

office employees; to the Committee on the Post Office and Post Roads.

1043. By Mr. SNELL: Petition of citizens of Canton, N. Y., protesting against tax on alcohol used in flavoring extracts; to the Committee on Ways and Means.

1044. By Mr. STRONG of Pennsylvania: Petition of Local Union 742, Brotherhood of Railroad Trainmen, Blairsville, Pa., in favor of the bill to reclassify and increase the pay of all postal employees; to the Committee on the Post Office and Post Roads.

1045. By Mr. TINKHAM: Petition of Associated Y. M. & Y. W. H. A. of New England, opposing the immigration bill; to the Committee on Immigration and Naturalization.

## SENATE.

WEDNESDAY, February 13, 1924.

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

Our Father, Thou hast continued our lives. Grant that the continuance of those lives may fulfill the high responsibilities conferred upon each. Lead us into the understanding of Thy mind and will, and grant unto us such knowledge that we can always look up to Thee with the consciousness of fulfilling Thy good pleasure. Help us to understand likewise, we beseech of Thee, that they that wait upon the Lord shall renew their strength; that they shall run and not be weary; and so direct every path that when the duties of life are ended we may look upon Thee with the assurance of Thy "Well done." We ask in Jesus Christ's name. Amen.

On request of Mr. LODGE and by unanimous consent, the reading of the Journal of the proceedings of the legislative day of Thursday, February 7, 1924, was dispensed with and the Journal was approved.

### STATEMENT AND SPEECH OF PRESIDENT (S. DOC. NO. 42).

Mr. LODGE. Mr. President, I ask to have printed in the Record the statement of the President on the 11th instant, and also the speech made by him in New York last night.

Mr. MOSES. May I ask the Senator also to add in his request that the President's speech of last night be printed as a Senate document?

Mr. LODGE. Very well.

Mr. ROBINSON. What is the request of the Senator from Massachusetts?

Mr. LODGE. I asked that the President's statement of day before yesterday in regard to the so-called Denby resolution and his speech in New York last night be printed in the Record.

Mr. ROBINSON. I was just about to submit that request myself, with the additional request that I be permitted to make a very brief statement in connection with that of the President.

Mr. LODGE. I have no objection to that if the Senator will let me first obtain consent that the President's statement and his speech of last night may be printed in the Record, and that the President's speech be printed as a document.

Mr. ROBINSON. I have no objection to that if I may be permitted to make a short statement in connection with the declaration of the President.

The PRESIDENT pro tempore. The requests are granted by unanimous consent.

The statement and speech of the President are as follows:

### STATEMENT OF PRESIDENT COOLIDGE OF FEBRUARY 11, 1924.

[From the Washington Post of February 12, 1924.]

No official recognition can be given to the passage of the Senate resolution relative to their opinion concerning members of the Cabinet or other officers under Executive control.

As soon as special counsel can advise me as to the legality of these leases and assemble for me the pertinent facts in the various transactions I shall take such action as seems essential for the full protection of the public interests. I shall not hesitate to call for the resignation of any official whose conduct in this matter in any way warrants such action upon my part. The dismissal of an officer of the Government, such as is involved in this case, other than by impeachment, is exclusively an Executive function. I regard this as a vital principle of our Government.

In discussing this principle Mr. Madison has well said: "It is laid down in most of the constitutions or bills of rights in the Republics of America; it is to be found in the political writings of the most celebrated civilians, and is everywhere held as essential to the preservation of liberty that the three great departments of government be kept separate and distinct."

President Cleveland likewise stated the correct principle in discussing requests and demands made by the Senate upon him and upon different departments of the Government, in which he said: "They assume the right of the Senate to sit in judgment upon the exercise of my exclusive discretion and Executive function, for which I am solely responsible to the people from whom I have so lately received the sacred trust of office. My oath to support and defend the Constitution, my duty to the people who have chosen me to execute the powers of their great office and not to relinquish them, and my duty to the Chief Magistracy, which I must preserve unimpaired in all its dignity and vigor, compel me to refuse compliance with these demands."

The President is responsible to the people for his conduct relative to the retention or dismissal of public officials. I assume that responsibility, and the people may be assured that as soon as I can be advised so that I may act with entire justice to all parties concerned and fully protect the public interests I shall act.

I do not propose to sacrifice any innocent man for my own welfare, nor do I propose to retain in office any unfit man for my own welfare. I shall try to maintain the functions of the Government unimpaired, to act upon the evidence and the law as I find it, and to deal thoroughly and summarily with every kind of wrongdoing.

In the meantime such steps have been and are being taken as fully to protect the public interests.

### ADDRESS OF THE PRESIDENT OF THE UNITED STATES AT THE THIRTY-EIGHTH ANNUAL LINCOLN DINNER OF THE NATIONAL REPUBLICAN CLUB, WALDORF-ASTORIA, NEW YORK CITY, FEBRUARY 12, 1924.

Mr. Chairman, 115 years ago to-day Abraham Lincoln was born. How great he became can not yet be accurately measured, although nearly 60 years have passed since his death. Probably there has been no one justly entitled to be termed "the greatest man in the world." As there are many different talents, so there are many different kinds of greatness. This makes comparisons somewhat barren of results. But measured by ability, achievement, and character, America has long placed Washington and Lincoln as the two men in our history preeminently entitled to be termed "truly great." In this opinion we have the general concurrence of mankind. While others approach them, they are not outranked by any of the other figures which all of civilization has produced throughout its record of thousands of years.

In a way all men are great. It is on that conception that American institutions have been founded. Perhaps the differences are not so much as many suppose. Yet there are differences which set off some men above their fellows. What those differences are in a particular case is a matter somewhat of personal opinion. To me the greatness of Lincoln consisted very largely of a vision by which he saw more clearly than the men of his time the moral relationship of things. His great achievement lay in bringing the different elements of his country into a more truly moral relationship.

He was the Commander in Chief of the greatest armies the world had then seen. They were victorious. Yet we do not look upon him as a conqueror. He directed the raising and expenditures of vast sums of money. Yet we do not think of him as a financier. The course which he followed cost many lives and desolated much territory. Yet we think of him not as placing a burden on the Nation but removing one from it, not as a destroyer but a restorer. He was a liberator. He struck the fetters not only from the bodies but from the minds of men. He was a great moral force.

### RESTORED NATIONAL UNITY.

When Lincoln had finished his course he had made the foundation of freedom stronger and firmer on which to build national unity. Strengthening that principle was the chief accomplishment of his life. He pointed out that the Nation could not endure half slave and half free. The mighty work which he did finally left it to endure all free. He restored national unity by restoring moral unity.

The questions which he considered in his day we need have no hesitation in concluding were finally and definitely settled. There is no difference of opinion, no argument about them now. The conclusions which he drew have long since been the settled policy of our country.

The conflicts of his time have passed away. New developments have taken place, new problems have been met. The industrial struggle which came, lasting up to the days of the World War, for increased compensation to wage earners, for the bettering of their condition, while it has never been fully settled, does not appear at present to be acute. The rewards of labor engaged in commerce, transportation, and industry are now such as to afford the most liberal participation in all the essentials of life. What this tremendous opportunity now held by the wage earner, if wisely and justly administered, will mean to the well-being of the Nation is almost beyond comprehension. It opens up the prospect of a new era in human existence. It justifies the as-

sertion that while America has problems, it is not lacking in the ability or courage to comprehend and solve them. It is a warrant for confidence in the future.

That national unity for which Lincoln laid the foundation requires perpetual adjustment for its maintenance. How great our country really is, how diversified are its interests, is almost beyond the comprehension of any one man. Yet great and diversified as it is, any pretense of sound morals or sound economics requires that each part, each section, and each interest should be looked upon by the Government with like solicitude, all sharing the common burdens, all partaking of the common welfare. There is no sound policy which is narrow or sectional or limited. Every sound policy must be national in its scope. It is always necessary to determine what will be good for the whole country.

#### AGRICULTURE NOW NEEDS ATTENTION.

The necessary observance of these principles requires, at the present time, that a large amount of attention should be given to agriculture. This is an interest on which it is estimated that more than forty millions of our people are directly or indirectly dependent. It represents an investment several times as large as that of all the railroads of the country. It has an aggregate production of over \$8,000,000,000 each year. Yet with all these vast resources of production and consumption and the vast purchasing power for the products of the farm, which is represented by the prosperity of our industry and commerce, with here and there an exception, agriculture as a whole languishes.

Production has outrun the power of distribution and consumption. The farm population is not increasing, but the improved methods of tillage and inventions in farm machinery have all contributed to increase the per capita output. It is in this direction that the agricultural schools and colleges have placed their major emphasis. Their education has been substantially all on the side of improved methods of production and none on the side of distribution, consumption, and marketing.

When there is a difficulty which affects so large a population, so large an area, and so important an interest as that of agriculture it is distinctly a national question. It scarcely needs to be pointed out that agriculture is of vital importance to our country. It is the primary source of sustenance, enterprise, industry, and wealth. Everyone ought to know that it is basic and fundamental. Without a healthy, productive, and prosperous agriculture there can be no real national prosperity. It is perfectly obvious that there is something radically wrong when agriculture is found in its present state of depression at a time when manufacturing, transportation, and commerce are, on the whole, in a remarkable state of prosperity.

No one would deny, I suppose, that industrially we are very flourishing. Every standard by which prosperity is measured, whether it be production, movement of freight, corporate earnings, employment of labor, or bank clearings, all point to the same conclusion. Disregarding the abnormal war-time condition, for every important enterprise save agriculture the year 1923 undoubtedly holds the record. Earnings have been very greatly increased and, except here and there, as in the case of some railroads, must be looked upon with a great deal of satisfaction.

But agriculture has only partially revived. Its position has been improved, and the returns for the year are nearly 30 per cent in excess of two years ago. But the great food staples do not sell on a parity with the products of industry. Their average price is little above the pre-war level, while manufactures are about 50 per cent higher. The farmer is not receiving his share.

#### VALUE OF FARM LANDS LESS.

The result has been a decrease in the value of farm lands, the choking of the avenues of credit with obligations which are worthless or doubtful, the foreclosure of mortgages, and the suspension of a large number of banks. To this depression there have been other contributing causes. But the main difficulty has been the price of farm produce.

Very likely you are wondering why agriculture should be discussed here in this metropolis. One reason is that I want to emphasize as forcibly as possible your very intimate dependence upon agricultural welfare. That great interest can not be affected without the necessity of your being affected. The farm is one of the chief markets for the industries of the Nation. You have a direct economic and financial interest. You can not long prosper with that great population and great area in distress. You have a political interest. The people of those numerous States cast an enormous influence upon the making of the laws by which you are governed.

Unsound economic conditions are not conducive to sound legislation. The farm has a social value which can not be overestimated. It is the natural home of liberty and the support of courage and character. In all the Nation it is the chief abiding place of the spirit of independence. I do not need to dwell upon the moral requirement for the equitable distribution of prosperity and the relief of distress by the application of every possible and sound remedy. This problem is not merely the problem of the agricultural sections of our country; it is the problem likewise of industry, of transportation, of commerce, and of banking.

I bring it to you because I know that in part it is your problem. I have already encouraged organization and cooperative marketing, that

organized commerce may cope with organized industry. I have promoted tariff investigations for increased rates on wheat. I have extended relief through the War Finance Corporation and the Federal reserve banking system.

#### MUST MAKE SACRIFICE.

I shall not now discuss the details of legislation or enter upon a presentation of peculiarly agricultural remedies. I made specific recommendations in my message to the Congress, and there are bills pending for carrying my suggestions into effect. What I am most anxious to impress upon the prosperous part of our country is the utmost necessity that they should be willing to make sacrifices for the assistance of the unsuccessful part. I do not mean by that any unsound device like price fixing, which I oppose, because it would not make prices higher but would in the end make them lower. It would not be successful and would not prove a remedy. But I do mean that the resources of the country ought to come to the support of agriculture.

The organization recently perfected to supply money and management for the larger aspects of agriculture ought to have your sympathetic and active support. I am glad financial America is moving in that direction. It will be less work and less expense for you to meet this situation in that way, for you will meet it; you will be affected by its economic, political, and moral results.

When an examination is made to ascertain some of the causes of these conditions, among the first which suggest themselves is the amount and the method of national taxation. Out of an income of about \$60,000,000,000 the people of this country pay nearly \$7,500,000,000 in taxes, which is over \$68 for every inhabitant of the land. Of this amount the National Government collects about \$3,200,000,000 and the State and local governments about \$4,300,000,000.

As a direct burden this is a stupendous sum, but when it is realized that in the course of our economic life it is greatly augmented when it reaches the consumer in the form of the high cost of living, its real significance begins to be appreciated. The national and local governments ought to be unremitting in their efforts to reduce expenditures and pay their debts. This the National Government is earnestly seeking to do. The war cost of more than \$40,000,000,000 is already nearly half paid. Amid the disordered currencies of the warring nations our money is, and has been maintained, at the gold standard. Our budget has long since been balanced, and our debt-paying program is at the rate of \$500,000,000 each year. In spite of all these expenditures the next fiscal year has an estimated surplus revenue of over \$300,000,000.

#### MELLON'S MANAGEMENT PRAISED.

This represents a great financial achievement in the past three years. In the first place, it was necessary to provide for more than \$7,000,000,000 of short-time maturities. These have all either been paid or refunded, so that they will become due in the future at orderly intervals, when they can be retired or further extended. When it is realized that such large loans were made in a way that not only left business undisturbed but was scarcely perceptible to the public, the skill with which Secretary Mellon managed them can well be appreciated.

Coincident with this was the even greater task of reducing national expenditures. Through legislative enactment and Executive effort this has gone steadily forward and is now proceeding from day to day. Under the watchful care of the Budget Bureau every department is constantly striving to eliminate all waste and discard every unnecessary expense.

Every reasonable effort has been made to secure the liquidation of our international debts. The largest, which was that of Great Britain and which amounted with accumulated interest to \$4,600,000,000, has been settled on terms that provide for its payment over a period of 62 years. Interest runs at 3 per cent until 1933, and after that 3½ per cent. This calls for payments in the immediate future of over \$160,000,000 a year. They have the option to pay us in our own bonds, and in its practical working this agreement does not involve cash payments to this country but simply a mutual cancellation of debts.

The funding of the British debt was one of the greatest of international financial transactions. It had its effect on business confidence, which was world-wide. It demonstrated the determination of a great Empire faithfully to discharge its international obligations. In this respect it was much more than a financial transaction; it was an exhibition of the highest type of international honor. It showed that the moral standards of the world were going to be maintained.

#### NEED FOR TAX REDUCTION.

All of this has laid the foundation for national tax reduction and reform. In time of war finances, like all else, must yield to national defense and preservation. In time of peace finances, like all else, should minister to the general welfare. Immediately upon my taking office it was determined after conference with Secretary Mellon that the Treasury Department should study the possibility of tax reduction for the purpose of securing relief to all taxpayers of the country and emancipating business from unreasonable and hampering exactions. The result was the proposed bill, which is now pending before the Congress.

It is doubtful if any measure ever received more generous testimony of approval. Opposition has appeared to some of its details, but to the policy of immediate and drastic reduction of taxes, so arranged as to benefit all classes and all kinds of business, there has been the most general approbation. These recommendations have been made by the Treasury as the expert adviser of the Government. They follow in their main principle of a decrease in high surtaxes, which is only another name for war taxes, the views of the two preceding Secretaries of the Treasury, both of them Democrats of pronounced ability.

They are nonpartisan, well thought out, and sound. They carry out the policy of reducing the taxes of everybody, especially people of moderate income. They give to the country almost \$1,000,000 every working day.

The proposed bill maintains the fixed policy of rates graduated in proportion to the ability to pay. That policy has received almost universal sanction. It is sustained by sound arguments based on economic, social, and moral grounds. But in taxation, like everything else, it is necessary to test a theory by practical results. The first object of taxation is to secure revenue. When the taxation of large incomes is approached with this in view the problem is to find a rate which will produce the largest returns. Experience does not show that the higher rate produces the larger revenue.

Experience is all the other way. When the surtax rate on incomes of \$300,000 and over was but 10 per cent the revenue was about the same as it was at 65 per cent. There is no escaping the fact that when the taxation of large incomes is excessive, they tend to disappear. In 1916 there were 206 incomes of \$1,000,000 or more. Then the high tax rate went into effect. The next year there were only 141, and in 1918 but 67. In 1919 the number declined to 85. In 1920 it fell to 33, and in 1921 it was further reduced to 21.

I am not making any argument with the man who believes that 55 per cent ought to be taken away from the \$1,000,000 income, or 68 per cent from a \$5,000,000 income; but when it is considered that in the effort to get these amounts we are rapidly approaching the point of getting nothing at all, it is necessary to look for a more practical method. That can be done only by a reduction of the high surtaxes when viewed solely as a revenue proposition, to about 25 per cent.

#### SMALL TAXPAYER BURDENED.

I agree perfectly with those who wish to relieve the small taxpayer by getting the largest possible contribution from the people with large incomes. But if the rates on large incomes are so high that they disappear, the small taxpayer will be left to bear the entire burden. If, on the other hand, the rates are placed where they will produce the most revenue from large incomes, then the small taxpayer will be relieved. The experience of the Treasury Department and the opinion of the best experts place the rate which will collect most from the people of great wealth, thus giving the largest relief to people of moderate wealth, at not over 25 per cent.

A very important social and economic question is also involved in high rates. That is the result taxation has upon national development. Our progress in that direction depends upon two factors—personal ability and surplus income. An expanding prosperity requires that the largest possible amount of surplus income should be invested in productive enterprise under the direction of the best personal ability. This will not be done if the rewards of such action are very largely taken away by taxation.

If we had a tax whereby on the first working day the Government took 5 per cent of your wages, on the second day 10 per cent, on the third day 20 per cent, on the fourth day 30 per cent, on the fifth day 50 per cent, and on the sixth day 60 per cent, how many of you would continue to work on the last two days of the week? It is the same with capital. Surplus income will go into tax-exempt securities. It will refuse to take the risk incidental to embarking in business. This will raise the rate which established business will have to pay for new capital, and result in a marked increase in the cost of living. If new capital will not flow into competing enterprise, the present concerns tend toward monopoly, increasing again the prices which the people must pay.

