to the bill.

Mr. SMITH. Mr. President, this involves a silver service given to the battleship *South Carolina*. The Secretary of the Navy is in hearty accord with the plan to return it to the Daughters of the American Revolution of South Carolina. I ask for the immediate consideration of the bill. It will not give rise to any debate.

There being no objection, the bill was considered as in Committee of the Whole, and it was read, as follows:

Be it enacted, etc., That the Secretary of the Navy is authorized, in his discretion, to deliver to the custody of the Daughters of the American Revolution of the State of South Carolina, for preservation and exhibition, the silver service which was presented by the State of South Carolina and used upon the battleship *South Carolina* while the said battleship was in commission: *Provided*, That no expense shall be incurred by the United States for the delivery of such silver service.

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

LIEUT. L. D. WEBB.

Mr. PAGE. From the Committee on Naval Affairs I report back favorably, with an amendment, the bill (S. 3955) to compensate Lieut. L. D. Webb, United States Navy, for damages to household effects while being transported by Government conveyance, and I submit a report (No. 1154) thereon. I call the attention of the junior Senator from Alabama [Mr. HEFLIN] to the bill.

Mr. HEFLIN. Mr. President, I ask that the bill may be considered immediately.

Mr. LA FOLLETTE. Mr. President, I desire recognition upon the debt funding bill that is before the Senate. I wish to address myself to that bill.

The PRESIDENT pro tempore. That is the regular order.
 Mr. HEFLIN. Will the Senator from Wisconsin yield that the bill just reported may be put on its passage?

Mr. LA FOLLETTE. I yield if it will not provoke discussion.
 Mr. HEFLIN. It will not cause any debate.

Mr. SMOOT. It is a claims bill?

Mr. HEFLIN. It is a claims bill.

Mr. SMOOT. Why not let it go to the calendar?

Mr. HEFLIN. I want to get it through at once, if possible, so that it can be acted on by the House. It is to pay a soldier for some injury done to his property when it was being transported by the Government.

Mr. SMOOT. There are a good many claim bills on the calendar.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield that the bill may be considered?

Mr. LA FOLLETTE. I yield if it is not to take any time. If upon the reading of the bill it can be passed without discussion, I will yield.

Mr. HEFLIN. I have asked unanimous consent for the immediate consideration of the bill and the Senator from Wisconsin has yielded if it does not cause any debate.

Mr. SMOOT. If there is a favorable report from the department, I have no objection.

Mr. HEFLIN. There is. It will not cause any debate so far as I am concerned.

The bill was read, and there being no objection, the Senate, as in Committee of the Whole, proceeded to its consideration.

The amendment was, on page 1, line 7, after the word "exceeding," to strike out "\$1,090," and insert "\$800," so as to make the bill read:

Be it enacted, etc., That the Secretary of the Navy be, and he is hereby, authorized and directed to pay, out of the appropriation for "Pay of the Navy" for the fiscal year ending June 30, 1922, to Lieut. L. D. Webb, United States Navy, such sum, not exceeding \$800, as may be determined by him to pay the amount of damage sustained in full settlement of all claims against the Government for damage to an automobile, silver service, and a piano shipped from San Francisco, Calif., to Washington, D. C., by Government conveyance under authority of section 12 of the act approved May 18, 1920.

The amendment was agreed to.

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

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

BILLS INTRODUCED.

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

By Mr. WILLIS:

A bill (S. 4569) to authorize the sale of certain Government property and authorizing an appropriation for permanent buildings and improvements for use of the engineering division of the Air Service of the Army; to the Committee on Military Affairs.

By Mr. JOHNSON:

A bill (S. 4570) granting a pension to Joseph H. Ransom; to the Committee on Pensions.

By Mr. KING:

A bill (S. 4571) to amend the trading with the enemy act; to the Committee on the Judiciary.

By Mr. TOWNSEND:

A bill (S. 4572) for the relief of John R. Kissinger; to the Committee on Pensions.

By Mr. WILLIS:

A bill (S. 4573) granting an increase of pension to Ralph Waite; to the Committee on Pensions.

By Mr. ASHURST:

A bill (S. 4574) granting an increase of pension to Howard E. Banes (with the accompanying papers); to the Committee on Pensions.

By Mr. NICHOLSON:

A bill (S. 4575) granting an increase of pension to Priscilla George; and

A bill (S. 4576) granting an increase of pension to Clara A. Haver; to the Committee on Pensions.

By Mr. JONES of New Mexico:

A bill (S. 4577) for the relief of J. H. Toulouse; to the Committee on Claims.

A bill (S. 4578) to amend section 2 of the act entitled "An act to provide for stock-raising homesteads, and for other purposes," approved December 29, 1916 (39 Stat. L. 862); to the Committee on Public Lands and Surveys.

CREDITS TO CERTAIN DISBURSING OFFICERS.

Mr. PHIPPS. Mr. President, will the Senator from Wisconsin yield to me for a moment that I may call up a bill?

Mr. LA FOLLETTE. With the understanding that it will not lead to debate, I yield.

Mr. PHIPPS. I ask unanimous consent for the present consideration of Calendar No. 1111, the bill (S. 4308) 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. It is the bill to which I referred several days ago. I think it will lead to no debate. It is important to have it passed at once so that the House may have an opportunity to act, that justice may be done to a veteran during the present session of Congress.

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 general accounting officers of the United States be, and they are hereby, authorized and directed to allow credit in the settlement of the accounts of Henry F. Dolan, former disbursing officer of the Federal Board for Vocational Education; R. Stone Jackson, former disbursing officer of the Federal Board for Vocational Education; William H. Holmes, disbursing clerk of the United States Veterans' Bureau; and Clarence W. Nichols, special disbursing agent for the United States Veterans' Bureau regional office in Denver, Colo., for

payments of salary made to George M. Apple, as an employee of the Federal Board for Vocational Education and the United States Veterans' Bureau on properly certified and approved vouchers, without fraud or negligence on their part, notwithstanding the provisions of section 2 of the act entitled "An act making appropriations for the legislative, executive, and judicial expenses of the Government for the fiscal year ending June 30, 1895, and for other purposes," approved July 31, 1894.

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

AIR MAIL SERVICE.

Mr. ODDIE. Mr. President, will the Senator from Wisconsin yield to me that I may call up a bill?

Mr. LA FOLLETTE. If it will not take any time and is not a debatable matter, I will yield.

Mr. ODDIE. I ask for the present consideration of the bill (S. 3084) to authorize and provide for the payment of the amounts expended in the construction of hangars and the maintenance of flying fields for the use of the Air Mail Service of the Post Office Department. It is a bill which the Committee on Post Offices and Post Roads has reported favorably, and I ask for its present consideration.

Mr. LA FOLLETTE. Is it a unanimous report from the committee?

Mr. ODDIE. It is a unanimous report.

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 Postmaster General is hereby authorized and directed to adjust, reimburse, and pay to municipalities and citizens entitled thereto the proper and just amounts heretofore expended in the construction of hangars and the maintenance of flying fields, including the lease and clearing of fields therefor, insurance, and other necessary expenses incurred in connection therewith at Reno, Nev.; Salt Lake City, Utah; Cheyenne, Wyo.; North Platte, Nebr.; Omaha, Nebr., or elsewhere for the use of the air mail service of the Post Office Department where such hangars were constructed and such flying fields maintained under an understanding with an officer or agent of the Post Office Department that reimbursement therefor would be made.

SEC. 2. That there is hereby appropriated, out of any money in the Treasury not otherwise appropriated, the sum of \$175,000 or so much thereof as may be necessary to carry out the provisions of this act.

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

WORLD WAR FOREIGN DEBT SETTLEMENT.

The Senate, as in Committee of the Whole, resumed 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.

The PRESIDENT pro tempore. The Senator from Wisconsin [Mr. LA FOLLETTE] is entitled to the floor.

Mr. McNARY and Mr. McKELLAR addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Wisconsin yield; and if so, to whom?

Mr. LA FOLLETTE. Mr. President, I feel bound to yield no further to the introduction of business. There are still two or three weeks of the session remaining. Later Senators will have an opportunity to present matters they have in charge, and as the time is limited for general discussion I can not yield for the presentation of further business at this time.

Mr. McKELLAR. Mr. President, will the Senator yield to me? I want to make the point of order that there is no quorum present, if the Senator does not object.

Mr. LA FOLLETTE. I understand I am not permitted to object to that. I think a quorum will be found to be present upon the roll call.

The PRESIDENT pro tempore. The Senator from Tennessee suggests the absence of a quorum. The Secretary will call the roll.

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

Ball	George	McCumber	Robinson
Bayard	Gerry	McKellar	Sheppard
Borah	Glass	McKinley	Smith
Brookhart	Gooding	McLean	Smoot
Bursum	Hale	McNary	Spencer
Calder	Harrell	Moses	Stanley
Cameron	Harris	Nelson	Sterling
Capper	Harrison	New	Sutherland
Caraway	Heflin	Nicholson	Townsend
Coit	Hitchcock	Norbeck	Trammell
Couzens	Johnson	Norris	Underwood
Culberson	Jones, Wash.	Oddie	Walsh, Mass.
Cummings	Kellogg	Overman	Walsh, Mont.
Curtis	Keyes	Owen	Watson
Dial	Ladd	Page	Weller
Dillingham	La Follette	Phipps	Willis
Ernst	Lenroot	Pomeroy	
Fernald	Lodge	Reed, Mo.	
Frelinghuysen	McCormick	Reed, Pa.	

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

Mr. LA FOLLETTE. Mr. President, the settlement of these loans made during the war by the United States to various European nations presents a grievous set of problems to every American who is sincerely concerned for the welfare of his country. If these debts of European Governments to the United States are to be funded on a long-time basis, it means that for two generations the United States is to be tied fast to European affairs by financial bonds, which all experience has shown are stronger even than the ties of blood. In order to save the principal of these billions of debts throughout this long period, we shall be told that it is our duty to use our power to maintain the integrity of each of these debtor nations. For the sake of the British debt we must preserve the vastly overextended and shaky structure of the British Empire and give her aid and comfort in all her imperialistic enterprises. For the sake of the French debt we must sit idly by or give active help while the French imperialists threaten the destruction of civilization in their mad attempts to destroy the German people and dominate the Continent of Europe. We will be bound to the wheels of the imperialistic chariot with these golden chains, and all those who question our participation in such enterprises will be told that they are unpatriotic and inimical to the fundamental interests of the United States.

I can so plainly foresee the evil influence of the existence of these debts upon our whole foreign policy in the years to come that I might be inclined to favor their cancellation if I could be assured that by so doing imperialism would be restrained or even that we would be prevented entirely from being entangled in its intrigues. But I know that cancellation of these debts will not restrain imperialism. It will foster and stimulate imperialism. It will augment its brutal power which to-day is the curse of Europe, Asia, and Africa. The cancellation of these debts would merely enhance the credit of the imperialistic governments which now control these nations and enable them to secure fresh loans with which to pursue and extend their monstrous schemes of conquest. There would be fresh credit for them to squander in larger armies and navies with which to enslave the world.

Furthermore, cancellation of these debts would not cut us loose from the imperialistic imbroglio in which we have become so deeply entangled. These debts are but a minor part of the entangling obligations with which we are bound.

The four-power treaty, the Chinese consortium, the understandings of our State Department with various foreign governments, and, above all and before all, the network of intrigue and community of interest which runs between our international financiers and those of Europe have so completely enmeshed us that only the strong hand of a fearless, independent Executive will ever be able to cut us loose and restore us to that status of independence and self-respect which this Nation maintained so proudly for nearly a century and a half.

Finally, cancellation, unless we could be assured beyond question of compensating advantages, would be an act of injustice and treachery to those Liberty-bond holders who gave during the war "until it hurt." It would be an outrage upon American taxpayers, who sanctioned these loans only upon the most solemn assurance that the nations associated with the United States in the war would pay interest and principal upon the same terms which our Liberty and Victory bonds carried.

Since cancellation is therefore well-nigh unthinkable, it behooves us to consider most seriously our obligations and responsibilities as representatives of the American people in the settlement of these debts. What is our duty to them? That is the question that concerns me, for we may depend upon the representatives of the debtor nations adequately to protect the interests of their people. We are not dealing with children, but with shrewd, cold-blooded diplomats and financiers, compared with which our diplomats and the financiers on our commission are as children. These British diplomats and financiers represent nations which were skilled in all the tricks of diplomacy before our American Debt Commission had cut their wisdom teeth or were out of their swaddling clothes.

It seems to me that our duty is very simple. It is laid down in the law and embodied in the implied contracts under which these loans were made. It is simply to see that these debtor nations pay to the American Government as nearly as possible upon the terms specified in the Liberty loan and Victory loan acts under which these huge sums were raised by the American people. Those were the conditions under which every one of these nations understood that they were borrowing these funds. I say that the terms should be as nearly as possible those laid down in the law, because I realize as well as any man that in the huge debacle of civilization which this war has produced

some nations, but by no means all, have been reduced to a condition where for the present at least they can pay little or nothing. Nevertheless, the burden of proof in each case is upon the debtor nations and not upon us.

That does not seem to be the attitude that has been assumed by our American Debt Commission. They have confessed through their spokesman upon the Finance Committee of the Senate that they paid no attention to the terms carried by the Liberty bond acts, that they never proposed to the British commission the minimum terms of 4½ per cent and 25 years laid down in the act creating the commission, but as their first proposition suggested a settlement of the British debt on a basis of 3½ per cent flat for 62 years. If any confirmation of that is required, I can furnish it from the testimony taken before the Finance Committee. This is most remarkable. Has an act of Congress ceased to have any weight or effect? Are we to create commissions which openly flaunt the limitations imposed upon them? Have these five men become greater than the Senate and House of Representatives? Sir, they are but the agents of the Congress, who were plainly directed in the act which created the commission. It was their plain duty to carry out not only the letter but the spirit of that act.

As I have listened to the defense of this proposed settlement of the British debt from the member of the American Debt Commission, who was chosen from the Senate, I have sometimes thought the Chancellor of the British Exchequer was speaking, so eloquently and with so much feeling did he present the case for the British Empire. I have heard him recite time after time the sad plight in which the great British Empire now finds itself. He has painted a sad picture of the heavy taxes which the British people now pay, but he has not told us what part of those taxes go to the maintenance of the greatest navy in the world; what part represent the cost of keeping in subjection the peoples of India and Egypt; what part was spent in crushing the struggle of the Irish people for genuine independence; what part went to Greece to pay the costs of pulling the British chestnuts in the Near East out of the fire; what part is now being spent in the great struggle of British capitalists and the British Government to monopolize the oil of the world. He told us how heavy the British taxes were, but I have listened in vain for one word from him to indicate that he knew that any American citizen was also paying taxes to pay the cost of a war, fought to save the British Empire from destruction when her back was against the wall and her credit had been exhausted. If this is representative of the attitude of other members of the commission, then I say that we would do well to repeal the act creating the commission and withhold further settlements until we can find somewhere in the United States five gentlemen who understand that America also has problems of the most pressing concern and that her people also are burdened with taxes.

I have also listened in vain for any clear statement of the conditions under which these loans were made. The facts were kept from the American people at the time they were induced or coerced into buying Liberty bonds, out of the proceeds of which these loans were made, but they have now come to light and should be made a part of the record.

The first Liberty loan act was signed April 24, 1917. Keep that date in your minds—April 24, 1917. Just one day later, on April 25, the British ambassador received a check for \$200,000,000. A week later half that amount was turned over to the French ambassador. A little later Italy received her share, then Belgium, and Russia, Serbia, Greece, Rumania—all were given credits in the United States Treasury and the golden stream never ceased to flow until long after the armistice was signed.

Why was this extraordinary haste to open the Treasury before the ink was dry upon the resolution that plunged us into the war? Was it extraordinary zeal on our part, or was it extraordinary pressure from some potent sources which were at that time kept well in the background? Let Oscar T. Crosby, then the very able Assistant Secretary of the Treasury, in charge of fiscal bureaus, tell the story: He was in touch with every detail of these transactions. I quote from his article in the Atlantic Monthly for December, 1922 (p. 825):

Governmental action is traditionally slow. The remarkable promptitude with which Secretary McAdoo proceeded (only 24 hours between receiving and exercising the responsibilities placed upon him by Congress) answered to a remarkable pressure brought to bear by the powers "engaged in war against Germany." I shall not soon forget the blunt declaration, made to me 10 days before Sir Cecil Spring-Rice took the first fruits of our efforts, by a member of the firm of J. P. Morgan & Co.: "We have scraped the bottom of the box. They owe us and our associate banks \$400,000,000—practically on overdraft, since we can not sell the collateral remaining in our hands without making a panic on the New York stock market. You people in the Treasury must now bear the whole burden. We can do no more."

Six weeks later we learned that in addition to this cash commitment the Allies had contracted for about \$800,000,000 worth of goods, deliverable within six months.

So we see that it was to save the desperate credit situation of the allied governments, with American bankers in large part already so desperately overstrained that a panic was imminent, that the doors of the American Treasury were unlocked and they were invited to help themselves.

It was to save the great international banking firm of J. P. Morgan & Co., the fiscal agent of the British Government, who held \$400,000,000 in overdrafts and saw a panic impending if they were not underwritten.

I repeat, sir, that it was to save the great international banking firm of J. P. Morgan & Co., the fiscal agent of the British Government, who held \$400,000,000 in overdrafts and saw a panic impending if they were not underwritten; and, it was for the benefit of our munition makers, who held contracts for \$800,000,000, which could not be paid unless the American people furnished the money.

Mr. President, I turn aside for a moment at this point to trace the course of the legislation which has finally culminated in the bill pending before the Senate.

On the 23d of June, 1921, more than 18 months ago, the late senior Senator from Pennsylvania, [Mr. PENROSE], introduced a bill for the settlement of the pending debt, together with the other foreign debts.

Have Senators forgotten his declaration on the floor that the bill would be immediately taken up by the Finance Committee? The Finance Committee was called together almost immediately for the consideration of that bill. The members of the committee were admonished that it must be considered at once, and that no time could be allowed to the members of the committee to inquire into this complicated transaction. I see about me Senators who demanded time to study the bill and insisted upon taking the testimony of witnesses who could give full information bearing upon this important question. That was one of the most extraordinary bills ever introduced in either branch of Congress. It proposed to invest Andrew Mellon, Secretary of the Treasury, with power to secretly settle all these foreign debts.

Mr. President, the Constitution of the United States does not permit the executive department of the Government to take a dollar out of the Treasury. The President can not levy a dollar in taxes. The President can not pay a bill which the Government owes. The President can not withdraw from the Treasury one cent of money to expend, however great and serious the needs of this Government may be. What is the significance of that restriction? The framers of the Constitution regarded the expenditure of money as vital to the existence of this Government. They lodged that power in the hands of the Congress because it was more nearly responsive to the will of the people.

The Constitution provides that not one dollar should ever be taken out of the Treasury except it was done upon the votes of Members of the House of Representatives and of the Senate, where the roll could be called and the men put on record. So careful were they about all revenue measures that they would not permit a revenue measure to originate excepting in the House of Representatives, where Members every two years go back to the people to account for their stewardship.

In the face of that carefully guarded provision inserted by the makers of the Constitution, a proposition was presented early in the administration of President Harding that the settlement of foreign debts amounting in principal to nearly \$10,000,000,000 and in principal and interest at the time to more than \$11,000,000,000 be turned over to the Secretary of the Treasury without any restrictions whatsoever.

Mr. President, the history of that legislation shows that in spite of the pressure used by the administration the determination of a group of Senators that the measure should be carefully investigated resulted in the drastic modification of the scheme to refund the foreign debts and finally in the creation of a commission with definite restrictions upon its power.

I want to call attention briefly to an event which seems to me to be closely related to this whole matter.

Mr. President, on May 25, 1921, President Harding gave a banquet at the White House. His honored guests were: J. Pierpont Morgan, 2d, head of the house of Morgan & Co., bankers, New York; Charles H. Sabin, of the Guaranty Trust Co., New York; C. E. Mitchell, of the National City Bank of New York; William Kent, of the Bankers' Trust Co. of New York; Paul Warburg, of Kuhn, Loeb & Co.; H. C. McEldowney, of the United Trust Co. of Pittsburgh; Benjamin Strong, of the New York Federal Reserve Bank; Secretary Andrew Mellon, one time a banker

and then Secretary of the Treasury; and Secretary Hoover, who, rightly or wrongly, was accused of being throughout the war period pretty active in the British interest. Commenting on this celebrated banquet, the Journal of Commerce, 32 Broadway, New York, had this to say:

A meeting of the best financial minds has been inaugurated by President Harding and his advisers as a means of considering the Nation's industrial outlook, with particular reference to the question of extending further loans of American capital to foreign governments.

In the papers reporting this remarkable "meeting of the best financial minds" around the banquet table, it was announced that the Government would exercise a sort of supervisory control of the private investments of our international bankers in foreign countries. This, it was stated, would be done ostensibly to promote foreign trade. This was manifestly the introduction of "more business in Government," which was one of the President's pet phrases applauded to the echo when he delivered his inaugural address.

President Harding's White House dinner to Morgan and his associates was a great event, sir, in the history of the money power. It is believed that it was the first of its kind at the White House. Do you marvel that it was heralded with great rejoicing in Wall Street? The New York Journal of Commerce said of it:

A new era in the relationship of the United States Government and the Nation's financial and business leaders is believed to have been inaugurated in the conference to which President Harding summoned several New York bankers on Wednesday night. These bankers returning yesterday from the meeting, which was participated in by representatives of the Cabinet, observed the customary reticence in discussing what had taken place. They did not, however, hesitate to show their gratification at the development.

One thing is clearly manifest in the report which these bankers made to their associates in New York upon their return, and that is that they found the President willing to learn the Wall Street way. The Journal of Commerce said:

One thing which Wall Street took extreme satisfaction in yesterday was the evident willingness of President Harding to learn. He admittedly is not an expert in financial affairs, but he is ready to accept advice and willing to be set right where he is wrong.

Behold, sir, the beautiful spectacle, the President of the United States sitting at the feet of J. Pierpont Morgan, great teacher—

Mr. REED of Missouri. Getting set right.
Mr. LA FOLLETTE. Willing pupil, and whenever he should chance to be wrong, Morgan will set him right. Surely that was a great day for Wall Street. In the old days, when J. Pierpont Morgan, the first, used to visit the White House, his private car always made the run from New York to Washington and back between two days, but now J. Pierpont Morgan, second, comes and goes with the blare of trumpets. He is greeted and feasted in the white light of publicity by President Harding and walks boldly in where others would not have dared to tread a couple of decades ago.

I come now to Mr. Morgan's second visit. June 10, 15 days after the first visit, the Secretary of the Treasury, Mr. Mellon, received J. Pierpont Morgan in his office at the Treasury Department. The conference was reported in the newspapers as an extended one. Just 11 days thereafter the late Mr. Penrose, then chairman of the Committee on Finance, introduced the bill to which I have called attention. He introduced it as an administration measure. It sought to confer upon the Secretary of the Treasury absolute authority to refund in secret all the loans of this Government to the Allies.

Sir, when we took up for consideration the bill which was heralded as the President's bill before the Committee on Finance at the first meeting, the President in a letter urged the Finance Committee to act promptly upon the matter.

Under the provisions of the President's bill, then introduced by Mr. Penrose, Mr. Mellon was empowered to make any settlement with foreign governments he chose to make; to accept any bonds he elected to accept, defer the payment of principal or interest to any remote period, and bind or by substitution release debtor nations at his own will and pleasure. All this Mr. Mellon was empowered to do by that bill under the cloak of absolute secrecy. The Senator from Missouri [Mr. REED] and the Senator from Massachusetts [Mr. WALSH] and myself, with other members of the committee, insisted upon hearings, and after some time it was found impossible to pass the bill in its existing form. Finally the Debt Commission bill was passed, and this proposed settlement is the result.

Mr. President, I have digressed to call attention to the history of this legislation because I felt it would be well to remind Senators of the influences which have been behind this proposition. But besides all this, the pending bill will guarantee the prompt payment of the five billion of private European loans

made through the house of Morgan between 1915 and 1920. With the postponement of the payment of the debt due our Government for 62 years the payment of these private obligations can be met more promptly.

I now return to my line of argument.

So we see that it was to save the desperate credit situation of the allied governments, with American bankers in large part, already so desperately overstrained that a panic was imminent, that the doors of the American Treasury were unlocked and they were invited to help themselves.

It was to save the great international banking firm of J. Pierpont Morgan & Co., the fiscal agent of the British Government, who held \$400,000,000 in overdrafts and saw a panic impending if they were not underwritten.

These were the all-powerful sources of the extraordinary pressure upon Congress which denounced as a traitor any man who sought to question any part of these extraordinary and unprecedented transactions.

Is it not possible that the extraordinary pressure to which we are now being subjected to validate this settlement, without questioning any phase of it, without being permitted to question the secretary of the American commission, without being allowed to read the minutes of the conferences—the secretary of the American Debt Commission did keep minutes throughout the conferences held between the American Debt Commission and the British Debt Commission; he had a record of those minutes; the Finance Committee by a majority vote denied members of the committee access to those minutes—without any information, in fact, except what the Senate member of that commission chooses to give us—is it not possible, is it not probable, I say, that this extraordinary pressure is proceeding from the same international bankers who hold bonds of the British Government bearing a rate 2 per cent higher than we are now being asked to validate, *the value of which will be enormously enhanced as soon as we approve the terms which have been hatched out in this secret conference?*

We need not rely upon Assistant Secretary Crosby's account of these transactions alone. The whole story has been told in "The Life and Letters of Walter H. Page," then ambassador at the Court of St. James, published since his death. Listen to this account, which checks in every detail with that of Mr. Crosby.

I quote from the recent work of Mr. Page, published since his death, containing in two volumes his correspondence while he was ambassador:

The matter that was chiefly pressing at the time of the Balfour visit to the United States (in April, 1917) was the fact that the British balances in the New York banks were in a serious condition.

Thus, by April 6, 1917, Great Britain had overdrawn her account with J. P. Morgan to the extent of \$400,000,000 and had no cash available with which to meet this overdraft.

The money was now coming due; if the obligations were not met, the credit of Great Britain in this country would reach the vanishing point.

Though at first there was a slight misunderstanding about this matter, the American Government finally paid the overdraft out of the proceeds of the Liberty loans. This act saved the credit of the allied countries.

Here, then, we have a part, at least, of the story. British credit was exhausted. Her bonds, which had been deposited with J. P. Morgan & Co. as security for \$400,000,000 overdrafts, could not be sold without producing a panic. These bonds bore an interest rate of 5½ per cent, but they were unsalable. To get credit in the open market she would have had to pay 6, 6½, or 7 per cent. The other allied nations were in even more desperate plight. They would have had to pay even higher rates of interest to get credit. Contracts for \$800,000,000 of munitions and other supplies were due in six months or less. Funds must be had. If the American Treasury had not been opened and the golden flood of the Liberty loans turned loose these nations would have had to pay the Shylock rates of interest demanded by the international bankers, who are now urging this settlement, and who have been the chief propagandists for complete cancellation in order that the value of their own holdings might be enhanced. And if those loans had been floated with the bankers there would never have been any adjustment of the interest.

The rate nominated in the bond would have been insisted upon, no matter how oppressively it might fall upon overburdened European taxpayers. Oh, how generous these bankers are with the American taxpayers' money!

When these loans were accepted by Great Britain and the other allied governments they knew exactly the terms for which they were bonding themselves. Each of the Liberty loan acts carried specific provisions that the foreign governments which borrowed were to pay upon exactly the terms which the

American Government had to guarantee in order to induce its people to buy the bonds. That was fair; that was equitable. Any higher rate would have been profiteering; any lower rate would have been unjust to the American people. The whole matter should have been settled, and settled finally, at that time by requiring these governments to deposit with the United States Treasury their bonds, bearing exactly the same terms as the Liberty loan bonds. But for some reason, which has never been satisfactorily explained, those who were in control of the Government at that time chose to have no definite settlement and accepted demand notes. There are many indications that the settlement of these loans was to be a part of the stakes which were played for at Versailles, but that is a chapter which we need not now explore. The point I make is that the only just and equitable basis upon which these debts can be settled are terms which are substantially the same as those contained in the Liberty loan acts. That, I am sure, is the only basis which will satisfy American taxpayers and the holders of Liberty bonds.

The only question that now confronts us is how far this proposed settlement represents the capacity of the British Government to meet the terms which it tacitly agreed to when it accepted loans out of proceeds of the Liberty and Victory bonds.

The first step toward a satisfactory answer to this question is to take a brief survey of the assets of the British Empire, and particularly the newly won assets which she secured as a result of her participation in the war.

When asked what the Debt Commission had done with regard to inquiring into the assets of the British Nation, the members of the Finance Committee were informed by the Senate member of the commission [Mr. Smoot] that they had access to all public statements. Did anyone ever hear of a debtor for any considerable sum of money, who was asking for a long-deferred payment, for a long extension of time within which to make payments, not making a statement of his assets and liabilities? Did anybody ever hear of any banker or association or any creditor, where the amount was considerable, who did not require a statement to be made of the assets and of the liabilities of the appealing debtor? There is nothing of that kind here. No statement of assets was demanded by our commissioners; no investigation was made by any expert employed by them; no statement was furnished by the British commission.

Let us inquire, then, how extensive and valuable were the British spoils of war, remembering that without our credit there would have been no such spoils. We have a right to inquire with some insistence into the extent and probable value of these additions to her territory and wealth.

Great Britain added to her empire as a result of the war, either by annexation or by protectorates and mandates, a territory of 3,972,000 square miles—larger than continental Europe—with a population of more than 51,725,000 people. Through these acquisitions she enormously increased her control over raw materials—over oil and rubber, over lead and copper, and the other materials which are essential to modern industry and modern life. Furthermore, Great Britain vastly strengthened her dominance over the trade routes of the world and thus vastly enhanced her power and prestige as a commercial nation.

No one can venture to estimate with any degree of accuracy the value of these enormous additions to the wealth of the British Empire. They are beyond computation. But no one will deny that their potential value amounts to billions upon billions of dollars—many times the amount of the indebtedness covered by this proposed settlement—and it may be said, of greater potential value than her total indebtedness resulting from her participation in the war.

There is one other variety of assets possessed by the British of which we may well take note, namely, their securities representing investments in every quarter of the globe. Upon this point I rely upon no less an authority than Sir Reginald McKenna, former Chancellor of the British Exchequer and now chairman of the London Joint City & Midland Bank. I quote from his address before the last annual meeting of the American Bankers' Association, held in New York City in October, 1922:

Have the debtors—

Referring to our foreign debtors—

an exportable surplus, and what are their foreign assets? With regard to the latter question, the only debtor possessing any large accumulation of such assets is England. Notwithstanding her immense sale of securities to the United States in the second and third years of the war—a sale which largely furnished the means of paying for the goods of all kinds bought by the Allies—England still owns sufficient foreign securities to cover her debt to the United States two or three times over.

Let Senators take that home to their constituents and account for their votes in reducing the payments from Great Britain from one billion to one billion six hundred million dollars. They will meet it in the coming year face to face.

We have also a right to inquire somewhat into the character of the expenditures which the British Government is now making, while she pleads her inability to pay us more than 1½ per cent interest during the next five years. I have been unable to secure satisfactory figures giving the cost of her various imperialistic adventures in all quarters of the globe, but we all know that they run into hundreds of millions of dollars, and doubtless into the billions. You can not make war even on semicivilized peoples without heavy costs for munitions and men, even when you resort, as has Great Britain, to the wholesale system of wiping out entire villages with bombs dropped from airplanes. Some indication of the extravagant basis upon which the British naval and military forces have been and are being maintained is contained in the report made in 1922 by the committee on national expenditures, headed by Sir Eric Geddes. I quote from volume 1 of that committee's report its conclusions regarding the British Navy (p. 31):

As a result of our consideration, we are of the opinion:

"(1) That the estimates for 1922-23 provide for man power on a lavish scale, and that without in any way interfering either with the manning of the fighting ships of the navy, from capital ships to submarines, as laid down by the Admiralty, there is an excess of over 33,000 officers and men in the navy which, having regard to our recommendations in paragraph 8 respecting officers' servants class, would justify a reduction of 35,000 officers and men.

"(2) That the Admiralty, with a smaller navy, are maintaining far larger shore establishments, both naval and civilian, than they did before the war, and we think that there are many ways in which economies could be effected by employing the naval ratings and marines held for mobilization on the work now done for the Admiralty by civilians and Metropolitan police."

On page 75 of the same report I also find the following conclusions regarding the British Army:

As a result of our consideration, we are of the opinion:

"(1) That man power has been estimated on a lavish scale for 1922-23, and that a reduction of 50,000 officers and men could be made without in any way reducing the forces employed by the War Office on foreign service.

"(2) That the introduction of new arms and corps, and of the air force, which have been created with the object of increasing the fighting efficiency of the defense forces of the empire, is not reflected in corresponding reductions in other directions, and that savings could be made on that account.

"(3) That there has been an increase in all the ancillary and auxiliary services of the army which the country can not afford and in which drastic economies should be made.

"(4) That the abnormal reserve of mobilization equipment and arms now held is costly to store, guard, and maintain, and that the effect of holding it results in heavy additional indirect cost.

"(5) That the army estimates for 1922-23 should be reduced from £75,197,800 to £55,000,000 for that year, and that in the subsequent year still lower estimates should suffice."

In this recommendation no account is taken of possible further reductions resulting from a review by the Government of our military requirements at home and abroad, normal and abnormal.

No account has been taken of any reduction in pay and allowances which the Government may decide to make, and no account is taken of any abnormal increase in the noneffective vote caused by a reduction of personnel transferred to the retired list, with both of which items we deal separately in a later report.

You will note the adjective "lavish" which the committee uses to characterize the expenditures of both the army and navy. Could any corporate debtor successfully plead poverty when a committee of its own stockholders had characterized its most important items of expenditure as "lavish"?

I wish also to call to your attention the large investments which the British Government has made in private enterprises in various parts of the world, as reported in the Christian Science Monitor for December 27, 1921, a paper which is one of the chief spokesmen for British interests:

A White Paper issued recently sets forth the amount of public money invested in registered companies by the British Government. It shows that from the beginning of the war something like £12,000,000 have so far been invested in a variety of companies.

The largest investment is in the Anglo-Persian Oil Co., namely, £5,200,000. Money was put into this company by the treasury on 10 separate occasions, beginning July 22, 1914. The last and biggest investment in the Anglo-Persian Oil Co. was £1,900,000 in March, 1920. The disposal and liquidation commission has one investment, namely, £1,450,000 in British Cellulose & Chemical Manufacturing Co.; and the foreign office also has one, namely, nearly £2,000,000 in the Commercial Bank of Siberia.

The British Government, therefore, has had funds available with which it can engage in the great imperialistic adventure of attempting to secure a monopoly of the oil of the world, but none with which she could meet the current interest upon her debts to the United States. Furthermore, the American people have reason to view these investments of the British Government with some degree of concern, if we may believe statements which have recently been made by one of her eminent financiers, Sir E. Mackay Edgar, Bart., a famous British

industrialist, who on his return to England from his annual visit to the United States gave out an interview which was published in the London Daily Telegraph in which he warns that we will suffer "a sharp halt in American progress" and that we shall suffer "something like a collapse."

I quote a portion of this remarkable interview from the London Daily Telegraph, as reported in the Literary Digest for January 27, 1923, and commend the entire article to Senators who do me the honor of listening to me. This English captain of industrialism says:

Just think of this: In 1914 America produced about 65 per cent of the world's output of cotton, oil, copper, lead, and zinc. Her consumption was at that time roughly 85 per cent of the total supplies. To-day, while she is producing relatively the same, her consumption of these commodities amounts to over half of the world's total output. Ten years hence she will be producing relatively less and consuming relatively more. She will be producing about half of the world's output; she will be consuming something like 70 per cent of it. In other words, she will have to import.

He very frankly declares the selfish policy Great Britain will pursue when the opportunity presents itself:

Our business as Britons is to sit tight on what we have and to exploit all the oil, cotton, and metal possibilities of the non-American world. In that way we shall do more than safeguard our own position. We shall be able to supply America with the commodities she must have to keep going. She will have to come to us for some of the essential means of livelihood. It will be a costly experience for her but, so far as I can see, she can not escape it.

In spite of all this showing of wealth and material resources, which we must assume that the American Debt Commission examined in detail, unless they were recreant to the trust that had been imposed in them, but which I firmly believe, from the answers made before the Finance Committee, that they never examined at all; nevertheless we are told by its spokesmen that the terms of settlement now before us are the best that could possibly be secured from the British Government. I should like to ask how this was ascertained so clearly in advance of the beginning of the negotiations that according to the testimony of the Senator from Utah the terms laid down by Congress were completely abandoned and the first proposition submitted by the American commission was on a basis of 3½ per cent flat for 62 years? Such a policy of ignoring the terms authorized by Congress was apparently not in the mind of at least one member of the commission as late as October 16, 1922. On that date, just four months ago, Secretary Hoover, in an address at Toledo, Ohio, said:

The terms of repayment were to be determined by Congress, and Congress has laid down the conditions under which payment can be extended over a term of 25 years. It is the duty of the funding commission to see that these terms are carried out.

This was the understanding also in England at the same time. Let me quote from the London Statist for September 23, 1922, page 440, which, as everyone knows, speaks the opinion of financial England authoritatively:

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 others, 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.

We have also the record of the negotiations which were carried on in 1919 between Mr. Rathbone, representing the United States, and Mr. Blackett, representing the British Government. We have the memorandum handed Mr. Blackett by Mr. Rathbone on November 1, 1919, summarizing the results of their conferences, which provided for a settlement on a basis of 5 per cent interest, with maturities in 1938 and 1947. Furthermore, we have the letter of Mr. Blackett, dated November 8, 1919, in which he states that he has discussed the terms with the chancellor of the exchequer, who is in general accord with the terms proposed. Let me quote a part of this letter, which seems to have some historical importance:

DEAR MR. RATHBONE: I have now had an opportunity of discussing with the chancellor of exchequer the question of the conversion of the demand obligations of the British and allied governments held by the United States Treasury into the form of long-term bonds. The chancellor of exchequer desires me to say that, on the understanding that such conversion will not in any way prejudice the general question of interallied indebtedness, to the ultimate settlement of which along broad lines he attaches great importance, he is of opinion that a satisfactory solution of the particular question of conversion of demand obligations can quickly be reached along the general lines tentatively proposed in the memorandum which you gave me on Saturday, November 1. As I stated to you in Paris, the chancellor of exchequer is prepared to give analogous treatment to the obligations of allied governments held by the British treasury. In this connec-

tion he desires me to express his entire concurrence in your view, that their community of interests as the two chief creditors makes close cooperation between the British and American Treasuries of vital importance in these matters.

It is his strong hope that the two treasuries will work together with a view to finding the right solution for the important problems which have arisen and will arise in regard to questions of interallied indebtedness and German reparation.

The only point in your memorandum on which the chancellor of the exchequer desires to make any reservations at the moment is the sinking-fund provision. He would prefer on the whole that specific provision should not be included for repayment of debt before the due dates. According to calculations which I have worked out, the sinking-fund provision would operate to redeem before maturity 17,783 per cent of the bonds maturing in 1938 and 55,718 per cent of the bonds maturing in 1947. In any case the latter figure seems too high.

The apparent intention of the British Chancellor was to use these terms as a basis for settlement of all interallied indebtedness, but Mr. Rathbone was very firm in his reply of November 18, 1919, in notifying Mr. Blackett that the United States Government regarded each loan as a distinct and separate obligation of the individual government. This may have been responsible for the termination of these negotiations, which, like the present, were shrouded with an impenetrable veil of secrecy, but in any event it is quite certain the British Government did not then regard even 5 per cent with a 25-year maturity as anything more than was to be expected.

Her bonds which had been sold to private American investors were bearing 5½ per cent, and it was quite apparent that she could not then or now float a loan in the general market at better than a 5 per cent rate. The Statist for September 23, 1922, from which I have already quoted, expresses the opinion that British bonds, even if indorsed by the United States Government, could not be sold at par at anything lower than a 4½ per cent rate. And yet we are solemnly told that this is a sound transaction on a firm commercial basis.

In this connection it may be interesting to see how England deals with her debtors, as an indication whether 3 or 3½ per cent is a fair rate. I read from the parliamentary debates in the British House of Commons, August 4, 1921:

AUSTRALIAN COMMONWEALTH GOVERNMENT, WAR ADVANCES.

54. Mr. Wise asked the chancellor of the exchequer if any arrangement has been made with the Australian Commonwealth Government for funding the latter war advances; and if so, what are the terms?

Sir R. HORNE. Arrangements have been made with the Australian Commonwealth Government under which the sums lent to the Commonwealth by the Imperial Government during the war, including sums advanced since the date of the armistice, to the amount of £92,480,156 15s. 10d., will be repaid by a series of half-yearly payments of £2,774,404 14s. 1d., which is equivalent to 6 per cent per annum on the amount of the debt. These half-yearly payments will cover interest at the rate of 3½ per cent per annum on £1,263,158, at the rate of 4½ per cent per annum on £11,500,000, and at the rate of 5 per cent per annum on the remainder of the debt. The balance will be used to repay the outstanding debt and is calculated to repay the whole amount in 36 years. In respect of certain interest on war debt of the Commonwealth which had accrued up to the 31st of March, 1921, and was unpaid at that date, amounting to £3,934,191 11s. 8d., I have accepted 5 per cent Australian treasury bills due 30th September, 1921, one-half of these bills being renewable at the option of the Commonwealth for a further period of six months.

Here, then, is one of her own children who poured out her blood and taxed herself heavily to aid the mother country, who is charged 5 per cent on eight-ninths of her debt, while we are told that 3½ per cent is the utmost that the British Government can pay on her own debt. I should like to ask the American Debt Commission whether the British commissioners were confronted with the terms of this Australian settlement. I have no doubt that a substantial part of these advances to Australia were made out of funds advanced by the United States out of the proceeds of Liberty loans. If so, the British Government is in the delightful position of making a profit of 1½ per cent on the transaction.

Let us examine also the terms on which Great Britain funded the loans which she made to Canada during the early part of the war. I quote from the Public Accounts of the Dominion of Canada for the fiscal year ended March 31, 1917 (p. 10):

Advances by way of temporary loans have been made from time to time by the Imperial Government amounting, on the 31st March, 1917, to £57,500,000, which carried a capitalized debt of £59,503,500 10s. 7d., or \$289,583,702.52. During the year 1916-17 £22,324,205 11s. 0d. of the above amount was converted into Dominion Government dollar bonds as under:

Two million four hundred thousand pounds capitalized, on basis of £100 debt on each £95 advance, to £2,526,315 15s. 9d., or \$12,404,678.36, 3½ per cent bonds maturing 1st March, 1925-1928.

Nineteen million six hundred thousand pounds capitalized, on basis of £100 debt on each £99 advance, to £19,797,979 15s. 3d., or \$95,207,351.17, 4½ per cent bonds maturing 1st December, 1925-1945.

The balance of this indebtedness on account of advances which had been made by Great Britain were offset against expenditures which were later made in Canada by the British Government.

Let us briefly examine the terms of these bonds and compare them with those of the proposed settlement between Great Brit-

ain and the United States. We find, in the first place, that the British Government demanded from Canada what was virtually a commission. She received £100 in 3½ per cent bonds for every £95 that had been advanced and £100 in 4½ per cent bonds for each £99 of advances. We find further that only a little more than one-tenth of these bonds bore an interest rate of 3½ per cent, while the balance, or nearly nine-tenths, carried 4½ per cent interest. We find also no provision for extending these loans for 62 years, as provided in the proposed American settlement, but instead we find that the 3½ per cent bonds were to mature between 1925 and 1928, or a maximum of 11 years from date, while the 4½ per cent bonds were to mature between 1925 and 1945, or a maximum of 28 years and an average of about 18 years.

It will be seen that the settlements which Great Britain made both with Canada and Australia were upon terms much more onerous than those which were carried by the Liberty bond acts or by the act creating the American Debt Commission. Taking all the terms of the settlement into consideration, these terms which Great Britain enforced upon her colonies were almost twice as burdensome as those which are contained in the proposed settlement between Great Britain and the United States. I should like very much to know by what processes of logic or reason the spokesmen of Great Britain can justify their pleas for leniency from the United States when they have enforced such terms as these upon two of their own colonies.

The Senator from Utah has assured us that it is good business to fund this loan to Great Britain for 62 years on a 3½ per cent basis, and that these terms are furthermore justified by the straitened conditions of British finance and industry. If this is good business, why would it not be better business to loan to American farmers at 3½ per cent for 62 years? In the latter case the security is under our hands, and the probability of payment of both principal and interest is infinitely greater. I am asking this question not because I expect a reply but because I have noticed that those who are now most insistent upon the acceptance of these terms have never shown any like enthusiasm for making credit available to American farmers and home builders on terms less onerous than the exorbitant commercial rates imposed by private bankers and loan sharks. It can not be a question of relative distress, because the bankruptcy which has swept across the Northwestern States of this Nation like a plague since the great deflation of 1920 is equaled only by the desolation in some of the worst-stricken parts of the European continent. Whole counties are being sold out for taxes while we are admonished to pass upon this settlement of \$4,600,000,000 of indebtedness to the American Treasury without adequate opportunity to study either its terms or the circumstances which lie behind it. Those who vote to settle this debt upon these terms—nearly 1 per cent less than the rates carried by American Liberty loans and with two and a half times as long a maturity—will have a hard time explaining to their constituents just why they did it.

So far I have been considering the general method and terms of this proposed settlement, but there are certain details which seem to me of the utmost moment.

I refer to the provision in the last paragraph of section 2:

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.

This provision merits the most careful scrutiny, inasmuch as it appears to offer to the British Government and to British financial interests a direct inducement to use their influence to depress the credit of the United States Government, in order that they may secure depreciated bonds to exchange *at par* for their indebtedness to the United States.

This amounts to making certain United States bonds legal tender for the payment of British debts and British debts *only*. They are not legal tender for the payment of the debts of American citizens. This is a special privilege granted the British Government which can not be justified. If it is sound public finance to make United States bonds legal tender for the British Government, why is it not equally sound finance to grant a similar privilege to American citizens? Every elementary student of public finance knows that such a policy, if adopted generally, would be unwise.

As long as this provision remains in the terms of settlement, there will be a grave temptation for British influence to attempt to bring about a depreciation of the bonds of the United States Government issued since April 6, 1917, in order that they may be purchased at low prices and used to retire the British debt. Such operations carried on over a long series of years might easily result in saving for the British Government several

hundred million dollars in the amount of her total payments. This is a stake well worth being played for.

It is not necessary to suggest that the British Government officially would at any time undertake such operations inimical to the credit of the United States Government. Private British financial interests in their capacity as taxpayers to the British treasury are so directly concerned in decreasing the amounts which the British Government must pay to the Government of the United States in the liquidation of this debt that they could naturally and without any prompting take the necessary steps to create a situation where United States bonds might be purchased below par.

No one who knows the immense ramifications of British financial connections in the United States will doubt for a moment their ability to affect the market for United States securities. In the same connection, one should also keep in mind the enormous machinery for British propaganda which was built up in the United States during the period of the war, a part of which, at least, still remains intact.

It should also be pointed out that the terms of this provision are ambiguous. It is not clear whether the phrase "bonds issued since April 6, 1917," applies only to bonds issued between that date and the time of signing the present agreement, or whether this may be stretched to cover all bonds issued after April 6, 1917.

This ambiguity came out quite clearly in the committee hearings. The Senator from Utah expressed the opinion at the morning session that this phrase related only to bonds issued between April 6, 1917, and the date of signing the agreement. A majority of the members of the committee were convinced and proposed to write this interpretation into the bill, but in the afternoon the Senator from Utah said that he had consulted the Treasury Department and found that the chairman of the debt commission, Secretary Mellon, held that it applied to all bonds that might be issued at any time after April 6, 1917. It is thus quite apparent that the members of the debt commission did not know what they were signing and that we do not know to-day the meaning of what we are asked to sanction.

If Secretary Mellon's interpretation is correct, it means that at any time within the next 62 years the British Government is free to acquire such of our bonds as may depreciate below par and exchange them at their face value for the payment of principal and interest of this debt. If we are plunged into a great war and our bonds fall to 80, as they came very near doing a year or two ago, the British Government, and the British Government alone, will then have the right to trade these depreciated bonds in at the Treasury at the rate of 100 cents on the dollar.

Furthermore, if such a clause is to go into each of the other settlements, it will mean that all of these nations will then be given an immense incentive to use their influence to depreciate our credit so that they may profit in the settlement of their debts. This clause should be stricken out. I challenge the Senator from Utah to show me a similar clause in any international agreement that has ever been made between nations of equal rank. It is without precedent, and I am assured constitutes a menace of the most serious character not only to our national credit but also to the maintenance of friendly relations with Great Britain.

Finally, I should like to ask, Mr. President, Why this unseemly hurry to pass this bill? It is true that we have been told by the President of the United States that—and I quote the exact words because they are quite original with the President—"it is, in effect, a plight against war and war expenditures and a rigid adherence to that production and retrenchment which enhances stability precisely as it discharges obligation." I confess that these words are meaningless to me. I know what they mean separately, but what they mean when joined together in this incomprehensible jumble is beyond my understanding. We are told also that—and I quote the President again—"it is a covenant of peace and recuperation, of respect and cooperation." I think I know what this sentence was intended to mean, but I wish that the President might have presented some fact or argument in support of this sweeping assertion.

We all know as a matter of fact that the unfunded character of this debt has had no substantial effect either upon international relations or international finance. You need not take my word for it. Let me quote Mr. Eliot Wadsworth, the secretary of the American Debt Commission. In an address at the Hotel Astor, on November 24, 1922, he said:

I do not seek to minimize the importance of these war debts as a problem which must be met and solved in due course. They constitute a legacy of trouble from the World War which only time, hard work,

patience, and forbearance can eliminate. The questions involved are new in world finance. The effect will be felt for many years no matter what is done with them. My point is that so far these debts have had little actual effect, except as they hang like a distant cloud upon the horizon of business, a cloud to which we have become rather accustomed. There are more important questions—political, financial, and economic—which prevent the rehabilitation of Europe. Threats of war, wild inflation, constant crises over reparations, all have an unsettling influence. The interallied debts resting quietly in treasury boxes add little to the immediate difficulties. In time they must be dealt with in the wisest way, and whatever action is taken must have the full approval of American public opinion. A free discussion of this problem is helpful, but there are too many uncertain factors to-day for anyone to lay down a clear and definite solution.

Then what is the mysterious reason for rushing this measure through the House and Senate?

A few days or even a few months is going to make little or no difference as compared with the magnitude of the questions involved in this settlement which binds us for the next 62 years. We should explore the terms thoroughly, we should examine the surrounding circumstances with some of the care which a banker bestows upon a loan of a few thousand dollars, and above all we should give the American people an opportunity to learn the real facts regarding this proposed settlement and express their opinion. It is their money which it is proposed to give to Great Britain. We are its trustees. The people are entitled to determine at the ballot box whether it shall be given away.

In conclusion I want to present one very practical proposition for your consideration. The Senator from Utah has told us that it is the opinion of the American Debt Commission that within a few years the British Government will be able to borrow funds at 3 or 3½ per cent. Now, if that is the case, suppose the interest rate was fixed on the basis provided by law, 4½ per cent, but provision was made for paying off the principal at any time, let us see what would happen. As soon as England could borrow money in the open market for one penny less than 4½ per cent, she would float a loan and pay us off. Any business man knows that. That, I take it, is the great desire of us all—to see this debt paid off at the earliest possible moment, so that no nation will be obligated to us, and we shall not be bound by financial entanglements with any nation. If we accept the terms proposed, the principal will not be paid until British loans can be floated at less than 3½ per cent. But if the rate is made that which was fixed in the Liberty loan acts or in the act creating the American Debt Commission, there will be a compelling incentive to clean up the entire transaction as soon as British credit reaches a 4½ per cent basis.

Mr. President, I earnestly hope the proposed settlement will be rejected and the whole matter referred back to the Debt Commission, with instructions to carry out the terms fixed by Congress in the original act.

Mr. McCORMICK obtained the floor.

Mr. UNDERWOOD. Will the Senator from Illinois yield to me for about three minutes?

Mr. McCORMICK. I yield to the Senator.

Mr. UNDERWOOD. I wish to ask consent to have a document printed in the RECORD, and it will take about three minutes to state what it is. If the Senator does not object, I will appreciate it.

Mr. McCORMICK. I yield to the Senator, retaining the floor.

Mr. UNDERWOOD. Mr. President, I have a copy of the statistical brochure prepared by Mr. Martin Gillen. The high spots of this particular document, from my hurried survey of it, seem to be about as follows:

1. The farm industry is at a low ebb on account of a restricted foreign market and from the indirect absorption of increases in wages in other industries reflected in farm expenditures, including transportation.

2. The great industries dependent on farm prosperity, such as the railroads, packers, farm machinery, and so forth, are in like bad case with the farmer, and almost all must look to the same ultimate economic remedy—the reestablishment of the markets of the world, rather than to subsidies and direct Federal aid.

3. Of the loans by the United States to the Allies, over three-fourths of the amount was expended directly for agricultural products. The American farmer was, accordingly, the chief beneficiary of these loans which thus assured him a full market and established the highest prices on record for his commodities. The farmer is most interested in a fair refunding or settlement of these foreign obligations, both from the standpoint of the past and of the future.

4. In addition to the unfunded external (governmental) loans, of which over \$11,000,000,000 is due to the United States, there

is an unsettled trade balance for the period 1915-1923 due from Europe and Canada to the United States of over \$12,000,000,000. During that period our bills against Europe and Canada were over \$40,000,000,000, of which over \$28,000,000,000 was for agricultural products.

The significance of Mr. Gillen's statement to the South is overwhelming. Everyone knows that the present price of cotton is due to a succession of two of the shortest crops of recent years—1921, between 8,000,000 and 9,000,000 bales; 1922, 9,600,000 bales. I believe this year will witness the largest cotton acreage ever planted and extensive fertilization. If a

large crop is produced the result will be disaster, unless our market for cotton across the water is restored.

I want to have Mr. Gillen's statement printed in connection with what I said yesterday to the effect that the important question is the reestablishing of financial conditions, and I regard this settlement as a long step in that direction. I therefore ask unanimous consent that I may have printed in the Record, in connection with my remarks, the statement made by Mr. Gillen.

There being no objection, the statement was ordered to be printed in the Record, as follows:

To the Hon. Warren G. Harding, President of the United States, and to the honorable United States Senators and Congressmen representing the great wheat-growing and meat-producing States of the Mississippi Valley and the great cotton and tobacco growing States of the South and Southwest.

HONORABLE SIR: Please note—

[000,000 omitted.]

Table I.—Items of receipts and disbursements comprised within "Operating sheet."	1921	1922	1923	Table II.—Labor increases absorbed by the farm industry through disbursements.		
				1921	1922	1923
U. S. Government's announced value of annual farm production	\$11,422	\$13,375		Per cent.	Per cent.	Per cent.
Consumption on farms by live stock and farm population	3,781	4,413		35.93	32.26	32.26
Receipts, cash received for all farm products	7,641	8,962				
Disbursements:						
State and township taxes	1,022	1,122		367.2	361.9	
Interest on notes and mortgages	926	926				
Rents	1,082	1,082				
Farm labor	893	893		320.8	288.0	
Railroad expenditures	823	826				
Farm fertilizer	218	239		295.7	266.0	Prospect is that farm industry will absorb the same labor cost as in 1922.
Farm implements	274	328	Planting as usual with February to July exportable surplus of 1922 crop undelivered to Europe.	78.3	70.3	
Saddlery and harness	86	86		98.4	88.3	
Mail-order houses	238	292		30.8	27.7	
New building construction and maintenance	516	516		85.5	76.7	
New motor cars and trucks	333	427		183.3	166.4	
Repair parts only for motor cars and trucks	115	154		126.8	112.8	
Tire and tire accessories	109	135		41.3	37.0	
Gasoline, oil, garage costs other than repair parts	170	190		39.1	35.1	
Depreciation	944	944		61.0	54.8	
Net receipts for 31,000,000 farm population	6,946	7,334			249.7	325.1
	695	1,628				
Total cash value received by farmers for total product	7,641	8,962		1,979.9	2,110.1	2,110.1

First. The "operating sheet" of 6,448,343 farmers with a farm investment of \$78,000,000,000 and a debt exceeding 50 per cent of total United States national debt.

Second. That for the year 1921 the farm population of 31,615,000 people received as a total net return on a capital investment of \$78,000,000,000 only \$695,000,000, with which to buy all their simple family needs such as: (a) Medical, religious, and educational services; (b) pay their Federal taxes; (c) pay insurance for life, fire, and tornado; and (d) make payments on a total farm debt of \$12,426,691,415.

Third. That in 1921 out of gross cash receipts of \$7,641,000,000 and for the year 1922 out of gross cash receipts of \$8,962,000,000 the American farmer has been compelled to absorb excess labor costs in 1921 of \$1,979,900,000, and in the year 1922 \$2,110,100,000.

Fourth. That he will be compelled to absorb excess labor costs of \$2,110,100,000 for the year 1923 with his regular exportable surplus for February, March, April, May, and June (1922 crop) to Europe, still undelivered, while he is now working on his new 1923 crop, which also contains the usual large exportable surplus.

Fifth. That during the last 10 years the farm industry has employed approximately the same acreage, the same number of employees, and has produced approximately the same annual gross poundage. Yet for the same annual poundage he received the following cash value: For the year 1919, \$15,418,000,000; for the year 1920, \$11,300,000,000; for the year 1921, \$7,641,000,000; and for the year 1922, \$8,962,000,000.

Sixth. That if this situation, which is now critical, is to be held even at its present low and destructive point, relief must come at once. He can not wait. Time is the great element. Further delay spells disaster.

Seventh. The data concerning this situation, together with a discussion and the remedy, are contained in the within document. Respectfully submitted.

MARTIN J. GILLEN.

THE FARM INDUSTRY—CONSIDERED AS A LARGE SINGLE CORPORATION.
The capital investment; its debt; total cash value of annual production for calendar years 1919, 1920, 1921, and 1922.

Investment:	
(a) Land divided into 6,448,300 farms, valued at	\$54,829,563,059
(b) Buildings, valued at	11,486,439,543
(c) Implements and machinery, valued at	3,594,772,928
(d) Live stock, valued at	8,013,324,808
Gross valuation	77,924,100,338
Debt liability:	
(a) Mortgages	\$8,556,800,000
(b) Personal and collateral loans at banks	3,869,891,415
Total indebtedness	12,426,691,415
Net value investment	65,497,408,923

Human beings in farm industry:	Number.
(a) Farmers	6,448,343
(b) Hired help, including domestics	2,220,000
(c) Other members of the farm family	22,946,657

Total farm population	31,615,000
Depreciation, annual:	
(a) 4 per cent on \$11,486,489,543 of buildings	\$459,457,581
(b) 1 1/2 per cent on \$3,594,772,928 of implements and machinery	485,204,345
Total annual depreciation	944,751,926

LABOR INCREASES ABSORBED BY THE FARM INDUSTRY THROUGH DISBURSEMENTS.

The commodity and labor indices of the United States Department of Labor and the Department of Agriculture on 10 leading crops and 6 leading live-stock items against all commodities, excepting animal and food products, show, after taking into consideration the increased price the farmer received for his products in 1920, 1921, and 1922 over his pre-war 1913 price, that the purchasing power of the dollar he received for his products in 1920, 1921, and 1922 purchased: In 1920, only 86 per cent of the commodities it purchased in 1913; in 1921, only 67 per cent of the commodities it purchased in 1913; and in 1922, only 69 per cent of the commodities it purchased in 1913; in a word, in 1920 it took 114 farmer dollars to purchase the same number of commodities purchased for 100 farmer dollars in 1913; in 1921 it took 149 farmer dollars to purchase the same number of commodities purchased for 100 farmer dollars in 1913; in 1922 it took 144 farmer dollars to purchase the same number of commodities purchased for 100 farmer dollars in 1913.

From the standpoint of the farm industry: The total cost of all commodities and service furnished and used by the farm industry is as follows: Raw materials, 3.24 per cent; return on capital, 6 per cent; agriculture, 17.43 per cent; and labor, 73.33 per cent; a total of 100 per cent.

Applying 73.33 per cent to the 14 per cent increase for 1920 we have 10.26 per cent.

Applying 73.33 per cent to the 49 per cent increase for 1921 we have 35.93 per cent.

Applying 73.33 per cent to the 44 per cent increase for 1922 we have 32.26 per cent.

Applying 73.33 per cent to the 44 per cent increase for prospective 1923 we have 32.26 per cent.

Under present tariff and immigration laws and the bad financial conditions of the European market there is no relief for the farm industry from this condition in sight for the year 1923 and in the oncoming years.

[000,000 omitted.]

Items of receipts and disbursements comprised in "Operating sheet."	Table I.—"Operating sheet" of 6,448,343 farms of net value of \$65,000,000,000.					Table II.—Labor increases absorbed by the farm industry through disbursements.						
	1919	1920	1921	1922	1923	1920	1921	1922	1923	1924	1925	1926
						Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.	Per cent.
United States Government's announced value of annual farm production.	\$23,655	\$17,289	\$11,422	\$13,375	.....	10.26	35.93	32.26	32.26	32.26	32.26	32.26
Consumption on farms by live stock and farm population.	8,238	5,989	3,781	4,413	.....						
Receipts, cash received for all farm products.	15,418	11,300	7,641	8,962	.....						
Disbursements:												
State and township taxes.....	771	896	1,022	1,122	Danger.....	91.5	367.2	361.9	361.9			
Interest on notes and mortgages.....	926	926	926	926								
Rents.....	1,082	1,082	1,082	1,082								
Farm labor.....	1,963	1,583	893	826		162.4	320.8	288.0	288.0			
Railroad expenditures.....	710	678	823	826								
Farm fertilizer.....	388	422	218	239	Planting as usual with February to July exportable surplus of 1922 crop undelivered to Europe.	69.5	295.7	266.0	266.0			
Farm implements.....	300	563	274	328		43.2	78.3	70.3	70.3			
Saddlery and harness.....	86	86	86	86		57.7	98.4	88.3	88.3			
Mail order houses.....	944	360	228	292		8.8	30.8	27.7	27.7			
New building construction and maintenance.....	1,992	750	516	516		36.9	85.5	76.7	76.7			
Motor cars and trucks.....	555	617	353	427		76.9	185.3	166.4	166.4			
Motor car and truck repairs, parts only.....	174	203	115	154		63.3	126.8	112.8	112.8			
Tire and tire accessories.....	193	185	109	135		20.8	41.3	37.0	37.0			
Gasoline, oil, garage costs other than repair parts.....	150	170	170	190		19.0	39.1	38.1	35.1			
Depreciation.....	944	944	944	944	Danger.....	17.4	61.0	54.8	54.8			
Gross disbursements.....	8,398	8,787	6,946	7,334								
Net cash left.....	7,110	2,513	695	1,628		257.8	249.7	525.7	525.1			
Gross cash receipts.....	15,418	11,300	7,641	8,962								
Gross excess labor costs.....						925.2	1,979.9	2,110.1	2,110.1			

Danger sign.
Prospect is that farm industry in 1923 will absorb the same war labor costs as it did in 1922 and that its European markets will shrivel up to a greater extent in 1923 than it did in 1922.

NATIONAL INDUSTRIES, EMPLOYEES, CAPITAL INVESTED, AND VALUE OF ANNUAL PRODUCTS DIRECTLY DEPENDENT UPON THE ECONOMIC STABILITY AND WELL-BEING OF THE FARM INDUSTRY OF THE UNITED STATES.

- (a) Seventy-six millions of people in the United States, for their regular and orderly supply of food for subsistence.
- (b) Well-being, happiness, and contentment of 31,615,000 farm people—the most rugged element for law and order in this land.
- (c) Well-being, happiness, and contentment of 8,969,241 village people who serve the personal need of the farmer.
- (d) National industries handling animal and food products: Capital investment, \$4,615,149,895, with employees numbering 684,672; value of product, \$12,458,890,851.
- (e) Entire industries handling textiles: Capital investment, \$6,096,181,133, with employees numbering 1,611,309; value of product, \$9,216,102,814.
- (f) Entire industries handling leather goods: Capital investment, \$1,522,502,458, with employees numbering 349,862; value of product, \$2,610,230,723.
- (g) Entire industries handling tobacco: Capital investment, \$604,859,572, with employees numbering 157,097; value of product, \$1,012,933,213.
- (h) At least 20 per cent of all freight railroads: Capital investment, \$19,061,239,186, with employees numbering 2,037,927; value of product, \$6,178,438,459.
- (i) At least 30 per cent of units produced automobiles and trucks: Capital investment, \$1,310,451,400, with employees numbering 210,559; value of product, \$2,387,907,259.
- (j) At least 30 per cent of units produced tires: Capital investment, \$782,637,722, with employees numbering 119,848; value of product, \$987,088,045.
- (k) At least 75 per cent of sales of mail-order houses: Capital investment, \$580,000,000; value of product, \$768,000,000.
- (l) Entire (except export) of farm implements and farm fertilizer: Capital investment, \$678,695,311, with employees numbering 106,058; value of product, \$556,104,850.

Percentages of the national income contributed by the various industries, "average," 1909 to 1918: Total all industries, 100 per cent, of which agriculture is 17.43 per cent; mineral, 3.24 per cent; manufacturing, 29.97 per cent; transportation, 9.28 per cent; banking, 1.45 per cent; government, 5.61 per cent; and unclassified industries, 33.02 per cent.—National Bureau of Economic Research.

Outstanding facts and deductions from the above:

First. The Departments of Commerce and Agriculture and principal financial and agricultural papers of this country have always used and announced as the annual value of farm products "the Department of Agriculture's announced value of yearly farm products," such as twenty-three billion for 1919; seventeen billion for 1920, eleven billion for 1921, and thirteen billion for 1922, as the value of the annual farm products. They have for years failed to deduct the value of the farm products consumed on the farms. Thus for years has the farm industry and our Congress been given an erroneous figure for calculations as to the farmer's buying power, which was in 1919 fifteen billions, in 1920 eleven billions, in 1921 seven billions, and in 1922 eight billions.

Second. Friends of the farm industry endeavoring to show the importance of the industry from the standpoint of its purchasing power of American products have always asserted that the actual purchasing power of the farmer, as compared with the rest of the American population, was from 40 to 52 per cent of the total, while the fact is his actual purchasing power does not exceed 17.43 per cent—the actual expenditure of his total money being largely directed to only a few lines of industry. Thus it can readily be seen that while a nationwide state of increased prosperity may actually occur to industry,

commerce, and labor in the United States, yet underlying this prosperity great factors may silently be working for the economic destruction of the farm industry. For a 10 or 20 per cent diminution of the small 17.43 per cent actual purchasing power of the farmer in the total American markets would show little present effect on the general national welfare. A 10 per cent diminution of 17.43 per cent is 1.74 per cent, while 20 per cent would be 3.48 per cent of the total United States annual purchasing power. This is what has actually occurred in 1921–22 and will occur in 1923 under present conditions. It spells economic disaster to over 40,000,000 of our population as well as the destruction of industry and commerce in the Mississippi Valley and the South. Then, too, give this country another year of it and the cancer will break out progressively in every vital organ of this entire Nation.

Third. That for the year 1921, out of gross cash receipts of \$7,641,000,000, and for the year 1922, out of gross cash receipts of \$8,962,000,000, the American farmer has been compelled to absorb excess labor costs in 1921 of \$1,979,900,000, and in the year 1922, \$2,110,100,000.

Fourth. With present labor prices, he will be compelled to absorb excess labor costs of \$2,110,100,000 for the year 1923, with most of his exportable surplus for 1922 to Europe still undelivered, while he is now working on his new 1923 crop, which also contains a large exportable surplus.

Fifth. That for the year 1921 the farm population of 31,615,000 people received as a total net return on a capital investment of \$78,000,000,000 only eight-tenths per cent with which to buy all their simple family needs, such as (a) medical, religious, and educational services; (b) pay their Federal taxes; (c) pay insurance for life, fire, and tornado; and (d) make payments on a total farm debt of \$12,426,691,415. In 1922 the farmer has left again only 2 per cent return on his total capital investment for small family purchases.

Sixth. That during the last 10 years we find from the "Operating sheet of the farm industry" that the industry is tightly bound by four great constant factors and one great variable factor over which he has no control. The variable factor spells the sale of his surplus in foreign markets. The farm industry during the last 10 years has employed (a) approximately the same total acreage, though it has shifted its crops on that acreage from time to time, constant factor 1; (b) the same number of employees, constant factor 2; and (c) has produced approximately the same annual poundage for each of those years, constant factor 3; (d) disbursement items, column 1, constant factor 4; and (e) yet for the same gross annual poundage the farm industry received the following terrific changes in total cash value for his product: For the year 1919, \$15,418,000,000; 1920, \$11,300,000,000; 1921, \$7,641,000,000; and for the year 1922, \$8,962,000,000, the great variable factor. A fair illustration of this situation would be the assumption that the Ford Motor Co., during the 10-year period from 1912 to 1922, had not increased (a) its factory buildings and equipment; (b) the number of its employees; (c) the number of cars produced per year; and yet had received for that same number of cars \$11,000,000,000 in 1920, \$7,000,000,000 in 1921, and \$8,000,000,000 in 1922, with labor prices as high as in 1920. It must be kept in mind that the Ford Motor Co. is a single corporation, with one directing mind, and that it can be closed down when there is an overproduction, while the farm industry is like 6,000,000,000 small corporations, without any general supervision and without any general directing mind as to the size of its annual production.

DANGER SIGN.

That to hold this now critical economic situation of the United States farm industry at its present low and destructive point, preparatory measures for relief must come at once. Time is the great element, and if wasted in useless discussions is fatal to the American farmer. His economic condition does not recognize the Democratic

or the Republican Party, nor their efforts to gain, one against the other, any small party advantage at this hour. Political bickerings and personal ambitions must be put aside, as was done during the period of the Great War, and America must close its ranks and give the same loyal support to the President of the United States, when in action, as was given by all to the Hon. Woodrow Wilson, our war President. Further delay spells disaster.

A terrific economic conflagration is consuming our customers in continental Europe; Russia is burned to the ground; France, Germany, Belgium, and Italy are in the midst of flames; France is pouring gasoline on the fire in order that a lurid pillar of light may rise so high that across the Atlantic it may be seen in the night skies of America. No preparation is being made here to man, equip, and order America's super fire engines to the salvation of our customers, nor have we notified France, Italy, and Belgium that America has seen the danger light and to stop pouring gasoline on the fire.

CAN THE UNITED STATES FARM INDUSTRY EXIST UNDER A POLICY OF ECONOMIC ISOLATION AS TO THE COUNTRIES OF EUROPE?

First, May I point out—to those citizens who maintain that "complete isolation from Europe" is our duty under the Monroe doctrine, because participation would involve us in "foreign entangling alliances"—that there are two historic relations that we have ever had with Europe under the Monroe doctrine—one is a political relation

which President Jefferson announced and the other an economic relation. Under the latter we have bound ourselves from the earliest beginnings of this Republic with bands of steel to the gross in and out trade that will equal two hundred to two hundred fifty billions of dollars—almost the size of our national wealth.