#### UN SOUND TAXATION ILLUSTRATED.

The high prices paid and low prices received on the farm are directly due to our unsound method of taxation. I shall illustrate by a simple example: A farmer ships a steer to Chicago. His tax, the tax on the railroad transporting the animal, and of the yards where the animal is sold, go into the price of the animal to the packer. The packer's tax goes into the price of the hide to the New England shoe manufacturer. The manufacturer's tax goes into the price to the wholesaler, and the wholesaler's tax goes into the price to the retailer, who in turn adds his tax in his price to his purchaser. So it may be said that if the farmer ultimately wears the shoes he pays everybody's taxes from the farm to his feet. It is for this reason that high taxes mean a high price level, and a high price level in its turn means difficulty in meeting world competition. Most of all, the farmer suffers from the effect of this high price level. In what he buys he meets domestic costs of

high taxes and the high price level. In what he sells he meets world competition with a low price level. It is essential, therefore, for the good of the people as a whole that we pay not so much attention to the tax paid directly by a certain number of taxpayers, but we must devote our efforts to relieving the tax paid indirectly by the whole people.

Taken altogether, I think it is easy enough to see that I wish to include in the program a reduction in the high surtax rates, not that small incomes may be required to pay more and large incomes be required to pay less, but that more revenue may be secured from large incomes and taxes on small incomes may be reduced; not because I wish to relieve the wealthy, but because I wish to relieve the country.

The practical working out of the proposed schedules is best summarized by the Treasury experts, who find that \$92,000,000 a year will be saved to those who have incomes under \$6,000; \$52,000,000 to those who have incomes between \$6,000 and \$10,000; and that less than 3 per cent of the proposed reduction would accrue to those who have incomes of over \$100,000. A married man with two children, having an income of \$4,000, would have his tax reduced from \$28 to \$15.75; having \$5,000, from \$68 to \$38.25; having \$6,000, from \$128 to \$72; having \$8,000, from \$276 to \$144; and having \$10,000, from \$456 to \$234.

In order to secure these results, the administration bill proposes to reduce the tax on earned income 25 per cent, and the normal tax on unearned income also 25 per cent. This would apply to all incomes alike, great and small, and would provide general and extensive relief. Further reductions would be secured by increasing the amount of income exempt from surtaxes from \$6,000 to \$10,000. Such surtaxes increase progressively until on incomes of \$100,000 or more they reach the maximum of 25 per cent which, with the normal tax of 6 per cent, make large incomes pay in all 31 per cent. It is also proposed to repeal many troublesome and annoying rates, such as admission taxes and sales taxes, the existence of which is reflected in the increased cost of doing business and the higher prices required from the people.

#### FAR REMOVED FROM PARTISANSHIP.

That is the tax measure which has been proposed, and which has my support. Because I wish to give to all the people all the relief which it contains, I am opposed to material alteration and compromise. It is about as far removed as anything could be from any kind of partisanship. At least, I do not charge that there is any party or any responsible party leadership that admits it is opposed to making taxes low and in favor of keeping taxes high. But the actions and proposals of some are liable to have just that result. I stand on the simple proposition that the country is entitled to all the relief from the burden of taxation which it is possible to give. The proposed measure gives such relief.

Other measures which have been brought forward do not meet this requirement. They have the appearance of an indirect attempt to defeat a good measure with a bad measure. You have heard much of the Garner plan. Brought forward to have something different, it purported to relieve the greatest number of taxpayers. It gave not the slightest heed to the indirect effect of high taxes, or to the approaching drying up of the source of revenue and consequent failure of the progressive income tax, or to the destruction of business initiative.

It is political in theory. When the effect of its provisions was estimated, it meant a loss of revenue beyond any expected surplus. It is impossible in practice. The people will not be misled by such proposals. It is entirely possible to have a first-class bill. I want the country to have the best there is. I am for it because it will reduce taxes on all classes of income. I am for it because it will encourage business. I am for it because it will decrease the cost of living. I am for it because it is economically, socially, and morally sound.

But the people must understand this is their fight. They alone can win it. Unless they make their wishes known to the Congress, without regard to party, this bill will not pass. I urge them to renewed efforts.

#### EFFECT OF BONUS TO SOLDIERS.

Since August, 1919, the public debt has been decreasing. About \$4,500,000,000 has been paid off. This means a reduction in interest of almost \$200,000,000. It is of the utmost importance, in order to be able to meet a fast approaching foreign competition, that to keep business good and prevent depression we reduce our debt and keep our expenditures as low as possible. These are the economic reasons why the granting of a bonus would jeopardize the welfare of the whole country. It was estimated that under the bonus bill which was vetoed, if all the beneficiaries had taken the certificates which it was proposed to issue, the plan would have cost \$225,000,000 annually for the first four years and a total of \$5,400,000,000.

This would more than destroy all the great labor which the country has gone through for the purpose of reducing its debt. It would mean

the indefinite postponement of any tax reduction, another increase in the cost of living, more drying up of the sources of credit, and a probable raising of the rates of interest, all of which would result in inflation and higher prices, with the grave danger of ultimate disaster to our financial system. We have been through one period of deflation. Nearly all the men on the farms and many of the men in business have not yet recovered from it, and the country certainly does not want to take the risk of another like experience. A few months of good times are worth more to the service men themselves than anything they could receive in the way of a bonus.

But this question goes deeper than that. I am aware that some men made money out of the war. Many of them lost what they made, but not all. No doubt there are some such who are justly to be criticized for greed and selfishness. Unfortunately, they would not pay the bonus. It would have to be paid by the country. I have already undertaken to demonstrate that taxes are paid by the great mass of the people. It is necessary to consider whether there be any moral justification for placing all the people under this great burden in order to pay some money to a part of the people, many of whom do not want it and are offering pronounced objection to it.

#### CAN NOT BE RECOMPENSED.

A very large body of service men do not want the bonus and object to being taxed in order that it may be paid. Their request is entitled to just as much consideration as the request of those who do want it. They are just as eager now to save their country from financial disaster as they were formerly to save it from military disaster. They are entitled to be heard. This question ought to be decided in accordance with the welfare of the whole country.

No one doubts the patriotism of those who advocate the bonus. No one denies that the country owes a debt which it never can pay to those who were in the service. Their disabilities must be recompensed, their health restored, their dependents supported, all at public expense. They are entitled to the highest honor. But the service they rendered was of such a nature that it can not be recompensed to them by the payment of money. America was not waging war for the purpose of securing spoils. The American soldier did not enter the service for the purpose of securing personal gain.

I have lately undertaken to define the outline of the foreign policy of the present Government. Nothing has occurred since my message to the Congress that requires any change in that policy. The prospect of a European settlement, however, has arisen, which holds some promise. Three Americans of outstanding and well-seasoned ability have been called to give their expert assistance and advice. They do not represent our Government. Their only official standing comes from their being agents of the reparation commission. Yet they can not help being Americans, and will bring to their problem not the point of view of the American Government but what may be more effective, the point of view of the American mind.

Without doubt any settlement would call for a European funding and financing, which would be of doubtful success with American participation. The export of such capital as is not required for domestic business, and which the American people feel can be profitably done, having in view the financial returns, enlargement of our trade, and the discharge of the moral obligation of bearing our share of the burdens of the world, entirely in accordance with the choice of our own independent judgment, ought to be encouraged.

Our Government does not want war anywhere. It wants peace everywhere. It does not look with sympathy upon the manufacture or sale of arms and munitions by which one country might make war upon another country. It recognizes, however, that every government must necessarily maintain some military establishment for national defense and the policing of its own domain. For such incidental purposes there could be little criticism if our Government or private interests, having the necessary equipment, should furnish it.

But it is a traffic which we wish to discourage, rather than encourage. We do not believe in great armaments. Especially are we opposed to anything like competitive armaments. While the present time does not appear propitious for a further effort at limitation, should a European settlement be accomplished something might be hoped for in that direction. The United States stands ready to join with the other great powers, whenever there appears to be reasonable prospect of agreement, in a further limitation of competitive armaments.

#### SOLICITUDE OVER MEXICO.

A situation has recently arisen in Mexico which has caused some solicitude. We recognize that the people of that country have a perfect right to set up and pull down governments without any interference from us, so long as there is no interference with the lawful rights of our Government or our citizens within their territory. We do not harbor the slightest desire to dictate to them in the smallest degree. We have every wish to be friendly and helpful.

After a long period of shifting and what appeared to us to be unsubstantial governments in that country, we recently reached the opinion that President Obregon has established a government which is stable and effective, and disposed to observe international obliga-

tions. We therefore recognized it. When disorder arose there President Obregon sought the purchase of a small amount of arms and munitions of our Government for the purpose of insuring his own domestic tranquillity. We had either to refuse or to comply. To refuse would have appeared to be equivalent to deciding that a friendly Government, which we had recognized, ought not to be permitted to protect itself.

Stated in another way, it would mean that we had decided that it ought to be overthrown, and that the very agency which we had held out as able to protect the interests of our citizens within its borders ought not to be permitted to have the means to make such protection effective. My decision ran in a counter direction.

It was not a situation of our making, but one which came and had to be met. In meeting it I did what I thought was necessary to discharge the moral obligation of one friendly government to another. The supremacy of the Obregon government now appears to be hopeful. Whatever may be the outcome, we are not responsible for it. We did what I believe was right to do under the circumstances. It was done not for the purpose of protecting any particular individuals or interests but to exercise a legal right, while at the same time throwing our influence in favor of orderly procedure and evidencing our friendship toward the friendly Government of Mexico. Any other course would appear to me to be unworthy of our country.

I propose to continue whatever course of action is customary between friendly governments. While I trust no further action may be necessary, I shall continue to afford protection in accordance with the requirements of international law. I propose to protect American lives and American rights.

#### WILL PROSECUTE OIL WRONGDOING.

Lately there have been most startling revelations concerning the leasing of Government oil lands. It is my duty to extend to every individual the constitutional right to the presumption of innocence until proven guilty. But I have another duty equally constitutional, and even more important, of securing the enforcement of the law. In that duty I do not intend to fail.

Character is the only secure foundation of the state. We know well that all plans for improving the machinery of government and all measures for social betterments miserably fail and the hopes of progress wither when corruption touches administration. At the revelation of greed making its subtle approaches to public officers, of the prostitution of high place to private profit, we are filled with scorn and indignation. We have a deep sense of humiliation at such gross betrayal of trust, and we lament the undermining of public confidence in official integrity. But we can not rest with righteous wrath; still less can we permit ourselves to give way to cynicism.

The heart of the American people is sound. Their officers with rare exception are faithful and high-minded. For us, we propose to follow the clear, open path of justice. There will be immediate, adequate, unshrinking prosecution, criminal and civil, to punish the guilty and to protect every national interest. In this effort there will be no politics, no partisanship. It will be speedy, it will be just. I am a Republican, but I can not on that account shield anyone because he is a Republican. I am a Republican, but I can not on that account prosecute anyone because he is a Democrat.

#### WANTS NO HUE AND CRY.

I want no hue and cry, no mingling of innocent and guilty in unthinking condemnation, no confusion of mere questions of law with questions of fraud and corruption. It is at such a time that the quality of our citizenry is tested—unrelenting toward evil, fair-minded, and intent upon the requirements of due process, the shield of the innocent and the safeguard of society itself. I ask the support of our people as Chief Magistrate, intent on the enforcement of our laws without fear or favor, no matter who is hurt or what the consequences.

Distressing as this situation has been, it has its reassuring side. The high moral standards of the people were revealed by their instant reaction against wrongdoing. The officers of the Government, without respect to party, have demonstrated a common purpose to protect Government property and to bring guilt to justice. We have the trials and perplexities of our day, but they seem insignificant compared with those which taxed the genius of Lincoln. The Government maintained itself then; the Government will maintain itself now. The forces of evil do not long triumph. The power of justice can not long be delayed. The moral force of Lincoln is with us still. "He that keepeth Israel shall neither slumber nor sleep."

Mr. ROBINSON. Mr. President, the President of the United States was in accord with the advice of the Senate in the Walsh substitute resolution that the Department of Justice be not relied upon to protect the Government's interest, but that special counsel be employed to direct both the civil and criminal litigation growing out of the oil-lease disclosures. His statement makes it clear that he does not regard the facts and circumstances established before the Senate committee sufficient and that he has no intention of dismissing Secretary Denby, or anyone else responsible for the transactions, until by

additional evidence, or advice from other sources, he reaches the conclusion that the protection of the public interest requires such action on his part. His power to reject advice from the Senate, or from any other source, is undoubted, but his responsibility is emphasized if he retains officers whose public declarations justify the conclusion that they will throw every possible obstacle in the way of the Government's success in recovering and safeguarding the property which they have improvidently and recklessly conveyed. Retention in office of Secretary Denby means that the President for all practical purposes supports the Secretary's policies and approves or acquiesces in his actions.

The Congress made Secretary Denby the agent to administer the naval oil reserves, and when the Senate unanimously found that agent had been incompetent and derelict in the performance of his duty it could not be construed as an unwarranted interference with the Executive's prerogative to so advise the President and to ask him to dismiss the recalcitrant agent, so as to fill his place with another who would respect and perform his duty.

Mr. Denby has repeatedly declared that if retained in office he will continue the same policy, and if the opportunity arises will repeat the acts complained of, regardless of the circumstances. The Senate has unanimously condemned his action in a resolution, and by a majority of 47 to 34 passed another, asking the President for his removal. Is there the slightest doubt that the opinion of the Senate, embodied in the resolution requesting the President to call for the resignation of the Secretary of the Navy, reflects the will of a large majority of the people? The President, of course, can carry the issue to the country, but will he dare do so? Notwithstanding his defiant statement, it is respectfully suggested that the President soon may be forced by public opinion to turn out of office everyone, including Secretary Denby, who encouraged or participated in making the secret leases.

#### PROSECUTION OF FRAUDULENT WAR CONTRACTS.

The PRESIDENT pro tempore. The Chair lays before the Senate a communication from the Attorney General containing a report upon prosecutions conducted by the Department of Justice in actions arising out of war contracts and contracts for the sale of surplus war materials made in response to Senate resolution 138.

Mr. MOSES. I ask unanimous consent that the letter may be read.

The PRESIDENT pro tempore. Is there objection? The Chair hears none. The Secretary will read the report of the Attorney General.

The reading clerk read as follows:

DEPARTMENT OF JUSTICE,  
OFFICE OF THE ATTORNEY GENERAL,  
Washington, D. C., February 7, 1924.

The honorable the PRESIDENT OF THE SENATE PRO TEMPORE,  
United States Senate Chamber.

SIR: I have the honor to acknowledge receipt of Senate Resolution No. 138, dated February 1, 1924, directing me to give to the Senate certain information with respect to the prosecution of persons, partnerships or corporations charged with defrauding the Government in any war contract or contracts for the sale of surplus war materials or war supplies.

I will respond in the order of the resolution:

(1) In the prosecution of no person, partnership, or corporation charged with defrauding the Government in any war contract or contracts for the sale of surplus war materials, or any contract connected with or relating to any such materials or war supplies wherein both a criminal and a civil liability was either alleged or claimed, has the Department of Justice made settlement of the civil liability without prosecuting the same defendants for criminal liability, where the same existed or was developed. Many cases growing out of war contracts have been settled and no criminal prosecutions brought therein, because said cases, in the main, involved overpayments by the Government, through mistake of law or fact, misconstruction or illegality of contract, refusal of contractors to refund, and many other like contentions which would in many instances amount in law to constructive fraud, but which would not constitute a criminal offense or warrant a criminal prosecution.

(2) The answer to the first section of the Senate resolution obviates the necessity of answering, in detail, section No. 2 of said resolution, for the reason that there are no such cases.

(3) In the settlement of civil liability, in the matters and cases above referred to, there has never been in any instance or case, any agreement whatever, direct or indirect, mediate or remote, express or inferential, by the Department of Justice not to prosecute for any criminal liability where there was such liability.

On the contrary, in each instance in negotiations for settlement of civil liabilities, the defendants were warned that no settlement of any possible criminal liability was involved or contemplated by such civil settlement, and that any statements they might make in the negotiations relating to such civil settlements were not privileged, and could and would be used against said defendants in the event criminal liability should develop in such cases.

Very respectfully,

H. M. DAUGHERTY,  
Attorney General.

The PRESIDENT pro tempore. The communication will be referred to the Committee on the Judiciary.

Mr. McKELLAR. Mr. President, in reference to a statement which has just been read to the Senate from the Attorney General of the United States, I ask unanimous consent to proceed for three minutes out of order.

Mr. MOSES. Mr. President, can we not have the regular order? We have not had a morning hour for some days.

Mr. McKELLAR. I simply ask permission to speak for three minutes. Does the Senator object?

Mr. MOSES. No; but is some one going to hold the watch? The PRESIDENT pro tempore. Does the Senator from New Hampshire withdraw his demand for the regular order?

Mr. MOSES. With the assurance of the Senator from Tennessee that he will proceed for only three minutes, I withdraw the demand.

Mr. McKELLAR. I give that assurance, and the Senator from New Hampshire may call me down if I exceed that time.

The PRESIDENT pro tempore. The Senator from New Hampshire withdraws his demand for the regular order.

Mr. McKELLAR. Mr. President, President Coolidge in his speech in New York last night among other things said:

There will be immediate, adequate, unshrinking prosecution, criminal and civil, to punish the guilty and to protect every national interest. In this effort there will be no politics, no partisanship. It will be speedy. It will be just. I am a Republican, but I can not on that account shield anyone because he is a Republican. I am a Republican, but I can not on that account prosecute anyone because he is a Democrat.

Every good citizen will applaud this statement of the President of the United States. But I want to call the President's attention and the country's attention to the fact that his administration is not living up to the statements that he made in this respect.

For two weeks everybody in Washington has known that here in the city of Washington Doheny bribed Fall and Fall accepted a bribe from Doheny; that Sinclair bribed Fall and Fall accepted the bribe from Sinclair. We all know there is a United States district attorney in the city of Washington; that he is under the direct control of the Attorney General of the United States and the President of the United States, and yet there has been no indictment found against any one of these men. Why the delay? If a poor negro had stolen a bushel of coal to keep him and his family warm, he would have been safely within the confines of a jail and an indictment would have been promptly drawn against him. If it were a poor ex-service man stealing a loaf of bread, he would have been indicted and prosecuted before this. But these three great men, rich and powerful, are allowed to wait. Why the delay?

The President says that prosecution will be immediate, but this does not comport with the situation here. The district attorney's office in Washington should move at once. Indictments should be found. These men should be brought to the bar of justice. Everyone knows that there is ample ground for indictments and ample ground for prosecutions. Why does not the Government proceed with this prosecution? Who knows when any one of these men may be without the jurisdiction of the court and in that way go unwhipped of justice?

Mr. President, if the district attorney of the city of Washington does not know that these crimes have been committed, he is the only person who does not know it. If the Attorney General of the United States does not know these crimes have been committed, the Attorney General of the United States is the only person in the country who does not know it. I hope the President of the United States will carry out his declaration and demand an immediate prosecution of these men, who we all know are guilty.

#### CONDOLENCES ON THE DEATH OF FORMER PRESIDENT WILSON.

The PRESIDENT pro tempore laid before the Senate a cablegram from the vice president of the Senate of Brazil, transmitting a message of condolence and sympathy upon the death

of ex-President Wilson, which was ordered to lie on the table and to be printed in the RECORD, as follows:

RIO DE JANEIRO, February 7, 1924—5.20 p. m.

VICE PRESIDENT OF THE SENATE,

Washington:

In the name of the Brazilian Senate I have the honor to tender to your excellency and to the American Senate the most sincere condolence for the death of the great statesman, Wilson, who has rendered such signal service to mankind. Be pleased, excellency, to accept my respectful salutations.

A. AZEVEDO,

Vice President of the Senate.

The PRESIDENT pro tempore also laid before the Senate a cablegram from the president and secretary of the Senate of Chile, transmitting a message of condolence and sympathy upon the death of ex-President Wilson, which was ordered to lie on the table and be printed in the RECORD, as follows:

SANTIAGO, CHILE, February 4, 1924.

The most excellent the PRESIDENT OF THE SENATE,

Washington, D. C.:

The Senate, at its session of this date, resolved to express to the high body over which you worthily preside its most sincere condolence for the death of the eminent citizen who presided over the destinies of the great Republic at the critical hours of the World War, in which such powerful and effective action devolved upon his great intellect and his firm and serene will.

LUIS CALARO SOLAR, President.

ENRIQUE ZANARTU EGUIGUREN, Secretary.

The PRESIDENT pro tempore also laid before the Senate a resolution adopted by the United Society Srbobran-Sloga, of Pittsburgh, Pa., containing a message of condolence and sympathy upon the death of ex-President Wilson, which was ordered to lie on the table and be printed in the RECORD, as follows:

UNITED SOCIETY SRBOBRAN-SLOGA,

Pittsburgh, Pa., February 3, 1924.

Whereas it has pleased the Almighty in his infinite wisdom to remove from our midst our late beloved President Woodrow Wilson, whose earthly existence has been cut off by his untimely death; and

Whereas that though we shall be unable to shake him by the hand and to hear again his manly voice, yet we know and are assured that he has gone to dwell in that land where he will reap his just reward for the noble deeds and acts done and performed by him while on earth; and

Whereas our late President always stood as the noblest exponent and protector of the rights of the oppressed peoples and nations of the earth and the ablest advocate of the gospel of peace on earth and good will toward men; and

Whereas he was the friend and champion of the rights of the smaller nations of Europe, and particularly of the Serbian Nation, in their unequal struggle against their oppressors preceding the recent World War; and

Whereas he was the greatest and noblest advocate of the principle that it was the bounden duty of the Christian nations of the earth, particularly his own beloved country, the United States of America, to at all times curb and render impossible in the future the encroachment of the powerful European nations to prey upon their smaller and weaker neighbors; and

Whereas his untimely death has brought about the removal of the greatest friend of the Serbian people and nation; Now therefore be it

Resolved by the United Society Srbobran-Sloga, acting by and through its executive board legally assembled, That we hereby express to Mrs. Woodrow Wilson and family our sincere, heartfelt sympathy at the untimely death of their husband and father, and to Hon. Calvin Coolidge, President of the United States, our sincere, heartfelt sympathy at the untimely death of one of the Nation's greatest heroes, patriots, and statesmen; and be it further

Resolved, That a copy of this resolution, duly attested by our corporate seal and executed by our president, vice president, and secretary, be transmitted to Mrs. Woodrow Wilson, also the President of the United States, the President of the Senate, and the Speaker of the House of Representatives, and that the same be duly inscribed upon the records of this society.

Prepared and introduced by George Nestorovich, vice president of the United Society Srbobran-Sloga.

JOHN VUHOBRATOVICH,

President.

GEORGE NESTOROVICH,

Vice President.

M. N. MEVOSH,

Secretary.

[SEAL]

DISPOSITION OF USELESS PAPERS.

The PRESIDENT pro tempore laid before the Senate a communication from the secretary of the United States Civil Service Commission, transmitting, pursuant to law, a list of useless papers on the files of the Washington office not needed in the conduct of business and having no permanent value or historical interest, and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments. The President pro tempore appointed Mr. STANFIELD and Mr. MCKELLAR members of the committee on the part of the Senate, and ordered that the Secretary notify the House of Representatives thereof.

PETITIONS AND MEMORIALS.

The PRESIDENT pro tempore laid before the Senate the following resolution of the House of Assembly of the Legislature of New Jersey, which was referred to the Committee on Post Offices and Post Roads:

Whereas there having been introduced in the Congress of the United States a bill by the Hon. WALTER E. EDGER, senior Senator from New Jersey, known as Senate bill No. 1898, which bill, if passed, will increase the pay of the United States postal carriers from a minimum of \$1,400 to \$2,000, and the maximum pay from \$1,800 to \$2,400, together with proportionate increases for all other employees of that department:

Therefore, having in mind the faithful, conscientious, and efficient services that all postal employees have given to the public; be it

Resolved, That we, the House of Assembly of the One hundred and forty-eighth Legislature of the State of New Jersey, do hereby commend the senior Senator from New Jersey on the introduction of so meritorious a measure and bespeak for it a most hasty enactment into the laws of our land; and be it further

Resolved, That this resolution be spread in full on the minutes of the house of assembly, and that a copy of the same be sent to the New Jersey Senators and Representatives and to the presiding officers of both Houses of Congress of the United States.

The PRESIDENT pro tempore laid before the Senate the following joint memorial of the Legislature of Montana, which was referred to the Committee on Irrigation and Reclamation:

UNITED STATES OF AMERICA,

State of Montana, ss:

I, C. T. Stewart, secretary of state of the State of Montana, do hereby certify that the following is a true and correct copy of an act entitled "A memorial to the Congress of the United States asking for appropriations to continue construction work on the Flathead irrigation project, and on all the other Federal irrigation projects in the State of Montana," enacted by the eighteenth extra session of the Legislative Assembly of the State of Montana, and approved by Jos. M. Dixon, governor of said State, on the 2d day of February, 1924.

In testimony whereof I have hereunto set my hand and affixed the great seal of said State. Done at the city of Helena, the capital of said State, this 5th day of February, A. D. 1924.

[SEAL]

C. T. STEWART,

Secretary of State.

By CLIFFORD L. WALKER,

Deputy.

House joint memorial 1 (introduced by Brandjord) to the Congress of the United States asking for appropriations to continue construction work on the Flathead irrigation project and on all the other Federal irrigation projects in the State of Montana.

To the honorable Senate and House of Representatives of the United States in Congress assembled:

SECTION 1. We, the Eighteenth Legislative Assembly of the State of Montana assembled in special session, the house and senate concurring, do hereby respectfully call your attention to the following facts relating to Federal irrigation projects in this State:

1. Good faith on the part of the Federal Government toward each and all of the thousands of settlers who have homesteaded on the Flathead project, who have paid the Government for the land, established homes thereon, and patiently waited for irrigation water for 10 years or longer, demands a speedy completion of the project. The slow progress of construction on this project, due to irregular and insufficient appropriations, coupled with the dire distress besetting agriculture in the Northwest, has starved away from the project hundreds of the original homesteaders, and so impoverished others that they are now unable to make the fullest use of irrigation; but surely these sad circumstances, largely due to neglect on the part of the Government, do not justify the Government in further delay in furnishing water for all remaining settlers who must have it in order to make a living. Good faith with these settlers demands continuous construction.

2. The Indian Service and the Bureau of Reclamation have recommended an appropriation of \$300,000 for this project for the 1925 fiscal year, and the program of construction they have agreed upon includes laterals for 7,000 acres for which no irrigation water is now available. (See CONGRESSIONAL RECORD, January 10, 1924, top of page 805.) Hundreds of people reside on this area.

3. In spite of the difficulties besetting settlers on this project they show a splendid record in the payment of water charges. Up to January 4, 1924, the white settlers on the project have paid a total of \$124,800 in water rentals. (See statement of chief clerk of Reclamation Service in CONGRESSIONAL RECORD, same date and page as above cited.) This shows that they use water and pay for it.

4. Spasmodic prosecution of reclamation works inevitably results in greatly increased cost, involving waste of Government funds and additional burdens on agriculture. Economy demands continuous construction. (See argument of the Hon. L. C. CRAMTON on this point, CONGRESSIONAL RECORD, January 10, 1924, page 802.)

5. While irrigation projects do not as a rule bring immediate and direct returns to the Government, they enlarge the productive area of the country, add to its permanent resources, and increase the strength and greatness of the whole Union. The building of irrigation projects is the building of empire.

SEC. 2. In view of these considerations, we, the Eighteenth Legislative Assembly of the State of Montana, do hereby respectfully petition that the Congress of the United States do appropriate for the Flathead irrigation project for the 1925 fiscal year not less than \$300,000, being the sum recommended by the Indian Service and the Bureau of Reclamation, so that continuous and economical construction may be insured. We also pray that sufficient appropriations be made for all other Federal projects in Montana to insure continuous construction, and that no appropriation for these projects be reduced below the amounts allowed by the Bureau of the Budget.

SEC. 3. It is hereby directed that the secretary of state of the State of Montana transmit certified copies of this memorial to the President of the Senate and the Speaker of the House of Representatives of the United States and to our Senators and Representatives in Congress.

CALVIN CRUMBAKER,  
Speaker of the House.  
W. S. HALEY,  
President pro tempore.

Approved February 2, 1924.

The PRESIDENT pro tempore laid before the Senate the following resolution of the General Assembly of the State of Rhode Island, which was referred to the Committee on Naval Affairs:

State of Rhode Island, etc., in General Assembly, January Session, A. D. 1924.

Resolution urging upon the Congress of the United States of America the necessity of an increased appropriation for the torpedo station and naval training station at Newport, R. I., and indorsing any project to establish a naval base and construct a dry dock within the limits of Narragansett Bay, R. I. (Approved February 1, 1924.) Whereas the defense of the Atlantic seacoast demands an adequate naval base on Narragansett Bay, R. I.; and

Whereas within recent years the naval appropriations for the torpedo station and naval training station at Newport, R. I., have been reduced: Therefore, be it

Resolved, That the General Assembly of the State of Rhode Island hereby declares its firm conviction that the interests of the country will be benefited by the passage of the necessary legislation for increasing the appropriation for the torpedo station and naval training station at Newport, R. I., and for the establishment of a naval base and the construction of a dry dock within the limits of Narragansett Bay, R. I.; and be it further

Resolved, That the Senators and Representatives in Congress from Rhode Island be, and they hereby are, requested to use their efforts to secure the passage of such necessary legislation; and the secretary of state is hereby instructed to communicate a copy of this resolution to the Senate and House of Representatives of the United States, and to each of said Senators and Representatives immediately upon the passage of this resolution.

STATE OF RHODE ISLAND,  
OFFICE OF THE SECRETARY OF STATE,  
Providence, February 6, 1924.

I hereby certify the foregoing to be a true copy of the original resolution (S. 25) urging upon the Congress of the United States of America the necessity of an increased appropriation for the torpedo station and naval training station at Newport, R. I., and indorsing any project to establish a naval base and construct a dry dock within the limits of Narragansett Bay, R. I., passed by the General Assembly of the State of Rhode Island and approved by the governor on the 1st day of February, A. D. 1924.

In testimony whereof I have hereunto set my hand and affixed the seal of the State aforesaid this 6th day of February, A. D. 1924.

[SEAL.]

ERNEST L. SPRAGUE,  
Secretary of State.

The PRESIDENT pro tempore laid before the Senate a telegram in the nature of a memorial from the Federation of Italian Societies of San Francisco, Calif., remonstrating against the passage of the so-called Johnson immigration bill, which was referred to the Committee on Immigration.

The PRESIDENT pro tempore laid before the Senate a letter in the nature of a memorial from the Hoboken Italian Democratic Club, of Hoboken, N. J., remonstrating against the passage of the so-called Johnson immigration bill, which was referred to the Committee on Immigration.

The PRESIDENT pro tempore laid before the Senate a resolution of the Pan American Association of Women of Porto Rico, which was referred to the Committee on Territories and Insular Possessions and ordered to be printed in the RECORD, as follows:

ASOCIACION PAN AMERICANA DE MUJERES DE PUERTO RICO,  
San Juan, P. R.

To the Hon. ALBERT B. CUMMINS, President pro tempore, and to the honorable Members of the United States Senate, Washington, D. C.

GENTLEMEN: At a duly convened meeting of the Pan American Association of Women of Porto Rico held at its offices on January 14, 1924, it was unanimously resolved to submit the following petition to the Senate and House of Representatives of the United States:

"Whereas it is of paramount importance and necessity that the people of Porto Rico prepare themselves for the greater development of their political life; and

"Whereas the institutions of the United States are well known to and cherished by the women of Porto Rico, whose progress during the 26 years of American sovereignty is attested by recent statistics; and

"Whereas the Teachers' Association of Porto Rico, two-thirds of whose members are women, in its various messages to the Legislative Assembly of Porto Rico has heartily indorsed the demand for women's political emancipation in Porto Rico; and

"Whereas one of the planks of the respective platforms of the local Republican and Socialist Parties is woman suffrage; and

"Whereas a large part of the assessed capital of Porto Rico belongs to women; and

"Whereas we refuse to believe that in enacting a constitution for Porto Rico including a grant of suffrage to Porto Rican men the Congress of the United States intended to deprive Porto Rican women, no less American citizens than the men, of their innate right to vote; and

"Whereas the same grounds that existed in the United States for eliminating the political distinction between the men and the women citizens of the great Republic apply with equal force in favor of its elimination as against the Porto Rican women, citizens of the United States; and

"Whereas it is highly desirable that the women of Porto Rico should enjoy the benefits of the maternity law in the same measure as do our sisters in the United States proper; and

"Whereas the youth of Porto Rico should be educated with due regard to his or her natural inclinations and aptitudes:

"Now, therefore, we pray the Congress of the United States—

"(1) To define the status of Porto Rico.

"(2) To concede political suffrage to the women of Porto Rico under the same conditions and to the same extent that it has been conceded to Porto Rican men, amending the organic act of Porto Rico in unambiguous terms so to read.

"(3) To extend to Porto Rico the provisions of the maternity bill.

"(4) To include Porto Rico within the purview of the educational vocational act."

Respectfully submitted.

MILAGRAS BENET DE MEWTON,  
President Pan American Association of Porto Rican Women.  
PROVIDENCIA MARILLO, Secretary.

SAN JUAN, P. R., February 2, 1924.

Mr. LODGE presented the following resolutions of the House of Representatives and Senate of the Commonwealth of Massachusetts, which were referred to the Committee on Immigration:

THE COMMONWEALTH OF MASSACHUSETTS,  
House of Representatives, February 1, 1924.

Ordered, That the Massachusetts House of Representatives views with disfavor the inclusion of any provision in the Johnson immigration bill, so called, now before Congress, as a basis for the computation of the newly proposed quota for immigrants which will not be equitable in its proportions to American citizenship, as it is constituted to-day; be it further

*Ordered*, That the Massachusetts House of Representatives is opposed to the adoption of any provision which will tend to promote national or racial prejudices, or which suggests the inferiority of any element of our citizenship; and be it further

*Ordered*, That copies of this order be sent by the secretary of the Commonwealth to the Massachusetts Senators and Representatives in Congress.

JAMES W. KIMBALL, *Clerk*.

A true copy. Attest:

F. W. COOK,  
*Secretary of the Commonwealth.*

THE COMMONWEALTH OF MASSACHUSETTS,  
*Senate, January 31, 1924.*

*Ordered*, That the Massachusetts Senate views with disfavor the inclusion of any provision in the Johnson immigration bill, so called, now before Congress, as a basis for the computation of the newly proposed quota for immigrants which will not be equitable in its proportions to American citizenship as it is constituted to-day; be it further

*Ordered*, That the Massachusetts Senate is opposed to the adoption of any provision which will tend to promote national or racial prejudices, or which suggests the inferiority of any element of our citizenship; and be it further

*Ordered*, That copies of this order be sent by the secretary of the Commonwealth to the Massachusetts Senators and Representatives in Congress.

WILLIAM H. SANGER, *Clerk*.

A true copy. Attest:

F. W. COOK,  
*Secretary of the Commonwealth.*

Mr. HARRELD presented the following concurrent resolution of the Legislature of Oklahoma, which was referred to the Committee on Irrigation and Reclamation:

STATE OF OKLAHOMA,  
*Department of State.*

*To all to whom these presents shall come, greeting:*

I, R. A. Sneed, secretary of state of the State of Oklahoma, do hereby certify that the following and hereto attached is a true copy of concurrent resolution 1 adopted by the senate October 24, 1923, and adopted by the house of representatives November 13, 1923, the original of which is now on file and a matter of record in this office.

In testimony whereof I hereto set my hand and cause to be affixed the great seal of state. Done at the city of Oklahoma City this 4th day of February, A. D. 1924.

[SEAL.]

R. A. SNEED,  
*Secretary of State.*  
UNA LEE ROBERTS,  
*Assistant Secretary of State.*

Concurrent resolution 1 (by Senators Harvey, Lewis, Hudson, Leedy, Hill, Lillard, Cordell, Frye, Hughes, Wells, Hughey, Feuquay, Nichols, and Barker) of the Senate and House of Representatives of Oklahoma in Legislative Assembly petitioning the Representatives of Congress from this State to introduce a bill providing for a preliminary survey by the United States Government to determine the feasibility and cost of impounding the flood waters of Oklahoma for the purpose of preventing floods and using such waters for irrigation purposes.