Second, Again may I point out to that same class of citizens who assert that we are "self-contained" and that "our consumptive capacity is so great that we are independent of Europe" that they are in economic error. Under that economic fallacy, 60 per cent of the cotton fields of the great South and 37 per cent of the wheat fields of the great Mississippi Valley will run to weeds and the economic destruction of 31,614,000 farm people—the most rugged element for law and order in this country—will have been accomplished through their error, while grass will block the streets of those thousands of small villages and communities which are spread throughout the great agricultural sections and house 8,969,241 people—good, law-abiding, industrious American citizens.

Third, The extensive Russian, Rumanian, and Bulgarian wheat fields, which in pre-war years produced annually a world exportable surplus of 200,000,000 bushels of wheat, are down through the economic destruction of those countries, and all Europe is on a rationed and low diet. With this fact in mind, may I point out where the world's exportable surpluses of wheat and cotton come from to-day and the great European customers that use these exportable surpluses, with the prominent position of the United States in that picture?

TABLE V.—Wheat.

EXPORTS.

[Where the bulk of the world's exportable surplus of wheat and wheat flour come from (stated in thousands of bushels).]

Year.	1 United States.	2 Russia.	3 Rumania.	4 Bulgaria.	5 Netherlands.	6 Belgium.	7 Germany.	8 Australia.	9 Argentina.	10 Canada.
1906	127,309	137,502	66,838	11,035	33,626	18,030	10,350	37,924	89,128	44,957
1907	160,127	88,622	44,813	10,166	45,457	19,842	7,964	36,288	104,956	45,863
1908	151,338	56,739	27,023	9,110	30,568	20,561	17,257	20,390	139,355	60,365
1909	92,085	194,051	32,471	7,481	48,784	25,472	16,038	37,517	98,273	60,866
1910	61,923	230,569	69,708	11,204	39,503	26,129	19,956	47,761	69,209	46,425
1911	83,330	150,875	56,872	14,524	47,028	26,099	19,581	55,147	83,993	60,474
1912	109,451	102,195	54,203	11,456	52,152	19,870	20,510	40,428	103,260	104,320
1913	154,760	130,596	48,494	11,456	64,501	15,898	29,638	53,207	109,637	151,975
1914	231,318	94,342	23,535	None.	37,583	None.	None.	6,068	39,435	91,322
1915	270,400	11,885	None.	None.	1,830	None.	None.	35,369	98,155	176,959
1916	218,755	15,134	None.	None.	44	None.	None.	68,780	91,625	228,862
1917	168,864	None.	None.	None.	776	None.	None.	40,139	40,078	186,342
1918	208,857	None.	None.	None.	21	None.	None.	66,760	119,029	93,247
1919	267,111	None.	None.	None.	264	847	None.	*106,247	137,356	112,588
1920	307,630	None.	105	None.	1,095	331	910	*62,240	*198,539	144,845
1921	*280,101	None.	3,723	None.	*3,489	None.	None.	*115,420	*82,830	*178,259

¹Indicates no figures reported by U. S. Department of Agriculture.

²Broomhall.

³International Institute of Agriculture at Rome.

IMPORTS.

[The great customers who use the bulk of the world's exportable surplus of wheat (stated in thousands of bushels).]

Year.	1 Great Britain.	2 Italy.	3 France.	4 Germany.	5 Belgium.	6 Netherlands.
1906	208,920	50,473	11,732	74,873	68,178	54,678
1907	214,487	34,281	14,018	91,195	67,688	62,294
1908	201,740	29,026	3,120	77,673	67,175	50,061
1909	210,489	48,955	5,469	90,035	71,026	69,109
1910	195,965	45,259	23,957	89,867	75,351	80,945
1911	182,352	43,300	79,695	92,204	82,405	68,657
1912	229,160	65,914	26,698	85,218	71,261	75,018
1913	226,978	66,635	57,669	94,451	69,790	89,334
1914	218,025	37,399	65,598	None.	None.	57,951
1915	191,064	83,159	76,776	None.	None.	28,766
1916	211,830	74,088	106,446	None.	None.	30,242
1917	206,255	77,249	87,517	None.	None.	12,575
1918	175,460	78,671	72,627	None.	None.	2,245
1919	178,543	95,503	86,630	None.	4,256	18,259
1920	234,475	79,875	87,770	24,572	33,868	20,194
1921	188,825	104,150	40,249	88,812	37,981	23,416

The first four of these countries are badly crippled.

TABLE VI.—Cotton.

EXPORTS.

[Where the bulk of the world's exportable surplus of cotton comes from (stated in thousands of bales of 500 pounds gross weight).]

Year (average).	1 British India.	2 China.	3 Egypt.	4 Peru.	5 United States.
1909-1913	1,960	240	1,442	87	9,008
1914	2,791	188	1,225	106	6,873
1915	2,103	202	1,430	97	9,126
1916	2,118	237	1,122	112	7,628
1917	1,663	232	844	80	5,180
1918	819	360	1,040	99	4,411
1919	1,528	299	1,390	185	7,045
1920	2,052	.....	829	.....	6,651

TABLE VI.—Cotton—Continued.

IMPORTS.

[The great customers who use the bulk of the world's exportable surplus of cotton (stated in thousands of bales of 500 pounds gross weight).]

Year (average).	1 Canada.	2 Belgium.	3 France.	4 Germany.	5 Italy.	6 Japan.	7 Netherlands.	8 Spain.	9 Sweden.	10 Switzerland.	11 Great Britain.	12 Russia.	13 Austria-Hungary
1909-1913.....	137	496	1,435	2,238	896	1,405	277	382	93	113	4,164	886	908
1914.....	152	None.	949	None.	879	1,705	245	889	107	101	3,447	801	None.
1915.....	197	None.	1,052	None.	1,344	2,015	365	600	558	147	4,820	641	None.
1916.....	205	None.	1,178	None.	1,170	2,299	177	471	130	123	4,945	57	None.
1917.....	178	None.	1,260	None.	828	1,947	46	447	82	84	3,163	None.	None.
1918.....	226	None.	656	None.	601	1,886	1	277	33	38	3,114	None.	None.
1919.....	179	289	1,007	None.	826	2,190	114	341	80	115	3,816	None.	None.
1920.....	241	506	1,033	691	825	2,178	124	375	113	97	3,457	375	None.

TABLE VII.—International trade balance sheet between Europe-Canada and United States of America. Item I: United States bill to Europe and Canada; Item II: Part paid. Item III: Balance due and unpaid for eight years, January, 1915, to January, 1923, inclusive.

	Europe-Canada eight-year bill.	Debit.	Credit.
<i>Item I. United States bill to Europe and Canada for eight years.</i>			
<i>Invisible debits:</i>			
1. Agricultural products sold and exported to Europe.....	\$20,430,625,433		
Manufactured products, raw materials, and all other merchandise, sold and exported to Europe.....	7,945,233,225		
Merchandise and agricultural products (total exports) sold and exported to Canada.....	5,038,146,108		
Army and Navy supplies, sold by liquidation commissions in Europe after the war to Nov. 15, 1922.....	574,876,884		
Supplies and merchandise, mostly agricultural products, sold and exported by American Relief, \$84,093,963, plus United States Grain Corporation, \$56,858,802.....	140,952,766		
2. Interest accrued to United States Government on loans to European Governments of \$10,128,140,829, to Nov. 15, 1922 ¹	2,115,471,845		
Interest accrued to American investors on European loans at average rate of 6 per cent and average \$2,881,501,000, less refund of \$648,246,316, to January, 1923.....	584,097,106		
Interest accrued to American exporters and bankers on an average (from Jan. 1, 1915, to Jan. 1, 1923) of \$2,500,000,000 current open credits.....	819,000,000		
Interest accrued to American investors on Canadian loans, rate 6 per cent (on \$156,819,683, Jan. 1, 1915, plus \$1,455,778,114, loaned since), on a total of \$1,612,597,797.....	372,571,523		
3. Discount at an average 4 per cent paid by Europeans in United States on sale of \$2,881,501,000. European securities sold to American investors.....	115,000,000		
Discount at an average 5 per cent on resale of American securities sold by European owners to American investors on \$2,500,000,000.....	125,000,000		
4. War service of transportation and other items furnished allies in United States out of \$10,000,000,000 loan in addition to items in sub 1, item 1.....	1,346,780,348		
5. War liquidation items, incurred in United States on cancellation of allied war contracts and expenses of allied commissions in United States.....	100,000,000		
6. Insurance, shipping, repairs, supplies in United States ports, tourists, \$75,000,000 per year (war transportation shipping in sub 1, item 1) ¹	600,000,000		
7. European agreement to repay occupational services furnished by War Department to United States on Rhine.....	255,862,608		
8. European loans placed in United States taken up and paid off by Europe.....	650,500,000	\$41,214,117,346	
<i>Item II. Payments made.</i>			
<i>Invisible credits:</i>			
1. All merchandise purchased and imported from Europe to Jan. 1, 1923.....	5,846,968,461		
All merchandise purchased and imported from Canada to Sept. 20, 1922.....	2,972,276,711		
Gold and silver net balance delivered to United States by Europe.....	771,715,000		
Gold and silver net balance delivered by Canada—largely French and Italian gold deposited with Great Britain sent via Canada.....	1,418,392,000		
Gold and credits delivered to United States Treasury by British Government from India.....	81,000,000		
3. American securities purchased from European holders by American investors.....	2,500,000,000		
European securities, public and private, purchased by American investors (\$2,881,506,000, less \$648,246,316 refunded through \$10,000,000,000 loan by British).....	2,232,259,684		
France, marks, lire, pounds sterling purchased and held by American investors.....	1,000,000,000		
Canadian securities, public and private, purchased by American investors.....	1,455,780,000		
4. War merchandise and service by United States Government purchased in Europe for war, Navy aircraft, and United States Government needs to end armistice period paid in cash.....	2,509,442,889		
War merchandise and service by United States Government for same purposes as sub. 4, item II, paid by United States from France, lire, and pounds sterling furnished by allied Governments.....	1,490,557,111		
War merchandise and service by United States Government for same purposes from armistice period to present for occupational expenses on the Rhine.....	255,862,608		
5. Interest accrued to European investor and holder of American securities on an average rate of 5½ per cent on \$2,500,000,000 ¹	1,526,322,688		
6. Remittances by European immigrants in America to Europe, 1915, 1916, 1917, and 1918, at \$175,000,000 per year; 1920, 1921, and 1922, at \$300,000,000 per year—all Europe ¹	1,600,000,000		
7. Tourist and shipping, repairs for years 1919, \$100,000,000; 1920, \$150,000,000; 1921, \$175,000,000; 1922, \$200,000,000 ¹	625,000,000		
8. American investments in Canadian and European properties and agencies (motors, tires, farm implements, oil, packing, etc.) ¹	50,000,000		
9. Current revolving credit advances to European and Canadian merchants by American bankers and exporters for United States exports and imports ¹	2,000,000,000		
Unsettled trade balance of Europe and Canada in favor of United States.....		\$28,835,557,152	
		12,878,590,194	
Total United States bill to Europe and Canada for eight years.....		\$41,214,117,346	\$41,214,117,346
<i>Item III. Balance due and unpaid.</i>			
1. European allied Government notes received by United States Government for allied loans under Liberty loan act—unpaid balance to Nov. 15, 1922.....	9,386,422,558		
2. European Government notes received by United States Government for War-Navy supplies sold since war, \$574,876,884; sales American relief, \$84,093,963; and sales U. S. G. Co., \$56,858,802, plus \$255,862,608, United States Rhine cost.....	871,692,277		
3. Interest accrued and unpaid on sub. 1-2, item III, by European countries to United States Government balance to Nov. 15, 1922.....	1,554,783,389		
4. Total obligations of European Governments to United States Government.....	11,812,898,204		

Farm industry's interest in the above—international transactions covering eight years:
 (a) The \$10,000,000,000 Allied loan by the United States was directly expended for agricultural products, \$7,889,001,697; for manufactured and raw materials, \$2,699,106,125; railroad freight, \$136,983,774.

(b) The \$871,692,257 liquidation sales—notes, United States Grain Corporation and American Relief—at least 80 per cent thereof, or \$697,353,706, was for agricultural products.
 (c) Of the total exported merchandise to Europe and Canada (excluding supplies to Army and Navy in Europe), \$26,184,701,270 was agricultural products.

American banking and investment houses' interest in the above—international transactions covering eight critical years:

- (a) The financing and sale of all securities purchased and sold in American markets.
- (b) All credit arrangements and settlements on total exports and imports.
- (c) Total shipments of all gold and silver imported and exported.
- (d) Collections and payments of all interest and discount, together with the handling of invisible credits and debits of immigrant remittances, tourists, shipping, and insurance.

(e) Investigating, reporting, and passing, as well as establishing European customers' credits for merchandise exported, for which they have established in European countries large American branches.

(f) The American seaboard banks and American investment houses from New York to San Francisco handled \$58,000,000,000 for our foreign trade during those eight critical years while the great American interior banks financed in addition the money for the planting and sale of the farm products during the same period.

TABLE VIII.—Looking backward from January 1, 1914, to January 1, 1900—Fourteen years pre-war peace period—International trade balance sheet between United States and all Europe, years 1900 to 1914, inclusive—Peace time pre-war trade sheet with Europe.

Fiscal years.	United States bill of items to Europe.						Europe's payment on bill.						
	Fiscal year exports.	Fiscal year imports.	Fiscal year net excess of United States exports and imports.	Fiscal year net excess gold and silver to Europe.	To Europe United States securities sold as merchandise.	United States total bill to Europe. ¹	Total Europe payments. ¹	Interest 5 1/2 per cent paid to Europe on United States securities purchased.	Interest 6 per cent paid to Europe on \$1,500,000,000 on our world's trade.	Net excess of European ocean drayage for United States.	United States tourists' money in Europe.	Immigrant remittance to Europe.	Net excess gold and silver to United States.
1900.....	\$1,040,167,763	\$440,567,314	\$599,600,449	\$75,313,684	\$70,000,000	\$744,914,133	\$737,600,000	\$227,600,000	\$90,000,000	\$50,000,000	\$170,000,000	\$200,000,000	
1901.....	1,136,594,681	429,620,452	706,884,133	92,246,955							170,000,000	200,000,000	
1902.....	1,008,033,981	475,161,941	532,872,040	75,424,417							170,000,000	200,000,000	
1903.....	1,029,256,651	547,228,887	482,027,770	48,717,734							170,000,000	200,000,000	
1904.....	1,057,930,131	498,697,379	559,232,752	79,610,721							170,000,000	200,000,000	
1905.....	1,020,972,641	540,773,092	480,199,549	1,563,792							170,000,000	200,000,000	
1906.....	1,200,166,036	633,292,184	566,873,852								170,000,000	200,000,000	\$75,815
1907.....	1,298,452,380	747,291,253	551,161,127								170,000,000	200,000,000	44,425,633
1908.....	1,283,600,133	608,014,147	675,586,008	2,134,700							170,000,000	200,000,000	
1909.....	1,146,755,321	654,322,918	492,432,403	82,331,923							170,000,000	200,000,000	
1910.....	1,194,062,988	790,134,594	403,928,399	71,877,002							170,000,000	200,000,000	
1911.....	1,293,072,862	770,293,238	522,779,626	34,525,802							170,000,000	200,000,000	
1912.....	1,467,451,834	900,003,944	567,447,890	64,138,330	150,000,000	781,586,220	776,750,000	26,675,000	90,000,000	50,000,000	170,000,000	200,000,000	
1913.....	1,499,573,363	864,666,103	634,907,260		150,000,000	784,907,260	793,360,330	275,000,000	90,000,000	50,000,000	170,000,000	200,000,000	8,360,330

¹ 1922 exports and imports used as basis for 1923.

Looking backward: To the close of this normal 14-year period Europe's credit position, as a result of an almost uninterrupted half a century of peaceful commercial civilization, was as follows:

- (a) Europe, with the rest of the world, was enjoying the benefits of international trade, which was at its highest point, with 45,000,000 tons of shipping facilities sufficient to adequately handle the world's commerce.
 - (b) In the world's commerce Europe was the great financial center, supplying the new money for United States, Russia, Japan, China, India, South America, Africa, Australia, Canada, and the Balkan States—in a word, to the world.
 - (c) The investors of Great Britain alone owned and controlled \$250,000,000 of the \$300,000,000 of the annual gold supply of the world.
 - (d) The investors of Great Britain alone had invested capital in the countries of the world of \$18,000,000,000.
 - (e) Europe had purchased and held American securities to the extent of \$5,000,000,000.
 - (f) Great Britain had invested in the financing of our foreign trade an additional \$1,500,000,000.
 - (g) Europe was collecting annually from the United States an interest charge at 5 1/2 per cent on \$5,000,000,000 and 6 per cent on an additional \$1,500,000,000 invested in our foreign trade—a total annual interest of \$365,000,000.
 - (h) Europe was doing our annual ocean drayage in excess of \$50,000,000 over that carried in American bottoms.
 - (i) Europe was loaning to the United States new capital at the rate of \$100,000,000 a year.
 - (j) All of the European nations had a small national debt, the interest on which was easily met by small annual tax of \$1,600,000,000 for interest on their national debts.
 - (k) The franc, lira, crown, ruble, and pound sterling were sound and approximately at par the world over, with all the European nations solvent.
 - (l) European merchants were well known and financially strong, with unquestioned credit the world over.
 - (m) These were the financially strong and the good customers for the exportable surplus of the American farm, factory, and mine.
- Let us now look at Europe—our same good customers—as of January 1, 1923, after the destructive calamity of a world-destroying war.
- Looking forward—from January 1, 1923, to the years to come—10, 20, 30, 40 years:
- (a) The United States has become the financial center and great creditor nation of the world, with \$250,000,000,000 of national wealth and a comparatively small national debt—to-day the only world market for substantial amounts of new capital.
 - (b) The lines of the world's international commerce broken down and largely destroyed, except for taking care of only the almost actual necessities of life for many of the countries of the world—their buying reduced to the lowest possible minimum.
 - (c) The world's shipping facilities greatly overbuilt, with 54,000,000 dead-weight tons of steel cargo shipping, in desperate competition, to carry the "world's commerce," which does not require to-day more than 35,000,000 dead-weight tons of shipping.
 - (d) With a total of \$28,000,000,000 paid on our \$40,000,000,000 of trade balance, there is hanging over and menacing our foreign trade relations with Europe a \$12,878,560,194 unsettled trade balance in favor of the United States.

1. This terrific unsettled trade balance exists, too, even after Europe has exhausted almost all of her available resources to settle it. Great Britain, realizing the effect of this unsettled trade balance and

its menace to world conditions, endeavors in a statesmanlike manner to promptly accept our terms and thus reduce her portion of that trade balance by approximately \$5,000,000,000.

- 2. Hanging over the European nations to-day are great unfunded external debts, owed principally to the United States and Great Britain, of \$11,812,898,204 to the United States alone, with an annual interest charge of \$354,000,000, menacing and destroying the reasoning powers of the afflicted nations of Europe, which must be met by taxes upon her people.
- (e) To meet forty billions of trade balance in favor of the United States during the last eight critical years, of which trade \$26,000,000,000,000 was for agricultural products, our great customers in Europe have since 1914—
 - 1. Returned to the United States two and one-half billion dollars' worth of American securities, and the United States, through the Allen Property Custodian, has impounded \$400,000,000 worth of German securities.
 - 2. Sent to us a \$2,271,107,000 net balance of gold and silver, mostly Russian, Austrian, German, Italian, and French, together with new world production, which the United States holds, and as a result these nations are off a good basis.
 - 3. Borrowed new money in the American investment markets of \$2,232,259,684.
 - 4. Canada has borrowed in the American investment markets \$1,455,780,000. Europe in pre-war days furnished Canada all her new capital; and
 - 5. The United States has taken over from Europe the financing of her own world trade and has invested in it about \$2,000,000,000 of American banking money.
- (f) Europe is collecting interest to-day from us on \$1,500,000,000 of American securities, as against \$5,000,000,000 held by her investors in 1914.
- (g) The countries of Europe staggering under national external and internal debts, with interest charges from those debts equaling \$11,000,000,000 a year, as against \$1,500,000,000 of interest charges for 1913.
- (h) While the dollar and pound sterling are practically at par, the lira is a little over one-fifth of par and the franc a little less than one-third of par, with the ruble, Austrian crown, and the German mark depreciated to practically nil.
- (i) The credits of a large percentage of the merchants of Europe are weak and gradually shriveling up. Yet midst all the financial chaos that exists in Europe to-day, Great Britain, with \$15,000,000,000 of world securities still in the hands of her private investors, within the very heat of the firing line, stands cool and set at home like the sentinel "Rock of Gibraltar," while promptly honoring her obligations abroad. The world has confidence in her statesmanship because Great Britain always leans in her international affairs upon the tried and experienced men of her country, in her hours of success as well as in her hours of need. They know the present-day history of "world commerce" and they can read the future. What a lesson to this country—her debt-funding commission arrived home on Saturday, reported to the Government, and by the following Wednesday that nation had accepted and taken on its obligations of principal and interest to the United States Government, assuming for its people, already heavily taxed, a further tax burden of \$170,000,000 a year for 66 years.
- (j) Great Britain, along with the neutral countries of Norway, Sweden, Denmark, Holland, Switzerland, Spain, and Portugal, are alone left with foreign financial credit and stability.

TABLE IX.—United States looking forward for years—10, 20, 30 years—credit ability of United States foreign customers to buy our exportable surplus—France, Italy, Germany, Europe—prospective balance sheets for 1923 on three bases—which?—Canada excluded.

UNITED STATES BILL OF ITEMS TO EUROPE.
[Items 1 to 10, inclusive, stated in millions of dollars.]

Year and reference.	Total exports to Europe (merchandise).	Total imports from Europe (merchandise).	(1) Net balance of exports over imports.	(2) Net balance gold and silver sent Europe.	(3) United States loans sold as merchandise to Europe.	(4) Payment of maturing European loans to United States.	(5) Net balance, shipping.	(6) Interest payments on \$2,000,000,000 in foreign trade to United States, 7 per cent.	(7) Discount, 3 per cent, paid in pounds sterling for sale of European loans in United States.	(8) Interest at 6 per cent on \$2,300,000,000 United States loans to Europe.	(9) Interest, 5 per cent, on loans to allies of \$11,800,000,000.	(10) Payments of United Kingdom on debt to United States, \$4,743,000,000.	Total bill of United States to Europe.
1912 "A".....	1,467	900	567	64	150	None.	None.	None.	None.	None.	None.	None.	781
1922 "B".....	2,050	1,054	955	None.	None.	None.	33	140	17.7	133	100.5	None.	1,419.2
1923 "X".....	12,050	11,054	995	None.	None.	Nil.	33	140	30	133	590	None.	1,923
1923 "Y".....	12,050	11,054	995	None.	None.	Nil.	None.	140	14	133	142	30	1,457
1923 "Z".....			600	None.	None.	Nil.	None.	140	6	133	142	30	1,051

¹1922 exports and imports used as basis for 1923.

EUROPE'S PAYMENT THEREOF.
[Items 1 to 11, inclusive, stated in millions of dollars.]

Year and reference.	(1) Interest, 5 1/2 per cent, on \$1,500,000,000 United States loans held in Europe.	(2) United States tourist money.	(3) United States immigrant remittances.	(4) Net balance, gold and silver sent to United States.	(5) New loans made by Europe in United States.	(6) United States securities held in Europe resold in United States.	(7) Interest, 6 per cent, paid Europe on \$1,500,000,000 invested in United States foreign trade.	(8) Net balance due Europe on shipping.	(9) World securities held by Europe sold in United States.	(10) World loans formerly held by Europe refunded in United States, and balances left here to credit of European holders, Canada, Dutch East Indies, etc.	(11) Purchase by United States (marks, lire, francs).
1912 "A".....	776	266	170	200	None.	None.	90	50	Nil.	Nil.	Nil.
1922 "B".....	1,379	82	200	300	176	220	50	None.	30	321	.....
1923 "X".....	1,923	82	200	300	200	1,061	50	None.	30	None.	None.
1923 "Y".....	1,456	82	200	300	200	544	50	None.	30	None.	None.
1923 "Z".....	1,042	82	200	300	100	230	50	None.	30	None.	None.

"A"—First. Normal trade balance sheet of 1912: Normalcy in highest degree and almost a counterpart of each year from 1900 to 1914, which was a period of "commercial civilization" with the world at peace. (Table VIII.)

"B"—Second. Thus, as against 1912, Europe in her international balance sheet finds an abnormal total increase made up from the following items: (1) An excess balance of exports and imports over 1912 of \$428 million; (2) an excess of \$33M from net balance of shipping; (3) interest payments on \$2 billion invested in the foreign trade of the United States at 7%—\$140M; (4) discount of 3% paid in the United States on sale of European loans—\$17.7M; (5) interest at 6% on \$2.3 billion loan of United States capital to Europe—\$133M; (6) interest on British loan paid in 1922 of \$100.5M. Less net balance of gold sent by the United States to Europe in 1912 of \$64M and loans of European capital made to the United States in that year of \$150M; or a net abnormal increase of \$638.3 millions.

Her abnormal payment on this bill in 1922 as against 1912 consist of additional \$30M United States tourist money, plus additional \$100M immigration money; plus \$176M gold and silver net balance sent the United States; plus \$220 European loans made in the United States; plus \$50M American securities sold by Europe; plus \$30M world securities sold by Europe to the United States; plus \$321M world loans formerly held by Europe refunded in the United States and the balance left here to the credit of Europe. Less \$50M of shipping; less \$90M interest at 6% paid by Europe on \$1.5 billions invested in the United States. Foreign trade; less \$182M interest on \$5 billion United States loans formerly held in Europe and now reduced to \$1.5B—a total of abnormal payments of \$605 millions.

Of the \$176M net balance of gold and silver that was paid by Europe to the United States in the first 10 months of 1922, Great Britain sent \$94.5M; France, \$19.6M; Netherlands, \$9.8M; Norway, \$8.4M; Sweden, \$32.7M; and Denmark, \$17.6M.

Of the new loans made by Europe in America in 1922 of \$220M, as against loans to us of \$150M in 1912, the neutral countries borrowed as follows: Denmark, \$30M; Copenhagen, \$5M; Netherlands, \$30M; Holland, \$12.06M; Holland-America, \$8.04M; and Norway, \$18M—a total of \$103.1 millions. While the Yugoslav Republic borrowed \$25M; Czechoslovak Republic, \$14M; city of Gr. Prague, \$7.5M; city of Soissons (France), \$6M; Department of Seine (France), \$25M; Framer Industrial Development Corporation (France), \$10M; Paris, Lyons Mediterranean Railway (France), \$30M—a total amount of loans for these countries of \$117.5 million, or a grand total for Europe of \$220.6 millions. In addition there were a number of European issues refunded in the United States during the year which has no effect on the international balance sheet. Of the \$321M of world securities held by European investors which became due in 1922, such as Great Britain's great investments in Canada and Holland's in the Dutch East Indies, South America, etc., these were refunded with new United States money.

Thus was the United States bill to Europe in 1922 \$1,419.2 millions, as against \$781M in 1912, and her payments totaled \$1,379M in 1922, as against \$776M in 1912.

The author abandoned the details of further exact information on the sale and refund of world securities in American markets, as well as

some other points, because of the desire to get this out before the adjournment of Congress. However, it is plainly seen that while the payments of British debt and interest will throw heavy taxes on the people of Great Britain, she can take care of her principal and interest charge and payment will come for her adverse balances from gold and from the sale of her world securities when refunded by new American capital. No attempt is made to estimate the ultimate effect of these payments on our foreign trade; but as England built her great reservoir of foreign investments, it seems as though this country could do it without injury to her foreign trade. Likewise the neutral countries can take care of their adverse balances with the United States; but as to those countries that absorb 50 per cent of the world's exportable surpluses of wheat and cotton, to wit, France, Italy, Belgium, Germany, and the other countries of southeast Europe, they some months ago passed the dead center of credit and power to furnish the needed gold, world's securities, and substantial credits to absorb our exportable surpluses. Hence the dwindling of our markets with those countries. As Great Britain's financial strength to meet the future becomes more visible, her exchange crawls upward to par. As the United States furnishes new capital to non-European countries and takes over from Europe the refunding loans of non-European countries now held by Europe, the United States will cut down her existing adverse trade balances with the non-European countries through the interest payments made by the non-European countries to the United States investors. The balance of trade drafted between the United States and each of those countries could be accomplished in 60 days, so that we could see and understand the present and future credit situation of our customers.

"X"—Third. Prospective 1923 trade balance sheet: The payment of \$200,000,000 net gold and silver by Europe to the United States (in column 4 of Europe's payment thereof) will come largely from Great Britain, if it does come, or she will allow the world securities which become due next year and which her private investors hold, to be refunded in the United States money markets, and thus will largely settle her obligations to the United States. Then, too, the neutral countries will settle their balances and borrow less money in the United States this coming year, for their borrowings were largely for national purposes of putting their governments in order after the war. The \$1,061,255,000 of European securities which will have to be sold in the United States market to American investors in 1923 must come in the main from Italy, France, Belgium, and Germany as money borrowed to settle their trade balances for food supplies purchased in this country. No sane man who has analyzed the purchase of European securities in the American markets in the year 1922 and at the same time has observed the lowered value of those securities in the hands of American purchasers to-day will predict that the American market will absorb to any appreciable extent loans from France, Italy, Belgium, and Germany during the year 1923, with financial chaos increasing in those countries. The last two classes of merchandise which nations in falling financial circumstances part with for the feeding of their people are, first, works of art, heirlooms, and other personal valuables. It would throw light on the falling credit of Italy, France, Germany, Belgium, and Austria if our commerce records had these items segregated as to countries for the years 1919, 1920, 1921, and 1922. Well-

informed men estimate that large annual imports of these items are coming into this country. Only a survey will determine this item for our balance sheet with each of these countries. The second class is the small balance of their national stocks of gold. In all the countries of Europe except Great Britain and the neutral countries they are holding their remaining gold as sacred. According to the Annual Report of the Director of the United States Mint for the year 1922, on December 31, 1921, Austria had \$16,000 of gold; Belgium, \$51,000,000; Bulgaria, \$7,000,000; Czechoslovakia, \$12,000,000; France, \$690,000,000; Germany, \$237,000,000; Greece, \$10,000,000; Italy, \$220,000,000; Poland, \$7,000,000; while, for comparative purposes, two neutrals had, Spain, \$472,000,000, and Switzerland, \$106,000,000. In this regard note the small amounts of gold that came from the above countries during 1922: France, \$19,600,000; Italy, none; Belgium, none; and Austria, none. There is yet that last reserve on which to draw.

What the French, Italian, Belgian, and German financial borrowings will have to be for the years 1923 and 1924 for payments of their needs of the world's exportable surplus of wheat and cotton, will be shown when international balance sheets, formed on facts, are drawn. Then, too, when we have established the facts as to the credit conditions of those countries, we will be able, in a more definite way, to determine the amount of actual credits that can be made, and hence the extent of their buying power for 1923 and 1924. It is to be noted that since July 7, 1922, no European loans have been sold in the United States, except the small loans of neutral countries. It must be kept in mind also that Great Britain has no new money to finance loans or credits to Italy, France, Belgium, and Germany, nor will she do so in their present credit condition for the benefit of American merchandise going into those countries, except where the present personal credits of purchasers are intact. Has not a gradual lowering of our exports to Europe, month by month in the last two years, been due to the dwindling credit caused by these countries using up their credit surplus in nonproductive fields? It must again be kept in mind that American bankers financing our foreign trade can not increase their loans to Italy, France, Germany, Belgium, and Austria beyond their present point unless improved credit conditions arise in Europe. With a lowering of credit conditions in those countries, it is natural that there will be a gradual diminution of American bankers' advances.

One important credit element which must be taken into consideration in intercountry trade balance sheets is the trade balance of the customer country with world "triangular trading"—in a word, the annual trade balance sheets of Italy, France, Belgium, and Germany with the world. If any of these countries has an excess of exports over imports in their annual world trade, they could use that excess to-day to settle their advance balances with the United States. In examining the world commerce for the normal year 1913, we find no comfort, for we know to-day these countries have no loaning power; own only a small part of the world gold mines; have little or no tourist or immigrant money outward, and have no shipping balance. Furthermore, the Annals of the American Academy of political and Social Science for July, 1922, report that for the pre-war year 1913, the world merchandise balances of these countries were adverse, as follows:

1913.

	Imports.	Exports.	Adverse balances.
Belgium.....	\$892,889,150	\$696,765,510	\$196,123,640
France.....	1,657,431,450	1,339,298,440	318,133,010
Italy.....	708,638,570	487,764,590	220,873,980
Germany.....	2,604,232,500	2,413,718,100	190,514,400

"Y"—Fourth. Prospective 1923 trade balance sheet presupposes: (a) Assume all foreign loans to the Allies excepting British canceled and the British debt on a 3 per cent interest basis; (b) that the American farm industry and the American manufacturers and producers of raw materials are more interested in selling the United States national exportable surplus of farm products, manufactured goods, and raw materials to Great Britain, France, Italy, Germany, Belgium, and Holland than they are in collecting additional United States charges for shipping. Realizing that every shipping dollar that is taken from European customers by "United States shipping charges" cuts off just that many dollars of sales to our European customers. Then, too, it presupposes that the American taxpayers are not interested in raising annually \$30,000,000 more for a ship subsidy in order to partially destroy the ability of our European customers to absorb our exportable surplus from farm, factory, and mine. Under the suppositions of balance sheet for 1923 "Y," (a) with all the European loans to the United States canceled (except Great Britain) and (b) European customers doing shipping, again will the two hundred million gold come from Great Britain, while Italy, France, Germany, and Belgium will largely have to borrow in the American markets five hundred and forty-four millions to pay the food bill, which again is an impossibility because of the financial condition of Europe.

"Z"—Fifth. Prospective 1923 trade balance sheet presupposes: (a) The high state of normalcy that obtained in our trade relations with Europe from 1900 to 1914; (b) cancellation of all our European loans except Great Britain's; (c) the carrying of the ocean freight by the European countries as was done in the normalcy 1900-1914 period; (d) that we make reciprocal commercial treaties with preferential tariff rates with our principal European customers who buy our exportable farm surplus so as to bring our balance of merchandise trade down to the average normal of 1900-1914 period, to wit, to six hundred millions a year. This would permit one hundred millions of British gold, gathered by her people from the annual world production for 1923, to be diverted to the use of Italy, France, Belgium, and Germany. It, too, would so stabilize European conditions that our American investment markets would again absorb two hundred and thirty millions of European securities and world refunding securities and at the same time would leave the balance of the American investing market to absorb the large unfunded railroad debt of this country, and at the same time stabilize the railroad situation and enable the United States railroads to secure new money for much-needed equipment to take care of the coming fall trade. The railroad balance sheets of this country for the years 1921-22 show almost as

bad a financial condition and inability to borrow as does the farm industry balance sheet for those years. (e) It presupposes reciprocal immigration treaties with France, Italy, Belgium, and Germany, so that Italy, particularly, can balance her food purchases with the United States through immigration labor, which has always had a fair opportunity in the past years in the American labor field. These reciprocal immigration treaties, too, based on United States State percentages instead of total United States percentages, will bring down the commodity prices to a more reasonable level to the farmers and to the great middle classes of the United States, consisting of lawyers, doctors, teachers, clerks, and those whose incomes have not risen with and in proportion to the war advance in commodity prices. The American farm industry needs two things: First, lower commodity prices, and, second, a stabilization and financial strengthening of its consuming European market, like the 1900-1914 period, in which to sell the farm surplus. The farm industry can not continue for the next two to five years to absorb annually \$2,110,100,000 of increased labor costs in its commodity purchases and have its European market dry up and thus have this increased surplus of the American farm drive down its prices to an even lower basis than it is to-day to the complete and inevitable economic destruction of the American farm industry.

The hour is fraught with great danger to the American farm industry. Only exact information will help to hold the situation in its present critical position.

Most thoughtful minds in America understand that the United States has arrived at a new economic stage in its life in reference to world affairs, but because of the lack of definite information we have been unable to analyze this new stage of economic affairs, and thus the American business man, the American farmer, the American press, and our American statesmen are without the definite facts upon which to move, and the Government is without the machinery to establish these facts quickly and readily. The hour has arrived when a domestic and foreign policy for the Nation should be outlined in harmony with the Monroe doctrine, so clear and simple that all of our American people can readily and easily understand it, and so that our Congress may pass the necessary legislation to meet this new order of things and our administrative officers direct it.

Who is to blame for this state of affairs in our national life? First. If one is fair and just, he will say the Republican and Democratic Parties equally, for during the last four years their leaders have not seen this new order of things and insisted that the statistical divisions of the great Departments of Commerce, Agriculture, Labor, and finance be reorganized so as to gather those important facts on our domestic conditions and their relation to international trade, and thus make the essential facts available to the administrative and legislative officers of our Government.

Second. The Department of Commerce (a) in 1917 discontinued the method of analyzing and totaling our agricultural exports to Europe, so that it is not possible to-day to find out the total amount of exports of agricultural products which since 1917 have gone to Europe as a whole and to the different countries of Europe. (b) Nor has that department gathered the international data on our trade-balance relation with the several countries of Europe, nor the world-trade balance of those several countries. Neither has it laid the machinery to gather and record the actual public sales of foreign securities in the American markets for the last four years, nor for the gathering of the essential information of those several items that go to make international balance sheets. Thus there is no data in that department available to Congress and the administrative branches of our Government upon which to establish a definite and clear foreign and domestic policy for this new order of things. As a result of this, the great press of our country is unable to speak in common terms to the American public for the creation of public opinion.

Third. The Department of Agriculture has not created any machinery to take care of this new order of things as it affects the farm industry and the products of the factory and mine. In the Department of Agriculture Yearbook for 1921, the issuance of which was delayed until September, 1922, one fails to find complete data for 1920 as to the world's exportable surplus of wheat and cotton by countries, let alone nothing for the year 1921. Nowhere in either of the above departments are their records so kept that the President of the United States, the Congress, the American banker, farmer, business man, and our public press can get definite information as to European trade and credit relationship with the United States in order that sound Government policy can be formed.

Fourth. The Joint Commission of Agricultural Inquiry, composed of Senators and Congressmen from the Agricultural Committees of the Senate and House, in an investigation running for a period of two years failed to appreciate the importance of this new order of things as it related to agriculture, and thus did not point out the need for new statistical machinery to meet the new order of international trade.

Fifth. The Senate Commerce Committee and the House Merchant Marine and Fisheries Committee have occupied four years of time trying to devise ways and means to compel Europe to buy shipping service from the United States to the extent of \$35,000,000 a year, with a loss to Europe of an additional \$50,000,000 a year, thereby causing a diminution of annual purchases of our exportable surplus of farm, factory, and mine, to the extent of \$83,000,000 a year. It will be noted that the occupation of the minds of these great committees with this shipping question took away from them an opportunity to visualize the new order of things, to wit, the larger necessities for the sale of our exportable surpluses from farm, factory, and mine, and their relation to our foreign customers in Europe.

Sixth. The Shipping Board, in a desire to patriotically place our flag on the high seas, failed to investigate the simple, essential economic facts underlying our international trade and the relation of shipping thereto, and thus all the essential facts have not been placed before the President and the country.

Is it any wonder that to-day the patriotic American business man, farmer, banker, press, the Congress, and the President are not of a common mind and that we have confusion in our national life and thought?

In harmony with America's historic, usual condition, we are not prepared to-day to meet this new order of things any better than we were prepared to enter the war on April 6, 1917. We are not making a move to gather the essential data necessary to determine the economic condition of the American farmer and the interest of the United States in the European situation, nor has any preparation been made to find out the exact condition of the European countries and what economic move must be made to save France, Italy, Belgium, and Austria—in a word, Europe.

SUGGESTED REMEDY TO CLEAR UP THE NATION-WIDE CONFUSION.

If the financial house of J. P. Morgan & Co. were heavily interested in five great American corporations, which had become very badly involved financially, the first thing that the house of Morgan would do would be to put their expert minds on the job and inform themselves of detailed facts concerning the financial condition and future trade outlook of each of the five financially involved corporations and their interrelation with each other, as well as with Morgan & Co. In a word, Morgan & Co. would find out their exact interest in that situation. When the analysis was completed and Morgan had before them all the facts, they would (a) arrive at a judgment on the situation; (b) make plans to protect their common interest with the five corporations; and (c) they would call in the five great corporations and outline the plan of salvation for them. No one could induce Morgan & Co. to go into a conference with those five financially involved corporations until they have exactly arrived at:

First. All of their own relations and interest in the matter;
Second. The condition of each one of the five corporations;
Third. Their own decision as to policy; and
Fourth. A definite plan for the salvation of the situation.

With the four steps above completed, Morgan & Co. would call in the five financially involved corporations and lay all the facts, together with their decision and plans, on the table for consideration. During the preparatory period the five corporations desiring salvation would know what Morgan & Co. were doing and would work in harmony, to the ultimate profit and interest of all.

Can not the United States, following a similar businesslike method, cause the creation of four great fact-finding commissions, with strong internationally trained chairmen, appointed by the President and confirmed by the Senate, the chairman of each within a week to submit a list of the members of his commission to the President of the United States for confirmation?

The first fact-finding commission: To prepare all the data and draw an economic pact for Europe, based on the lines of the four-power peace pact, with a chairman like the Hon. Elihu Root, who knows the Monroe doctrine, all of our historic political relations with the countries of the world, and, too, knows the men to put on a commission who can work in harmony with him and who are learned on the subject. Within three months his commission would be prepared to report.

The second fact-finding commission: A finance commission which would proceed to get all of the financial data of each of our great European customers, their methods of taxation, the financial condition of their budgets and exchanges, the condition of the gold supply of those particular nations and of the world, together with the things necessary to be done to straighten out the financial systems and balance the budgets of those countries. For the chairmanship of this commission a man like the Hon. Benjamin Strong, head of the Federal Reserve Bank of New York, a practical banker who has available through the Federal reserve system all of the financial data bearing on Europe, who understands international finance and to whom is available the best financial minds in America as well as the great forces of the Federal reserve bank. Mr. Strong could have his commission organized within a week. Within three months it would be able to report. To the financial commission should be attached such officers of the United States Army and Navy as are qualified to report on the size of the armies and navies necessary for a peace-time basis for those countries.

The third fact-finding commission: A reparations commission which would be organized and proceed at once to Germany to find out the present-day financial condition of that country and determine the amount of reparations and method of payment which Germany economically can stand, together with the things necessary to give life to the German nation so that it can again become a world customer for cotton and wheat. For the chairmanship of this commission a man of the type of the Hon. B. M. Baruch, formerly chairman of the War Industries Board and later economic adviser to the American peace commission at Paris during the armistice period; a man who has made an intimate study of the reparations question and to whom is available the membership of the great War Industries Board organization. Within two weeks this commission could be organized and on its way to Germany, and within three months this commission could report back.

The fourth fact-finding commission: An economic commission to make an examination of all the factors that enter into our national production and national surpluses, and especially those relating to the farm industry; gather definite data concerning our exportable surpluses and the international balance of trade with the European countries; make definite all the facts so that we can somewhat read the situation of our European customers in their present bad financial condition, and thus know what to expect of those markets for the next oncoming five years. For the chairmanship of that commission the Hon. Julius H. Barnes, formerly chairman of the United States Grain Corporation and assistant to the Hon. Herbert Hoover during the war, presently president of the Chamber of Commerce of the United States, and in private life a grain exporter who has made a life study of the American farm situation. Within two weeks this commission could be organized and within three months its investigation completed.

For the general chairmanship or director of these four commissions, a fifth man of the type of the Hon. Alex Legge, president of the International Harvester Co., whose life work has been with the farm industry and the future of whose great institution to-day is absolutely dependent upon the economic welfare of this industry. Then, too, the International Harvester Co. has one great operating plant in Russia, one in France, and one in Germany. It will be recalled that Mr. Legge was vice chairman of the War Industries Board during the war and was associated with the Hon. B. M. Baruch during the peace negotiations of the armistice period. His duty would be to house the commissions, make and arrange the interrelations among the four commissions and their connections with the European countries so that they could send promptly to our commissions all the information necessary, and generally organize and drive the situation, as he drives so successfully in an executive way, at home and abroad, the big things of his company.

The American Economic Commission on Home Affairs to be constituted of the chairmen of the four fact-finding commissions and its director, the Hon. Alex Legge. When the fact-finding commissions' work is done, the American Economic Commission on Home Affairs to report publicly its facts, findings, and suggestive plans for the economic aid of the American farm industry and our great European customer—to the President, to the Congress, and to the American people, where-

upon a special session of Congress can be promptly called to take the necessary action.

As soon as these commissions are authorized, under legislative enactment, and financed with a proper appropriation, the European governments could be promptly notified of our action and be asked to cooperate by appointing representatives who will aid the different fact-finding commissions in quickly gathering the required data from those countries.

In the meantime the domestic and foreign economics of the situation suggest two important things: (a) The passage of the rural credit legislation contained in the Capper bill, followed by an immediate intensive drive by the Government on all the small country banks of the United States to induce those which are sound to enter the Federal reserve system in order to promptly fill the place of the War Finance Corporation and thus have available, in case of national stress, a banking system for the farm industry to meet the crisis—should it arise—in a calm and orderly way; (b) the legislative acceptance of the recommendations of the American Debt Funding Commission on the settlement of the British debt and interest as a settlement with a single customer.

Under this suggested plan the Secretaries of State, Commerce, Agriculture, the Immigration Commissioner of the Department of Labor, and the Federal Reserve Board could immediately begin to reorganize and speed up their statistical departments so as to take on this new work. Thus would the forces of those great departments of our Government become quickly available to our American economic commission of home affairs. Would it not be an error if Cabinet members were placed on this commission? The answer lies in a reference to the action of this Nation when we met our great crisis in 1917 upon our entry into the World War, when five Cabinet members were formed into a national council of defense. For almost a year those Cabinet members worked in a dual capacity with dismal failure for results. It was only when the great fact-finding commission—the War Industries Board—was created that this Nation secured relief and started rapidly on its work of industrial mobilization for the aid of not only our own Army and Navy but for those of the Allies as well, greatly shortening the length of the war. Great tasks and responsibilities will fall upon the Departments of State, Commerce, Agriculture, and Labor when these fact-finding commissions begin their work and these great departments should be kept in orderly control during this critical period by the Secretaries now in charge.

When the American people know that our Government is proceeding on the lines suggested herein they will calmly await the results. Then, too, they will give loyal support to the Congress and to the President. There should be no criticism for the neglect of yesterday, for the criticisms fall equally on all men in all walks of life—if the fault is nation-wide. It is the action of to-day and to-morrow for which we can be criticized.

Upon the adoption of the suggestions contained herein the President of the United States will be relieved of the great pressure that is now on him due to this chaos, while the Members of the Senate and the House upon adjournment can proceed to thoroughly inform themselves upon our domestic situation and get the viewpoint of the American people back home. Then, too, our industry will be relieved from the threat of experimental legislation until based on known facts and conditions.

Respectfully submitted.

MARTIN J. GILLEN.

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Mr. McCORMICK. Mr. President, the debate upon the debt funding bill now before us and the ominous course of events in Europe lead me, contrary to my intention, to tax the time of the Senate to say a word.

We must decide, and decide shortly, whether we are to reject or to accept the proposed debt settlement. We must decide if, all things considered, the acceptance of the settlement is wise and sound as a matter of business and of national policy. There are Senators who find that the terms are too lenient to the British debtor, but who in this very Chamber once ran blood and sweat in anguished anxiety to defend the principles of six British votes to one American vote in the League of Nations which they sought to force us to join. In my humble judgment the terms of the settlement have been as much overpraised in some quarters as they have been too much condemned in others. By what standard would you measure the interest rate on a long-term Government bond? The rate of interest on British consols for 60 years before the Great War averaged some 3 per cent. These new British bonds are to run for 62 years, and for 52 of those years are to bear 3½ per cent, the same rate as the tax-free Liberty bonds of 1947, and three-quarters of 1 per cent less than the taxable Treasury notes of 1952—of taxable Treasury notes of which the life is about 30 years.

Since I prepared these notes I have received from the Treasury some tables for which I asked some days ago, bearing upon the diminution of the rate of interest on that part of the short-term public debt which has been refunded, some \$6,000,000,000 in all. The tables show that the rate of interest has been diminished something over half of 1 per cent, or approximately \$40,000,000 a year. I ask leave to introduce the tables in the Record as illustrative of the tendency of interest rates to diminish as normal credit conditions return.

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

Mr. REED of Missouri. The Senator stated the amount of diminution but did not state the rate.

Mr. McCORMICK. The table which I have here shows that on that part of the debt which has been refunded, and which is set forth in the table, the rate is now about 4½ per cent, as against a little less than 5½ per cent before the refunding operation began.

Mr. REED of Missouri. I am not seeking to disturb the Senator in his address, but let me ask him when we paid 5½ per cent?

Mr. McCORMICK. Perhaps the Senator will let me hand him this table. Reading from it, he will find that series TM 4, 1921, paid as much as 5½ per cent.

Mr. SMOOT. The date of that issue was June 15, 1921, right at the time when there was almost a panic in the world.

Mr. McCORMICK. The one to which I have alluded is dated October 15, 1920.

Mr. SMOOT. The date of the issue of the 4½ per cent bonds was June 15, 1921.

Mr. McCORMICK. There were issues which bore as much as 5½ per cent.

Mr. REED of Missouri. Those were the short-time notes.

Mr. McCORMICK. So I stated at the outset of my comment upon this table.

Mr. REED of Missouri. They were not the bonded indebtedness. They were short-time notes.

Mr. McCORMICK. I have so stated two or three times.

Mr. REED of Missouri. I just wanted to be clear about it.

Mr. McCORMICK. I have introduced the table only to indicate the tendency of interest rates as evidenced by the refunding of the short-time debt.

Mr. HITCHCOCK. Mr. President—

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

Mr. McCORMICK. I yield.

Mr. HITCHCOCK. The Senator realizes we are paying now more than 5 per cent on a considerable amount of our indebtedness.

Mr. McCORMICK. I do, and for that reason I instanced the rate which had been obtained on the taxable debt maturing in 1952, which, as the Senator will recall, is 4½ per cent.

Mr. HITCHCOCK. We actually sold bonds last October at 4½ per cent.

Mr. McCORMICK. Taxable?

Mr. HITCHCOCK. Yes; taxable bonds.

Mr. McCORMICK. As a matter of business, fault might be found with the settlement because before the maturity of the loan the British Government doubtless will be able to refund the unpaid balance at less than 3½ per cent, and pay its debt to the Government of the United States, but as a matter of international policy we should be happy to be rid of the debt.

If some Senators have complained that the interest rate on the average is too low, and that especially is it too low for the next 10 years, there are others who have objected still more vehemently that during those 10 years half of the interest due may remain unpaid and may be added to the capital sum of the debt. An amendment has been offered to strike out that provision, and this at a moment when some Senators have been seeking to establish additional European credits. It would be unwise and unworthy of us, sir, to deny to the debtor the privilege of postponing part payment of interest during the hard years when Britain alone among a score of our debtors is making ready to pay, when, as the Senator from Alabama [Mr. UNDERWOOD] pointed out, restoration of trade conditions is almost as important to the exporter in America as to the peoples of Europe.

Mr. President, I think we are agreed that in all probability the British Government will be harder pressed to meet the interest payments during the next 5 years, or the next 10 years, than at any other time during the life of the debt. The political and economic condition of Europe does not improve. Britain suffers therefrom more than we do. Consider for a moment the debts due us from nearly a score of European States besides Great Britain, ranging from nearly four billion due from France to two million due from Hungary.

Amounts owed the United States by foreign governments as of November 15, 1922.

	Loan.	Interest.	Total.
Great Britain.....	\$4,135,818,358.44	\$611,044,201.85	\$4,746,862,560.29
France.....	3,340,746,215.16	593,386,035.61	3,934,132,250.77
Italy.....	1,648,084,050.90	284,681,434.61	1,932,715,485.51
Belgium.....	377,123,745.94	60,073,383.65	437,197,129.59
Russia.....	192,601,287.37	39,712,676.78	232,313,964.15
Czechoslovakia.....	91,887,608.65	14,404,536.67	106,292,205.32
Poland.....	135,662,867.80	17,618,809.01	153,281,676.81
Serbia.....	51,104,585.58	7,994,087.92	59,098,673.50
Rumania.....	36,128,494.94	5,864,104.34	41,992,599.28
Austria.....	24,055,708.92	2,886,635.08	26,942,344.00
Greece.....	15,000,000.00	750,000.00	15,750,000.00
Estonia.....	13,999,145.60	2,089,625.66	16,088,771.26
Armenia.....	11,959,917.49	1,677,296.88	13,637,214.37
Finland.....	8,281,926.17	1,012,436.10	9,294,362.27
Latvia.....	5,132,287.14	643,576.87	5,775,864.01
Lithuania.....	4,981,628.03	747,244.20	5,728,872.23
Hungary.....	1,685,835.61	202,300.28	1,888,135.89

Not only do they owe us, they owe Britain, too, and the rivalry and hatred between them, their heavy military burdens,

their unrestrained expenditures, and their growing debts injure British prosperity and threaten the future of British trade more than they injure our prosperity or threaten our trade. I submit for the record and for the information of those Senators who may care to study it a table showing how nearly universal was the increase of governmental indebtedness in Europe during the last year. I ask leave that the table may be incorporated in the RECORD.

The PRESIDING OFFICER (Mr. JONES of New Mexico in the chair). Without objection, it is so ordered.
The table is as follows:

National debts of Europe, 1921 and 1922.

Country.	Unit of currency.	1921	1922
Austria-Hungary.....	Crown.....		
Austria.....	do.....	169,893,000,000	1,437,568,000,000
Hungary.....	do.....	54,453,000,000	
Belgium.....	Frane.....	33,927,000,000	36,493,000,000
Bulgaria.....	Lev.....	6,634,000,000	6,836,000,000
Czechoslovakia.....	Crown.....	28,500,000,000	44,712,000,000
Denmark.....	Krone.....	1,064,000,000	1,169,000,000
Finland.....	Fin mark.....	1,996,075,000	1,826,000,000
France.....	Frane.....	301,510,000,000	316,984,988,000
Germany.....	Mark.....	248,848,000,000	1,559,000,000,000
Greece.....	Drachma.....	4,150,000,000	4,750,000,000
Italy.....	Lire.....	72,974,000,000	113,203,000,000
Yugoslavia.....	Dinar.....	3,564,000,000	3,200,000,000
Netherlands.....	Florin.....	2,502,100,000	2,735,600,000
Norway.....	Krone.....	1,220,570,000	1,312,000,000
Poland.....	Mark.....	302,000,000,000	455,000,000,000
Portugal.....	Pound.....	35,831,000	
Rumania.....	Escudo.....	1,862,000,000	
Russia.....	Leu.....	30,311,000,000	
Russia.....	Ruble.....		
Spain.....	Peseta.....	11,992,000,000	14,050,000,000
Sweden.....	Krone.....	1,270,400,000	1,526,000,000
Switzerland.....	Frane.....	1,738,000,000	2,083,000,000
Turkey.....	Turkish pound.....	No data.	490,000,000
United Kingdom.....	Pound.....	7,016,000,000	7,831,000,000

¹ Austrian exchequer bonds in Austrian bank, plus pre-war debt, 1920.
² Loans from Polish National Bank plus foreign debt.
³ Dec. 31, 1921.
⁴ Statement of Turkish delegation at Lausanne.

Mr. McCORMICK. It would almost seem that some of the governments of continental Europe have decided to commit economic suicide. They are destroying their own credit and that of their neighbors; they are reducing their own production and that of their neighbors, and thus they are madly diminishing their ability to sell and to buy from us. If I remember rightly, the British Empire buys over a third of all that we sell abroad. Together with the countries of Latin America, the

British Empire will afford us during the years to come the best and safest market for our goods. This settlement ought to appeal to us partly because it is a lever, so to speak, upon which we can press to induce the payment of the six billions due us from the other creditors, but beyond that, Mr. President, because it is a just settlement and takes cognizance of the general industrial depression, the ruin of European continental markets, and the necessity for conserving the resources of the debtor in that common interest, of which so much has been said in America, and to which we believe France at the present moment has been so blind.

It was Wednesday last that the Senator from Idaho [Mr. BORAH] alluded to the British monopoly of rubber, to which allusion has been made again to-day by the Senator from Wisconsin [Mr. LA FOLLETTE]. I think I was the first to call public attention to that monopoly, and the burden which the monopoly sought to place upon the shoulders of the American consumer. Our Government was slow in awakening to the necessity of protecting our interests in the production of rubber, as it has been slow in arousing our exporters to the importance of the South American market. We must vigilantly protect our trade against the competition of the most experienced and resourceful traders and bankers in the world—the British. But we are nevertheless concerned for the prosperity of the British Empire as we are for the prosperity of Europe. I believe that the proposed settlement is conducive to the restoration of trade and prosperity, and to the ultimate payment of debts due us from other countries. Nay, more, this settlement once made, the two creditors of the governments of continental Europe, America and Britain, have a common right and common interest to address themselves to the debtor governments which not only have made no plans to pay, but of which the progressive insolvency threatens not only their own ruin but the injury of our trade.

The occupation of the Ruhr has been unproductive of any economic or financial benefit to the French; the mining of coal almost has ceased, factories are closing, the costs of the occupation are rising, the mark has fallen and the franc is falling, the French minister of finance has announced a new internal loan for 13,000,000,000 francs at a higher rate of interest than that which has hitherto obtained. French bonds like those of a majority of the other states of continental Europe, are quoted at a great discount below par. The ruin of credit and currency which first overspread Russia, and then spread over all south central and central Europe, threatens to cross the Isonzo and the Rhine into Italy and France and Belgium. The time very well may come when the agreement presented to us for ratification may constitute the precedent from which steps can be taken to reorder the finances of continental Europe. I shall vote for it.

APPENDIX.

Statement showing (1) specified items of the public debt as of February 28, 1921, required to be refunded before the close of the fiscal year ending June 30, 1925; (2) the issue date; (3) the rate per cent per annum; (4) the principal amount outstanding; (5) the interest for one year on the outstanding principal at the interest rate for each issue; and (6) the average rate of interest per annum.

	Date of issue.	Rate per annum.	Principal amount outstanding.	Interest for one year on principal outstanding Feb. 28, 1921.
Notes: Victory Liberty loan—4½ per cent notes of 1922-23.....	May 20, 1919	Per cent. 4½	\$3,463,842,650	\$164,532,525.87
Treasury certificates:				
Tax—				
Series TM, 1921.....	Mar. 15, 1920	4½	\$184,370,500	\$8,757,598.75
Series TJ, 1921.....	June 15, 1920	6	242,517,000	14,551,020.00
Series TM2, 1921.....	July 15, 1920	5½	74,278,000	4,270,985.00
Series TM3, 1921.....	Sept. 15, 1920	5½	106,626,500	6,131,023.75
Series TS, 1921.....	do.....	6	341,969,500	20,518,170.00
Series TM4, 1921.....	Oct. 15, 1920	5½	124,252,500	7,144,518.75
Series TJ2, 1921.....	Dec. 15, 1920	5½	188,123,000	10,817,101.25
Series TD, 1921.....	do.....	6	389,557,500	23,373,450.00
			1,651,694,500	95,563,867.50
Loan—				
Series C, 1921.....	Aug. 16, 1920	6	156,654,500	9,399,270.00
Series D, 1921.....	Nov. 15, 1920	5½	232,124,000	13,347,130.00
Series E, 1921.....	Jan. 15, 1921	5½	118,060,000	6,526,300.00
Series F, 1921.....	do.....	5½	192,026,500	11,041,523.75
Series G, 1921.....	Feb. 15, 1921	5½	132,886,500	7,308,757.50
			832,351,500	47,622,981.25
Total.....			5,947,888,650	307,719,374.62
Average interest rate (per cent).....				5.173590037

Statement showing (1) specified items of the public debt as of Jan. 31, 1925, consisting, for the most part, of issues to refund items of the public debt outstanding Feb. 28, 1921, maturing before the close of the fiscal year ending June 30, 1923; (2) the issue date; (3) the rate per cent per annum; (4) the principal amount outstanding; and (5) the amount of interest for one year on the principal amount outstanding Jan. 31, 1925, with comparative figures showing the average annual interest rates and the annual reduction in interest charges. (On the basis of daily Treasury statements.)

	Date of issue.	Rate per annum.	Principal amount outstanding.	Interest for 1 year on principal outstanding Jan. 31, 1923.
Treasury bonds—4½ per cent Treasury bonds of 1947-1952	Oct. 16, 1922	4½	\$763,915,800	\$32,466,421.50
Notes:				
Victory Liberty loan—4½ per cent notes of 1922-23	May 20, 1919	4½	843,634,500	40,072,638.75
Treasury notes—				
Series A, 1924	June 15, 1921	5½	\$311,191,600	\$17,893,517.00
Series B, 1924	Sept. 15, 1921	5½	390,706,100	21,488,835.50
Series A, 1925	Feb. 1, 1922	4½	598,384,200	28,423,249.50
Series B, 1925	June 15, 1922	4½	330,334,800	14,432,147.50
Series C, 1925	Dec. 15, 1922	4½	448,901,150	20,200,551.75
Series A, 1926	Mar. 15, 1922	4½	616,789,700	29,296,680.75
Series B, 1926	Aug. 1, 1922	4½	439,039,900	19,509,195.75
Series A, 1927	Jan. 15, 1923	4½	368,741,435	16,503,334.57
			3,522,068,885	167,767,422.32
Treasury certificates:				
Series TM, 1923	Mar. 15, 1922	4½	265,170,000	11,269,725.00
Series TM2, 1923	Dec. 15, 1922	3½	111,994,500	3,919,807.50
Series TJ, 1923	June 15, 1922	3½	264,000,000	9,900,000.00
Series TS, 1923	Sept. 15, 1922	3½	227,000,000	8,512,500.00
Series TD, 1923	Dec. 15, 1922	4	197,230,100	7,889,204.00
			1,065,894,600	41,491,236.50
Total			6,195,013,785	281,797,719.07
Average interest rate		per cent		4.54878276
Annual interest and average interest rate Feb. 28, 1921, on same classes of the public debt for which the above are refunding issues		per cent		5.17350037
Annual decrease in interest		per cent		.624907277

Statement showing issues of Treasury bonds, Treasury notes, and Treasury certificates of indebtedness between March 1, 1921, and January 31, 1925.

Series.	Date of issue.	Date of maturity.	Rate.	Amount issued.
Treasury bonds: 4½ per cent Treasury bonds of 1947-1952	Oct. 16, 1922	Oct. 15, 1952	4½	\$763,962,300
Treasury notes:				
A, 1924	June 15, 1921	June 15, 1924	5½	311,191,600
B, 1924	Sept. 15, 1921	Sept. 15, 1924	5½	390,706,100
A, 1925	Feb. 1, 1922	Mar. 15, 1925	4½	601,599,500
A, 1926	Mar. 15, 1922	Mar. 15, 1926	4½	617,789,700
B, 1925	June 15, 1922	Dec. 15, 1925	4½	335,128,200
B, 1926	Aug. 1, 1922	Sept. 15, 1926	4½	486,938,900
C, 1925	Dec. 15, 1922	June 15, 1925	4½	469,188,100
A, 1927	Jan. 15, 1923	Dec. 15, 1927	4½	366,982,100
Treasury certificates:				
Tax—				
TS2, 1921	Mar. 15, 1921	Sept. 15, 1921	5½	193,302,000
TM, 1922	do	Mar. 15, 1922	5½	288,501,000
TJ, 1922	June 15, 1921	June 15, 1922	5½	314,184,000
TM2, 1922	Aug. 1, 1921	Mar. 15, 1922	5½	116,891,000
TM3, 1922	Sept. 15, 1921	do	5	124,572,000
TS, 1922	do	Sept. 15, 1922	5½	182,871,000
TS2, 1922	Nov. 1, 1921	do	4½	179,691,500
TJ2, 1922	Dec. 15, 1921	June 15, 1922	4½	64,903,000
TD, 1922	do	Dec. 15, 1922	4½	243,544,000
TM, 1923	Mar. 15, 1922	Mar. 15, 1923	4½	266,250,000
TD2, 1922	June 1, 1922	Dec. 15, 1922	3½	200,000,000
TJ, 1923	June 15, 1922	June 15, 1923	3½	273,000,000
TS, 1923	Sept. 15, 1922	Sept. 15, 1923	3½	227,000,000
TM2, 1923	Dec. 15, 1922	Mar. 15, 1923	3½	113,744,500
TD, 1923	do	Dec. 15, 1923	4	197,233,500
Loan—				
H, 1921	Apr. 15, 1921	Oct. 15, 1921	5½	190,511,500
A, 1922	May 16, 1921	Feb. 16, 1922	5½	256,170,000
B, 1922	Aug. 1, 1921	Aug. 1, 1922	5½	259,471,500
C, 1922	Nov. 1, 1921	Apr. 1, 1922	4½	51,796,000
D, 1922	Apr. 15, 1922	Oct. 16, 1922	3½	150,000,000

Mr. HEFLIN obtained the floor.

Mr. WALSH of Montana. Mr. President—

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

Mr. WALSH of Montana. Mr. President, apropos of the contention that the British Government is agreeing to pay all it is able to pay in view of its distressed financial conditions, a morning paper carries an interesting item, which I send to the desk and ask the Secretary to read.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The Assistant Secretary read as follows:

COMMONS IN AN UPROAR OVER YORK'S ALLOWANCE—LABORITE WOULD REDUCE £25,000 "WHILE LABOR CLASS IS STARVING."

LONDON, February 15 (by Associated Press).—The House of Commons was plunged into an uproar this afternoon by a suggestion from David Kirkwood, labor member, of the possibility of economizing in the allowance of £25,000 which the Duke of York will receive when he marries Lady Elizabeth Bowes-Lyon in April.

The duke is allowed £10,000 a year, but the chancellor of the exchequer informed Mr. Kirkwood this sum would be increased to £25,000 under an act already passed by the Commons. The laborite then asked whether it was not the case that the Government desired to economize

and that the wages of the working classes had been reduced? Kirkwood shouted that this was a glorious opportunity to start economizing at the top, while the labor class was starving. He tried to make further remarks, but was howled down.

Mr. WALSH of Montana. In this connection I send to the desk the Statesman's Yearbook for the year 1922, which contains a paragraph showing the burden upon the English people of sustaining the royal house, which I also ask may be read.

The PRESIDING OFFICER. The Secretary will read as requested.

The Assistant Secretary read as follows:

Provision is made for the support of the royal household by the settlement of the civil list soon after the commencement of each reign. (For historical details see Yearbook for 1908, p. 5.) By act of 10 Ed. VII and 1 Geo. V, c. 28 (August 3, 1910), the civil list of the King, after the usual surrender of hereditary revenues, is fixed at £470,000, of which £110,000 is appropriated to the privy purse of the King and Queen, £125,800 for salaries of the royal household and retired allowances, £193,000 for household expenses, £20,000 for works, £13,200 for alms and bounty, and £8,000 remains unappropriated. The same civil list act of 1910 also provides for an annuity of £70,000 to Queen Mary in the event of her surviving the King. Should the Prince of Wales marry, the Princess of Wales will receive an annuity of £10,000, and should she survive the Prince of Wales this annuity will be raised to one of £30,000. Further, there is to be paid to trustees for the benefit of the King's children, other than the Duke of Cornwall, an annual sum of £10,000 in respect of each son, other than the Duke of Cornwall, who attains the age of 21 years, and a further annual sum of £15,000 in respect of each such son who marries, and an annuity of £6,000 in respect of each daughter who attains the age of 21 or marries. The first commissioner of the treasury, the chancellor of the exchequer, and the keeper of the King's privy purse are appointed the royal trustees under this act. Queen Alexandra, the Queen mother, receives the annuity of £70,000 provided by the civil list act of 1901. Civil-list pensions may be granted, but are not chargeable on the sum paid for the civil list. All these payments are charged on the consolidated fund, into which the surrendered hereditary revenues are carried. The King has paid to him the revenues of the duchy of Lancaster, the payments made therefrom in 1920 being £43,000, for His Majesty's use.

On the consolidated fund are charged likewise the following sums allowed to members of the royal family: £25,000 a year to the Duke of Connaught; £6,000 to H. R. H. Helena Augusta Victoria (Princess Christian); £6,000 to Princess Louise (Duchess of Argyll); £6,000 to H. R. H. Beatrice Mary Victoria Feodora; £6,000 to the Duchess of Albany; and £6,000 to each of the late King's daughters.

The heir apparent has an income from the revenues of the duchy of Cornwall, the payment in 1920 on his account being £10,000. (Statesman's Yearbook for 1922, p. 4.)

Mr. BORAH. Will the Senator from Alabama yield to me for just a moment?

Mr. HEFLIN. I yield to the Senator.

Mr. BORAH. There was another item which appeared in last evening's newspapers which is equally interesting, and in some respects more significant so far as this particular measure is concerned. That item states:

BRITAIN IS TO SEEK EASIER TERMS ON WAR DEBT.

LONDON, February 15.—Great Britain will continue to seek more advantageous terms for paying the British war debt to the United States, Chancellor of the Exchequer Stanley Baldwin announced in the House of Commons this afternoon.

Everything now, he said, depends upon Britain's arrangements for redemption.

It would appear that the English Government does not regard this settlement as being final.

Mr. HEFLIN. Mr. President—

Mr. MCKELLAR. Mr. President, will the Senator from Alabama yield to me for just a moment, that I may read another statement?

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

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

Mr. MCKELLAR. I desire to read another statement in order to show how our European friends find money for other purposes than to pay the interest on their debts to us.

PARIS, February 15 (by Associated Press).—A loan of 400,000,000 francs to Poland was voted by the French Parliament to-day.

Mr. HEFLIN. Mr. President, I have no apology to make for being on the side of my own country in this debt settlement with Great Britain. I am now and always have been the friend of Great Britain. I have not said an unkind word against Great Britain. Indeed I have but the kindest feeling for Great Britain. My first love is my own country and my first duty is to her. I did criticize Stanley Baldwin, a British official, for a statement that he made reflecting on the American Congress and some of the American people. My criticism was provoked by what he said. I was justified in making the criticism, and I have no apology to offer for it.

I come not to condemn Great Britain, but to praise her for the success that she has achieved through the marvelous skill and genius of the master minds that she sent here to perfect a debt settlement with certain innocent, raw, and inexperienced Republican diplomats. Oh, Mr. President, what a thrilling scene it must have been when the Senator from Utah [Mr. SMOOR] and those under his command met in diplomatic battle the hypnotic eyes, persuasive voices, and overmastering intellects of the trained diplomats of Great Britain. When I saw them emerge from the conflict, having agreed on an interest rate for Great Britain lower than that which our own country is paying for the money she loaned Great Britain, I said, "Alas! alas! we drove the British troops from Kings Mountain; under Washington we whipped our British cousins at Yorktown; but what they did to us in Washington, in battle with General SMOOR and his Republican comrades, is enough to make the angels weep." [Laughter.] It was, indeed, a battle of the giants.

Had I the poetic genius of a Milton or a Homer and desired to hand down to posterity a poem portraying the skill and genius of the world's greatest diplomatic warriors I would sing not of Charles James Fox, Talleyrand, or Jefferson, but I would pause long enough to pour out my soul in praise of General SMOOR, Admiral BURTON, and Commander Mellon. Does any one here doubt the propriety of such a poem? Sir Stanley Baldwin would smile over such a poem until his face fairly ached. Mr. President, if anyone here feels that such praise would be improper and out of place, let him rise up and say so now or forever hereafter hold his peace.

Mr. President, was there ever such a triumph in international diplomacy as that achieved here by those whose praises in the future some poet is sure to sing? When they commenced to give attention to the debt due us by Great Britain they found that Great Britain had already acknowledged the debt by beginning to pay interest upon it; she was paying interest according to the contract, at the rate of 5 per cent; but when they emerged from the debt settlement conference with the British envoys they held aloft, with an air of victory, a white scroll on which was written a proposed settlement of the debt by which we are to receive a less interest rate than Great Britain is now paying, and by which we are to lose \$5,530,000,000 under the magnificent settlement program they have submitted.

Not only that, but the interest Great Britain will pay us the first year under this plan at 3 per cent will be approximately \$138,000,000; while on the same amount in our American bonds for money that we loaned to Great Britain we will pay, at the rate of 4½ per cent, \$195,000,000. That is \$57,000,000 more than we will receive from Great Britain on the same amount of money for the same length of time. Oh, Republican diplomacy, was there ever anything in all the annals of Republican stupidity that excelled this piece of remarkable Republican diplomacy?

Mr. President, it takes statesmanship of a high order and diplomacy of a marked and magnificent type to effect a debt settlement with Great Britain by which we borrow money and pay 4½ per cent for it and loan that money to Great Britain at 3 and 3½ per cent. Did you ever think of that, Senators?

Mr. President, those who lived in the day of the statesmen and diplomats of the Old World in the old days never ex-

perienced the thrill of joy and pride that comes to us when we contemplate the splendid diplomatic victory that we have just wrung from the superb diplomats and master minds of England. They came here no doubt desiring and expecting to induce us to permit them to pay us the same rate of interest—no more and no less—that we are now paying on the very money that we loaned to them, but when our peculiarly well-trained Republican diplomats waved the magic wand of their mesmeric influence over their stubborn and determined heads they appeared dazed for a moment, and then, remembering that they must submit to superior fulminations, roused themselves as a man from a strange deep sleep and nodded their heads in humble acquiescence to the stern decree that they solemnly obligate themselves to pay to us, the United States of America, not a rate that stood on equality with the proud rate that we paid for the money that we loaned to them, but that they must take their places down the column in the scale of interest rates below that point on which our debt-ridden and overburdened taxpayers stand; and be it said, as it were, to the genius and the glory of our Republican diplomats, the British envoys, without so much as one sign of bitterness or resentment on their faces, accepted the humiliating exactions of our Republican diplomats and acquiesced without one hostile look or gesture in the stipulation that denied them the privilege of paying as much interest on the money they owe us as we are now paying on the money we loaned them. Remembering that we as a country are not yet 150 years old, does not this one triumph in diplomacy over the mother country entitle us to rejoice and be glad, and also to take pride in our new-found Republican diplomats?

Mr. President, this great achievement of Republican diplomacy, through which we are forced to pay a higher rate of interest for the money we loaned to Great Britain than she pays to us for the money she got from us, is something worth considering. It should make us at least enthusiastically exclaim:

We are living, we are dwelling,
In a grand and awful time;
In an age on ages telling,
To be living is sublime.

Now, Mr. President, I want to bring to the attention of the Senate some of the provisions of this bill.

It is not only proposed here to tax the American people the first year for the benefit of Great Britain \$57,000,000, but it is proposed to give to Great Britain a lower rate of interest than the interest that our taxpayers must pay on our bonds. That is not the only provision to which I object. There is included in this bill language, cleverly drawn, that seeks to take away from Congress the right to pass its judgment upon any other settlement that these remarkable Republican diplomats may suggest. Here is the language, Mr. President:

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. President, I have seen in the last two years the power of the people die day by day under Republican rule. I saw this Republican Congress take out of the hands of Congress the right to levy taxes in the way of a tariff in America. I saw this Senate and a Republican House solemnly give to the President of the United States the taxing power over 100,000,000 people. I saw a Republican Congress lodge in the hands of the Chief Executive the power and the privilege of lifting the taxes or lowering the taxes when Congress was closed and its Members were all at home. Those who framed the Constitution never intended that he should exercise such a power. It is stipulated that the Congress shall have the right to levy these taxes, and that these bills shall originate in the House, in the body that is closest to the people, whose Members must go every two years to renew their commissions. This was done for the purpose of keeping this dangerous thing called the taxing power lodged right in the hands of Congress so that the people to be taxed could have a say in the matter. I saw this Republican Congress take away from itself the right to levy these taxes, as the Constitution provided and intended, and confer upon the Chief Executive the power to raise the taxes of the tariff taxes on American people. And now, Mr. President, I see a bill proposed to turn over the debt settlement of the American people, involving nearly \$9,000,000,000, to five Republican partisan diplomats and one Republican Chief Executive. Is Congress impotent? Is it going to surrender its power through this provision of the act?

Let me read it again:

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.

Who levies the tariff taxes on the American people? Congress? No; not solely. Who else? The President of the United States. Who loaned this money to the foreign powers? Congress provided for the loan. Who is going to make the settlement? Five partisan Republicans and one Republican President. You take it away from the people who are to pay the taxes, you take it away from the people's Congress, supposed to protect their interests, and lodge it in the hands of a Chief Executive; and these six men are to do as they please next year, in a presidential year, with an indebtedness of nearly \$9,000,000,000 owed to the American people. Oh, Mr. President, if the people could but know what is going on in this Congress under Republican rule!

But they tell us that Great Britain is in a terrible condition. Mr. President, I have been reading recently of the glory and the power and the wealth of Great Britain. I have read how the sun never sets on her possessions, and how her drum beats sound around the world. She is a rich, powerful, puissant nation, with her vast interests, her vast wealth, her vast shipping resources. She owns the greatest merchant marine in all the world, and I am proud that she is a wealthy, great, and powerful nation. All this talk about Great Britain being about to break reminds me of what I have experienced as a lawyer, in the years gone, when I practiced law. When some fellow had a pretty hard case, and was trying to get it postponed or continued, he would stand up in the court and submit affidavit after affidavit about the terrible condition at home of some fellow who was a main witness; he could not be there; they were looking for him to die; and as soon as they got the case continued, and the court adjourned, you would see that fellow in a day or two walking around the streets, robust and strong, with no sign of illness about him. But to those who tell us about Great Britain's condition, let me invite their attention to the condition of our own people here at home. What is it?

You are going to give to Great Britain an interest rate of 3 per cent and $3\frac{1}{2}$ per cent. I saw this Republican Senate go upon record as denying to the country bankers—the bankers in the little villages and towns and cities of the country—the merchants, and the farmers a restricted rate of rediscount of 5 per cent at the 12 Federal reserve banks. Then I saw them vote down a similar proposal for 6 per cent. I offered both of the amendments; and I saw this Republican Congress deny to the business men of America restrictions of any kind upon the interest to be charged on the money they must have to carry on their business in order to live at all.

Do you call that friendship for the American people? Listen, you who voted against restricting the rediscount rate even to 6 per cent: You are now going to give to Great Britain, a foreign nation, an interest rate of 3 per cent and $3\frac{1}{2}$ per cent. I favored limiting the rediscount rate at our big Federal reserve banks to 5 per cent. It ought to have been done. I could not get it at 5 per cent, so I said, "Surely they will let us limit it to 6 per cent." But the money lords of America were so powerful that you would not even put it at 6 per cent.

What influence is it that caused this 3 and $3\frac{1}{2}$ per cent rate to be granted to Great Britain when you would not give to our own people a rediscount rate at Federal reserve banks of 5 or even 6 per cent? Is the suggestion of the brave Senator from Wisconsin [Mr. LA FOLLETTE] true, that men in New York and other places have bought British bonds that bear 5 per cent, and do they want to continue to clip their coupons at 5 per cent and deny this Government even a rate that takes care of the rate that she herself pays for the money loaned? Who is it? What is it? Where is this influence? That is the question that propounds itself to my mind.

Mr. President, there is another provision here that I want to read. Listen:

Any payment of interest or of principal may be made—meaning by Great Britain—in any United States Government bonds issued since April 6, 1917, such bonds to be taken at par and accrued interest.

What does that mean? It means that we have to take a \$100 bond at \$100, with the interest that we agreed to pay of $4\frac{1}{2}$ per cent. We guarantee that. What did we do for the people of America who bought these bonds? They paid 100 cents on the dollar for them. They went into debt to buy them, to get this money to let Great Britain and other countries have. What did we do for them? Did we guarantee them a price at par? No. Did we guarantee them a price \$5 below par? No. Did we see to it that they got a price of not more than \$10 below par? No. Did we guarantee them a price of not more than \$15 below par or \$20 below par? No. You permitted those bonds to sell for \$85 on the \$100, \$80 on the hundred. You drove them out of the hands of the people by deflation. That is how they went out, driven, forced out of the hands of

the men and women of the country who were patriotic enough to stint themselves to the limit to buy these bonds to help their Government, to help Great Britain, to help save the liberty of the world; and now we come and do for Great Britain in making the bonds stand at par what we refused to do for the American citizen who bought the bond and helped to save the liberty of the world in the hour of its peril.

Senators, that may be good democracy, but it is not my kind of democracy. I am responsible to my own constituents for my own democracy and for my own conduct, but how am I treating the people of my own country when I vote for a rate of interest that gives to a power that owes us a smaller rate than the taxpayers of my own country have to pay for the money we loaned to that foreign power?

Suppose a guardian were to do that for an orphan child. Suppose the estate had borrowed money and was paying $4\frac{1}{2}$ per cent, and this guardian were to loan that money at 3 per cent and $3\frac{1}{2}$ per cent. Where is the lawyer who will say that those children, when they became of age, could not recover from him on his bond the difference between 3 and $3\frac{1}{2}$ and the $4\frac{1}{2}$ per cent? If that is a sound proposition, what right have we—the trustees of the American people, sworn to safeguard their interest, to protect it every day, every hour, all the time—to give Great Britain a lower rate of interest than we ourselves have to pay.

Mr. President, I saw under the reign of the Republican Party this deflation drive that slaughtered business in America. There never was a wholesale crime like it in all history. There never was a crime on such a colossal scale as that. There are men in Wall Street now who made not only millions but hundreds of millions out of that rotten and criminal conspiracy. I fought that; I exposed that, and continued to fight it until we drove from the head of the Federal Reserve Board the man under whose direction that national crime was committed.

I saw them raise the rediscount rate not only to 7 per cent but to 10, 15, 20, and on up to $8\frac{1}{2}$ per cent to the people of America, the people who had borne the brunt of the war, the people who had furnished the sinews in the way of money, people whose sons had spilt their blood on the fields of France. I saw these cruel money lords pull this conspiracy off, using congressional machinery to knock down and rob sixty-odd millions of our people.

I know some people do not like to hear me discuss that, but that does not deter me in the least. I am here to fight as best I can for my own people and for justice to the American people. I do not have to court favor with any foreign power. I try to conduct myself so that I can take a position as I please, governed only by my sense of justice and fair play, and my obligation to my own country. That is my position.

I have had letters concerning some of the villainous little sheets which have assailed the Senator from Tennessee and me for daring to stand up here and speak for our country in discussing this debt settlement with Great Britain. I have had suggestions made to me that British capital owned some of the stock in certain newspapers over here, and I am satisfied it is true. I have a list somewhere in my office, giving the names of newspapers in the United States which are influenced by foreign powers. I want to find it. I think it will be interesting to read, and maybe to put into the CONGRESSIONAL RECORD. I think we have come to a pitiful pass, when the whole American press can not stand up and advocate what it believes is right for America, not for Great Britain and other foreign powers, but for our own country. I am not criticizing that part of the press that is American, whole-heartedly. I am not criticizing that part of the press that is honest. I am only criticizing that part of the press that is rotten, which you can buy as you can buy sheep in the market place.

A friend said to me the other day, "Aren't you afraid to attack the press as you do?" I said, "I do not attack the press. I attack only certain portions of the press." He said, "They can do you a heap of harm." I said, "Yes; and I can do them a heap of harm, too"; because 40,000 of these RECORDS go out every day, and I can talk the doctrine into this RECORD, and while I am here as a Senator, I will do my duty as I see it.

I want to comment on this now. Senators, the subsidized portion of the press that infests this Capitol to-day is a constant danger and a menace to the Republic. It never offends a brave and an honest man to condemn a coward and a dishonest man in his presence, and it ought not to offend the honest, brave press, to criticize the dishonest, corrupt portion of the press in their presence. I do not mean to offend a single newspaper man who is not in the corrupt class to which I have referred. I do not intend to lay the charge of wrong doing against a single man who is guiltless, not one; but I owe a duty to my country as I go along and I am trying to perform that duty.

I want to make this further suggestion. No country in all the history of the world ever fell until the press became corrupt and public officials became corrupt. They go together. As long as you have a courageous free press and courageous and incorruptible public officials your Government is planted on a rock and the gates of hell can not prevail against it. It will stand, and the storms of the corruptionists can not shake it, and God Almighty will preserve it; but when your press becomes corrupt and your public officials lose their backbone and begin to court favor with the sinister interests of their country, then the country begins to slide down and down the way other nations have gone as they perished from the earth.

Mr. President, I have not the time to discuss this matter as I wanted to discuss it, but I want to submit some figures to the Senate. We guarantee that these bonds shall be at par so far as Great Britain over the borderland is concerned, but the bond bought by the mother of a soldier, one who died in France, perhaps, may go down to \$90 on the hundred, and there is no provision made to hold it up at par for her whose son gave his life for the flag. We make provision, however, to hold the bonds at par for Great Britain, a foreign power, one of the wealthiest nations in all the world.

I repeat, I have but the kindest feeling for Great Britain. I have kindly feeling for men here in public life, personally, but I do not let my personal friendship keep me from discharging my duty to my country as I see it, and no other man should, because no matter how your failure to discharge your duty to the country comes about you are responsible for the evil that comes upon your country.

Let us see what happened in the United States. I am speaking for my own country now as God gives me light to see it. In 1920 there were 3,360,724 holders of registered bonds in the United States. In 1923 there were 2,533,754 of such registered bondholders in the United States, and thousands and hundreds of thousands and millions were never registered. The estimated number of holders of Government bonds, in general, for 1920, was between thirteen and fourteen million. The estimated number of subscribers to our bonds up to 1918 was 22,000,000.

Where are the ten million holders of Government bonds now? Stricken by the wayside, slaughtered under deflation by the bond sharks and big financiers of Wall Street. Where are these bonds? They are lodged in the vaults of Wall Street. What are they worth? They are worth par. What are they drawing on them? Four and a quarter per cent. Who is paying it? The American people. Where do they go to collect the 4½ per cent? To the Treasury of the United States. They are getting every dollar of it. Here is the debt settlement arrangement proposed which lets Great Britain pay her debt at 3½ per cent.

Mr. President, there is another thought that I want to bring to the attention of the Senate. A provision is lodged in this bill which gives Great Britain the right to defer the payment of half this interest, if she chooses, for the first five years. As I said before, she pays \$138,000,000 the first year, provided she wants to pay the full amount of interest, which is \$138,000,000, but if she decides not to pay that amount, she will pay only \$69,000,000, and then the additional \$69,000,000 must be provided by the taxpayers of America, making not \$57,000,000 that we lose but \$126,500,000 the first year. Have Senators ever considered that phase of this matter?

Mr. President, the hour of 2 is about to arrive, and I have not time even to go into a full discussion of this matter. I want to do what is best for my own country, for the overburdened taxpayers of my country, and I want to be fair and just to Great Britain, and who can say that we would have been unfair if we had charged Great Britain the same rate of interest which we ourselves pay? Could anybody say we were unfair? No; and Great Britain would not have said it.

Here is a suggestion I want to bring to the attention of the Senate. We specifically instructed the Republican diplomats, five of them, not to agree to a longer period of time than 25 years, did we not? Yes; we did, by an act of Congress. Did we not say that they must not agree on an interest rate lower than that we paid? We did. What did they do? They fell under the hypnotic influence of these splendid, brainy, masterful diplomats of Great Britain and, instead of charging them the same rate that we pay, they emerged from the conflict having given them 3 and 3½ per cent.

Mr. President, here is a fact I want to put into the minds of Senators. Did these envoys or diplomats come back and tell us that they could not follow our instructions? No. Did they tell us that we had restricted them so that they could not carry through the negotiations? No. What did they do? They went through with some sort of a negotiation. Then

what? Did they come and submit it, and ask us if we would accept it? No; they pigeonholed it, or held it back from us, until Great Britain's cabinet accepted it, and then they notified us, and the President came before Congress, after Great Britain had accepted a negotiation which violated an act of Congress. Then they came, not asking us merely to approve it, but asking us to surrender the right to have a voice in saying what the other settlements shall be in the future. How can you defend such conduct before the American people? Can you defend it?

Mr. President, what should they have done? They ought to have left that conference and said to British envoys, "Gentlemen, we have instructions. We are acting under a solemn act of Congress. We can not do it. Let us go back and call the Houses together and submit it to Congress, which represents the American people, who furnish this money, and let us see what they will do."

Did they do that? Not once. Could they have done it? Certainly. How far were they from this Capitol? Just a half a mile. Did they come? No. What was done? The whole thing was hugged tight to their hearts. Sh! Sh! Nothing said. The envoys of Great Britain went home, laughing, I suppose, all the way across the sea, and when they got over there and submitted their plan, they said "Well, now, the thing we have to do—pardon us for laughing—the thing we have to do is to make out we are not satisfied with this settlement. Pardon us again for laughing. We must make the American people think we are not satisfied with it, and we must let Stanley Baldwin say, 'The west knows nothing except how to grow grain and hogs; take a little dig at them. Make them think you are mad, and then they will think they have achieved a great diplomatic victory over us, and hug it to their bosoms, and say 'Hurrah for our Republican diplomats.'"

Oh, Mr. President, some talk about markets for American products. I will tell you what will make our food products yield the farmer a living price. Give them money with which to hold them off the market until the price will cover the cost of production plus a profit.

Senators talk about relieving Great Britain. The old settlement was better for her. We are not imposing any burdens upon her. Why, Mr. President, we were letting her go along and pay as best she could, and she was paying according to the contract about 5 per cent, the same amount that her bonds are paying to the bond sharks of Wall Street and the amount that she agreed to pay us.

THE VICE PRESIDENT. The hour of 2 o'clock having arrived, the 10-minute rule goes into effect. The Chair will allow any Senator to speak 10 minutes on any amendment when it is pending and 10 minutes on the bill when there is no amendment pending.

Mr. HEFLIN. I will consume a little more time. They were paying us the same rate of interest—and we were not hurrying them—that they were paying on their own bonds held by the bond sharks of Wall Street. Was that fair? Were we hard on them? Were we hard in imposing over here an interest rate that they themselves had fixed upon their own bonds over there? Can anybody say that we were? Under the old plan, Great Britain could pay along as she pleased. She was doing it. We were not crowding her, and I, for one, if she could convince me that by staying that debt payment for a year or two years it would enable her to pay a better price for our cotton and our corn and our meat, and thus help to bring prosperity to my own country, I would favor such a course. So we who oppose this settlement are not the enemies of Great Britain by any means.

Mr. President, if in the future I should be convinced that Great Britain—this great English-speaking people beyond the sea, for whom I have the greatest love and admiration—needed to have America make such a contribution to aid her in helping to save the liberty of the world and in establishing permanent peace, I would favor that plan. But I want the American people to know who is going to get the benefit over here of such an easy settlement or stay of payments. I do not propose that the bond sharks shall get it. I do not propose that the subsidized newspapers who have sold out and belong, soul and body, to the corrupt and crooked interests shall get it. I have no doubt they will get something. If this settlement goes through, several of them, in my judgment, will get theirs. They will get a nice little hand off on the side.

Now, about the markets and what it will do, I make just this suggestion. It is said it will loosen up things, but how will it? Great Britain owes us this money. She has not paid much on it. She has paid less than \$100,000,000, I believe, and the war has been over for five years. Does that look like we have

been hard on her? No. Do you know what it was intended to be done by Republican partisans? It was intended to pull off some sort of a deal by which all those were to be canceled. I have said so many times. Do we know what was done? Senator Penrose, as the senior Senator from Wisconsin [Mr. LA FOLLETTE] pointed out this morning, introduced a bill in the Senate to turn over to Mr. Mellon, your Secretary of the Treasury, the power to settle all these debts as he saw fit. That announced the program, and that is what was intended to be done.

So those of us who stand here and fight as we think for America and America's side of the controversy may be subject to the foul and villainous attack of those corruptionists who write scurrilous articles for the subsidized press. Two or three of them have written things about me, cowardly and villainous, some of them, and in each instance the fellow who wrote them was what I would call a newspaper pimp or press prostitute. So much for that, and that statement is in the CONGRESSIONAL RECORD for all time to come. That statement has no reference to the many honest newspaper men here and elsewhere. It does not mean the honest boys in the press gallery who are making an honest effort to do the right thing, and doing their duty as they see it. They are clean and honorable men. I know some of them that I would trust with anything. They are as honest as anybody and thoroughly trustworthy. God bless them, what an opportunity they have to serve their country. While they are here in the Capitol they owe it to their country to contribute to the strength and the perpetuity of the Republic, and that is what many of them are doing. But there are some who do not care anything about what happens to the Government; they are time servers that die in a day.

Talk about what the markets will do for cotton! I am for cotton. I have a record of 18 years of service in the two Houses of Congress that speaks for itself regarding my friendship for the cotton producer. No one can make the cotton producer think that I would take a stand that is against his highest and best interests. Great Britain has only paid \$100,000,000 in all on the debt; or a little less. I do not remember the exact amount, but it is not much. But now we are tying them up in this debt arrangement where the amount must be stated, after she elects in the five years' time to pay half or not pay it, as she sees fit, and go on for a period of 62 years.

Cotton is bringing about 28 cents. It ought to be bringing 35 cents. Why? Does the law of supply and demand warrant it? Certainly. What are the facts? We have the smallest cotton crop, compared to the number of spindles in operation, that we have ever had. What are we doing in the United States? We consumed more cotton in January just passed than any other month except two times in the history of the Government. Has cotton gone where it ought to under the law of supply and demand? No. Why not? I read the reason the other morning in the headlines of the Washington Post, "Steady hands are operating on the exchange to prevent any wild boom." There you are.

So the steady hands can keep the producer from getting a fair deal. The steady hands can operate and manipulate the international indebtedness to satisfy themselves. Steady hands can help to take away from Congress the single power to levy tariff taxes. Steady hands can give \$450,000,000 in profiteers' taxes back to the profiteers, as they did. Steady hands can take \$90,000,000 annually off of the big income taxpayers, as you did. Steady hands can pay off \$700,000,000 for questionable and crooked war contracts, as you did, and steady hands can wring out of the Treasury maybe \$50,000,000 a year for a ship subsidy. But where is the steady hand that will pull to make foreign countries pay at least the interest rate that we pay, and deal with us on a business basis so as to help revive the drooping, aye, prostrate, business spirit of our own country?

In pleading for fair treatment and simple justice to my own country, Mr. President, I have no apology to offer to anybody for asking that my country have a fair deal in the debt settlement now pending before the Senate of the American people.

Mr. McKELLAR. Mr. President, the figures that I received from the Secretary of the Treasury yesterday and put in the RECORD showing what the settlement would have amounted to on a 4½ per cent basis, as Great Britain has heretofore agreed, tells the whole story of this British debt settlement. These figures show conclusively, beyond the peradventure of a doubt, without any possibility of misunderstanding, that this bill will

cancel the British debt to the extent of \$1,666,700,000. That is a very large sum; it is more than one-third of the entire amount that Great Britain now owes us. My position is that we have no right to cancel so large a part of this indebtedness.

I take the position that Great Britain is not bankrupt; that Great Britain is perfectly solvent; that her bonds are above par; that her obligations are absolutely good, as good as those of any nation on earth; and that she announced she would pay her indebtedness, and that the only reason she is not paying it in full is because our commission has been led by her commission into making these more than generous terms which the commission has reported.

Mr. President, we are trustees of the American people so far as this indebtedness is concerned. It is not our individual money; it is theirs. We are trustees for them, and we ought to conduct ourselves as trustees. We have no right with a perfectly good and solvent debtor to cancel this debt to the extent of \$1,666,700,000.

Mr. President, so that we may form some idea of the magnitude of that portion of the indebtedness of Great Britain which it is proposed to cancel, I call attention to the fact that it is more than the value of our entire cotton crop for 1922, which amounts to \$1,192,461,000. It is more than the entire United States coal production for 1921, which was \$1,652,238,600. It is more than the total South African diamond production up to 1921, that production being \$1,040,626,272. It is almost as much as the value of the entire United States corn crop of 1922, which crop brought \$1,801,900,000. It amounts to about two-thirds of all the gold and silver in the United States in 1922, the amount of gold and silver for that year being \$4,287,122,887.

These figures show the enormous proportions of that portion of the indebtedness of Great Britain which we are canceling under the bill. It is an absolute cancellation of more than a billion and a half of dollars.

But, Mr. President, it is claimed that some time in the future the United States may be able to refund her bonds at less than the rate of 4½ per cent, and in that way the amount of our cancellation will be reduced. Mr. President, with all due respect to all who maintain such a position, that is an iridescent dream. Not in the lifetime of the youngest Member of this body, if he lives to be 100 years old, will the rates for an issue of \$4,600,000,000 bonds be less than 4½ per cent; and in my judgment, based upon the opinion of those in whom I have great confidence, I do not believe it will ever during the life of this agreement be less than 4½ per cent. If these shrewd, able British financiers believed it would ever be less than 3½ per cent at any time, we all know that they never would have agreed to settle at 3½ per cent.

Again, Mr. President, Senators who opposed a soldiers' bonus some time ago very carefully pointed out that the payments from these bonds ought not to be used to pay our soldiers, because in the acts under which these bonds were issued such payments were pledged to the satisfaction of these bonds. Now, many of the Senators who voted against the bonus are perfectly willing to disregard what they then claimed was the provision in the bond acts and are willing to give \$1,666,700,000 to Great Britain, this being a part of the same sum that they formerly claimed was pledged to the taking up of American bonds. They can not justify that rate without yielding their former expressed rate.

Mr. President, in my campaign last year in Tennessee I told the people of my State in almost every speech I made that I was opposed to the cancellation of the debts that foreign nations owed us, either in whole or in part. According to my best recollection, I never made that statement that it was not greeted with applause. But however that may be, I told them then that I was opposed to the cancellation, in whole or in part. I was opposed to it then and I am opposed to it now, and under no circumstances will I vote for this bill, which, according to the figures of the Secretary of the Treasury, cancels more than one-third of the indebtedness of Great Britain to the United States. It is unfair and unjust to the American people. It is especially unfair to the American taxpayer, already overburdened. It is in disregard of the laws we have already passed. It is in utter disregard of the pledge that the Congress made to the American people that these loans to foreign nations would be repaid on exactly the same terms that the American Government had to pay for the money.

Mr. President, that pledge was made during the war; it was made in good faith; we put it on our statute books; and it is a pledge that no man who voted for the law should now violate in the interest of the cancellation to Great Britain of a portion of her debt.

Mr. President, much has been said about Great Britain having to impose heavy taxation. This country also has to impose heavy taxation. When we consider State, county, and municipal governments, as well as our National Government, our taxes are probably quite as large as those of Great Britain. I have not the figures before me, but they show that our present taxes are exceedingly burdensome to our people; and I wish to say that I think before we agree to impose this burden of taxation upon our people we should at least ask Great Britain, a friendly nation, to live up to the obligations she then assumed—the obligations she gave to us for the money used for the defense and safety of her empire.

We have been more than generous to our former ally without this gift of \$1,666,700,000.

Mr. President, I wish to say another thing at this point. The securities which we are to receive will be nonnegotiable. Our Government will have no right to negotiate them; we shall have to keep them in our Treasury. They will be no more negotiable than are the notes of Great Britain which we now hold. Talk about being a settlement of the debt! The only actual settlement under this agreement is that we shall reduce the rate of interest from 5 per cent, which England's obligations now bear, to a rate of interest of 3 per cent and 3½ per cent. The new obligations will lack just as much being marketable obligations as the obligations we now hold in the Treasury. These new obligations are to be worded so that they shall certainly not be negotiable. Great Britain has seen to that.

Mr. President, I am going to offer an amendment to the pending bill. On yesterday I received figures from the Secretary of the Treasury showing exactly what the payments would be during the 62 years that the loan is to run if the interest were calculated on a basis of 4½ per cent. I am going to offer to substitute that rate in lieu of the rate proposed by the pending bill with the following proviso:

Provided, That should the United States at any time be able to refund any of her World War bonds for less than an average rate of 4½ per cent the United States shall make good to the United Kingdom of Great Britain and Ireland the amount of any such reduction of interest.

Mr. President, what could be fairer than such a settlement, taking bonds bearing exactly the same rate as that for which we borrowed the money in order to loan it to Great Britain, with the proviso that if in the future we are able to refund our bonds at a smaller rate of interest, Great Britain shall have the benefit of such rate? Great Britain could not in justice object to such a settlement. It would be absolutely fair to her. It would be fair to our own people. It is all right to be generous, but not with other people's money. This is not our money. It belongs to the people of the United States. With a perfectly good and solvent debtor, we violate our trust when we cancel more than one-third of the indebtedness.

Mr. President, we entered into a contract with the people of America, a solemn contract by law, and it is a contract which we ought to observe to the letter.

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

Mr. MCKELLAR. I ask unanimous consent to print, as a part of my remarks, the amendment which I expect later on to offer to the bill.

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

The proposed substitute is 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, 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. 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.

"Interest is to be payable upon the unpaid balances at the following rate, on December 15 and June 15 of each year: At the rate of

4½ per cent per annum payable semiannually until final payment, as shown by the following table of payments:

	Statement of amount of interest payable to the United States on account of the proposed refunding bonds to be issued by Great Britain, money at 4½ per cent per annum. ¹	Schedule of annual principal installments to be paid on account of principal. ²	Total interest and principal.
1.....	\$195,500,000	\$23,000,000	\$218,500,000
2.....	194,522,500	23,000,000	217,522,500
3.....	193,545,000	24,000,000	217,545,000
4.....	192,525,000	25,000,000	217,525,000
5.....	191,462,500	25,000,000	216,462,500
6.....	190,400,000	27,000,000	217,400,000
7.....	189,252,500	27,000,000	216,252,500
8.....	188,105,000	28,000,000	216,105,000
9.....	186,915,000	28,000,000	214,915,000
10.....	185,725,000	30,000,000	215,725,000
11.....	184,450,000	32,000,000	216,450,000
12.....	183,090,000	32,000,000	215,090,000
13.....	181,730,000	32,000,000	213,730,000
14.....	180,570,000	32,000,000	212,570,000
15.....	179,010,000	37,000,000	216,010,000
16.....	177,437,500	37,000,000	214,437,500
17.....	175,865,000	37,000,000	212,865,000
18.....	174,292,500	42,000,000	216,292,500
19.....	172,507,500	42,000,000	214,507,500
20.....	170,722,500	42,000,000	212,722,500
21.....	168,937,500	42,000,000	210,937,500
22.....	167,152,500	46,000,000	213,152,500
23.....	165,197,500	46,000,000	211,197,500
24.....	163,242,500	46,000,000	209,242,500
25.....	161,287,500	51,000,000	212,287,500
26.....	159,120,000	51,000,000	210,120,000
27.....	156,952,500	51,000,000	207,952,500
28.....	154,785,000	53,000,000	207,785,000
29.....	152,532,500	55,000,000	207,532,500
30.....	150,195,000	57,000,000	207,195,000
31.....	147,772,500	60,000,000	207,772,500
32.....	145,222,500	64,000,000	209,222,500
33.....	142,502,500	64,000,000	206,502,500
34.....	139,782,500	64,000,000	203,782,500
35.....	137,062,500	67,000,000	204,062,500
36.....	134,215,000	70,000,000	204,215,000
37.....	131,240,000	72,000,000	203,240,000
38.....	128,180,000	74,000,000	202,180,000
39.....	125,035,000	78,000,000	203,035,000
40.....	121,720,000	78,000,000	199,720,000
41.....	118,405,000	83,000,000	201,405,000
42.....	114,877,500	85,000,000	199,877,500
43.....	111,265,000	89,000,000	200,265,000
44.....	107,482,500	94,000,000	201,482,500
45.....	103,487,500	96,000,000	199,487,500
46.....	99,407,500	100,000,000	199,407,500
47.....	95,157,500	105,000,000	200,157,500
48.....	90,695,000	110,000,000	200,695,000
49.....	86,020,000	114,000,000	200,020,000
50.....	81,175,000	119,000,000	200,175,000
51.....	76,117,500	123,000,000	199,117,500
52.....	70,800,000	127,000,000	197,800,000
53.....	65,492,500	132,000,000	197,492,500
54.....	59,882,500	136,000,000	195,882,500
55.....	54,102,500	141,000,000	195,102,500
56.....	48,110,000	146,000,000	194,110,000
57.....	41,905,000	151,000,000	192,905,000
58.....	35,487,500	156,000,000	191,487,500
59.....	28,857,500	162,000,000	190,857,500
60.....	21,972,500	167,000,000	188,972,500
61.....	14,875,000	175,000,000	189,875,000
62.....	7,437,500	175,000,000	182,437,500
Total.....	8,172,665,000	4,600,000,000	12,772,665,000

¹ As furnished by Secretary Mellon.

² From page 3544, CONGRESSIONAL RECORD.

"*Provided*, That should the United States at any time be able to refund any of her World War bonds for less than an average rate of 4½ per cent, the United States shall make good to the United Kingdom of Great Britain and Ireland the amount of any such reduction of interest."

Mr. STERLING. Mr. President, I can not regard this proposed settlement of the British debt to the United States as a cancellation of the debt, as has been urged by the Senator from Tennessee [Mr. MCKELLAR]. There is no cancellation of any part of the principal of the debt, but Great Britain, after an agreement to pay 4½ per cent interest on the debt up until December 15, 1922, has asked that there be a readjustment which will allow of a lower interest rate from that time on. I do not think that in any of the Liberty loan acts which we have passed we have foreclosed ourselves against readjustment of any of the debts due us by foreign governments, whether it be the British debt, the French debt, the Italian debt, or any other debt.

If the position of the Senator from Tennessee is correct in that regard, we may, in the first place, have entered into an

agreement against our own manifest advantage thereafter. I contend that it is to our own advantage, not alone to Great Britain's but to our advantage as well as hers, to refund the debt at the lower rate of interest.

Mr. President, it has been urged that we are sacrificing in making this debt settlement. We will sacrifice, it is said, \$830,000,000 during the first 10 years after the proposed law shall have been enacted. I doubt that. Let me state why. Of course, we shall be getting over \$180,000,000 a year for each of the 62 years during which the loan is to run. There will be a tidy sum flowing into the Treasury of the United States of \$185,000,000 or \$186,000,000 every year, and in the aggregate and at the end of 62 years Great Britain will have paid nearly three times the present principal of the indebtedness, or over \$11,000,000,000.

Eight hundred and thirty million dollars a year loss or sacrifice to the United States! Mr. President, suppose by adhering to the terms of the original understanding or by adhering to the terms of the present law we overburden the British people so that it will be impossible for them to avail themselves of what America wishes to find, namely, a market in Europe for American products. If we put upon the British people, always our best customers, a burden greater than they can bear, the injury will not fall alone on Great Britain, but, as I have said, it will be reflected in British trade and in greatly diminished markets for American wheat, for American cotton, for American foodstuffs, and for American raw materials, and our loss in this respect will, in my humble opinion, far exceed the loss, or sacrifice, as some Senators are free to call it, of \$830,000,000 within the first 10 years the loan has to run. So, Mr. President, it is of a positive advantage to us, I think, that we reduce the interest rate to 3 per cent for the first 10 years the loan has to run and to 3½ per cent thereafter.

Think of the time—62 years. Think of the vast sums involved. Think, too, of the times as peace times, and ask yourselves the question as to whether or not 3½ per cent interest is not high enough rate to demand of Great Britain? Within the 10 years, if not now, we shall not have to pay a higher rate for any bonds that we ourselves might want to negotiate than 3 or 3½ per cent.

Mr. President, much has been said about what the people will think of this new agreement and the adjustment now proposed to be made by law, and there was the veiled intimation this morning in the address of the Senator from Wisconsin [Mr. LA FOLLETTE] as to what the people would do to those who supported the bill. We know something now about what the people think through the metropolitan press, first, but we can go beyond the metropolitan press, and I am confident that the country press throughout the United States favors the proposed readjustment. We need not stop with the press, Mr. President. I have here a little communication addressed to me and signed by 21 persons from my own State—and, for the most part, I think the men who signed the statement are farmers—from which it appears that at a little community meeting a short time ago they discussed this question of the adjustment of the British debt and were unanimous in favor of the contemplated adjustment. They are not quite accurate in everything they state in this paper, but it is of such importance and reflects such an excellent spirit that I am going to ask that it be read at the desk.

The VICE PRESIDENT. Without objection, the Secretary will read as requested.

The reading clerk read as follows:

MECKLING, S. DAK., February 2, 1923.

DEAR SIR: Believing that our Representatives desire to know the wishes of the home folks, a vote was taken in a community meeting of Meckling Township, Clay County, S. Dak., citizens upon the plan for funding the English debt to us. After discussion it was a unanimous vote of the undersigned that the debt-funding law should be changed, and that 3 per cent for three years, and 3½ per cent after that till paid is just. Not all of us love English individuals, but all do admire the bull-dog grit and the unwavering determination to pay which that nation has shown. Give our friends over there the friendly American hand and the wise suggestion that they put the toe of their boot to booze. They helped us abolish slavery, let's help them shake off a worse enemy.

E. E. COLLINS
(And 20 others).

Mr. STERLING. Mr. President, just a word further in conclusion.

Mr. BORAH. I think the Senator was correct when he said they were in error as to some of the facts.

Mr. STERLING. The one fact concerning which they are in error is that in regard to the time the 3 per cent interest rate would run.

Mr. BORAH. That was not what I had in mind.

Mr. STERLING. Well, they are not so much in error in regard to the other fact to which the Senator, I know, has

reference, as he perhaps at first blush imagines, and I hope he will look into that.

Mr. BORAH. Not at first blush, but after considerable blushing. [Laughter.]

Mr. STERLING. Well, the Senator may blush again when he examines the subject further and ascertains all the facts.

Mr. President, I think a settlement of this kind with Great Britain under these circumstances will have a splendid effect with reference to other foreign debts which are owed to the United States. It will inspire our other foreign debtors with the belief that this great Government of ours is disposed to be fair and just and generous, and, being so inspired, they will redouble their efforts to bring about the day when they can enter into a similar agreement and have a similar understanding as to the time within which they may pay their debts. I believe that France—brave, gallant, as she is—wishes to be true to her obligations, and will want to pay her great debt to the United States. We appreciate her position now and realize that under existing conditions she is not prepared to enter into negotiations for a readjustment of the debt she owes us.

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

ENROLLED BILLS SIGNED.

The VICE PRESIDENT announced his signature to the following enrolled bills, which had previously been signed by the Speaker of the House of Representatives:

S. 2531. An act to create a board of accountancy for the District of Columbia, and for other purposes; and

S. 3169. An act to equalize pensions of retired policemen and firemen of the District of Columbia, and for other purposes.

POSITIONS IN UNITED STATES VETERANS' BUREAU.

The VICE PRESIDENT laid before the Senate a communication from the Acting Director of the United States Veterans' Bureau, transmitting, pursuant to law, a statement as of February 1, 1923, indicating the total number of positions at a rate of \$2,000 or more per annum, the rate of salary attached to each position, and the number of positions at each rate in the central office; also the corresponding information as of January 1, 1923, for the district and subdistrict offices, which was referred to the Committee on Appropriations.

WORLD WAR FOREIGN DEBT SETTLEMENT.

The Senate, as in Committee of the Whole, resumed 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.

The VICE PRESIDENT. The question is on agreeing to the amendment reported by the committee.

Mr. TRAMMELL. Mr. President, I have listened with a great deal of interest to the discussion upon this bill. I have read and reread the bill; and in the light of the facts surrounding the transaction I am impressed with the view that it is entirely a one-sided contract, all in favor of Great Britain, and that the interests of the American people have not been safeguarded in the proposal.

This money was borrowed by Great Britain with an express agreement that that nation was to pay the American Government 4½ per cent interest, and that when any new arrangements were made the British Government would pay the American Government the amount of interest that America was required to pay in order to readjust the bonded indebtedness of America. When Great Britain comes to America and asks for a change of the terms so as to reduce the rate of interest from 4½ per cent to 3 per cent for the first 10 years, and 3½ per cent for the remainder of the period, Great Britain asks for a change and a modification of its contract prior to the occurrence of the condition precedent for a reduction of interest, the condition precedent being that America shall float bonds at a lower rate of interest.

We are to-day paying 4½ per cent interest per annum on the \$4,600,000,000 which Great Britain now seeks to have this Government allow her to continue to use, for an extended period of time, at 3 per cent for a period of 10 years, and 3½ per cent for the remainder of the period, up to 62 years.

Of course, if we say that we want to do some little friendly act to Great Britain and reduce that rate of interest, which will amount the first year to something over \$57,000,000, then of course we can do it. My idea of the matter is that we should endeavor to obtain the present rate of interest until our bonds can be floated at a reduced rate of interest, and that the Congress should not say to the American people: "In order to adjust this matter with Great Britain we are going

to reduce her obligation to the United States \$57,000,000 in interest alone for the first year, and transfer the burden to you for that amount." The American people have some interest at stake. They are the ones who are to bear the burden, and it means an increase of the taxes of the American people to the extent of \$57,000,000 and odd the very first year.

I can not quite understand why we should make any such reduction. There has been no change of conditions. In my opinion, there is nothing to justify this Government in reducing the interest or the amount that Great Britain is to pay us on account of the obligations assumed during the war.

There is talk to the effect that interest rates may be less in the future. If that is true, under the provisions of the act now in force, had we fixed the rate as it is under the existing contract, then Great Britain could have enjoyed the advantage of that reduced rate of interest by floating her bonds at the reduced rate of interest; but instead of that, upon a contingency, upon guesswork, upon a probability that may not occur, we start out in the very beginning to make a reduction of interest from 4½ to 3 per cent, amounting to \$57,000,000 a year. We fought here for a week on the question of whether or not we should make an appropriation of \$56,000,000 to carry on our river and harbor improvements for a year. Many of the distinguished Senators opposing it said that such appropriation should not be made, that it was too much of an expenditure. When it came to a question of expressing substantially the Nation's gratitude to its soldiers who won the day, who defended the country's liberty and rescued not only America but the entire world from the threatened military dominance of Germany, Senators stood here upon this floor and said: "Why, you will wreck the finances of the Government if you pass a bill appropriating fifty or sixty million dollars a year to pay the soldiers' adjusted compensation." The Secretary of the Treasury, who was a member of the commission that is recommending this settlement in which, unless there is a change in the rate of interest, America will lose over a billion dollars, sent a letter to Congress saying, "You can not do it, because the finances of the country will not stand any such adjusted compensation." The President of the United States set himself up in opposition to it. Now they both favor a proposition which will mean an increase in taxation to the American people of more than \$50,000,000 a year in order to make a settlement with Great Britain and to make a reduction in her obligation to this country.

I think the contract should be made upon the basis proposed by the Senator from Tennessee [Mr. McKellar]. Under that proposal, if we are able to float our bonds at a less rate of interest, then Great Britain will participate in that reduction, and that is proper. That is a perfectly fair proposition.

I never knew a party to an individual transaction, when he found that he was not able to pay according to the time specified, to try to get reductions and reductions. He might ask for an extension of time, and no one objects to giving an extension of time; but the proposal before us now involves a donation, under the financial conditions as they exist to-day in this country, of something over one and one-half billion dollars to the British Government; and that more than one and one-half billion dollars, whether it is to be paid out in 10 years, in two decades, or in 62 years, becomes a burden upon the American people, and will have to be provided by taxing the American people.

I think, Mr. President, that it is the duty of those in positions of responsibility in this country to guard the interests of the American people as zealously as those representing Great Britain have guarded her interests, and in this particular instance, in my opinion, have succeeded in bringing about the proposal of a contract which is largely one sided and in the interest of Great Britain, and, upon the other hand, to the detriment of the American people, because they ultimately have to bear the burden. I have always felt that those in positions of responsibility and trust, representing the people, have no right to be generous at the expense of the taxpayers whom they represent. I feel that it is our duty to insist upon the contract being performed by Great Britain.

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

Mr. TRAMMELL. Mr. President, have I occupied 10 minutes?

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

Mr. TRAMMELL. Can I consume 10 minutes on the bill now?

The VICE PRESIDENT. The Chair announced that a Senator can speak 10 minutes on an amendment that is pending, and 10 minutes on the bill when no amendment is pending. The time of the Senator from Florida has expired.

Mr. DIAL. Mr. President, I always favor settlement, and when this matter was first proposed I felt that we and the world

were making progress by bringing about a settlement of this debt between Great Britain and the United States. I felt that to do so would stabilize conditions, would help our trade, and that a magnificent example would be set to the other nations of the world to proceed to pay what they owed and put their houses in order; but, Mr. President, I must say that I am a little disappointed in the terms of this settlement. It occurs to me that it would have been much better to have insisted upon at least the same rate of interest that we are paying for money.

The statement that this money was expended in the United States has no force with me. To calculate the amount that Great Britain will pay during the 62 years seems to me to be childish. Money is worthy of its hire. The debt is due, and if the debtor does not want to pay interest he has the privilege of paying the principal and not paying interest; so it is simply silly to produce a great string of figures about the amount that we will have received at the end of 62 years. There is no business in that and no common sense in it, to my mind.

I am also disappointed, Mr. President, in these bonds not being strictly negotiable. There is a great deal of force in the argument of the senior Senator from Missouri [Mr. Reed] on this point. It is true, perhaps, that to-day there would not be a market for these bonds, but no one can tell what world conditions will be 10 or 20 years hence. If anyone had predicted along in 1910 that the United States to-day would have in its vaults about half the gold of the world, no one would have believed it. Instead of being a debtor nation, we have become a creditor nation. My experience in life has taught me that the best time to make a settlement is at the time the transaction is entered into. It is always a bad plan to lend money without security and then to be uneasy during the life of the loan. The proper time to settle it is at the time the money is transferred, or, in this case, now, before we make this extension, instead of wanting to kick ourselves for the next 62 years, feeling mean, feeling that we have been overreached a little, or something of that sort. After we shall have made the settlement it will be too late to complain, and it is not sportsmanlike to complain, anyway. Therefore, Mr. President, I very much wish our representatives had insisted upon a rate of interest equal to that which we are paying now.

In one sense this money does not belong to the United States Government. The Government has not a dollar except what it takes from its citizens by taxation or what it receives from selling its bonds. Money is borrowed from the people. We appealed to the citizens of the United States to lend us money to lend to other countries, and we assured them that the Government would receive a rate of interest equal to that which it paid for the money, and I say that I feel a humiliation that we are not to fulfill that promise.

Furthermore, Mr. President, it is not necessary to talk about our good feeling toward England or toward France or toward any other country. In fact, every gentleman ought to feel well toward everybody else. I have no particular ill will and no particular love, myself, toward those countries. No doubt they did their duty and we did our duty, and we did it liberally and promptly. We did more than our duty. Neither do I believe in buying trade or buying friendship. Any friendship you can buy is not worth the price. That does not appeal to me. England and the other countries are not going to trade with us unless it is to their interest to do so. This is not a question of friendship.

I wish these bonds were strictly negotiable, therefore, so that the United States could sell them to investors of the world and that we could get out of the transaction, so that we could take that money and reduce our obligations. It is a pretty miserable feeling to be in debt. I have felt miserable a good many times along that line individually, and I am a little sorry for my Government when it has to borrow money, and I know that the taxpayers feel badly. The burdens are more than a great many of them can bear. No wonder the people are trying to put their wealth into nontaxable securities, because we go ahead and tax the people most liberally.

I feel that these other nations ought to begin to curtail expenses. I am not going into detail about how it ought to be done, because that would be arrogating too much to myself; but when they are spending our money, I believe that their citizens should not be treated any better than our citizens, and I hope the day will come when they will curtail expenditures and levy taxes to make ends meet, pay what they owe us, and let us pay our debts. There is not much use in somebody else owing us and our owing someone else. We ought to collect, settle, and cancel. The cancellation of obligations helps book-keeping.

Not only that, but I think it is time our commission was hinting to the other countries of the world that we would like

to have them get busy and bring in at least a part of what they owe us and arrange the balance. If they can not pay in full, let them pay something, and let us take care of the interests of the people of the United States.

I have not studied the amendments which have been offered, but I shall vote for some amendments along the lines I have mentioned. On the whole, I will vote for the bill because I believe that if we do not get a settlement now there may be a good deal of uncertainty about the kind of settlement we might get later; and for the sake of stabilizing conditions in the world and of improving our markets I trust the bill will pass in amended form.

Mr. LENROOT. Mr. President, nearly all the Senators opposing this bill insist that England should pay according to the letter of the contract. I wonder if all Senators who are taking that position with reference to England will take the same position with reference to all the other foreign nations indebted to us. I wonder if all those Senators will insist that to Germany shall be applied the same rule as they want applied to England. Germany owes us more than \$200,000,000, and I wonder if they will insist that the same demand be made of Germany. Poland owes us over \$120,000,000. I wonder if the same demand will be made with reference to the indebtedness of Poland.

I do not believe that foreign nations who are indebted to us are in any position to urge that we should be more liberal or generous in our terms to them because of any benefits which may have accrued to us by reason of those loans, but I do believe that is a proper consideration for us ourselves to reflect upon. If these loans had not been made, what would have been the position of the United States? We were already engaged in the war. If we had not made this loan to Great Britain of something over \$4,000,000,000, Great Britain would not have been able to maintain her armies on the soil of France as she did. They would have been compelled to retire, to an extent at least; the war would have been prolonged; more American lives would have been sacrificed; and it would have cost us more money, not in the way of loans to our allies, but outright expenditures to carry on the war for a longer period than it became necessary to carry it on.

With reference to the expenditure, it has been sought to be shown that munition makers were the only beneficiaries of this expenditure. Mr. President, every farmer, every laboring man, in the United States got the benefit of these loans. Two dollar and twenty cent wheat has been spoken of. If it had not been for these loans of \$11,000,000,000 to our allies, wheat would not have been \$2.20, but it would have been down to \$1 inside of six months.

But I do not base my support of this bill upon that consideration to any great extent. I support the bill because if there is to be stability and peace in Europe there must be readjustment of indebtedness between the different nations of Europe, and if the United States is to start with the proposition that every indebtedness shall be lived up to according to the letter of the contract, that there is to be no liberalizing of terms, then we may not look for peace in Europe next year or the year after, or perhaps for a decade to come.

Will the same gentlemen who are insisting upon the letter of the contract likewise insist that Germany shall pay to the last dollar provided in the Versailles treaty? Do they? What right have we to insist that the Versailles treaty shall not be carried out to the very letter if we are going to insist that the technical contract made upon our behalf shall be carried out to the last letter, without any liberalization of the terms?

Mr. President, under this settlement there is no forgiveness of a dollar of the debt, no cancellation of a penny of the debt. There is some liberalization in the matter of the rate of interest, and that is all; but it is a very good example for the United States to set to Europe. If we demand of England the last penny, will not England demand of France the last penny, and will not France demand of Germany the last penny? How is any economic reconstruction of Europe possible under such a theory?

This is a contract freely entered into on the part of England, if we shall assent to it, that contains liberal terms. The parties have agreed upon it, and if this be now ratified this afternoon, as I hope it will be, I think we may look forward to the other nations of Europe getting together in mutual accord upon their indebtedness as between each other, and we will have gone a long way, by the passage of this bill, toward bringing about stability and peace in Europe.

Mr. BORAH. Mr. President, the Senator from Wisconsin [Mr. LENROOT] referred to a matter which has been uppermost in my mind from the beginning with reference to this settle-

ment, and that is the fact that there are those who are unwilling that Germany should be relieved from any part of her indebtedness, and the question is asked, if we insist upon the full amount of our debt, shall not the nations interested in the collection of the debt from Germany insist upon the full amount which Germany owes?

If Senators will turn that about, it presents the very proposition which has disturbed my mind concerning this settlement. If this settlement, or any other settlement which we could make, would lead to an amelioration of the terms which are being imposed upon Germany, and thereby give an opportunity, possibly, for Europe to recover, I should vote for this bill with a great deal of pleasure. If I thought that this precedent established here, what is called a liberal settlement, would have a particle of effect of leading to the adoption of a more liberal policy toward Germany upon the part of England, or upon the part of France particularly, I should see my way clear to vote for the bill, and I would feel that I was doing the American people a distinct favor, both from a humanitarian standpoint and from an economic standpoint, in doing so. But so long as the present policies in Europe obtain with reference to reparations and with reference to the collections from Germany, the forgiving of the amount of interest which we are forgiving in this instance will not have the slightest effect, in my humble opinion, in stabilizing anything in Europe or in opening any of the markets of Europe. In other words, the Allies are now undertaking in Germany to collect by sheer force the amount which Germany owes, and that policy will negative and absolutely destroy any effort we may make toward stabilizing Europe if the policy is to be continued.

The Senator from Illinois [Mr. McCORMICK] said that England was one of our best purchasers; but it must be self-evident that if the conditions continue in Europe for the next year as they have been for the last six months, or for the last two months particularly, England will not by reason of this settlement be in a position to purchase anything of moment from the United States above that which she must actually have in order to live. Indeed, sir, if the present program is continued, Europe will go down, and this settlement will have no more effect in bringing relief to suffering humanity, no more effect in opening up markets than if these I O U's were lying up here in the Treasury. The causes of our troubles lie deeper than debts; they rest in the hideous inhuman policies which are now heaping misery upon a whole continent.

Why are \$110,000,000 being expended in England to-day as a dole to the unemployed? It is because England's market upon the Continent has gone to pieces. It is because the economic conditions upon the Continent are such that there is no occasion for the employment of her men in her industries. She has no market. The mere acquittal of \$40,000,000 a year in the way of interest, with the markets of Europe closed and with her unemployment continuing, will neither give us nor England any markets.

So I say, Mr. President, if this matter of the indebtedness could have been considered in connection with this very proposition which the Senator from Wisconsin has suggested, it would have presented altogether a different matter for our consideration. We know that the invasion of the Ruhr, considered, now, not from the standpoint of whether France had a right to go in or not, for that can be debated upon another day, but considered from the standpoint of world peace or the restoration of economic conditions in Europe, has been utterly disastrous of all which was promised or expected upon the part of the French people.

Instead of it benefiting the French people themselves, bread has gone higher and grown more scarce, taxes have necessarily been increased, expenditures have been increased, the franc has gone down, coal has not come out, and hunger is more nearly at the door of France to-day by reason of it than it has been at any time since the signing of the armistice.

Not only, therefore, have they punished Germany and disordered and demoralized the possible recovery of Germany, but they are bringing disaster and demoralization to France herself. If that policy is to continue, what are we to gain by the mere forgiving of a small amount of interest? It is by reason of the policy which is being pursued that, to my mind, makes this a more difficult problem to solve, so far as we are concerned. In other words, if conditions could be changed or would be changed so that the masses of England or the masses of Europe or the people who are hungering and dying in Europe would get the benefit, who would withhold his vote for a moment against our forgiving of the indebtedness as here provided? If it would tend to restore the markets of Europe so our own people would get the benefit of it, who would withhold his vote for a moment? But if the policies are to be continued,

we know that that is not to be the result, either from a humanitarian standpoint or from an economic standpoint.

Every dollar of the forgiveness will ultimately find its way, not into the mouths of the hungry of Europe, but into the military coffers of Europe. Only a few days ago France loaned 400,000,000 francs to Poland for the purpose of maintaining her army. By reason of her invasion of the Ruhr, every army in Europe is either actually or potentially being mobilized. The benefit which might flow from this money would eventually find its way in augmenting those conditions rather than in diminishing them. So long as that condition continues in Europe, England will and can do nothing else, in my humble opinion, than to increase her naval strength and to increase her army. What the American taxpayer is being asked to do is in fact to underwrite, or in a sense strengthen, the militaristic and the imperialistic policies which now obtain in Europe. This money will not find its way to those whom we here to-day would like to help.

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

Mr. BORAH. I will wait until another amendment is offered to conclude.

Mr. HITCHCOCK. Mr. President, I would like to suggest to the Senator from Wisconsin [Mr. LEXROO] that the same administration which has presented to us the proposition that we should loan money to Great Britain at 3 per cent at a time when we are paying 4½ per cent to get the money, the same administration which has made the proposition to Congress that we borrow the money at one rate and loan it at a lower rate, was entirely silent when France last month made an invasion of Germany and practically began a new war.

There was a psychological moment when this country, represented by its administration, could have made a legitimate protest against that step which threatens to wreck not only Germany but France and demoralize all continental Europe. But the same administration which has now proposed to load upon the American people \$57,000,000 a year by giving to Great Britain a rate of interest lower than that for which we can borrow money, lower than that for which we are borrowing money, was apparently silent and impotent when the great opportunity came for the United States, in the name of stabilizing the world and in the interest of peace, to protest against the folly which France has committed and which may cost her almost as much economically as it will cost Germany.

Mr. President, the Senator from Wisconsin said that we should not exact the pound of flesh from Great Britain. I agree with him. Congress agrees with him. It was nominated in the bond that Great Britain, when she borrowed this amount of money of us, should pay 5 per cent interest. That is the obligation as it stands. But last year the Congress of the United States voluntarily reduced that rate of interest to 4½ per cent, a rate lower than that for which Great Britain can borrow anywhere else in the world.

Now, what is the English view of the situation? I hold in my hand a recent copy of the London Times, weekly edition, and here is a frank, honest statement from that great newspaper:

The facts of the case are by this time beyond dispute. Britain borrowed from the American Government during the war period a capital sum which now stands at £351,000,000. The debt is repayable on demand and carries 5 per cent interest. The bond of indebtedness lays upon this country the obligation to fund it, when requested to do so, at 5 per cent. In 1919 a general understanding, which, however, did not take the form of a written agreement, was reached among the Allies that no payment of interest should be demanded until 1922.

Then the editorial goes on to discuss the unpaid interest. Now, Mr. President, here we have a statement, a bold, honest, just statement, that Great Britain borrowed of us that great sum of money and agreed to pay 5 per cent interest on it. The Government of the United States, by an act of Congress one year ago, has voluntarily reduced that rate of interest to 4½ per cent. Why was it named at 4½ per cent? It was because it was estimated that approximately that was the rate of interest which the United States is paying for money now, and having gained a lower rate of interest, Congress, in its justice and in its generosity, thought we should accord it to Great Britain. I thought so then. I think so now.

I shall offer an amendment which proposes that the great sum of money which Great Britain owes us shall be represented by an obligation in the Treasury of the United States, and that the rate of interest upon it shall agree with the rate of interest that the United States is compelled to pay from year to year on borrowed money. It may be 4½ per cent this year. Ten years from now it may be 4 per cent or 3.75. But, whatever it is, Great Britain should pay it. The Senator from Wisconsin took the position that we owe in friendship something to Great Britain, something to the fact that we were in a great

adventure together. But suppose I should approach the Senator from Wisconsin and say, "Senator, I want to borrow \$5,000."

Mr. CARAWAY. Mr. President—

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

Mr. HITCHCOCK. Not at the moment.

And the Senator from Wisconsin would say, "I have to borrow the money to loan to you." "Very well," I would say, "you borrow the money and I will pay you not only the principal, but what interest you have to pay on it." Would it then be a reasonable thing for me to demand of him, after he had borrowed the \$5,000 at 5 per cent, and has to pay that rate of interest on it, that he let me have it for 3 per cent interest?

The just and generous thing for the United States to do is to put in the bond now that Great Britain shall pay us the same rate of interest that we are compelled to pay in borrowing money from now on. We can be generous enough to give to Great Britain the high credit which our country enjoys. We can say to Great Britain, "We will allow this loan to remain as long as you want it and only charge you exactly the amount of interest that we are compelled to pay from year to year for the credit." That would be generous to Great Britain and just to the American taxpayer, and nothing else would be just to the American taxpayer, although it might be overgenerous to Great Britain.

So I say to the Senator from Wisconsin that, having voluntarily cut off three-quarters of 1 per cent interest, amounting to hundreds of millions of dollars in the aggregate, it is preposterous now to ask us to sacrifice \$1,666,000,000 more during the next 62 years in allowing a loan to remain at one rate of interest while we are paying a greater rate.

Mr. WALSH of Massachusetts. Mr. President, in the few minutes available I do not propose to discuss the details of the measure. I do wish to state very briefly my reason for opposing the passage of the bill. I shall not discuss the partisan character of the composition of the commission which negotiated with our debtor. I shall not discuss the haste with which this most important legislation is being rushed through Congress. I shall not discuss the absence of information. I shall not discuss the details in the measure which may increase the financial burdens of the American people more than what appear on the surface of this measure. It is to no purpose to discuss the particular terms of this bill or the various details concerning it. Much on these points has already been said, especially those features of it which indicate possible future disadvantage to the finances of our country.

We are imposing upon our people an additional war debt of \$1,666,000,000 four years after the termination of the war. We are canceling part of the debt of one of our allies in the late war and adding that debt to our own staggering indebtedness. In a word, this bill is a measure to shift a debt of \$1,666,000,000 from the taxpayers of Great Britain to the taxpayers of America. It is a bill to levy an additional tax upon our people of \$1,666,000,000. Are not the war-tax burdens of our people sufficient? Are not the obligations which they assumed ample, without this additional legislation fastened at this time?

Who is asking for the refunding of this debt? Who is to benefit by the adjustment of this obligation at this time? The English Government did not ask to have this debt refunded. The initiative was taken by the American Government; in fact, the British Government never asked to have one dollar subtracted from its debt. Nowhere is there a petition or a request from the British Government that their former contract be altered or modified. The evidence before the Finance Committee is that the first proposition presented to the British Government was by the American debt commission for a rate of 3½ per cent, without even a request from our debtor that the reduction in the interest rate be made.

Whom is this legislation to benefit? Surely not the American people, who are to bear the burden of this additional debt of \$1,666,000,000. This amount is but the minimum estimate. One actuary from the New York Life Insurance Co. estimates by a method of compounding interest that the real gift of the American people to the British Government on this settlement is the enormous sum of \$27,000,000,000. I do not, however, vouch for this estimate. It is evidently a method of computing the value of this gift based on the use of this money by compounding the interest.

Mr. President, Great Britain has a right to urge and expect one, and only one, modification of this debt—the fixing of a rate of interest on her indebtedness equal to that paid by our Government on the money she borrowed from her citizens to

loan Great Britain. That rate to-day is far in excess of 3½ per cent, and that is why this is not the time to change or refund this debt.

Mr. President, there is one class of American citizens who will benefit by this partial cancellation of Great Britain's obligations to the United States. It is the class who have been behind the agitation for the refunding of this debt; the class of American citizens who have private debts to collect in Great Britain and other countries of Europe; the class of American citizens who will now find the financial atmosphere of Europe cleared by having, so far as Great Britain is concerned, the American debt fixed and postponed 62 years for final payment. It is the international bankers in America who benefit by this legislation.

It is contended that the settlement of this debt will stabilize—tend to stabilize is their expression—the finances of the world and bring about the economic equilibrium of the world. Will the rate of 3½ per cent stabilize the finances of the world better than would a rate of 2 or 2½ per cent—better than would the cancellation of the debt itself? Senators will have great difficulty when the American taxpayer looks at this question from the standpoint of his tax bill to explain to him the increase in his taxes by stating that the change of the interest rate on this loan by reducing it by 1 per cent will stabilize the finances of the whole world.

Oh, it is said, we must be generous. To give of another's money is not generosity. It is not right; it is not just; it is not honest. The money is not our money, but is the money of the American people. We are but trustees. This bill is a proposition to extract from the pockets of the American people an enormous sum of money and to give it to the British people. Yes; it is easy to be generous with other people's money. I refuse, without the people's voice being heard, to give away their money. I repeat, the only two arguments which are made in its favor are, first, that it will tend to stabilize the finances of the world, and, second, that we should be generous—generous with other people's money. Let us see how generous the beneficiary of this gift has been. Let us see what she has done to stabilize the finances of the world. I have before me a memorandum of an agreement made by Great Britain with Persia in which she exacted an interest of 7 per cent on a loan of \$10,000,000. It comments upon a bipartite agreement between the British and Persian Governments that was entered into on August 15, 1919. Under this agreement "expert advisers" are to be furnished the Persian administrative departments at Persian expense. British munitions and equipment were to be utilized under British officers in building up a Persian military and police force. British money was to be loaned on security of the customs and telegraph receipts, and the amount of the first loan was \$10,000,000, bearing interest at 7 per cent.

I have also before me a news clipping which shows what Great Britain exacted from France and from Italy when she loaned those allies sums of money during the war. Let me read this memorandum, which is an editorial from one of our American newspapers:

WHO ARE THE SHYLOCKS?

France and Italy deposited nearly 2,000,000,000 gold francs—worth as much now as ever—in London banks when they borrowed money from England during the war. England required that money as security for the loans. Now England tells France it [England] may take that money. That arouses French ire. The fact is that the money has probably been seized already. Bonar Law says it has been sent to America, inferring that we had pressed England to pay and that it had been forced to use the deposit. Of course that is not the case. This country has asked none of its debtors to pay, and the inference Europe has drawn from Bonar Law's statement is misleading.

Why are we Shylocks of the world, let Europe tell us, but we are not as cold, calculating, or as cautious, apparently, as England. When it made loans it called for gold security. Not so with us. We opened wide our Treasury to England, France, Italy, Belgium, and others and took in return their unsecured notes. In fact, we got hardly that. They simply gave us a memorandum that the money would be returned some day and that they would proceed after the war to say in what way and how it should be returned. Shylocks, it will be observed, do not act that way. They take security for their loans and exact their pound of flesh upon failure to pay.

Nothing has been more striking than the revelation that England required gold security for its war-time loans, while the United States did not. If there is any fairness in Europe, it can not fail to be impressed by this difference in methods. But Europe does not condemn England, even when it seizes the gold left with it for security and thereby depletes by one-third the reserve of the Bank of France. If we had done anything like that, imagine the outcry. We have not even asked our debtors to pay. We have simply suggested that they consider what they can do in the course of the next 25 years. But they do not consider that. They insist that we wipe out the debt. England has remarked that it will forgive its debtors if we forgive it. But England has been careful to see that it had its hands on nearly 2,000,000,000 gold francs; it has a partial payment anyway. Perhaps if we were more nearly Shylocks we should command greater respect abroad. (Aberdeen (Wash.) World.)

But why prolong this line of argument? What evidence has been presented here as to the present financial resources and

assets and as to the possible future assets of our debtor? What right have we to discount or cancel in part the assets, the credits, of our people without knowledge not only of the existing conditions of Great Britain's finances but of all her possible future assets? The only evidence is that now, at this hour, it is hard and difficult for Great Britain to raise the necessary ready money in order to meet the terms of this debt contract. Who ever heard of bank directors settling debts based on present ability to pay rather than the debtor's resources and assets?

Mr. President, there is no need of refunding this debt now. It should not be refunded at this time. The American people have not asked that it be refunded. They are not Shylocks; they do not demand this money, or even the interest due. They were willing to let it go four years, and it should have gone for 10 years if necessary, letting these debtor countries pay as they can.

The after-the-war financial atmosphere ought to have been cleared. We ought to wait until our debtors get back to production. We ought to have settled this debt in the light of peace and prosperity and not when the dark clouds of war envelop us. The time for our Government to move was not when our debtor nations have reached the low-water mark of their finances. Its refunding now is being brought about by the sinister influence in this country of those who are looking after their own interests and not the interests of the American people. We should be serving the American people better if we should let this indebtedness stand as a valuable asset, to be collected on some future occasion when it would equally be advantageous to the American and British peoples.

Let those that have been preaching economy, renouncing tax exemption, reducing Government employees, fighting to reduce appropriation bills, and in various ways seeking to lower taxation pause and realize what their vote upon this measure means. In one fell swoop your efforts at economy are reduced to nil, for your vote on this measure is nothing more or less than to increase the war-tax burdens of our people. What right have you to deal with this matter, because it happens to be a war debt, any different than if it were a peace-time loan? Where is your mandate from the people to levy this burden upon them? In what election did you submit this question to the voters? No one here would advocate before election this bill and expect to be elected to give away this enormous sum of money that belongs to our people.

Mr. President, this asset, one of the most valuable which the American people have, is being converted by this proposed law into a possible liability, the magnitude of which no man can now conceive with definiteness. International complications arise more frequently out of financial dealings and agreements than any other cause.

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

Mr. CARAWAY. Mr. President, I come from an agricultural State, the greater part of whose interests are bound up in the prosperity of the farmer. We have all said that for four years the farmer has suffered a tremendous loss because he has had no foreign market. The farmer is dependent upon a foreign market. The excess of the commodities which he produces must be sold. We can not increase the consumption ability of the people of this country or we have not been able to do so; and therefore the farmer has been suffering tremendously each year because he had no foreign market for his products. We can have no foreign market until conditions in Europe are stabilized, and they can never be stabilized until there shall be a beginning. The way is not long to peace when contending nations once decide to negotiate peace; the way is not long to economic reconstruction whenever the peoples of the world shall set their faces toward reconstruction. The great trouble is a beginning. The European war could have ended much sooner if nations could have made a beginning to attain peace. Economic reconstruction could have come much earlier if a beginning could have been made. At least the proposed settlement is a beginning.

I do not think that anybody contends that it is such a settlement as he approves in every particular; I do not. I do not think it is the best possible settlement that could have been made. I do know, however, Mr. President, it is the only settlement that is here before the Senate; it is the only one that will or can be before this Congress in a year. If it is rejected, I know that the American farmers for at least 12 months more must have the same chaotic conditions confront them which now confront them, if, in fact, they shall not grow worse.

I sympathize with those Senators who say that the interest rate is low, too low; and yet I am sure as I am of anything that if every dollar of our foreign indebtedness had been can-

ceded in November, 1918, and every dollar of this foreign debt had been levied upon the agricultural interests of America, they could have paid it and been richer to-day than they now are, provided Europe had become a normal consumer of American products.

It may be said that better economic conditions are going to come about whether we accept this agreement or not. I say they have not come about, and therefore it is for you who oppose this plan to show that they will come. You can not do it. I therefore must act on conditions which now exist.

The Senator from Nebraska [Mr. HITCHCOCK], of whom I am very fond, said that this proposed settlement amounts to giving away \$58,000,000 of American money, and he read from the London Times what he characterized as a frank and manly statement of the contract between the British Empire and the American people—that is, that Great Britain owes us £851,000,000, to be refunded upon demand at a rate of interest of 5 per cent. If that is the contract, American citizens have a right to demand 5 per cent; yet the Senator from Nebraska, as trustee for the American people, voted very recently to give away three-quarters of a per cent on every dollar they owed us in the way of an interest charge. If the Senator has a right to say, "If I vote to reduce your interest charge from 5 to 4½ per cent without being asked to do so, I am a patriot," how does a Senator become a criminal who, when he sees that a better settlement can not be made, says, "Therefore we will accept a settlement providing for the payment of 3½ per cent interest?" I should like to know. Where does the difference lie that makes one act statesmanship and the other just a little bit less than criminal?