Whereas it has been the policy of our National Government to expend large sums of money in irrigation projects to reclaim certain arid districts or parts of our Western States; and

Whereas certain parts of Oklahoma are semiarid and other parts are subject to droughts at certain seasons of the year and constituted as it is with a rich soil, which, if properly irrigated, would produce bountiful crops, with the aid of an almost tropical sun; and

Whereas under the operation of the reclamation act of 1902 Oklahoma's contribution to the national reclamation fund ultimately amounted to a sum in excess of \$5,000,000; and

Whereas Oklahoma, in common with other plains States, not only received no benefit in return but was finally deprived of even the right to lay claim to any benefits therefrom as the result of a congressional enactment in 1910; and

Whereas nearly every year and several times in some years its rich valleys are flooded, destroying millions of dollars' worth of property adjacent to its streams, resulting in the loss of many lives and indescribable suffering among its people; and

Whereas if these flood waters could and should be impounded, saved, and used for irrigation purposes it would prevent these destructive and terrible floods and insure bounteous crops and bring to thousands of farmers in this State the prosperity which their labor so justly earns; and

Whereas such an undertaking, if broad enough to bring general relief throughout the State, would be of such magnitude that it could not readily be financed or managed without the active cooperation of our National Government: Now, therefore, be it

*Resolved by the senate (the house concurring therein)*, That the Representatives and Senators in Congress from this State be, and hereby are, urgently requested to introduce and secure passage of a bill repealing the clause by which Oklahoma and other plains States were deprived of their respective interests in and benefits from the reclamation fund, to the end that such rights and benefits be restored; and be it further

*Resolved*, That the necessary negotiations for a cooperative topography survey of the drainage basins of certain streams should be undertaken without delay to the end that needed conservation and reclamation plans may be worked out at the earliest practicable moment by demonstrating the practical feasibility of impounding flood waters and using same for irrigation purposes; and be it further

*Resolved*, That a certified copy of this resolution be furnished to each of the Senators and Representatives in Congress from this State.

Adopted by the senate this 24th day of October, 1923.

TOM ANGLIN,

*President pro tempore of the Senate.*

Adopted by the house of representatives this 13th day of November, 1923.

W. D. McBEE,

*Speaker of the House of Representatives.*

Correctly enrolled.

W. C. LEWIS,

*Chairman of Engrossing and Enrolling Committee.*

Mr. ROBINSON presented petitions of sundry citizens of Danville and Denning, Ark., praying for the enactment of legislation to repeal or reduce the so-called nuisance war taxes, particularly the tax on industrial alcohol, which were referred to the Committee on Finance.

He also presented a resolution of Allen Post, No. 95, the American Legion, Department of Arkansas, of Pangburn, Ark., favoring the early granting of adjusted compensation to veterans of the World War, which was referred to the Committee on Finance.

He also presented letters in the nature of memorials of J. H. Butler, of Van Buren; of George W. Foland, of Rogers; of H. O. Davis and J. H. McIlroy, of Fayetteville; and of F. G. Speer, W. J. Pendergrass, R. C. Bollinger, and Hurd J. Miller, of Fort Smith, all in the State of Arkansas, remonstrating against any substantial change being made in the transportation act of 1920, which were referred to the Committee on Interstate Commerce.

Mr. WARREN presented a petition of sundry citizens of Cheyenne, Wyo., praying for the enactment of legislation repealing the tax on alcohol, which was referred to the Committee on Finance.

He also presented a resolution adopted by the board of directors of the Sheridan (Wyo.) Commercial Club, favoring the participation of the United States in the forthcoming international narcotics conference, which was referred to the Committee on Foreign Relations.

He also presented a resolution adopted by the Oregon Wool Growers' Association convention at Pendleton, Oreg., protesting against any increase in grazing fees in the national forests, which was referred to the Committee on Agriculture and Forestry.

Mr. FRAZIER presented petitions, numerously signed, of sundry citizens of North Dakota, praying for the enactment of legislation increasing the tariff duty on wheat, the repeal of the drawback provision and the milling-in-bond privilege of the Fordney-McCumber Tariff Act of 1922, and also the establishment of a Government export agency, which were referred to the Committee on Finance.

He also presented the petitions of E. S. Stone and 62 other citizens of Leeds, of H. E. Rutter and 57 other citizens of Michigan, of A. T. Poverud and 20 other citizens of Ray, of J. D. Kesler and 53 other citizens of Cando, and of Andrew Tinglestad and 84 other citizens of St. John, all in the State of North Dakota, praying for the enactment of legislation to repeal or reduce the nuisance war taxes, particularly the tax on industrial alcohol, which were referred to the Committee on Finance.

He also presented a resolution of Missouri Valley Local, No. 387, Brotherhood of Railway & Steamship Clerks, Freight Handlers, Express and Station Employees, of Bismarck, N. Dak., favoring the enactment of legislation granting a bonus to ex-service men, which was referred to the Committee on Finance.

Mr. CAPPER presented petitions, numerously signed, of sundry rural letter carriers of Butler and Reno Counties in the State of Kansas, praying for the enactment of legislation providing at 6-cent per mile equipment allowance to rural letter



carriers, which were referred to the Committee on Post Offices and Post Roads.

He also presented resolutions of the Lions Club, of Sterling, and of the faculty of the Lawrence High School, of Lawrence, both in the State of Kansas, favoring the enactment of legislation restricting the production of narcotics to medical and scientific needs, which were referred to the Committee on Foreign Relations.

He also presented a resolution of the Review Club, of Emporia, Kans., favoring the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

He also presented a telegram in the nature of a petition from the Wellington City Teachers' Association of Wellington, Kans., praying for the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

He also presented a memorial of sundry citizens of Marion County, Kans., remonstrating against the enactment of legislation creating a department of education, which was referred to the Committee on Education and Labor.

He also presented a resolution adopted by the American Farm Bureau Federation, at Chicago, Ill., favoring the enactment of a Federal truth-in-seeds bill, to the end that purchasers may be protected against adulteration and false labeling as well as to correlate the many State laws upon the subject, which was referred to the Committee on Agriculture and Forestry.

He also presented memorials of sundry members of the shop associations of the Atchison, Topeka & Santa Fe Railway system, of Dodge City, Kans., remonstrating against any substantial change being made in the transportation act of 1920, which were referred to the Committee on Interstate Commerce.

Mr. SHORTRIDGE presented a letter in the nature of a petition, signed by W. W. Campbell, president, and H. J. Webber, acting dean, of the College of Agriculture; C. M. Haring, director of the agricultural experiment station, and B. H. Crocheron, director of agricultural extension, of the University of California, and a letter in the nature of a petition from the South Pacific Millers' Association, all of San Francisco, Calif., praying that an appropriation be made for taking an agricultural census in 1925, which were referred to the Committee on Appropriations.

He also presented a resolution adopted by the California Cattlemen's Association, favoring the making of an appropriation of \$50,000 for predatory-animal control work in California, which was referred to the Committee on Appropriations.

He also presented a resolution of the executive committee of the Ebell of Los Angeles, of Los Angeles, Calif., favoring the continuance of the National Budget system, which was referred to the Committee on Appropriations.

He also presented a resolution of the California Cattlemen's Association, favoring the enactment of legislation to increase the tariff duty on live cattle and meats, which was referred to the Committee on Finance.

He also presented a resolution of the executive committee of the Ebell of Los Angeles, of Los Angeles, Calif., favoring the enactment of legislation to conserve the upper Mississippi River bottom lands and that they be taken over by the Federal Government as a national preserve, which was referred to the Committee on Commerce.

He also presented a letter in the nature of a petition signed by Decima V. Kinsman, president, Beulah L. Clarke, secretary, Jennie C. Cornwell, treasurer, and 20 other members of the Business and Professional Women's Club of Visalia, Calif., praying an amendment to the Constitution regulating child labor, which was referred to the Committee on the Judiciary.

He also presented the petition of the Civic Commercial Association of Bakersfield, Calif., praying for representation of the United States at an international antinarcotic conference to suppress the narcotic traffic, which was referred to the Committee on Foreign Relations.

He also presented resolutions of the Exchange Club of Fresno and the Lions Club of Sawtelle, both in the State of California, favoring representation of the United States at an international antinarcotic conference to suppress the narcotic traffic, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by the Chambers of Commerce of Benecia, Newark, Pasadena, Palo Alto, Pleasanton, Reedley, Riverside, Salinas, Santa Cruz, Santa Rosa, Sebastopol, Suisun, Sutter County, Torrance, and Walnut Creek and of the California Metal & Mineral Producers' Association, of the Building Owners & Managers Association, the Warehouse Association of the Port of San Francisco, and the Crockett and Valona Business Men's Association, of Crockett, all in the State of California, protesting against any substantial change being made in

the transportation act of 1920, which were referred to the Committee on Interstate Commerce.

Mr. SHORTRIDGE. Mr. President, I hold in my hand a formal resolution passed by the Central Labor Council of Long Beach, Calif., with respect to the immigration problem, a subject now before the Congress. I ask that the resolution may be referred to the Committee on Immigration and printed in the RECORD. It is not very long, and I think it will be helpful to have it printed in the RECORD.

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

LONG BEACH, CALIF., January 3, 1924.

Resolution adopted by the Long Beach (Calif.) Central Labor Council in regular session assembled on the above date.

Whereas recent disclosures by the State Department and other Federal agencies indicate that this country is threatened with Soviet and other foreign propaganda of a radical nature; and

Whereas official records bearing on trials and criminal investigations tend to show that such propaganda emanated from foreign sources and is here fostered by aliens; and

Whereas this foreign propaganda has for the past few years reached such proportions as to arrest the attention of the American people to the seriousness of the situation and to call for a nation-wide Americanization program; and

Whereas this Americanization program, necessitated by a large unassimilated population, entails a heavy expense upon the taxpayers, money that could be saved or applied to the education of American children; and

Whereas according to the United States census there are already 13,000,000 foreigners in this country, of which number 1,500,000 can not speak English, and 3,000,000 can not read or write the English language; and

Whereas in view of the foregoing conditions a continued influx of immigrants would accentuate this undesirable state of affairs, constituting a menace to the American people and its institutions; and

Whereas a continued immigration on an unrestricted basis would increase the present state of unemployment, which condition is in a measure responsible for the outbreak of crime: Therefore be it

*Resolved by the Long Beach Central Labor Council at a regular meeting held January 3, 1924, at the Long Beach Labor Temple, 1113 Pine Avenue.* That it goes on record as being absolutely opposed to any form of legislation which will remove the present restrictions placed on immigration and tending to increase the present 3 per cent annual admission now authorized; and be it further

*Resolved,* That the Long Beach Central Labor Council views with favor any legislation which would further reduce the percentage of immigrants allowed each year, until the Nation has had time to absorb the alien population; and be it further

*Resolved,* That Senators HIRAM W. JOHNSON and SAMUEL M. SHORTRIDGE, and Congressman WALTER F. LINEBERGER be requested to oppose any move tending to remove the present restrictions on immigration, and to support legislation to the contrary, and that copies of this resolution be furnished the local press; the executive council of the American Federation of Labor; the secretary of the State Federation of Labor; the Secretary of Labor, Washington, D. C.; and the national committee of the American Legion in charge of the Americanization program.

Mr. BURSUM. Mr. President, I present a memorial from Albuquerque, N. Mex., on behalf of several branches of the union representing the railroad workers, signed by 1,163 persons, remonstrating against any substantial change being made in the Esch-Cummins law. I ask unanimous consent that the first page may be read and that the memorial may then be referred to the Committee on Interstate Commerce.

There being no objection, the memorial was referred to the Committee on Interstate Commerce, and the first page thereof was ordered to be printed in the RECORD, as follows:

ALBUQUERQUE, N. MEX., February 6, 1924.

HON. H. O. BURSUM,

Senator from State of New Mexico,

Washington, D. C.

DEAR SIR: We the undersigned general chairmen and local chairmen representing the associations stated below of the Albuquerque (N. Mex.) Atchison, Topeka & Santa Fe Railway Co. shops, roundhouse, and repair yards hereby respectfully submit for your consideration a petition which has been signed by a representative number (1,163) of our constituents in respect to the transportation act, 1920.

Association of Machinists, Helpers, and Apprentices.

Association of Boilermakers, Helpers, and Apprentices.

Association of Blacksmiths, Helpers, and Apprentices.

Association of Electrical Workers, Helpers, and Apprentices.

Association of Sheet Metal Workers, Helpers, and Apprentices.  
 Association of Carmen, Helpers, and Apprentices.  
 Association of Stationary Engineers, Firemen, and Oilers.

We hope that you will be in sympathy with our petition and will do everything within reason to see to it that the transportation act, 1920, is not allowed to be repealed.

Respectfully submitted.

ANTHONY SEUFERT,  
*Grand Division and Local Chairman Sheet Metal Workers.*

GLENN E. VALENTINE,  
*Local Chairman Machinists, Helpers, and Apprentices.*

MICHAEL O'LAUGHLIN,  
*Local Chairman Blacksmiths, Helpers, and Apprentices.*

L. D. BAKER,  
*Grand Division and Local Chairman of Carmen.*

B. B. CORDOVA,  
*Local Chairman Boilermakers, Helpers, and Apprentices.*

LEON H. MUDGETT,  
*Local Chairman Electrical Workers, Helpers, and Apprentices.*

L. J. NEWMAN,  
*Local Chairman Stationary Engineers, Helpers, and Oilers.*

Mr. CURTIS presented a resolution of the Frankfort Community Club of Frankfort, Kans., favoring the passage of Senate bill 2012, creating an agricultural export commission, which was referred to the Committee on Agriculture and Forestry.

He also presented resolutions of the National Association of Railway and Utilities Commissioners, favoring amendments to the Interstate Commerce act, which were referred to the Committee on Interstate Commerce.

He also presented a memorial of sundry firms and citizens of Leavenworth, Kans., remonstrating against amendment of the transportation act of 1920, which was referred to the Committee on Interstate Commerce.

He also presented resolutions of the Salina Real Estate Board and the Wichita Real Estate Board, both in the State of Kansas, favoring the passage of legislation reducing taxes, which were referred to the Committee on Finance.

He also presented a resolution of the Lions Club of Kansas City, Kans., favoring the passage of Senate bill 1989, granting certain relief and benefits to postal employees, which was referred to the Committee on Post Offices and Post Roads.

He also presented a resolution of the Woman's Christian Temperance Union of Emporia and of Lyon County, in the State of Kansas, favoring the passage of legislation creating a department of education, which was referred to the Committee on Education and Labor.

He also presented resolutions of the Lions Club of Sterling, Kans., favoring the passage of legislation limiting the production of narcotics to medicinal and scientific needs, which was referred to the Committee on the Judiciary.

Mr. McLEAN presented a resolution of the Woman's Town Improvement Association of Westport, Conn., favoring the making of an appropriation to send representatives of the United States to the International Opium Conference to be held for the purpose of checking the drug evil, which was referred to the Committee on Foreign Relations.

He also presented petitions of the Christian Endeavor Union of Hartford and sundry citizens of Portland, all in the State of Connecticut, praying that the United States participate in the Permanent Court of International Justice, which were referred to the Committee on Foreign Relations.

He also presented petitions of sundry members of the Navaho Club (Inc.), of Hartford and of the Cromwell Service Men's Club of Cromwell, in the State of Connecticut, favoring the passage of legislation granting adjusted compensation to ex-service men, which were referred to the Committee on Finance.

He also presented a resolution of The Council of Jewish Women of Hartford, Conn., favoring an amendment to the Constitution regulating child labor, which was referred to the Committee on Education and Labor.

He also presented telegrams and papers in the nature of memorials from the Trapani Provincia Society of New Haven, of the Italian Brotherhood Society of Waterbury, of the New Britain Lodges of the Order Sons of Italy, at New Britain and the Loggia Maggiore Francesco Baracca, No. 870, Order of the Sons of Italy, of Greenwich, all in the State of Connecticut, remonstrating against the passage of proposed restrictive immigration legislation as being discriminatory, which were referred to the Committee on Immigration.

He also presented petitions and letters in the nature of petitions from Santa Maria Court, No. 40, Catholic Daughters of America; the New Haven Musical Protective Association; Horeb Lodge, No. 25, Independent Order B'nai B'rith; Wash-

ington Council, No. 7, Order United American Men; Cigar-makers' Union, Local No. 39; New Haven Typographical Union, No. 47; and Hammonasset Tribe No. 1, Improved Order of Red Men, all of New Haven, Conn., favoring the passage of the so-called Kelly bill granting increased compensation to postal employees, which were referred to the Committee on Post Offices and Post Roads.

He also presented a memorial of the Middlesex Hospital Graduate Nurses' Alumnae Association of Middletown, Conn., remonstrating against the classification of nurses by the Federal Government as not being in the professional service, which was referred to the Committee on Civil Service.

He also presented letters in the nature of petitions of the Waterbury Chamber of Commerce of Waterbury, the Simsbury Bank & Trust Co. of Simsbury, and the Burrill Mutual Savings Bank of New Britain, all in the State of Connecticut, praying for the adoption of the so-called Mellon tax plan, which were referred to the Committee on Finance.

He also presented a petition of the Connecticut Foundrymen's Association, at New Britain, Conn., praying for the adoption of the Mellon tax reduction plan, and remonstrating against the passage of legislation granting a bonus to ex-service men, which was referred to the Committee on Finance.

#### SAN CARLOS RESERVOIR PROJECT.

Mr. CAMERON. In connection with a bill now on the calendar (S. 966) for the continuance of construction work on the San Carlos Federal irrigation project in Arizona, and for other purposes, I present an appeal of the Pima Indians, which I ask may be printed in the RECORD.

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

#### THE PIMA INDIANS.

There is now pending before the United States Senate a bill providing for the construction of the San Carlos Dam on the Gila River in Arizona. If this bill (known as S. B. 966) is passed by Congress and becomes a law it will repay a debt to the Pima Indians which our Government has sadly neglected and which brings a blush of shame to our "higher civilization."

The tribe known as the Pimas was so named by the Spaniards early in the history of the relations of the latter with them. The Pima Indians live in the Gila River Valley, between Phoenix and Tucson. This tribe had their own irrigation system and nice farms when they were visited by Kino in 1687. The Pimas have never shed white man's blood and have always been friendly to the United States of America. Frank Russell, in his book on the Pima Indians, says: "The American people owe the Pima Indians a lasting debt of gratitude. The California pioneers that traversed the southern route before the days of transcontinental railroads often owed their lives to the friendly brown-skinned farmers whom they met upon the Gila. This tribe rendered notable assistance as scouts in the long contest with the Apaches. Even had they remained neutral they would have deserved friendly consideration on the part of the whites, but as they fought bravely in the latter's behalf, justice requires that their services be accorded proper recognition." (This book can be had by writing to your Congressman. The Bureau of American Ethnology published it in 1908.)

In the late war the Pimas oversubscribed every loan and the last war work drive by 508 per cent. The first Arizonan killed in action in France was a full-blooded Pima Indian, who voluntarily gave up his life for his country.

The water, which in olden times came down the Gila to help the Pimas raise their crops, is now being used by white people along the river above the Pimas. For the past five years the Indians have had crop failures due to the shortage of water. As early as 1859, Lieut. Sylvester Mowry, special agent, Indian Bureau, foresaw danger threatening the interests of the Pimas and wrote:

"There are some fine lands on the Gila and any extensive cultivation above the Indian fields will cause trouble about the water for irrigation and inevitably bring about a collision between the settlers and the Indians." The Indians have had their water taken from them and have peacefully submitted to the terrible hardships they are now enduring. There is only one way in which this terrible wrong can be made right, and that is by Congress building the San Carlos Dam. During the administration of W. F. Haygood as superintendent the whites living below the San Carlos site signed an agreement that the Indians are to receive 37-62 and the whites 25-62. This will give every Indian some water for farming; that is, providing the water is stored up by a dam at San Carlos. The Government engineers have thoroughly investigated and recommended the construction of the dam at San Carlos. It is now up to Congress to make the appropriation for this project and give back that which has been taken from the Pima Indians, who are our friends to-day in spite of the treatment they have received in the past.

Pimas are excellent farmers, and with the small supply of water now available have repeatedly taken first prizes at the Arizona State fair

in competition with the white people of Arizona. In 1922 the Pimas won the sweepstakes on wheat and many blue ribbons; in 1923 they won 15 blue ribbons and many other prizes.

Every year the water supply of the Pima Indians is getting less and less and if the San Carlos is not constructed it means starvation and ruin to this noble tribe of Indians.

Act now, do not delay. Just a few minutes of your time and help right the wrong that has been done the Pimas for the past 50 years.

Pima Indians were farming by irrigation when Columbus discovered America.

First Arizonan killed in action in France was a Pima Indian, Matthew B. Juan, who volunteered for service.

Stotonic Pima Indian Christian Endeavor Society won the championship in an efficiency campaign. One hundred white societies and six other Indian societies competing in the State of Arizona.

#### REHABILITATION PROGRAM FOR AMERICAN MERCHANT MARINE.

Mr. WILLIS. I ask unanimous consent to have printed in the RECORD a report adopted by the board of directors of the Cleveland (Ohio) Chamber of Commerce on the subject of a rehabilitation program for the American merchant marine.

Mr. FLETCHER. What is the request?

Mr. WILLIS. That there be printed in the RECORD a report adopted by the board of directors of the Cleveland (Ohio) Chamber of Commerce on the subject of a rehabilitation program for the American merchant marine. I think the Senator will agree that it contains valuable information.

Mr. FLETCHER. Yes; I have a copy of it.

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

A REHABILITATION PROGRAM FOR THE AMERICAN MERCHANT MARINE  
(Suggested by the committee on American merchant marine, the Cleveland Chamber of Commerce, with the approval of the board of directors, January 16, 1924.)

DECEMBER 26, 1923.

To the Board of Directors of the Cleveland Chamber of Commerce.

GENTLEMEN: Your committee on American merchant marine submits herewith its report containing suggestions and recommendations for the establishment upon a sound basis of a privately owned and operated American merchant marine.

This report is made as the result of certain correspondence between the Cleveland Chamber of Commerce and members of the United States Shipping Board, in which Government ownership and operation of our merchant ships was sharply criticized by the chamber, and in which request was made on behalf of the Shipping Board for an expression of opinion on the part of the chamber as to the best means of restoring our merchant shipping.

It is felt, however, that the report may be made to serve a broader purpose at this time. It is recommended, therefore, that the report, together with this letter of transmittal, if approved by the directors of the chamber of commerce, be printed, and that copies thereof be sent not only to the members of the United States Shipping Board but to the President of the United States and to all Members of Congress.

It is further recommended that the approval of the Cleveland Chamber of Commerce be given to the principle of two bills known as S. 482 and S. 485, which have been introduced into the Senate of the United States by Senator JONES of Washington, as being steps in the right direction and as being in general conformity with the recommendations contained in the accompanying report of this committee.

It is further recommended that copies of this report and this letter be sent to the principal chambers of commerce and commercial bodies of the United States with request for action thereon.

Respectfully submitted.

HERMON A. KELLEY,

Chairman Committee on American Merchant Marine.

To the Board of Directors of the Cleveland Chamber of Commerce.

GENTLEMEN: Your committee on American merchant marine submits the following recommendations for the rehabilitation of our merchant marine:

(1) Terminate the provisions of all treaties or conventions of the United States which restrict the right of the United States to impose discriminating customs duties on imports entering in foreign vessels and in vessels of the United States.

(2) Terminate all such provisions which restrict the right of the United States to impose discriminatory tonnage dues on foreign vessels and on vessels of the United States.

(3) Reduce the rates of duty on articles on the dutiable list coming in American bottoms, or raise the rates on those coming in foreign bottoms, or both.

(4) Add a small duty on all goods now on the free list imported in foreign bottoms.

(5) On goods exported give reduced rates on railroads from points of production to port of export, provided they are transported in ships of American registry.

(6) Grant a decrease, if necessary, in railroad rates on goods imported in American bottoms from the port of entry to point of destination.

(7) Provide by law that after a fixed date all merchant ships belonging to the Government shall be sold or leased, and in no event operated by the Government in competition with privately owned ships.

A policy of this kind, in our judgment, will restore the glory of the merchant marine, of which we were so justly proud in the early history of our country.

Preferential tariff duties on goods coming in American bottoms and preferential tonnage dues for American-registered ships gave the first impetus to our merchant marine. So long as we continued this system our merchant marine flourished. When we surrendered it our merchant marine began to decline.

In 1789, when we first adopted this policy, we had only 124,000 tons of shipping. Then we carried in American bottoms 17 per cent of our imports and 30 per cent of our exports. In 1795 our tonnage increased to 529,500 tons, and we then carried 92 per cent of our imports and 88 per cent of our exports.

In 1800 our tonnage increased to 667,000 tons, and we carried 91 per cent of our imports and 87 per cent of our exports. In 1810 our tonnage increased to 1,000,000 tons, and we carried 93 per cent of our imports and 90 per cent of our exports.

In 1815 Congress began to change its policy by adopting the so-called limited maritime reciprocity. In 1823 the free freighting act was passed. Foreign shipping alone benefited by these acts, and domestic shipping began to decline. In the year 1840 our foreign commerce carried in American bottoms declined to 83 per cent; in 1850, 73 per cent; in 1860, 66 per cent; in 1870, 35 per cent; in 1880, 16 per cent; in 1890, 12 per cent; in 1900, 10 per cent; in 1910, 10 per cent; in 1920 it rose to about 44 per cent; and in 1923 it again declined to about 34 per cent.

Certainly, the policy pursued during the last half of our country's history, under which our merchant marine has thus declined, must be condemned, particularly when we remember that during the World War we were almost wholly at the mercy of foreign shipping and ocean rates of traffic increased as much as 1,200 per cent.

Under the spur of war necessity we built a merchant fleet at a cost of \$3,000,000,000. At the close of the year 1922 we had 1,442 ocean-going steel merchant ships with a total tonnage of 7,000,000 gross tons. Only 421 of these ships were in use at that time; 1,021 of them were tied up and are rapidly deteriorating.

More than five years have passed since the armistice was signed. Apparently we are no nearer the solution of the merchant marine problem now than we were on Armistice Day.

By section 28 of the merchant marine act, approved June 5, 1920, common carriers were permitted to give preferential rates on goods or passengers carried in American vessels. So far as this committee is advised, nothing has been done toward carrying out this section of the act.

By section 34 of the same act Congress declared that in its judgment the provisions of all treaties and conventions should be denounced which restricted the right of the United States to impose discriminating customs duties on imports entering the United States in foreign vessels, and in vessels of the United States, or the right of the United States to impose discriminatory tonnage dues on foreign vessels, and on vessels of the United States, and "authorized and directed the President within 90 days after this act became a law to give the necessary notices to the several governments concerned" to terminate so much of such treaties or conventions as imposed such restrictions. No such notices have been served, either by President Wilson, President Harding, or President Coolidge. The only reason given for not serving them is that such a course might complicate our foreign relations. The Congress of the United States passed this legislation; it was approved by President Wilson, and we submit with all due deference it ought to be enforced. It does not lie within the discretion of the President to say what law he will enforce and what law he will not enforce. It is his duty to enforce all laws.

According to a report made by the Acting Secretary of State in 1919, preferential rates would affect 27 treaties and conventions made with 25 nations. All of them except seven specifically provide that these treaties and conventions may be denounced upon notice, some within 6 months, others within 12 months. The seven nations which do not have these provisions for denouncement upon notice are Argentina, China, Congo, Costa Rica, Great Britain, Liberia, Panama, and Tripoli. None of them save Great Britain are maritime nations, and the treaty with Great Britain relates only to the direct trade between the United States and Great Britain. Our belief is that any flurry which might be occasioned by the adoption of this course would subside in a short time, and the world would understand that America was going to control her own shipping.

It is conceded that present rail rates, to a large extent, handicap our farmers and manufacturers in the interior of the country in sending their surplus products to foreign markets. To give them preferential rail rates for goods carried in American bottoms would both decrease the cost of transportation to their foreign markets and encourage American shipping by giving it preference in securing cargoes. This method of aiding their foreign shipping has long been in force in Germany and other European countries. If they can adopt it without offending their international relations, so can we. The United States Shipping Board on September 28, 1921, in a letter addressed to the President, used the following language in part:

" \* \* \* The Shipping Board, as a question of essential fundamental policy, begs of you to secure of Congress early enabling legislation for discriminating duties and tonnage taxes. Only through such duties and taxes can the Shipping Board see an assured future for the American merchant marine. In the present stagnancy of world shipping conditions, it seems to us expeditious action such as suggested is the essence of hope for the future.

"The Shipping Board feels, and can not give sufficient emphasis to its feelings, that the application of sections 28 and 34, together with other constructive measures for subsequent consideration should not only establish permanently America's merchant marine, but should result in comparatively early passage of its ships into the hands of private owners at an increment value more favorable than has as yet been suggested. Congress in its discriminating wisdom can largely make these ships worth what it wants to make them worth."

By sections 28 and 34 of the merchant marine act of 1920, Congress declared in part its policy for the building up of our merchant marine. It has not been acted upon by the executive branch of the Government. For this, more than for any other reason, there is no market for our ships, and there will be none until the Congress and the President adopt and enforce a policy which will enable private shipping interests to determine what they can or can not do. We are opposed to government-operated ships. Private shipping interests will not buy the ships at any price until they know that we have a policy and that it is to be carried out. In the language of the United States Shipping Board, on September 28, 1921, "Congress in its discriminating legislation can largely make these ships worth what it wants to make them worth." By adopting the policy of discriminating customs rates, tonnage rates, and rail rates we can largely secure to American bottoms our foreign shipping, and when it is thus secured American investors will respond and our merchant marine will be a reality.

Again, such shipping as the Government has done has resulted in an annual loss of \$50,000,000. By operating its ships, the Government, with an unlimited Treasury to make up its deficits, is unfairly competing with private enterprise. It should not be the Government's business to carry our commerce. Private enterprise should do it, and with the adoption of a policy such as hereinbefore defined, we are confident that the Government can find a market for its ships, and if after a given date it will declare its intention to quit Government operation, private operation, in our judgment, will increase by leaps and bounds.

In a previous report this committee, as then constituted, recommended the passage of the ship subsidy bill which was at that time pending in Congress. The ship subsidy bill failed to pass. Whether it is sound in policy or not, we are clearly of the opinion that it can not pass the present Congress. Why, then, should we not adopt the policy suggested by this report? It is not an experiment. It has been tried and it has proven a success. Witness the early history of our merchant marine.

Respectfully submitted.

HERMON A. KELLEY, *Chairman*,  
J. S. ASHLEY,  
LUTHER DAY,  
F. J. HEMLER,  
FREDERICK L. LECKIE,  
T. F. NEWMAN,

HERBERT K. OAKES,  
JOHN A. PENTON,  
H. S. PICKANDS,  
ATLEE POMERENE,  
CARL A. SCHIFFER,  
A. G. SMITH,

*Committee on American Merchant Marine.*

DECEMBER 26, 1923.

#### REPORTS OF COMMITTEES.

Mr. REED of Pennsylvania, from the Committee on Military Affairs, to which was referred the joint resolution (S. J. Res. 46) for the relief of Capt. Ramon B. Harrison, reported it without amendment and submitted a report (No. 138) thereon.

Mr. BROOKHART, from the Committee on Military Affairs, to which was referred the bill (S. 2169) to amend in certain particulars the national defense act of June 3, 1916, as amended, reported it with amendments and submitted a report (No. 139) thereon.

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

A bill (S. 1703) for the relief of J. G. Seupelt (Rept. No. 140); and

A bill (H. R. 3444) for the relief of certain nations or tribes of Indians in Montana, Idaho, and Washington (Rept. No. 141).

Mr. HARRELD, also from the Committee on Indian Affairs, to which was referred the bill (S. 2315) to amend an act entitled "An act for the division of the lands and funds of the Osage Indians in Oklahoma, and for other purposes," approved June 28, 1906, and acts amendatory thereof and supplemental thereto, reported it with an amendment and submitted a report (No. 142) thereon.

Mr. CAPPER, from the Committee on Claims to which was referred the bill (S. 1014) for the relief of F. J. Belcher, jr., trustee for Ed Fletcher, reported it without amendment and submitted a report (Rept. No. 143) thereon.

GEORGE M. APPLE.

Mr. CAPPER, from the Committee on Claims I report back favorably without amendment Senate bill 1763, to validate certain payments made to George M. Apple and to authorize the General Accounting Office to allow credit to certain disbursing officers for payments of salaries made on properly certified and approved vouchers and submit a report (Rept. No. 144) thereon.

Mr. PHIPPS, I ask unanimous consent for the immediate consideration of the bill. It is the exact measure which was passed by the Senate in the Sixty-seventh Congress.

The PRESIDENT pro tempore. The Senator from Colorado asks unanimous consent for the present consideration of Senate bill 1763, just reported by the Senator from Kansas. Is there objection?

Mr. OVERMAN. Let it go to the calendar. It is a claims bill.

The PRESIDENT pro tempore. Objection is made, and the bill will be placed on the calendar.

#### ENROLLED BILLS AND JOINT RESOLUTION PRESENTED.

Mr. WATSON, from the Committee on Enrolled Bills, reported that on February 12, 1924, they presented to the President of the United States the following enrolled bills and joint resolution:

S. 152. An act to authorize the county of Multnomah, Oreg., to construct a bridge and approaches thereto across the Willamette River in the city of Portland, Oreg., to replace the present Burnside Street Bridge in said city of Portland; and also to authorize said county of Multnomah to construct a bridge and approaches thereto across the Willamette River in said city of Portland in the vicinity of Ross Island;

S. 384. An act to authorize the building of a bridge across Waccamaw River in South Carolina near the North Carolina State line;

S. 602. An act to extend the time for the construction of a bridge across the Arkansas River between the cities of Little Rock and Argenta, Ark.;

S. 604. An act to authorize the construction, maintenance, and operation of a bridge across the St. Francis River near St. Francis, Ark.;

S. 643. An act to extend the time for the construction of a bridge across the Pamunkey River in Virginia;

S. 733. An act granting the consent of Congress to the construction of a bridge over the Hudson River at Poughkeepsie, N. Y.;

S. 1170. An act to authorize the Highway Commission of the State of Montana to construct and maintain a bridge across the Yellowstone River at or near the city of Glendive, Mont.;

S. 1374. An act to authorize the Norfolk & Western Railway Co. to construct a bridge across the Tug Fork of the Big Sandy River at or near a point about 1½ miles west of Williamson, Mingo County, W. Va., and near the mouth of Turkey Creek, Pike County, Ky.;

S. 1539. An act extending the time for the construction of a bridge across Fox River by the city of Aurora, Ill., and granting the consent of Congress to the removal of an existing dam and to its replacement with a new structure;

S. 1540. An act granting the consent of Congress to the city of Aurora, Kane County, Ill., a municipal corporation, to construct, maintain, and operate certain bridges across Fox River;

S. 1634. An act to authorize the building of a bridge across the Lumber River, in South Carolina, between Marion and Horry Counties; and

S. J. Res. 68. Joint resolution authorizing the erection on public ground in the city of Washington, D. C., of a memorial to the Navy and marine services, to be known as Navy and Marine Memorial Dedicated to Americans Lost at Sea.

#### AMERICAN INSTRUCTORS OF THE DEAF.

Mr. MOSES, I report favorably three Senate resolutions from the Committee on Printing and ask unanimous consent for their present consideration.

The PRESIDENT pro tempore. For the information of the Senate the Secretary will state the first resolution reported by the Senator from New Hampshire.

The reading clerk read the resolution (S. Res. 152), as follows:

*Resolved*, That the report of the twenty-third meeting of the Convention of American Instructors of the Deaf be printed as a Senate document.

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

The resolution was considered by unanimous consent and agreed to.

REPORT OF ARCHITECT OF THE CAPITOL.

Mr. MOSES. I also report from the Committee on Printing a resolution providing for the printing as a Senate document of the annual report of the Architect of the Capitol for the year ended June 30, 1923. I ask unanimous consent for the present consideration of the resolution.

There being no objection, the resolution (S. Res. 153) was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the annual report of the Architect of the Capitol for year ended June 30, 1923, be printed as a Senate document.

REPORT OF THE ALIEN PROPERTY CUSTODIAN.

Mr. MOSES. I also report from the Committee on Printing a resolution providing that the report of the Alien Property Custodian for the year ending December 31, 1923, be printed as a public document. I ask unanimous consent for the present consideration of the resolution.

There being no objection, the resolution (S. Res. 154) was read, considered by unanimous consent, and agreed to, as follows:

*Resolved*, That the report of the Alien Property Custodian for year ending December 31, 1923, be printed as a Senate document.