I sympathize, Mr. President, with what has been said about the taxation of the American people; but it is true that not a dollar of this money that is coming back is going to take a dollar of taxation off of the poor people of America, and every Senator knows it; because the poor people, the farmers in Alabama, the farmers in Arkansas and Nebraska, are not paying Federal taxes; they are being crushed by State and county and municipal taxes; they are being crushed because they have no markets for their farm products. It is the rich people in the country that pay the Federal tax, because under the law no man pays a Federal tax—I am speaking of income tax now, and the rich alone would profit by the defeat of this measure—if he be married, until he has above \$2,000 a year net above all of the charges he has a right to make.

Mr. STANLEY. Mr. President—

Mr. CARAWAY. I yield to the Senator from Kentucky.

Mr. STANLEY. I feel sure that my colleague has made a statement in the heat of argument that is broader than he intends. The Senator surely does not mean that the farmers of this country are not being taxed by the Federal Government. The income tax, it is true, rests more heavily upon the people with large incomes than upon those with small ones, but in my country the farmers are being skinned and gouged by this iniquitous tariff bill.

Mr. CARAWAY. Oh, well; that is not the question that we have before us, and if the Senator from Kentucky wants to interrupt me, I hope that he will confine himself to the legislation that is before the Senate.

Mr. STANLEY. Mr. President, I did not mean to start a debate. I simply thought perhaps the Senator had expressed himself more broadly than he intended.

Mr. CARAWAY. No; I was talking about direct taxes; and if the farmers are ruined, as we have been saying, if they have not been getting the cost of production out of the things they grow, they can not have any income that will make them subject to paying income taxes—direct taxes. That is what we are talking about. If we were to get back to-morrow every dollar that all the European powers owe us, no movement would be made to reduce tariff rates, and therefore they are not affected one way or the other by the legislation now before the Senate.

Mr. President, here is the question before us: Are we willing that the world shall make a beginning toward readjustment, toward economic recovery, or are we willing to plunge it into another 12 months of nightmare and darkness in order that possibly a better settlement may be made with Great Britain next year than we get out of her this year?

I know, Mr. President, that there are some people who are racially so antagonistic to the English-speaking people that whenever the British Empire is mentioned—and I do not criticize them; people are swayed by their prejudices—they can not help opposing it. They have hated Great Britain for hundreds of years, and for hundreds of years their children after them will hate her. I hold no brief for the British Empire. All my

people were put out of Ireland by the sword when Cromwell was "pacifying" that island. I drew in, with all my family traditions, a hatred of the British Empire; but, Mr. President, I hope to God the time shall never come when I am willing to be a party to destroying the world because for hundreds of years there has been a feud between the people from whom I sprang and England. I am not willing to do it. Some hate the British Empire because of religious differences. I do not. This question is not racial; it is not religious; and it is not, as I understand it, a question of charity. It is a question of good business; that is all.

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

Mr. CARAWAY. I say had not we lent this money to England and the British armies had been compelled to slacken their efforts in resisting the German assaults of 1917-18, we would have expended every dollar of it and more in making soldiers of American boys, and instead of 50,000 of them dead by battle wounds in France there would have been a million of them, and instead of 50,000 mothers weeping for boys who went beyond the seas and never returned there would have been a million of them.

I was astonished the other day when one Senator, of whom I am exceedingly fond—

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

Mr. CARAWAY. Is it the ruling of the Chair that I can not now discuss the amendment?

The VICE PRESIDENT. The Senator can discuss the pending amendment, which he has already done, for 10 minutes.

Mr. CARAWAY. Both the measure itself and the amendment?

The VICE PRESIDENT. Just the pending amendment.

Mr. KING. Mr. President, a parliamentary inquiry. If a Senator has not addressed himself to the bill, is he precluded from speaking 10 minutes on the bill now and also 10 minutes on any amendment?

The VICE PRESIDENT. That was the notice that the Chair gave.

Mr. CARAWAY. I hope some Senator will get recognition and yield to me.

Mr. ROBINSON. Mr. President—

The VICE PRESIDENT. The Senator from Arkansas.

Mr. ROBINSON. I have submitted an amendment which I will explain before the Senate in a few minutes.

Mr. CARAWAY. Will the Senator from Arkansas yield to me?

Mr. ROBINSON. I yield.

Mr. CARAWAY. Mr. President, the other day—

Mr. BORAH. Mr. President, I have not any objection at all to this program, but if that rule is to obtain let us have it settled now.

Mr. ROBINSON. Mr. President, I am perfectly willing to waive my time on the pending amendment, or I will take the floor and yield to my colleague if the Senator objects.

Mr. CARAWAY. Oh, well, if there is any objection, I will sit down.

Mr. BORAH. If that is parliamentary and can be done, of course it simplifies a situation here which has been embarrassing to some of us. I have not any objection to its being done if the Chair holds that that is proper.

Mr. ROBINSON. Mr. President, I ask unanimous consent that I may yield to my colleague my time on this amendment.

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

Mr. CARAWAY. Mr. President, the Senator from Missouri [Mr. REED], of whom I am exceedingly fond, day before yesterday made the statement which I shall read. After having read the law under which the loans to the allied powers had been made he said:

And upon that we went to the American people for the money. We employed everybody from McAdoo to Mary Pickford, or from Mary Pickford to McAdoo—and I speak of them both with the utmost respect and kindness—everybody from statesman to moving-picture actress. Hundreds of thousands of volunteers all over the country, on every hustling, on every platform, from the steps of the Capitol, from the stages of the theaters, in country press and everywhere, told the American people that the money we were going to get from them to loan to foreign countries would be loaned upon bonds that would mature when our bonds matured and would bear the rate of interest our bonds bore, so that whatever money we thus loaned would come back to us and not be a burden upon the taxpayers of the United States.

That, he says, was the contract we entered into.

Later he said:

That was the contract with the people of the United States, and any attempt to repudiate it would be as disgraceful a proceeding as ever was engaged in by any government on earth.

First, Mr. President, I deny that we made such a contract. The question of what was to be done with the money was not discussed when the people bought the bonds. It was to be used in winning the war. I say, sir, that those who bought bonds would much rather have loaned it to equip and keep a British, a French, or a Russian soldier in the trenches than to have loaned it to have their own boys put in the trenches. They would have loaned it with more willingness to maintain the armies who were fighting this war with us than to have let those armies quit for lack of means with which to fight and replace them with American boys. But, Mr. President, that was not the contract we entered into with the American people when we commenced this war. I want to read from what was declared to be the purposes and obligation that inspired us in going to war.

I read from the greatest state paper ever written by any statesman of any country. I read from the message delivered by Woodrow Wilson to the Senate and the House in joint session asking that we declare a state of war to exist between the Imperial German Government and the American people. In that immortal document we entered into a covenant with the American people to do certain things, and here is what it was, Mr. President.

Speaking of his former message, the President said:

Our object, now as then, is to vindicate the principles of peace and justice in the life of the world as against selfish and autocratic power and to set up amongst the really free and self-governed peoples of the world such a concert of purpose and of action as will henceforth insure the observance of those principles.

That was it, Mr. President; and again, in the same message, he said:

It is a fearful thing to lead this great peaceful people into war, into the most terrible and disastrous of all wars, civilization itself seeming to be in the balance. But the right is more precious than peace, and we shall fight for the things which we have always carried nearest our hearts—for democracy, for the right of those who submit to authority to have a voice in their own governments, for the rights and liberties of small nations, for a universal dominion of right by such a concert of free peoples as shall bring peace and safety to all nations and make the world itself at last free.

Those were the pledges, Mr. President, we made to the American people. We made them to the mothers and fathers of this land; that "If they would loan us their sons, and let us equip them as soldiers, and send them 4,000 miles beyond the seas and across the mountains to destroy the military autocracy of Germany, when they should have done so, so help us Almighty God, we would arrange a peace that would bring about a concert of nations, so that never again in the history of the world would a mother be required to sacrifice her son in international disputes."

We assumed that obligation, Mr. President, and 4,500,000 boys gave up their hopes, their dreams, their aspirations, and became soldiers in the armies of this Republic. They went beyond the seas, 2,000,000 of them, and 100,000 of them laid down their lives from battle wounds or disease, and to-day more than 80,000 of them still sleep in that foreign land, and shall so sleep until time shall be no more.

We assumed that obligation; and yet, Mr. President, after these boys, believing what we had said, had gone beyond the seas, and some of them had died, and 250,000 of them were made invalids for life in attempting to bring about the condition under which we might keep our contract and arrange a community of nations that would end wars, we repudiated it here on the floor of the Senate. We made them die in vain, Mr. President. We made 100,000 mothers weep for sons that never will return. We made 250,000 invalids that never will be strong, and we made them sacrifice life and health in vain, Mr. President, because we broke the contract we made with them; and now, Mr. President, we are upbraided because some Senators say we want to compromise on the rate of interest England is to pay; that that "is the most shameful breach of contract, Mr. President, that a nation ever made."

Oh, my God, Mr. President! If every dollar that was expended in this war had been lost, if every international debt had been canceled and we had voted for it, it would not approach so shocking a breach of contract as the one that broke the contract with the boys, living and dead, and the mothers of a hundred thousand boys that weep to-day for sons that never will return, the contract for a league of nations which would end wars and bring again to a troubled world the blessings of international peace. It is in a measure to redeem that pledge I shall vote to accept this settlement.

The VICE PRESIDENT. The time of the Senator from Arkansas has expired. The question is on agreeing to the amendment of the committee.

The amendment was agreed to.

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

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 3, line 16, it is proposed to strike out all after the word "settlements" down to the end of line 20, and in lieu thereof to insert the following:

With other governments indebted to the United States are hereby authorized to be made upon such terms as the commission may believe to be just, subject to the approval of the Congress by act or joint resolution.

So that, if amended, it will read 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, is hereby approved and authorized, and settlements with other governments indebted to the United States are hereby authorized to be made upon such terms as the commission may believe to be just, subject to the approval of the Congress by act or joint resolution.

Mr. SMOOT. Mr. President—

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

Mr. ROBINSON. I yield.

Mr. SMOOT. That part of this amendment which was put in by the House has nothing whatever to do with the indebtedness of Great Britain, and I stated, I think, in the first day's discussion, that I had no objection whatever to taking that part of the amendment out, and if I may, as far as I can, I accept the amendment offered by the Senator from Arkansas.

Mr. ROBINSON. Mr. President, with the statement just made by the Senator from Utah in the RECORD, I apprehend it will not be necessary to discuss the amendment at length now. It was discussed a day or two ago.

The purpose of the amendment is, first, to require all future settlements hereafter sought to be entered into to be ratified by the Congress of the United States, rather than by the President of the United States, as is provided by the bill presented by the committee.

Another purpose is to relax the provisions of existing law and the provisions, for that matter, carried in the pending bill, so that the commission may have the power to negotiate just settlements with other governments indebted to the United States, subject to the approval of Congress.

We all know, and it has been admitted throughout the progress of the debate, that the remaining governments indebted to the United States can not settle, in all probability—certainly we know all of them can not—on the terms provided in this settlement. For that reason I believe it essential, if settlements are to be made or promoted with other governments, that the commission be authorized to effectuate just settlements, provided always that the same shall be submitted to Congress for approval.

Mr. JONES of New Mexico. Mr. President, the vote upon this amendment will virtually decide what course we should take regarding the amendment which I offered the other day. The commission was authorized to make settlements of indebtedness according to definite terms fixed in the act at a rate of interest of not less than 4½ per cent and for a term of years not exceeding 25. It was recognized by the commission that it was impracticable to make settlements upon that basis. In fact, when the legislation was originally enacted that was the view of practically all of us, and we realized that it would be necessary for the commission to enter into negotiations and subsequently report to Congress, as the commission has done in this case.

The legislation which is proposed by the commission, and reported favorably by the Finance Committee, is in the nature of an amendment to the proviso of the original act creating the commission, that they shall not make any settlement on more favorable terms than those specified in the original act. That is the proviso which is amended by this bill. It occurred to me that that was not a proper form of legislation; that instead of amending the proviso, which would raise again the question of terms, we should simply ratify, if we see fit to do so, the settlement made by the commission, and leave the original act as it was enacted.

The effect of the amendment which I propose would be precisely the same as that of the amendment proposed by the Senator from Arkansas. He proposes now to provide that the commission shall make such settlements as it deems advisable and report back to Congress for congressional approval. I think the law has been given that effect, practically, by the commission, and it is simply a question of whether we shall put that language in the bill in its present form or enact the amendment which I propose, which provides simply that we ratify the present settlement, and automatically that would put the commission in the same position with regard to future settlements as it is in in framing this settlement.

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

Mr. JONES of New Mexico. I yield.

Mr. ROBINSON. The practical result of the two amendments probably would be the same. It has seemed advisable to me, however, since everyone admits that future settlements with governments can not be effectuated under the provisions of the existing law, that the fair and proper course to pursue is to relax the rule in the existing law, which we know can not be complied with by the commission. I think the preservation of that statute would operate as a discouragement, unless the commission should prove its readiness to disregard the law which Congress has passed, as they have been accused of doing in connection with the pending settlement, although, of course, their acts are now submitted for ratification.

Mr. BORAH. Mr. President, what would be the effect if we simply ratified this settlement, and left the law as it now stands untouched?

Mr. JONES of New Mexico. It would leave the commission in the same position it was in when it conducted the present negotiations.

Mr. ROBINSON. Mr. President, with the indulgence of the Senator from New Mexico, it would require an interest adjustment at approximately 4½ per cent, and the commission would be estopped from remitting any portion of the principal or interest under any conditions, or from extending the time for payment of any part of the indebtedness beyond 25 years, which, I think, are such impossible terms that they will be harmful rather than beneficial.

Mr. BORAH. I do not want to misunderstand. If the law were left as it is now, could not the commission go out and do as it did in this case, make whatever terms it saw fit to make, and ask Congress to approve them?

Mr. ROBINSON. Yes; somewhat in disregard of the statute under which the powers are vested in them.

Mr. REED of Missouri. Apparently that would be no obstacle at all, either with the commission or with the Senate.

Mr. ROBINSON. What can be the purpose of retaining in the statute instructions to and requirements of the commission which every Senator knows can not be complied with? If there is a bona fide purpose to invite and promote settlements with other nations, we must recognize in the beginning that concessions must be made. There was a reason for imposing these limitations in the present law, because everyone understood—

Mr. JONES of New Mexico. Mr. President, I have only 10 minutes.

Mr. ROBINSON. I realize I am consuming the Senator's time. I discontinue my remarks.

Mr. BORAH. I agree with the Senator that it would be better not to have the commission violate the law.

Mr. JONES of New Mexico. Certainly we do not want the commission to violate the law, but if we adopt this amendment we are assuming that the commission has already violated the law, and I do not believe it has.

Mr. SMOOT. I do not, either, I will say to the Senator.

Mr. JONES of New Mexico. I think it was generally understood at the time the original act was passed that the commission would change the terms. I do not believe anyone anticipated we would settle a single debt upon the conditions mentioned in the original act creating the commission, and I think the commission has acted quite within the understanding of the Congress when the law was enacted. If we now simply ratify this settlement, we will leave the commission to do in the future precisely as it has done in this regard. The amendment of the Senator from Arkansas would seem to infer that the commission had exceeded its authority in bringing about this settlement and that we want to obviate that for the future. I still believe that it will be better to pass the bill in the way in which I have proposed to amend it, simply ratifying this settlement, leaving the commission free to proceed under existing law with regard to other settlements, as it has with regard to this.

If, however, the Senate should see fit to adopt the proposal of the Senator from Arkansas, then, of course, I shall acquiesce, and it would be unnecessary to consider the amendment which I have proposed.

Mr. BORAH. Mr. President, I did not mean to charge the commission with violating the law. What I meant was that the commission made a settlement which was not authorized by statute.

Mr. ROBINSON. That is exactly my thought.

Mr. WALSH of Montana. Mr. President, I desire to call attention rather to the framing of the bill than to the subject matter of the amendment proposed by the Senator from Arkansas.

I ask the attention of the Senator from Utah to my suggestion, merely for the purpose of endeavoring to improve the form of the bill. The bill starts out: "That the first proviso of section 2 of the act entitled," and so forth, "is amended to read as follows." Then the bill proceeds. The first proviso of the act of February 9, 1922, reads as follows:

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.

As the bill was originally framed, without the House amendment, this bill would take the place of the proviso which I have read; and as there was no restriction at all in the bill as originally drawn, the commission would be authorized to negotiate with the other debtor nations and absolutely close out with them upon any terms they saw fit and without submitting the matter to Congress at all.

Under the amendment proposed by the Senator from Arkansas, the arrangement made would be submitted for the approval of Congress. It takes care of that matter. But I submit to everyone that it is altogether inappropriate to make the bill a substitute for this proviso. It does not fit in with the statute in any wise whatever. It provides that the first proviso of the act "shall hereafter read as follows," which is a most inartistic way of framing a statute.

If the amendment of the Senator from Arkansas should be agreed to, there would be no occasion for anything in the bill, I submit to the Senator from Utah, down to the word "the" on line 3, page 2; that is, cut out all of the language making it a bill to amend that proviso, and just start in with the words "The settlement of the indebtedness of the United Kingdom of Great Britain and Ireland to the United States of America, as follows, is hereby approved."

Then, with the amendment proposed by the Senator from Arkansas agreed to, hereafter any settlements made will be subject to the approval of Congress.

Mr. SMOOT. The only difference between what the Senator suggests and what we have here is that we set it out in the bill. The Senator says he would like to have it read in this way: "The settlement of the indebtedness of the United Kingdom of Great Britain and Ireland to the United States of America, as follows," then on line 16, page 3, "is hereby approved and authorized."

Mr. WALSH of Montana. Exactly.

Mr. SMOOT. It reads "as follows" and then follow the terms of the agreement.

Mr. WALSH of Montana. But I suggest to the Senator that everything preceding that be stricken out, so that it will start with the word "the" in line 3, on page 2, and read:

The settlement of indebtedness of the United Kingdom of Great Britain and Ireland to the United States, as follows, is hereby ratified and approved.

And do not insert the proviso that the act of February 9, 1922, shall hereafter read this way. It would be too long. I shall submit the amendment later on.

Mr. SMOOT. I shall examine the amendment of the Senator from Montana.

Mr. WALSH of Montana. I want to make another suggestion to the Senator. I was not able to follow the exact reading of the amendment tendered by the Senator from Arkansas, but I believe that it would be improved if after line 15 there were inserted language as follows:

notwithstanding any restrictions in the act approved February 9, 1922.

Mr. ROBINSON. I would have no objection, but—

Mr. SMOOT. I do not think it is necessary.

Mr. ROBINSON. Nor do I think it is necessary. This being the latest enactment covering the subject of the indebtedness of other governments, it would control.

Mr. REED of Missouri. Mr. President, it is interesting to note the fact that we voted on such an amendment once before; that is to say, on an exactly similar proposition. When we were discussing the bill which, when finally passed, authorized the commission an amendment was offered which read as follows:

When, under and in accordance with section 2, the said commission shall with any country reach an agreement of adjustment, settlement, or refunding, such agreement, before it is consummated or becomes final, shall be reported to and shall be approved by Congress.

Voting for that amendment were 36 Senators. Among them was the distinguished Senator from Arkansas [Mr. ROBINSON]. I accord to him and every other man the right to change his mind. I do not offer this by way of criticism, but rather by way of introduction to the statement that we appear to be engaged in a general business of wholesale or partial repudiation of our own debts.

When the original act was under discussion we were not talking about 3 per cent interest. We were talking about receiving from every solvent country dollar for dollar of the money we had loaned, including dollar for dollar of the interest we were compelled to pay. That was the position then, as is evidenced by the remarks which I shall read as uttered by the Senator from Indiana [Mr. WARSON] who undertook to outline the position of the administration and of the proponents of the bill then pending. He said:

Where do we stand in regard to the whole question? In the first place, the Secretary of the Treasury says that he intends, so far as is humanly possible, to collect 5 per cent interest and that 5 per cent interest is the rate that should be collected; that is, because our bonds bear 4½ per cent interest; and secondly, because they are nontaxable, which, of course, indirectly makes the rate higher, and in the third place, because of what it costs us to sell the bonds and to incur the obligation. Therefore he thinks that 5 per cent is a legitimate rate of interest. That being true, the Secretary of the Treasury, who is to be at the head of the proposed commission, asserting with all confidence and sincerity that he intends to attempt to collect 5 per cent interest, why should we attempt to write it into the bond that it will be thus collected and collected semiannually?

Now, that was the position of the Senate a few months ago. However, disregarding the advice and in order to make certain that our commissioners would go forth with positive instructions from this body, we wrote into the act 4½ per cent interest. We sent the commission forth as our agents authorized to make that kind of contract and no other and to bring it back to us or to come back and report that they were unable to reach an agreement. The commission, when it went outside of the letter of that statute, proceeded with no more authority than if it had never been named as the commission, for an agent who goes outside of his authority ceases to be an agent and becomes a mere intermeddler or usurper.

If the commission had properly performed its duty, it would have laid those terms of the agreement upon the table and said to the British commission, "This is all we are authorized to offer, and you must take it or leave it." If that course had been followed, I have not the slightest hesitation in the world in saying that Great Britain would have accepted the proposition, possibly asking the right to refund the indebtedness at a lower rate of interest or to take up the bonds at will whenever she could get the money at a lower rate of interest.

But the commission acceded to the demands of Great Britain and came back here, of course, unable to conclude a contract and brought it to the Senate. The Senate, which had taken the position only a few months ago of asking 4½ per cent, yields to the importunities of the commission and proposes to ratify its unauthorized act.

But that is not all. We stand before the world to-day as a creditor, and the accredited representatives of the American people in this body proceed to tell every other nation on earth, "We do not expect you to pay your debt." I wonder how long a lawyer could remain in the employ of a client who started out to collect money and who in advance advised the debtor that he did not expect him to pay. What reason is there for a European statesman, a statesman of France, of Belgium, of Poland, of the Slovakian States, or of Italy to propose to his people to pay an indebtedness due to the American people when distinguished Senators stand upon the floor of the Senate and say, "We ought not to expect payment"?

We are standing here the temporary representatives of the American taxpayers, who must be the permanent payers of this obligation which we have incurred through our bonds, and we propose to say to the world, "You can pay or not pay, just as you please; but we do not expect you to pay." Is not that very unfortunate talk to be heard on the floor of this body? It is not my business to lecture anybody. I am not trying to lecture anybody, but I say that no nation can collect its money that is justly due it unless it at least presents its claim and asks that the claim be recognized and paid.

Neither do I agree with the proposition that these nations can not pay. They may need the indulgence of time, and reasonable indulgence would not be objected to by reasonable men. But that nations should undertake to insist that they have the right to exist as nations and to maintain armies and great navies, and at the same time insist that they can not pay their debts is an anomaly that is not to be tolerated.

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

Mr. JOHNSON. Mr. President, does the Senator from Missouri desire further time? If so, I yield him my 10 minutes on the amendment.

Mr. REED of Missouri. I have said what I desired to say on the particular amendment. I thank the Senator from California, however, for his courtesy.

Mr. LENROOT. Mr. President, I wish to answer briefly the suggestion of the Senator from Nebraska [Mr. HITCHCOCK],

made a few moments ago. He asked if I went to him and asked for a loan of \$5,000, and he told me he had not the money himself, but could get it for me; what I thought would be the ethics of the situation if I should suggest afterwards to him that I should pay a less rate of interest to him than I had agreed.

To make the situation exactly parallel, if I went to the Senator from Nebraska and asked for a loan of \$5,000, and he replied that he did not have it, but would get it from the members of his family, and did so, and I received credits and the members of his family received the proceeds of the loan, and by reason of those proceeds I was able to save the lives and fortunes of the Senator from Nebraska and the members of his family, and then I afterwards went to him and said to him, "I propose to pay every penny of the \$5,000, I am perfectly willing to pay a rate of interest, but I suggest that you do not exact from me the full rate," if the Senator insisted that he wanted the pound of flesh, I would pay it if I had the money, but as long as I lived, Mr. President, down deep in my heart I would feel that the Senator from Nebraska was a shylock compared to whom the Shylock of Shakespeare would be the soul of generosity. The Senator from Nebraska would never exact any such terms in his individual capacity. Of course not. So the parallel that the Senator would make does not apply in any way to the present question before us.

Then the Senator criticized the present administration for not protesting the invasion of the Ruhr by France. This is not the time nor the place for a discussion of that question, but I will say I can not follow the reasoning of the Senator from Nebraska when he criticizes the present administration for not assisting Germany to secure a modification of her contract, and at the same time contends that we shall insist upon the full letter of ours. If we have a right, sir, to insist, and if it is our duty to insist, as representing the American people, on the full amount of interest, upon what ground would the Senator from Nebraska criticize the administration for not protesting to France when she is trying to enforce her contract?

Mr. President, I believe that though, of course, this is not the time to discuss the matter, that the reparation terms and certain other provisions of the Versailles treaty are too severe. I think they ought to be modified; but the United States will be in a poor position, indeed, ever to suggest its good offices for a modification of the contracts that exist in Europe if the policy proposed by the Senator from Nebraska be now followed.

Mr. HITCHCOCK. Mr. President, I think the Senator from Wisconsin has possibly forgotten what provoked my remark. He defended this bill as being a great effort on the part of the United States to stabilize conditions in Europe, and he sought to justify a sacrifice of \$1,666,000,000 and the levying of a corresponding amount of taxes on the American people for that purpose. I called his attention to the fact that the present administration, which seeks to impose upon the American people that sacrifice for the alleged purpose of stabilizing conditions in the Old World, had neglected the opportunity which it had to prevent the exploitation of the Ruhr, the demoralization of Germany, and, probably, also the demoralization of France and the whole European continent consequent upon that reckless and foolish invasion.

I said that if the administration had desired to stabilize the conditions in Europe, that threatened invasion presented the opportunity, without one dollar's expense to the American people, to make a great contribution to the cause of stabilization by making a strong protest.

The Senator from Wisconsin has somewhat mixed my illustration. I put myself in the attitude of going to him to seek the loan of \$5,000, but I will accept it the other way and assume that he comes to me and seeks a loan of \$5,000. I make him the loan, as he has stated, I borrow it from my own family, and he spends the money, as he has stated, among members of my family, and my life and my family are saved. Has the Senator forgotten the one who borrowed the money? He did not borrow that money of me, figuratively speaking, to save my life, but he borrowed it to save his own life—and that is why Great Britain borrowed the money from the United States, and it did save her life. The Senator has forgotten that side of the transaction.

Senators, in their anxiety to consider the equities on the other side, forget all the great sacrifices that the United States made. The British Empire was saved by that loan.

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

Mr. HITCHCOCK. Yes.

Mr. LENROOT. Of course I assume that the Senator and every other American understands that that money was borrowed primarily by England in order to save herself.

Mr. HITCHCOCK. Yes.

Mr. LENROOT. But it also at the same time assisted in saving the lives of Americans and a great amount of money for Americans.

Mr. HITCHCOCK. I notice the Senator in his speech failed to suggest anything of that sort. He spoke of borrowing \$5,000 of me and spending it with my family for the sake of saving my life and my family's life; but the real motive in borrowing the money was to save his own life, and the motive Great Britain had in borrowing this money was to save the life of the British Empire.

Mr. LENROOT. Does the Senator admit that the expenditure of that money did have the effect of saving any American lives or saving any American dollars?

Mr. HITCHCOCK. Well, I am not going into that question.

Mr. WALSH of Montana. Mr. President, if the Senator will permit a suggestion, we saved the lives of, perhaps, a million English soldiers at the same time.

Mr. HITCHCOCK. Mr. President, I am not here in an anti-British attitude. I have said that I had expected when this proposition came up to vote for it. I quite approve the present attitude of Great Britain in world affairs. I realize that we were in a great cause together; and I realize that we ought to deal justly and even generously with Great Britain; but I say there is a limit. I contend that we should say to Great Britain, "Repay that money when you can, in 25 years or 40 years, or 50 years, or 60 years, and make the terms to suit yourself, but do not expect us to tax the American people in order to let you have the money at 3 per cent or 3½ per cent when we have got to pay 4 per cent or 4½ per cent."

I am entirely willing that Great Britain should use the credit of the United States, the finest in the world. I am willing that Great Britain should be able to borrow through us as cheaply as we can borrow for our own purposes; but I say that is the limit; that is where the representatives of the American people ought to stop. We have not any right to lay this extra interest burden of \$1,666,000,000 upon the people of the United States.

The Senator from Arkansas [Mr. CARAWAY] criticized me because, while I voted for reducing the rate of interest from 5 per cent to 4½ per cent, I am not willing to go further. The cases are entirely different. Why did I vote to reduce the rate of interest to 4½ per cent? It was because that was all we were paying, and we could afford to loan Great Britain money at the rate of 4½ per cent. Being able to borrow it at that rate, we could lend it at the same rate without laying any additional burden upon the American taxpayer. That is what we ought to do. I am not in favor of making any money out of Great Britain. All I think Great Britain should do is to compensate the American Government for what it is compelled to expend in extending her this great credit.

Mr. HEFLIN. Mr. President, the Senator from Missouri [Mr. REED] is entirely right when he says that the members of the American Debt Funding Commission violated the act of Congress. There can be no question about that. We ought to get that clearly settled in our minds. The American members of the Debt Funding Commission have either complied with that act or they have not complied with it. Congress either meant to say that they could give a longer time for the payment of this debt than 25 years or they did not mean to say that; they either meant to say that less than 4½ per cent interest could not be charged on the debt or they did not mean to say that. We intended to fix the limit at 25 years. We certainly intended to fix the rate at 4½ per cent. The American debt commissioners, however, met the British envoys in secret conclave. The public knew nothing about their discussions; they were sitting behind closed doors with the Secretary of the Treasury, and every member of our commission was a partisan Republican. No Democrat was permitted to sit upon that commission. As a Democrat, I resent that. The Democratic people of America were entitled to have representation upon that commission. The fact that they were not allowed representation upon it has always clouded the whole thing with suspicion. It did so in my mind and it did so in the minds of millions of people in America. Why were not the Democrats given representation upon that commission? Well, they were not given representation.

When the Republican members of the Debt Funding Commission met the brilliant and overmastering intellects of Great Britain what happened? Did the representatives of Great Britain ask us to concede them an interest rate of 3 per cent or 3½ per cent? No. Who was it that made that proposition? It was the American commissioners. Who was it that went to the British envoys and said, in substance, "We will make you this proposition: To tax the American people \$57,000,000 a

year for the first 10 years on this indebtedness in order to give you that amount; and we are willing to make you a proposition of 3 per cent and 3½ per cent when we have to pay 4½ per cent." Who was it that made that proposition? We are told that it was the American commissioners who made it and not the British envoys.

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

Mr. HEFLIN. I yield.

Mr. SMOOT. Mr. President, the commission has not agreed that the rate should be anything. Your commission said that they would present the question to Congress, as they had no power under the law to say that there should be an agreement between this country and Great Britain for a rate of interest of 3 per cent for 10 years and 3½ per cent thereafter. I will say further to the Senator that is what we are here for now; we are presenting the proposal to Congress, and it is for Congress to say whether or not we shall make the final agreement.

Mr. WALSH of Massachusetts. Mr. President, will the Senator yield?

Mr. HEFLIN. As my time is very limited, I hope the Senators will not consume my time.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). The Chair understands the Senator from Alabama declines to yield.

Mr. HEFLIN. I will yield to the Senator from Massachusetts if he will be brief.

Mr. WALSH of Massachusetts. I merely wish to say to the Senator that the record of the Finance Committee shows that his statement is correct. The members of the American Debt Funding Commission first presented the proposition of 3½ per cent.

Mr. SMOOT. It was a compromise, as I have stated a number of times, and no one tried in any way, shape, or form to have any Senator or any Representative or any American believe that it was otherwise.

Mr. HEFLIN. Mr. President, I have not the time to yield to the Senator to make a speech. If he desires to make a speech he will have to make it in his own time.

Mr. REED of Missouri. Will the Senator from Alabama permit me to ask one question?

Mr. HEFLIN. Certainly.

Mr. REED of Missouri. I should like to ask the Senator from Utah if the American commissioners ever laid these terms down on the table and said to the British representatives: "This is the limit of our authority; we expect you to accede to it?" Did the American representatives ever do that or anything like that?

Mr. SMOOT. Great Britain knew that before she ever sent her representatives over here, and every other country likewise knew it.

Mr. REED of Missouri. I take it the American representatives did not do it, then.

Mr. SMOOT. I will say to the Senator that it was impossible to settle upon those terms, and everybody knows it.

Mr. HEFLIN. Mr. President, I can not yield for the Senator to make a speech.

Mr. SMOOT. I do not want the Senator to yield to me at all.

Mr. HEFLIN. Why did not the Senator or the commission of which he is a member come back here and ask Congress to change the law?

Mr. SMOOT. That is what we are doing now.

Mr. HEFLIN. Here is what the Senator said in a colloquy with me on the floor of the Senate when I was demanding that the Democrats be represented in the handling of this indebtedness owed to the American people and amounting to \$12,000,000,000:

I will say to the Senator right now that no human being can settle the debt under the law existing to-day, and a request will be made, I hope, for the modification of the law.

Did they ever make such a request? No, Mr. President, they did not. They did not come back and ask us while the British envoys were here to change the law and let the Congress or the American people say whether or not this thing could be done. They waited; the British envoys went home; the British cabinet acted, and it was submitted to us after our instructions had been violated and an interest rate granted below that which the overburdened taxpayers of America must pay.

Mr. President, I am in favor of the amendment offered by the Senator from Arkansas [Mr. ROBINSON]. If we are going to continue this commission in the task of handling this foreign indebtedness, for God's sake let Congress have some right to pass upon the settlements proposed, because in this instance they did not wait for the British envoys to suggest what they

could do but they themselves suggested a rate away below that which we paid. What would any business man do if his agent were to go out to collect a debt and begin by offering a lower rate of interest than his employer had to pay for the money he was sent to collect? He would be discharged. What ought to be done with this debt commission? Discharged, of course. Yet it is provided in the proposed law that the commission shall continue to handle debts aggregating about \$9,000,000,000 owed to the American people, and it is proposed to give the President, another Republican, the right to approve it by signing his name to the settlement proposed. Oh, Senators, if you put that thing over it will be the culmination of a lot of big deals and smooth-artist work that this Republican Congress has put over to the detriment and injury of 100,000,000 people.

Mr. CAPPER. Mr. President, I send to the desk and ask to have read resolutions urging the approval of the British debt settlement, recently adopted at Louisville, Ky., by the executive committee of the National Council of Farmers' Cooperative Marketing Associations, representing about 1,000,000 producers in Southern and Western States.

The PRESIDING OFFICER. Without objection, the Secretary will read the resolution.

The reading clerk read as follows:

Resolutions adopted by the executive committee of the National Council of Farmers' Cooperative Marketing Associations in Louisville, Ky., February 3, 1923.

The executive committee of the National Council of Farmers' Cooperative Marketing Associations recognizes:

That the farmers of the United States have a more important and more direct interest in the establishment of normal economic conditions in Europe than all other commercial groups in this country; and

That approximately half of the cotton, one-third of the tobacco, one-fourth of the wheat, and vast quantities of corn, beef, pork products, and fruits produced in the United States are normally sold into European consumption; and

That the ability of the European nations to purchase and pay for the exported portions of these great crops is the determining factor in the prosperity of more than 5,000,000 American farm families; and

That the Government of the United States, in order to enable the majority of the American farmers to sell their crops and to maintain a decent standard of living in their homes, must exert itself in every way to aid in the economic readjustment of Europe; and

That the first step in this economic readjustment is the preservation, as far as possible, of the purchasing power of Great Britain; and

That in the first 11 months of the year 1922, out of less than \$800,000,000 value of exports from this country to Great Britain, more than \$500,000,000 was represented in cotton, tobacco, grains, and live stock products, and that the ability of Great Britain to buy such crops is today the most critical and vital factor in the markets for American farm products, and that the weakening or crippling of the purchasing power of Great Britain would be a calamity to the American farmer; and

That any attempt to force Great Britain to pay its existing indebtedness in such annual amounts as will decrease the normal purchasing power of Great Britain will harm the American farmer and, through him, the entire American people without a corresponding benefit to any group whatsoever; and

That every effort ought to be made by Congress to extend the payment of the British debt over the longest possible number of years and with the lowest interest rate compatible with the position of this country as the leading international creditor; and

That this executive committee, representing the National Council of Farmers' Cooperative Marketing Associations, herewith urges upon Congress immediate approval and acceptance of the terms recommended by the American commission on the refunding of the British debt, namely, an extension in time of payment to a period of 62 years, with the interest immediately at 3 per cent, and later at 3½ per cent, under the specific conditions recommended by Secretary Mellon and his associates on that commission and accepted by the British Government.

Mr. REED of Missouri. Mr. President, who signs this document?

The PRESIDING OFFICER. The paper contains this heading:

Resolutions adopted by the executive committee of the National Council of Farmers' Cooperative Marketing Associations, in Louisville, Ky., February 3, 1923.

Mr. REED of Missouri. What Senator presented the memorial?

The PRESIDING OFFICER. The Senator from Kansas [Mr. CAPPER].

Mr. GLASS. Mr. President, I may say to the Senator from Missouri, since I received a similar communication, that it was forwarded to me by Colonel Bingham, the owner and publisher of the Louisville Courier-Journal, who is, as I am told, an officer of this association.

Mr. WALSH of Massachusetts. Mr. President, I send to the desk a statement made by President Wilson in reference to the cancellation of these debts and ask to have it read by the Secretary.

The PRESIDING OFFICER. Without objection, the Secretary will read as requested.

The reading clerk read as follows:

PRESIDENT WILSON SAYS THERE IS NO INCENTIVE, DESIRE, OR REASON TO CALL UPON THE UNITED STATES FOR FURTHER CONTRIBUTIONS.

President Wilson, in refusing the cancellation plea of the chancellor of the exchequer, replied that he would not "transfer from the peoples of the debtor Governments to the shoulders of the people of the United

States the taxes necessary to liquidate the outstanding obligations of the United States Government, representing the loans made by it to the allied Governments. The United States Government in little over two years raised for war purposes through taxes and loans approximately \$37,000,000,000, out of which were made to the allied Governments the loans to assist them in winning the war. The United States Government has neither received nor sought substantial material benefits from the war or under the terms of the treaty of peace. On the other hand, the Allies, although having suffered greatly in loss of lives and property, have under the terms of the treaty and otherwise acquired accessions of territory, properties, raw materials, and other advantages, including their claims against Germany for vast indemnities. It would seem that if full account were taken of these there would be no incentive, desire, or reason to call upon the United States for further contributions."

Mr. SMOOT. Mr. President—

The PRESIDING OFFICER. Does the Senator from Utah rise to speak upon the amendment offered by the Senator from Arkansas?

Mr. SMOOT. Yes.

The PRESIDING OFFICER. The Chair is informed that the Senator has already spoken once.

Mr. SMOOT. Oh, Mr. President, I have not spoken on the amendment at all. I have not been recognized.

The PRESIDING OFFICER. The Secretary so advised the Chair. The present occupant of the chair was not present at the time, and will accept the statement of the Senator from Utah.

Mr. SMOOT. The Senator from Alabama [Mr. HEFLIN] yielded to me.

Mr. HEFLIN. I do not think the Senator from Utah has spoken on this amendment.

The PRESIDING OFFICER. The Senator from Utah is recognized.

Mr. SMOOT. Mr. President, I do not know why Senators are trying to lug in the question of the cancellation of the foreign debts. President Harding never has been in favor of canceling the debt. Not one member of the commission has been in favor of canceling the debt. I do not know of any American, outside of the propagandists in this country who are carrying on this agitation, who are in favor of canceling the debt. I know that argument was used from one end of the country to the other in the last campaign, but there was not a particle of truth in it. I know that the commission was charged upon the stump with being in favor of canceling the debt, but there was not a word of truth in the charge. Not a syllable can be found, in the public press or otherwise, where the President or a member of the Cabinet has ever intimated that the debt ought to be canceled.

Mr. REED of Missouri. Mr. President—

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

Mr. SMOOT. Yes; I yield.

Mr. REED of Missouri. If we should extend this loan 62 years and not charge any interest, would not that be equivalent to cancellation of the principal?

Mr. SMOOT. And not charge any interest?

Mr. REED of Missouri. Yes. Would not that be just as bad as canceling the principal?

Mr. SMOOT. There is no such proposition, and no one wants to cancel the interest.

Mr. REED of Missouri. Well, the Senator concedes the point—

Mr. SMOOT. No; that would not be canceling the debt. It would be canceling the interest.

Mr. REED of Missouri. Yes. Does the Senator pretend to say that if we make this loan at less than a fair rate of interest, it is not exactly the equivalent of reducing the principal?

Mr. SMOOT. It is reducing the interest, Mr. President.

Mr. REED of Missouri. Does it not have the same effect in dollars and cents as reducing the principal?

Mr. SMOOT. No; it does not, Mr. President.

Mr. REED of Missouri. Then the Senator's mathematics are defective.

Mr. SMOOT. Mr. President, I am not going to take the time to discuss that matter. The principal is \$4,600,000,000, and they are to pay it. The only question is as to the rate of interest.

The Senator speaks of a fair rate of interest. The rates of interest provided are fair as between two solvent governments. I know that the Senator from Alabama [Mr. HEFLIN] says, of course, that this commission is composed of ignoramuses who know nothing about finance, and that the great, brilliant minds of England overawed the commission.

I expected the Senator from Alabama to be more severe than that. I have said twice on the floor of the Senate already that the only proposition that was made by the American commission was that the rate of interest should be 3½ per cent straight through the 62 years. We did not say that that could be ac-

complished. We said that we would submit it to the President of the United States and ask the President of the United States to request Congress to ratify it. There never has been a word said by any member of this commission to the British representatives to the effect that we had power to settle at any rate other than 4½ per cent and the 25-year limit of time.

Now, Mr. President—

Mr. HEFLIN. Mr. President, will the Senator yield just there?

Mr. SMOOT. Just wait until I finish the sentence, and then I will yield.

Mr. President, the 3½ per cent rate of interest was cabled to England, and the British Government, through its premier, cabled back that it was impossible for the British commission to accept it. Then there were further conferences held, as I have said before; and in those conferences, after the explanations that were made, knowing the conditions existing in Europe and in the world to-day, knowing that something had to be done to bring about stability in the economic condition of the world, we did say that we would present this modification looking to the payment of 3 per cent interest for 10 years and 3½ per cent for the balance of the 62 years.

Mr. HEFLIN. That was the question I was going to ask the Senator. Did not the American commission offer that suggestion to the British envoys themselves?

Mr. SMOOT. Mr. President, I have stated here on the floor of the Senate—and I have not time to repeat now the whole story—that it began with a proposition from Great Britain of an annuity plan. There is no need of my going over that.

Mr. HEFLIN. Did they ask for 3 or 3½ per cent, or did we offer that as a suggestion?

Mr. SMOOT. It was a compromise proposition, and the commission thought there could be no better arrangement; and I want to say to the Senate of the United States that if we fail now to make this settlement I do not know whether we are going to secure a settlement or not.

Mr. HEFLIN. Who suggested the compromise?

Mr. SMOOT. Why, of course, the Senator ought to know who suggested it from what I have already stated.

Mr. HEFLIN. I do not know anything about what you did behind closed doors.

Mr. SMOOT. There was nothing done behind closed doors that the whole world may not know. After the British Government said that it was impossible to pay 3½ per cent, then they did submit this proposal and ask us if we would not yield that amount—that is, one-half of 1 per cent per annum for 10 years.

I see that my 10 minutes are up, and I should like to have a vote as soon as possible.

Mr. TRAMMELL. Mr. President, those favoring the debt settlement set forth in the pending bill, or many of them, at least, seem to think that America still owes a debt to Great Britain for the way in which Great Britain saved us from sudden disaster when war was impending. Very seldom have I heard any of those advocating the adoption of this bill say one thing in regard to any debt of gratitude Great Britain owes to the United States. Their line of argument throughout seems to be that we owe a great debt to Great Britain, that we did not do our duty during the war, that we did not assist them sufficiently during the war, and that now we must forgive them a billion eight hundred million dollars of the indebtedness they incurred for loans obtained from us.

Well do I recall when the British mission came here appealing for assistance and appealing to the American Congress and to the Chief Executive of this Nation for financial aid and for aid in men to go to the front to save them from the disaster that was impending. I dare say that at the time Great Britain borrowed this money from this Government they felt they were getting a great accommodation from the American Congress; they felt that, in justice, they should pay the interest which had to be borne by the American people for the money which was being loaned to them.

Had it been heralded throughout the United States, when we were floating our Liberty bonds, that we were giving 4½ per cent on those Liberty bonds for a loan to Great Britain, contemplating that three or four years after the war we would reduce the rate of interest to Great Britain to 3 per cent, although the American people had to continue to pay the 4½ per cent, I dare say there would not have been such enthusiasm and such response to the calls of the American Government for our people to purchase Liberty bonds.

The people of this Nation naturally thought, when they were providing those funds, that America was carrying its part of the expenses of the war—and it was, and nobly so—that Great Britain would return to this Nation the money she was borrow-

ing, and that she would at least pay the rate of interest which the American Government was required to pay for the loans.

This proposition, leaving off all of the frills, involves the proposition of the American people having the debt for interest shifted from Great Britain and placed upon them, to the extent of the difference between 3 and 4½ per cent. America was generous with Great Britain throughout the war, rendered every assistance she could, and I think properly so, and she has been generous since the war. We proposed to allow them until 1922 to make an adjustment; we proposed to give them a long time in which to pay the bonds; and then to say that we will shift the burden from the British people to the American people of paying the interest upon the funds which we loaned them. I think is asking a little too much generosity, more generosity than should be expected of the American people.

Many Senators here have talked about what would have happened to our boys if the British had not secured the loan and carried on the war as vigorously as they did. What would have happened? But what would have happened to Great Britain had America not loaned them the money? What would have happened to her had we not sent our forces to the front? Where would Great Britain have been? Whatever I say upon the subject I say with no unfriendly spirit to Great Britain. I feel very friendly to that nation. Some talk about unfriendly spirit and the pound of flesh. We do not want to exact the pound of flesh from Great Britain, nor do we want the pound of flesh extracted from the American people. I can not see why, in justice, this debt should not be paid by Great Britain, and in my opinion it is an injustice to shift the obligation for the payment of the interest upon the debt to the American people to the extent of \$57,000,000 the first year, and throughout the life of this contract to the extent, as suggested here, of \$1,800,000,000 in principal—and in effect, if we cancel a part of our interest it is the same as canceling a part of our debt. I dare say that Great Britain would just as soon have us say we cancel \$1,000,000,000 of the indebtedness and maintain our interest rate. What difference does it make? But instead of that the rate has been reduced.

We should not charge the British Government any greater rate of interest than we have to pay upon these funds, but, on the other hand, in my opinion we should not require the American people to contribute the difference between 3 and 4½ per cent, the latter being the rate we are required to pay on this indebtedness.

Of course, some Senators say that it is not a question of taxation, and that it does not make any difference about this money one way or the other. If that is true with regard to the interest, it must be true with regard to the principal, so why not cancel it all? You say the people will never get any benefit from this fund. Then why ask them to reimburse the Federal Treasury for money expended on that account? The argument is unsound.

As far as stabilizing conditions is concerned, all favor that, but it is a matter of settling a debt in a just way. We all want to see an adjustment, but it should be settled and adjusted without requiring the American people to suffer this great loss.

I feel that if there had been a little more vigor, a little more energy, a little more seeing the question from the American standpoint rather than seeing it from the British standpoint, we could have gotten a better contract for adjustment.

I never saw anybody who set out to do a thing who could accomplish it if he said that he could not do it—in finance or in endeavor of any character—and when our commission set out and said they could not expect to get over 3½ per cent; that we were paying 4½, but that Great Britain would not be able to pay that, although they obligated themselves to do it, we should not have expected them to accomplish anything. But the fact that our commission may not have exerted the energy and the eagerness in behalf of America which should have been exerted does not commit me to a policy of voting for a contract or for a bill which, in my opinion, does not represent a zealous conservation of American interests.

Mr. GLASS. Mr. President, it is my purpose to vote for this adjustment of Great Britain's indebtedness to the United States, primarily because I am one of those who think that the indebtedness of the United States to Great Britain is quite as great as Great Britain's indebtedness to the United States.

Secondarily, I will vote for the adjustment because I believe it a sound economic business arrangement. I shall briefly discuss these two aspects of the case, taking the last proposition first.

Great Britain has not sought to reduce her indebtedness to the United States. No responsible statesman of Great Britain has ever suggested, for her own advantage, the making of any

specific settlement contrary to the intent of the original transaction. The British premier on one occasion did suggest that Great Britain would be willing to forgive the indebtedness of the nations which were indebted to her, provided the United States would consider a similar adjustment of Great Britain's indebtedness to this country. But an arrangement of that sort would never have been of advantage to Great Britain. She would have lost billions of dollars by the adjustment.

What have we immediately confronting us? The Congress of the United States proposed a settlement of our foreign indebtedness. It appointed a commission, its complexion of one party, it is true; but that does not affect the merits of the discussion. That commission invited representatives of Great Britain to come to America to discuss and adjust the debt.

The American commission, finding it could not impose on our former ally the rates and maturities prescribed by the act of Congress, suggested an arrangement to the representatives of Great Britain which the commission would be willing to submit to the President of the United States, and the President in turn submit to the Congress of the United States; and here we are now discussing that arrangement.

INTEREST RATE FAIR.

I say, Mr. President, it is eminently a fair arrangement, as far as the interests of the United States are concerned. The interest basis is fixed in the light of the experience of all great nations in the world with national debts over a long period of time; and the assumption that we will lose \$1,666,000,000 by the transaction is a figment of imagination. It is contrary to the history of national indebtedness the world over. It is based upon the idea, which is preposterous, that the rate of interest which this great, rich and powerful Nation will be compelled to pay for 62 years on its indebtedness will be 4½ per cent. The consensus of opinion among men schooled in matters of this sort is that for that period, in the aggregate, the United States will receive more from Great Britain than this Nation will ultimately pay on interest account. That, I assume, without being in the confidence of the commission, is why these rates of interest were fixed at the figures indicated. So I say that, as a business proposition, it will inure to our advantage.

But it is said we must consider only the economics of the case. Let us extend our vision a little and see what the economics of the case are.

MONEY SPENT HERE.

Every dollar of the \$10,000,000,000 was expended in our own country, among our own people, for the wares and supplies which they furnished to Great Britain, sold at profiteering prices three years before we entered the war, sold at profiteering prices after we entered the war. But it is said we may not properly take into consideration the great era of prosperity in America that the expenditure of the \$10,000,000,000 brought about. It is said that because some American manufacturers made money and American business men made money out of the transaction it is of no moment to the Congress of the United States in the adjustment of a question like this. Has it not an intimate bearing upon the economics of the transaction?

ENORMOUS TAXES DERIVED.

I draw the attention of the Senate to one fact which has not been mentioned in the discussion, which is that the Government of the United States itself derived from taxable profits for the two years that we were in the war, largely by reason of the expenditure of the \$10,000,000,000, at least \$4,453,000,000 in taxes. In short, this Government in two years of the war derived in taxes on excess war profits \$4,453,000,000, a sum in the aggregate almost as great as the total principal indebtedness of Great Britain to the United States. Is not that a question of economics?

DOLLARS TO SAVE LIVES.

Mr. President, it has been said—and perhaps too greatly accentuated and exaggerated—that this Government was in no state of preparedness when it went into the war, when it assumed a part of the burden of that cause for which Great Britain struggled three years before we took our place beside her. We were not, in point of fact, well prepared. But in the course of time, Mr. President, we transported across the seas 2,000,000 American boys, not one of whom suffered death on the water at the hands of the enemy. We did this when hospital ships, under protection of the Red Cross, could not safely cross the English Channel. Let us suppose that Great Britain's fleet had not held the German fleet behind Helgoland, cowering and afraid to venture out. Let us suppose that by our failure to loan the \$10,000,000,000 the German fleet had come out and ranged the high seas, what would have been the story? Instead of transporting 2,000,000 troops without the loss of a man,

hundreds of thousands of American soldiers would have found a grave at the bottom of the Atlantic Ocean, food for sharks and other monsters of the sea.

Oh, it is set up in reply that had we not made the loan, had we not gone to the rescue, what would have become of Great Britain? The same thing would have become of her as later would have become of us. She and we would have been the prey of an autocratic barbarian power. That is what would have become of her and that is what would have become of us.

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

Mr. SWANSON. Mr. President, I ask unanimous consent that the 10 minutes to which I am entitled may be used by my colleague.

The VICE PRESIDENT. Is there objection?

Mr. SMOOT. I would like to consent, but really I do not think we ought to do that.

Mr. GLASS. Very well; I shall avail myself of an opportunity later to conclude.

Mr. ASHURST. Mr. President, I desire to ask the Senator from Virginia a question in my time.

The VICE PRESIDENT. The Senator from Arizona.

Mr. ASHURST. I would like to ask the Senator from Virginia to give us the number of men that were transported overseas, and to do it in such an elaborate way as that he will take 10 minutes.

Mr. HARRISON. Mr. President, I ask unanimous consent that the unanimous-consent order be so construed that a Senator may occupy 10 minutes on an amendment and continue for 10 minutes on the bill.

Mr. SMOOT. I do not think I can consent to that.

Mr. GLASS. I hope no modification of the order will be made in my favor. If I am not contributing to the debate in the sense that I would like to contribute to it, and thereby impressing the Senate with the importance of passing the measure, I do not care to speak further.

Mr. SMOOT. I was about to ask unanimous consent that the Senator from Virginia be allowed to proceed 10 minutes longer, but I want to give notice now that hereafter, no matter on which side of the question a Senator may speak, I shall object to any such arrangement. I ask unanimous consent for that purpose.

Mr. HEFLIN. Mr. President, I want to ask the Senator from Utah why it is that he would not permit the Senator from Virginia [Mr. SWANSON] to yield 10 minutes of his time to his colleague, just as the Senator from Arkansas [Mr. ROBINSON] yielded his 10 minutes to his colleague, the junior Senator from Arkansas [Mr. CARAWAY]?

The VICE PRESIDENT. The Senator from Mississippi [Mr. HARRISON] has the floor.

Mr. HARRISON. The order adopted allows 10 minutes discussion on amendments and 10 minutes additional on the bill. It has been construed that we have to utilize that period at different times. It would seem to me, and I have seen it so enforced here before, that we might be permitted to take 10 minutes on an amendment and continue for 10 minutes on the bill. It is merely utilizing the time on the bill in continuing the remarks which the Senator has been making on the amendment, a course which certain Senators may prefer. It is applying the rule not alone to the Senator from Virginia but to everyone else.

Mr. SMOOT. If we do not live up to the unanimous-consent agreement, I do not know when we shall get through with the bill. However, I now ask unanimous consent that the Senator from Virginia be allowed to proceed 10 minutes longer on the pending amendment.

Mr. NORRIS. The Senator from Utah has said that if we do not observe the unanimous-consent agreement we will never get through with the bill. I am perfectly willing that we should proceed as we have already done, which is in violation of the unanimous-consent agreement, but if we apply it to one Senator then why not let everybody else have the same opportunity?

Mr. SMOOT. That is true.

Mr. NORRIS. If we extend it to one Senator, let us make it open and let it apply to everybody. Either do that or else let it apply to nobody.

Mr. SWANSON. No time would be taken by the Senate that would not otherwise be occupied. I am entitled to speak 10 minutes on the amendment. Every Senator here is entitled to speak 10 minutes on it, whether it pleases the Senator from Utah or not. I asked unanimous consent that my 10 minutes be transferred to my colleague, the junior Senator from Virginia. The Senator from Utah objected. It would not increase the total time taken on the bill, because every Senator is entitled to 10 minutes.

Mr. NORRIS. If we are to start on such an arrangement, let us understand that if the Senator from Virginia can yield 10 minutes to his colleague, I can yield 10 minutes to some other Senator as well.

Mr. SWANSON. I have no objection to that.

Mr. NORRIS. I shall not object to that general arrangement, but I do not want it applied to one Senator and not to every other.

Mr. GLASS. Mr. President, I think the Senator from Nebraska is quite right. I am able to take care of myself. Later on I will get time to say what I have to say on the subject.

Mr. HARRISON. I ask that my unanimous-consent request be put.

The VICE PRESIDENT. The Senator from Mississippi has submitted a unanimous-consent request.

Mr. LODGE. Mr. President, I desire to be heard on that request. I think there is no one in the Senate who could have admired more the speech being made by the Senator from Virginia and the power with which it was being made or who could be more anxious to give him all the time he needs than I am; but if we do not enforce unanimous-consent agreements literally and absolutely, it will be impossible to do any business in the Senate. Unanimous-consent agreements have always been sacredly observed, and I do not think they ought to be violated now.

Mr. ASHURST. Mr. President, I call for the regular order.

The VICE PRESIDENT. The Chair understood the Senator from Utah to object. The question is on agreeing to the amendment proposed by the Senator from Arkansas [Mr. ROBINSON].

Mr. WALSH of Montana. Mr. President, I want to call the attention of the Senator from Arkansas to the fact that—

The VICE PRESIDENT. Has not the Senator from Montana spoken once on the amendment?

Mr. WALSH of Montana. I am merely suggesting a modification to the Senator from Arkansas. If the amendment which he has presented should be adopted the Senator would have to identify in some specific way the commission referred to in his amendment.

Mr. ROBINSON. I shall have no objection to that. I shall make no objection to the modification of my amendment if it becomes necessary.

The VICE PRESIDENT. The question is on the amendment proposed by the Senator from Arkansas.

The amendment was agreed to.

The VICE PRESIDENT. The Senator from Virginia may now take 10 minutes on the bill if he desires.

Mr. GLASS. I believe I was trying to discuss the economic aspects of the question when my time expired.

BRITAIN'S "CONTEMPTIBLES."

Mr. President, I do not concede that there are no sentimental aspects of the question. I think there are. I think it is ungracious in a great American legislative body to forget some things that have happened in recent years. It seems, however, that we may forget England's "Little Contemptibles," 100,000 strong, which, in a very exigent moment, held back the horde that was threatening the civilization of the earth until ultimately every man of this army perished and went to his reward. To forget an incident like that, Mr. President, and turn to caviling over the fact that Great Britain took into prize courts American schooners laden with guncotton for the Kaiser's artillery seems to me unseemly in the Senate of the United States in adjusting a matter of this moment.

EDITH CAVELL.

As I conceive, Mr. President, it is an affront to the high spirit of American womanhood that we should shut out the sublime vision of Edith Cavell in order that we may turn to taunt Great Britain with having taken some oil from the "unspeakable Turk," whose hands are yet dripping with the blood of a million helpless women and children because followers of Jesus Christ. I am willing momentarily to risk my salvation in eternity, Mr. President, for the satisfaction of saying I keenly regret Great Britain did not do a service to civilization by driving every one of these savage creatures into the unmeasured depths of the Mediterranean Sea.

YPRES!

I could wish it had been the privilege of every American citizen, as it was mine, to stand on the battle field of Ypres and behold that shattered little village, not worth the life, perhaps, of one heroic Briton, except as a symbol of human liberty; and follow there the trail of butchery and blood as it led over that fateful plain to the heights of Passchendael and Kemel from which the German hordes could see the waters of the British channel and felicitate themselves upon an early

triumph over the forces of righteousness. It was there that civilization was again saved by the valor and prowess of British arms; and it is sickening to turn from a scene like that, where lives were cheerfully given for a cause which was our cause, though belatedly espoused, to praise our own generosity in refraining from making a profit out of loaning our ally a few silver dollars to bring back India from the verge of financial collapse, perhaps of revolution. Had we hesitated an hour, we might have cut off the train of supplies for all the eastern armies of those nations with whom we were fighting the war.

"POOR GERMANY!"

Oh, Mr. President, it seems that we may submerge all recollection of the *Lusitania* in our tears for "poor Germany." We forget that her idealists, as well as her men of practical activities, deliberately sat at the council board and wrote down in plain words, textually and in figures, what Germany proposed to do when she should have won the war. What a shame it is that French and Belgian troops now tramp the sacred soil of Germany, the nation that profaned every shrine, desecrated every temple in Belgium, dynamited every mine, and robbed every industrial establishment in northern France. And it was proposed by these Germans, deliberately and in cold blood, to exterminate the kingdom of Belgium and to bring it, geographically and politically, under serfdom to the German Empire. It was proposed to confiscate every foot of the industrial territory of northern France and to exact in tribute of money an inconceivable sum. With a cunning and cruelty almost beyond the human imagination, these Prussians sat down, cut Paris into districts, first one, then another, to be destroyed, unless the French, fighting in our cause, would submit to the tyranny of these autocrats, these Huns, over whom we are now shedding tears and uttering phrases of pity—aye, not merely phrases of pity, but of violent condemnation of the men by whose side our boys fought. Perchance it may be that France has made a mistake economically, but it is a mistake that mighty few men of spirit in America similarly circumstanced would not have made.

FORGETTING OUR DEAD.

Oh, "we won the war." Yes; Great Britain was first to say so; France at another time said so; and ever since we have delighted to think so. Yet there are resting beneath the sod today one and a half million of British boys and quite as many of the French, not to speak of the Italians and the Belgians. Our boys would have won the war; there are none braver, no greater valor was ever exhibited anywhere; and yet we are forgetting Belleau Wood, we are forgetting Chateau-Thierry; we are forgetting St. Miheil; we are forgetting our dead, as well as the dead of Britain and the dead of France, in a maudlin sympathy for a whimpering bully who would have conquered the earth but for having been intercepted in his barbarous and inhuman warfare.

We won the war! Yes. We entered it opportunely. I conceive, as others conceive, that without our having gone in the war might have been lost. God pity America had it been lost, for already the tyrant was impudent enough to tell the American ambassador at Berlin that it would be our turn next; and it would have been our turn next, when, instead of fighting side by side with Britain's sons and the sons of France and Belgium and Italy, we would have had to fight alone. There would have been no economics in that.

Our contribution was money and theirs was lives. "Nominated in the bond," as the phrase of Shylock runs, and as repeated here to-day. Mr. President, under the Venetian contract there was to be no drop of blood shed in penalty of capital reprisal; but in this case, my God, British blood flowed in streams before the bond was executed and after the bond was made. We can not avoid seeing some things of this sort. Oh, Mr. President, I believe I have, in very indignation, exhausted myself if not the subject of the moment.

Mr. HEFLIN. Mr. President, I desire to consume the 10 minutes which I have on the bill.

I do not have to defend my record when the World War program was being carried out. I have a statement in my office that I prize very highly made about me by the Commander in Chief of the Army and Navy, Woodrow Wilson, when the World War was on. I recall very vividly the important part played by America in the great world conflict. I recall how I, as a Member of the House, advocated aid to the allied cause, and how our brave boys went to the rescue. I recall how they, in ships with no lights upon their decks at night, traversed seas infested with German submarines and how down in the body of those ships they moved slowly through the night to the battlefield to save the liberty of the world.

I recall how French fathers and mothers hailed them with delight when they stepped off the decks of our ships in the ports of France. I remember how the old men and women of France whose sons had died in battle hugged our boys' rifles and kissed our flag, and I recall the compliment paid to them by Marshal Foch when the World War was over. I recall what Sir Roger Borden, Premier of Canada, said, that the American soldiers snatched victory from defeat on the western front. I recall what happened at the Battle of Chateau-Thierry, when American troops proclaimed with united voices, "They shall not pass," and turned back the German tide, and many British officials said that was the decisive battle. I remember how in the Argonne forest and on other hard fought battlefields the American soldier beat back the German Army and saved the day. I remember how all the Allies praised America and the valor of the American soldier.

I am fond of our British cousins. God bless them! I recall very well when General Haig said to his brave British soldiers, "Our backs are to the wall; there is nothing to do but to die." What were the mothers of America doing then? I answer the Senator from Virginia that they were sending their sons, sending the priceless jewels of their household, the things they loved best, to fight and die on the battle front in France. What were the patriotic men and women of America doing? They were stinting themselves, buying Liberty bonds to send money to Great Britain to help her in the war against Germany. Has America been derelict in her friendship or duty to Great Britain? Has she been at all ungenerous with Great Britain? No.

Why, Mr. President, when Great Britain demanded that Italy store her gold in the vaults in London, when she demanded that France, bleeding white, should store her gold in the vaults in London, in order to get a loan from Great Britain, America did not demand one pound of gold from Great Britain. Were we not generous then? Were we not generous when we paid Great Britain the price she charged—many millions of dollars—for conveying our troops to the battle front to save her life? Were we not generous when we permitted Great Britain to fix her own charges against us for other war expenses, and we paid them without a murmur? I ask, in the name of our own dead who sleep in the soil of France, whose fathers and mothers are hard pressed in America to get money to pay their taxes much less their debts, are we ungenerous to Great Britain now when we ask that she pay simply and solely no more, no less, than the interest rate that we ourselves have to pay for the money that we loaned to her?

I submit to the Senate and to the country that we at least ought to be just to our own people before we are generous to any people beyond the confines of our own country. Who can say, now, that we are being hard on Great Britain?

Coming back to the cold facts of the question now before us, this Republican commission violated the instructions given it by Congress. What else? It submitted to us an interest rate lower than that which we ourselves have to pay on the very money loaned, and that puts an additional burden on the American taxpayer even for the first year of \$57,000,000, a bonus given to Great Britain, more money than you will appropriate for all the rivers and harbors of the United States; and still some Senators talk about being ungenerous to Great Britain!

We have been generous to her—God bless her! I bid her *Godspeed* in all of her noble and peaceful endeavors; but while I love Great Britain, I love my own country more. While I love her soldiers, I love these boys who wore the khaki, who spilt their blood on the fields of France, whose fathers and mothers are contributing to the support and preservation of my own country more than I love the soldier boys of any other country in the world. I stand and plead for fair treatment of the American soldier at home. I have voted for such treatment while others have not. I have asked at your hands adjusted compensation when others have turned the American World War soldier away. I have pleaded that the local bank which serves his father and mother should be able to borrow money at the Federal reserve banks at 5 per cent, or 6 per cent at most, while others have voted to deny them such a rate. I have pleaded for the people at home.

Not only have I paid tribute to the valor of those who are dead, but I have dared to plead for justice to the living, and I will continue to do that.

I do not have to defend my democracy or my Americanism here or elsewhere. I am willing to have the fathers and mothers of this country, and the soldier himself who bore the flag to the battle front in France, spilt his blood in its defense and offered to die for his country, to read these debates and measure me by the 100 per cent American yardstick, and see whether or not I

am entitled to be classed with those who love and serve their country.

It is well enough to pay tribute to the heroic sons and daughters of Great Britain. I am willing to do that and I share in it, but I do not want us to forget our own people; God bless and help them!—a sorely distressed debt-ridden and tax-burdened people. Nine-tenths of our farmers' homes and farms are mortgaged; their Liberty bonds bought at \$80 on the hundred were taken from them. Wall Street got them, and Wall Street will make millions out of the settlement that you are putting over here to-day.

THE VICE PRESIDENT. The time of the Senator from Alabama has expired.

MR. HARRIS. Mr. President, I offer the amendment which I send to the desk, and I hope there will be no objection to it. I shall have nothing to say in regard to it unless some Senator objects to it. I do not want to take the time of the Senate.

THE VICE PRESIDENT. The amendment will be stated.

THE READING CLERK. It is proposed to add as new sections the following:

SEC. 2. That the first section 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:

"That a World War Foreign Debt Commission is hereby created consisting of eight members, one of whom shall be the Secretary of the Treasury, who shall serve as chairman, and seven of whom shall be appointed by the President, by and with the advice and consent of the Senate. Not more than four members so appointed shall be from the same political party."

SEC. 3. That the provisions of section 2 of this act shall not affect the tenure of office of any person who is a member of the World War Foreign Debt Commission at the time this act takes effect.

MR. SMOOT. Mr. President, I hope the Senator from Georgia will not insist upon that amendment at this time. It can be brought up later. I do not want any amendment put upon this bill that is going to bring a dispute between the Senate and the House, or even that may bring a dispute between the Senate and the House. That is one reason why I was really anxious, as I said before, to have the last part of this bill eliminated and just have it include the terms of this settlement.

I want the Senator from Georgia to know that I very much prefer, and I think it would be better, to have the Senator offer this proposal as a bill by itself and let it come up in its regular order. We have only a little while left in this session and I think the Congress of the United States wants this measure enacted into law. Let us not take any action that will lead to any long discussion or misunderstanding.

For that reason I am going to ask that the amendment be not adopted on this bill.

MR. HARRIS. Mr. President, I am surprised that after the debate to-day, which was devoid of partisanship, any Senator should object to putting three Democrats on the commission. The Senator from Utah knows that he has delayed the bill I introduced several weeks ago in an effort to kill it. I understood from Republican members of the committee that I would get a vote on my bill weeks ago. The Senator from Utah tried to prevent it. I was assured that there would be no objection to this bill on the other side of the Chamber, so far as the members of the committee knew. The Member of the House who is on this commission, former Senator Burrox, one of the ablest public men in this country, is not afraid of having some Democrats on it. He is not afraid of their taking any of the glory from him. There is glory enough for all.

I do not believe there is a Member of the Senate who believes that the President ought to have appointed a partisan commission to settle this matter. Under the last administration Republicans criticized President Wilson for appointing independent instead of partisan Republicans on commissions, and they often referred to this in partisan debates in the Senate in the settlement of questions after the war which should have been kept out of politics, but President Harding appointed all Republicans on this commission. The money we loaned these countries was raised by subscriptions to our bonds; widows, soldiers fighting at the front, the rich and poor, every class and section subscribed, and all are interested in the settlement of these debts. It is not a partisan question.

I can not understand why any Republican should vote against this amendment; and certainly if there is any Democrat who wants to make this a partisan measure, the best way to do it is to defeat my amendment and keep Democrats off of the commission. These are the largest financial transactions in the history of our Government, and my amendment is offered with the hope that it may be helpful to the President in the settlement of these debts.

Mr. President, this settlement with Great Britain has been comparatively simple and easy, and it is going to pass with very few votes against it; but the next settlements are going to be most difficult. The majority party will have very small majorities in the Senate and the House in the next Congress, and if there is any partisan spirit it is likely to defeat or delay the settlement of any of these debts owed us by the other countries.

In my judgment, there is not anything that will help that settlement more than putting on three Democrats and prevent, as far as possible, any partisanship in its consideration. I know Senators on this side who are going to vote against this settlement who would, I believe, be supporting it if we had had representation on this side of the Chamber that could have given us the facts. We have not had the facts; and I hope, Mr. President, that no objection like that which the Senator from Utah urges will be allowed to have any weight now. This amendment is not going to be objected to by the House. When this settlement was before the House party lines were broken and most of the Democrats supported it. If the House does object to it and it comes back here, I will not insist upon the Senate-standing by our vote and delay the passage of the bill.

I hope the Senator from Utah, after knowing that I have been assured by the Senator from North Dakota [Mr. McCUMBER] and other members of the Finance Committee that I would get a vote weeks ago on my bill, which embodies this amendment, will not now take advantage of his position here to get the Members on the other side to vote against it when in good faith they have told me that by waiting and not bringing up the matter when the British Debt Commission was here, I would get a vote on it soon.

This is not the first time the Senator from Utah has tried to kill a measure that I have introduced by delaying it and asking me to wait.