ALAMO LAND & SUGAR CO., R. B. CREAGER, ET AL.

Mr. KEYES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably with amendments Senate Resolution 133, directing the investigation of alleged fraudulent land sales in the State of Texas.

Mr. HEFLIN. Mr. President, the committee has made some changes in the resolution and has reported that the Committee on Post Offices and Post Roads shall be the committee to make the proposed investigation. I have no objection to that, and I ask unanimous consent for the present consideration of the resolution.

The PRESIDENT pro tempore. The Senator from Alabama asks unanimous consent for the present consideration of the resolution just reported. Is there objection?

Mr. HARRELD. Mr. President, reserving the right to object, I wish to ask unanimous consent to have inserted in the RECORD certain editorial comments from newspapers on this proposed resolution of investigation. I do not have them here; they are in my office; but, unless I can get unanimous consent to insert them in the RECORD, I shall have to ask that the resolution go over.

Mr. HEFLIN. To what editorial does the Senator refer?

Mr. HARRELD. I refer to a number of editorials appearing in Texas newspapers. I am requested by Mr. Creager to ask unanimous consent that those editorials be published in the RECORD. I make that request to have them printed in the RECORD. There are something like a dozen of them. I repeat, I do not have them here, but if I can get unanimous consent to have them printed in the RECORD I will supply them later.

Mr. HEFLIN. Some of the editorials are personal attacks on me, I think.

Mr. HARRELD. I do not think so.

Mr. HEFLIN. Well, if the Senator wants to take the responsibility to put them in the RECORD, I have no objection.

Mr. HARRELD. Then, I have no objection to the resolution being adopted.

Mr. OVERMAN. I should like to inquire if the Senator from Oklahoma has read the editorials to which he refers?

Mr. HARRELD. I have read a portion of them, and I have seen nothing in them reflecting on the Senator. If there is anything of that kind it will not be put in the RECORD.

Mr. OVERMAN. Then, that is all right.

Mr. HARRELD. I feel this way about it, Mr. President: Mr. Creager is not a member of this body and he merely asked me, as a favor, to have these editorials printed in the RECORD, and I feel that he is entitled to be heard to that extent, pro-

vided the editorials do not reflect on a Member of this body, and I repeat that if they do such editorials will not be inserted.

Mr. HEFLIN. With that understanding, I have no objection to the Senator's request.

Mr. HARRELD. Then, I ask unanimous consent that I may have permission to insert the editorials referred to in the RECORD.

The PRESIDENT pro tempore. The question is first upon the request for the present consideration of the resolution. Does the Senator from Oklahoma object to its present consideration?

Mr. HARRELD. I will waive my objection, subject to my being allowed to insert the editorials referred to in the RECORD.

Mr. HEFLIN. With the statement of the Senator that he will not permit anything in an editorial to be printed in the RECORD which is a personal attack on me or any other Senator, I have no objection. So I ask for the consideration of the resolution.

Mr. HARRELD. Mr. President, if the Senator agrees and if there is no other objection to introducing the editorials into the RECORD, I will withdraw my objection.

The PRESIDENT pro tempore. Is there objection? There being no objection, the Senate proceeded to consider the resolution, which was reported from the Committee to Audit and Control the Contingent Expenses of the Senate, with amendments. The first amendment was to strike out all after the word "Resolved," on page 7, line 1, and to insert the following:

*Resolved*, That the Committee on Post Offices and Post Roads, or any subcommittee thereof, be authorized and directed to investigate fully and completely the charges and complaints alleged in the preamble hereto, and to make a report of its investigations to the Senate with recommendations.

*Resolved further*, That the Committee on Post Offices and Post Roads, or any subcommittee thereof, be, and is hereby, authorized, empowered, and directed to request and to require the Attorney General of the United States and the Postmaster General of the United States to lay before said committee, or any subcommittee thereof, all evidence, including papers, documents, complaints, letters, and telegrams which they now have in their possession touching the alleged fraudulent conduct of the said Alamo Land & Sugar Co. and its president, R. B. Creager, and all other land companies.

*Resolved further*, That the Committee on Post Offices and Post Roads, or any subcommittee thereof, be, and is hereby, authorized to sit during the sessions of the Sixty-eighth Congress or during any recess of said Congress for the purpose of prosecuting this investigation, and to hold its sessions at such place or places as it shall deem most convenient for the purpose of the investigation, and said committee may appoint subcommittees consisting of one or more members to represent the committee at various places in the taking of testimony, and to subpoena witnesses and administer oaths and to require the production of all papers, books, and documents, and other evidence relating to said investigation, and to employ stenographers at a cost not to exceed 25 cents per hundred words.

*Resolved further*, That the expense of said investigation shall be paid from the contingent fund of the Senate on vouchers of the committee, or subcommittee thereof, signed by the chairman and approved by the Committee to Audit and Control the Contingent Expenses of the Senate.

The amendment was agreed to.

The PRESIDENT pro tempore. The question is upon agreeing to the resolution as amended.

The resolution as amended was agreed to.

The committee reported an amendment to strike out the preamble and to insert a new preamble as follows:

Whereas it is alleged that for several years a group of companies and individuals, members of the Lower Rio Grande Valley Land Men's Association, consisting in part of the following: Alamo Land & Sugar Co., C. H. Swallow & Co., W. E. Stewart Land Co., Stewart Farm Mortgage Co., El Jardin Immigration Co., Lone Star Immigration Co., A. J. McCall Land Co., United Farms Co., Texas Coast Irrigated Lands Co., Al Parker Securities Co., and others, with their principal offices in Lincoln, Nebr.; Kansas City, Mo.; Memphis, Tenn.; New Orleans, La.; and with branch offices in many other cities, and by operations in Arkansas, Kansas, Missouri, Nebraska, Iowa, Illinois, Minnesota, North Dakota, Michigan, South Dakota, Wisconsin, Oklahoma, Indiana, Ohio, New York, Virginia, Georgia, Tennessee, Alabama, and other States, have defrauded citizens of said States of many million dollars by selling to them lands situated in the counties of Cameron and Hidalgo, in the State of Texas, which was represented by said companies and individuals to be valuable irrigated farm lands, watered by adequate and efficient irrigation systems and not subject to overflow from the Rio Grande River, while in fact most of said lands sold by said

companies were wild, semiarid, nonirrigable, and about one-half of which was subject to overflow and wholly unfit for profitable farming purposes, and that which was not subject to overflow was watered by wholly inadequate and inefficient irrigation systems; and

Whereas it is alleged that during the latter part of the year 1920 and during the year of 1921 a great many complaints were made to the Post Office Department that these exploiters were engaged in a general plan and scheme to defraud and were using the mails as an aid to carry out their fraudulent scheme, the victims being obtained generally from the various Northern States through a highly developed agency system assembled at Kansas City, Mo., where the general sales offices of most of the companies were located; and

Whereas it is alleged that one J. M. Donaldson, a post office inspector at Kansas City, Mo., and other inspectors were making an investigation of said complaints, and when it became known to said land companies such investigation was being made, R. B. Creager, of Brownsville, Tex., president of the Alamo Land & Sugar Co. and partner of C. H. Swallow, doing business under the name of C. H. Swallow & Co.; Charles F. C. Ladd, representing the W. E. Stewart Land Co.; C. H. Jessup, of Brownsville, Tex., who claimed to be a disinterested party, but whose expenses were paid by the Lower Rio Grande Valley Land Men's Association, and C. H. Swallow together made a trip to Washington and called on the Hon. William H. Hays, the then Postmaster General, and Hon. Harry M. Daugherty, Attorney General, for the purpose of preventing such investigations; and

Whereas it is alleged that when the victims of the frauds learned of this action and heard reports that the investigation was stopped a meeting was held and a committee appointed to devise some way in which their side of the case could be brought to the attention of the Postmaster General and the Attorney General, a petition addressed to the Postmaster General was prepared, setting out in detail the fraud, and was signed by more than 600 people, each claiming to have been defrauded and asking that the investigation be continued in order that the Government might learn the true facts; and

Whereas it is alleged that said companies, for the purpose of preventing an investigation of the charges of fraud and misrepresentation and to enable them to continue in their fraudulent practices, notwithstanding the fact they were foreign corporations, without a license or permit to do business in the State of Texas, procured from Hon. Hood Boone, judge of the district court of Hidalgo County, Tex., an order restraining the committee representing the victims of the fraud from mailing said petition to the Postmaster General; and

Whereas it is alleged that when it became known that the petition, which had been signed by more than 600 land-fraud victims, had been mailed to the then Postmaster General, Hon. William H. Hays, before said restraining order granted by Judge Boone had been served upon the committee representing said land-fraud victims, R. B. Creager again came to Washington to see the Postmaster General and the Attorney General for the purpose of preventing a continuation of the investigation of the complaints leveled against the Alamo Land & Sugar Co. and the C. H. Swallow & Co., being the land companies in which R. B. Creager was directly interested; and

Whereas it is alleged that R. B. Creager, through his influence with the Postmaster General and the Attorney General, was able to smother and stifle an investigation of the complaints against the said land companies by procuring, among other things, the transfer (1) of complaints submitted by the victims of the operations of his companies to J. M. Donaldson, post-office inspector at Kansas City, Mo., and (2) of the evidence collected by said Donaldson to O. B. Williamson, post-office inspector at Pittsburgh, Pa., who failed to make a complete investigation of said complaints; and

Whereas it is alleged that when the said J. M. Donaldson, post-office inspector at Kansas City, Mo., was permitted to present the result of his investigation of the W. E. Stewart companies and witnesses to the Federal grand jury at Kansas City, Mo., and after the United States district attorney for the western division of the western district of Missouri had permitted a large number of witnesses for the Stewart companies to testify before the grand jury an indictment was returned against the said W. E. Stewart and five of his associates, one of whom was Charles F. C. Ladd, heretofore mentioned, and upon trial the said W. E. Stewart was convicted on 16 counts and sentenced to a term of five years in the Federal penitentiary at Leavenworth, Kans., on each count, and the said Ladd was allowed to enter a plea of nolle contendere and pay a fine of \$5,000; and

Whereas it is alleged that within a short time after the indictment was returned against the said W. E. Stewart, and before his trial and conviction, the major portion of his holdings, amounting to more than \$5,000,000, for which he was convicted of obtaining through fraud and misrepresentation, was by him transferred without consideration to relatives and friends, and upon applications which he caused to be made a Federal receivership has been operating, controlling, and managing the business of said Stewart companies since the 7th day of January, 1922, and the said R. B. Creager was appointed receiver of said Stewart companies for the State of Texas, and as such is now operating the business of said companies in said State; and

Whereas it is alleged that said receivership aided and assisted the said Stewart in his defense of the charges of fraud and misrepresentation and failed and refused to aid and cooperate with the agents of the Government in the preparation and trial of said cause; and

Whereas it is alleged that other large and gigantic frauds through the sale of lands have been and are now being perpetrated in the various sections of the United States, and that large sums of money have been and are now being obtained from citizens of the United States for the purchase of lands in Mexico which the sellers do not own and can not deliver title to; and

Whereas it is alleged that a judge of the district court of Cameron County, Tex., where some of the companies mentioned herein are now operating, on the petition of the James Dickinson Farm Mortgage Co., known as the financing company for the Lone Star Immigration Co., issued an order on the 14th day of January, 1924, restraining victims of the alleged fraud of said company from making any statement, verbal, printed, or painted, charging said company with fraud or unlawful practices; and

Whereas it is alleged that in face of the indictment and the subsequent conviction of officers of the W. E. Stewart Land Co., the Alamo Land & Sugar Co., through the influence of its president, R. B. Creager, has so far successfully stifled and smothered a complete investigation of the complaints filed against it and other companies mentioned herein with the Department of Justice and the Postmaster General's Department of the United States, and has obstructed and prevented the presenting to a grand jury the alleged use of the mails in a scheme to defraud thousands of American citizens out of their savings of a lifetime; and

Whereas it is charged that for approximately three years more than 1,000 complaints in respect of such fraudulent sales have been on file in the Post Office Department, and these companies are still operating in what is known as the lower Rio Grande Valley, and are still using the United States mails in furtherance of fraudulent land-selling schemes without effective investigation by the Post Office Department or prosecution by the Attorney General: Therefore be it

The amendment to the preamble was agreed to.

The preamble as amended was agreed to.

Mr. HARRELD. Now, Mr. President, I renew my request that I be allowed to place these editorials in the Record.

The PRESIDENT pro tempore. Is there objection?

Mr. DIAL. Mr. President, I object, unless the Senator will read the editorials himself. I do not believe in turning the Record loose and putting in editorials unless some responsible person reads the editorials he wants to offer.

Mr. KING. Mr. President, I appeal to the Senator from South Carolina not to insist upon that objection. The Senator from Oklahoma has very fairly stated his position.

Mr. DIAL. I did not say I would object unless he would read them publicly, but unless he would read them privately.

Mr. KING. The Senator said he would read them.

Mr. DIAL. All right.

Mr. HARRELD. I will do that.

Mr. HEFLIN. Mr. President, the Senator has said that he would read the editorials personally, and that he would see to it that no personal attack on me or on any other Senator went into the Record from these editorials. The Senator made that statement upon his own responsibility. With that understanding I have no objection, and I am the party involved.

The PRESIDENT pro tempore. The Chair hears no objection, and the matter referred to by the Senator from Oklahoma will be printed in the Record.

The editorials referred to are as follows:

THE DEMOCRATIC PRESS OF TEXAS MAKES REPLY TO THE CHARGES AGAINST MR. CREAHER.

A STOOP TO DIRTY POLITICS.

[From Houston Chronicle editorial, February 3, 1924.]

In political life R. B. Creager is recognized as the Republican leader of Texas. In business life he is recognized as a distinguished lawyer and as having played a prominent part in the development of the lower Rio Grande Valley. In Texas, especially in south Texas, he is best known because of the valuable services rendered in connection with the greatest reclamation project in this part of the country, and one of the greatest in the world.

The lower Rio Grande Valley speaks for itself. Its league on league of cultivated land, its fine roads, its thousand miles of canals, its dozen modern towns, its schools, churches, banks, and industries are all visible and unanswerable arguments, the more impressive when compared to the parched and dreary wastes that mocked the eye 20 years ago. Isolated cases of fraud and failure there have been. It were well nigh impossible to reveal such opportunities without tempting the weak. But success has been the rule and the actual achievements overshadow everything else.

When a Senator of the United States besmirches the lower Rio Grande Valley for the sake of attacking Creager he stoops to dirty

politics. When he belies the activity of 75,000 people in order to reflect on the character of an opponent he does nothing so distinctly as to abuse the high position he holds. Texas does not applaud Mr. HEFLIN of Alabama for playing his smug little game at the expense of business.

Texas is a Democratic State, and proud of it. But, above and beyond that, Texas is an empire of opportunities and resources where 5,000,000 people are doing what they can to create wealth. Texas visualizes her politics as a means to help—not harm them. Texas has not come to that illogical, iconoclastic viewpoint yet where she can visualize government and business as footballs for the politicians.

When Senator HEFLIN says, with reference to his proposed investigation, that it will "disclose a revolting and corrupt situation in these land deals that will shock and astound every decent man and woman in the country," he is talking about the place where Texans live more definitely than where they vote. He is mixing politics with business. He is confusing expediencies of partisanship with the necessities of life.

#### THE BARE AND UNDISPUTED FACTS.

[From the Houston Chronicle, January 2, 1924.]

Attacks launched by Senator HEFLIN, of Alabama, against R. B. Creager, Texas member of the Republican National Executive Committee, in connection with charges of "stifling investigation by the Post Office Department and the Department of Justice of Rio Grande Valley land frauds," have attracted national attention.

That no basis exists for these charges is the statement of a Houston attorney, who submits the following statement, giving in detail Creager's connection with the transactions involved in the charges:

The Rio Grande Valley embraced within organized irrigation districts comprises about 500,000 acres.

About 15 different irrigation systems, publicly and privately owned, serve particular sections of the irrigable lands.

In 1919 the W. E. Stewart Land Co. and Stewart Farm Mortgage Co. acquired the irrigation system of the Edinburg Irrigation Co., and such companies sold land served by the Edinburg Irrigation Co. extensively during the year 1920 and the early part of 1921. During the same period of time other colonization companies sold land under the various irrigation systems, and among these were the Alamo Land & Sugar Co. and C. H. Swallow & Co., of which companies R. B. Creager was general counsel. All of the lands of the last-named companies are within an irrigation system publicly owned and maintained, popularly known as the Donna system.

In the year 1921 a great number of suits were filed against the W. E. Stewart Land Co. by the purchasers of land under the Edinburg irrigation system claiming that they had been defrauded in the following manner:

1. By having exhibited to them the large and efficient irrigation system of the American Co., at Mercedes, and then sold land under the Edinburg system, whose capacity was alleged to be deficient, upon the representation that such lands were served by the American Co.'s irrigation facilities.
2. That certain of the lands sold did not have any irrigation facilities extended to them, although representations were made to the contrary.
3. That the Stewart companies did not have title to the lands sold to the purchasers.

Inspectors of the Post Office Department, in 1921, after the filing of these suits against the various Stewart companies, investigated the operations of all land companies in the Rio Grande Valley, and indictments were returned in the Federal court at Kansas City only against five officers of the Stewart Farm Mortgage Co. and W. E. Stewart Land Co. In January, 1922, petitions for the appointment of a receiver of the Stewart Farm Mortgage Co. were filed in the United States district court at Kansas City and the United States district court at Houston and in the United States district court at Dallas.

On January 11, 1922, R. B. Creager, of Brownsville, was appointed by Judge J. C. Hutcheson, jr., of Houston, as receiver of the Stewart Farm Mortgage Co., W. E. Stewart Land Co., and Edinburg Irrigation Co., and shortly thereafter Judge James C. Wilson, of the United States District Court for the Northern District of Texas, appointed Mr. Creager as receiver of the same companies.

Prior to the appointment of Mr. Creager as receiver of the Stewart companies by Federal Judges Hutcheson and Wilson he was not interested, directly or indirectly, in any of the Stewart companies nor in any land or colonization company owning or serving the lands being sold by the Stewart companies, and R. B. Creager's only connection with the Stewart companies at any time has been in his official capacity as receiver for the Federal courts who appointed him to administer such properties under their direction.