The Senator from Utah is one of the ablest and most useful men in the Senate. All the members of the commission are men of great ability and will do their full duty. I am not criticizing them; I am trying to help them by having a non-partisan commission, so that their recommendations to Congress in the settlement of these debts may be considered in such way as to avoid partisan discussion. I am trying to help the taxpayers of our country, whose burdens are so heavy.

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

Mr. HARRIS. I yield with pleasure.

Mr. SMOOT. The Senator knows that the House did not put this amendment on the bill. The Senator knows that the House understood at the time that the Senator from Georgia had introduced a bill to this effect. Representative BURTON, to whom the Senator refers, knew it; but it was not put on this bill, and I hope it will not be put on the bill here.

Mr. HARRIS. Mr. President, former Senator BURTON and others knew that my bill had been introduced in the Senate, and they expected some action here. I have talked to a number of Republican Members of the House, and every one of them approved this measure, and I believe that there will be hardly any votes against it in the Senate if the Senator from Utah will not object.

Mr. POINDEXTER. Mr. President, I hope the amendment offered by the Senator from Georgia [Mr. HARRIS] will be adopted. I do not see how it could result in delaying the consideration of the great measure that the Senate is now considering. It has been thoroughly discussed here for weeks. It is very well understood. It is a very simple proposition.

I do not suppose that the President of the United States, when he originally appointed this commission, had any deliberate purpose of making it a partisan commission. I have no knowledge whatever of the circumstances under which he made the selections. So far as the commission went, the selections, in my opinion, could not have been improved upon. I have no doubt that the President of the United States himself, in pursuance of any action of the Senate, would be very glad indeed to add to this commission the number of Democrats called for by the amendment of the Senator from Georgia, if for no other purpose than to remove the controversy which has existed in regard to that question.

There ought not to be any controversy on the subject. It is not a party question. It ought not to be discussed in a partisan spirit. In my opinion, the way to arrive at that conclusion is to appoint some Democrats on the commission under discussion, and there is no more appropriate time to do that than in connection with the passage of this bill.

Mr. SMOOT. Mr. President, on the statement made by the Senator from Georgia [Mr. HARRIS] that if the conferees of the House do not agree to this amendment he is not going to

make a fight against the conference report when it comes back into the Senate, and delay this legislation, I have no objection to agreeing to the amendment.

Mr. HEFLIN. Mr. President, that is going a long way. I am very much interested in this proposition. I have been with the Senator from Georgia all along in his fight; but it would be a very easy matter for the Senator from Utah, if he wanted to have opposition turn up in the House, to suggest it to some partisan Republican and have him object to it; and then it would go out under the agreement made by the Senator from Georgia, I am afraid.

Mr. SMOOT. Mr. President, the Senator from Utah can do nothing of the kind. I think the conferees of the House have minds of their own. I do not think the Senator from Utah is going to influence them at all in their judgment in the matter; and I think the Senator from Georgia made a fair statement.

Mr. HEFLIN. Let us adopt the amendment without any agreement.

Mr. HARRIS. Mr. President, I hope the Senator from Alabama will not object to this agreement, with the understanding that the Senator from Utah, as a Member of the Senate, will act in good faith and try to get the House to agree to it.

Mr. SMOOT. I will leave that entirely with the Members of the House.

Mr. HEFLIN. Oh, no.

Mr. HARRIS. No; I want the Senate conferees to urge agreement to it.

Mr. SMOOT. The Senate conferees, of course, are bound to stand by it; but if the House insists that it be not put in the bill, then, of course, I do not want to hold up the bill.

Mr. HARRIS. With that understanding, Mr. President, I am satisfied.

Mr. HEFLIN. Mr. President, the Senator from Utah promises that he will help, if this amendment is adopted, to hold it in the bill and will do his best to have it become a part of the law. This statement being made to the Senate, I am satisfied he will do that. I hope he will display a little more zeal in it than he did in helping to make this debt settlement with the British envoys. I am afraid that if he displays the same amount of enthusiasm in talking to the conferees in the House as he did in trying to get 4½ per cent, it is a gone coon skin already.

I am not going to object to the amendment, because I have advocated it all along and demanded at the beginning that we have Democratic representation on this commission. We ought to have had it all the time. We lost several billion dollars by not having some Democrats on the commission, and now, since we are about to have ourselves tied up hard and fast with some other debt arrangements, and restrictions are being put on us so that we will have to follow in the footsteps of this commission we already have, the only purpose, it may be, that Democrats can serve on the commission will be to give us information so that we can tell the American people just what sort of a wheel in a wheel there is in the settlement of these foreign debts, and we can find out what happens behind closed doors and tell the American people about it. This foreign debt of \$12,000,000,000 is due not to Republican leaders but to the whole people of the United States—Democrats, Republicans, and others.

Mr. JONES of New Mexico. Mr. President, I have refrained from taking up the time of the Senate in the discussion of this bill, but, owing to the remarks made by the Senator from Utah a few minutes ago, I believe that I will say a few words. The Senator from Utah stated, in the very strongest manner, that this settlement did not mean the cancellation of any part of the debt of Great Britain. I submit that it does, if that language is used in its ordinary sense. It may be said that it is no cancellation; Senators may prefer to use the word "remission," or "forgiveness," or some other word, but the result of it is that we are receiving less than the obligation, regardless of the language which may be used in the settlement.

While I intend to vote for this settlement, I do not want the American people to be deceived as to just what it means. It does mean a cancellation of a part of the honest indebtedness of Great Britain to the people and the Government of the United States.

I have before me here a copy of one of the obligations which the United States holds at the present time from the Government of Great Britain. I shall not take the time to read all of them. I may state that in the beginning acknowledgments of indebtedness were given at one rate of interest, later on at another rate of interest, and later on at a still higher rate of interest. Some of those promises to pay bear as much as 5 per cent interest, and an agreement to pay an additional rate of interest provided the Government of the United States is

required to pay more than 4½ per cent upon the money which it obtained from the people of the United States.

I want to read just one of the typical obligations which we hold to-day from the Government of Great Britain. It reads:

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 ——— dollars—

There are a number of them in the particular language of the one I am reading. Certificates of Great Britain were accepted in the amount \$735,000,000. The obligation continues:

on demand, with interest from the date hereof, at the rate of 4½ per cent per annum. Such principal sum and the interest thereon will be paid without deduction for any British 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 holder, at the Treasury of the United States in Washington.

The 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 4½ per cent convertible gold bonds of the Government of the United Kingdom of Great Britain and Ireland conforming to the provisions of an act of Congress of the United States approved September 24, 1917. If bonds of the United States issued under authority of said act shall be converted into other bonds of the United States bearing a higher rate of interest than 4 per cent per annum a proportionate part of the obligations of the Government of the United Kingdom of Great Britain and Ireland acquired by the United States under authority of said act 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 a proportionately higher rate of interest no less than the highest rate of interest borne by such bonds of the United States.

Subsequent to that the rate of interest was increased, and there can be no doubt but that the Government of Great Britain is obligated to pay at least as much as the highest rate of interest which this Government shall have to pay to her own people when she borrows the money. There is no question about that. It is a cancellation of a part of this debt.

What are the reasons for it, and why is it that we are entering into this settlement? We have before us a very meager history of the settlement—the transaction which actually occurred. We have, however, a statement of the Chancellor of the Exchequer of Great Britain, Mr. Baldwin, which he presented to the commission created by the United States, and in that he does not say that the Government of Great Britain does not owe every dollar mentioned in these certificates now lodged with the Treasury of the United States. He admits it. Then what does he suggest as the reason for bringing about any settlement at all? There are just two things mentioned in the communication of the Chancellor of the British Exchequer I wish to read briefly. He said:

Further taxation would decrease the purchasing power of the British workingman and reduce our consumption of American products. There would be a diminished export demand for American cereals, cotton, meats, and other products of the soil, the mine, and the factory.

In another place he said:

Having regard to all these circumstances the British Government has to consider very carefully the terms of the liquidation of the debt lest an annual obligation be assumed which it might be impossible to meet in years of bad trade and falling revenue.

We want, on such terms as will produce the least possible disturbance in the trade relations of the two countries, a fair business settlement, a square deal, a settlement that will secure for America the repayment to the last cent of those credits which the United States Government established in America for us, their associates in the war.

May I put it in this way: We intend to pay, but how best can international credits be made liquid when the creditor nation is unwilling to permit liquidation through the direct delivery of goods and is also unwilling to see the current sale of her products to the debtor nation interrupted, and when the debtor nation is unwilling to be put in the position of being unable to buy the products of the creditor nation.

The cordial and prompt agreement of the two greatest democracies of the world on a question of this intricacy and magnitude will be an example to the nations and a long step forward in effecting a solution of the economic troubles of Europe. Let us never forget that until these troubles are solved there can be no general revival of international trade.

There is not a single line in the communication to which I have just referred which denies that they owe to the Government of the United States every dollar of principal and every dollar of interest at the rate specified in those certificates; but he does claim that if they make payment according to the bond, according to those certificates, it will interfere with our international trade.

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

Mr. BROOKHART. Mr. President, before the debate closes, I wish to call attention to the table introduced into the RECORD by the senior Senator from Alabama [Mr. UNDERWOOD], a table prepared by Martin J. Gillen. I myself received a copy of the table some time ago, and the figures seemed unusually strange to me. I understand the Senator from Alabama does not vouch for the correctness of the table or the figures. I desire to

challenge them in many details, indeed in almost all the vital details.

I think this document is a propaganda, first, probably for the cancellation of the British debt, and, in the next place, a propaganda to charge the wages of labor in the United States up to the farmer.

I call attention to one statement on Table 7, near the bottom of the table, under the letter "C":

Of the total exported merchandise to Europe and to Canada, excluding supplies to Army and Navy in Europe, \$26,184,701,270 was agricultural products. This was for the past eight years.

I asked Mr. Hoover, the Secretary of Commerce, about these figures, and many others which I will not comment upon at this time, and this is what he said of that document:

The amount of agricultural products sold abroad is grossly exaggerated. The author figures \$26,184,000,000 as our exports of agricultural products to Canada and Europe. According to the Statistical Abstract our total exports of fruit and prepared foodstuffs for the 8-year period to the entire world were \$12,880,000,000, or less than half as much to the entire world as the author claims were shipped to Europe and to Canada alone.

Similar exaggerations are found in these figures all the way through, and this table, I think, should not be taken as authoritative upon any product.

Perhaps as a little side light on why that has occurred, I learn that this man, Martin J. Gillen, is the same Gillen who was indicted and is now under a Federal indictment with Charles W. Morse for defrauding the Government of the United States.

Mr. UNDERWOOD. Mr. President, the document I introduced this morning came to me as it has come to other Senators. I think it is a document very pertinent to the discussion. The question is whether the figures I introduced this morning, as prepared by Mr. Gillen, threw light on the subject and the general subject involved.

I know there is a grave difference between Mr. Hoover's department and some of those who disagree on the fundamental question of the tariff. I have read, for instance, some articles given out by Mr. Hoover and his department going to show that imports are greater since we passed the high protective prohibitive tariff than they were before that time. That statement has been challenged in the magazines by some authors of great note. It is a matter in controversy—the Republican columns operating on the one side and those who believe in a lower tariff and increasing our export trade by allowing reasonable imports on the other side. So I am not surprised that the Senator from Iowa challenges the statement.

Of course, as I said this morning, I have only given the paper a reading. I have not investigated and made a comparison with statistics in reference to the figures contained in it, and I presented it for what it is worth. But I think the statement which I put in the RECORD this morning is one which should challenge not only the attention of the Congress but of the people of the United States on the question as to where our agricultural products must look for payment in the final analysis and how we are to receive payment for the surplus agricultural products of America.

Whether Mr. Gillen is right or whether the statement the Senator from Iowa attributes to Secretary Hoover is right, both contend that there is a large exportation of surplus farm products from America to the countries of Europe. The question is a matter of degree, not a question where the principle is involved. Whether it is the amount given by the Senator from Iowa coming from Mr. Hoover's office, or whether it is the amount given by Mr. Gillen, the sale of surplus agricultural products in Europe is the point. I contend there is but one way for them to be paid for, and that is by the importation of foreign goods. In other words, they must be paid for in trade.

The Senator from Iowa, I know, belongs to the Republican Party and, I understand, accepts their faith on the tariff, while I belong to the Democratic Party and am certainly a low-tariff man. Of course we have a fundamental difference of principle, and we would radically differ about it. I do not believe the farmer of America is helped by a Republican tariff. I have no doubt the Senator from Iowa thinks that he is. I believe it is more necessary for the American farmer to find the foreign markets for his surplus products than to solve any other problem which confronts us. If the Senator from Iowa believes, as I understand he does, in a protective tariff, he believes that under the shadow of protection the farmer will find his relief. Therefore we differ. There are a vast number of figures in the table, and I think perhaps that the particular figures in some points may be subject to challenge, but I have no doubt that in the end they will point to the fact which I desire to bring to the attention of the Senate.

The real problem in this settlement in the last analysis is the stabilizing of international credit, the establishment of a

credit system abroad, so that it may encourage the stabilizing of markets for our export trade. It is for that reason that I introduced in the Record the table I did, because I think it is a valuable document, looking at it from that standpoint, and one which ought to be called to the attention of the American people.

Mr. KING. Mr. President, I am prompted to take the floor for a moment because of the reference just made to Mr. Gillen by the junior Senator from Iowa [Mr. BROOKHART]. The Senator from Iowa, I know, desires to be fair and would not intentionally do an injustice to any person. It is true, as the Senator stated, an indictment was found against Mr. Gillen in connection with the Morse case, which is now in the courts, and undoubtedly there are many thoughtless people who will infer from that fact that there was ground for the indictment and that Mr. Gillen was guilty of some offense. People do not always know the *modus operandi* by which indictments are obtained and are prone to regard the fact that an indictment has been found as *prima facie* evidence, if not strong evidence, of the guilt of the person so charged; and, of course, a reference to an indictment made by a Senator upon the floor of the Senate challenges attention in a public way, and by some will be regarded as strengthening the impression that sufficient reasons exist for the finding of such indictment.

I know Mr. Gillen and believe him to be a man of character and integrity. He is not of my political faith, and I have no doubt but that in many ways our views upon economic and political questions are at variance; but I believe that the Government has wronged him and will be compelled to confess its course as unwarranted. There are matters connected with the finding of the indictment which I believe are not creditable to the Government. I shall not say that there were sinister influences back of the persecution, but in my opinion the persecution of Mr. Gillen was not prompted by a desire for the public good nor inspired by a purpose to execute the law or do justice as between an individual, the public, and the Government. So far as I am advised Mr. Gillen in his business activities and in his public life has demonstrated that he is a man of ability, of courage, and of fidelity and truth, and adheres to the principles of honesty and fair dealing among men.

I did not know that the Senator from Alabama [Mr. UNDERWOOD] had offered for the Record the document referred to by the Senator from Iowa until the latter addressed the Senate a moment ago. I have had the opportunity of rather hastily examining this rather monumental work prepared by Mr. Gillen. It is a comprehensive document dealing with the economic and financial conditions of the United States and Europe. There are many tables and figures of the highest importance, which, in my opinion, will furnish to the Senate and to the country information of great value.

This paper submits reasons for the economic distress that has come to our country, particularly to the agricultural classes. It presents facts, from which deductions are irresistible, that the prosperity of our country, and particularly the prosperity of the farmers, largely depends upon the prosperity of Europe. It emphasizes what must be apparent to all dispassionate observers of economic conditions and fiscal affairs: That if we would have prosperity in the United States there must be peace in Europe and such rehabilitation as will permit production and enlarge the purchasing power of the European peoples. In other words, the paper of Mr. Gillen shows that, with the resources of our country, there are enormous surplus products for which foreign markets must be obtained, and that foreign markets are largely closed to these products when chaos and disorder and confusion are found in European nations.

As I interpret Mr. Gillen's position, it is that if the flames of revolution or the destructive forces of economic and industrial warfare envelop Europe we may not escape; indeed, we will be powerfully and disastrously affected thereby. Some of his figures may be erroneous and some of the conclusions stated by him may not be justified. However, he presents a study for the consideration of the American people which they can read with profit.

The debate upon the pending measure reveals how interdependent are nations and how impossible it is for any nation to live unto itself. The Senator from Iowa has referred to Mr. Hoover, and, as I understood him, Mr. Hoover challenges some of the statements contained in Mr. Gillen's paper. I shall not participate in any controversy between Mr. Hoover and Mr. Gillen. They are both able men and doughty warriors and can ably defend whatever positions they take. I recall that Mr. Gillen in his paper does not quite agree with the triangular theory of trade balances announced by Mr. Hoover, and upon the complex questions connected with international trade, in-

visible credits, and the equilibrium of commerce there may be wide differences between them. If Mr. Gillen's paper will induce the American people to think more deeply and earnestly about international trade and the causes which make for prosperity and economic peace, then it will have accomplished a great good.

Mr. TRAMMELL. Mr. President, I rise to protest against the idea that the American people shall have further shifted upon them the burden of any excess-profit taxes that may have been imposed upon purchases made by Great Britain in this country during the war. One Senator upon the floor has advocated in substance that policy. All during the war the American people upon their purchases from a paper of pins to a steam engine were subject to excess profits by these greedy, merciless profiteers. Of the four billion and odd dollars that were contributed in excess profits—I have not the statistics, but I dare say that at least \$3,900,000,000 were contributed by the American people.

Now we have it held up to us in argument, in behalf of an adjustment to make a contribution to Great Britain, that Great Britain had to pay some excess-profits taxes on the purchases made in this country. It is urged that that is one of the reasons why we should deal generously with Great Britain. I say if we shift that burden from Great Britain in a readjustment at the present time it would add to the excess profits already contributed by the American people to the amount of money deducted from the indebtedness. That is what it means. I am not an expert financier, but a plain common-sense proposition like that is plain to anyone.

I say that the American people have already contributed far more than they should in excess profits. We should not agree that because Great Britain paid excess-profits taxes on some of those goods we should now refund to them and transfer the burden to the American people, who paid the same kind of excess profits on all their purchases.

The question of the excess-profits tax some time ago was before the Congress and now the great financial interests of the country are trying to push this proposition through. Formerly the profiteers came to Congress and knocked at the door and said, "We want the excess-profits tax removed," and this Congress, that now wants to be so generous with Great Britain at the expense of the American taxpayers, was again generous with the great financial interests of the country and removed the excess-profits taxes to the extent of \$450,000,000 per year, as well as modifying the tax laws along many other lines.

I dare say that the reason why some of the great financial interests of New York are so energetically and enthusiastically behind this settlement with Great Britain is that it will enable them to collect their loans at 4½ or 5 per cent from Great Britain, because Great Britain will use our 3 per cent money to pay off their indebtedness to the financial interests of the country that are obtaining 4½ and 5 per cent interest. While the American taxpayer is paying 4½ per cent and letting England pay us on 3 per cent, the American bankers who hold debts against Great Britain will be getting their 4½ to 5 per cent or more. I do not think the American people ought to be required to contribute in that way to the American financial interests that advanced to Great Britain. I do not think they ought to be required to contribute it to Great Britain even directly, much as we appreciate that nation.

America did her full duty during the war. We gave the lives of our boys. We sent 4,500,000 of them to the front and to the camps and expended \$23,000,000,000 for the purpose of carrying on our part of the work. There is no reason on the face of the earth, as I see it, why America should now make a donation to the extent of \$1,800,000,000, as far as we can ascertain readily from the figures now before us.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Georgia [Mr. HARRIS]. The amendment was agreed to.

Mr. HITCHCOCK. Mr. President, I offer the amendment which I send to the desk. I do not care to discuss it, but I would like a record vote on it. I ask that it may be read.

The VICE PRESIDENT. The amendment submitted by the Senator from Nebraska will be stated.

The READING CLERK. It is proposed to strike out the language contained in lines 4 to 12, both inclusive, on page 3, and insert the following:

Interest to be payable upon the unpaid balances on December 15 and June 15 of each year at a rate which shall be the average rate of interest paid by the United States for the same year upon bonds issued by the United States since April 15, 1917, and still outstanding.

Mr. REED of Missouri. Mr. President, I had intended to offer an amendment covering the same thought but in quite a

different form. I am going to ask that my amendment be read, and I think the Senator from Nebraska perhaps will accept it in lieu of his amendment and perhaps he will not.

The VICE PRESIDENT. The amendment intended to be proposed by the Senator from Missouri will be stated.

The READING CLERK. On page 3, beginning in line 6, it is proposed to strike out "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," and to insert in lieu thereof the following:

At the rate of 4½ per cent per annum payable semiannually until final payment: *Provided, however,* That if at any time the United States shall refund at a rate less than 4½ per cent the indebtedness by it incurred to secure the money which was afterwards loaned to the British Government, the interest above provided to be paid by Great Britain shall be correspondingly reduced.

Mr. MCKELLAR. Mr. President, will the Senator from Nebraska yield to me for just a moment?

Mr. HITCHCOCK. I yield.

Mr. MCKELLAR. The amendment which has just been offered by the Senator from Missouri [Mr. REED] is, in substance, the amendment which when I was on the floor this morning I stated that I intended to offer. I think perhaps the amendment which the Senator from Missouri has offered is more nearly in accord with the exact situation than the amendment which has been offered by the Senator from Nebraska [Mr. HITCHCOCK], and I hope the Senator from Nebraska will let us have a record vote on the amendment of the Senator from Missouri. Of course, personally I should prefer a vote on the amendment which I have offered, but it is in substance the same as the amendment which has been offered by the Senator from Missouri.

Mr. HITCHCOCK. Mr. President, the difficulty is in ascertaining exactly on what loans the money was secured which we loaned to Great Britain. The money was advanced at different periods, beginning immediately upon our entry into the war until some time after the armistice, and it is very difficult on that account to ascertain exactly which refunding operations would cover the matter. I therefore shall ask for a vote on my amendment. I do not care to discuss it any further.

Mr. MCKELLAR. I desire merely to suggest to the Senator from Nebraska that his amendment does not fix the rate of interest; and the objection which is made to the amendment submitted by the Senator from Missouri, it seems to me, is cured by the proviso which states that the United States Government shall make good any reduction in interest.

Mr. HITCHCOCK. No; it is not sufficient, for the reason that I have stated. We began making those loans in April, 1917, and we kept on loaning money to Great Britain until after the armistice. In the meantime there were a number of issues of bonds, and nobody could tell exactly from what issue of bonds the loans to Great Britain were made. I ask for the yeas and nays on my amendment.

Mr. SMITH. I should like to ask at the beginning of my remarks the exact purport of the amendment which has been proposed by the Senator from Nebraska. Does it provide that on the proposed British bonds the average rate of interest shall be the same as that on the bonds which were issued by the United States with which to furnish the money to Great Britain?

Mr. HITCHCOCK. No; but that each year Great Britain shall pay interest into the United States Treasury at a rate which shall be the average rate paid by the United States for the same year. There is no difficulty in ascertaining that. The Senator from Utah [Mr. SMOOT] has produced here a computation furnished by the Secretary of the Treasury showing exactly what the average rate of interest is that will be paid during any particular period, and all the Treasury possibly would be required to do would be to figure out for any particular year the total amount of interest paid and the total principal upon which it was paid and thus ascertain the average rate. The amendment would give to Great Britain the free use of the great credit of the United States. Then if we should be able to borrow money at a lower rate of interest Great Britain would get the same advantage that we would get and the American taxpayer would not be burdened by paying the difference.

Mr. SMITH. Mr. President, I have not hitherto spoken upon the pending measure, for it has been difficult for me to decide a question which involves two elements which are so conflicting. It is apparent to every Member of this body that on the face of the contract made with those to whom the money was loaned the rate of interest which they were to pay for the money borrowed was to be the same as the rate which the Government of the United States had to pay our people for the money which it borrowed from them in order to make the loan

to the foreign government. That meant that whenever the Government, in the form of taxes, collected the interest to be paid on our obligations to our own people or to those who hold our bonds we should collect a like amount of interest, and at the same rate, on our loans to the foreign government, so that the interest so collected might cancel the interest paid out.

I recognize also that under the pressing conditions in which we found ourselves when we were preparing to enter the war the rate of interest was unusually high, perhaps higher than the rate of interest ever paid upon a like amount of money on the obligations of any sovereign power. It was so high that it justified in a way the higher rates of interest charged to those who were dependent upon borrowed money to conduct the ordinary affairs of commerce. I hesitate between the impulse, on the one side, to favor the payment of a rate of interest equal to that which the Government of the United States is required to pay on its bonds and on the other to see the general rate on this vast volume of money lowered in order that the ordinary commercial rate might not be maintained at a figure detrimental to business. Although the maturity of our bonds is not coincident with the maturity of the bonds which we propose to accept from Great Britain, yet it is doubtless true that the bonded indebtedness of the United States will not be paid any sooner than the bonds proposed to be issued by Great Britain to us will be paid. I expect that the children and the grandchildren of those who are in this body will still be paying interest on the war debt of America 62 years from now. We will have to refund our indebtedness from time to time. I had hoped that when the Debt Funding Commission reported it would submit a proposal that would call upon Great Britain to pay the same interest that we were paying in order that the interest on the amount due us would cancel the interest on the like amount of bonds issued by us.

Inasmuch as such an amendment has been offered by the Senator from Nebraska, I shall vote for it, hoping that when our bonds have reached their maturity and are either paid or refunded the bonds proposed to be issued by Great Britain may possibly also be refunded at a lower rate of interest, so that Great Britain may enjoy the same benefit which we ourselves may enjoy from a lowering of the rate; in other words, that we take Great Britain into the same financial arrangement that we make with our own people—no more and no less. It does not boot us to say that whereas we fixed the rate of interest on the bonds issued by us at 4½ per cent, when it comes to determine the rate of interest on the bonds to be issued to us by Great Britain we will agree to fix the rate on such bonds at 3 per cent.

Let us provide that the rate of interest on the bonds to be issued by Great Britain shall be equal to the rate of interest which we ourselves may be required to pay. Then, when we refund our bonds, if we can lower the rate to 3 per cent or perchance to 2½ per cent, we will have dealt with her as we deal with our own.

I recognize the fact that we must find some way to settle this question, and so I am going to vote, although reluctantly, for the bill. The paramount reason why I intend to vote for the bill is that I believe that we, the great creditor Nation, should set the example, even to the extent of making a sacrifice, in order to begin the process of stabilizing and settling the financial chaos which is now demoralizing commerce and affecting the prosperity of this country, particularly as to agricultural products and other forms of raw material. I believe the settlement of this question will have the moral effect of hastening the settlement of the other questions that are now vexing the world; and the amount of good that will accrue to our people in the form of increased markets and enhanced prices will more than offset any discount in interest rates such as are proposed even in the original bill. However, in order to satisfy the tax-burdened people of this country, I am going to vote with great pleasure for this amendment. It is just on its face. It is just to the American people; it is just and fair to England, because, when all is said and done, no man will deny but what the recuperative powers of England, her potential wealth, the accretion to that wealth which will come to her by virtue of the war, will enable her at the maturity of our bonds to meet the payment of her bonds along with ours and to pay the same rate of interest, even though she must defer the entire payment of interest during the period of the initial year. For that reason I am, I repeat, going to vote for the amendment offered by the Senator from Nebraska, and then, for the reason that it may aid the process of stabilizing a demoralized, war-weary world, I shall vote for the bill in order that we may be enabled to take the initiative in inaugurating that process.

Mr. JONES of New Mexico. Mr. President, I merely wish to say a word further, somewhat in connection with the remarks

I was making a while ago, and also in connection with the proposed amendment offered by the Senator from Nebraska.

There is no question that the purpose of the proposed amendment is to carry out the spirit of the original arrangement with Great Britain and the other countries to which we made loans; but we are met with this difficulty: We have a commission appointed to adjust our foreign indebtedness. That commission consists of the Secretary of the Treasury, the Secretary of State, the Secretary of Commerce, the able Senator from Utah [Mr. SMOOT], and a distinguished Member of the House of Representatives. There is not any question that the commission as it is constituted to-day represents the real sentiment of the present administration. It is unfortunate that the Senate has not the benefit of facts which it should have in order to arrive at its own judgment entirely upon facts which can be presented to the Senate. In the Finance Committee it was sought to have a statement made of the reason this arrangement was entered into. The only witness called before the Finance Committee was the able Senator from Utah, who is a member of that commission. That Senator was asked to state the reasons why this proposed agreement was made by the commission. The Senator from Utah declined to do so. He made this statement:

I do not think it would be proper for me at this time to discuss the reasons why, because it was based upon conditions existing that might affect the financial ability of England to meet the terms.

So at no time have we had a disclosure of the real reasons for the agreement which has been presented to us for ratification.

The Senator, however, makes this further statement:

I think every member of the committee understands that there are conditions existing that should be taken into consideration.

He further says:

I think that the rates contained in the settlement are the best rates that could possibly be secured.

That statement comes to us as an administrative statement. It bears the approval of the three highest officials in this administration, together with the approval of a distinguished Member of this body, and also one from the other House of the Congress. What hope is there that there will ever be obtained any better agreement than has been proposed? I submit that there is absolutely no hope; and if we recognize that fact, and adopt the amendment of the Senator from Nebraska—which, I do believe, represents the spirit in which the loans were made to Great Britain and the other countries—if we adopt it, according to the evidence and the only evidence which we have, it means a disagreement and an unsettlement of the indebtedness and international affairs between this country and Great Britain.

We shall not have another session of Congress for nine months, in all probability; and with no assurance that we will ever secure any better terms, and with chaos existing in the economic world, if we are ever going to ratify any settlement, let us ratify the settlement which has been agreed to and presented here for our consideration.

I think various reasons could be urged both for and against the ratification of this agreement; but I do believe that if we are going to ratify any agreement less than the original undertaking of Great Britain we ought to take the agreement which has been entered into just as it is or not at all. I do not believe in the Congress of the United States sending back a counterproposal in a matter of this sort.

My judgment is that in all these matters involving international affairs the administration should assume responsibility for negotiation, and then submit its proposals to the Congress. This should be considered an administration settlement, and it comes here as such, and we are told that it is the best we can get. In the interest of American commerce, in the interest of the farmers of the country who have products for sale, and likewise in the interest of others who are dependent upon foreign markets, if we are going to settle this thing at all for less than the original agreement let us take this settlement and get at least a start upon stabilization of world affairs.

Mr. HITCHCOCK. Mr. President, just one moment. I only wish to read something from the London Times.

The VICE PRESIDENT. The Senator has spoken once.

Mr. HITCHCOCK. I think that is true.

Mr. REED of Missouri. Mr. President, the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK] embraces the same thought that is contained in the amendment that I myself intended to propose. We may indulge in all the sentimental statements we desire, and may fight over again the battles of the war; but, like the flowers that bloom in the spring, they have nothing to do with the case.

That is not the first application of that quotation. I am not presenting it as an original thought. The fact is that a great war was raging in Europe, in which we properly maintained

a position of neutrality. Afterwards we were drawn into that war by attacks upon our commerce and upon the lives of our citizens. We fought the war to an end, and no one need claim the whole credit for winning the war. It was a good deal like a stiff contest between men tugging at a rope in a tug-of-war, as we call it. When each side was largely exhausted, new muscle was added, and the side we were on won.

In that war Great Britain undertook to finance herself, France herself, Belgium and Italy each themselves. When Great Britain, having more money than France, loaned France money for French use, she took French securities and obligations, and she had the right to. When she advanced money to Italy, and I believe France also advanced money to Italy, the obligations of Italy were properly taken, and so with Belgium; and at the end each country has the right to ask the other country to pay the money that it promised to pay. The question of sentiment does not enter into that business transaction. If it does, then why not cancel all these debts, and let everybody be happy except the taxpayer at this end of the proposition, who will have to bear the burden of all the cancellation?

During the war Great Britain gave us her solemn obligations, one of which, as a sample, has been read by the Senator from New Mexico. It is as squarely an obligation, a note of hand, and an agreement to issue bonds thereafter, as can be written by the pen of man. It provides for the payment of interest at not less than 4½ per cent in any of these obligations, and from that to 5 per cent; and the question we are discussing is one of reducing the obligation of the British Government.

The real spirit of our agreement with Great Britain was that she should make us whole. I freely concede that if we are to take bonds from Great Britain we would not be justified in demanding, it would scarcely be fair to demand, that she should pay the rate of interest nominated in the original instruments which she signed; but she should, in accordance with the spirit of those instruments, make us whole, so that the money we have borrowed we can repay out of the money we receive from her, and the interest which we pay for the money we loaned her will come back to us from Great Britain. If Great Britain expects any more than that, she expects that which is not fair.

Under the terms of this settlement Great Britain is let off with 3 per cent interest for the next 10 years. We have no assurance on earth that we can refund our indebtedness during the next 10 years so that the average rate we pay for that 10 years will not be in excess of 3 per cent. We know that we can not refund it now, we can not hope to refund it in the immediate future, at 3 per cent. Hence, it follows that for a period of time, at least, we will be paying 4½ and 4¾ per cent, as against Great Britain's 3 per cent. If we fail to refund our obligations at 3 per cent for 5 years, then we will lose for that period the 1¼ or 1½ per cent difference between the rate we pay and the British rate; and we could not recoup unless we should negotiate our bonds for less than 3 per cent, which is a proposition that no sensible man expects we could carry out.

The proposition now made by the Senator from Nebraska, while not in the language I would suggest, covers the idea.

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

Mr. REED of Missouri. I will take my 10 minutes now on the bill. It carries with it this idea—

The PRESIDING OFFICER. The Senator from Missouri—

Mr. REED of Missouri. Is not that the rule?

Mr. SMOOT. No.

The PRESIDING OFFICER. The Vice President, so the Chair is informed, has established the rule that the time allowed a Senator to speak upon the bill can not be used while an amendment is pending. The Senator from Missouri has consumed his time.

Mr. REED of Missouri. Very well.

Mr. NORRIS. Mr. President, I have been listening for a long time to the debate on this bill, and giving it the best thought that I was able to give it in the limited time that I had at my disposal; and I have not been able to reach the conclusion that we are under any obligation of any kind to borrow money at 4½ per cent and loan it to Great Britain at 3 per cent. I do not believe that is fair. I want to be fair. I want to be generous with our late ally; but, Mr. President, we had to borrow the money that we loaned to Great Britain. We had to pay 4½ per cent interest, and Great Britain ought to be willing to pay us the same rate of interest, as long as we have to pay that rate. I had an amendment on my desk which provided, as the pending amendment does, in substance, that if we are able at any time later to refund our bonded indebtedness at a lower rate we ought to give to Great Britain

the same rate. I do not believe Great Britain or any other nation could ask for better or fairer treatment than that.

To my mind, the question as to who won the war and who made the greatest sacrifice is not involved here. There are two sides to that question, and I do not want to enter into a debate of it. England did everything she could. She did well, and I am not complaining about her. She was a worthy ally in that great contest. We did our duty, too, I think, and if Great Britain had said, "We need more money," if we had had the money in the Treasury, we would have loaned it to her. If we had it there now, belonging to the Government, I would be willing that it should be loaned to her at a lower rate; but we do not have it there. We did not have it there then. She said, "I must have more money." We said, "We will borrow some more money and loan it to you." We agreed then that she should pay us the same rate we had to pay. Was that fair? Was there anything wrong about that agreement? Is there any evidence of greed or the spirit of Shylock in that kind of an agreement? There was no coercion. The agreement was voluntarily entered into that she would pay us the same rate we had to pay to get the money.

The rate is a lower rate of interest than she pays to any other creditor on earth. She does not loan to her debtors at as low a rate as that. Some of the money we loaned to Great Britain she has loaned to Persia at 7 per cent. We heard to-day, or yesterday, on this floor that she had loaned to Australia at 5 per cent. She loaned to France. I am not informed as to what rate she is charging France, but she took security from France—gold, yellow gold—and has it in her vaults now. We did not demand anything of her in the way of security and I do not say that in the way of criticism. I think we did what one brother in a great contest ought to have done for another.

She looked at it that way then. If England is hard up, in financial distress, I would not want to crowd her. I am willing that we should wait; but she has not played the baby act. She is not here now saying, "We can not pay this." She is not a bankrupt nation. It is not a question of charity with her.

Then, Mr. President, I have been thinking what I would ask as an American citizen if things had been reversed. Suppose we had gone to Great Britain at a time of great distress, at a time when our backs were to the wall, and said to Great Britain, "Lend us some money. We must have it," and then England had said, "We haven't any money, but we will borrow it"; and suppose we made the kind of an agreement with her that she has made with us. Suppose it were just reversed and we owed England money, and her people with bended backs were paying taxes in order that she might pay 4½ per cent interest for that money. I want to say to you, Mr. President, that as an American citizen I would not ask her to charge us any less than 4½ per cent. I would insist that our Government pay her 4½ per cent. There is nothing unfair about it.

I resent the idea that we are trying to drive a hard bargain. We are not. I do not suppose there is anyone in this country who wants in any way to create any situation which would be a hardship on England. But we are not called upon to borrow money from our people and to have them labor from early until late to pay taxes in order to pay interest at the rate of 4½ per cent and lend it to anybody at 3 per cent.

This settlement amounts to a forgiving of a part of the debt, and if England were not able to pay, I would not object to forgiving part of it. Senators say we are not giving up any of the principal of this debt, and that is true; but in substance is not the interest just the same as the principal? What is the difference? We have to pay interest. We can not get away from paying our interest. The obligation the United States owes on its bonds is just as honorable, as far as the interest is concerned, as the obligation to pay the principal of the debt. Why is not that true of Great Britain?

It is said that the money that was borrowed was spent in the United States. Where else could it have been spent? We can turn the tables and say that if we had not had the things here for them to buy they would not have carried on the war half as long. I do not make that claim, but it would offset the claim that to a great extent she spent the money here in buying the goods used in carrying on the war. This is practically the only place in the world where she could get those supplies.

She got the supplies here as cheaply as she could have bought them anywhere in the world. She paid more than she should have paid, and so did we. It is no argument to say she paid high prices. We paid high prices. Men profited on the Government of the United States, but we do not offer that as a reason why we should not pay our bonds.

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

Mr. COUZENS. Mr. President, I would like to ask the Senator from Utah if the bonds which the British Government is

to give us will be negotiable, because I understand that some Senators believe those bonds will be negotiable, and they object to the amendment offered by the Senator from Nebraska because the bonds could not be sold with an average rate of interest but would have to have a specific rate. My understanding is that the bonds are not negotiable. If they are, then the amendment offered by the Senator from Nebraska is impracticable, because the bonds could not be negotiated under such a condition.

Mr. SMOOT. Of course, if the amendment offered by the Senator from Nebraska is agreed to, nobody would think of buying them, even though they were negotiable under the provisions of the bill. But I want to be frank with the Senator and say that my opinion is that the provision here allowing England to pay in United States bonds issued after April 6, 1917, together with the privilege of paying the interest one-half in bonds and one-half in cash, will make those bonds nonnegotiable. It is only the provisions of the law which would make them nonnegotiable. The bonds will be paid to the United States of America just as would the I O U's held to-day by our Government.

But I hope the Government of the United States will not sell them. I think that if they were sold, perhaps to people in foreign countries, or to our own citizens, and anything should happen in the way of war, there would always be that moral obligation on the part of our Government to take care of those bonds sold to individual citizens of this country. Talk about getting out of entangling alliances; if they were sold, there is no doubt but that that would take us into such entanglements.

Mr. COUZENS. Does the Senator contend that we are obligated to protect the investors in German marks?

Mr. SMOOT. Not at all.

Mr. COUZENS. To protect those who speculated in German marks when they were bringing a high price, and have since gone down?

Mr. SMOOT. I do not believe there is any such obligation on the Government.

Mr. COUZENS. Under the law is it not possible to sell the bonds after the 10 years have passed, and when the uncertainty as to payments and of interest has been settled? In other words, it seemed to me that there was nothing in the bill which would prevent the bonds from being negotiated after the 10-year period was over, in any event.

Mr. SMOOT. There is nothing to prevent them from being negotiated, but I think it would be very unwise for our Government to sell them.

Mr. COUZENS. Of course, if this amendment is agreed to, it makes it absolutely impossible.

Mr. SMOOT. The Government of the United States has never purchased one German mark.

Mr. JOHNSON. Mr. President, may I suggest, first, in response to the Senator from Michigan, that the bonds which will be taken will be nonnegotiable, in my opinion.

Mr. SMOOT. That is what I said.

Mr. JOHNSON. Secondly, in my opinion, the Senator from Utah is entirely right in preferring that sort of an obligation as an economic proposition, and I will state the reason. There is a vast difference between bonds that will be received by the United States and locked in her coffers and bonds that would be split into infinitesimal fractions and put in the hands of our people. Once you split ten billion or eleven billion of bonds of Great Britain and put them in the hands of the people of this country, just the situation which has been suggested by the Senator from Missouri [Mr. REED] will arise, and we will be inextricably involved in every adventure that Great Britain shall take in the future.

We have to-day an example. Every peasant in France has a Russian bond. Every mad adventure that France has undertaken with Russia has been because her people hold those Russian bonds. I never would vote for any measure which would result in placing \$11,000,000,000 of securities of any nation on the face of the earth going into the hands of our people, because we would be involved so that we would never get out. So I hope, as I believe and as I think I may say from a reading of the law, that these bonds will be nonnegotiable, and that they will be held by the United States governmentally, and that the Government will never put \$11,000,000,000 of foreign bonds into the hands of our people in small fractions.

Mr. WALSH of Montana. Mr. President, I fully agree with the opinion expressed by the Senator from California, that these bonds will be nonnegotiable. It is perfectly apparent that they are not negotiable by reason of at least two provisions, namely:

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.

An instrument is not negotiable with respect to which there is any doubt as to when it becomes due. A further provision makes them nonnegotiable, namely:

For the first five years one-half the interest may be deferred and added to the principal.

That is to say, at the pleasure of Great Britain it may or may not do so. We do not know what the amount of the principal will be; and such knowledge is a very essential provision of any negotiable instrument. So that, although they may be assignable, they are not negotiable in the commercial sense.

Mr. SMOOT. While we are citing provisions, there is another provision, found on page 3, where it is provided:

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.

That, of course, would make them virtually nonnegotiable.

Mr. REED of Missouri. There is another provision—that they can pay in bonds, if they want.

Mr. SMOOT. Yes; that has been mentioned.

Mr. REED of Missouri. In Liberty bonds?

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Nebraska [Mr. HITCHCOCK].

Mr. HITCHCOCK. I ask that the amendment be read.

The VICE PRESIDENT. The amendment submitted by the Senator from Nebraska will be read.

The ASSISTANT SECRETARY. It is proposed to strike out the language contained in lines 4 to 12, inclusive, on page 3, and insert:

Interest to be payable upon the unpaid balances on December 15 and June 15 of each year at a rate which shall be the average rate of interest paid by the United States for the same year upon bonds issued by the United States since April 15, 1917, and still outstanding.

The VICE PRESIDENT. The yeas and nays having been ordered on the amendment, the Secretary will call the roll.

The Assistant Secretary proceeded to call the roll.

Mr. HARRIS (when his name was called). I have a pair with the senior Senator from New York [Mr. WADSWORTH]. In his absence I withhold my vote. If permitted to vote, I would vote "yea."

Mr. OVERMAN (when Mr. SIMMONS's name was called). I wish to announce the absence of my colleague [Mr. SIMMONS] on account of illness. He has a pair with the junior Senator from West Virginia [Mr. ELKINS]. If my colleague were present, he would vote "nay."

The roll call was concluded.

Mr. McCORMICK (after having voted in the negative). I am informed that my pair, the Senator from Wyoming [Mr. KENDRICK], would vote as I have voted. I will therefore allow my vote to stand.

Mr. LODGE. I wish to announce that the senior Senator from Connecticut [Mr. BRANDEGEE] is absent on account of illness. If present, he would vote "nay."

Mr. CURTIS. I wish to announce that the Senator from New Jersey [Mr. EDGE], who is unavoidably detained, has a general pair with the Senator from Oklahoma [Mr. OWEN]. If the Senator from New Jersey were present, he would vote "nay."

I also wish to announce that the Senator from West Virginia [Mr. ELKINS] is unavoidably detained.

The result was announced—yeas 21, nays 61, as follows:

YEAS—21.			
Ashurst	France	La Follette	Trammell
Borah	Gerry	McKellar	Walsh, Mass.
Brookhart	Harrison	Norris	Walsh, Mont.
Broussard	Heflin	Reed, Mo.	
Couzens	Hitchcock	Smith	
Dial	Johnson	Stanley	
NAYS—61.			
Ball	Gooding	Myers	Smoot
Bayard	Hale	Nelson	Spencer
Bursum	Harrell	New	Stanfield
Calder	Jones, N. Mex.	Oddie	Sterling
Cameron	Jones, Wash.	Overman	Sutherland
Capper	Kellogg	Page	Swanson
Caraway	Keyes	Phipps	Townsend
Colt	King	Pittman	Underwood
Curtis	Lenroot	Poindexter	Warren
Dillingham	Lodge	Pomerene	Watson
Ernst	McCormick	Ransdell	Waller
Fernald	McCumber	Reed, Pa.	Williams
Fletcher	McKinley	Robinson	Willis
Frelinghuysen	McLean	Sheppard	
George	McNary	Shields	
Glass	Moses	Shortridge	
NOT VOTING—14.			
Brandegée	Elkins	Nicholson	Simmons
Culberson	Harris	Norbeck	Wadsworth
Cummins	Kendrick	Owen	
Edge	Ladd	Pepper	

So Mr. HITCHCOCK's amendment was rejected.

Mr. REED of Missouri. Mr. President, I had intended to offer an amendment to strike out the clause which permits Great

Britain to pay in the bonds of the United States, another amendment providing that the bonds shall be made payable to bearer and shall be in form fully negotiable, another amendment that the interest shall be not less than 3½ per cent per annum during the first 10 years, and still another amendment which would require the payment of the full amount of the interest from year to year without deferring it and adding it to the principal.

But when the Senate sees fit in its wisdom to vote down a proposition which would require Great Britain merely to return to us dollar for dollar that we have paid out or must hereafter pay out, I regard it as useless to offer the amendments. The last thing I want to do is unnecessarily to take the time of the Senate. I think the vote just taken will be regarded as conclusive of the fact that the Senate has made up its mind to ratify the agreement and to swallow the proposition just as it is. Of course, the Senate has the right to come to that conclusion and I am making the statement which I make now merely in explanation of failure to offer the other amendments. I think it would be useless to do so.

Therefore, so far as I am concerned, I have no other amendments to offer. I shall ask for the yeas and nays on the passage of the bill.

Mr. WALSH of Montana. Mr. President, I offer the following amendment: I move to strike out all after the enacting clause on page 1, and all of lines 1 and 2 on page 2, and in line 3 the words, "Provided, That," so the bill would start with the words, "The settlement of indebtedness," and so forth.

This is simply for the purpose of making the text reasonably sensible. The language which I seek to strike out has absolutely no meaning whatever. The language is not only useless and perhaps harmless but it makes the measure itself the most inartistic one. This is a great historic act of the Congress of the United States and to say that "the first proviso to the act approved February 9, 1922, is amended so as to read as follows," and then make that proviso include the settlement with Great Britain, is an absurd proposition.

I believe that if Senators would give their attention to the matter for a moment they would not offer any opposition at all to this amendment. It does not change the meaning at all, but the language is absurd as it now reads. The Senator from Utah [Mr. SMOOT] is afraid that if we adopt the amendment it might offend the sensibilities of the House, but I can not doubt that if the attention of the authors of the bill were called to the matter they would see the impropriety of introducing the bill in the manner in which they presented it and would be glad to have the language stricken out. I hope there will be no opposition to the amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Montana.

The amendment was rejected.

Mr. MCKELLAR. Mr. President, I had intended to offer an amendment, on page 2, after the word "schedule" in line 11, to strike out the words "subject to the right of the British Government to make these payments in three-year periods," and also to strike out the first three lines on page 3, giving the British Government the right to pay off additional amounts of the principal of the bonds on any interest date upon 90 days' previous notice, and also an amendment fixing the rate of interest at 4½ per cent. But inasmuch as the Senate has already voted substantially on the proposition and I can see what the result would be, I content myself by asking to have the bill printed in the RECORD at this point as it would read if my amendments were agreed to. I do not ask for a vote on it.

There being no objection, pages 1, 2, and 3 of the bill were ordered to be printed in the RECORD showing the amendments intended to be proposed by Mr. MCKELLAR, 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, as follows:

Principal of notes to be refunded.....	\$4,074,818,358.44
Interest accrued and unpaid up to December 15, 1922, at the rate of 4½ per cent.....	629,836,106.99
Deduct payments made October 16, 1922, and November 15, 1922, with interest at 4½ per cent thereon to December 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 December 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. 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.

"Interest is to be payable upon the unpaid balances at the following rate, on December 15 and June 15 of each year: At the rate of 4½ per cent per annum payable semiannually until final payment, as shown by the following table of payments:

	Statement of amount of interest payable to the United States on account of the proposed refunding bonds to be issued by Great Britain, money at 4½ per cent per annum. ¹	Schedule of annual principal installments to be paid on account of principal. ²	Total interest and principal.
1.....	\$195,500,000	\$23,000,000	\$218,500,000
2.....	194,522,500	23,000,000	217,522,500
3.....	193,545,000	24,000,000	217,545,000
4.....	192,525,000	25,000,000	217,525,000
5.....	191,462,500	25,000,000	216,462,500
6.....	190,400,000	27,000,000	217,400,000
7.....	189,252,500	27,000,000	216,252,500
8.....	188,105,000	28,000,000	216,105,000
9.....	188,915,000	28,000,000	214,915,000
10.....	185,725,000	30,000,000	215,725,000
11.....	184,450,000	32,000,000	216,450,000
12.....	183,090,000	32,000,000	215,090,000
13.....	181,730,000	32,600,000	213,730,000
14.....	180,370,000	32,600,000	212,370,000
15.....	179,010,000	37,000,000	216,010,000
16.....	177,437,500	37,000,000	214,437,500
17.....	175,865,000	37,000,000	212,865,000
18.....	174,292,500	42,000,000	216,292,500
19.....	172,507,500	42,000,000	214,507,500
20.....	170,722,500	42,000,000	212,722,500
21.....	168,987,500	42,000,000	210,987,500
22.....	167,152,500	46,000,000	213,152,500
23.....	165,197,500	46,000,000	211,197,500
24.....	163,242,500	46,000,000	209,242,500
25.....	161,287,500	51,000,000	212,287,500
26.....	159,120,000	51,000,000	210,120,000
27.....	156,952,500	51,000,000	207,952,500
28.....	154,785,000	53,000,000	207,785,000
29.....	152,532,500	55,000,000	207,532,500
30.....	150,195,000	57,000,000	207,195,000
31.....	147,772,500	60,000,000	207,772,500
32.....	145,222,500	64,000,000	209,222,500
33.....	142,502,500	64,000,000	206,502,500
34.....	139,782,500	64,000,000	203,782,500
35.....	137,062,500	67,000,000	204,062,500
36.....	134,215,000	70,000,000	204,215,000
37.....	131,240,000	72,000,000	203,240,000
38.....	128,180,000	74,000,000	202,180,000
39.....	125,085,000	78,000,000	203,085,000
40.....	121,720,000	78,000,000	199,720,000
41.....	118,405,000	83,600,000	201,405,000
42.....	114,877,500	85,000,000	199,877,500
43.....	111,265,000	89,000,000	200,265,000
44.....	107,482,500	94,000,000	201,482,500
45.....	103,487,500	96,000,000	199,487,500
46.....	99,407,500	100,000,000	199,407,500
47.....	95,157,500	105,000,000	200,157,500
48.....	90,695,000	110,000,000	200,695,000
49.....	86,020,000	114,000,000	200,020,000
50.....	81,175,000	119,000,000	200,175,000
51.....	76,117,500	123,000,000	199,117,500
52.....	70,890,000	127,000,000	197,890,000
53.....	65,402,500	132,000,000	197,402,500
54.....	59,882,500	136,000,000	195,882,500
55.....	54,102,500	141,000,000	195,102,500
56.....	48,110,000	145,000,000	194,110,000
57.....	41,905,000	151,000,000	192,905,000
58.....	35,487,500	156,000,000	191,487,500
59.....	28,857,500	162,000,000	190,857,500
60.....	21,972,500	167,000,000	188,972,500
61.....	14,875,000	175,000,000	189,875,000
62.....	7,437,500	175,000,000	182,437,500
Total.....	8,172,665,000	4,600,000,000	12,772,665,000

¹ As furnished by Secretary Mellon.
² From page 3544, CONGRESSIONAL RECORD.

"Provided, That should the United States at any time be able to refund any of her World War bonds for less than an average of 4½ per cent, the United States shall make good to the United Kingdom of Great Britain and Ireland the amount of any such reduction of interest."

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

The VICE PRESIDENT. The amendment will be stated.

The ASSISTANT SECRETARY. On page 2, line 10, and on page 3, lines 1, 4, 10, 13, and 15, strike out the single quotation marks.

The amendment was agreed to.

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

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

The bill was read the third time.

The VICE PRESIDENT. The question is, Shall the bill pass?

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

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

Mr. LODGE (when Mr. BRANDEGEE's name was called). I desire to make the announcement at this time that the senior Senator from Connecticut [Mr. BRANDEGEE] is unavoidably absent. If present, he would vote "yea."

Mr. HARRIS (when his name was called). I again announce my pair with the senior Senator from New York [Mr. WADSWORTH]. In his absence I withhold my vote. If permitted to vote, I would vote "nay."

Mr. McCORMICK (when his name was called). I have a standing pair with the junior Senator from Wyoming [Mr. KENBRICK], who has asked me to announce that if he were present he would vote "yea." I vote "yea."

Mr. OWEN (when his name was called). I understand that my pair, the Senator from New Jersey [Mr. EDGE], if present, would vote for the bill. I feel at liberty to vote, and vote "yea."

Mr. REED of Pennsylvania (when Mr. PEPPER's name was called). I am requested to announce that the senior Senator from Pennsylvania [Mr. PEPPER] is unable to be present, being detained by sickness. If present, he would vote "yea."

Mr. OVERMAN (when the name of Mr. SIMMONS was called). I again announce that my colleague [Mr. SIMMONS] is unable to be present, being at home sick. He is paired with the junior Senator from West Virginia [Mr. ELKINS]. My colleague has telegraphed me to say to the Senate that if he were present he would vote "yea."

The roll call was concluded.

Mr. SHEPPARD. My colleague, the senior Senator from Texas [Mr. CULBERSON], is unavoidably absent. If he were present, he would vote "yea."

Mr. SMOOT. I inquire whether the junior Senator from South Dakota [Mr. NORBECK] has voted?

The VICE PRESIDENT. He has not voted.

Mr. SMOOT. The junior Senator from South Dakota asked me if he were absent from the Chamber at the time the vote was taken on the passage of the bill to announce that if present he would vote for the bill.

Mr. CURTIS. I desire to announce that the Senator from West Virginia [Mr. ELKINS], the Senator from Colorado [Mr. NICHOLSON], and the Senator from New Jersey [Mr. EDGE], all of whom are necessarily absent, if present, would vote for the bill.

The result was announced—yeas 70, nays 13, as follows:

YEAS—70.			
Ball	George	McNary	Shortridge
Bayard	Glass	Moses	Smith
Brookhart	Gooding	Myers	Smoot
Broussard	Hale	Nelson	Spencer
Bursum	Harrell	New	Stanfield
Calder	Harrison	Oddie	Stanley
Cameron	Johnson	Overman	Sterling
Capper	Jones, N. Mex.	Owen	Sutherland
Caraway	Jones, Wash.	Page	Swanson
Colt	Kellogg	Phipps	Townsend
Couzens	Keyes	Pittman	Underwood
Curtis	King	Poindexter	Warren
Dial	Lenroot	Pomerene	Watson
Dillingham	Lodge	Ransdell	Weller
Ernst	McCormick	Reed, Pa.	Williams
Fernald	McCumber	Robinson	Willis
Fletcher	McKinley	Sheppard	
Frelinghuysen	McLean	Shields	
NAYS—13.			
Ashurst	Heflin	Norris	Walsh, Mont.
Borah	Hitchcock	Reed, Mo.	
France	La Follette	Trammell	
Gerry	McKellar	Walsh, Mass.	
NOT VOTING—13.			
Brandegge	Elkins	Nicholson	Wadsworth
Culbertson	Harris	Norbeck	
Cummins	Kendrick	Pepper	
Edge	Ladd	Simmons	

So the bill was passed, 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 paid 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, 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

Deduct payments made Oct. 16, 1922, and Nov. 15, 1922, with interest at 4½ per cent thereon to Dec. 15, 1922.....

4,704,654,465.43
100,526,379.69

4,604,128,085.74
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: 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.

"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 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 with other governments indebted to the United States are hereby authorized to be made upon such terms as the commission, created by the act approved February 9, 1922, may believe to be just, subject to the approval of the Congress by act or joint resolution.

"SEC. 2. That the first section 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:

"That a World War Foreign Debt Commission is hereby created consisting of eight members, one of whom shall be the Secretary of the Treasury, who shall serve as chairman, and seven of whom shall be appointed by the President, by and with the advice and consent of the Senate. Not more than four members so appointed shall be from the same political party."

"SEC. 3. That the provisions of section 2 of this act shall not affect the tenure of office of any person who is a member of the World War Foreign Debt Commission at the time this act takes effect."

Mr. McCUMBER. I move that the Senate agree to any conference asked by the House on the disagreeing votes of the two Houses upon the pending bill, and that the conferees on the part of the Senate be appointed by the Chair.

The motion was agreed to; and the Vice President appointed Mr. McCUMBER, Mr. SMOOT, and Mr. WILLIAMS conferees on the part of the Senate.

THE MERCHANT MARINE.

Mr. JONES of Washington. I move that the Senate proceed to the consideration of the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes.

Mr. ROBINSON. I thought there was an understanding that upon the passage of the debt funding bill the Senate would adjourn until 11 or 12 o'clock to-morrow.

Mr. JONES of Washington. I will say to the Senator that after the motion I have made shall have been acted upon an adjournment will be taken.

Mr. ROBINSON. But the Senator's motion can not be acted upon this evening.

Mr. JONES of Washington. I shall insist upon my motion being disposed of to-night. I have moved that the Senate proceed to the consideration of House bill 12817.

Mr. ROBINSON. I move that the Senate do now adjourn.

Mr. JONES of Washington. On that motion I demand the yeas and nays.

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

Mr. FRELINGHUYSEN (when his name was called). I am paired with the junior Senator from Montana [Mr. WALSH], who, I observe, has left the Chamber. Therefore I am compelled to withhold my vote. If permitted to vote, I should vote "nay."

Mr. HARRIS (when his name was called). Repeating the previous announcement as to my pair, I withhold my vote.

Mr. LODGE (when his name was called). I transfer my pair with the Senator from Alabama [Mr. UNDERWOOD] to the Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

Mr. MCCORMICK (when his name was called). I transfer my pair with the junior Senator from Wyoming [Mr. KENDRICK] to the senior Senator from Pennsylvania [Mr. PEPPER] and vote "nay."

Mr. WILLIS (when his name was called). I am paired with my colleague, the senior Senator from Ohio [Mr. POMERENE]. I transfer that pair to the senior Senator from Iowa [Mr. CUMMINS] and vote "nay."

The roll call was concluded.

Mr. CURTIS. I desire to announce the following pairs: The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN]; and

The Senator from West Virginia [Mr. ELKINS] with the Senator from North Carolina [Mr. SIMMONS].

The result was announced—yeas 30, nays 38, as follows:

YEAS—30.

Ashurst	Broussard	Dial	Gerry
Bayard	Capper	Fletcher	Glass
Brookhart	Caraway	George	Harrison

Hefin	McKellar	Robinson	Swanson
Hitchcock	McNary	Sheppard	Trammell
Jones, N. Mex.	Norris	Shields	Walsh, Mass.
King	Overman	Smith	
La Follette	Pittman	Stanley	
NAYS—38.			
Ball	Johnson	Moses	Spencer
Bursum	Jones, Wash.	Nelson	Sterling
Calder	Kellogg	New	Sutherland
Cameron	Keyes	Oddie	Townsend
Colt	Lenroot	Page	Warren
Curtis	Lodge	Phipps	Watson
Dillingham	McCormick	Ransdell	Weller
Ernst	McCumber	Reed, Pa.	Willis
Fernald	McKinley	Shortridge	
Hale	McLean	Smoot	
NOT VOTING—28.			
Borah	France	Myers	Reed, Mo.
Brandegge	Frelinghuysen	Nicholson	Simmons
Couzens	Gooding	Norbeck	Stanfield
Culberson	Harrell	Owen	Underwood
Cummins	Harris	Pepper	Wadsworth
Edge	Kendrick	Poinexter	Walsh, Mont.
Elkins	Ladd	Pomerene	Williams

So the Senate refused to adjourn.

The VICE PRESIDENT. The question is on the motion of the Senator from Washington [Mr. JONES] to proceed to the consideration of House bill 12817.

Mr. FLETCHER. May I ask the Senator if it is his purpose to go on with the bill to-night if the motion prevails?

Mr. JONES of Washington. It is not. I am perfectly willing to have an adjournment taken when the motion is agreed to.

Mr. FLETCHER. To what hour?

Mr. JONES of Washington. I am ready to adjourn until 11 o'clock to-morrow.

Mr. ROBINSON. Very well, Mr. President; with that understanding I make no further objection.

The VICE PRESIDENT. The question is on the motion of the Senator from Washington.

The motion was agreed to; and 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. I ask unanimous consent that a reprint of the bill may be made, showing the amendments as reported by the committee and certain amendments which I expect to propose to the bill.

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

Mr. McNARY. I submit an amendment intended to be proposed by me to the pending bill, which I ask may lie on the table and be printed.

The VICE PRESIDENT. It will be so ordered.

ADJOURNMENT.

Mr. JONES of Washington. I move that the Senate adjourn until 11 o'clock to-morrow morning.

The motion was agreed to; and (at 7 o'clock and 30 minutes p. m.) the Senate adjourned until to-morrow, Saturday, February 17, 1923, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

FRIDAY, February 16, 1923.

The House met at 12 o'clock noon. The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

The Lord reigneth. There is but one God, and in the hollow of His hand all things rest. Come to our waiting hearts and surround us this day with the circle of Thy care. May we so labor that nothing of Thy Providence shall be wasted upon us. Give us a growing insight into all problems which are related to the happiness and prosperity of our country. Establish all our ways in the paths of Thy truth. Comfort the sick and the distressed with Thy grace. Bless and keep those whose dumb entreaties are written on their hearts and whose language can not be told. In the name of Jesus. Amen.

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

SENATE BILL LAID ON THE TABLE.

Mr. SNYDER. Mr. Speaker, by direction of the Committee on Indian Affairs, I ask unanimous consent that the bill (S. 3790) authorizing the Secretary of the Interior to enter into an agreement with Toole County irrigation district, of Shelby, Mont., and the Cut Bank irrigation district, of Cut Bank, Mont., for the disposal of the surplus waters of Milk River, Two Medicine, Cut Bank, and Badger Creeks, not needed by the

Indians of the Blackfeet Indian Reservation for domestic or irrigation purposes, be laid on the table.

The SPEAKER. The gentleman from New York asks unanimous consent that the bill S. 3790 be laid on the table. Is there objection?

There was no objection.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed without amendment the following concurrent resolution:

House Concurrent Resolution 84.

Resolved by the House of Representatives (the Senate concurring), That the committee of conference on the disagreeing votes of the two Houses on the amendment of the Senate No. 124 to the bill (H. R. 13660) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1924, and for other purposes, be authorized to agree to striking out the following language from said amendment: "at the Virginia end of the Key Bridge."

The message also announced that the Senate had passed without amendment the bill of the following title:

H. R. 13351. An act authorizing the Secretary of the Navy, in his discretion, to deliver to the Daughters of the American Revolution of the State of South Carolina the silver service which was used upon the battleship *South Carolina*.

The message also announced that the Senate had agreed to the amendments of the House of Representatives to the bill (S. 3220) to amend sections 2, 5, 11, 12, 15, 19, 29, and 30 of the United States warehouse act, approved August 11, 1916.

The message also announced that the Senate had passed the following concurrent resolution, in which the concurrence of the House of Representatives was requested:

Resolved by the Senate (the House of Representatives concurring), That the action of the Speaker of the House of Representatives and of the President of the Senate in signing the enrolled bill (S. 2023) 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, be rescinded and that the Secretary be authorized and directed to reenroll the bill with the following amendments:

On page 1, line 6, after the words "United States," insert "in the years 1918 and 1919."

Amend the title so as to read, "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 in the years 1918 and 1919 for the purchase of wheat, rye, or oats for seed, and for other purposes."

LIQUOR SHIPMENTS TO DIPLOMATIC REPRESENTATIVES.

Mr. CRAMTON. Mr. Speaker, I move that the Committee on the Judiciary be discharged from further consideration of House Resolution 503.

The SPEAKER. The gentleman from Michigan moves to discharge the Judiciary Committee from further consideration of House Resolution 503.

Mr. CRAMTON. Mr. Speaker, I ask unanimous consent to proceed for three minutes.

The SPEAKER. The gentleman from Michigan asks unanimous consent to proceed for three minutes. Is there objection?

Mr. GARRETT of Tennessee. Reserving the right to object, the gentleman will have control of the time.

Mr. CRAMTON. I am not insistent on it, but I thought the House would prefer a brief statement.

The SPEAKER. The gentleman from Tennessee means after the committee is discharged?

Mr. GARRETT of Tennessee. Yes.

Mr. CRAMTON. I thought the House would prefer a brief statement at this time.

The SPEAKER. There is no debate on the motion to discharge the committee except by unanimous consent. If the committee is discharged the gentleman will have an hour, and the Chair presumes that the gentleman from Tennessee referred to that time.

Mr. GARRETT of Tennessee. At some time before it is finally disposed of.

The SPEAKER. Is there objection to the request of the gentleman from Michigan for three minutes?

There was no objection.

Mr. CRAMTON. Mr. Speaker, I do not care to discuss the merits of the resolution further than to say that it is one of two resolutions introduced by me 10 days ago, which went to the Judiciary Committee, and were very promptly handled by that committee and referred to the department for information. That information has come back from both departments—from the State Department quite full and complete and the Treasury Department complying in part. I want to make it clear to the House that my action in asking to have the committee discharged is not to be taken in any way as a reflection on that committee or as indicating any reluctance on their part to have

acted upon it. My action is in accord with the consent of the chairman. The committee is busily engaged in important matters, and this is a matter the House can handle whether reported or not. There is no question as to what would have been the action of the committee, but rather than to wait until the next session of the committee on Monday, and rather than to unnecessarily take up their time on what is merely a formal matter, I have taken this course. There is no question but that the committee would have acted favorably if I had asked action by them.

Mr. GARRETT of Tennessee. Let the resolution be reported.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

House Resolution 503.

Resolved, That the Secretary of the Treasury be, and he is hereby, directed to inform the House of Representatives, if not incompatible with the public interest, as follows:

1. What shipments of intoxicating liquors for beverage purposes consigned to representatives of foreign governments having a diplomatic status in the United States have been imported into the United States since January 17, 1920, giving in connection with each such shipment the name and office of the consignee, the country to which he was accredited, the kind and quantity of liquor, the place from which shipped to the United States, to whom delivered by the Customs Service, and the date of such delivery to the consignee or his representative.

2. What rules or regulations, if any, have been adopted or put in force by the Treasury Department or any officer thereof since January 17, 1920, with reference to the importation of intoxicating liquors for beverage purposes for representatives of foreign governments having a diplomatic status in the United States.

3. If any such rules or regulations have been so adopted or put in force, or any such liquors have been so imported since January 17, 1920, under the authority of what law, if any, the Treasury Department acted in adopting or putting in effect such rules or regulations or in permitting such importations.

Mr. GARRETT of Tennessee. Mr. Speaker, I reserve a point of order on the resolution, if it is not too late. This is the first time it has been reported.

The SPEAKER. The Chair thinks it is not too late.

Mr. GARRETT of Tennessee. The latter clause calls for an opinion for the reason that it asks the Secretary of the Treasury to state under what law, if any, the Treasury Department acted in adopting or putting in effect rules or regulations permitting importations.

The SPEAKER. The Chair thinks that that point of order does not lie. It simply asks under what law the Treasury Department acted.

Mr. GARRETT of Tennessee. It would require a construction of the law, would it not?

The SPEAKER. The Chair thinks not.

Mr. GARRETT of Tennessee. I withdraw the point of order.

Mr. HILL. Mr. Speaker, I make the point of order that no quorum is present. This is a very interesting question.

The SPEAKER. There is no debate permitted on the motion. The gentleman from Maryland makes the point that no quorum is present.

Mr. DARROW. Mr. Speaker, I move a call of the House.

The motion was agreed to.

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

Ansorge	Fairfield	Lee, N. Y.	Schall
Anthony	Fess	Little	Scott, Mich.
Barkley	Fish	McClintic	Scott, Tenn.
Bird	Focht	McLaughlin, Nebr.	Sears
Bland, Ind.	Free	McLaughlin, Pa.	Siegel
Bond	Gallivan	Martin	Sinclair
Bowers	Garner	Mead	Slomp
Brand	Glynn	Michaelson	Smith, Mich.
Brennan	Gould	Mills	Smithwick
Brooks, Ill.	Graham, Pa.	Montague	Stinnes
Brooks, Pa.	Griffin	Moore, Ill.	Stoll
Burdick	Hawes	Morin	Strong, Pa.
Burke	Himes	Mott	Sullivan
Burtness	Humphreys, Miss.	Mudd	Summers, Wash.
Burton	Hutchinson	Nelson, J. M.	Sweet
Cable	Johnson, Ky.	Newton, Mo.	Tague
Carew	Johnson, Miss.	Nolan	Taylor, Ark.
Chandler, N. Y.	Johnson, S. Dak.	O'Brien	Taylor, Colo.
Chandler, Okla.	Kahn	O'Connor	Taylor, N. J.
Classon	Keller	Overstreet	Thomas
Cockran	Kennedy	Park, Ga.	Thorpe
Codd	Kiess	Parks, Ark.	Tinkham
Connolly, Pa.	Kindred	Paul	Vestal
Cullen	King	Perlman	Volk
Curry	Kitchin	Rayburn	Ward, N. Y.
Davis, Minn.	Kiecza	Reber	Wheeler
Dominick	Kline, N. Y.	Riddick	Winslow
Drane	Knight	Rodenberg	Yates
Dupré	Kopp	Rose	Zihlman
Dyer	Kraus	Rossdale	
Edmonds	Kreider	Ryan	

The SPEAKER. On this roll 307 Members have answered to their names, a quorum.

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

The motion was agreed to.

The doors were opened.

The SPEAKER. The question is on the motion of the gentleman from Michigan to discharge the Committee on the Judiciary from further consideration of House Resolution 503. The motion was agreed to.

The SPEAKER. The Clerk will report the resolution.

The Clerk again reported the resolution.

Mr. CRAMTON. Mr. Speaker, on February 3 I introduced two resolutions of inquiry relating to the importation of liquors for the use of embassies of foreign governments, one resolution calling for information from the State Department and the other from the Treasury Department. At that time I made the following statement with reference to the purpose of the resolutions:

Of late the importation and use of liquors for foreign embassies and legations has been the subject of country-wide discussion. This has been particularly true in Washington, where the problem of enforcement of the eighteenth amendment is said to be acutely affected by the presence of these liquors. To what extent it really is affected is uncertain, so conflicting are the various published reports. The other day the President said the question of the amount of liquor to be received by the diplomatic corps here is a matter for Congress to consider rather than the Executive. It is time Congress and the country knew the facts about this, knew whether that which has been permitted as a courtesy is being used as a cover for abuses seriously contributing to scandalous disregard of the fundamental law of our land. When Congress has from the departments the authentic facts as to the extent of such importations and the law under which it is being done, we can decide better what, if anything, is necessary to safeguard the courtesy or to end the abuses.