Since the appointment of Mr. Creager as receiver of the Stewart companies no lands have been sold by him as receiver under the Edinburg irrigation system, and the Edinburg irrigation system has been sold to the Hidalgo County water improvement district No. 4, which has voted bonds in the sum of \$1,500,000, and which water improvement district

is now making this irrigation system one of the most modern and efficient irrigation systems.

In his capacity as receiver of the Edinburg Irrigation Co., Stewart Farm Mortgage Co., and W. E. Stewart Land Co., Mr. Creager has, with the approval of the Federal court, made hundreds of settlements with claimants against the three companies, and has been, in his official capacity, engaged in an orderly liquidation of many suits and claims against such companies.

Mr. Creager's appointment as receiver was unsolicited and wholly without political significance, as such appointment was made by two Democratic United States district judges, both of whom were appointed by President Wilson, and doubtless upon the belief of both judges that he was specially qualified to act as receiver for the courts in administration of such properties.

#### IS ABOVE REPROACH.

[From the Dallas Times-Herald, January 29, 1924.]

The Times-Herald views with astonishment the charges made in the United States Senate by one of its Members against Hon. R. B. Creager. The Times-Herald has not been often politically aligned with Mr. Creager, but that does not lessen our respect for his splendid personal character. Politically Mr. Creager has made many lamentable mistakes, but any fair-minded Texas Democrat will concede that the Republican national committeeman's business and personal character are above reproach. And it will require most positive evidence to change that State-wide opinion.

#### A SLUR ON THE MAGIC VALLEY.

[From the Galveston News, editorial.]

With all the vigor of injured innocence Mr. Creager has made answer to the resolution introduced in the Senate by Senator HEFLIN, of Alabama, asking an investigation into the alleged activity of the Texas Republican leader toward stifling an inquiry into land frauds in Texas. Some other citizens of Brownsville, some of whom we may reasonably assume to be Democrats, have joined in Mr. Creager's indignant disclaimer. The charge isn't a political matter with the residents of the Rio Grande Valley. It is an aspersion on the section of country in which they—and all of Texas, for that matter—take a just pride. If there had been fraud in connection with valley-land promotion of a character to incite a Government investigation which Mr. Creager would find it desirable to "stifle," that would mean that the valley falls far short of what it has been represented to be. The best answer to that charge is the valley itself—its miles of orchard and farm lands and its thousands of satisfied residents, who bought their lands from those same land companies which Senator HEFLIN would place on the griddle.

It is to wonder if Senator HEFLIN has ever been in the lower Rio Grande Valley or the Magic Valley, to give it the name which it has adopted and sustained. Possibly he considered that in the inflamed state of the senatorial mind he didn't need to bother about exact information. Mr. Creager is a Republican who seems to enjoy the confidence of the administration. It is also known that he is interested in the valley and that that section has of late years been making active and successful efforts to attract new settlers. Mr. Creager recently declined the President's offer of the ambassadorship to Mexico. When Congress is in an investigating mood those circumstances might remotely be calculated to indicate a condition which deserves looking into; but it does not appear that Senator HEFLIN's suspicions are shared to any marked degree. The chances are that his resolution, having enjoyed its brief day of publicity, will fade from sight. That the incident serves to cast unjust suspicion on a prominent figure in the opposing political party may be to Senator HEFLIN's sense of ethics in accordance with legitimate political practices, but there are certain considerations which should not be lost sight of even in the heat of partisanship.

The Democrats in Congress would do well just now to guard against overstepping the bounds of prudence and moderation. The Teapot Dome affair will inevitably breed a spirit of suspicion, but let us hope that suspicion will not become a political mania. There is danger that, to paraphrase the statement of a former Texas governor, Congress may go "hog wild over investigations."

#### SENATOR HEFLIN IN ERUPTION.

[From the Houston Post, editorial, January 30, 1924.]

What ails the Hon. J. THOMAS, anyway? Is there no way to cool the fires that rage within him?

His latest outburst is directed against the Rio Grande Valley of Texas, into which he declares hundreds—he might have said thousands—have been lured by stories of its surpassing fertility and productivity. He charges Brother Creager has been guilty of deluding gullibles from other States.

Well, Brother Creager is a man of imagination, we'll admit. Let it be so stated. But Brother Creager has never yet been able in his most imaginative moods to translate into language the real luxuriance, beauty, and potentialities of the Rio Grande Valley.

The valley is there to show for itself, and it shows now or at any other time of the year that it is the most favored region in the world.

If the Hon. THOMAS had happened in the valley four or five months ago, he would have seen something in the way of cotton production to open his eyes. Those white fields spreading to the horizons, yielding from 1 to 2 bales to the acre, would have delighted his gaze. And the valley cornfields would have been equally as impressive.

But why doesn't the Hon. J. THOMAS present a resolution appointing a committee of the Senate to visit the valley at this time, while the orange and grapefruit trees are bending beneath their burdens of golden fruit? Why not come himself with his senatorial conferees and see those vast cabbage fields and thousands of acres of winter vegetables now green and luxuriant while the rest of the country remains bleak in its January nakedness?

There may be emissaries of exaggeration sowing down the country with extravagant stories in order to cheat the gullible out of their money, but we can tell the Hon. J. THOMAS and others that nobody has exaggerated the glories of Texas's beautiful Rio Grande Valley, and the valley is ready now or at any other time to welcome visitors and exhibit her greatness and beauty.

Thousands more are coming to the valley, showing their good judgment, for they are coming to a land of plenty, a land of beauty, a land whose fertile surface, laved by the waters of the Rio Grande, produces more abundantly than any other region on the North American Continent, a land of perpetual springtime, where planting and harvest go hand in hand 12 months of the year, a land of health and happiness, a land of hope and fortune.

#### AFTER THE WRONG MAN.

[From the Dallas Dispatch, editorial, January 30, 1924.]

The charges of land frauds in south Texas, made against R. B. Creager by Senator HEFLIN, come as a surprise. Made while the oil-lease disclosures are at their height, while the echoes of the Veterans' Bureau frauds are still in the ears of the public, there will be a tendency over the country to accept them as presented.

But in Texas, where Creager is known, and where the history of the development of the Rio Grande Valley is known, they do not meet such acceptance.

True, immigrants from the North have failed to find success in south Texas. True, the savings of many have been lost. But Creager was receiver for the land company which was heavily responsible for such losses, and not an exponent of the business practices that resulted in those losses. If he had been, he would perhaps have been now where some of the officials of the defrauding land companies are to-day.

Dallas men are to-day at the head of the biggest company dealing in valley land, and their policy is to sell only to settlers who can develop the land and who have funds to carry them until that development makes the land support them. The big trouble with the settling of the valley has been that the settlers believed it a tropical land, where they could pick breadfruit and bananas from the trees from the day they arrived and sit in the shade with a home-grown palm-leaf fan between meals.

That isn't the history of pioneering anywhere, and Creager hasn't been one to encourage such belief.

#### THE VALLEY IN ACTION.

[From the Houston Post, editorial.]

The valley is beginning to move 6,000 cars of winter cabbage, and some of these heads are superior to that of the hell-roaring Alabama politician who has been shooting off his mouth about the valley.

#### ANNIE M. PETERSON.

Mr. KEYES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably Senate Resolution 121, and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The Secretary will read the resolution.

The reading clerk read Senate Resolution 121, submitted by Mr. CURTIS on January 14, 1924, as follows:

*Resolved*, That the Secretary of the Senate be, and he hereby is, authorized and directed to pay out of the contingent fund of the Senate to Annie M. Peterson, sole surviving child of John Hickman, late a skilled laborer for 58 years in the employ of the Senators' barber shop, a sum equal to one year's compensation at the rate he was receiving by law at the time of his death; said sum to be considered as including funeral expenses and all other allowances.

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

Mr. KING. Mr. President, I should like to have some explanation of the request. Why should the resolution be taken up out of its order upon the calendar?

The PRESIDENT pro tempore. The Senator from New Hampshire has asked unanimous consent for the present consideration of the resolution.

Mr. KING. Let it go to the calendar.

The PRESIDENT pro tempore. Objection is made, and the resolution will be placed on the calendar.

#### EXPENSES OF SENATE COMMITTEE AT FUNERAL OF FORMER PRESIDENT WILSON.

Mr. KEYES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably Senate Resolution 143, and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The Secretary will read the resolution.

The reading clerk read Senate Resolution 143, submitted by Mr. ROBINSON on the 7th instant, as follows:

*Resolved*, That the Secretary of the Senate be, and is hereby, authorized and directed to pay, out of the appropriations for the contingent fund of the Senate, the actual and necessary expenses of the Senate committee appointed to attend the funeral obsequies of Woodrow Wilson, late a President of the United States, on voucher or vouchers properly allowed by the Committee to Audit and Control the Contingent Expenses of the Senate.

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

The resolution was considered by unanimous consent and agreed to.

#### HEARINGS BEFORE CIVIL SERVICE COMMITTEE.

Mr. KEYES. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably Senate Resolution 148, and ask unanimous consent for its immediate consideration.

The PRESIDENT pro tempore. The Secretary will read the resolution.

The reading clerk read Senate Resolution 148, submitted by Mr. McNARY on the 8th instant, as follows:

*Resolved*, That the Committee on Civil Service, or any subcommittee thereof, be, and hereby is, authorized during the Sixty-eighth Congress to send for persons, books, and papers, to administer oaths, and to employ a stenographer, at a cost not exceeding 25 cents per hundred words, to report such hearings as may be had in connection with any subject which may be before said committee, the expenses thereof to be paid out of the contingent fund of the Senate, and that the committee, or any subcommittee thereof, may sit during the sessions or recesses of the Senate.

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

The resolution was considered by unanimous consent and agreed to.

#### TERMS OF COURTS, WESTERN DISTRICT OF VIRGINIA.

Mr. OVERMAN. From the Committee on the Judiciary I report back favorably without amendment the bill (S. 1600) to fix the time for the terms of the United States district courts in the western district of Virginia, and call the attention of the junior Senator from Virginia [Mr. GLASS] to it.

Mr. GLASS. Mr. President, I ask unanimous consent for the immediate consideration of the bill.

The PRESIDENT pro tempore. The Senator from Virginia asks unanimous consent for the immediate consideration of the bill just reported by the Senator from North Carolina. Is there objection?

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 terms of the United States District Court for the Western District of Virginia shall be held at Lynchburg on the first Monday in January and July; at Charlottesville on the first Monday in February and on the Wednesday after the first Monday in August; at Danville on the first Monday in March and the second Monday in September; at Harrisonburg on the third Monday in March and the fourth Monday in October; at Abingdon on the second Monday in April and November; at Big Stone Gap on the first Monday in May and October; at Roanoke on the first Monday in June and the fourth Monday in November. This act shall become effective on March 31, 1924.

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

#### BILLS AND JOINT RESOLUTION INTRODUCED.

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



By Mr. REED of Pennsylvania:

A bill (S. 2467) for the relief of Harold Lund; to the Committee on Claims.

By Mr. McLEAN (by request):

A bill (S. 2468) to prohibit the collection of a surcharge for the transportation of persons or baggage in connection with the payment for parlor or sleeping car accommodations; to the Committee on Interstate Commerce.

By Mr. WARREN:

A bill (S. 2469) to provide for the erection of a public building at Green River, Wyo.;

A bill (S. 2470) to provide for the erection of a public building at Newcastle, Wyo.;

A bill (S. 2471) to increase the limit of cost of the public building at Cody, Wyo.; and

A bill (S. 2472) to increase the limit of cost of the public building at Buffalo, Wyo.; to the Committee on Public Buildings and Grounds.

By Mr. COUZENS:

A bill (S. 2473) for the relief of the Federal Motor Truck Co.; to the Committee on Claims.

A bill (S. 2474) granting a pension to Minnie L. Foster; to the Committee on Pensions.

By Mr. LODGE:

A bill (S. 2475) granting an increase of pension to Elizabeth M. Sage; to the Committee on Pensions.

By Mr. BALL:

A bill (S. 2476) to eliminate certain causes tending to decrease the efficiency of the Navy, and for other purposes (with accompanying papers); to the Committee on Naval Affairs.

By Mr. CAPPER:

A bill (S. 2477) to pension survivors of certain Indian wars, disturbances, and campaigns, from January 1, 1859, to January 1, 1891; to the Committee on Pensions.

By Mr. PEPPER:

A bill (S. 2478) to carry out the findings of the Court of Claims in the case of Kate Reaney Zeiss, administratrix of William B. Reaney, survivor of Thomas Reaney and Samuel Archbold, against the United States; to the Committee on Claims.

By Mr. McKINLEY:

A bill (S. 2479) to correct the military record of Charles Gelger; to the Committee on Military Affairs.

By Mr. McKINLEY (by request):

A bill (S. 2480) to determine and refund the difference between the price received for the wheat of 1917, 1918, and 1919, fixed by the United States of America and its agents, and the price which the wheat of 1917, 1918, and 1919 would have brought unfixed thereby; to the Committee on Agriculture and Forestry.

By Mr. HARRELD:

A bill (S. 2481) for the relief of John H. Gattis; to the Committee on Claims.

By Mr. SHORTRIDGE:

A bill (S. 2482) for the relief of William M. Phillipson; to the Committee on Naval Affairs.

By Mr. GOODING:

A bill (S. 2483) to repeal section 315 of the tariff act of 1922; to the Committee on Finance.

By Mr. SWANSON:

A bill (S. 2484) granting a pension to L. D. Coplin; to the Committee on Pensions.

By Mr. KEYES:

A bill (S. 2485) to place John P. Holland on the retired list of the United States Navy; to the Committee on Naval Affairs.

By Mr. FERRIS:

A bill (S. 2486) to repeal the excise tax on tires, inner tubes, parts, and accessories; to the Committee on Finance.

By Mr. NORRIS:

A bill (S. 2487) granting an increase of pension to Sarah M. Taylor; to the Committee on Pensions.

By Mr. SHIPSTEAD:

A bill (S. 2488) to authorize the city of Minneapolis, in the State of Minnesota, to construct a bridge across the Mississippi River in said city; to the Committee on Commerce.

By Mr. WALSH of Massachusetts:

A bill (S. 2489) for the relief of William H. Armstrong; to the Committee on Military Affairs.

By Mr. McNARY (for Mr. JOHNSON of California):

A bill (S. 2490) granting a pension to Lucille S. Henninger; to the Committee on Pensions.

By Mr. COPELAND:

A bill (S. 2491) for the relief of August Michalchuk; to the Committee on Claims.

A bill (S. 2492) for the relief of Joseph J. McCallister; to the Committee on Civil Service.

By Mr. SHIELDS:

A bill (S. 2493) to prohibit the collection of a surcharge for the transportation of persons or baggage in connection with the payment for parlor or sleeping car accommodations; to the Committee on Interstate Commerce.

A bill (S. 2494) authorizing the Secretary of War to donate to the town of Benton, Tenn., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. WHEELER:

A bill (S. 2495) for the relief of William Ferrell; to the Committee on Military Affairs.

A bill (S. 2496) granting a pension to Christ Saxhang; and

A bill (S. 2497) granting an increase of pension to William Ferrell; to the Committee on Pensions.

By Mr. LADD:

A joint resolution (S. J. Res. 80) to amend section 3 of the joint resolution entitled "Joint resolution for the purpose of promoting efficiency, for the utilization of the resources and industries of the United States, etc.," approved February 8, 1918; to the Committee on Patents.

#### AMENDMENT TO REVENUE BILL.

Mr. SHIELDS submitted an amendment intended to be proposed by him to House bill 6715, to reduce and equalize taxation, etc., which was referred to the Committee on Finance and ordered to be printed.

#### AMENDMENT TO INTERIOR DEPARTMENT APPROPRIATION BILL.

Mr. SHIPSTEAD submitted an amendment providing that no part of the money appropriated for the Patent Office shall be used for propaganda, for the promotion of legislation intended to terrify patent attorneys from testifying before committees of Congress, or shall be available until all patent attorneys who have been disbarred from practicing before the United States Patent Office for criticizing the Commissioner of Patents shall have been reinstated, intended to be proposed by him to House bill 5078, the Interior Department appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

#### WITHDRAWAL OF PAPERS—MEDORA B. AMBROSE.

On motion of Mr. CAPPER, it was—

*Ordered*, That the papers accompanying the bill (S. 1259) granting a pension to Medora B. Ambrose, first session Sixty-seventh Congress, be withdrawn from the files of the Senate, no adverse report having been made thereon.

#### ACTIVITIES OF RAILROAD COMPANIES.

On motion of Mr. SMITH, Senate Resolution 124, directing the Interstate Commerce Commission to secure information relative to amount of money expended for the purpose of creating public interest favorable to railroad sentiment, was recommitted to the Committee on Interstate Commerce.

#### UNITED STATES SHIPPING BOARD.

Mr. RANDELL. I submit a resolution requesting the United States Shipping Board to advise the United States Senate of any contemplated removal of the offices of the Emergency Fleet Corporation to the city of New York. The resolution is very brief and can be answered instantly by the Shipping Board. I ask for its immediate consideration.

The PRESIDENT pro tempore. The Senator from Louisiana presents a resolution for which he asks immediate consideration.

Mr. CURTIS. Let it be read first.

The PRESIDENT pro tempore. The Secretary will read the resolution for information.

The resolution (S. Res. 155) was read, as follows:

*Resolved*, That the United States Shipping Board be, and it is hereby, directed to inform the Senate of the United States immediately what, if any, plans are being considered by it, or by the United States Emergency Fleet Corporation, for the removal of the offices of the said Fleet Corporation to the city of New York, and further, what are the reasons for such removal if said plan is being so considered; be it further

*Resolved*, That the United States Shipping Board submit such plan, if any, to the United States Senate for approval before any action is taken thereon.

Mr. CURTIS. Mr. President, personally I have no objection to the resolution, but the senior Senator from Washington [Mr. JONES], who is absent from the city, will be here to-morrow, and I ask that it may go over until to-morrow.

Mr. RANSDALL. I hope the Senator will not insist on that. I have understood that there was danger of an immediate removal of this very important body from the city of Washington to the city of New York.

Mr. COUZENS. I ask that it go over.

Mr. RANSDALL. I do not know that that is true, but I would like to have the Shipping Board state whether it is true or not.

The PRESIDENT pro tempore. Under the rules of the Senate on objection a resolution must go over.

Mr. ROBINSON. I desire to ask the Senator from Louisiana whether the chairman of the Committee on Commerce has been apprised of his intention to present the resolution?