My resolution asks of the Treasury Department a statement in detail of all importations of liquors for the diplomatic corps during the last three years under national prohibition, the regulations governing such importations, and under what law the department acts. Of the State Department the resolution asks: What regulations have been adopted, what certificates of identification have been issued, and under what law the department acts?

House Resolution 503 has been read by the Clerk; House Resolution 504 is as follows:

Resolved, That the Secretary of State be, and he is hereby, directed to inform the House of Representatives, if not incompatible with the public interest, as follows:

1. What rules or regulations, if any, have been adopted or promulgated by the Department of State or any officer thereof with reference to the importation into the United States and transportation therein of intoxicating liquors for beverage purposes for representatives of foreign governments having diplomatic status in the United States since January 17, 1920?

2. To what representatives of foreign governments having a diplomatic status in the United States have certificates of identification been issued by or on behalf of the Department of State since January 17, 1920, for the purpose of enabling such representatives to secure any such importations?

3. If any such rules or regulations have been so adopted or promulgated, or certificates of identification have been issued, under the authority of what law the Department of State acted?

Those resolutions went to the Committee on the Judiciary and, as is customary, the chairman of that committee asked the State and Treasury Departments for information with reference to them. The State Department furnished a response which appealed to me as complying fairly well with the resolutions. From the State Department there came copies of opinions rendered by the Attorney General covering the question of the law governing this matter. I ask unanimous consent at this point to extend my remarks in the RECORD.

The SPEAKER. Is there objection?

There was no objection.

Mr. CRAMTON. I shall insert these papers in full at this point in my remarks. They are as follows:

DEPARTMENT OF STATE,
Washington, February 10, 1923.

HON. ANDREW J. VOLSTEAD,
Chairman Committee on the Judiciary,
House of Representatives.

SIR: I have the honor to acknowledge the receipt of your letter of February 6, 1923, inclosing a copy of House Resolution 504, which was introduced by Representative CRAMTON on February 3, 1923, and referred to your committee. You state that the committee will be glad to have any information or suggestions that this department would care to submit to it before acting upon this resolution.

I have the honor to state that I am entirely willing to furnish the committee all the information which I can properly transmit, and for this purpose the adoption of the resolution is unnecessary.

1. Regarding the inquiry concerning the rules and regulations, if any, adopted by the department or any officer thereof with reference to the importation into the United States and transportation therein of intoxicating liquors for beverage purposes for representatives of foreign governments having a diplomatic status, I may observe that the administration of the law regarding this subject is, as you know, not vested in this department, and neither the Department of State nor any officer thereof has adopted or promulgated any rules or regulations with reference to the importation or transportation of intoxicating liquors belonging to diplomatic representatives of foreign governments.

2. As to the inquiry, "To what representatives of foreign governments having a diplomatic status in the United States have certificates of identification been issued by or on behalf of the Department of State since January 17, 1920, for the purpose of enabling such representatives to secure any such importations," I beg to say:

As you are doubtless aware, diplomatic officers accredited by foreign governments to the United States and received as such, together with the members of their missions, including their families and servants,

are immune from arrest, and their baggage and property can not be distrained, seized, or attached. In this connection I may call your attention to the provisions of sections 4062 to 4065 of the Revised Statutes of the United States in relation to the inviolability of the person and property of diplomatic officers and their domestics and domestic servants. Section 4063 of the Revised Statutes provides that the immunities granted by the preceding section are not to "apply to any case where the person against whom the process is issued is a domestic servant of a public minister unless the name of the servant has, before the issuing thereof, been registered in the Department of State and transmitted by the Secretary of State to the marshal of the District of Columbia, who shall upon receipt thereof post the same in some public place in his office." It has been customary for many years for this department to issue, at the request of foreign diplomatic officers, certificates of identification for themselves or for their domestic servants duly registered in order that such persons might not experience difficulties in obtaining the immunities to which they are entitled.

Copies of the form of certificates of identification issued are inclosed. The department does not require a statement of the purposes for which these certificates are to be used, nor do the certificates that are issued indicate that they are to be used for any specific purpose.

Copies of requests for certificates showing that they are desired in order to secure diplomatic privileges and immunities and the purposes of the requests are transmitted to the Treasury Department for its information.

3. Concerning the inquiry as to the authority of law under which the department acts in such matters, I may state that it acts under the recognized principles of international law, the sections of the Revised Statutes referred to above, and the pertinent court decisions.

As of possible interest to you, I inclose copies of opinions of Attorney General Palmer dated May 8 and December 5, 1919, and of Acting Attorney General King dated January 12, 1920, concerning the immunity of diplomatic officers.

I have the honor to be, sir, your obedient servant.

CHARLES E. HUGHES.

(Inclosures: Form of certificate of identification for diplomatic officer. Same for employee of embassy or legation. Opinions of Attorney General Palmer of May 8 and December 5, 1919. Opinion of Acting Attorney General King of January 12, 1920.)

To whom it may concern:

This is to certify that _____ is the minister of _____, and that he is, therefore, entitled by the laws of the United States to the diplomatic privileges and immunities corresponding to his office.

DEPARTMENT OF STATE,
Washington.

To whom it may concern:

This is to certify that _____ is an employee of the _____ Embassy; that he is duly registered in the Department of State in accordance with the provisions of article 4065 of the Revised Statutes of the United States; and that he is therefore entitled to the diplomatic privileges and immunities corresponding to his functions.

DEPARTMENT OF STATE,
Washington.

DEPARTMENT OF JUSTICE,
Washington, May 8, 1919.

HON. ROBERT LANSING,
Secretary of State, Washington, D. C.

DEAR MR. SECRETARY: I have the honor to acknowledge receipt of your letter of April 9, referring to the act of March 3, 1917, which was later made applicable to the District of Columbia, known as the Reed amendment, and to the provision of the act of November 21, 1918, to the effect that "no distilled, malt, vinous, or other intoxicating liquors shall be imported into the United States during the continuance of the present war and period of demobilization," and requesting an opinion on the following questions:

"1. Will a railroad or express company or other carrier be exempt from the penalty of the Reed amendment if it transports in interstate commerce a shipment of intoxicating liquors consigned to a diplomatic representative of a foreign country residing in the District of Columbia?"

"2. Will a vendor or manufacturer of intoxicating liquors who accepts an order for intoxicating liquors from a diplomatic representative of a foreign country residing in the District of Columbia, and ships the same in interstate commerce into the District of Columbia, addressed to such diplomatic representative, be subject to penalty under the Reed amendment?"

"3. Will a shipment of intoxicating liquors from abroad, addressed to a diplomatic representative in the District of Columbia, be permitted to come into this country and be transported to the District of Columbia, in spite of the provisions of the act of November 21, 1918?"

To answer the questions thus submitted, it is necessary to consider the so-called Reed amendment of March 3, 1917, afterwards made applicable to the District of Columbia, and the act of November 21, 1918, which prohibits the importation of intoxicating liquors of any kind during the period of war and demobilization.

The Reed amendment is directed only against the transportation of liquor in interstate commerce. It subjects to its penalties all persons, including carriers, who cause intoxicating liquors to be transported from any point in the United States into the District of Columbia for beverage purposes. It does not, however, apply to foreign commerce, and hence does not prohibit the transportation of such liquors from a foreign country to any point within the United States.

The act of November 21, 1918, on the other hand, does not relate to interstate commerce or transportation, but, in the broadest terms, prohibits the importation into this country of intoxicating liquors. The two acts together make it unlawful to cause liquor to be transported into the District of Columbia from any point within the United States or to import it from a foreign country. Carriers who knowingly transport such liquors from within the United States into the District of Columbia are subject to the penalties of the Reed amendment. In the case of the importation of liquor from foreign countries, however, the offense consists of bringing it into this country, and a carrier who, as a part of the transportation from a foreign country to a point within the United States, transports it from the port of entry to its destination, transports it not in interstate commerce but in foreign commerce, and hence is not guilty of a violation of either the Reed amendment or the act of November 21, 1918. In

such case, the latter act is violated by the importer when the liquor is brought into the United States.

While the law is as stated above, it is also true that diplomatic representatives of foreign countries, residing in the District of Columbia, are entitled to certain well-established immunities. Section 4063 of the Revised Statutes is as follows:

"Whenever any writ or process is sued out or prosecuted by any person in any court of the United States, or of a State, or by any judge or justice, whereby the person of any public minister of any foreign prince or State, authorized and received as such by the President, or any domestic or domestic servant of any such minister, is arrested or imprisoned, or his goods or chattels are distrained, seized, or attached, such writ or process shall be deemed void."

By section 4065, however, it is provided that the section just quoted shall apply only to those domestic servants whose names shall have been registered in the Department of State and transmitted by the Secretary of State to the marshal of the District of Columbia. This statute is declaratory of recognized rules of international law.

It follows that while the importing into this country or the bringing into the District of Columbia in interstate commerce of intoxicating liquors is an offense against the laws referred to, no diplomatic representative of any foreign country received by the President and residing in the District of Columbia, nor any domestic servant of such representative whose name has been duly registered, is subject to arrest for such an offense. Intoxicating liquors belonging to such a diplomatic representative are a part of his goods and chattels, and as such are not subject to seizure or detention. This immunity does not extend, however, to persons other than the representative himself and his registered domestic servant who may be found transporting liquors from any point within the United States into the District of Columbia, although such liquors may be the property of a foreign diplomatic representative and are being transported for delivery to him.

It is unlawful to sell intoxicating liquors in the District of Columbia. It would be scarcely claimed that an indictment under this law could be defeated by showing that the sale was made to a diplomatic representative of a foreign country. Likewise, it is unlawful to cause intoxicating liquors to be transported from Baltimore, for instance, to Washington. And I apprehend that one could not successfully defend against an indictment for such transportation by showing that the liquors transported were the goods and chattels of a foreign diplomatic representative.

To illustrate the principle, a foreign ambassador could not be indicted for a violation of the game laws of any of the States. But this would not give immunity to any American citizen who should invite him to a hunting party conducted in disregard of the game laws.

In accordance with the law as above stated, I answer your questions as follows:

1. A railroad or express company or other carrier is not exempt from the penalty of the Reed amendment if it transports in interstate commerce a shipment of intoxicating liquors consigned to a diplomatic representative residing in the District of Columbia.

2. A vendor or manufacturer of intoxicating liquors who accepts an order for intoxicating liquors from a diplomatic representative of a foreign country residing in the District of Columbia and ships the same in interstate commerce into the District of Columbia addressed to such diplomatic representative is subject to the penalty of the Reed amendment.

3. Laws prohibiting importation are enforced by criminal prosecutions and by seizure and forfeiture of goods. They can not be enforced against a diplomatic representative, who is immune from arrest and whose goods and chattels are not subject to seizure. It follows that a shipment of liquors from abroad, addressed to a diplomatic representative in the District of Columbia, can not be seized and molested, and hence its entry must be permitted. Having thus entered the country, its transportation from the seaport to its destination is an incident of foreign and not interstate commerce, and hence not prohibited.

Respectfully,

A. MITCHELL PALMER, *Attorney General.*

DEPARTMENT OF JUSTICE,
Washington, December 5, 1919.

HON. ROBERT LANSING,
Secretary of State, Washington, D. C.

MY DEAR MR. SECRETARY: I have the honor to acknowledge receipt of your letter of December 2 calling my attention to recent prohibition legislation in connection with the opinion given you on May 8, 1919.

At the time the opinion referred to was given the statutes involved were the so-called Reed amendment, which prohibited the shipment of intoxicating liquors into States whose laws prohibited the sale and manufacture of such liquors, the later act which made the provisions of that act applicable to the District of Columbia, and the act of November 21, 1918, which prohibited the importation of intoxicating liquors into the United States. I held at that time that while the importation of intoxicating liquors was prohibited the method of enforcing the prohibition was a seizure of the liquors; and since the goods and chattels of diplomatic representatives of foreign countries were immune from seizure, the importation of liquors by such diplomatic representatives could not be prevented. I further held that the only Federal law affecting the right to transport liquors was the Reed amendment, which was limited in its operations to the shipments in interstate commerce. And since goods consigned in a foreign country to a diplomatic representative in Washington were in foreign and not interstate commerce, the Reed amendment had no application; and that the railroad company which transported the liquors from the seaport to Washington being engaged in foreign commerce was not guilty of a violation of the Reed amendment.

Title I of the recent prohibition enforcement act relates alone to the enforcement of the act of November 21, 1918, and does not in any way affect the questions involved. Title II of the prohibition enforcement act, however, which goes into effect contemporaneously with the prohibition amendment, makes it unlawful to transport liquor within the United States without regard to whether the transportation be intrastate, interstate, or foreign commerce. I am, therefore, constrained to the view that when that act becomes effective it will be unlawful for any common carrier to transport from the seaport to Washington any intoxicating liquors intended for beverage purposes, although they be consigned to a diplomatic representative of a foreign country.

Of course, as you suggest, on account of the immunity of diplomatic representatives from arrest and the immunity of their goods and chattels from seizure such representatives can not be prevented from

transporting to Washington personally and through their registered servants such intoxicating liquors as they may bring into the country.

Respectfully,

A. MITCHELL PALMER, *Attorney General.*

OFFICE OF THE ATTORNEY GENERAL,
Washington, D. C., January 12, 1920.

HON. ROBERT LANSING,
Secretary of State, Washington, D. C.

DEAR MR. SECRETARY: I have the honor to acknowledge receipt of your letter of December 29, referring to yours of November 2, 1919, and inclosing copy of a note, dated December 13, 1919, from the Norwegian Minister asking to be informed of the status of consular and diplomatic representatives in this country with respect to the prohibition laws of the United States. I presume the reference is to such status when Title II of the recent national prohibition act and the eighteenth amendment go into effect. If you will refer to my letter of December 5, in answer to yours of December 2, you will see that I then expressed my views on this question. The importation of intoxicating liquors will be unlawful, but since foreign ministers are immune from arrest and their goods and chattels immune from seizure or detention they can not be prevented from bringing liquors into any port of the United States, nor can they be prevented from personally, or through their registered servants, transporting such liquors from the seaport to Washington. This immunity, however, can not be extended to a common carrier who is subject to the laws of the United States. In other words, it can not be said that because a foreign minister may without interference from this Government transport liquors that this licenses a common carrier to transport them for him when such transportation is forbidden by the law. The act of Congress is as broad as it can be made, and there is no authority in the executive department of the Government to make an exception to the prohibition against transportation which Congress has not seen fit to make. This, in connection with my letter of December 5, I think fully answers your question.

Respectfully,

ALEX. C. KING, *Acting Attorney General.*

I wish to call attention particularly at this time to their purport and to their essential points. The Attorney General's opinion, as will be seen, points out that under section 4063 of the Revised Statutes the persons and property of ministers from foreign countries, and of any domestic or domestic servant of such ministers, are immune from arrest or seizure. Any foreign minister duly accredited, his domestic or domestic servants, can not be arrested for any offense against our laws and his property can not be seized. Further, the Attorney General holds that under the prohibition amendment and Title II of the Volstead Act the importation of liquor and the transportation of liquor for a foreign minister or his domestics or domestic servants is unlawful and in violation of the law, but that because of the statute of immunity such person can not be arrested and liquor in his possession can not be seized; but the opinion makes it clear, states directly, that the importation even by one enjoying such immunity is unlawful under the Volstead Act and the eighteenth amendment. Further, that a common carrier who transports such liquors would be subject to the penalties of the law, because the immunity would not be extended to the common carrier. He does not say—it was not in issue—but I assume that what he says of a common carrier would be true as well of a private carrier hired for a particular trip.

The Secretary of the Treasury has furnished much of the information requested, has pointed out their procedure, and submitted a circular which I shall insert in the Record, under which it appears that as soon as the Attorney General's opinion was available the Treasury Department changed their regulations as to handling shipments coming in for the diplomatic corps to the extent that such shipments should not be received through the customs without examination, but that it should be sufficient, so far as examination was concerned, to accept a statement of the diplomatic representative as to whether or not the shipment contained intoxicating liquors. So that the customs officials have information when the shipments are received as to whether or not they contain intoxicating liquors. That information is sent to the Treasury Department. The Treasury Department stated that they felt they ought not to give out that information. I have discussed the matter since with officials of the Treasury Department, and they say that what action they would take in response to their resolution if passed by the House is not definite. That is, the fact that they have heretofore in their letter to the Judiciary Committee declined to give the information does not necessarily settle the question of what they will do in response to a request coming direct from the House. The letter of the Secretary of the Treasury and accompanying papers are as follows:

THE SECRETARY OF THE TREASURY,
Washington, February 13, 1923.

DEAR MR. CHAIRMAN: I received your letter of February 6, 1923, transmitting a copy of House Resolution 503, directing the Secretary of the Treasury to furnish information as to the importation and transportation of intoxicating liquors by diplomatic representatives of foreign governments in the United States. I see no occasion for the passage of this resolution, for the Treasury is quite prepared to furnish to the committee, without a formal resolution, any information that it can properly give as to the shipments or the rules and regulations which govern them.

I am inclosing for the use of the committee copies of the several Treasury decisions and letters of instruction issued since January 17,

1920, governing importations by diplomatic representatives of foreign governments in the United States, from which it appears that the same rules apply to intoxicating liquors as to other articles imported by foreign diplomats, with the exception that intoxicating liquors will be delivered only to persons holding credentials issued by the Department of State as foreign diplomatic officers. It is well established that diplomatic representatives of foreign governments are entitled to the free entry of goods as a matter of international comity and usage, and in order to provide all necessary safeguards against unauthorized importations by persons not enjoying the diplomatic status the Treasury requires that diplomatic credentials be presented and receives reports of all importations of intoxicating liquors by diplomatic representatives of foreign governments. The Treasury does not, of course, endeavor to exercise control over the disposition of intoxicating liquors delivered to diplomatic representatives of foreign governments, and it is manifest that it could not do so without infringing their diplomatic privileges and immunities. Nor could it properly give out any reports or other information as to importations of intoxicating liquors by foreign diplomatic representatives, in view of their diplomatic status and the protection of person and property to which that entitles them.

I trust that this furnishes the information which the committee desires.

Very truly yours,

A. W. MELLON,
Secretary of the Treasury.

HON. ANDREW J. VOLSTEAD,
Chairman Committee on the Judiciary,
House of Representatives, Washington, D. C.

ART. 376. Baggage: The privilege of free entry (and exemption from examination) is extended to the baggage and other effects of the following officials, their families, suites, and servants:

Foreign ambassadors, ministers, chargés d'affaires, Secretaries and naval, military, and other attachés at embassies and legations, high commissioners and consular officers accredited to this Government or en route to and from other countries to which accredited and whose governments grant reciprocal privileges to American officials of like grade accredited thereto.

Similar representatives of this Government abroad, including consular officers returning from their missions.

Other high officials of this and foreign governments. Applications should be made to the Department of State for the free entry of the baggage and extension of courtesy to all foreign ambassadors and other foreign officers. Application should also be made through the Department of State in the case of diplomatic and consular officers of the United States returning from their missions. Other high officials of this Government may, however, make application direct to the Treasury Department for the extension of courtesies.

In the absence of special authorization from the department prior to the arrival of any of the persons above referred to, collectors of customs may accord the privileges of this article to them upon presentation of their credentials or by otherwise establishing their identity.

Collectors will keep a record of the privileges granted, whether the subject of instructions from the department or not, containing the name of the person to whom granted, his rank or designation, the name of the vessel and date of arrival.

If by accident or unavoidable delay in shipment, the baggage or other effects of a person of any of the classes mentioned in this article shall arrive after him, the same may be passed free of duty upon his declaration (without examination).

The above article was amended by T. D. 38510, October 4, 1920, by the omission of the clauses in parentheses providing for the exemption from examination.

ART. 377. Imported articles: Members and attachés of foreign embassies and legations may receive articles imported for their personal or family use free of duty without examination, upon the department's instructions in each instance, which will be issued only upon the request of the Department of State.

Packages bearing the official seal of a foreign government will be admitted to free entry without examination. Costumes, regalia, and other articles for the official use of diplomatic or consular officers of a foreign government will be admitted free of duty.

Collectors will take charge of all packages addressed to diplomatic officers of foreign nations which arrive in advance of the receipt of instructions for free entry. Notification of such arrivals should be sent to the Secretary of the Treasury.

CUSTOMS.

(T. D. 38510.)

Baggage and effects—Customs regulations amended.

ARTICLE 376, CUSTOMS REGULATIONS OF 1915, AMENDED TO REQUIRE EXAMINATION OF BAGGAGE AND EFFECTS PERMITTED FREE ENTRY THEREUNDER.

TREASURY DEPARTMENT, October 4, 1920.

To collectors of customs and others concerned:

In order to prevent the importation of intoxicating beverages in violation of the national prohibition act, as construed by the Attorney General, it has become necessary to require the examination of all baggage and effects for which free entry is granted pursuant to the provisions of article 376 of the Customs Regulations of 1915.

You will hereafter make an immediate report to the Secretary of the Treasury (Division of Customs) of all violations of the prohibition law which come to your attention as the result of such examinations.

As this practice will be a distinct departure from the custom that has prevailed of waiving examination when admitting effects to free entry, you should take immediate steps to impress upon your force the necessity for careful compliance with the amended regulations.

JOSEPH SHOUSE, Assistant Secretary.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, October 23, 1920.

(Secret and confidential. Division of Customs, Circular Letter No. —.)

Collectors of customs:

Please refer to Division of Customs Circular Letter No. 547, dated September 15, 1920, and to T. D. 38510, dated October 4, 1920, with regard to the examination of baggage and effects of foreign diplomatic officers in the United States, both accompanying them at the time of arrival in the United States and consigned to them for transportation in bond from the port of first arrival to Washington.

You are hereby advised and instructed that the language contained in the circular letter above referred to and in T. D. 38510, providing for the inspection of the effects of such persons enjoying diplomatic privileges and immunities, shall not be construed or interpreted to extend to the opening of the baggage or effects of such diplomatic officials for purposes of inspection, but shall consist only in their scrutiny and the statement of the diplomatic officer as to whether such baggage or effects contains intoxicating liquors, so that the reports required by T. D. 38510 may be furnished to the department. Members of the diplomatic corps shall not be detained or inconvenienced for the purpose of such inspection. On the contrary, their effects shall remain, as heretofore, inviolate, and every proper means shall be afforded them to facilitate their passage through ports of the United States.

With respect to property and effects of diplomatic officers consigned to them at their embassies or legations at Washington for transportation in bond from port of first arrival, instructions shall be sought in each instance from the department at Washington. No shipments of this character shall, in any instance, be permitted transportation in bond without specific direction from the office of the Secretary of the Treasury. In each case where prior instructions have not been received from the department, collectors shall withhold approval of the release of such effects for transportation in bond until they shall have applied for and received the instructions of the department.

D. F. HOUSTON, Secretary.

(Confidential. Division of Customs. Circular letter No. —.)

TREASURY DEPARTMENT,
Washington, January 23, 1921.

Collectors of customs:

Please refer to T. D. 38510, dated October 4, 1920, amending article 376 of the Customs Regulations of 1915, to provide for examination of the baggage or effects of persons entitled to free entry thereunder.

You are hereby advised and instructed, with respect to persons other than those entitled to diplomatic privileges and immunities under section 4065 of the Revised Statutes of the United States, who receive free entry privileges under articles 376 and 377 of the Customs Regulations of 1915, to accept in lieu of examination, in the absence of circumstances which give reason to suspect a violation of the prohibition laws, the assurances of such persons that their baggage or effects do not contain liquor in violation of those laws. If, however, on any ground in an individual case you have reason to suspect that liquors are being imported by persons not entitled to diplomatic privileges and immunities under section 4065 of the Revised Statutes aforesaid, in violation of the law, the baggage or effects of such persons could be opened by you and examined, to establish definitely their contents. A detailed report of every such infraction of the law shall be promptly reported to the Secretary of the Treasury (Division of Customs) for instructions. No further action in any case shall be taken except upon receipt of and pursuant to specific orders from the department.

This instruction relates only to persons receiving free entry under articles 376 and 377 of the Customs Regulations who are subject to the laws of the United States. The procedure with regard to persons who are entitled to diplomatic privileges and immunities under section 4065 of the Revised Statutes aforesaid, which was outlined to you in secret and confidential instruction of October 23, 1920, will continue undisturbed.

D. F. HOUSTON, Secretary.

It appears, Mr. Speaker, from this information that the Treasury Department has the information and I urge that it ought to be furnished to the Congress. As I say, it ought to be furnished to the Congress, the body which has the responsibility of dealing with the question, as has been stated by the President. The Congress is entitled to have the authentic facts with respect to such importations. There is no desire on the part of anyone to begin an offensive campaign of overhauling the personal effects of diplomats, but truck-load shipments of liquor coming into Washington from Baltimore and coming in daylight through the streets of this city can only lead to confusion in the enforcement of the laws. Since I introduced the resolution I have had information, coming to me from official sources, of such incidents, and the statement that they caused great embarrassment to the police authorities of Washington in their endeavor to enforce this law. If one sees a truck load of liquor going through the streets of Washington with cases marked "whisky"—14 cases in one instance that I know of—one does not know whether it belongs to an embassy or not, and one may easily think that the laws are being put aside by everyone. The information ought to come to us as to the extent to which this is being carried on. The furnishing of the information called for by my resolution might cause some embarrassment to those legations which have shown most disregard of the law, but there must have been some embarrassment to those legations because of the publication, widespread, of such articles as the one I have in my hand taken from the New York Times, which article makes charges, mentions the embassies, and gives specific information. The whole question seems to me to be one which ought to be settled and cleaned up by a definite understanding of the situation.

Mr. YOUNG. Mr. Speaker, will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. YOUNG. Is it not an embarrassment to those representatives of countries who do observe the law to have a general understanding that all of the embassies in Washington are receiving large quantities? Is it not possible that full publicity would relieve of embarrassment those who have not abused the courtesies extended them by pinning the abuse on the real offenders?

Mr. CRAMTON. The gentleman from North Dakota states the situation very clearly. In the present situation, while we have the feeling that some of the embassies and legations have abused the courtesy, I think no one wants to be overcritical of any of the legations as to what they shall do at their own tables, but we do feel they ought not to make barrooms of their receptions. [Applause.] They ought not to go about among their friends—and I know of one authentic case given to me by a Member of this House—saying, "I will give you a quart of liquor." That is abuse of the courtesy that we want to end.

Mr. TILLMAN. Will the gentleman yield?

Mr. CRAMTON. I will yield.

Mr. TILLMAN. Did I understand the gentleman to say that he meant no discourtesy toward the Committee on the Judiciary by moving to discharge the committee from further consideration of this resolution?

Mr. CRAMTON. Absolutely no discourtesy is intended.

Mr. TILLMAN. This is a somewhat summary method of getting the resolution before the House. As a matter of fact, I see from the resolution itself that it bears the date of February 3—introduced only 13 days ago. I happen to know the views of Members of the Committee on the Judiciary on this subject. A majority is in sympathy with the resolution. Did the gentleman, may I ask, make any effort to get a hearing before that committee on this resolution?

Mr. CRAMTON. I am glad the gentleman asked that question.

Mr. TILLMAN. I want the country to know all the facts in connection with this matter and to keep the record straight.

Mr. CRAMTON. I had already spoken of this, but many have come in since, and I am glad the gentleman asked the question, because I want it absolutely understood that there is nothing in this question in any way of criticism of that committee. In fact, I might say this: It was because I knew very well what the Judiciary Committee would do if it were brought to their attention, and it seemed it was only a formality, inasmuch as the rules gave the right to call the matter up, and it seemed unnecessary to trouble them, especially as they have a number of very important matters up now.

Mr. TILLMAN. If the gentleman will yield further, the committee has been in session almost continuously since the introduction of the resolution, and has been engaged in discussing bills and measures that antedate the occasion when this measure was introduced, and so far as I know no special effort has been made to press the committee for a report, and certainly the committee has not been guilty of laches in not reporting this resolution.

Mr. CRAMTON. And very important measures are pending.

Mr. TILLMAN. I feel quite sure that the Judiciary Committee would have considered the resolution if the gentleman from Michigan had asked a hearing and requested us to report the same favorably from the House.

Mr. CRAMTON. There is not the slightest question in my mind as to that.

Mr. TILLMAN. I merely wanted to place that fact before the country in a clear and proper way. I am for the resolution, shall vote for its adoption, and I do not see why foreign embassies not guilty of permitting violations of our laws can object to the course we are about to take in this regard.

Mr. CRAMTON. And had I realized that any member of the committee would think that there was any reflection upon the committee, I would have proceeded in another way.

Mr. PARKER of New Jersey. Will the gentleman allow a question?

Mr. CRAMTON. I will.

Mr. PARKER of New Jersey. Is not the real situation not what went to a legation, but whether anything went out, and is it not a very great insult to those legations to ask what went into their cellars?

Mr. CRAMTON. Well, no more can go out than goes in, and a legation that had only a few cases in three years apparently has not abused the courtesy, but if a legation has had 500 or 1,000 cases coming into their cellars, we must assume that some went out somewhere.

Mr. PARKER of New Jersey. Does the gentleman think it is a fair assumption that it did not go into stock? It is not a fair thing to make an assumption against the legation and against foreign powers. It is a question of politeness to assume that everything in a legation they have the right to keep, and a resolution charging them with a crime is going into their private affairs in an outrageous way.

Mr. CRAMTON. The gentleman from North Dakota [Mr. Young] suggested it clearly, the legations that have not abused the courtesy can be protected from the very general publicity that has resulted by giving this information definitely which

will show to the Congress and the country who, if any, have abused the liberty.

Mr. PARKER of New Jersey. Has there been any proof that anything has been taken from the legations?

Mr. CRAMTON. Well, I have proof—I do not want to take too much time—which I have here, and I have the police report of some shipments that have come in—

Mr. PARKER of New Jersey. But it is a question of what goes from the legation.

Mr. CRAMTON. I do not know but what the gentleman might consider that this was going from a legation. The New York Times—

Mr. PARKER of New Jersey. I do not consider the New York Times—

Mr. CRAMTON. Probably the House may. In an article in the New York Times of February 4, 1923, and I will not read the name of any legation or embassy, but there it is stated that a certain embassy was the first to grasp the full strategic importance connected with prohibition as a social element in their influence, and during the arms conference it is said that this certain embassy laid in a whole cellar full of choicest liquors, and that the cellar gave out and had to be restocked, and that at one of the social functions given in honor of the Army and Navy a barroom was established in the embassy, with three bartenders in attendance serving Johnny Walkers and other drinks.

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

Mr. CRAMTON. I want to cut this short as much as I can.

Mr. BLANTON. Will the gentleman yield for a question?

Mr. CRAMTON. For just a brief question.

Mr. BLANTON. The police records of this District show, as I understand it, that there are leakages of liquor from one of these embassies, in violation of the laws of the country. Does not the gentleman believe that, if that is the case, if some embassy is forgetting its duty, the duty that it owes to this Government to obey the law, does not the gentleman think that the name of the embassy may be shown here, so that the people here may know who is doing it?

Mr. CRAMTON. I do not want to go into details too much to-day.

Mr. DAVIS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. DAVIS of Tennessee. Is it not a fact that Great Britain keeps tab on intoxicating liquors coming in from foreign countries and fixes an amount that may be received without the payment of duty?

Mr. CRAMTON. Yes; I so understand. It is simply a matter of giving free entry to a certain amount, and they are charged duty on any further amount. I understand that Great Britain exercises control of such importations, and I am sure there is no impropriety in our doing so.

Mr. BRITTEN. Mr. Speaker, will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. BRITTEN. It appears that the newspaper article that the gentleman referred to was the funny sheet of the New York Times. [Laughter.] Is not this whole thing a thoroughly ridiculous proposition? [Laughter.]

Mr. CRAMTON. Mr. Speaker, the article in question is from the magazine section of the paper—

Mr. BRITTEN. Accompanied by a lot of funny pictures.

Mr. CRAMTON. The gentleman thinks it is funny, but many of us think that to flaunt before a whole nation an excessive disregard of the Constitution of the United States under the guise of courtesy goes beyond the limits of courtesy. [Applause.]

Mr. Speaker, I yield five minutes to the gentleman from Tennessee [Mr. GARRETT].

The SPEAKER. The gentleman from Tennessee is recognized for five minutes.

Mr. GARRETT of Tennessee. Mr. Speaker, even where the word "liquor" is used it seems to me there is no necessity of losing our intelligence. [Applause.] The way in which this resolution has been handled is another evidence of the blundering incapacity of the majority side, which has been displayed ever since this Congress was assembled. The question of wet or dry is not involved in this resolution. That which is involved in it is the possibility of an insult to foreign countries. If the information asked for by the gentleman from Michigan [Mr. CRAMTON] in his resolution is given, what will we do with it?

Now, here is all there is to it: Under the comity existing between nations importations consigned to embassies are admitted without inquiry. It depends upon their good faith and honor whether they will violate the courtesies and comities.

I do not see what possible good the passage of this resolution can do in behalf of the dry cause. I do think I can see possibilities of friction and trouble and irritation on the part of foreign countries. We can not distinguish between foreign embassies. This resolution, in my opinion, ought to go to the table, but I am on the minority side. The majority party is responsible for the disposition that may be made of it. It seems to me that some responsible authority on the Republican side ought now to rise to the occasion and try to cure the blunder that they have already made. [Applause.]

Mr. CRAMTON. Mr. Speaker, I have only to say that the reading of the statement from the Treasury Department, which I put in the Record, will show that since the adoption of prohibition the Treasury Department has insisted upon examination to determine whether or not the goods coming in for these embassies contain intoxicating liquors.

Mr. POU. Mr. Speaker, will the gentleman yield?

Mr. CRAMTON. Yes.

Mr. POU. If this resolution is adopted and the Secretary of the Treasury complies with the request, what is it proposed to do with the information?

Mr. CRAMTON. The Congress will have it for its consideration, and upon the nature of the information will depend the action that Congress will conclude ought to be taken. There are certain remedies to correct the situation. The Attorney General says we can not arrest and can not seize, but there is one remedy that I am now seeking to apply, and that is the remedy of publicity. [Applause.] And following that there are other remedies. I know that this situation can be cured if we get the facts before the country.

Mr. Speaker, I move the previous question.

The SPEAKER. The gentleman from Michigan moves the previous question.

The previous question was ordered.

The SPEAKER. The question is on agreeing to the resolution.

The question was taken, and the Speaker announced that the "ayes" seemed to have it.

Mr. BRITTEN. Mr. Speaker, I demand the yeas and nays.

Mr. WRIGHT. Mr. Speaker, I demand the yeas and nays.

The SPEAKER. The yeas and nays are demanded.

The yeas and nays were ordered.

The SPEAKER. As many as are in favor of agreeing to the resolution will, when their names are called, answer "yea"; those opposed will answer "nay."

The question was taken; and there were—yeas 189, nays 113, not voting 125, as follows:

Abernethy	Dowell	Lankford	Shelton
Almon	Driver	Larsen, Ga.	Shreve
Anderson	Elliott	Lawrence	Sinclair
Andrews, Nebr.	Ellis	Layton	Sinnott
Anthony	Evans	Lazaro	Smith, Idaho
Appleby	Fairchild	Leatherwood	Smithwick
Arentz	Fields	Lineberger	Speaks
Aswell	Fish	Little	Sprull
Atkeson	Fisher	Logan	Stedman
Bankhead	Fitzgerald	Lowrey	Steenerson
Barbour	Foster	Luce	Stevenson
Beedy	Frear	Lyon	Strong, Kans.
Begg	Fuller	McCormick	Summers, Tex.
Bell	Fulmer	McKenzie	Swank
Benham	Funk	McLaughlin, Mich.	Sweet
Bixler	Gahn	MacLafferty	Swing
Black	Garrett, Tex.	Mapes	Taylor, Tenn.
Blakeney	Gensman	Michener	Temple
Bland, Va.	Gilbert	Miller	Thompson
Blanton	Goldsborough	Moore, Ohio	Tillman
Bowling	Graham, Ill.	Morgan	Timberlake
Box	Griest	Mott	Tincher
Briggs	Hammer	Murphy	Towner
Brown, Tenn.	Hardy, Colo.	Nelson, Me.	Turner
Browne, Wis.	Haugen	Nelson, J. M.	Tyson
Bulwinkle	Hawley	Newton, Minn.	Underhill
Byrnes, Tenn.	Hayden	Norton	Upshaw
Cantrill	Henry	Oldfield	Valle
Carter	Hersey	Oliver	Walters
Chalmers	Hoch	Perkins	Wason
Clague	Hooker	Purnell	Weaver
Clouse	Huck	Quin	White, Kans.
Cole, Ohio	Huddleston	Rainey, Ala.	White, Me.
Collier	James	Raker	Williams, Tex.
Collins	Jeffers, Ala.	Rankin	Williamson
Colton	Jones, Tex.	Reece	Wilson
Connally, Tex.	Kearns	Reed, N. Y.	Wingo
Cooper Ohio	Kelley, Mich.	Reed, W. Va.	Wise
Cooper, Wis.	Kelly, Pa.	Rhodes	Wood, Ind.
Coughlin	Kendall	Ricketts	Woodruff
Cramton	Ketcham	Roach	Woods, Va.
Crisp	Kincheloe	Robson	Wright
Crowthor	Kissel	Sanders, Ind.	Wyant
Dallinger	Kline, Pa.	Sanders, Tex.	Yates
Davis, Tenn.	Knutson	Sandlin	Young
Denison	Kopp	Scott, Tenn.	
Dickinson	Kraus	Sears	
Doughton	Lanham	Shaw	

NAYS—113.

Ackerman	Frothingham	Lee, Ga.	Rainey, Ill.
Andrew, Mass.	Garrett, Tenn.	Lehbach	Ramseyer
Bacharach	Gerner	Linthicum	Ransley
Beck	Gifford	London	Riordan
Britten	Goodykoontz	McArthur	Robertson
Buchanan	Gorman	McDuffie	Rogers
Burke	Green, Iowa	McFadden	Rosenbloom
Butler	Greene, Mass.	McPherson	Rouse
Byrnes, S. C.	Hadley	MacGregor	Rucker
Campbell, Kans.	Hardy, Tex.	Magee	Sabath
Campbell, Pa.	Hickey	Maloney	Snell
Cannon	Hicks	Martin	Snyder
Chindblom	Hill	Merritt	Stafford
Clark, Fla.	Hogan	Mondell	Stephens
Clarke, N. Y.	Hull	Montague	Ten Eyck
Cole, Iowa	Humphrey, Nebr.	Moore, Va.	Tilson
Copley	Humphreys, Miss.	Moore, Ind.	Tinkham
Crago	Husted	Newton, Mo.	Treadway
Dale	Jefferis, Nebr.	O'Connor	Tucker
Darrow	Johnson, Wash.	Ogden	Vinson
Deal	Jones, Pa.	Olpp	Volgt
Dominick	Kirkpatrick	Paige	Ward, N. C.
Drewry	Klecza	Parker, N. J.	Watson
Dunbar	Kline, N. Y.	Parker, N. Y.	Webster
Dunn	Kunz	Patterson, Mo.	Winslow
Faust	Lampert	Patterson, N. J.	Wurzbach
Favrot	Langley	Porter	
Fenn	Larson, Minn.	Pou	
Freeman	Lea, Calif.	Radcliffe	

NOT VOTING—125.

Ansorge	Fairfield	Knight	Rossdale
Barkley	Fess	Kreider	Ryan
Bird	Focht	Lee, N. Y.	Sanders, N. Y.
Bland, Ind.	Fordney	Longworth	Schall
Boies	Free	Lubring	Scott, Mich.
Bond	French	McClintic	Siegel
Bowers	Gallivan	McLaughlin, Nebr.	Sisson
Brand	Garner	McLaughlin, Pa.	Slemp
Brennan	Glynn	McSwain	Smith, Mich.
Brooks, Ill.	Gould	Madden	Steagall
Brooks, Pa.	Graham, Pa.	Mansfield	Stines
Burdick	Greene, Vt.	Mead	Stoll
Burtness	Griffin	Michaelson	Strong, Pa.
Burton	Hawes	Mills	Sullivan
Cable	Hays	Moore, Ill.	Summers, Wash.
Carew	Herrick	Morin	Tague
Chandler, N. Y.	Himes	Mudd	Taylor, Ark.
Chandler, Okla.	Hudspeth	Nelson, A. P.	Taylor, Colo.
Christopherson	Hukriede	Nolan	Taylor, N. J.
Classon	Hutchinson	O'Brien	Thomas
Cockran	Ireland	Overstreet	Thorpe
Codd	Jacoway	Park, Ga.	Vestal
Connolly, Pa.	Johnson, Ky.	Parks, Ark.	Volk
Cullen	Johnson, Miss.	Paul	Volstead
Curry	Johnson, S. Dak.	Perlman	Ward, N. Y.
Davis, Minn.	Kahn	Petersen	Wheeler
Dempsey	Keller	Pringley	Williams, Ill.
Drane	Kennedy	Rayburn	Woodyard
Dupré	Kiess	Reber	Zihlman
Dyer	Kindred	Riddick	
Echols	King	Rodenberg	
Edmonds	Kitchin	Rose	

So the resolution was agreed to.

The Clerk announced the following pairs:

On this vote:

- Mr. Bird (for) with Mr. Graham of Pennsylvania (against).
- Mr. Johnson of Mississippi (for) with Mr. Cullen (against).
- Mr. Hutchinson (for) with Mr. O'Brien (against).
- Mr. Fess (for) with Mr. Connally of Pennsylvania (against).
- Mr. McClintic (for) with Mr. Gallivan (against).
- Mr. Parks of Arkansas (for) with Mr. Taylor of New Jersey (against).
- Mr. Burtness (for) with Mr. Kindred (against).
- Mr. Summers of Washington (for) with Mr. Carew (against).
- Mr. Brand of Georgia (for) with Mr. Tague (against).
- Mr. Park of Georgia (for) with Mr. Sullivan (against).
- Mr. Pringley (for) with Mr. Hawes (against).
- Mr. Himes (for) with Mr. Griffin (against).
- Mr. Taylor of Colorado (for) with Mr. Mead (against).

Until further notice:
 Mr. Davis of Minnesota with Mr. Barkley.
 Mr. Morin with Mr. Sisson.
 Mr. Williams of Illinois with Mr. Cockran.
 Mr. Free with Mr. Steagall.
 Mr. Burton with Mr. Dupré.
 Mr. Edmonds with Mr. Johnson of Kentucky.
 Mr. Brennan with Mr. Overstreet.
 Mr. Johnson of South Dakota with Mr. Rayburn.
 Mr. Burdick with Mr. Drane.
 Mr. Keller with Mr. Stoll.
 Mr. Kahn with Mr. Kitchin.
 Mr. Perlman with Mr. Mansfield.
 Mr. Michaelson with Mr. Thomas.
 Mr. Strong of Pennsylvania with Mr. Garner.
 Mr. Mudd with Mr. Hudspeth.
 Mr. Kiess with Mr. McSwain.

The result of the vote was announced as above recorded. On motion of Mr. CRAMTON, a motion to reconsider the vote by which the resolution was agreed to was laid on the table.

WAR RISK INSURANCE.

Mr. WINSLOW. Mr. Speaker, I ask unanimous consent that the bill (H. R. 10003) to further amend and modify the war risk insurance act, with Senate amendments, be taken from the Speaker's table and that the House disagree to the Senate amendments and request a conference.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent to take from the Speaker's table H. R. 10003, disagree to the Senate amendments, and ask for a conference. The Clerk will report the bill by title.

The Clerk read the title of the bill.

The SPEAKER. Is there objection to the request of the gentleman from Massachusetts?

There was no objection, and the Speaker appointed as conferees on the part of the House Mr. SWEET, Mr. GRAHAM of Illinois, and Mr. RAYBURN.

COAL.

Mr. TREADWAY. Mr. Speaker, I ask unanimous consent to address the House for three minutes.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent to address the House for three minutes. Is there objection?

There was no objection.

Mr. TREADWAY. Mr. Speaker, the fuel situation in western Massachusetts has reached a very acute stage. I have stated previously on the floor of the House that 60 per cent of anthracite production will not make our section of the country comfortable at this period of the year.

I have asked the fuel authorities for an increase of that quantity, but in fairness to all sections I think very likely such a request as that can not be granted.

A new development seems to have arisen within the last few days that I think is worthy of the attention of Congress. I am informed that the Lehigh Coal & Navigation Co., with headquarters in Lansford, Pa., has practically ceased operations owing to a local condition that has brought about a strike. I know nothing as to the merits of that strike, but when production ceases of 300 or 400 cars per day—13,000 or 14,000 tons—and the country is deprived of that much coal, particularly as a good deal of that product goes into New England, we ought to know what has brought about that strike condition and it ought not to be permitted. We ought not to allow either the employer or employee to prevent production of coal at this very critical period.

It seems to me that we must take up another factor—that is, we must urge the Interstate Commerce Commission to establish a priority order for fuel for the present emergency. A priority fuel order ought at once, in my opinion, to be advocated and issued by the Interstate Commerce Commission. They act slowly. All Government departments function slowly, but I think this is a time when red tape should be cut right clean in two and that they ought to tear open the bundle and give us fuel in New England. If there is no authority in the Interstate Commerce Commission and if they will so inform us, I myself think that authority will be obtained here so quickly that it will take their breath away. I strongly urge the issuance of an order giving coal the right of way over all freight except perishable foodstuffs. If coal reaches terminals it should be immediately distributed to our communities in preference to all other classes of freight, and if necessary precede passenger service.

Mr. WINSLOW. Will the gentleman yield for a question, Mr. Speaker?

Mr. TREADWAY. I will if I have the time.

Mr. WINSLOW. I should like to ask the gentleman if he has consulted the Interstate Commerce Commission as to what they are doing?

Mr. TREADWAY. I have not.

Mr. WINSLOW. Then on what does the gentleman base his judgment and argument?

Mr. SNYDER. I should like to ask the gentleman if New England has any patent on the difficulties he talked about?

Mr. TREADWAY. No; I think the same difficulty applies to other sections, including northern New York.

Mr. SNYDER. All those difficulties apply just as much to northern New York as to New England.

The SPEAKER. The time of the gentleman has expired.

Mr. SEARS. I ask that the gentleman from Massachusetts be allowed two minutes more.

The SPEAKER. The gentleman has yielded the floor.

Mr. SEARS. I ask unanimous consent to address the House for three minutes.

The SPEAKER. The gentleman from Florida asks unanimous consent to address the House for three minutes. Is there objection?

There was no objection.

Mr. SEARS. Mr. Speaker, I was deeply interested in what the gentleman from Massachusetts [Mr. TREADWAY] stated just a few minutes ago. I endeavored to get the gentleman's time extended in order that I might ask him one or two questions. Fortunately my State is not interested in coal, but that does not prevent me from being interested in the good people of Massachusetts and those States that do need coal. Some days ago I noticed, I think in a Boston paper, a statement that something like 1,900 carloads of coal were in the yards just outside of Boston, but that the railroads would not move those cars of coal, and therefore an apparent shortage of coal existed, when there was in fact no shortage of coal. This article also stated that they were shipping coal over these same railroads into Canada and selling that coal at \$11 a ton, whereas in Boston they were charging \$16, \$17, and \$18 a ton.

I desire to congratulate my colleague from Massachusetts [Mr. TREADWAY] for calling the attention of the House to this question. I would like to know of the gentleman from Massachusetts if he has investigated those conditions, and if the photographs that I saw were correct?

Mr. TREADWAY. I can only say to the gentleman from Florida that I saw a statement issued by the fuel distributor of Massachusetts absolutely contradicting the accuracy of the sensational stories to which the gentleman refers. I saw those pictures. The account given by the fuel administrator of Massachusetts was that there were as many cars going out of the terminals daily as into them. So far as the shipments going into Canada are concerned, I understand that there was very marked exaggeration also as to that. I am stating only what information has come to me indirectly. I have no positive answer to the gentleman's question.

Mr. WINSLOW. Will the gentleman yield?

Mr. SEARS. I have only three minutes, but I yield to the gentleman.

Mr. WINSLOW. The trouble in New England is this—we may as well be frank about it. There is coal enough within reach of New England, if there was the motive power on the New England roads to draw it; and there is also the difficulty of overcoming the ice and snow which the Almighty has piled up there and laid an embargo against New England thereby.

Mr. SEARS. That is one blessing I have by living in Florida. I notice in traveling from here to Florida that all along the line, looking out of the window, you will see car after car of coal not being unloaded, not being moved. I believe that the coal should be moved and the people given relief. There can be no excuse for coal selling at \$18 a ton, and somebody is to blame for these conditions. I want to say I do not think it just to place the blame on God. Somebody is to blame, as I have just stated, and I think it is time we should find out who it is.

Much talk has been engaged in, but this does not give relief to the thousands and thousands who are cold and, perhaps, in many cases freezing, and who are not able to pay these exorbitant prices, and I think the time has come when you should take such action as will afford them some relief.

CONSIDERATION OF THE PRIVATE CALENDAR.

Mr. MONDELL. Mr. Speaker, I ask unanimous consent that on Monday and Tuesday next it may be in order at any time after 5 o'clock in the afternoon to move that the House stand in recess until 8 o'clock for the consideration of bills on the Private Calendar unobjected to, the session to last not later than 10.30 p. m.

The SPEAKER. The gentleman from Wyoming asks unanimous consent that on Monday and Tuesday next, at any time after 5 o'clock p. m., it may be in order to move that the House stand in recess until 8 o'clock for the consideration of bills unobjected to on the Private Calendar, the session to last not later than 10.30. Is there objection?

Mr. MONTAGUE. Reserving the right to object, may I make an inquiry of the gentleman. Is it the gentleman's purpose to begin on the Private Calendar where we left off? If not, if you begin at the beginning, it would give some bills a double opportunity.

Mr. MONDELL. I am glad the gentleman from Virginia mentioned it. I think we should begin on the Private Calendar at the point where we suspended business the last time.

Mr. SNELL. Has any arrangement been made, or has the gentleman any plan about taking up bills on the Private Calendar that are objected to?

Mr. MONDELL. I am very much in hopes that after we have gone through the calendar we may have an opportunity to do that, but I think first we should go through the calendar and take up the bills unobjected to.

Mr. SNELL. But it is the intention of the gentleman to give the other bills a chance?

Mr. MONDELL. We hope to do that.

The SPEAKER. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

NAVAL OMNIBUS BILL.

Mr. BUTLER. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill S. 4137.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. TILSON in the chair.

The Clerk, continuing the reading of the bill, read as follows:
TO INCREASE THE AUTHORIZED COST OF CERTAIN VESSELS NOW BUILDING FOR THE NAVY.

SEC. 7. That the limits of cost of the vessels heretofore authorized and herein below enumerated are increased as follows: Battleship *Colorado*, from \$17,000,000 to \$17,600,000; scout cruisers Nos. 9 and 10, from \$8,250,000 to \$8,400,000 each; and destroyer tender No. 3, from \$3,400,000 to \$4,500,000.

Mr. HULL. Mr. Chairman, I want to ask the chairman of the committee where these ships are being constructed. Are they under contract?

Mr. BUTLER. I will give the gentleman a history of it. The battleship *Colorado* is being built by the New York Shipbuilding Co. on a cost-plus contract. The scout cruisers 9 and 10 are being built at the Cramp shipyards in Philadelphia under contract. The destroyer tender, which is a large boat, is being built at the Government navy yard at Philadelphia.

Mr. HULL. If you are building the ships under contract, then you increase the cost; do not you raise the contract price?

Mr. BUTLER. That is the reason we are here.

Mr. HULL. You do increase the contract price?

Mr. BUTLER. During the war period they were changed because it was found impossible to finish the boats on the price made in the original act or in subsequent acts. I know nothing more of it than the facts given to us by the Secretary of the Navy and those who attended him at the hearings—that it was impossible to finish the ships—and they gave to us the reasons why it was necessary to ask for an increase of cost.

Mr. HULL. Is it usual to raise the contract price when the contractors find that they can not finish a boat under the original contract—do you raise the contract price so that they can?

Mr. VINSON. If the gentleman will permit me I will state that when the contracts were originally awarded, in 1917, it cost to construct the *Colorado* \$13,800,000. In July, 1917, Secretary Daniels changed the form of the original contract to cost plus 10 per cent. If the ship had been finished under that contract it would have cost \$1,700,000 to finish it. But the Navy Department in 1920 changed the form of the contract from cost plus 10 per cent to cost plus fixed fee, and the fixed fee was \$1,350,000, being a saving of \$410,000 on the construction of the *Colorado* by the change of the contract.

Mr. HULL. The ships I was referring to were the two ships which the chairman said were under contract.

Mr. VINSON. They are all under the same kind of a contract—all are being built under the cost plus.

Mr. BUTLER. We recognize that as a contract and I answered the gentleman correctly, there are different terms in different contracts. These contracts were changed in character. It was found impossible to complete them during the war period for the prices we had been putting upon them. Therefore they were changed by Secretary Daniels as to the cost-plus, and we find ourselves with the limitation on them and they can not complete them without additional money.

Mr. VINSON. By changing the contract from a cost-plus 10 per cent to a cost-plus fixed fee there has been a saving of \$416,000 on the *Colorado* and the same percentage of saving in the scout cruisers and the destroyer tender.

Mr. BUTLER. This was made necessary by the abandonment of the 1916 program.

It was contemplated that these appropriations would be made, but the Appropriations Committee has no authority to make them, to complete these vessels, until Congress legislates.

The CHAIRMAN. The time of the gentleman from Iowa has expired.

Mr. HULL. Mr. Chairman, I ask unanimous consent to proceed for three minutes.

The CHAIRMAN. Is there objection?

There was no objection.

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

Mr. HULL. Yes.

Mr. BRITTEN. This provision is not an unusual provision. We have been doing this very thing for many years, particularly in connection with cost-plus and fixed-fee contracts.

The fixed-fee contract provides an outside marginal profit which can be made by the contractor irrespective of the actual construction cost of the ship. This does not give him any additional profits. It merely provides for the increased cost of the vessel, which increased cost has been brought about by conditions coming out of the war. Materials are higher, labor is higher, and while they enter into the cost of the construction of the ship, the contractor himself does not benefit thereby because his margin of profit is fixed by contract. He has a fixed-fee contract.

Mr. HICKS. And this increased cost exceeds the authorization of the Congress?

Mr. BRITTEN. Yes.

Mr. HICKS. Therefore we have to have the increased authorization to cover it.

Mr. MCKENZIE. Mr. Chairman, will the gentleman from Iowa yield to me until I ask my colleague a question?

Mr. HULL. Certainly.

Mr. MCKENZIE. I am glad to know, if the gentleman will permit the statement, that even in the Navy Department they are awakening to the fact that the cost-plus system which resulted in the robbery of the people of this country of hundreds of millions of dollars is an abomination, and that the Navy Department is trying in some way to curtail that by having a fixed fee for the construction. The gentleman is on the Committee on Naval Affairs. Is there any provision in the present contract for a bonus or saving, or is the old system of wide-open doors still maintained, and that regardless of how much it may cost the Government, the contractor gets his fee nevertheless?

Mr. BRITTEN. The gentleman is entirely correct about the damage and waste caused by the cost-plus contracts.

The Navy Department has no cost-plus contracts on its books to-day, if I am correctly informed. These fixed-fee contracts provide specifically for the fee, for the margin of profit that can be made by the contractor, and no more, so that this increased cost appropriation goes into the construction of the ships and does not go to the contractor.

Mr. HICKS. Will the gentleman permit me to answer a part of the question of the gentleman from Illinois?

Mr. BRITTEN. The Navy Department, as usual, takes the lead in constructive economical matters of this kind.

Mr. MCKENZIE. I am glad to hear the statement, but the question I am asking my colleague is whether or not, regardless of the fixed fee which the contractor is to receive, there are any safeguards in the contract to protect the Government against extravagance on the part of the contractor, or will we be asked every time Congress convenes to make an additional appropriation to complete certain work.

Mr. BRITTEN. The contracts are an accumulation of safeguards, such as the Navy Department always has.

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

Mr. HULL. Yes.

Mr. HICKS. I want to answer my friend from Illinois, who is usually up to date, but being on the Military Affairs Committee a little bit behind the Naval Committee. In the original contract for these ships there was a provision that if the contractors came below a certain price there would be a bonus to the Government.

Mr. MCKENZIE. Can the gentleman tell us whether they did come below that?

Mr. HICKS. No; the war came on, and everything went up. The gentleman is aware of the fact that we had a war?

Mr. MCKENZIE. Yes; I heard about it.

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

Mr. HULL. Yes.

Mr. BUTLER. The explanation for the additional cost is given here in the report, and so that we may know just exactly what it is I read from the report:

During the last year progress of construction on vessels building for the Navy has been much reduced by reason of small appropriations available for work; and while the direct labor charges have been reduced, the indirect expenses have not gone down in the same ratio. Consequently the total costs of the work will be materially increased over what they would have been had larger appropriations been made, thereby permitting more rapid progress possible.

That is the explanation that was made. These ships will be completed for the figure named; and we ask the committee to authorize it to be done, for that is the last of the 1916 program.

Mr. HULL. Mr. Chairman, it is interesting to know that the Navy has made cost-plus contracts on the basis of 10 per cent profits; and I am glad to find that they have reduced it to 6 per cent, and that they hope in the future not to make any more cost-plus contracts. I will inform the gentleman from New York [Mr. Hicks] that the Military Committee may be a little slow, but they took this matter up with the War

Department immediately after the war, and so far as I know the War Department has not made any cost-plus contracts since that time, and we hope they never will.

Mr. HICKS. Neither has the Navy.

Mr. HULL. Oh, yes; you are operating to-day on a cost-plus contract.

Mr. HICKS. Oh, no; this is a fixed-fee contract.

Mr. HULL. One of these contracts, it was said, is on a cost-plus basis.

Mr. HICKS. Oh, no. Cost plus, but with a fixed fee.

Mr. VINSON. The gentleman is in error. All of these contracts are cost-plus, fixed-fee contracts. The fee on the construction of the *Colorado* was fixed at \$1,350,000, and the fee on the other ships is fixed at a certain sum.

Mr. HULL. I am glad to know that. I misunderstood the chairman. I thought he stated there was one of these contracts still remaining on the cost-plus basis. I hope we never have another contract of that kind in either the War Department or the Navy Department.

Mr. HICKS. I agree with the gentleman.

Mr. HULL. It should never have happened.

Mr. HICKS. I may say to my friend from Iowa that the only reason it did happen was because that was the only way that we could get these ships built.

Mr. HULL. I know it was the only way, but it was due to the fact that the Navy had made no plans, and the Army was just as guilty.

Mr. HICKS. The Navy had made plans, but you could not get the labor or material. We had to pay these big prices in order to get these ships built.

Mr. HULL. I hope it will never occur again.

Mr. BLANTON. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I maintain that we could have obtained labor and material and could have done this work without cost-plus contracts if we had had a little backbone. If we can take men out of their homes, take them out of their banks, out of their offices, out of their places of business, and send them to France to fight, why can not we take their brothers during war and put them in the shipyards and tell them to build ships? Can the gentleman answer that question?

Mr. HICKS. If the gentleman will permit, the gentleman's party was in power at the time, and they did not bring forth a resolution to conscript labor.

Mr. BLANTON. I have been making a one-man fight here for six years on that proposition.

Mr. HICKS. Will the gentleman permit just further?

Mr. BLANTON. I have had the gentleman from Iowa [Mr. HULL] and his collaborators against me.

Mr. HICKS. I want to say to the gentleman that while I know that labor was patriotic, yet I feel that when we called one man for the battle front we should have called his brother for the factory making the munitions to win the war. When conflict comes we stand on the same plane, and all should bear the burdens equally, and so I say that I feel we made a mistake in the war not to have called labor for service in the same way we called soldiers for service.

Mr. BLANTON. And the wisest thing that the gentleman's President has said since he has been in the White House was along that very line. If we have the right to take men and make them fight, we have the right to take them during war to build battleships.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. BLANTON. I will.

Mr. SANDERS of Indiana. Notwithstanding the very high authority of the gentleman from Texas—

Mr. BLANTON. My authority is the President of the United States. Maybe the gentleman helped to put him in the White House.

Mr. SANDERS of Indiana. I would help to put him in again.

Mr. BLANTON. The gentleman would have a hard time doing it.

Mr. SANDERS of Indiana. No matter what the authority is on this proposition the gentleman from Texas and the gentleman from New York or anybody else might just as well know that when they talk about conscripting labor and wealth in time of war you do not consider the economic phase of it. If you undertake it, it will be a failure—

Mr. BLANTON. We should have been thinking only about winning the war and forgetting about these ridiculous union contentions that crept into the door of this Chamber. All the time we can not do what we want to do. I want to ask the gentleman this question: Does the gentleman differ with the Executive of his party?

Mr. SANDERS of Indiana. On this proposition.

Mr. BLANTON. On such propositions?

Mr. SANDERS of Indiana. Well, I am talking about this proposition.

Mr. BLANTON. I am sorry he is not in accord with the President of the United States on one of the biggest questions that now confronts the Nation.

Mr. SANDERS of Indiana. I can say to the distinguished gentleman from Texas—

Mr. BLANTON. I am in accord with the President.

Mr. SANDERS of Indiana. The proposition of socialism will not work in war time any more than at any other time, and these economical matters have to take their economic course in war time and in peace time.

Mr. BLANTON. May I ask the gentleman, then, what is the difference during war of taking a young man from Indiana and sending him to France and having him build roads over there for \$33 a month and putting him in a shipyard and telling him to build ships in war time?

Mr. SANDERS of Indiana. There is not a particle of difference, so far as the abstract justice is concerned, but, as a matter of fact, the proposition will not work; that is the reason.

Mr. BLANTON. The gentleman would rather give contracts at 10 per cent plus than to do what we should do in time of war?

Mr. SANDERS of Indiana. No; the gentleman's party did that; not my party. I do not believe in contracts plus.

Mr. BLANTON. Unfortunately for the country, my party was then out of line on that question, just like the gentleman is now out of line with his party and the Chief Executive.

The CHAIRMAN. The time of the gentleman has expired. Without objection, the pro forma amendment will be withdrawn. There was no objection.

The Clerk read as follows:

REPAIRS AND CHANGES TO CAPITAL SHIPS.

Sec. 8. That the restrictions contained in the acts of March 2, 1907, and August 29, 1916, as to the amount that may be expended for repairs and changes to capital ships shall not apply to such sums as the Congress may from time to time appropriate for modernization, by increasing the elevation and range of turret guns, of the following-named battleships: *Florida, Utah, Arkansas, Wyoming, Pennsylvania, Arizona, Oklahoma, Nevada, New York, Texas, Mississippi, Idaho, and New Mexico: Provided*, That the cost of such increase in the elevation and range of such turret guns shall not exceed the sum of \$6,500,000, to be immediately available and to remain available until expended.

Mr. BUTLER. Mr. Chairman, I have an amendment which I desire to offer.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BUTLER from the committee: Page 7, lines 12 to 23, inclusive, strike out the paragraph and insert in lieu thereof the following:

"Sec. 8. Subject to the terms of the treaty providing for the limitation of naval armament concluded on February 6, 1922, and published in Senate Document No. 126, of the Sixty-seventh Congress, second session, the Secretary of the Navy is authorized to incur obligations to the extent of \$6,500,000, to be paid as appropriations may from time to time be made for such materials and work as may be necessary for increasing the elevation and range for the turret guns of the following-named battleships: *Florida, Utah, Arkansas, Wyoming, Pennsylvania, Arizona, Oklahoma, Nevada, New York, Texas, Mississippi, Idaho, and New Mexico.*"

Mr. BUTLER. Mr. Chairman, after consultation with my colleagues and Members of the House I have offered this amendment, and I hope that the House will be willing to accept it. It seems there is some doubt in the minds of some Members whether or not we were in any way violating the terms of the treaty that we made authorizing the Navy Department to improve the ships which we are now allowed to maintain.

Therefore the amendment, as is indicated in the very first line, becomes subject to the terms of this treaty, and if this work would be in violation of the treaty then the money can not be used. We were assured by the Secretary of the Navy and by the Assistant Secretary of the Navy that this work that was to be put upon these ships would not be in violation of the terms of the treaty and not even in violation of its spirit. Permit me to say for the information of my colleagues—and I myself am included with them, of course—that we are all extremely anxious that this treaty shall be kept, not only in letter but also in spirit. Further, we inquired particularly and with as much diligence as we could whether or not this would in any way violate the terms of the treaty. Being assured that it would not and wanting to make it doubly sure, for that reason I offer this amendment which I ask the House to adopt.

By the terms of the treaty we are authorized to keep 18 large ships in commission. Five of the ships are not yet completed and three are completed, and those will not need remodeling. Thirteen will need to be remodeled. It is to cover

the work on these 13 that this legislation is proposed. The 13 ships are all named in the amendment, and the amount to be used on each ship is \$500,000. This money can not be used unless authorized in this way, because of the statute which provides that not more than \$300,000 shall be used in repairing a ship of war without express authority from Congress. Heretofore the department used large sums of money in the repair of ships, which Congress justly made complaint about, and that complaint was met by the enactment of the act of 1907 and another act in 1916, raising the limit to \$300,000. Each of these ships will perhaps cost to repair the sum of \$500,000.

You naturally ask, What are they going to do? They are going to change and elevate the guns, so that they may have the same distance and the same range for the projectile on these ships that our neighbors have on their ships. With the present elevation on these older boats we have a range of only 22,000 yards. Is not that right?

Mr. HICKS. That is right.

Mr. BUTLER. Now, they are to raise them 30 degrees. We will then have a range of 32,000 yards, and that is the range that our neighbors have upon their guns. We ask only, not being permitted to buy new machines, authority from this Congress to keep the ones we have fully and completely up to date. This will do it.

Now, perhaps some time later we may be called upon to give consideration to further requests that the department may have for the further modernization of these ships. We declined to go into further matters at this particular time, because the time was pressing. But as to these ships that we are seeking to remodel, you will find nothing in the hearings as to the method and manner by which they propose to do the work.

The gentleman will understand that in this kind of business there is more or less secrecy, and necessarily so; and while as to the elevation of these guns much was disclosed to us, yet much of it was not taken down, because Americans were talking to Americans. But they gave us the plans by which it was proposed that this work should be done, and we unanimously thought it the best thing to do. We could not stand for anything else. If any occasion might arise hereafter when these ships were to be used, we could not take the responsibility of placing in the hands of Americans ships having a range of only 22,000 yards when the other fleets would have a range of 32,000 yards.

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

Mr. BUTLER. Yes.

Mr. BLANTON. Will our distinguished friend from Pennsylvania, who is in a better position to tell us than anybody else, explain what has become of this so-called four-power pact?

Mr. BRITTEN. That has nothing to do with it.

Mr. BLANTON. It involves these ships. Why does it not have anything to do with the question?

Mr. BUTLER. My friend from Texas and myself do not always agree, but we at least arrive at a proper and safe place to stand; and I will say to him that I am unable to give the information. It was the opinion of the officials of the Navy Department, who spoke candidly with us, that there was something before us other than death and bloodshed. By reason of their candor alone a most excellent and friendly relationship was, they told us, growing up between Japan and America, and we were assured of that, and it gave us hope; it gave us hope that there was something before us beyond death and bloodshed.

Mr. BLANTON. A lot of things were going on that led up to that compact, and a lot of splendid arches were erected here, with electric lights and other attractive features, and we were hopeful that something would come of it.

Mr. STAFFORD. Will my colleague yield to me?

Mr. BUTLER. I will yield in a minute.

We were assured by these men, who ought to know, that perhaps one of the features of this whole treaty that was agreed to by the three powers, one of the encouraging features of it, is what I have already given to you, namely, the confidence that has grown up between America and Japan, and we asked them whether or not Japan and England were keeping that treaty. My recollection is that they said they were.

Mr. BLANTON. The confidence that makes Japan build more battleships and elevate their turrets, and that which makes us elevate ours, so that we can extend the range of our guns by 10,000 yards—

Mr. BUTLER. Wait a minute; they had newer ships, my friend, and they had elevated their guns before we made this treaty. We are entitled to put up our guns on the ships we keep to the same elevation, and we hope that will not be a violation of our treaty. We threw away 12 ships, and if we had

those ships, we would not ask that these guns be elevated. These are the oldest ships we have, and we want to try to modernize them in order that they may be put on an equality with the vessels of other nations that participated in the Washington conference.

Mr. VINSON. The gentleman stated that if we had had those 12 ships we would not have asked for the improvement of these. The gentleman and I are in agreement. We did not make this treaty. But if I had had my way about it, I would have kept the new ships and thrown away the old ones. But then we would not have accomplished the same purpose.

Mr. BUTLER. I agree with my friend as to that.

And the administration was wise, and these men who went into this treaty making were wise when they asked us to continue this program until they might meet with their neighbors to see what could be done. When they presented their proposition we were building 16 ships. We threw away all those fine ships we were building. It was an expensive proposition, but we know that there is good coming out of it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STAFFORD. Will the gentleman yield?

Mr. BUTLER. I ask unanimous consent for one minute in order that I may answer the question of the gentleman from Wisconsin.

Mr. VINSON. I ask unanimous consent that the gentleman may have three minutes.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that the time of the gentleman from Pennsylvania be extended three minutes. Is there objection?

There was no objection.

Mr. STAFFORD. Mr. Chairman, if the gentleman will permit, I merely wish to supplement what the gentleman from Pennsylvania has said as to the effect of the four-power pact, so far as its applicability to Japan and this country is concerned. Our Government is observing religiously the spirit of that pact, and I believe the Empire of Japan is doing the same thing. I wish to call the attention of the gentleman and of the House to the fact that by virtue of that pact our Government has withdrawn more than one-half of the army of occupation in the Philippines. Where before, prior to that pact, we had more than 7,000 men now we have only the small number of 3,000. The policy of both Governments is acceptable to both as the pact is being carried out.

Mr. BUTLER. That is true; and I will say to my friend that his view of it is in entire accord with those who are in higher authority than either of us.

Mr. VINSON. Mr. Chairman, I move to strike out the last word. I agree in toto with what has been said by the distinguished chairman of the Committee on Naval Affairs with reference to this section. We find ourselves in a position where it is absolutely imperative that we modernize our ships in the manner that the Navy Department desires. It is essential that the elevation of the turrets of the 13 ships be raised from 15 degrees to 30 degrees. It is essential that we keep at all times the ships of the American Navy on an equal parity with the ships of Great Britain, Japan, or any other nation. But at the same time, Mr. Chairman, that does not prohibit me from making some observations as to how we got into the position which causes us now to make this appropriation. This appropriation is of importance, and I trust that no Member of this House will find occasion to vote against it, because by all means these ships should be put at once upon an equality with those of Japan or Great Britain. Ordinarily it has been my policy whenever I made a bad trade not to have anything to say about it, and I would still adhere to that view had not my distinguished and lovable friend from New York [Mr. HICKS] put in the RECORD yesterday evening his views of what was accomplished by the Conference on the Limitation of Armament. The gentleman from New York [Mr. HICKS] stated that one of the great things that was accomplished by that conference was that competitive building between nations was eliminated, that in the future there would be no more competitive building of navies between Japan and the United States and Great Britain. That statement is true only to a partial degree. The only thing that the conference accomplished with reference to competitive building related exclusively to capital ships and not to other phases of the Navy. Right to-day we are building 10 cruisers lighter than battle cruisers, Japan is building 25, and England is building 48. To-day we are building submarines and the other nations are building submarines, and I do not want the idea to prevail in the House and in the country that the conference about which we have heard so much has prohibited competition throughout the navies of the world. Only to a certain extent has competition been prohibited, and that is in reference to capital ships.

At the opening of the war in 1914 there were in European waters practically only two first-class navies—those of Great Britain and Germany. Shortly thereafter, in 1916, under an act of Congress, the American fleet was accumulating many ships of all classes. The promise was that in 1925 the United States would possess about twice as large an effective tonnage as that of Great Britain.

With the elimination of the German fleet as a sea power the British fleet was left supreme, but the shadow of the rising Navy of the United States was already robbing it of something of the tinsel of former centuries. There were two alternatives before the British Government—either the British taxpayer would have to spend millions of dollars to keep pace with the shipbuilding programs of the United States and Japan in active competition, or else Great Britain would have to be contented with the status of the second sea power of the world.

In these circumstances the Washington conference assembled. When the conference was convened, there remained uncompleted of our 1916 building program seven battleships and six battle cruisers. In determining the size of the various navies the question of tonnage was the only factor taken into consideration. The range of guns nor the speed of the ships played any part in determining how many capital ships the nations attending the conference were permitted to retain. Let us therefore see what this Government consented and by its treaty has agreed to do with reference to bringing about the ratio of 5-5-3.

As already stated, we had on the way seven battleships and six battle cruisers, upon which there had already been expended approximately \$350,000,000, and which ships were anywhere from 30 to 45 per cent completed. The tonnage of the 11 ships under construction was 520,000 tons. In addition to scrapping these 11 ships in process of being built, we agreed to scrap 17 other battleships, every one of which was in active commission except the *Maine* and the *Missouri*, of a tonnage of 267,740 tons.

The total tonnage agreed to be scrapped by this Government was 787,940 tons.

Now, it is interesting to see what Great Britain, who prior to the conference saw the dipping of its ensign to the American flag on account of our building program of 1916, agreed to do.

They agreed to scrap two paper ships—battle cruisers—the keel of neither of which had been laid when the conference assembled. In addition to that, what did they scrap? The gentleman from New York [Mr. Hicks] said they scrapped 500,000 tons of ships. Now, let us see what character of ships the British scrapped.

Great Britain agreed to scrap two paper ships which she contemplated building, but which, as a matter of fact, were not in process of construction. In addition to this, she consented to the scrapping of 24 old ships. All but 4 of these British ships had already, prior to the conference, been discarded by the British Admiralty as ineffective. Of the 24 ships that Great Britain agreed to scrap, only 4 were in active commission—*King George V*, the *Ajas*, the *Thunderer*, and the *Centurion*. The 20 other ships that were agreed to be scrapped had been out of commission for some time and had been placed upon the market for sale were obsolete and were not carried by the British Admiralty as effective ships.

While we agreed to scrap 15 ships that were in actual commission, able to fight, of a total tonnage of 267,740 tons, England agreed to scrap only 4 ships that were in actual commission, able to fight, with a total tonnage of 92,000 tons.

Mr. Chairman, it is necessary to keep the record straight, and that is the reason I desire to make observations about what actually was scrapped by England and what we scrapped.

Now, let us see what Japan agreed to do and what kind of ships she scrapped. Japan agreed not to construct 4 battleships and 4 battle cruisers, the keel of which had not been laid down by November 11, 1921. She agreed to scrap 2 of the new battleships and 2 of the new battle cruisers; to scrap 11 of her old battleships, making in all the scrapping of 17 capital ships with a total tonnage of 419,132 tons.

Based on the tonnage, which was the standard used by the conference in reaching the ratio of 5-5-3, the United States actually scrapped 762,940 tons in actual commission and in process of construction, while Japan scrapped in actual commission and in the process of construction 286,182 tons, and Great Britain had no ships in process of construction and only 92,000 tons in actual commission.

Of ships on the way, the United States agreed to scrap seven battleships and six battle cruisers, against two battleships and two battle cruisers for Japan. The keel of the two battleships agreed to be scrapped by Japan were actually laid after the conference had assembled.

Mr. Chairman, it has been said by no less a person than Archibald Hurd, an eminent British naval authority, that—the Washington conference will take its place in history as an assembly of unique performers.

Ah, Mr. Chairman, there is no doubt about it being unique. Unique in that this Government consented to the scrapping of 11 ships costing the taxpayers over \$350,000,000, which were from 30 to 45 per cent completed, against 2 battleships and 2 battle cruisers of Japan and against 2 paper battleships of Great Britain. Unique in that Japan is credited with scrapping 11 battleships in actual use, whereas as a matter of fact 3 of them, the *Kurama*, the *Ibuki*, and the *Ikoma*, until the conference have always been classed merely as first-class cruisers. Unique in that we scrapped 267,740 tons in actual commission against 92,000 tons in actual commission for Great Britain and 163,932 in actual commission for Japan.

Unique in that we retained four old battleships with 12-inch guns, against no ships of Japan or Great Britain being so equipped. Unique in that the agreement was based exclusively on tonnage alone, the range of guns and speed of ships being clearly forgotten.

Four of our capital ships, the *Florida*, *Utah*, *Wyoming*, and *Arizona*, have 12-inch guns, 11 of our capital ships have 14-inch guns, and three of our capital ships have 16-inch guns.

Five of the British ships have 13½-inch guns; 13 of the British ships have 15-inch guns. Four of the battle cruisers of Japan have 14-inch guns, 2 battleships have 16-inch guns, and 5 battleships have 14-inch guns.

Mr. Chairman, vessels with 12-inch guns may be eliminated from consideration, for guns of that caliber are no longer considered equal to the requirements of the near future. Bywater, a British naval engineer, in his book, *The Sea Power of the Pacific*, said:

Capital ships armed with these guns have ceased to be reckoned as first-class fighting units.

According to the same author, capital ships are now rated according to the following basis:

First-class ships, equal guns of 15 inches or more; second-class ships, equal guns of 13½ to 14 inches; third-class ships, equal guns of 12 inches or less.

According to this we have 3 capital ships of the first line, 11 of the second, and 4 of the third. Great Britain has 15 of the first line, 5 of the second, and none of the third. Japan has 2 of the first line, 8 of the second, and none of the third.

The distinguished Secretary of the Navy said:

Had we carried out the 1916 building program as laid down, we would have had 15 of the finest ships that ever sailed the sea. They would have been absolutely perfect in every detail; they would have been ships of the latest design and the latest improved methods and equaled by no ships in the world.

In 1922 the program was to scrap "the finest ships that ever sailed the sea." In 1923 the program is to patch up the old ships that we retained. One year we destroy "ships perfect in every detail." The next year we are called upon to endeavor to modernize the ships that we retained. Having abandoned the policy of completing ships "of the latest design and latest improved methods and equaled by no ships in the world" to take the place of old ones that have been in commission a great many years, we are now starting on this new policy to endeavor to improve the old ones and try to make them equal the ships that were destroyed.

We destroyed ships which a prudent nation would have retained; we kept some ships that should have been eliminated. Particularly is that true with reference to the four capital ships—the *Wyoming*, *Utah*, *Florida*, and *Arizona*, with 12-inch guns. The tonnage of these four ships was 95,650 tons, while the tonnage of the *Massachusetts* and *North Carolina*, two battleships in process of construction that were ordered scrapped, was 86,400. These two ships would have been modern in every detail. Mr. Chairman, the question of tonnage was the prime factor. We should have scrapped the four old ships above referred to, completed the *Massachusetts* and *North Carolina* or any two other of the battleships, and by doing so we would not now be called upon to modernize these old ships, endeavoring to change the elevation of 12-inch guns to give them a range as far as the 13½-inch or 14-inch guns.

The CHAIRMAN. The time of the gentleman has expired.

Mr. TILLMAN. Mr. Chairman, the gentleman is making a very interesting speech. I ask unanimous consent that he be allowed to conclude his remarks.

Mr. VINSON. I will finish in one minute.

The CHAIRMAN. The gentleman from Arkansas asks unanimous consent that the gentleman from Georgia be allowed to conclude his remarks.

Mr. BLANTON. I do not object, but it ought to be for a definite time. I suggest 10 minutes.

Mr. VINSON. I do not want 10 minutes. One minute will be sufficient.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent that his time be extended one minute. Is there objection?

There was no objection.

Mr. VINSON. It would have been far better to have completed the seven battleships, with a total tonnage of 253,200 tons, and to have scrapped that amount of tonnage of capital ships that we retained. If this had been done, we would not now be called upon to enter on a program which ultimately means the expenditure of many millions of dollars, and after doing this fail to obtain ships equal to the seven battleships ordered scrapped.

But, Mr. Chairman, we are confronted with conditions as they stand to-day. Therefore it is incumbent on us now to modernize these 13 ships and endeavor to give a ship with a 12-inch gun an equal range to those ships of Japan and Great Britain that have 13½-inch guns. [Applause.]

[Mr. VINSON had leave to extend his remarks.]

Mr. HICKS. Mr. Chairman, I move to strike out the last two words for the purpose of making a statement. We have all been impressed by the able remarks of the gentleman from Georgia [Mr. VINSON]. As far as I am personally concerned, I am not so much interested in what we scrap as in what we retain. It is the living ship, not the dead one, that concerns me. It seems to me we should look to this conference for the guidance it gives the nations of the world. When our battleships of the future will equal in strength the battleships of Great Britain and exceed those of Japan, I say the Washington conference has been a success. When we eliminate capital-ship competitive construction and fix a specific ratio for naval strength, I say the conference has been a success. But we can not measure the worth of that conference by dollars and cents; we can not measure it by standards of Budget economy. That conference was a success because of the good will it established between the nations of the world; because it discussed in candor and frankness, without hate and jealousy, vital international problems; because it demonstrated to ourselves and to others that misunderstandings may be settled by a peaceful coming together of the nations around a council table rather than in the trenches of an armed conflict. [Applause.]

Mr. Chairman, the reason that this amendment should be adopted is because of the change of policy that has come about because of the Washington conference. The policy of Great Britain with her supremacy in ships has always been to modernize her ships instead of laying down new ones. That policy is effective when you have a superiority of numbers, but with the American Navy, where the number of ships has been inferior, instead of taking the money and putting it into modernizing old ships we have devoted it to new construction, spending our money for new ships. When we scrapped the building program of 1916 we scrapped that policy, and as it is impossible to lay down new ships we should modernize the old ones and keep them up to date.

Mr. DICKINSON. Will the gentleman yield?

Mr. HICKS. Yes.

Mr. DICKINSON. Was there any suggestion in the peace conference with our Government that our Government should spend millions of dollars arranging the guns on boats in order to have a 5-5-3 policy?

Mr. HICKS. If the gentleman will read the naval treaty he will see that it is provided in the treaty that the powers can change their present ships by strengthening the decks and make other changes for defense against aircraft and the attack of submarines provided the total tonnage will not be increased more than 3,000 a ship.

Mr. DICKINSON. Was anything said that you could increase the guns or the length of the guns?

Mr. HICKS. We are not increasing the number or the length of the guns.

Mr. DICKINSON. It seems to me that the situation is this: That we went in there and accepted these ships as our pro rata share of the Navy allotment. Now you get outside the conference and you find that they have a bigger range than we have, and we are asked to back up and fill because we happened to make a bad bargain.

Mr. HICKS. Let me answer my friend from Iowa, because I know he is sincere. Before the conference was held Great Britain was modernizing her ships, based on lessons learned at Jutland, and so was Japan, and, therefore, it was inserted in the treaty that all parties should have the right to modernize ships for protection against attack from the air and sub-

marines, and to do this, as other nations are doing, this amendment is passed.

Mr. HUSTED. Will the gentleman yield?

Mr. HICKS. Certainly.

Mr. HUSTED. Was not it put in the treaty because Japan and Great Britain were doing the very thing that you are proposing to do here?

Mr. HICKS. Yes; I have already so stated. That was the reason why it was put in the treaty. As I have mentioned, we had to abandon the policy of using money for new ships because of the terms of the treaty.

Mr. TILLMAN. Will the gentleman yield?

Mr. HICKS. I will.

Mr. TILLMAN. Does the gentleman from New York challenge the statement made by the gentleman from Georgia [Mr. VINSON], does he contradict the figures given by him with reference to the conference?

Mr. HICKS. I did not quite catch the gentleman's question.

Mr. TILLMAN. The gentleman was here and heard the speech of the gentleman from Georgia?

Mr. HICKS. I am sorry to say that I was out of the Chamber a part of the time.

Mr. TILLMAN. The gentleman from Georgia stated in substance that Japan and England drove a very hard bargain with the United States as to ships and that the United States got the worst of it.

Mr. HICKS. I do not agree with the gentleman at all. I think it was a great success for the United States and for all the world.

Mr. TILLMAN. The gentleman from Georgia does not think so.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. HICKS. Mr. Chairman, I ask unanimous consent that I may proceed for five minutes more.

The CHAIRMAN. The gentleman from New York asks to proceed for five minutes more. Is there objection?

There was no objection.

Mr. HICKS. It seems to me that whatever ships we have, be they many or few, ship for ship they should be equal to any Navy on the sea. [Applause.] We have a ratio agreement in this treaty of 5-5-3. If that ratio is to be maintained it seems to me that we must make changes in our ships to match the changes made by the other powers who are parties to that ratio agreement. Otherwise it is not the real ratio.

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

Mr. HICKS. Yes.

Mr. STEAGALL. How does the gentleman reconcile that contention with the theory that competition has been forever ended?

Mr. HICKS. Competition is not ended in the auxiliary fleets at the present time, although I hope the day will come when we will have some agreement regarding these smaller vessels.

Mr. BUTLER. It is only on the big ships.

Mr. VINSON. Competition has been eliminated so far as capital ships are concerned, and this deals only with capital ships.

Mr. STEAGALL. I can not subscribe to the views that competition is ended when we have committed ourselves forever to the policy of keeping pace with the other nations with whom we have entered into a contract instead of adhering to the traditional policy of this Government of pursuing our own course as a leader among the nations of the world rather than having to stop and consult others about what our policy shall be on a matter so vital as this.

Mr. HICKS. Mr. Chairman, I want to conclude my remarks with reference to this paragraph—

Mr. McKENZIE. Mr. Chairman, will the gentleman yield to me for a question?

Mr. HICKS. Yes.

Mr. McKENZIE. The gentleman understands this thing, and we want to hear from him. Under this provision you are undertaking to make our Navy equal to that of Japan and England?

Mr. HICKS. Yes; as provided for in the treaty.

Mr. McKENZIE. And we are not undertaking to give our guns a greater range than the guns of England and Japan? In other words, if there were to be a duel, and a certain kind of arm was chosen, each one of the duelers would have the same arm; and that is all there is to this proposition?

Mr. HICKS. This provides that our guns shall have the same shooting qualities as the guns carried by the British and Japanese Navies. They have now a battle range of 32,000 yards. They have elevated their guns on most of their

ships, and they are doing work on some of the other ships. We propose to elevate the range of our guns in order to be equal to theirs, so that our battle range will be the same as theirs, and it seems to me that the American Congress can do nothing less for the American Navy than to give it the same efficiency and strength as that possessed by any navy in the world. [Applause.]

Mr. HUSTED. In other words, we are simply trying to maintain our place in the 5-5-3 ratio?

Mr. HICKS. That is all.

Mr. BUTLER. And, furthermore, we put it in the amendment; that was done in pursuance of the treaty.

Mr. MCKENZIE. I agree with the gentleman from New York; but, as a matter of fact, I think it is idle, because they will never get within range.

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

Mr. HICKS. Yes.

Mr. FISH. Realizing that the gentleman from New York has a fund of information upon this particular subject, I want to ask him a question. Under the 5-5-3 ratio how many battleships does this country maintain at the present time?

Mr. HICKS. Eighteen.

Mr. FISH. And that is the same number that England has?

Mr. HICKS. No; England has 22 at the present time, under the treaty, and when she builds the two new *Hoods*—

Mr. FISH. Then she will have the same?

Mr. HICKS. No. Mr. Chairman, how much time have I remaining?

The CHAIRMAN. The gentleman has three minutes.

Mr. HICKS. I would like to explain these things and I would like to have the time to do so.

Mr. BUTLER. Mr. Chairman, I am now going to perform a very disagreeable duty and attempt to close debate.

The CHAIRMAN. The gentleman can not do that without the permission of the gentleman from New York, who has the floor.

Mr. HICKS. I want to talk for a few minutes to answer my friend from New York [Mr. FISH]. Under the treaty the American Navy is allowed 18 battleships. That is the number also we will have when certain changes are made. The reason it will remain the same is because we destroy two—the *North Dakota* and the *Delaware*—and we add two—the *Colorado* and the *West Virginia*—making 18 now and 18 in the future under the provisions of the treaty. Great Britain at the present time, under the treaty, has 22 battleships of capital size, and under the treaty, when substitutions are made, she will scrap four and add the two new *Hoods*. Therefore, under the new arrangements she will have 20 instead of 22.

Mr. FISH. I am afraid the gentleman and I will not agree upon the answer to the question that I want to ask now, but inasmuch as we are limited now to 18 battleships what harm would it do if we should reduce that ratio of battleships by one-half; reduce our Navy down to 9 battleships and have the other countries maintain the same ratio? Would not that provide for safety on the seas against pirates and for free intercourse on the ocean?

Mr. HICKS. I imagine so. Mr. Chairman, I am going to finish my very much broken into discourse. I ask not to be interrupted, because I am going to read now from the words of a great statesman, Mr. Charles E. Hughes, to whose brilliant statesmanship, able leadership, and sincerity in presenting the aims and hopes of humanity, the success of the conference was largely due. This is what he recently said in regard to maintaining our Navy:

Personally, I am strongly in favor of maintaining an efficient Navy up to the treaty standard. This does not involve any injurious competition in battleships but simply makes possible the work and equipment which maintain the security and relative position contemplated by the treaty.

That is what the Secretary of State says about maintaining the present treaty Navy, and that is all this amendment is proposing to do. [Applause.]

Mr. BUTLER. Mr. Chairman, I ask unanimous consent that all debate upon this section and all amendments thereto close in 20 minutes.

The CHAIRMAN. Is there objection?

Mr. MONDELL. Mr. Chairman, the debate must be upon the section.

The CHAIRMAN. The Chair hears no objection.

Mr. DALLINGER. Mr. Chairman, I have an amendment that I desire to offer.

Mr. GRAHAM of Illinois. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. GRAHAM of Illinois. The gentleman from Massachusetts has an amendment on which he desires some time on this

section. Under the 20-minute unanimous-consent arrangement is he precluded from speaking?

The CHAIRMAN. The Chair was about to ask the gentleman from Pennsylvania [Mr. BUTLER] who was to have the five minutes on the Republican side?

Mr. BUTLER. I think that we will accept the amendment of the gentleman from Massachusetts.

Mr. DALLINGER. Very well, that is satisfactory.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. GRAHAM of Illinois. A parliamentary inquiry. Reserving the right to object—

Mr. BUTLER. Mr. Chairman, I move that all debate upon this paragraph and all amendments thereto close in 20 minutes.

Mr. BLANTON. Mr. Chairman, I make the point of order that has already been agreed to by unanimous consent.

Mr. BUTLER. I withdraw it.

The CHAIRMAN. The Chair hears no objection.

Mr. BYRNES of South Carolina. Mr. Chairman and gentlemen of the committee, I intended to offer an amendment to this section. The amendment now presented by the chairman of the committee covers the objection I had to the section and therefore I am in favor of the amendment of the chairman, but I want it distinctly understood that I am in favor of it solely because I know that the statement of the gentleman from Georgia is true, and that under the terms of the treaty we have not eliminated competition but have merely changed the form of competition, and I want this Government to have a navy which in fighting strength is equal to the fighting strength of the navy of Great Britain and as five to three to the navy of Japan. When the naval bill was pending I presented to the committee information which caused me to reach the conclusion that it was absolutely necessary, if we were to preserve this ratio, that we modernize existing ships and increase the number of our cruisers and develop other fighting units not covered by the treaty.

I am for the amendment, but I do not want the people of this country or of any other country to believe that by the terms of the treaty of February 6, 1922, we have eliminated competition. Why, the statement of the gentleman from Pennsylvania himself proves that we have not. When our representatives in the armament conference agreed to the 5-5-3 it was only as to tonnage, but the average American believed, and believes to-day, that it meant 5-5-3 in fighting strength. And we want this ratio in fighting strength maintained by making such improvements as are permitted by the treaty. My only desire is that we should be scrupulously careful not to go outside the terms of the treaty, and therefore I approve of the amendment now pending while I disapproved of the language of the bill. I want the people of other countries to know that the intent of the Congress is that we very scrupulously abide by the provisions of this agreement solemnly entered into as to armament. The treaty provides:

No alteration in side armor, in caliber, number, or general type of the mounting of main armament shall be permitted.

If we are going to raise the elevation so that a 12-inch gun will have the same range as a 14-inch gun, and can do it without altering the general type of the mounting of main armament, well and good. That can be determined only by the experts of the Navy Department. If in order to increase this range we have to violate any of the provisions of the treaty, then I would oppose it; but I am placing confidence in the Navy Department and in the executive officials of this Government to see to it that we do not violate it; and I want this amendment to specifically limit improvements to those permitted by the treaty, so that we will keep faith and so that the members of the House of Commons and members of the legislative body in Japan can not take this bill and use it as an argument before those legislative bodies to justify or excuse violations of the spirit of this treaty by those governments. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. Mr. Chairman, I maintain that it is the duty of this Congress to construe this treaty of February 6, 1921, when we pass laws that may be in conflict with it. I maintain that the only replacement we are permitted to make under the terms of that treaty is when a vessel is 20 years old—20 years from the time of its completion—we can replace that vessel, and under the terms of this treaty you can not change the mounting of our guns such as is contemplated here in this bill. I am in favor of keeping the obligation in spirit as well as in the letter. Let us see what our obligation is. Let me read you some excerpts from this treaty.

The contracting powers shall abandon their respective capital ship-building program and no new capital ships shall be constructed or acquired by any of the contracting powers except as so provided.

Now, notice that clause again that my distinguished colleague from South Carolina read. That clause of itself puts us in bad faith if we attempt upon these capital ships, 13 of them, to change the mounting of our guns. They say that such change will give us a range of 31,000 yards and will cost \$6,500,000. I know that you deem it of vast importance. We have here the shipbuilding corporations on one side of the gallery, and up in the other end of the gallery we have 20 representative walking delegates of the American Federation of Labor watching us, who are looking after the men who are building the ships. They are all hovering here like vultures, forcing this bill down the mouth of Congress, because they want this \$6,500,000 spent. But I am going to keep the agreement that this country made with these foreign countries in spirit and in letter. Let me read you again what it says:

No alteration in side armor, in caliber, number of general type, or mounting shall be permitted.

Is not this an alteration in mounting? Are we not to raise these turrets from 15 to 30 degrees, and is not that a violation of our treaty? I am for keeping our bond. I am in favor, when we authorize our representatives to enter into a solemn agreement with the countries of the world, of keeping it, and I am not in favor of coming in here now, under whip and spur, and made to violate the very essence of the treaty. It would be bad faith, I submit to my colleagues. It would be doing these people wrong.

Like gentlemen who have preceded me, when we entered into a solemn obligation with various countries after the kind of conference that was held here, in these days of great discontent, in these days that are trying men's souls, I want the whole world to know that this Government is going to stand to the contract, to the letter and to the spirit of it. We should not violate it; we should set an example for the world upon this subject, and I hope that somebody will rise up here and take such steps as will stop the adoption of this amendment, that will strike out of this bill section 8. It has no business in this bill. We ought not to adopt it. We ought to defeat it and let these people who are pushing it down our throats go back home and follow some other occupation which has peace for its aim, peace for its glory, and not war. [Applause.]

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. O'CONNOR rose.

The CHAIRMAN. The gentleman from Louisiana is recognized.

Mr. O'CONNOR. Mr. Chairman and gentlemen of the committee, if the Washington conference were, as some of the speakers have indicated, mainly an instrumentality that made a noble gesture, I believe that in itself would have justified the existence of that conference. If concord and understanding have resulted from that gesture and have taken the place of discord and antagonism, we may well say to those gentlemen in that conference, "Well done, thou good and faithful servants." I am for any conference or gathering that will make for an era of good feeling instead of the animosity that might prevail. Anything that will minimize the chances of war is desirable. A conference that will delay war is desirable. Notwithstanding my hopeful disposition, however, I was never convinced that the world would be brought to a position during our lifetime or probably during the next three or four hundred years, if ever, where war will be looked upon as a thing of the past. I never could escape the conviction that as long as human nature remains what it is, afflicted, cursed by rapacity, greed, cupidity, ambition, and the hatreds that are engendered as a result of national and industrial and commercial rivalries, war will remain with men in every generation as the final arbitrament, when nothing but blood and iron can settle the issue. That is why I want a first-class Navy for this country. The gentleman from New York [Mr. COCKRAN] some time since urged with considerable force and with his accustomed eloquence on the floor of this House that a second-class navy was like a second-best poker hand; that just as a second-best hand invited loss and disaster to the person possessing that hand in a poker game so a second-class or second-best navy is a liability instead of an asset and leaves a country in an immeasurably worse position than a nation possessing no navy at all, because the nation possessing no navy at all would run no risk even to the unthinkable of paying for protection, while the nation possessing a second-class navy, believing itself equal to its adversary, might boldly invite the conflict which would end in its fleet going to the bottom of the sea.

I believe in a large navy and a powerful navy. Why? Because I can not blind my eyes to the facts of history. Much as I hope and pray for the millennium, I can not believe that we are near the day when we can hope that nations will cease

to attack each other; when the blood lust is aroused by racial or national antagonisms, for then the polished veneer of civilization disappears and primordial passions govern and control. I believe we should never give up the means of defending the civilization that we have suffered so much to achieve. I do not believe we will ever be so short visioned as to forget the means by which we grew rich and great and powerful and strong, and that it is force under the control of the "lesser breeds without the law" that has buried old civilization and given birth to new empires. I do not think we were forgetful at the Washington conference, at any rate I hope our commissioners were not unmindful of history's pages and that terrible force which has been the cradle and the grave. Without wishing to be considered overcritical, it looked to me as if the conference treaties meant nothing else than an agreement not to fight with brass knuckles, slings, bows and arrows, brickbats, catapults, and other obsolete methods of warfare.

It is true we agreed to junk to a certain extent our battleships, our capital ships, but we did not abandon our cruisers and our submarines and our auxiliaries and our aircraft, and I am glad we did not do so. Kingdoms gained by blood must be by blood maintained, and our people and our Nation would be a Nation of fools to put themselves at the mercy of another nation that might desire to secure an uncontested position as the leader of the vanguard of civilization and relegate us to "the rear and the slaves." We must never forget the constantly changing attitudes, alliances, and rivalries of the peoples of the world. Our enemy of to-day may be our friend of to-morrow, and our friend of to-day may be our enemy of to-morrow. One of the monitions of fraternity itself is, "Beware of the seeming friend of to-day, for he may be the enemy of to-morrow." We have built up a glorious civilization by force and by the mailed fist. We have acquired a glory that was of Greece, a grandeur that was of Rome, and we ought not at this time platitudinously, for the purpose of indulging in high-sounding sentences about peace and her multitudinous blessings, abandon a policy that will keep us and maintain us as a great, splendid leader, the vanguard of the mightiest civilization this world has ever known. "Millions for defense, but not one cent for tribute" and the "Army and Navy forever" should be as good to-day as when first uttered.

Of course, if we were outwitted at the conference table we ought by congressional action to rectify any mistake that was therein made and any stake we lost, and we ought to modernize our vessels and put ourselves upon an equality with the strongest nation or empire across the seas. I am not a croaker, I am not antianything. I am an American, concerned with my country's welfare, and without wrapping myself in the flag and parading across the stage like a chorus girl. I desire to consult and advise with my countrymen on the best means to secure and maintain our welfare. It is but right that as the guardians and trustees of the national honor and integrity and glory and opulence, and all that makes for those things that are valuable to human existence, we should not only modernize our warcraft upon the water, but look to our submarines and aircraft, for the dangers of the next war will be from the clouds and from under the seas.

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

Mr. O'CONNOR. Not now.

Mr. Chairman, the thought that occurs to me at the moment is this: Were our commissioners outwitted at the table of diplomacy? Or is it possible that our commissioners went to that conference without the necessary information? I can not believe they were guilty of such an unthinkable, such an unspeakable blunder. They could have secured reliable information from the Naval Establishment. If they secured that information and acted upon it honestly and sincerely, and believed they were establishing a ratio of 5-5-3 in fact as well as in theory, then you have got to hold them blameless and come to the conclusion that the information tendered by our Naval Establishment was not what the situation demanded and was misleading. There is no other conclusion, no alternative, except to believe that the Navy Department knew we were being outwitted and outclassed, but were prevented from giving utterance to the admonition and declaration and warning to their countrymen. This bill to modernize the Navy should create a demand for more light than has recently been vouchsafed the people of our country. The addresses that have been made here to-day show that we were outwitted and that we have to rectify whatever mistakes were made at that conference. Cry for light—you are entitled to it—but pass the bill which will cure the error, blunder, or what you will of the conference. [Applause.]

The CHAIRMAN. The time of the gentleman from Louisiana has expired.

Mr. DICKINSON rose.

The CHAIRMAN. The gentleman from Iowa is recognized.

Mr. DICKINSON. Mr. Chairman, it was my expectation to move to strike out section 8, but in view of the fact that a substitute has been offered I shall support the substitute. [Applause.]

In my judgment, however, in order to carry out the provisions of the substitute the Navy Department must give careful study to the provisions of this peace treaty; and, regardless of the fine eloquence displayed here by the gentleman from Louisiana [Mr. O'CONNOR] and others, it is my judgment that this Government of ours can not afford to take any risk in doing that which will violate the terms of the four-power pact. Why? Because we invited the nations of the world here as our guests; we told them to come here, and we told them that we were acting in good faith; and I believe we should carry out this treaty in good faith.

Let me tell you what we said to them when they came here. The President in his message to them said:

Gentlemen of the conference, the United States welcomes you with unselfish hands. We harbor no fears; we have no sordid ends to serve; we suspect no enemies; we contemplate or apprehend no conquests. Content with what we have, we seek nothing which is another's. We only wish to do with you that finer, nobler thing which no nation can do alone.

I wonder if we are going to forget those sentiments now? Secretary Hughes said in his address:

Preparations for offensive naval war will stop now.

Now the question comes as to whether we can turn over here to this provision that has been referred to by the gentleman from South Carolina [Mr. BYRNES] and quote it and say to ourselves that we have the same exemption under that provision that we gave to Italy, France, and also gave England. If they were then building naval vessels and equipping them with longer-range guns, that was the time when this country ought to have seen that our interests were protected and not to ask Congress for modification of the peace policy, and that we ought not to do a thing that is in violation of either the spirit or the terms of this peace treaty. What does it say? It says:

No alterations in side armor, in caliber, number, or general type of mounting of main armament shall be permitted except:

1. In the case of France and Italy, which countries within the limits allowed for bulge may increase their armor protection and caliber of the guns now carried on their existing capital ships so as not to exceed 16 inches (406 millimeters).

Second. That the British Empire shall be permitted to complete, in the case of the *Renown*, the alterations to armor that have already been commenced but temporarily suspended.

I want to say to this House now that there is not a word in the hearings that shows that either England, Japan, France, or anyone else has done a single, solitary act in violation of the terms of that treaty; yet we come in here now and say that we are going to prepare to increase the range of our guns, not by changing their caliber but by seeing if we can find some method whereby we can make those guns shoot a little farther than they have shot heretofore. I contend, gentlemen, that it is absolutely contrary to the spirit of the pact, and I do not believe that the Navy Department ought to authorize one single, solitary dollar of expenditure in that direction. [Applause.]

Mr. HUDSPETH. My friend states that there is nothing to show that England, France, or Japan has violated that treaty. Then these newspaper reports that we see, which state that France has increased its navy beyond what was agreed to in the disarmament conference, are not true, in the gentleman's opinion?

Mr. DICKINSON. Not unless they have gone beyond the exception made in the treaty. In other words, an exception was made, as I have read.

Mr. HUDSPETH. The gentleman has seen those statements in the newspapers, though?

Mr. DICKINSON. Yes; but I do not believe they are true.

Mr. BLANTON. Does the gentleman think that expediency ever justifies the violation of a solemn agreement?

Mr. DICKINSON. No.

Mr. MACLAFFERTY. If the range of our guns is 22,000 yards and the range of their guns is 32,000 yards, then there will be a range of 10,000 yards through which our boys from Texas and California and New York will be defenseless, and we can not run through 11,000 yards of gunfire and live.

Mr. DICKINSON. If we made a bad bargain, let us stand by it. If our Government experts did not know that fact when the disarmament conference was in session, they never ought to have permitted this treaty to be signed.

Mr. MACLAFFERTY. That is true.

Mr. DICKINSON. If they made a mistake, I say it is our business to stand by it, when we invited the other nations of the world here to make an agreement with us.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The question is on the amendment offered by the gentleman from Pennsylvania [Mr. BUTLER].

The question being taken, on a division (demanded by Mr. BLANTON) there were—ayes 48, noes 3.

Accordingly the amendment was agreed to.

Mr. DALLINGER. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Massachusetts offers an amendment which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. DALLINGER: At the end of section 8 add the following words: "Provided, however, That no part of the moneys authorized to be appropriated in each or any section of this act shall be used or expended for repairs or changes by private parties or for the purchase or acquirement of any article or articles that at the time of the proposed repairs, changes, or acquirement can be made, manufactured or produced in each or any of the Government navy yards of the United States, when time and facilities permit, for a sum less than they can be made, produced, or acquired otherwise."

Mr. BLANTON. Mr. Chairman, I make a point of order against the amendment.

The CHAIRMAN. What is the gentleman's point of order?

Mr. BLANTON. That it is not germane to this section 8 and that it is not germane to the bill; that it is an unrelated subject. There is no question of economy here involved. It seeks to control the discretion of our Executive, which is in violation of the rule.

Mr. BRITTEN. A parliamentary inquiry, Mr. Chairman.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BRITTEN. Is it possible under the rules of the House to add an amendment to an amendment under the circumstances?

Mr. BLANTON. Not while there is a point of order pending.

Mr. BRITTEN. I was referring to the amendment before the House. I was not intending to take the gentleman off his feet.

Mr. GRAHAM of Illinois. Mr. Chairman, I do not think the point of order made is good. This is a limitation. It has been passed on, I think, a good many times by chairmen of committees in the past, and I am rather inclined to think it has been passed on by the Speaker on one or two occasions. It is a limitation, and has been carried on other bills from time immemorial.

Mr. BUTLER. It has been held in order on other bills.

Mr. GRAHAM of Illinois. It is germane to this section and to the matters mentioned in this section.

Mr. VINSON. Mr. Chairman, the limitation has been placed heretofore on appropriation bills, not on a legislative bill. It would be in order on an appropriation bill, but is not in order on a legislative bill.

The CHAIRMAN. Has the gentleman from Illinois anything to say to the fact that it refers not only to this section but to all other sections of the bill?

Mr. GRAHAM of Illinois. I think it is a proper limitation on the other section of the bill so far as they call for expenditures. A proper limitation on expenditures is a limitation that they shall not be used except in a certain way, and therefore is applicable only to the expenditures authorized by the bill. This limitation comes within those requirements. For that reason I think it is pertinent and germane. I will remember, for instance, the argument made here by our late colleague, Mr. Mann, when he contended on the floor of the House, and I think properly, that if the House should provide a limitation that the expenditure should be made by a red-headed man it would be a good limitation. That was a favorite expression of his. I think this is germane.

Mr. SNYDER. Will the gentleman yield?

Mr. GRAHAM of Illinois. I yield to the gentleman from New York.

Mr. SNYDER. Not on the point of order, but on the merits. The reason I think it is not a proper limitation is that it can not be ascertained at the time that the purchase is made or the articles manufactured that it can be done cheaper elsewhere.

Mr. GRAHAM of Illinois. That is a matter of some doubt always and of some difficulty in this amendment, but nevertheless that is an executive matter or an administrative matter that will have to be worked out by administrative officers. If it is impossible to do it; that is another matter.

Mr. BEGG. Will the gentleman yield?

Mr. GRAHAM of Illinois. Yes.

Mr. BEGG. I would like to apply this test to this as a limitation. It seems to me the real test here as to whether it is a limitation would be this: It certainly is a limitation as to where the Navy Department can get its supplies. As to whether it is a limitation in cost can not be determined until

the actual supplies are furnished, and if it should be found that the supplies cost more by being produced by the Government than they would if purchased of a private industry, according to this amendment it would be a violation of the law.

Mr. GRAHAM of Illinois. It is not claimed that this is a retrenchment.

Mr. BEGG. The limitation, to make it in order, means the limitation in expenditure.

Mr. GRAHAM of Illinois. No; it does not. The limitation does not mean necessarily retrenchment or a lessening of expenditure; it means a limitation of use, it restricts the way in which it can be used.

Mr. BRITEN. The amendment, boiled down, is: If the Navy Department can do the work cheaper than it can be done outside the Navy Department, the Navy Department shall do it. That is all there is to the amendment.

Mr. BEGG. Mr. Chairman, I would like to add that you would not know whether it was cheaper until you advertised for bids. That is the law now, and, as I stated on the floor a few weeks ago, when the gentleman from Massachusetts offered the same amendment to the Army bill, that they advertised in the Army for bids and they received 13 bids. The lowest was 10½ and the highest was 17½, and all the other bids were under 17½, and that was from the Army arsenal, and they awarded the contract to the Army arsenal simply because they had a large force of men and had to give them something to do. I maintain that it is poor business to confine it in such a way.

Mr. DALLINGER. They could not do it under this amendment.

Mr. HUSTED. Mr. Chairman, I would like to ask the chairman of the committee if any part of the funds to be expended under this bill other than for ship construction is affected by the proposed amendment.

Mr. BUTLER. It affects all the others.

Mr. HUSTED. Does it apply to any fund except for ship construction? If it does, it is not a proper limitation, because a limitation applies only to the fund to which it is related.

Mr. DALLINGER. Mr. Chairman, I ask unanimous consent to strike out that part of my amendment that refers to other sections of the bill.

Mr. BLANTON. I object, and I wish to be heard on the point of order.

The CHAIRMAN. The Chair will hear the gentleman.

Mr. BLANTON. Mr. Chairman, if the Chair will read section 8 he will see that it is only proposed to modernize the elevation and range of the turret guns. Any amendment offered to section 8 must be germane to that proposition. What is this amendment? This is not an appropriation. The amendment is:

Provided, however, That no part of the moneys authorized to be appropriated in each or any section of this act shall be used or expended for repairs or changes by private parties or for the purchase or acquirement of any article or articles.

It does not limit it to modernizing the turrets, it does not limit it to changes in the elevation or range of the guns on these 13 battleships; it applies to everything, it takes in the whole world. The amendment continues:

that at the time of the proposed repairs, changes, or acquirement can be made, manufactured, or produced in each or any of the Government navy yards of the United States, when time and facilities permit, for a sum less than they can be made, purchased, or acquired otherwise.

For that reason it is not germane. For another reason it is out of order because of the fact that it destroys the discretion of the executive who has this matter in charge. When are we going to stop seeking to do that to the detriment and interest of the people of the United States? It is for the interest of the people that there shall be a proper discretion placed in our executive offices. Whenever Congress seeks by limitation to gag and hodge the executive offices the people of the United States suffer. I submit, Mr. Chairman, that under the rulings of distinguished Chairmen and this distinguished Chairman, one of the most distinguished parliamentarians in this House, this amendment is not in order.

The CHAIRMAN. The Chair is ready to rule. After the encomiums of the distinguished gentleman from Texas as to the parliamentary ability of the Chair it would be difficult to rule against him. [Laughter.] This is not a question of limitation on an appropriation bill. It is a legislative bill, and the only question here is the question of germaneness. As the amendment is drawn, referring to a number of sections in the bill, it seems to the Chair that under the rules of the House it is not germane to this particular section. The amendment affects all the sections and all the expenditures authorized in the bill. Therefore the Chair sustains the point of order.

Mr. DALLINGER. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. DALLINGER: Page 7, after section 8, insert the following: "Provided, That no part of the moneys authorized to be appropriated in this section shall be used or expended for repairs or changes by private parties or for the purchase or acquirement of any article or articles that at the time of the proposed repairs, changes, or acquirement can be made, manufactured, or produced in each or any of the Government navy yards of the United States for a sum less than they can be made, purchased, or acquired otherwise."

Mr. BLANTON. Mr. Chairman, I make the point of order that the amendment is out of order in that it is not germane to section 8, which it follows, and to which it must be applicable and held accountable. In addition to that, it is an improper restriction upon the discretion of the Executive.

The CHAIRMAN. This amendment is even broader than the other. The Chair sustains the point of order.

Mr. DALLINGER. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. DALLINGER: Page 7, at the end of section 8, add the following: "Provided, That no part of the moneys authorized to be appropriated in this section shall be used or expended for repairs or changes by private parties or for the purchase or acquirement of any article or articles that at the time of the proposed repairs, changes, or acquirement can be made, manufactured, or produced in each or any of the Government navy yards of the United States, if time and facilities permit, for a sum less than they can be made, purchased, or acquired otherwise."

Mr. BLANTON. Mr. Chairman, I make the point of order that the amendment is out of order in that it is not germane to section 8, that it is an improper limitation upon the discretion of executive officers. This is not to authorize an appropriation, but it provides for the expenditure of money which has already been appropriated and is now in the Treasury. The amendment is not in accord with section 8 in that respect, because it treats section 8 as authority for an appropriation, when there has already been an appropriation.

Mr. BEGG. Mr. Chairman, I call the attention of the Chair to the fact that this paragraph deals only with the changing of the elevation and range of the turret guns. The first part of it provides as to the amount that may be expended for repairs and changes to capital ships, that it shall not apply to such sums as the Congress may from time to time appropriate for modernization by increasing the elevation of turret guns. This amendment undertakes to curtail all of the money.

Mr. DALLINGER. Mr. Chairman, in carrying out the provisions of this section, articles have to be purchased.

The CHAIRMAN. The gentleman is sure that this amendment is limited to moneys authorized under this section?

Mr. DALLINGER. It says so. In doing this work they will have to buy certain articles. If they already have them in the navy yards and they can be purchased more cheaply there than they can get them outside, why should they not be used?

Mr. BLANTON. How does the gentleman know that they are going to buy anything? They may not buy anything.

Mr. DALLINGER. Then it does not apply.

The CHAIRMAN. Congress has the right to determine in what way any moneys authorized shall be expended, and if the proposition is germane to the matter under consideration this is all the requirement that is necessary in a legislative bill. It would seem that as the amendment is now drawn it limits the moneys authorized to be appropriated under this section only, and therefore it appears to the Chair to be germane. The Chair overrules the point of order.

Mr. BUTLER. Mr. Chairman, let us have a vote.

The CHAIRMAN. The question is on agreeing to the amendment.

The question was taken; and on a division (demanded by Mr. DALLINGER) there were—ayes 32, noes 20.

So the amendment was agreed to.

The Clerk read as follows:

ACQUISITION OF CERTAIN SITES FOR AVIATION.

SEC. 9. That the Secretary of the Navy be, and he is hereby, authorized to expend from the appropriation "Aviation" contained in the act making appropriations for the naval service for the fiscal year ending June 30, 1924, and for other purposes, approved January 22, 1923, a sum not in excess of \$13,000 for acquiring the site of the naval air station, Galveston, Tex.; a sum not in excess of \$18,000 for acquiring the site of the naval air station, Lakehurst, N. J., and right of way for railroad spur track appurtenant thereto; a sum not in excess of \$20,000 for acquiring the site of the Marine Corps flying field at Reid, Quantico, Va.; and a sum not in excess of \$58,335 for acquiring the site of the naval air station at Chatham, Mass.: *Provided*, That the Secretary of the Navy be, and he is hereby, authorized, in his discretion, to sell the site of the naval air station, Galveston, Tex., with the improvements thereon, upon such terms as he may deem proper: *Provided further*, That \$13,000 of the proceeds of such sale shall be deposited to the credit of the appropriation from which the purchase price of the land is defrayed.

That the sums herein authorized shall remain available until expended.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the last word. I do not know that it will do any good to

talk about it and I do not want to set my judgment up against the judgment of the committee on this proposition, but I call attention to the fact that here we are authorizing considerable sums of money to be used for the acquisition of three flying fields.

Mr. HICKS. Oh, the gentleman does not want to make a misstatement. There is but one field for the Marine Corps, and that is the one at Quantico.

Mr. GRAHAM of Illinois. The others are for the Navy?

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

Mr. GRAHAM of Illinois. Yes.

Mr. BRITTEN. Each of these parcels of property is now or has been in the possession of the United States since the war, and we are merely completing an old moral obligation to pay for what we have been holding.

Mr. GRAHAM of Illinois. Let me say what I want to say, and that is this: I have always thought that it is utter folly for us to maintain flying fields for the three branches of our military service. We have flying fields for the Marine Corps, flying fields for the Navy, flying fields for the Army, and now we have flying fields, I believe, for the Post Office Department. There is no reason on earth why we can not cut down considerable expense by combining some of these flying fields into large aviation centers, where the aviators of the country generally can be trained without maintaining these expensive establishments for three or four different branches of the Government. It is being argued that we started these during the war. Can not some constructive plan be worked out by this Congress or the next Congress so that we can consolidate these activities and cut down the overhead expense and make great aviation centers instead of these many little fields around the country, each of which costs almost as much as a big one?

Mr. BUTLER. We do not know what to do with them.

Mr. HICKS. Has the gentleman finished?

Mr. SWING. If we are going to have aviation, we have to have them along the coast. At strategic points we have to have aviation fields for flying from and flying back.

Mr. GRAHAM of Illinois. All right; along the coast. I do not want them in Illinois in our cornfields. It is not our fault particularly, but we are following up a practice that was established during the war, and we have got military reservations all over the length and breadth of the land. We have naval reservations, marine reservations, and post-office reservations until we are burdened and borne down by the grievous rate of taxation that is imposed on us because we did not tackle the proposition in the proper way. Nobody is due for any particular criticism, but why not adopt some comprehensive general plan?

Mr. BUTLER. This is to relieve it from taxation, to save money.

Mr. HICKS. Has the gentleman finished?

Mr. GRAHAM of Illinois. There are a few things I want to get out of my system about this proposition, and I believe I am right about it.

Mr. HICKS. Has the gentleman concluded?

Mr. GRAHAM of Illinois. If the gentleman will just curb his anxiety, I shall have finished in a moment, but I believe I am right about this thing. I think somebody ought to tackle it. I have been waiting for years and we seem to have made no progress under that line; we have not got anything tentative even in the construction of a plan.

Mr. BLANTON. Is this the gentleman's opening speech?

Mr. MCKENZIE. Will the gentleman yield?

Mr. GRAHAM of Illinois. I will.

Mr. MCKENZIE. I hope the gentleman has been following the activities of the Committee on Military Affairs and knows that we have on the calendar a bill providing for the sale of some 50 or 60 tracts and authorization for the sale of many more; and so far as the Military Establishment is concerned, we are doing our best to unload. [Applause.]

Mr. GRAHAM of Illinois. So far as Congress is concerned, it is standing still.

Mr. MCKENZIE. We expect to move next week.

Mr. HICKS. Mr. Chairman, I move to strike out the last two words. Gentlemen, I am glad to explain this item, because it is a matter I think really entitled to have cleared up. The position of my friend appears to be well founded, but he is ignorant of some of the facts upon which he is talking. Now, I agree that we ought to cut down a lot of the aviation stations, but here is the case where we have expended vast sums of money and where we need stations and where we use them. Now, let me take them one at a time. This provides for the purchase of a field at Quantico, Va., the headquarters of the Marine Corps. We have there an expenditure of many hundreds of thousands of dollars, and we are using that field now

to train the marines. We have built these hangars on land we did not own, and we are paying rent for that land at \$1,500 a year. For \$20,000 we can buy the land upon which we have these hangars. Why, it is Government efficiency and business economy to buy this land and stop paying rent, because we have to have that land upon which to train the Marine Corps. There is no question but what the Marine Corps should have aviation as a part of it. This provides for the training field at Quantico, where the marines are trained. I think that will cover the Quantico station.

Mr. MCKENZIE. Will the gentleman yield?

Mr. HICKS. I will.

Mr. MCKENZIE. I agree with the gentleman from New York as to the business proposition involved here.

Mr. HICKS. I will give another one.

Mr. MCKENZIE. But I would like to ask the gentleman from New York, however, what action the Committee on Naval Affairs has taken to unload some useless and unnecessary pieces of real estate; that is the point.

Mr. HICKS. We have started. We have cut out many stations, and some action ought to be taken by which we can sell them. We have in Cape May, Chatham, five or six, at least, where there is only one man to protect the Government property and see that there is no damage. Now, these stations mentioned in this amendment are stations which the Government has obligated itself to buy. This Congress authorized the buying, and the only reason they did not do it was because the authorization while continuous the appropriation ran out before the authorizations could be made good and because of defect in title.

Mr. MCKENZIE. I do not think the gentleman from New York and myself differ much on this proposition. I would like to ask the gentleman from New York whether or not the Navy Department has made any recommendations to the Committee on Naval Affairs asking that a bill be passed authorizing and directing them to sell?

Mr. HICKS. I will say to my friend from Illinois that within the last few months the Rodman board, composed of Admiral Rodman and other officers, have gone over the property owned by the American Navy to see where property could be eliminated, and that report is expected to be acted upon at some near future date. Now, here is the station at Lakehurst. We spent nearly \$7,000,000 upon that property, and we do not own the property. Now, it seems to me it is only business judgment to go ahead and buy that land because we have got these enormous expenditures. These stations, Mr. Chairman, are stations which are used now with one exception, and that is the station at Galveston, Tex.

During the war we selected a site on the Gulf of Mexico. We made arrangement to buy the property, but before title could be passed, because of a defect in title, the money lapsed; but we went ahead and in the meantime have spent \$248,000 in filling the lot. We do not want the land, and that is one of the cases where we are eliminating the site; and as soon as we get title we propose to sell it at the best price we can get, and it is provided in this bill that after getting the property then the Navy Department is authorized to dispose of it at the best price possible. Now, that same thing happens in a number of cases, but I think with that explanation, Mr. Speaker, the committee ought to be satisfied and accept this amendment.

Mr. FROTHINGHAM. In view of what the gentleman from California said, I remember General Patrick appeared before our committee the other day and said the airplanes went so fast that they did not need the stations on the coast. They could put them where they would be safe.

Mr. HICKS. It is pretty difficult to put in with a seaplane on the land when a seaplane operates on the water.

The CHAIRMAN. The time of the gentleman from New York has expired. The gentleman from New York offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HICKS: Page 8, line 2, before the word "naval" insert "Navy Department and the."

Mr. HICKS. Mr. Chairman, that is merely to clarify the language and have the same wording and title that the appropriation bill carries.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

MARINE CORPS PERSONNEL.

SEC. 10. That no officer of the Marine Corps below the grade or rank of colonel shall be promoted or advanced in grade or rank on the active list unless the examining board provided for in the act approved July

28, 1892, entitled "An act to provide for the examination of certain officers of the Marine Corps, and to regulate promotions therein" (27 Stat., p. 321), shall, in addition to making such certificate of qualification for promotion or advancement as may be prescribed by the Secretary of the Navy, certify that there is sufficient evidence before the board to satisfy the board that the officer is fully qualified professionally for the higher grade or rank.

That when the said examining board shall consist of seven or more officers of the Marine Corps, any officer whose case is before it may be found not professionally qualified without the right to be present or to challenge members of said board.

That any officer of the Marine Corps who fails to qualify professionally upon examination for promotion or advancement shall be reexamined as soon as may be expedient after the expiration of one year if he in the meantime again becomes due for promotion, and if he does not in the meantime again become due for promotion he shall be reexamined at such time anterior to again becoming due for promotion as may be for the best interests of the service: *Provided*, That if any such officer of less than 10 years' total active service, exclusive of service as midshipman or cadet at the United States Naval Academy or the United States Military Academy, fails to qualify professionally upon reexamination he shall be honorably discharged from the Marine Corps with one year's pay: *Provided further*, That if any such officer of more than 10 years' total active service, exclusive of service as midshipman or cadet at the United States Naval Academy or the United States Military Academy, fails to qualify professionally upon reexamination, he shall not be discharged from the Marine Corps on account of such failure, but shall thereafter be ineligible for promotion or advancement; and any such officer shall be retired with a percentage of the pay received by him at the date of retirement equal to 2½ per cent for each year of total active service, not to exceed 75 per cent, upon attaining, or if they have previously attained, the ages in the various grades and ranks, as follows: Lieutenant colonel, 50 years; major and company officers, 45 years.

That brigadier generals of the line shall, subject to physical examination, be appointed from colonels of the line whose names are borne on the eligible list prepared annually by a board of not less than five general officers of the Marine Corps, and approved by the President.

That hereafter, as vacancies occur, the heads of staff departments shall be appointed for terms of four years from officers holding permanent appointments in the departments in which the vacancies occur, whose names appear on eligible lists prepared annually by a board of not less than five officers of the Marine Corps above the grade or rank of colonel, including the major general commandant and the heads of the staff departments, and approved by the President, but no head of a staff department appointed for a term of four years shall sit as a member of the board during consideration of names for the eligible list for his department: *Provided*, That in case there be no officer holding a permanent appointment in a staff department whose name is borne on the eligible list for appointment as head of that department, the appointment shall be made from officers of field rank of the Marine Corps whose names are borne on the aforesaid eligible list for that department.

That any officer of the grade or rank of colonel whose name is not borne on one of the current eligible lists for appointment as brigadier general or head of a staff department shall, if more than 56 years of age, be retired with a percentage of the pay received by him at the date of retirement equal to 2½ per cent for each year of total active service not to exceed 75 per cent.

Mr. HILL. Mr. Chairman, I move to strike out the last word.

Mr. BUTLER. Mr. Chairman, I have an amendment, which I send to the Clerk's desk.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Pennsylvania.

The Clerk read as follows:

Amendment offered by Mr. BUTLER: On page 10, line 13, strike out the words "total active," and, after the word "service," insert the following: "to be computed in accordance with the provisions of section 1 of the act entitled 'An act to readjust the pay and allowances of the commissioned and enlisted personnel of the Army, Marine Corps, Coast Guard, Coast Survey, and Public Health Service,' approved June 10, 1922"; and, on page 11, line 21, after the word "service," insert "to be considered in accordance with the provisions of section 1 of the act entitled 'An act to readjust the pay and allowances of the commissioned and enlisted personnel of the Army, Marine Corps, Coast, Coast Survey, and Public Health Service,' approved June 10, 1922."

The CHAIRMAN. The Clerk calls the attention of the Chair to the fact that the gentleman from Pennsylvania has omitted to insert the word "Guard" in his amendment.

Mr. BUTLER. I ask that the word be inserted.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. BUTLER. Mr. Chairman, these amendments are offered after consultation with my friend from Alabama [Mr. OLIVER], who, along with the gentleman from Illinois [Mr. McKENZIE], and along with the gentleman from Indiana [Mr. KRAUS], a member of the committee that equalized and adjusted the pay of the men in these different services. These two amendments are proposed in order to prevent bringing any provision of this proposed law into conflict with that law. I will ask my friend from Alabama, with whom I have talked, whether in his judgment it does not remove the touching point?

Mr. OLIVER. Yes; with this amendment added, "That nothing herein shall be construed as authorizing other than commissioned service to be considered in determining the retirement pay of any officer commissioned after July 1, 1922." I understand it was the purpose of the gentleman to amend it so as to avoid violating that section of the pay bill that prevented commissioned and enlisted service being considered after July 1, 1922. This will make it absolutely clear. That is to go in at the end of the section.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. OLIVER: Page 11, line 21, after the word "centum," strike out the period and insert a colon and add the following: "Provided, That nothing herein shall be construed as authorizing other than commissioned service to be considered in determining the retirement pay of any officer commissioned after July 1, 1922."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Alabama.

Mr. HILL. Mr. Chairman, I ask recognition in opposition to the amendment. No; I will withdraw that.

The CHAIRMAN. The Clerk informs the Chair that the amendment offered by the gentleman from Alabama [Mr. OLIVER] is not an amendment to the amendment.

Mr. OLIVER. No. It is simply to clarify the section. I think the amendment of the gentleman from Pennsylvania should be passed first.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Pennsylvania [Mr. BUTLER].

The amendment was agreed to.

Mr. OLIVER. I offer my amendment at the end of the section.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Alabama.

The Clerk read as follows:

Amendment offered by Mr. OLIVER: Page 11, at the end of the section, strike out the period and insert a colon and add the following: "Provided, That nothing herein shall be construed as authorizing other than commissioned service to be considered in determining the retirement pay of any officer commissioned after July 1, 1922."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. BEGG. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BEGG: Page 11, line 21, amend by adding at the end of section 10 a new section to be No. 10½, as follows:

"That a special committee, to be composed of five Members of the Senate to be appointed by the Vice President, and five Members of the House of Representatives to be appointed by the Speaker of the House of Representatives, shall make an investigation and report recommendations by bill or otherwise to their respective Houses not later than April 1, 1924, relative to the revision and the readjustment of the laws providing for the retirement of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service, including the matter of retainer pay."

Mr. MONDELL. Mr. Chairman, I reserve a point of order against the amendment.

The CHAIRMAN. The gentleman from Wyoming reserves a point of order.

Mr. BEGG. Mr. Chairman, I want the point of order made if it is to be made.

The CHAIRMAN. Does the gentleman from Wyoming make his point of order?

Mr. MONDELL. I am reserving the point of order.

The CHAIRMAN. The gentleman from Ohio [Mr. BEGG] is recognized.

Mr. BEGG. I insist on the regular order.

The CHAIRMAN. The regular order is, Does the gentleman from Wyoming make his point of order?

Mr. MONDELL. My point of order is that the amendment is not germane.

The CHAIRMAN. The Chair sustains the point of order.

Mr. MONDELL. I did not make the point of order. I simply reserved it. I do not know that I shall want to press it.

The CHAIRMAN. The gentleman from Ohio demanded the regular order.

Mr. BEGG. Mr. Chairman, I offer another amendment.

The CHAIRMAN. The gentleman from Ohio offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. BEGG: On page 10, line 10, after the word "advancement," strike out the semicolon and insert a period and strike out the remainder of the paragraph.

Mr. BEGG. Mr. Chairman and gentlemen of the committee, I am not at all insistent on my amendment being carried, but I offer it for the purpose of making a few observations on retirement pay. I am sorry the gentleman from Wyoming insisted on the point of order, for the simple reason that the same kind of a committee was appointed with reference to active pay and made a report, which was enacted into law, that did justice both to the men and to the Government. There are gross injustices now in retired pay, unjust both to the men and to the Government. It would seem to me that the leader of the House ought to be willing to have a proposition considered be-

fore this House that has the sole motive of being for the best interests of the men in the service and at the same time to protect the Government from being mulcted out of a certain amount of money unnecessarily.

Mr. MONDELL. I did not insist on my point of order. I simply reserved the point of order, and I should not have insisted on it. But let me suggest to my friend that it is only two months since we adjusted this pay. How frequently must we readjust it?

Mr. BEGG. The gentleman certainly does not intend to make any such statement as that on the floor of the House.

Mr. MCKENZIE. That had nothing to do with pay.

Mr. BEGG. There has not been anything like this considered in the House, and the gentleman has been here long enough so that he ought to know that.

I want to call the attention of the House to the fact that under the retirement law, after a man has given the best years of his life to his Government, under this provision on page 10 that I have moved to strike out, a man may serve his Government until he is 45, if he is below the grade of lieutenant commander, or until he is 50 if he has attained the title of lieutenant commander, and then it says he shall be retired; and there are many of these men who are perfectly capable of serving longer. On the other hand, if they are physically and mentally perfectly capable of serving longer, the Government of the United States is entitled to their services, and it is nothing but poor business and carelessness that such a hodge-podge of laws has been allowed to accumulate on the statute books with reference to retirement. If my amendment had been allowed to become a law, there would have been an investigation of all the laws of all the five services governing retirement, and the inequalities and injustices would have been eliminated and the men would have been protected, and as I said at the beginning, the Government would not lose the services of men physically and mentally able to continue in the service.

Mr. GRAHAM of Illinois. The gentleman said a while ago that he was not particularly interested in his amendment. Does he not think it ought to be adopted, in view of what the gentleman has stated?

Mr. BEGG. My reply to the gentleman is that if this last amendment, which I have offered to strike out, would eliminate all the injustices, I would say, "Yes; by all means," but this is just one little step, and I am not in favor of picking out one man or one small group of men in one service and allowing similar injustices to continue as to other men in other services. I want to say that I personally know a retired officer in the Navy who is taking the place of a civilian in an institution with which I am connected, and he is drawing a man's pay; he gets a man's pay from the Government, and he is not as old as I am.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BEGG. I ask that my time be extended two minutes.

The CHAIRMAN. The gentleman from Ohio asks unanimous consent that his time be extended two minutes. Is there objection?

There was no objection.

Mr. BLANTON. Will the gentleman yield?

Mr. BEGG. I yield to the gentleman from Texas.

Mr. BLANTON. The gentleman seems to be in earnest.

Mr. BEGG. I am in earnest.

Mr. BLANTON. And the gentleman believes his amendment is a good one. Why are we not allowed to vote on it?

Mr. BEGG. Just simply because it picks out one or two men, and there is no use of picking out one or two and letting the rest go. My original amendment would have studied the whole question.

Mr. DENISON. What does the gentleman think about retiring General Crowder and then appointing him to a civilian position?

Mr. BEGG. That is none of my business. I would not do it if I had my way about it.

Mr. HILL. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. The Chair recognizes the gentleman from Maryland.

Mr. OLIVER. I ask unanimous consent that the gentleman from Ohio have two minutes more.

The CHAIRMAN. The Chair has recognized the gentleman from Maryland [Mr. HILL].

Mr. BEGG. I did not hear the Chairman say that my time had expired.

The CHAIRMAN. The gentleman had started to take his seat.

Mr. BEGG. I had started to yield to the gentleman from Alabama [Mr. OLIVER].

Mr. OLIVER. Will the gentleman from Maryland yield?

Mr. HILL. I will yield to the gentleman two minutes.

The CHAIRMAN. The gentleman can not do that.

Mr. OLIVER. I do not understand that the gentleman from Wyoming [Mr. MONDELL] stated that he would make the point of order.

Mr. BEGG. But he made it.

Mr. OLIVER. Members of the House who are familiar with the situation feel that there is large merit in the gentleman's amendment.

Mr. BEGG. I intend to try it again in another paragraph.

Mr. OLIVER. I understood the gentleman from Wyoming to say that he would not make the point of order. There are some inequalities that should be corrected and the gentleman is correct in stating that the committee on adjusting the pay did not go into that.

Mr. BEGG. Mr. Chairman, I withdraw my amendment.

Mr. HILL. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I am against this amendment because, if the amendment is proper, the whole paragraph should go out.

Mr. MONDELL. But the gentleman from Ohio has withdrawn his amendment.

Mr. HILL. Mr. Chairman, I ask not to be interrupted.

Mr. MONDELL. But the gentleman must proceed in order, and he is not in order in speaking of an amendment that has been withdrawn.

Mr. HILL. I said I was against the amendment, and if it was a proper one the whole paragraph should go out. This paragraph provides—and I ask the chairman of the committee, if I do not understand it correctly—the bill provides that if any officer fails to qualify professionally on reexamination—that means if he can not pass the routine examination for promotion—that if he happens to be 45 years of age, has served 10 years, and is a company officer he can be retired from the service. I would like to ask the chairman of the committee if that does not make a totally different system of retirement for the Marine Corps from that in the Army at the present time?

Mr. BUTLER. We asked and were told that it did not.

Mr. HILL. I think it is an entirely different system from that in the Army, and for that reason I question the wisdom of it.

Mr. BUTLER. I am mistaken; it is the Navy retirement. The Navy and the Marine Corps are closely associated and therefore in the retirement provision they have put in the naval provision.

Mr. HILL. It should be on the same basis as the Army, and I move to strike out the paragraph.

Mr. CHINDBLOM. What paragraph?

Mr. MONDELL. Mr. Chairman, I ask unanimous consent that all debate on this section and amendments thereto close in 10 minutes.

The CHAIRMAN. The gentleman from Wyoming asks unanimous consent that all debate on this section and amendments thereto close in 10 minutes. Is there objection?

Mr. BEGG. Reserving the right to object, does this close the whole section?

The CHAIRMAN. Yes. Is there objection to the request of the gentleman from Wyoming?

There was no objection.

Mr. STEVENSON. Mr. Chairman, in this matter of soldiers' retirement and soldiers' pay I am going to ask that for just a few minutes we look at another set of soldiers. I want to read into the RECORD the greatest tribute that any President of the United States has ever paid to a set of soldiers who are fast passing away. I will say that I think it will have the unanimous indorsement of all the people here and that probably we will not feel as belligerent when we get through as we are just now.

The President of the United States, Mr. Harding, was invited to attend the Confederate reunion at New Orleans, and this is his answer, and I invite the attention of everybody to it. He says:

The President wrote Captain Dinkins expressing regret because of his inability to accept an invitation from the committee to attend the reunion.

"You say, in part," Mr. Harding said, "the call of the time is equally to emphasize and impress the courage, loyalty, and constructive citizenship of American manhood in the peace that follows war. The Confederate veterans began anew with resources exhausted and opportunity reduced and by matchless energy, devotion, and cooperation rebuilt and rehabilitated their land into immense production and broad prosperity."

EXAMPLE FOR WORLD.

"I am quoting these sentences because they have moved me to say that in my judgment the reconstruction of the South, by the people of the South, in the face of tremendous discouragements following the war, set the finest example that could be urged upon a war-wasted world to-day," the President continued. "The men of Lee's and Johnston's armies went home to their tasks of reconstruction with hearts of

courage and purpose of determination to overcome all obstacles; to deserve the good will and the help of others by proving their own good will and by helping themselves to the utmost of their capacity. They had earned the respect and regard of their opponents on the battle field; they earned it yet more completely and emphatically by their conduct afterwards, and in earning it they insured not only the Union's restoration but its advance to that splendid place which it holds in the family of nations.

FOUND WASTE AT HOME.

"In this connection, because this theme has long made a peculiar appeal to me, I should like to add another thought. The men of the Confederate armies went home after the war to a land that not only was devastated but had suffered literally a revolution of its economic system. However desirable were the ultimate results of that revolution, it imposed upon the people of the South a complication of difficulties which vastly aggravated their task of reframing an empire's social and industrial plan of life. Their achievement, in all the circumstances, constitutes one of the greatest accomplishments of any people in all history.

"Feeling thus, I hardly need tell you of the regret with which I have to say that it is impossible for me to accept an invitation which so greatly appeals to me.

"I will be glad to have you convey to the assembled veterans my most ardent wishes for their happiness, health, and prosperity, and my hope that they may gather for many more equally agreeable occasions of the sort."

That generous and just and splendid encomium made by the President of the United States should be embalmed in our record and go down in history as the utterances of that great man, in which he showed his greatness more than in any other act since he became a public servant. [Applause.]

Mr. MCKENZIE. Mr. Chairman and gentlemen of the committee, when we had the service pay bill under consideration we investigated many things. The purpose of the pay bill was to equalize the pay of the men in the service. When we had that bill up for consideration in the House I made the statement that I was, and am now, opposed to the retirement of any officer from the Army or the Navy or Marine Corps on any other ground than that of physical disability. [Applause.] In the Army—and I speak advisedly because I know—we have numerous ways of getting officers retired. We understand how that great man, General Harbord, a man for whom I have the highest admiration, was retired. We understand how General Cronkhite was put out under another provision, and properly so under the law—we understand that after 40 years of service a man can be retired regardless of age—and furthermore I am one of those who believe that the American boys of the Army and the Navy and the Marine Corps are all our boys and ought all to be treated alike, but there is a difference in the retirement law affecting the Navy and the Marine Corps and the Army.

I for one would like to see a joint committee of the House and Senate take this matter up and give to it the consideration that the joint committee gave to the service pay bill and come back here in 1924 with a recommendation for a law that will equalize these things, and do justice to all and protect this Government against these many ways of retiring men for other than physical disabilities. [Applause.]

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

Mr. MCKENZIE. Yes.

Mr. LINEBERGER. The gentleman says that he is for equality and justice. He does not follow that to the emergency officers of the Army?

Mr. MCKENZIE. Absolutely. The emergency men who went in to fight our battles in the World War were of two classes—one was officers and the other privates—and I stand here today maintaining, and shall continue to maintain, that those boys who went in to fight our battles shall be treated with equality and that no preference shall be shown to the officers.

Mr. LINEBERGER. The gentleman does not apply that to the Regular Army, however?

Mr. MCKENZIE. Absolutely to the Regular Army; that is my position, and the gentleman from California well knows it.

Mr. BYRNES of South Carolina. Mr. Chairman, will the gentleman yield?

Mr. MCKENZIE. Yes.

Mr. BYRNES of South Carolina. Was it not the conclusion of every Member who served on the special committee on pay that the retirement provision should be investigated and made uniform?

Mr. MCKENZIE. Absolutely. We saw the inequalities and the evils of the present existing law, and this resolution offered by the gentleman from Ohio [Mr. BEGG] does no more than provide for a study of this question and a recommendation to the House.

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

Mr. MCKENZIE. Yes.

Mr. MONDELL. The gentleman seems to be very earnest about this matter. He has been an able member of the Committee on Military Affairs for years. Why has he not had that committee attend to this matter? Why bring it in here on a

naval bill, which contains important matters that the committee has considered carefully, and, without any further consideration than you can give it at this time, add it to this particular bill? There will be other opportunities. Let us get this legislation through; let us do this.

Mr. MCKENZIE. If the gentleman will permit an answer, a resolution has been introduced by the gentleman from Ohio providing for this, and it is before the Committee on Rules. From my experience in trying since last June to get a resolution through that committee to provide for the consideration of the Muscle Shoals proposition, I have but little hope that this resolution will ever come out of that committee; and when we get a chance at this time to do something by amendment that is why I am in favor of doing it.

The CHAIRMAN. The time of the gentleman from Illinois has expired. All time has expired. The question is on the amendment offered by the gentleman from Maryland, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. HILL: Page 8, beginning with line 22, strike out all of section 10.

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was rejected.

The Clerk read as follows:

RELIEF OF CONTRACTORS.

SEC. 11. That the Secretary of the Navy is hereby authorized and directed to make thorough investigation and determination of the merits of all claims which may be submitted to him in writing, and verified under oath, within six months from the date of approval of this act, for any loss alleged to have been caused to any contractor, subcontractor, or material man in the performance of any fixed price (including fixed unit price) contract entered into by any person, firm, corporation, or association within the United States, through the Secretary of the Navy or the Navy Department from April 6, 1917, to November 11, 1918, inclusive, or entered into prior to April 6, 1917, to be completed after that date, which loss or delay was caused to such contractor, subcontractor, or material man by the action of any Government agency by reason of priority orders for material or transportation, commandeering of property or material, or other order of Government authority not authorized by the contract, on or between the dates above mentioned: *Provided*, That in determining the loss on any contract entered into prior to April 6, 1917, only such part of the uncompleted contract as was affected by the interference of the Government or some Government agency shall be subject to adjudication: *Provided further*, That no claim for alleged losses on account of increases in wages shall be made under the provisions of this section by any contractor, subcontractor, or material man until he has established proof to the satisfaction of the Secretary of the Navy that he has complied with the order issued by the Macy Board or other Government boards and has actually paid his employees the award ordered by said board.

No claimant shall obtain such relief whose entire volume of business with the Government or as a subcontractor or material man upon contracts with the Government during the period aforesaid shall have yielded a net profit of not less than 6 per cent or more: *Provided*, That no claim shall be examined or reported which rests upon a contract under which the prime contractor shall have given a full, final, qualified, or unqualified release to the United States.

In the performance of the duties of this section the Secretary of the Navy is authorized to make such rules and regulations, not inconsistent therewith, as may be proper and necessary for the orderly conduct of his duties thereunder, and is hereby authorized to summon witnesses and examine them under oath, acting either in person or through such agencies as he may establish, and to require claimants to exhibit their books and papers, and to obtain from the Secretary of the Treasury income tax and other financial reports, and submit them to him, where the same may be pertinent to the questions under inquiry.

That the Secretary of the Navy shall decide each claim presented under this section in accordance with the principles of justice and equity; and if it shall be found that on account of such action of the Government hereinbefore stated a loss was caused to any such claimant, the Secretary of the Navy shall fix and determine the amount thereof and shall recommend for allowance to claimant such part, and only such part, of said loss as, taken together with the claimant's net profits on the entire volume of business claimant may have had on account of contracts with the Government during the periods mentioned in paragraph 1 of this section, shall not exceed 6 per cent of such volume of business; and if it shall be found that by reason of any act of the Government, as above stated, the Government shall have a claim for liquidated damages against any claimant or petitioner on account of any such contract mentioned in the first paragraph of this section for delay in its performance, the Secretary of the Navy may so find, and such Government claim for damages on account of such delay may be waived and become of no effect: *Provided*, That the Secretary of the Navy shall make a report, through the Director of the Bureau of the Budget, of his proceedings and findings under this section to Congress for appropriation on or before January 2, 1924.

Mr. BRITTON. Mr. Chairman, I offer the following amendment which I send to the desk. It is a typographical error.

The Clerk read as follows:

Amendment offered by Mr. BRITTON: Page 13, line 6, strike out the words "not less than."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. GRAHAM of Illinois. Mr. Chairman, I move to strike out the section. This section is practically the same thing that was up here about a year ago when this House was on the eve of killing it, when, I think, the chairman of the committee [Mr. BUTLER] withdrew it.

Mr. BLANTON. It has been killed twice.

Mr. GRAHAM of Illinois. It is a proposition that has met with condemnation in this House every time it has been here. It comes now dressed in a little different clothes, but it is the same old proposition. It is the Dent Act over again, nothing more, nothing less. It is an act that authorizes the Secretary of the Navy to allow all kinds of claims which are illegal and which can not be maintained under any law that exists, and of the extent and the amount of which nobody has any comprehension. It is a proposition that ought to be stopped, and immediately.

Mr. BLANTON. How is the gentleman going to stop it?

Mr. GRAHAM of Illinois. There is but one way to stop it, and that is to strike it out of the bill.

Mr. BLANTON. If the gentleman will do that, we will make him leader.

Mr. GRAHAM of Illinois. Mr. Chairman, the Committee on Naval Affairs, if they desire and think there is any merit in the proposition, can prepare and introduce a bill which will permit these people who have just claims to go to the Court of Claims for adjudication of their matters, but time and time again they have returned with this proposition to the House which simply does away with any legal adjudication and leaves to one man, who happens to be the Secretary of the Navy, the right to adjudicate these claims.

What kind of claims are they? They are claims, as I have said, that are absolutely illegal. They are any claims that arise from alleged damages that occurred on contracts that were made and executed between April 6, 1917, and November 11, 1918, during the period of the war, on account of any delay that was caused by any order of the Government of any kind which was not expressed in the contract under which these gentlemen were operating. That means anything; that means everything. Can you conceive of any possible delay or any possible loss that might have accrued to any contractor under any contract during this time, outside of his own ill-advised bidding on a proposition, that would not have occurred on account of the war that was in existence, when thousands of executive orders were being issued every day by every department? Every one of these and every cent of loss that is occasioned by any of these things can be charged up now and within six months after the passage of this act brought in before the Secretary of the Navy for adjudication. Gentlemen say to me that it is safe to trust him to settle these things, and that I ought to be willing to take the word of the Secretary of the Navy, one of the executive officers of my own Government for these things. I do not believe from my experience, based on experience that extended over two years of investigations of this kind, that any executive bureau of the Government ought to ever again be trusted with this sort of power. [Applause.]

And I will never, so far as I am concerned, vote for such a proposition. Let these claims be produced in a legal way. If there is somebody who suffered loss on account of contracts that ought to be repaid, let the loss be so fixed that they can go into a court of justice and have them adjudicated. You will observe from this amendment that there is no record kept. The Secretary of the Navy is not required to have witnesses summoned, he is not required to keep a record, and when allowances are made there is no appeal to any court or the Congress or anybody else. And here a lot of claims amounting to possibly millions or hundreds of millions are brought in here upon which there is not a scrap of paper afterwards available as to what has been done.

Mr. LONGWORTH. Will the gentleman yield?

Mr. GRAHAM of Illinois. I will.

Mr. LONGWORTH. I ask for information. I have read this rather hurriedly, but is the Secretary of the Navy given any more power than to report to the Budget?

Mr. GRAHAM of Illinois. Yes.

Mr. LONGWORTH. I wanted that very clear.

Mr. HUSTED. He is given authority to fix the amount of the claim and then makes a report to the Budget Bureau—

The CHAIRMAN. The time of the gentleman has expired.

Mr. VINSON. I rise to oppose the amendment.

Mr. GRAHAM of Illinois. I ask that I may have five additional minutes.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. LONGWORTH. Does it not provide, page 14, lines 16 to 19, that he is required annually to report to the Bureau of the Budget and the Bureau of the Budget reports to Congress, and upon that the Congress takes such action as it sees fit?

Mr. GRAHAM of Illinois. No. Here is what happens. He goes to work and passes on these claims, makes a finding and

makes such an allowance as he sees fit. What does he do? On page 14 you will find—

That if it shall be found that by reason of any act of the Government, as above stated, the Government shall have a claim for liquidated damages—

As on account of a claim against the contractor—

against any claimant or petitioner on account of any such contracts mentioned in the first paragraph of this section for delay in its performance, the Secretary of the Navy may so find, and such Government claims for damages on account of such delay—

Observe how carefully the contractor is looked after—

may be waived and become of no effect.

Then what?

Provided, That the Secretary of the Navy shall make a report, through the Director of the Bureau of the Budget—

Of what?—

of his proceedings and findings under this section to Congress for appropriation on or before January 2, 1924.

Mr. HUSTED. The language of the bill on top of page 14 provides that the Secretary of the Navy shall fix and determine the amount thereof, so that the determination of the Secretary of the Navy is in effect a judgment?

Mr. GRAHAM of Illinois. Absolutely.

Mr. HUSTED. And he reports to the Budget Bureau, which passes it on to the Congress.

Mr. BLANTON. Will the gentleman yield?

Mr. GRAHAM of Illinois. I will.

Mr. BLANTON. It is in effect a determination of a court against the Government. Now, if the gentleman will yield, if it was confined to the war period it would be bad enough, but it permits the Secretary to go behind April 6, 1917, and find on contracts that existed before that date, before the war started.

Mr. GRAHAM of Illinois. It extends to contracts made before the war.

Mr. NEWTON of Minnesota. In our appropriation bills here we are asked to appropriate to pay judgments morally, and under this provision the recommendation by the Budget would be morally effective upon us to pay—

Mr. LONGWORTH. Precisely, that is what I wanted to get straight. The determination of any of these claims would be a determination made and submitted to Congress through the Budget and Congress would be morally bound.

Mr. GRAHAM of Illinois. Yes. Now, just a moment. The gentleman will observe it is the same thing as occurs when cases have been to the Court of Claims and that court has rendered judgment.

Mr. LONGWORTH. After the Secretary has determined the amount of the claim and that determination formed the basis of an action by the Court of Claims?

Mr. GRAHAM of Illinois. No; that ends it.

Mr. OLIVER. If the gentleman will permit, I have prepared an amendment which I intend to offer, in keeping with the idea the committee had, and it was in this language, that at the end of the section, "provided that any action taken by the Secretary of the Navy under authority of this section shall be effective only as a recommendation, to be submitted to Congress through the Director of the Bureau of the Budget." And I understand that is all the committee intends.

Mr. VINSON. That is the way it is now.

Mr. GRAHAM of Illinois. When this matter was up before the gentleman from the Naval Affairs Committee asked how they could do this thing if they did not do it in this way, and it was pointed out in this House that they could bring those claims in here and have them passed upon by Congress if they were found to be of sufficient importance.

Mr. COOPER of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. GRAHAM of Illinois. Certainly.

Mr. COOPER of Wisconsin. I notice on lines 16 to 19, inclusive, on page 14 this language:

That the Secretary of the Navy shall make a report through the Director of the Bureau of the Budget of his proceedings and findings under this section to Congress for appropriation on or before January 2, 1924.

Mr. GRAHAM of Illinois. Yes; that is all there is to it.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. GRAHAM of Illinois. Mr. Chairman, I most earnestly trust this amendment will prevail. I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the gentleman's request? There was no objection.

Mr. VINSON rose.

The CHAIRMAN. The gentleman from Georgia is recognized.

Mr. WINGO. Is the pending motion to strike out section 11, or to strike out the enacting clause?

The CHAIRMAN. It is to strike out section 11.

Mr. VINSON. Mr. Chairman, I rise in opposition to the motion of the gentleman from Illinois [Mr. GRAHAM]. His presentation of his motion clearly shows that he knows absolutely nothing about the intention of this section. Nowhere in this section has the Secretary of the Navy any authority, or anyone acting for him, to bind Congress, to determine how Congress will ultimately adjudicate these claims. This section is entirely different from the Dent Act.

Mr. BEGG. Mr. Chairman, will the gentleman yield for a brief question on that?

Mr. VINSON. Yes.

Mr. BEGG. If the Secretary of the Navy can not bind us at all, what good is all this work?

Mr. VINSON. The idea is to permit the Secretary, during the nine months that Congress is in vacation, to examine witnesses and examine contracts, and see if any of the contractors have a bona fide claim. If they have, then the Secretary is required to report to Congress, when each and every Member will be free to exercise for himself the right to determine whether the judgment of the Secretary in his opinion justifies an appropriation.

Now, the difference between this section and the Dent Act is that the Dent Act conferred power upon the department to settle claims. Nowhere does this section authorize the Secretary to settle the claims. Congress exercises its own right to settle these claims when the time comes to make an appropriation.

Mr. BEGG. Mr. Chairman, will the gentleman yield again for a question?

Mr. VINSON. Yes.

Mr. BEGG. What does the language mean on page 14, at the top, where it says that "The Secretary of the Navy shall fix and determine the amount thereof"?

Mr. VINSON. The Secretary makes his report to the effect that John Jones is entitled to \$3,000. But that is no authorization for Congress to appropriate the money, nor a moral obligation requiring that the gentleman from Ohio shall follow the Secretary's views and appropriate \$3,000. It is left for Congress to appropriate the \$3,000.

Mr. BEGG. Then if it is not binding on the Congress, Congress must go ahead and hold duplicate hearings and obtain new evidence.

Mr. VINSON. When the Secretary makes his report to the Budget Bureau it is the duty of the Congress to inquire into it. It is the duty of Congress to settle these claims, instead of permitting the department to settle them.

Mr. DAVIS of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. VINSON. Yes.

Mr. DAVIS of Tennessee. I want to call the attention of the gentleman from Georgia to the fact that appropriations are necessary to pay the judgments of the Court of Claims. Congress can refuse, and sometimes does refuse, to appropriate for those claims, but this adjudication by the Secretary of the Navy will be just as binding on the Congress as would be a judgment of the Court of Claims.

Mr. VINSON. No. This would go before the Appropriations Committee to determine whether or not the claimant is entitled to relief. There is no requirement on the part of the gentleman from Tennessee that he must agree with the view of the Appropriations Committee or with the views of the Secretary of the Navy. We determine that question when he makes his report.

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

Mr. VINSON. Yes.

Mr. CARTER. Of course there is no positive obligation on Congress to appropriate, and a man can repudiate his debts if he wishes.

Mr. VINSON. It is no moral obligation.

Mr. CARTER. What is the purpose of this bill if it is not supposed that Congress shall make an appropriation? That is expressed in lines 16 to 19:

That the Secretary of the Navy shall make a report, through the Director of the Bureau of the Budget, of his proceedings and findings under this section to Congress for appropriation on or before January 2, 1924.

Mr. VINSON. That is to permit Congress to continue to retain jurisdiction of the claims. That is to permit the gentleman from Oklahoma to have his say as to whether or not he will vote to appropriate one dollar to these claimants. Instead of letting the Secretary determine it, we place the responsibility where it belongs, on the Congress, where the gentleman from Oklahoma can have a voice.

Mr. CARTER. Language similar to that is placed in bills that are sent to the Court of Claims—sent there for adjudication.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. VINSON. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

Mr. VINSON. This section is so drafted that there are but six claims that can be considered from the Bureau of Yards and Docks. If the gentleman from Illinois [Mr. GRAHAM] will carefully read it, he will see that no claimant can file a claim after he has given the Government a qualified receipt. What has happened? In a great many instances there have been disputes between the Navy Department and contractors in reference, we will say, to some governmental order. They were not able to settle the claims standing on the company's books, and therefore they said, "We request you to pay us 75 per cent of the claim, and later we will file a claim for the balance, for the remaining 25 per cent." Under this section no claimant who has a claim of that character is permitted to go to the Secretary of the Navy and file his claim. In other words, when we put in there the words "if a contractor gave a qualified receipt" it made this section as harmless as a dog with his teeth pulled out. There is nothing to the bill but to permit the Secretary to gather the evidence and report on a handful of little claims; and it is nothing but proper that he should have the right to gather this evidence like a master in chancery.

Mr. NEWTON of Minnesota. Will the gentleman yield?

Mr. VINSON. I yield to the gentleman from Minnesota.

Mr. NEWTON of Minnesota. I am under the impression, from reading the provision hurriedly, that the terms of it are somewhat larger and more liberal than those of the Dent Act.

Mr. VINSON. The gentleman is clearly mistaken.

Mr. NEWTON of Minnesota. Let me call the gentleman's attention to this language here. It applies to these losses: which loss or delay was caused to such contractor, subcontractor, or material man by the action of any Government agency by reason of priority orders for material or transportation, commandeering of property or material, or other order of Government authority not authorized by the contract.

That is larger than the terms of the Dent Act, as I understand the provisions of the Dent Act.

Mr. VINSON. Suppose a contractor was to file a claim for loss by reason of increased wages. It is incumbent upon the contractor to prove to the satisfaction of the Secretary that he has complied with the orders of the Macey Board, that he has complied with every order of every governmental department with reference to wages, and that he has paid the actual wages that these boards have authorized.

Mr. NEWTON of Minnesota. But I understand that this goes even further than that.

Mr. VINSON. This bill should be used as a model for future bills of this character, because it is so restricted that every protection is accorded to the Government. A contractor must come in with clean hands before he can get any relief.

Mr. NEWTON of Minnesota. What I am afraid of is that it will be used as a precedent and a model and that it will trouble us in the future.

Mr. LINTHICUM. Why should a man who was compelled to take 75 per cent of the amount of his claim be penalized?

Mr. VINSON. I will state to the gentleman that there is some merit in his suggestion, because this probably does injustice to some contractor; but knowing the temper of the House, knowing that the House was prejudiced on account of our having previously surrendered our power to some department, we put that in there to restrict the character of claims that can be filed.

Mr. LINTHICUM. Then the man who had capital enough so that he was able to wait for his money will get 100 cents on the dollar and the other man will get only 75 per cent.

Mr. VINSON. I will say to the gentleman that there are only six claimants before the Bureau of Yards and Docks who can file their claims who can qualify if this is retained in the bill.

Mr. LINTHICUM. It is on account of the principle involved that I am objecting to it.

Mr. VINSON. Morally the man who gave a qualified receipt should have just as much right to file a claim as if he had given no receipt at all.

Mr. STAFFORD. Does the gentleman make any distinction between "receipt" and "release"? The wording of the bill is "qualified release." Under the act authorizing a claimant to receive 75 per cent of the amount in dispute if he gave only a

receipt for that amount we enabled him to go to the Court of Claims for the balance of 25 per cent. Here you are using language different from a receipt, for you say "qualified or unqualified release."

Mr. VINSON. In the Navy Department "release" means identically the same that "receipt" does.

Mr. STAFFORD. "Release" is not the same as "receipt."

The CHAIRMAN. The time of the gentleman has expired.

Mr. SEARS. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Florida asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. BRITTEN, Mr. CHINDBLOM, and Mr. HUSTED rose.

The CHAIRMAN. The gentleman from Illinois [Mr. BRITTEN], a member of the committee, is recognized.

Mr. BRITTEN. Mr. Chairman and gentlemen, if what my colleague from Illinois has said here was correct I would be in favor of striking out the entire section, but he is entirely ignorant of the facts, and I am surprised at the position he has taken. He has not the slightest idea of what this bill contemplates doing. Yet he comes to his colleagues from Illinois and wants to be the next leader of the House. I am astonished at the gentleman's position. This is no more like the Dent bill than the gentleman now looks like a house and lot. It is entirely different. It is no more like the kind of bill that the House had before it two years ago than the sun is like the moon. There is no comparison whatever, none.

Mr. J. M. NELSON. Tell us what the difference is.

Mr. BRITTEN. I will tell you what the difference is. The bill that was then before the House carried an appropriation, allowed claimants to file even though their contracts had been closed; established losses on an entirely different basis; covered hundreds of claims or prospective claims while this bill covers but a few. Senate bill 32, which this bill displaces, carried an appropriation, but in this bill which we have reported no appropriation is suggested. The amendment suggested by the gentleman from Alabama [Mr. OLIVER], that the Secretary's finding shall be purely a recommendation and nothing else, is what the committee desires. It has been frequently said on the floor of the House that a moral obligation of the Government is stronger than a contractual one. Here we have both.

Mr. DOWELL. Will the gentleman yield for a question?

Mr. BRITTEN. Let me complete my statement and then I will yield. Here we have a situation covering only six claimants in the Bureau of Yards and Docks of the Navy Department, and the total amount involved is \$37,000, and of those six the bureau chief says that two may not be affected.

So there is probably only four. All the other contracts before that bureau have been settled. There is nothing here that would justify opening contracts already closed. This bill does not allow the opening of claims that have been settled. Nothing can be reopened. There are five or ten claims pending there now which Congress has practically acted upon which the Secretary desires to settle. The claimants can not go into the Court of Claims, the court has no jurisdiction; they have got to come here and we, in our best judgment, must determine their claims. We do not suggest that the Secretary settle with them; we wanted Congress to do that at a later date. That we will have to examine books and keep accounts and all that sort of stuff is entirely without foundation.

The claims here are based upon this telegram of the Secretary of the Navy, and I leave it to you gentlemen of the House whether you want to live up to an agreement like this by the Secretary of the Navy. You have already appropriated the money which now is lying in the Treasury for a specific piece of work—the building of the battleship *Idaho*—a million dollars. The Secretary wants to pay it. Congress appropriated the money, but the comptroller says that under the law it can not be paid, and that special legislation must be enacted authorizing the payment of that money. A paragraph in the bill is for that purpose. The Secretary has got to recommend through the Bureau of the Budget and the Committee on Appropriations and have reappropriated any amounts of money. Let me read the telegram sent in the time of war to the contractor who was building the *Idaho*. He was directed to expedite its construction. Mind you, his contract was entered into before we got into the war. That was when labor was not what it was when we got into the war and when the prices of materials was not what they were after we got into the war. The chairman of the Naval Committee, Mr. BUTLER, went to the Secretary of the Navy and pleaded with him to do this very thing. Does anybody doubt the honest purpose and

intent of the chairman of the Naval Committee? The contractor replied: "If I go ahead on the *Idaho* and probably work three shifts under the disadvantages of the war and the war is on now, will you pay me the excess cost?" The Secretary telegraphed: "Yes; I will pay you the excess cost; submit your bill." He submitted his bill and Congress appropriated, but now these gentlemen say we ought not to pay it. Is it not absurd, and my distinguished ambitious leader is trying to make people believe that it is like the Dent bill which covered informal contracts, direct and indirect, where a corporal in the field ordered something that was called an indirect contract, and we had to pay under the Dent bill. There is nothing like that in our bill.

There is no way under heaven, gentlemen, that contractors can get money due them unless we authorize it.

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. SWING. Mr. Chairman, I ask that the gentleman have his time extended five minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from California?

There was no objection.

Mr. BRITTEN. We are authorizing the Committee on Appropriations to appropriate for these claims, and there is nothing doubtful in the claims, gentlemen. There are only half a dozen. Now, let me read you the telegram. Understand once more you all know our old Roman, Mr. BUTLER, would not go to the front for anything that was not absolutely right. He pleaded with the shipbuilders. They are in his district or just across the river. He went to them and pleaded with them to complete the ships so that we could get into the war. It would have been the biggest fighting machine in existence. They went ahead under the instructions of the Secretary of the Navy.

These men submitted their increased costs to the department for the department's approval, and the department after careful investigation approved it. Congress appropriated, and for all this time there has been a million dollars which should have been in public use lying in the vaults of the Treasury. I have a letter from the Chief of Bureau of Supplies and Accounts verifying that fact. There is a million dollars lying in the vaults of the Treasury for this particular thing, and it seems absurd to say that it should not be paid out to its rightful owner.

Now, my good friend over here is complaining about the proviso in the bill that permits the Secretary to waive liquidated damages. My Lord, that is awful; that is a terrible thing—waive damages for delays caused by the Government itself. Let me state a few cases to you. A man was building a tug over in New York—I think it was the Herreshoffs—but that case has been settled.

He then went into the mine-sweeper game for us, the building of small craft. When his tug was about ready for completion along came the War Department with a priority order and took his mechanical equipment away from him, stating that they needed the stuff in France and that it was more important that they have it over there than here. He complained and said, "But you are going to delay the completion of this ship." They replied they knew that, but that an extension would be granted. The Government did grant an extension of time for 30 or 40 or 60 days, whatever it was. There is nothing wrong about that; but the comptroller has held that the Secretary of the Navy could not waive liquidated damages in a case of that kind, and he had to assess \$50 a day or \$100 a day, as the case might be. This provision allows him to waive those liquidated damages. These are unimportant compared with the claim about the *Idaho*. They amount to only about \$37,000. My friend from Illinois [Mr. GRAHAM] is a very good friend of mine, and I regard him very highly, and I am for him; he is a capable man—

Mr. BUTLER. I do not know whether he is capable or not, and we must vote for a House leader, and I want to know whether he is capable or not. [Laughter and applause.]

The CHAIRMAN. The time of the gentleman from Illinois has expired.

Mr. BRITTEN. Mr. Chairman, I ask unanimous consent to proceed for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HUSTED. Mr. Chairman, the gentleman states that there are only six claims which will be affected by this provision.

Mr. BRITTEN. Six in the Bureau of Yards and Docks and two in the Bureau of Construction and Repair; none in Ordnance; none in Engineering and none in Supplies and Accounts.

Mr. HUSTED. If that is the case, why was the provision so drawn as to give the Secretary of the Navy authority to decide any and all claims which may be filed within six months after the passage of this act.

Mr. BRITTEN. They apply to these particular claims.

Mr. HUSTED. It certainly would apply to any claims that may hereafter come in.

Mr. BRITTEN. Oh, no. The language specifically says that when a contractor has signed a release, qualified or unqualified, with the Navy Department he has no further claim, and his claim, if he filed one, would not be adjudicated under that.

Mr. HUSTED. Then what does the following language mean?

That the Secretary of the Navy is hereby authorized and directed to make thorough investigation and determination of the merits of all claims which may be submitted to him in writing, and verified under oath, within six months of the date of the approval of this act.

Mr. BRITTEN. I think I have answered the question, but I shall answer it again. As near as we can tell from the various chiefs of the bureaus, there are no claims that will come under the provisions of this bill from the Bureau of Ordnance of the Navy Department and none from the Bureau of Supplies and Accounts.

Mr. DOWELL. How does the gentleman know that?

Mr. BRITTEN. Because we have inserted in the hearings the letters or statements from the chiefs of the bureaus affected by the legislation.

Mr. DOWELL. Then, why direct the Secretary of the Navy to investigate every claim filed within six months after the passage of the act?

Mr. BRITTEN. He only investigates those claims that come under the provisions of the act.

Mr. DOWELL. Oh, no. He is directed to investigate every claim filed within six months of the passage of the act.

Mr. BRITTEN. That is not in violation of the act, and the act specifies the kind of claim that can be considered.

Mr. DOWELL. But you provide for any loss. It is for any loss under any contract within certain dates.

Mr. BRITTEN. Oh, no.

Mr. DOWELL. Let me read this paragraph.

Mr. BRITTEN. It is for certain losses under contracts in the Navy Department where a settlement has not already been made.

Mr. DOWELL. Listen to this language for a moment. This provides that he shall investigate the claim if filed within six months of the passage of the act "for any loss alleged to have been caused to any contractor, subcontractor, or material man, in the performance of any fixed-price contract entered into by any person, firm, corporation, or association with the United States through the Secretary of the Navy or the Navy Department from April 6, 1917, to November 11, 1918, inclusive." That is so clear that it can not be misunderstood. He must investigate every claim of loss that occurred to any contractor who made a contract with the department within those dates.

Mr. CARTER. And it even goes back before the beginning of the war.

Mr. DOWELL. Yes.

Mr. BRITTEN. The bill is very clear in that it states the kind of contractor who has right to file a claim. He must be one who has not already given his receipt to the department.

Mr. DOWELL. Oh, no.

Mr. BRITTEN. Oh, yes.

Mr. DOWELL. The language says, "any contractor who has sustained a loss" under a contract within those dates.

Mr. BRITTEN. I will answer the gentleman in three words—provided that no claim shall be examined or reported which rests upon a contract under which the prime contractor shall have given a full, final, qualified, or unqualified release to the United States.

What does the gentleman say to that?

Mr. DOWELL. That is where a claim has been completely settled.

Mr. BRITTEN. Certainly; and there are no others, except those whose names have been given us by the chiefs of the bureaus.

Mr. DOWELL. But they have six months' time within which to file claims from the passage of this act.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. DOWELL. Mr. Chairman, I ask unanimous consent that his time be extended for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. DOWELL. Then, on another point.

Mr. BURTNESS. Is the gentleman satisfied with the language there?

Mr. DOWELL. I am not. My claim, and I believe I am justified in it, is that the Secretary of the Navy must investigate every claim that is submitted by any contractor who has sustained a loss under a contract with the department between certain dates.

Mr. BRITTEN. Let me read it again, please.

A MEMBER. What page?

Mr. BRITTEN. Page 13, line 7, the proviso.

Mr. DOWELL. I want to interrogate the gentleman upon the other question where he says the Secretary of the Navy has no authority to settle claims. At the bottom of page 13 I read the following:

That the Secretary of the Navy shall decide each claim presented under this section in accordance with the principles of justice and equity, etc., and shall fix and determine the amount thereof and shall recommend, etc.

Mr. BRITTEN. Recommend.

Mr. DOWELL. No; it says fix and recommend; I will read it.

Mr. BRITTEN. He must fix the amount when he investigates it.

Mr. DOWELL (reading):

And if it shall be found that on account of such action of the Government hereinbefore stated a loss was caused to any such claimant, the Secretary of the Navy shall fix and determine the amount thereof.

What does that mean? It means that it is final.

Mr. BRITTEN. What does he do when he fixes the amount? He must report to the Bureau of the Budget.

Mr. DOWELL. I will tell you what he does. He then recommends to the Budget the amount of the findings so that the Budget under the law may submit to Congress an amount necessary and proper to pay the claim that has been allowed.

Mr. CARTER. Is not that just the same language used in reference to bills referring claims to the Court of Claims for judgment?

Mr. DOWELL. Absolutely, and there can be no question of the interpretation of the language.

Mr. BRITTEN. The intention and desire of the committee is not to have the Secretary settle, and it is not the desire to have Congress part with the control of the settlement of the findings, but the desire of the committee was that the final settlement and appropriation should be left to Congress.

Mr. HULL. I desire to ask the gentleman a question for my own information. This permits the contractors not only to figure the actual loss but permits them to figure the prospective profits up to 6 per cent?

Mr. BRITTEN. No.

Mr. HULL. That is what it does.

Mr. BRITTEN. Not at all.

Mr. HULL. What does this language mean where it says—

Mr. BRITTEN. It provides that where the contractor has been damaged by action of the Government, as indicated in my remarks a while ago, if the same contractor through all of his work for the Government has not made 6 per cent he may then file in just the amount of 6 per cent on all the work. It has no reference—

Mr. HULL. If he has not he can claim prospective profits?

Mr. BRITTEN. No.

Mr. HULL. I want to call the attention of the gentleman to this. The Dent Act eliminated all prospective profits or otherwise. This appears worse than the original Dent Act.

Mr. CONNALLY of Texas. Will the gentleman yield?

Mr. BRITTEN. I will.

Mr. CONNALLY of Texas. If the gentleman intends to limit the provisions to these six claims, why does he not name them by saying the following claims, and possibly all objection will be obviated.

Mr. BRITTEN. There are eight. I have no objection—

Mr. CONNALLY of Texas. If the gentleman will do that I think he might eliminate the objection; otherwise the section will probably be killed.

Mr. BRITTEN. Besides, you have to grant the Secretary the right to waive liquidated damages.

Mr. WINGO. If the gentleman will permit a suggestion. It is now about time for the committee to rise and let me make this suggestion to the gentleman based upon the obvious temper of the committee. Had not you better rise and then by tomorrow morning, or whenever you take up the bill, have a provision that will amend this so as to restrict it to the six or eight claims with proper limitations that will authorize the Secretary of the Navy to ascertain what amount, if any, is due, and report his findings to the House? I think that may be better rather than—

Mr. BUTLER. Does the gentleman suggest that it be made to the House or to the Appropriations Committee?

Mr. WINGO. Made to the Congress and not the Bureau of the Budget, because the framing of the language you have got would raise the contention that it was in the customary language in which these claims come to us for an appropriation. Let him report to the Congress the findings of fact, specifying the six or eight claims, and I think the House would be inclined to give it to you.

Mr. DOWELL. Congress will determine whether it should be paid.

Mr. WINGO. Report it to the Congress for consideration, not an appropriation.

The CHAIRMAN. The time of the gentleman from Illinois has again expired.

Mr. BUTLER. We want to do the right thing. We are all manly men, and we need not be frightened because some man comes along and says the Government owes him money. All we desire to know is whether or not the Government does owe him money. Nobody is questioning anyone. They simply want to protect the Government from any claim that ought not to be made against the Government.

My two colleagues have worked out the best bill they could, so as to include all the claims that might be presented. In the case of the *Idaho*, I want to say to the Members who are here that you may believe me as a living witness, a man speaking the truth, when I say that never was such an injustice done before. I was one of the men who asked the Secretary to put this vessel to sea so that we might be successful in the war. The *Idaho* was under contract with the New York Shipbuilding Co. She lay there. It was not in my district. She lay over in New Jersey. I was one of those who persuaded the Secretary of the Navy to finish her, let the cost be what it would. I can not pay the bill, but I feel myself somewhat responsible to those shipbuilding people, because I urged that the vessel be finished. I perhaps overstepped the mark in my zeal and desire to see this ship prepared for service at sea. I had something to do with this 1916 building program to go to the war and fight the Hun. They covered the ship day and night with all hands possible and finished her, and she was sent to sea.

Mr. COOPER of Wisconsin. What year was that?

Mr. BUTLER. That was in the spring of 1918.

Mr. COOPER of Wisconsin. They have had that claim ever since?

Mr. BUTLER. Yes. That claim has never been paid.

Mr. COOPER of Wisconsin. It has not been paid, but it has not been presented to the Court of Claims?

Mr. BUTLER. No. The Court of Claims has no jurisdiction. Now, I want to say to my friend from Wisconsin that the Secretary approved of this claim. He had all the claims before him.

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

Mr. BUTLER. Yes.

Mr. DOWELL. Did the Court of Claims have jurisdiction over that?

Mr. BUTLER. No.

Mr. DOWELL. Will the gentleman tell us why?

Mr. BUTLER. It is not based on a contract for damage.

Mr. STAFFORD. It is not based on any contract that is valid or recognized by the Government.

Mr. BUTLER. The money was set aside and the claim was intended to be paid with promptness. But the authorized cost of the ship had been exceeded. We were limited to so much money, and it cost \$800,000 or \$900,000 more to complete her in advance of the time and make her ready for battle.

I am going to suggest this, if it is agreeable to my two young friends, who worked very hard on this matter. Their services should not be overlooked. They are as careful as the rest of us. I suggest that we pass over this section unacted upon and think it over until the morning, when you will probably have presented to you a measure upon which you can all agree, where the claim will be fully set out, with authority given to the Secretary of the Navy to report the facts to Congress. I am told by the leader of the House that this is the last day for us. We have some provisions here in which I am interested, but I am not going to press them.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. OLIVER. Mr. Chairman, I ask unanimous consent that the gentleman may have three minutes more.

The CHAIRMAN. Is there objection to the request of the gentleman from Alabama?

There was no objection.

Mr. BUTLER. I hope we can put our heads together, and I want the view of the gentleman from Alabama to be considered along with those of the gentleman from Illinois [Mr. BRITTON] and the gentleman from Georgia [Mr. VINSON] and the gentle-

man from Virginia [Mr. DREWRY], and I hope to-morrow we shall be able to bring here some suggestion by which justice can be done these claimants.

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

Mr. BUTLER. Yes.

Mr. OLIVER. I want to state to the House, with the permission of the gentleman, that I was on the Committee on Naval Affairs when many of these claims were considered, and the gentleman from Pennsylvania [Mr. BUTLER] was largely in accord with me and held that we should be very careful in preparing the bill whereby these claims should be considered by the Secretary for investigation and report. He felt that from his personal knowledge of at least one claim it was a foundation for a meritorious measure and had been overlooked. I went to him this morning and, recognizing, as the gentleman from Illinois [Mr. GRAHAM] has pointed out, that, standing alone, some of these words might be misconstrued and might perhaps do what this Congress and this committee did not desire to be done, I drew this amendment and asked him if it would meet his approval at the end of the section, and he said it did, showing that nothing would be done by the Secretary that would in any way place an obligation on the Government or release any rights the Government had. And here is the way it reads:

That any action taken by the Secretary of the Navy under the authority of this section shall be taken only as a direction to the Congress through the Bureau of the Budget, and shall not be considered as imposing any obligation against the Government or releasing any claim or rights of the Government.

Mr. GRAHAM of Illinois. Will the gentleman yield?

Mr. OLIVER. I know that was the attitude of the gentleman.

Mr. BUTLER. I am in entire accord with my friend. This subject is a very old one between him and me. We have been endeavoring to hold off any claim that we thought perhaps might not have a real, substantial foundation to it, and our purpose has been to bring the House into a frame of mind where it would permit the Government to ascertain the facts and to make a report somewhere, to get the official judgment and recommendation of the Secretary of the Navy.

Mr. LONGWORTH. Do I understand the gentleman to suggest that these claims be specified by name?

Mr. BUTLER. I suggest that by to-morrow we will have perhaps a substitute for this section that I think the House will accept.

Mr. GRAHAM of Illinois. I do not think there is any man in this House in whose honesty the Members have more confidence than in the gentleman from Pennsylvania. [Applause.] This will satisfy me. What I have insisted all the time is that you name these claims and let the Secretary examine them and let us ultimately pass on them.

Mr. BUTLER. That is what I have been endeavoring to do, not to bind the Secretary, but to have him say somewhere that the *Idaho* was under the direction of the Navy Department, that all this work was done under the direction of the department, that the department can not pay the money because they increased the cost of the ship, that they acted under great pressure; and then there will be something to act upon.

Mr. GRAHAM of Illinois. Why not pass this over by unanimous consent until to-morrow?

Mr. BUTLER. I ask unanimous consent that this section be passed over until this bill is again under consideration.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that this section be passed without prejudice. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, there are several of us who would like to be heard on this section.

Mr. BUTLER. Oh, yes.

Mr. BLANTON. Are we going to be cut off to-morrow?

Mr. BUTLER. No; when we meet again for the purpose of considering this bill, we will have something to offer.

Mr. BLANTON. And we will be given an opportunity to be heard?

Mr. BUTLER. Yes.

Mr. BLANTON. How much longer are we going to run this afternoon?

Mr. BUTLER. I have not much to do with that.

Mr. BLANTON. There are some other matters here that will be controverted.

Mr. BUTLER. I renew my request.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that this section be passed over, to be called up at a later session of the committee. Is there objection?

There was no objection.

The Clerk read as follows:

REPEAL OF SO MUCH OF SECTION 3 OF THE ACT OF JUNE 4, 1920, AS AUTHORIZES TRANSFERS AND APPOINTMENTS IN THE REGULAR NAVY.

SEC. 12. That hereafter no officer of the United States Naval Reserve Force shall be transferred to or appointed in the regular Navy under the provisions of section 3 of the act of June 4, 1920, and so much of said section 3 of the act of June 4, 1920, as authorizes such transfers and appointments is hereby repealed.

Mr. COOPER of Wisconsin. Mr. Chairman, I move to strike out the last word. I ask unanimous consent to speak on the section which has just been passed over.

The CHAIRMAN. The gentleman asks unanimous consent to proceed out of order. Is there objection?

There was no objection.

Mr. COOPER of Wisconsin. Mr. Chairman, this is a proposition to turn over claims against the United States Government for consideration by the Secretary of the Navy either in person or (see line 16, on page 13) "through such agencies as he may establish." These agencies may conduct hearings and examine witnesses in private. The hearings may be held in any office where the agency established by the Secretary may decide to hold them. There will be no publicity. The procedure will not be like that in the Court of Claims, where the Government and the claimant are represented by counsel and there is examination and cross-examination of witnesses in public. But these claims against the Government are to be heard in private anywhere that the agents may choose to consider them.

And now I direct especial attention to the mandatory language in line 22, page 13. It is there provided that "the Secretary of the Navy shall decide each claim," and so forth. Now, to "decide" a claim means to render a final decision upon it. That is exactly what it means and nothing else. So that the Secretary of the Navy, after this possibly secret hearing by some agent that he has appointed, is to "decide" the claim, and then, in accordance with the proviso on page 14, lines 16 to 19, inclusive, he is to report it to Congress "for appropriation." Mark those words—"for appropriation." He "decides" the claim and reports it to Congress "for appropriation."

I repeat that the only possible reasonable construction to put upon that language is that the Secretary of the Navy having "decided"—that is, rendered final decisions—as to the amounts due, these claims are to be reported to Congress not for examination and decision but "for appropriation."

As for myself, Mr. Chairman, if the question comes upon the motion to strike out the section in its present form, I shall support the motion. This making the Treasury of the United States subject to the payment of claims adjudicated in secret is all wrong.

Mr. BRITTEN. Will the gentleman yield for a question?

Mr. COOPER of Wisconsin. Yes.

Mr. BRITTEN. Does my friend feel that a contract is adjudicated in secret when it is investigated by the Secretary of the Navy and the Navy Department, and then the Secretary makes his report to the Bureau of the Budget, and the Bureau of the Budget makes its report to an appropriating committee in Congress, and they all determine on its propriety? Does the gentleman call that a settlement in secret?

Mr. COOPER of Wisconsin. The gentleman from Illinois has supposed a lot of things that are not germane to the question now before the House, because they are not to be found in the pending bill. I have directed attention to the language of the bill and to its plain intent. I have seen this sort of thing done before, and this is one of the most indefensible propositions that in many years has been presented to Congress.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the amendment.

Mr. SWING. There is nothing before the House.

Mr. BLANTON. The gentleman from Wisconsin moved to strike out the last word.

Mr. SWING. This section of the bill was passed over by unanimous consent.

The CHAIRMAN. Does the gentleman from California claim the floor?

Mr. SWING. I rise to a parliamentary inquiry, if the proper thing is not for the Clerk to read the next section.

The CHAIRMAN. The next section has been read and has been debated by the gentleman from Wisconsin.

Mr. BLANTON. And I rise in opposition.

Mr. SWING. The gentleman from Wisconsin has been debating the section which has been passed over.

The CHAIRMAN. The gentleman asked unanimous consent to do that, which was granted.

Mr. CHINDBLOM. I offer an amendment.

Mr. BLANTON. I move to strike out the last word.

The CHAIRMAN. The Chair recognizes the gentleman from Illinois [Mr. CHINDBLOM].

Mr. CHINDBLOM. Mr. Chairman, I offer an amendment. After line 3, insert a new section.

The CHAIRMAN. The gentleman from Illinois [Mr. CHINDBLOM] offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. CHINDBLOM: Page 15, after line 3, insert a new section as follows: "That on and after July 1, 1922, the retainer pay of all men who were on that day transferred members of the Fleet Naval Reserve or the Fleet Marine Corps Reserve shall be computed on the rates of pay authorized for enlisted men of the naval service by the act approved June 10, 1922: *Provided*, That the retainer pay of said reservists shall be not less than that to which they were entitled on June 30, 1922, under decisions of the Comptroller of the Treasury in force on that date."

Mr. BUTLER. Mr. Chairman, I reserve a point of order on that.

Mr. BLANTON. I make the point of order that it is not germane.

Mr. STAFFORD. I make the further point of order that under the rule by which the bill is being considered only the committee amendments and amendments to those committee amendments are in order.

Mr. CHINDBLOM. Will the gentleman reserve his point of order for a moment?

Mr. STAFFORD. I understand from the statement by the chairman of the Committee on Rules when the rule was presented for adoption that nothing but amendments to the committee amendments are in order.

The CHAIRMAN. This is clearly subject to a point of order. The gentleman from Illinois does not wish to contest that.

Mr. CHINDBLOM. It is on the subject matter of the preceding section.

The CHAIRMAN. The Chair sustains the point of order.

Mr. CHINDBLOM. Will not the gentleman reserve the point of order?

Mr. STAFFORD. I will reserve the point of order.

Mr. BLANTON. What is the use of sitting here all night considering propositions that are out of order. If the gentleman wants to speak, I have no objection, but we ought to rise now.

Mr. CHINDBLOM. If the gentleman will reserve his point of order—

Mr. BLANTON. I will reserve the point of order.

Mr. CHINDBLOM. Mr. Chairman, this is a matter to which I referred yesterday in a colloquy with the chairman of the committee. He then said that he believed that this matter was covered by the first committee amendment, designated as section 2.

When the pay bill was passed, that bill explicitly provided that members transferred from the Navy to the Fleet Naval Reserve should not, through its operations, be reduced from the pay now being received by them. The words "now being received" being an exact quotation from the language of the law. The Comptroller General subsequently rendered an opinion in which he overruled the decisions which had been rendered by the Comptroller of the Treasury for a long period of time, and as a result of which such transferred members of the Fleet Naval Reserve got large reductions in pay. I think that was a great injustice against the men who have been in the service of the country. I am not going to pass judgment on the opinion of the Comptroller General at this moment, but those who are familiar with the facts in this case—and I think the gentleman from Pennsylvania is in sympathy with the amendment—

Mr. BUTLER. I think it has merit, but I am not acquainted with all the facts.

Mr. CHINDBLOM. The gentleman stated yesterday that he was in favor of it.

Mr. BUTLER. Yes; but it refers to another subject.

Mr. CHINDBLOM. Mr. Chairman, I will not take more time if the point of order is insisted on.

Mr. BLANTON. I make the point of order.

The CHAIRMAN. The point of order is sustained.

Mr. CHINDBLOM. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. CHINDBLOM. Mr. Chairman, under the leave to extend my remarks I want to make some further observations on my proposed amendment to section 12 of the committee amendment to Senate bill 4137. The act of June 10, 1922, was reported by a joint committee of both Houses, and is entitled "An

act to readjust the pay and allowances of the commissioned and enlisted personnel of the Army, Navy, Marine Corps, Coast Guard, Coast and Geodetic Survey, and Public Health Service." It was a comprehensive and well-considered legislative enactment. Section 10 of that act fixed the monthly base pay after July 1, 1922, of warrant officers and enlisted men of the Navy and Coast Guard, and authorized the Secretary of the Navy "to fix the pay grade for the various ratings of enlisted men of the Navy," and the Secretary of the Treasury "to fix the pay grade for the various ratings of the enlisted men of the Coast Guard." Thereupon, and immediately in that connection, there was placed in the law the following provision:

Nothing contained herein shall operate to reduce the pay now being received by any transferred member of the Fleet Naval Reserve.

It is clear that the purpose of this provision was to confirm these "transferred members" of the Fleet Naval Reserve in the pay which they were receiving on the date the law went into effect, which by its own terms was July 1, 1922. These transferred members continued to receive the pay which they were receiving both on June 10, 1922, and on July 1, 1922, until August 7, 1922, when the Comptroller General of the United States, in a decision, held that men transferred from the Regular Navy to the Fleet Naval Reserve between August 29, 1916, and July 11, 1919, were entitled to retainer pay on and after July 1, 1922, computed on the rates of pay authorized in the act of May 13, 1908. Although on June 30, 1922, they were receiving retainer pay computed on the rates of pay authorized in the act of May 18, 1920, under a series of decisions of the Comptroller of the Currency authorizing such computation. These decisions of the Comptroller of the Currency were four in number and had been accepted by the Comptroller General, who permitted the payments thereunder to be made up to June 30, 1922, and, in fact, up to August 7, 1922, when he reversed the Comptroller of the Currency, as well as his own acceptance of the latter's ruling on the subject.

While the joint congressional committee, appointed under the act of May 18, 1920, was considering the bill which became the law of June 10, 1922, I personally called upon members of the committee and their advisers and was assured that it was their purpose that the transferred members of the Fleet Naval Reserve should not be reduced in pay.

There is no question as to what was the intention of the Congress. I believe every Member of the House took the bill to mean what it said, viz, that the transferred members of the Fleet Naval Reserve should continue to draw the retainer pay which they were receiving—now—when the bill was passed. The Judge Advocate General of the Navy took the same position. Upon the request of the Secretary of the Navy the Comptroller General reconsidered the question, and on December 8 last reaffirmed his decision of August 7, 1922, except that in the later opinion he held that "payments prior to July 1, 1922, having been made otherwise under decisions in effect when made, they will not be disturbed." Doubtless the men affected are disposed to bow gratefully with an humble "For this relief, much thanks"; but the inquiry might be pertinent why an erroneous opinion—under the ruling of the Comptroller General—should authorize or condone payments prior to July 1, 1922, but not thereafter. Be that as it may, my view is that the Congress had the authority on June 10, 1922, when the pay bill was passed, to fix the basis for the retainer pay of these transferred members of the Fleet Naval Reserve, and the Congress did so fix that basis when it declared that nothing in that law should operate to reduce their pay below that which they were then receiving. It was not to be presumed that the executive officers of the Government, with the acquiescence and consent of the Comptroller General himself, were violating the law by paying larger compensation than the law permitted. The Congress took the status quo in this matter and based its action thereupon.

In his opinion of December 8 last to the Secretary of the Navy the Comptroller General stated, with reference to the provision in section 10 of the act of June 10, 1922, as follows:

The clause gives nothing affirmatively, but negatively prevents reduction of the pay authorized by law now being received.

The words "authorized by law" are interpolated by the Comptroller General; they are not in the act of June 10, 1922. The Congress could easily have used those words. It might have said that these service men should not be reduced below the pay "authorized by law," or the pay "to which any transferred member of the Fleet Naval Reserve is entitled." Those would have been customary and usual provisions. Instead of so expressing itself, the Congress took the state of facts then existing and generally known and made that situation the basis of its action, and that action was as much the law as any prior enactment. The Comptroller General begs the question

when he says, as he does in his last opinion to the Secretary of the Navy, that the act of June 10, 1922, "does not authorize the continuance of pay of any character not provided by law." The act of June 10, 1922, is itself a law fixing pay which thereby and thereafter was "provided by law."

It is greatly to be regretted that the pending bill does not relieve the situation to which I have referred, but it is to be hoped that legislation to that end will be embodied in the measure before it is finally enacted. The proposition is highly meritorious and carries out the original intent of the Congress. Most of the men involved served through the war during the period of stress and danger and are entitled to transfer to the reserve fleet upon the basis of the pay they received when their services were no longer demanded.

Mr. BLANTON. Mr. Chairman, I make the point of order that we have no quorum present.

Mr. BUTLER. Let us read the next section. I am 20 years older than the gentleman from Texas, and I can stand it five minutes more.

Mr. BLANTON. Very well; I withdraw the point.

The Clerk read as follows:

DISCHARGES FOR THE GOOD OF THE SERVICE.

SEC. 13. That hereafter persons discharged from the naval service by dishonorable discharge, bad-conduct discharge, or any other discharge for the good of the service, may, upon discharge, be paid a sum not to exceed \$25: *Provided*, That the said sum shall be fixed by, and in the discretion of, the Secretary of the Navy, and shall be paid only in cases where the person so discharged would otherwise be without funds to meet his immediate needs: *Provided further*, That hereafter the appropriation "Maintenance, Quartermaster's Department, Marine Corps," shall be available for the purchase of civilian outer clothing, not to exceed \$15 per man, to be issued when necessary to marines discharged for bad conduct, undesirability, unfitness, or inaptitude.

Mr. BUTLER. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TILSON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill S. 4137 and had come to no resolution thereon.

AGRICULTURAL APPROPRIATION BILL.

Mr. ANDERSON. Mr. Speaker, I present a conference report on the agricultural appropriation bill for printing under the rules.

The Clerk read the title of the bill (H. R. 13481) making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1924, and for other purposes.

THE REPARATIONS CRISIS.

Mr. TEMPLE. Mr. Speaker, I wish to make a unanimous-consent request, and then I would like a minute to make a statement concerning it.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to proceed for one minute. Is there objection?

There was no objection.

Mr. TEMPLE. Mr. Speaker, in the course of his remarks yesterday the gentleman from Minnesota [Mr. KNUTSON] quoted certain passages from an article, of which I am the author, in the January number of the Forum. My views are not at all those expressed by the gentleman from Minnesota. [Applause.] My good wishes are with France in her attempt to collect what is due to repair the damage caused her by Germany and the other central powers. The article in the Forum, which was written two months ago and several weeks before the occupation of the Ruhr Valley by the French forces, attempted to set forth the facts in regard to the reparations crisis in the stage which it had then reached. The article states plainly that there would be no injustice in collecting from Germany the full amount fixed by the Reparations Commission. The passages quoted by the gentleman from Minnesota in his speech are so associated with other material that my own view might be misunderstood by a careless reader. Therefore I ask unanimous consent that the full text of my article be printed in the RECORD in 8-point type.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD in the manner indicated, in 8-point type. Is there objection?

There was no objection.

The article referred to is as follows:

THE REPARATIONS CRISIS.

[By HENRY W. TEMPLE.]

Three things have brought Europe to the verge of economic ruin—the loss of man power and of capital during the four years of war, certain crushing and unworkable provisions of the

peace treaty, and the continuing fears and jealousies of governments and peoples which have perpetuated old hatreds and created new ones. It is true that the present crisis arises out of the differences of opinion between the British Government and the French Government concerning Germany's willingness or ability to meet the reparations payments and the measures that ought to be taken to collect from the unwilling or bankrupt debtor.

In the Versailles peace treaty Germany specifically accepted the responsibility of Germany and her allies for causing all the loss and damage which the allied and associated governments and their peoples had suffered as a consequence of the war. The allied and associated governments also definitely recognized in the treaty that the resources of Germany were not adequate to make complete reparation for all such loss and damage. The treaty did not attempt to fix the amount of the damage for which compensation was to be made by Germany, but it did provide that Germany should pay 20,000,000,000 gold marks prior to May 1, 1921, and that payment should be made in gold, commodities, ships, securities, or otherwise, as the Reparations Commission might fix. The treaty further provided that the total amount of damages in addition to the above-mentioned 20,000,000,000 gold marks should be determined by the Reparations Commission and notified to the German Government on or before May 1, 1921.

On January 23, 1921, the Reparations Commission issued a statement showing that prior to December 31, 1920, Germany had delivered, in payment of the preliminary 20,000,000,000 gold marks, the following ships and commodities:

Coal estimated at 17,818,840 tons; sulphate of ammonia, 19,000 tons; steamers, sailing vessels, and trawlers, 2,054,729 tons gross; river craft and material, 38,730 tons; live stock, 360,176 beasts; seeds, 6,882,588 kilos; dyes and dyestuffs, 10,787,827 kilos; pharmaceutical products, 57,823 kilos; rolling stock (locomotives), 4,571; rolling stock (freight cars), 129,555; motor lorries, 5,000; railway material, 140,000 tons; agricultural machinery, machines, and implements, 131,505. In addition, the commission's statement showed that Germany had delivered the submarine cables under German control, of which only those privately owned were to be credited to reparations. The statement of the Reparations Commission further said that the list did not include certain other deliveries for which figures were not yet completely determined. In addition to these deliveries there were others not to be credited to the payment of the 20,000,000,000 gold marks, but which were in the nature of restitutions to France and Belgium, of agricultural material, industrial material, locomotives, and freight cars, to compensate for those seized by Germany in territory belonging to France and Belgium.

Conflicting estimates were placed upon the value of these payments in kind, but there is no doubt that they fell far short of the 20,000,000,000 gold marks required.

On May 10, 1921, Germany, under pressure, accepted the estimate made by the Reparations Commission of the additional reparations, which the commission fixed at the sum of 132,000,000,000 gold marks (about \$33,000,000,000). This sum was covered by bonds which were to be issued in three series. Series A, amounting to 12,000,000,000, and series B, amounting to 38,000,000,000, bearing interest at 5 per cent, were delivered to the allied governments. The bonds of series C, amounting to 82,000,000,000 of gold marks, were also to be delivered by November 1, 1921.

They were to be without interest coupons and it was provided that they should be issued by the Reparations Commission "as and when it is satisfied that the payments which Germany is required to make in pursuance of this schedule are sufficient to provide for the payment of interest and sinking fund on such bonds." Annual payments were to be made as follows: A fixed sum of 2,000,000,000 gold marks, plus a variable payment amounting to 26 per cent of the value of German exports which, it was estimated, would amount to another billion. These annual payments were really sufficient only to cover the 5 per cent interest on bonds of series A and B and to provide an additional 1 per cent toward the amortization of these bonds. The payment was not sufficient to provide anything for the additional 82,000,000,000 gold marks of the bonds of series C. Payment of the first billion was made within the specified time, but almost immediately Germany began to assert her inability to make further payments as they became due, and there has been conference after conference, postponement after postponement until the present time. The French Government has shown more and more inclination to take stronger measures for the collection of these payments, and the possibility of independent action by that Government is a serious element in the European situation.

Of the proposal to occupy the Ruhr Valley the British prime minister said to the House of Commons: "We can not look with equanimity upon any action which seems to us likely, or which we believe will have the effect, not of producing reparations, but making them more difficult to get, perhaps making them impossible altogether." The prime minister continued: "I believe, and think that almost everyone believes, that the terrible trouble in Europe is that there is no hope of any solution unless France and we get together. I am perfectly sure of this, and I and the Government which I represent will be acting according to the wishes of the whole nation if we make clear that the difference is more serious than a difference between governments. The difference likely to arise is the difference between the public opinion of two countries, and we are looking from the point of view of maintaining good relations. That makes it more dangerous than if the only question were the difference of opinion between individuals and governments, and that is the reason, I am sure, we at home and the French Government will utilize the time that still remains to try to find some common method to deal with this problem."

The British premier recognizes that the German Government has allowed a tremendous inflation of its currency to take place, which has the effect in itself of making it impossible for Germany to meet any claims for reparations. He says also that the French go further and say that this was deliberately done by Germany, but he adds: "Honestly, I can not myself take that view; and this is the reason: It is perfectly true that by that method of passive resistance they can avoid forever paying any indemnity, but it only means what is very like suicide for Germany. I can hardly believe that any sane Government would deliberately adopt that course."

Even in this statement of the differences between his own opinion and that of the French Government we may observe some progress toward agreement. It is only a few weeks ago that many persons in France and even observant travelers in Germany were divided in opinion as to whether Germany was unable to pay or was really prosperous. It was pointed out that the German stores were full of customers making purchases, that there was almost no unemployment in Germany, and that in general business was active. This was true. Business was feverishly active, but the activity had peculiar causes. In the middle of August the mark was worth one thousand to the dollar. At the present time a dollar will buy more than 8,000 marks. The German people had realized that the fall in the value of the mark had only begun. In August and September they were spending their money as rapidly as possible lest it become worthless in their hands.

The depreciation of the mark is, of course, registered in an increase in the price of commodities, as that price is measured in marks. It was wise for the German people to buy to-day all that they needed to buy, or all the goods they could possibly make use of in the near future, because their money to-day would buy two or three times the quantity of goods that it would procure a month or two later. Merchants realized what was going on, and in many instances stores were closed against the rush of customers in order that the goods might be held for the higher prices of to-morrow. The merchant indeed would have been better off if he could have closed his store altogether and kept the goods in his possession rather than exchange them for money that was growing more and more worthless. He was unable to do this, however; he must sell his goods in order that he might have the means of buying food for his own family, even though he realized that he was eating up his capital and must ultimately go out of business. One of the keenest observers in the diplomatic corps in Berlin, an experienced business man and sound economist, said to me early in September that Germany was about six months behind Austria on the road to economic collapse. I had just returned from Vienna to Berlin, and his statement meant much to me.

My cab fare from the railway station to the hotel in Vienna amounted to 36,000 crowns. A very modest breakfast was 27,000 crowns. A room in the hotel was 220,000 crowns a day. These prices mean nothing when translated into American currency at the rate of 80,000 crowns to the dollar. When so translated they throw no light whatever on the economic situation in Austria. It is only when prices are translated into the terms of Austrian income and the changes of value are thought of with reference to contracts and securities that the situation becomes at all apparent. A note secured by mortgage in 1915 called for 250,000 crowns, which at par would be \$50,000. The mortgage was paid off in August, 1922, and full payment of the 250,000 crowns was made. Translated into terms of American exchange, this means that a note for \$50,000 was paid with \$3.123. A pension of 30,000 crowns was equivalent before the war to \$6,000 in American money. The pension is still paid

and still amounts to 30,000 crowns a year, but the year's income will pay for only one breakfast at the hotel. Wages have gone up, it is true, but not at all in proportion to the increase in prices. A manufacturer in Vienna told me that he was paying to the skilled workmen among his employees about 400,000 crowns a week, but he added that while this would probably buy food for the workman's family, it would not pay for the replacing of worn-out shoes and clothing. The middle class—people living upon fixed incomes—have, of course, had no such readjustment as the working people have had in their advance in wages, and the result is that there is no longer a middle class.

Since September Germany has made rapid progress toward the condition that Austria had already reached; but the importance of Germany in the industrial and commercial organization of the world is so much greater than that of Austria that the economic destruction there, involving 60,000,000 people, destroying both their power to produce goods for the world's use and their power to purchase surplus products of other countries, would have a far greater effect in western Europe and America than the collapse of Austria. The crisis is much more than a political one involving the future relations of France and Great Britain, with the possibility of again disturbing the peace of the world. It is also an economic crisis which, even if war is not to be thought of, threatens disaster to the material side of the world's civilization.

The question involved is bigger than that of reparation for damage done by the war.

It is more important to America than the question of cancellation or payment of the war loans; but that statement does not mean that the war loans should be canceled or that the reparation payments should not be collected. It is far too soon to say that recuperation is impossible. Quick recovery, of course, must not be expected. The people of all the world should realize as early as possible that no act of any Congress or Parliament can at once set the world back on its foundations, so that we may proceed as if there had been no war. The immediate political crisis requires the prompt exercise of all the qualities of statesmanship; the restoration of prosperity, however, must be a slower process. Not only must statesmen realize but also the masses of the people must be convinced that such restoration can only come when the hundreds of billions of wealth destroyed by the war have been replaced—have again been created and accumulated by long-continued industry any saving.

Payments of immense sums by one nation to another, whether in reparation for war damages or for credit upon war loans, can not be made at once. They must be waited for with long patience. The total amount of indebtedness of all European countries to the United States, including war loans, the sums due from sales of war supplies and from sales of flour by the United States Grain Corporation, and other items, and including interest as well as principal, has now reached the enormous sum of eleven billions five hundred and twenty-five millions. The French Government owes the United States three billions seven hundred and seventy millions of this, the British Government owes us four billions seven hundred and forty-seven millions, and Italy owes one billion eight hundred and ninety-one millions. The remainder of the immense sum is owed by 17 other European nations. Great Britain is the only power of the 20 that has begun to pay interest on the obligation.

If the reparation bonds of series C, amounting to 80,000,000,000 gold marks, are to be canceled entirely—and there are signs that European public opinion may be ready for such a step—the remaining obligations represented by the bonds of series A and B amount to 50,000,000,000 gold marks, or approximately twelve and one-half billions of dollars. This sum owed by Germany is larger than the total owed to the United States by the 20 European nations. If the victors, who among them have already received from Germany more than 1,000,000,000 gold marks and the several billion marks in value represented by the payments in kind mentioned above, are unable to pay even the interest on eleven and one-half billions, it would appear reasonable that Germany may be unable to pay any large part of the reparations amounting to a still greater sum. It will be generally recognized in America that there would be no injustice in collecting from Germany the whole of the 132,000,000,000 gold marks (\$33,000,000,000) named by the Reparations Commission as necessary to cover the damage for which Germany was responsible, if collection were possible. But if attempts at immediate collection by force would precipitate ruin, that would affect not only Germany but western Europe and America as well, then it is to be devoutly wished that the conference adjourned at London because of disagreement between France and Great Britain may be resumed later, with a better hope of reasonable adjustment.

There is increasing demand that the United States take part, directly or indirectly, in a conference which shall deal with this subject. Doubtless some among those that make this demand believe that the United States should shoulder the greater share of the financial burden. An international loan to Germany is suggested. There is no likelihood that the Government of the United States will tax the American people or will issue bonds to raise the large sum necessary for this purpose. There is no likelihood that private interests will make such a loan to Germany unless there should be a guaranty of such an arrangement concerning reparations as would permit Germany to use the loan for productive purposes—that is, to restore sound conditions in Germany—and unless there should be a further guaranty that when Germany has done this no power will send a military force into Germany to seize and control the industries thus restored. We in America can not live as if we were not a part of the world. We must be willing to use our resources and our energies in cooperation with European nations to prevent the wreck that threatens civilization, but we must avoid such participation as would rouse in America jealousies and hatreds from which our geographical position and our international policy in the past have kept us free.

ENROLLED BILL SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bill of the following title, when the Speaker signed the same:

H. R. 13926. An act making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1924, and for other purposes.

The SPEAKER announced his signature to enrolled bill of the following title:

S. 3721. An act providing for the erection of additional suitable and necessary buildings for the National Leper Home.

ADJOURNMENT.

Mr. BUTLER. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; and accordingly (at 5 o'clock and 27 minutes p. m.) the House adjourned until to-morrow, Saturday, February 17, 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:

1000. A letter from the Acting Director of the United States Veterans' Bureau, transmitting a statement as of February 1, 1923, indicating the total number of positions at a rate of \$2,000 or more per annum, the rate of salary attached to each position, and the number of positions at each rate in the central office, together with a statement indicating the corresponding information as of January 1, 1923, for the district and subdistrict offices; to the Committee on Appropriations.

1001. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the War Department for the fiscal year ending June 30, 1923, for expenses of the international shooting competition, \$25,000 (H. Doc. No. 583); to the Committee on Appropriations and ordered to be printed.

1002. A communication from the President of the United States, transmitting a supplemental estimate of appropriation for the General Accounting Office for the fiscal year ending June 30, 1924, for additional personnel for auditing the financial transactions of the United States Shipping Board Emergency Fleet Corporation, \$58,350 (H. Doc. No. 584); to the Committee on Appropriations and ordered to be printed.

1003. A communication from the President of the United States, transmitting a supplemental estimate of appropriations for the War Department for the fiscal year ending June 30, 1923, amounting to \$602,500 (H. Doc. No. 585); to the Committee on Appropriations and ordered to be printed.

1004. A communication from the President of the United States, transmitting supplemental and deficiency estimates for the Navy Department for the fiscal year ending June 30, 1923, and for prior years, amounting to \$21,163,725.37, together with certain proposed legislation (H. Doc. No. 586); to the Committee on Appropriations and ordered to be printed.

1005. A communication from the President of the United States, transmitting deficiency estimate of appropriations for the Department of State for the relief and protection of American seamen, amounting to \$1,516.49 for the fiscal year ending June 30, 1921, and \$10,536.88 for the fiscal year ending June 30, 1922; in all, \$12,053.37 (H. Doc. No. 587); to the Committee on Appropriations and ordered to be printed.

1006. A communication from the President of the United States, transmitting supplemental estimate of appropriation for

the Department of the Interior for the fiscal year ending June 30, 1923, to reimburse the Territory of Alaska for moneys advanced to the Governor of Alaska for repairs to his residence at Juneau, Alaska, necessitated by fire in the building, amounting to \$857 (H. Doc. No. 588); to the Committee on Appropriations and ordered to be printed.

1007. A communication from the President of the United States, transmitting supplemental estimate of appropriation for the Alien Property Custodian for the fiscal year ending June 30, 1923, \$8,324.93 (H. Doc. No. 589); to the Committee on Appropriations and ordered to be printed.

1008. A communication from the President of the United States, transmitting an estimate of appropriation for the Supreme Court of the United States for the fiscal year ending June 30, 1923, for a marble bust, with pedestal, and for an oil portrait of the late Chief Justice Edward Douglass White (H. Doc. No. 590); to the Committee on Appropriations and ordered to be printed.

1009. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department for the fiscal year ending June 30, 1923, amounting to \$78,838,515.95 (H. Doc. No. 591); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII.

Mr. VOLSTEAD: Committee on the Judiciary. H. R. 14337. A bill to incorporate the Belleau Wood Memorial Association; with an amendment (Rept. No. 1624). Referred to the House Calendar.

Mr. DOMINICK: Committee on the Judiciary. H. R. 7851. A bill to amend an act entitled "An act to amend an act entitled 'An act to provide for the appointment of a district judge, district attorney, and marshal for the western district of South Carolina, and for other purposes,'" approved September 1, 1916, so as to provide for the terms of the district court to be held at Spartanburg, S. C.; with an amendment (Rept. No. 1625). Referred to the House Calendar.

Mr. BOIES: Committee on the Judiciary. 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.; without amendment (Rept. No. 1626). Referred to the Committee of the Whole House on the state of the Union.

Mr. HERSEY: Committee on the Judiciary. H. R. 14226. A bill to amend an act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916; with an amendment (Rept. No. 1627). Referred to the Committee of the Whole House on the state of the Union.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FOCHT: A bill (H. R. 14361) to authorize and direct the Commissioners of the District of Columbia to erect a building for the care of tubercular pupils; to the Committee on the District of Columbia.

By Mr. NEWTON of Minnesota: A bill (H. R. 14362) to amend subdivision (II) of section 20 of the interstate commerce act as amended; to the Committee on Interstate and Foreign Commerce.

By Mrs. HUCK: A joint resolution (H. J. Res. 450) announcing that the Congress of the United States shall make no concessions to any country that does not refer the question of war to its people; to the Committee on Foreign Affairs.

By Mr. PORTER: A joint resolution (H. J. Res. 451) requesting the President to urge upon the governments of certain nations the immediate necessity of limiting the production of habit-forming narcotic drugs and the raw materials from which they are made to the amount actually required for strictly medicinal and scientific purposes; to the Committee on Foreign Affairs.

By Mrs. HUCK: A concurrent resolution (H. Con. Res. 85) declaring the people of the Philippine Islands to be free and independent; to the Committee on Insular Affairs.

By Mr. FOCHT: A resolution (H. Res. 534) for the immediate consideration of Senate bill 3136, the teachers' pay bill; to the Committee on Rules.

By Mr. SUMMERS of Washington: A resolution (H. Res. 535) for the immediate consideration of Senate bill 3808; to the Committee on Rules.

By Mr. BRIGGS: Memorial of the Legislature of the State of Texas urging immediate recognition of the Obregon government in Mexico; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. GILLETT: A bill (H. R. 14363) for the relief of Charles A. Eastman; to the Committee on Indian Affairs.

By Mr. HICKS: A bill (H. R. 14364) for the relief of Charles Beck; to the Committee on Claims.

By Mr. J. M. NELSON: A bill (H. R. 14365) granting an increase of pension to Aurora C. B. Kinney; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 14366) granting a pension to Julia Conger; to the Committee on Invalid Pensions.

By Mr. TINCHER: A bill (H. R. 14367) granting a pension to Visa A. Moser Elliott; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

7322. By the SPEAKER (by request): Petition of Women's International League for Peace and Freedom, Massachusetts branch, Boston, Mass., urging repeal of the espionage act; to the Committee on the Judiciary.

7323. By Mr. BRIGGS: Letter of Mr. R. C. Spinks, Crockett, Tex., urging passage of truth in fabric bill and other legislative relief; to the Committee on Interstate and Foreign Commerce.

7324. By Mr. KISSEL: Petition of chairman New York League of Women Voters, urging passage of House bill 11490 transferring work of Interdepartmental Social Hygiene Bureau to the Department of Justice; to the Committee on the Judiciary.

7325. Also, petition of Kings County Republican Committee, favoring a child labor amendment to United States Constitution; to the Committee on the Judiciary.

7326. Also, petition of Maritime Association of the Port of New York, favoring passage of a bill providing for Government ownership and operation of Cape Cod Canal; to the Committee on Interstate and Foreign Commerce.

7327. By Mr. RAINEY of Illinois: Petition of Eaton Priddy Post, No. 111, of the American Legion, favoring an appropriation for the development and promotion of the Organized Reserves and the citizens' military training camps; to the Committee on Appropriations.

SENATE.

SATURDAY, February 17, 1923.

The Senate met at 11 o'clock a. m.

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

Our Father who art in heaven, hallowed be Thy name. Thy kingdom come. Grant that we each may have a part in bringing in that kingdom until the kingdoms of this world shall become the kingdom of our Lord, Jesus Christ. Enable us in all our duties to find an earnest of Thee in the understanding of the times and in our desire to fulfill Thy will. Through Jesus Christ. Amen.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Tuesday, February 13, 1923, when, on request of Mr. CURRIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL.

Mr. McKELLAR. 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	Curtis	Harrison	McCormick
Ball	Dial	Heffin	McCumber
Bayard	Dillingham	Hitchcock	McKellar
Brookhart	Ernst	Johnson	McKinley
Bursum	Fernald	Jones, Wash.	McLean
Calder	Fletcher	Kellogg	McNary
Cameron	Frelinghuysen	Keyes	Moses
Capper	George	King	Nelson
Caraway	Gerry	Ladd	New
Colt	Glass	La Follette	Norris
Couzens	Hale	Lenroot	Oddie
Culberson	Harris	Lodge	Overman