Mr. RANSDALL. I did not apprise the chairman of the committee of that fact. I only learned of the matter day before yesterday, and have not had an opportunity to see the chairman of the committee since. Does the Senator insist on his objection?

Mr. CURTIS. I will have to ask that it go over until the Senator from Washington can be here.

The PRESIDENT pro tempore. Under the rule, it goes over.

PROCEEDINGS OF THE FORESTRY, RECLAMATION, AND HOME-MAKING CONFERENCE.

Mr. RANSDALL submitted the following resolution (S. Res. 156), which was referred to the Committee on Printing:

*Resolved*, That 3,500 copies of the Proceedings of the Forestry, Reclamation, and Home-Making Conference, held at New Orleans, La., November 19 to 22, inclusive, 1923, be printed as a Senate document, of which 2,500 shall be for the use of the Senate and 1,000 for the use of the House.

ATTORNEY GENERAL HARRY M. DAUGHERTY.

Mr. WHEELER. I submit a resolution, and ask that it be read and lie on the table subject to my call.

The resolution (S. Res. 157) was read, as follows:

Whereas the Federal Trade Commission has conducted investigations of alleged violations of the Sherman Antitrust Act and the Clayton Act against monopolies and unlawful restraints of trade, and has transmitted to the Attorney General the record of more than 50 such investigations, indicating a violation of said acts, for the initiation of such proceedings for the enforcement of the law as the Attorney General may be advised to make; and

Whereas the Attorney General has taken no action upon said records transmitted to him by the Federal Trade Commission for the purpose of securing indictments against the parties named therein, and has brought no proceedings for the prevention of such violations by injunction or otherwise except in two cases; and

Whereas the evidence presented several months ago before the special committee of the Senate investigating the United States Veterans' Bureau disclosed acts of negligence and corruption on the part of officials of the United States Veterans' Bureau and others, and no action has been taken by the Department of Justice to prosecute the officials and persons alleged to have acted illegally and corruptly; and

Whereas several weeks have transpired since the evidence was presented and disclosures were made before the Public Lands and Surveys Committee of the Senate charging past and present public officials of the Government and others with conspiracies to defraud the Government, violations of law, and corrupt practices, and no prosecutions have been undertaken; and

Whereas no action has been taken by the Department of Justice in prosecuting to a conclusion the so-called war fraud cases; and

Whereas it appears that said Harry M. Daugherty has lost the confidence of the President of the United States, as exemplified by the President's statement that he intends to employ at great expense to the Government special attorneys not connected officially with the Department of Justice, indicating that this department can not be trusted with the prosecution of the cases which have arisen by reason of the disclosures before the Senate Committee on Public Lands and Surveys and the United States Veterans' Bureau; and

Whereas said Harry M. Daugherty has lost the confidence of the Congress of the United States and of the people of the country, and the Department of Justice has fallen into disrepute: Therefore be it

*Resolved*, That the Judiciary Committee of the Senate is hereby authorized and directed to investigate the circumstances and facts, and report the same to the Senate, concerning the failure of Harry M. Daugherty, Attorney General of the United States, to properly prosecute violators of the Sherman Antitrust Act and the Clayton Act against monopolies and unlawful restraint of trade; the neglect and failure of the said Harry M. Daugherty, Attorney General of the United States, to arrest and prosecute Albert B. Fall, Harry F. Sinclair, E. L. Doheny, C. R. Forbes, and their coconspirators in defrauding the Government, as well as the neglect and failure of the said Attorney General to arrest and prosecute many others for violations of Federal statutes, and his failure to properly, efficiently, and

promptly prosecute and defend all manner of civil and criminal actions wherein the Government of the United States is interested as a party plaintiff or defendant.

And said Judiciary Committee is further directed to inquire into, investigate, and report to the Senate the activities of the said Harry M. Daugherty, Attorney General, or any of his assistants in the Department of Justice which would in any manner tend to impair their efficiency or influence as representatives of the Government of the United States.

The PRESIDENT pro tempore. Upon the request of the Senator from Montana, the resolution will lie on the table.

SURVEY OF HOUSING CONDITIONS IN THE DISTRICT.

Mr. BALL submitted the following resolution (S. Res. 158), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

*Resolved*, That for the purpose of providing the Senate with information to serve as a basis for such legislation, if any, as may in its judgment be found necessary in respect of housing and rental conditions in the District of Columbia, the Committee on the District of Columbia, or a duly authorized subcommittee thereof, is directed to investigate and cause a survey to be made in the District of Columbia of—

(a) The number of vacant rooms, apartments, and dwelling houses that are available for rent as rental property or apartments, as defined in Title II of the food control and the District of Columbia rents act, approved October 22, 1919, as amended and extended; and the rent, including any bonus or other consideration, asked therefor.

(b) The number of uncompleted rooms, apartments, and dwelling houses, upon which construction has begun, that will become available for rent as rental properties and apartments, as so defined; and the rent, including any bonus or other consideration, to be asked therefor.

(c) The number of vacant dwelling houses and apartments that are available for sale, and the prices asked therefor.

(d) The number of uncompleted dwelling houses and apartments upon which construction work has been begun that will become available for sale, and the price to be asked therefor.

All such rooms, apartments, and dwelling houses shall be classified as to size and service, if any, rendered in connection therewith, to such extent as the committee or subcommittee finds it practicable. The committee or subcommittee shall make a final report of its investigation, with recommendations, to the Senate not later than March 15, 1924. For the purposes of this resolution the committee or subcommittee is authorized to avail itself of the services of the Commissioners of the District of Columbia and of the Rent Commission of the District of Columbia, and to make expenditures to be paid from the contingent fund of the Senate upon vouchers approved by the chairman of the committee. The total of such expenditures shall not exceed \$2,500.

FOREIGN OIL CONCESSIONS TO AMERICAN CITIZENS.

The PRESIDENT pro tempore. The Chair lays before the Senate resolutions coming over from a previous day. The Secretary will report the first one, Senate Resolution 149.

The principal legislative clerk read the resolution (S. Res. 149) submitted by Mr. DILL on the 8th instant, as follows:

*Resolved*, That the Secretary of State be, and he hereby is, requested to furnish the Senate with copies of all diplomatic correspondence, if not incompatible with the public interest, in connection with the securing of oil concessions for American citizens or for corporations organized and doing business in the United States, between this Government and the Government of Great Britain regarding oil concessions in Burma, Mesopotamia, and Palestine; with the Government of Holland regarding oil concessions in the Dutch East Indies; with the Government of Portugal regarding oil concessions in Portuguese East Africa; with the Government of Persia regarding oil concessions in Persia; with the Government of Costa Rica regarding oil concessions in Costa Rica; with the Government of Argentina regarding oil concessions in Argentina; with the Government of Venezuela regarding oil concessions in Venezuela; with the Government of Czechoslovakia regarding oil concessions in Czechoslovakia; with the Government of Mexico regarding oil concessions in Mexico; and with the Government of Russia or with any other foreign government regarding oil concessions in Russia, since March 4, 1921.

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

The resolution was agreed to.

TREATY WITH COLOMBIA.

The PRESIDENT pro tempore. The Secretary will report the next resolution coming over from a previous day, Senate Resolution 150.

The principal legislative clerk read the resolution (S. Res. 150) submitted by Mr. DILL on the 8th instant, as follows:

Whereas on April 11, 1921, the first day of the special session of the Sixty-seventh Congress, notice was given that on the next day the Senate would be asked to take up the treaty with Colombia, whereby the Government of the United States paid \$25,000,000 to the Government of Colombia; and

Whereas on April 12, 1921, two letters by the then Secretary of the Interior, Albert B. Fall, each dated March 21, 1921, were presented to the Senate and used in explanation of reasons why the Senate should ratify the said treaty with Colombia; and

Whereas the said Albert B. Fall's actions in connection with the disposal of the naval oil reserves of the United States indicate fraud and corruption on the part of Mr. Fall; and

Whereas the Department of State is in charge of all diplomatic correspondence with the Government of Colombia: Now therefore be it

*Resolved*, That the Secretary of State be, and he is hereby, requested to furnish the Senate with copies of all diplomatic correspondence, if not incompatible with the public interest, in connection with the ratification of said treaty and in connection with the securing of any oil concessions for American citizens or corporations organized and doing business in the United States, between this Government and the Government of Colombia, since March 4, 1921.

Mr. NORRIS. I suggest to the Senator from Washington [Mr. DILL] that he eliminate the date at the end of his resolution. The treaty referred to was before the Senate on more than one occasion, and I think the first time was prior to the date mentioned. I would like to have it unlimited.

Mr. LODGE. I reported the treaty from the Committee on Foreign Relations. It had been before the committee for several years after it was made. The original treaty was made by Mr. Bryan. I think it would be better to go back, as the Senator from Nebraska suggests, to the original introduction of the treaty.

Mr. NORRIS. I think so. I do not think the Senator from Washington will have any objection to eliminating the date and letting everything come in.

Mr. LODGE. Mr. Lansing also had to do with the making of the treaty.

Mr. DILL. I am perfectly willing that the date, March 4, 1921, shall be stricken out.

The PRESIDENT pro tempore. The Secretary will state the modification agreed to by the Senator from Washington.

The READING CLERK. On page 2, line 8, after the word "Colombia," strike out the comma and the words "since March 4, 1921."

Mr. LODGE. That is all right.

The PRESIDENT pro tempore. The question is upon agreeing to the resolution as modified.

The resolution as modified was agreed to.

#### TRIBUTE TO FORMER PRESIDENT WILSON.

Mr. EDWARDS. I ask unanimous consent to have inserted in the RECORD a tribute by Joseph P. Tumulty to former President Wilson, delivered over the radio on the 4th instant.

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

SPEECH DELIVERED BY JOSEPH P. TUMULTY OVER THE RADIO AT WASHINGTON, D. C., FEBRUARY 4, 1924.

Woodrow Wilson is dead.

It is difficult to believe that his voice, which a few weeks ago was engaged in the "incomparable quest" for the peace and security of nations, to-day is silenced.

As we read the ominous bulletins that came from the sick room that "the machinery has broken down," that he was ready for the great adventure, we seemed to catch the spirit of the immortal Ulysses, who with a "frolic welcome took the thunder and the sunshine" and who "wanted to wear out rather than rust out."

Eleven years of intimate association with Woodrow Wilson, through three years of which ran a mighty current of international conflict, have builded in my heart in blocks of granite an affection, an admiration, and a love that have continued to this eventful hour.

Death, so terrible and forbidding a thing which but leads to wider worlds and a worthier life, has, at least, some kindly aspects. It softens the asperities of politics and brings us now to a clearer understanding of what Woodrow Wilson sought to do and the great goal of peace which he longed to reach.

It is too bad that this figure, like a mighty oak, has toppled over and fallen when his voice might have called us back to those knightly days when his influence was used to help a depressed Nation and to bring peace to a stricken world. Like Lincoln, "steadfast in vain persuasion he lived while others, his bitter critics and enemies, coveting the little, the instant gain, the brief security and easy-tongued renown, mocked the vision that his brain built to a far unmeasured monument."

Yes; Woodrow Wilson is dead.

In that quest for peace in which he poured his energy, his heart, his very soul, he was the crusader; he was, as he said in one of his last public utterances when he was struggling to save the world from the wreck and ruin of war, "under bonds, under bonds to my fellow citizens of every sort and particularly under bonds to the mothers of this country and to the wives of this country that I will do everything in my power to see to it that their sons and husbands never have to make that supreme sacrifice again."

Who could listen to these eloquent words of Woodrow Wilson, delivered in Pueblo, Colo., just before his breakdown, without feeling the deep earnestness, the heartache, the high aspirations of the man?

Yes; Woodrow Wilson is dead.

But I catch a vision of his indomitable courage. I see him on his memorable western tour, struggling for national and international life. I hear the sound of preparation for his welcome in city, town, hamlet, and crossroads. I hear the music of boisterous drums. I hear the silver voices of heroic bugles, salving this prince of peace. I see thousands of assemblages, monstrous amphitheatres. I see the earnest faces of men and women, and the appealing faces of children. I see the spirits of the young manhood of America whose war-wrecked bodies are lying "Over there."

Again and again, mothers who lost their sons in France came to him and, taking him by the hand, shed bitter tears upon it, adding, "God bless you, Mr. President!"

And then I hear him say at Pueblo, Colo., in the final speech of his great career, "Why should they pray God to bless me? I advised the Congress of the United States to create the situation that led to the death of their sons. I ordered their sons oversea. I consented to their sons being put in the most difficult parts of the battle line, where death was certain, as in the impenetrable difficulties of the forest of Argonne. Why should they weep upon my hand and call down the blessings of God upon me? Because they believe that their boys died for something that vastly transcends any of the immediate and palpable objects of the war. They believe, and they rightly believe, that their sons saved the liberty of the world."

Continuing, he said, "On last Decoration Day I went to a beautiful hillside near Paris, where was located the cemetery of Suresnes, a cemetery given over to the burial of the American dead. Behind me on the slopes was rank upon rank of living American soldiers, and lying before me upon the levels of the plain was rank upon rank of departed American soldiers. Right by the side of the stand where I spoke there was a little group of French women who had adopted those graves, had made themselves mothers of those dear ghosts by putting flowers every day upon those graves, taking them as their own sons, their own beloved, because they had died in the same cause—France was free and the world was free because America had come!"

And then the final, prophetic words of this speech are, "We have accepted the truth and we are going to be led by it, and it is going to lead us, and through us the world, out into pastures of quietness and peace such as the world never dreamed of before."

Again, I see Woodrow Wilson, stricken down in the zenith of his power and persuasion. I see him writhing in pain and laboring in distress. And now he dies.

Yes; Woodrow Wilson is dead.

Though the great heart which beat in sympathy with the average man of the world is stilled, his friends throughout the Nation, standing in grief and utter sorrow beside his bier, are resolved the dead shall not have died in vain.

Yes; Woodrow Wilson is dead.

He now belongs to the ages; but his spirit still lives—the spirit that tried to wipe away the tears of the world, the spirit of justice, humanity, and holy peace, whose flaming torch he held high in hand, is triumphant in death. And from the great beyond I can hear his voice calling his friends to high duty in these words:

Come, my friends,  
'Tis not too late to seek a newer world;  
Push off, and sitting well in order, smite,  
The sounding furrows; for my purpose holds,  
To sail beyond the sunset.

#### ADJUSTED COMPENSATION FOR WORLD WAR VETERANS.

Mr. JONES of New Mexico. This morning there appeared in the Washington Herald an editorial regarding the soldiers' bonus, which I think contains some valuable suggestions and thoughts on the subject. I ask unanimous consent that it may be printed in the RECORD.

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

DENIAL OF THE BONUS TO OUR SOLDIERS WOULD BRAND NATION AS UNGRATEFUL.

[From the Washington Herald, February 13, 1924.]

Of all the sins detested by the average man and woman, the one most detested is the sin of ingratitude.

The man who is guilty of ingratitude destroys the basis of trust or confidence in him in the future. Who will believe that any good can come of him in the time to come when he has once demonstrated that he has no gratitude or appreciation for what has been done for him in the past?

In all this pious and mealy-mouthed agitation against the soldier bonus, the sin of ingratitude stands out like a mountain on the landscape. Among those who now organize opposition to legislation granting even a small measure of "adjusted compensation" to soldiers who gave up good jobs in this country to risk their lives for \$1.25 a day in the trenches—among the opponents of this legislation are a great many men who profited most largely from the vast industrial activity which the country put forth in order to win the war.

We won the war. No question about that. All the allies admit it. Germany, above all others, admits it. If it had not been won by these boys who went across the seas there would not be 600 war-made millionaires in this country. The thousands of others of our millionaires would not be so secure in the enjoyment of their wealth as they are to-day if 4,000,000 American soldiers had not trained and gone abroad and saved the day for the crumbling allied cause.

What shall we say when we find opposition to the bonus comes from a Du Pont, whose company received \$21,000,000 of "adjusted compensation" on account of war contracts which the Government had to cancel because our boys over there finished the war too soon? If this kind of "adjusted" compensation is right, how can Du Pont stand up and condemn a plan for a United States law giving "adjusted compensation" of \$1.25 per day to the boys on land and sea who risked or stood ready to risk their lives to shorten the war?

Are Du Pont and the thousands of other war-industry captains to be subsidized because our soldiers shortened the war, and are they themselves to be refused a bonus for shortening it?

Now, make this little calculation in your own mind:

It is proposed that the Federal Government, which drafted our men into service and sent them overseas, shall pay them a bonus of \$1.25 for each day spent in military service.

That will make a total of \$1,500,000,000 to be thus distributed among the veterans.

How many days of war expense does that represent?

Well, at the end the war was costing us \$34,000,000 a day. If our soldiers had not fought so valiantly and so well the war might well have continued 50 days longer. If it had continued 50 days longer, the cost would have been an additional \$1,500,000,000, which is the exact sum that it will take to pay the bonus.

But for the mighty and unprecedented efforts put forth by the American Expeditionary Force, it is easy to imagine that the war could have lasted a hundred days more. In that case the added length of the war would have cost the country twice as much as the bonus that we can now give the soldiers for shortening it.

The next argument of the bonus foes is that we can't afford it. They talk in vague terms of three thousand or four thousand million dollars, to be suddenly extracted from the Government Treasury, leaving the United States penniless, with no funds to pay the Army or Navy and no credit to borrow in the future.

Rot! Hypocrisy! The very men who bring forth these arguments, experienced financiers as they are, know that this is not the manner in which soldiers' bonus payments have been financed in other countries.

All the other principal countries except the vanquished have paid bonuses to their soldiers. England has paid one. France has paid one. Italy has paid one. Canada has paid one. Australia has paid one. New Zealand has paid one.

That's the pity of it; the United States stands alone in the record of its two principal political parties disregarding their solemn pledges to pay the soldiers' bonus. The situation is the more shameful because two of those countries—France and Italy—paid a bonus to their soldiers with our money; paid them with money that they held back from payment as interest on their debt to us. Neither France nor Italy has so far paid us back one cent of the \$5,988,000,000 we loaned them.

How did most of these foreign countries supply the funds for soldiers' bonus? In just the same manner as our States; one after the other have been paying State bonuses to soldiers. They raised the money by issuing bonds, sold to investors. The money thus received from the sale of bonds was distributed among the veterans. This has not ruined the credit of Illinois, Iowa, Kansas, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Hampshire, New Jersey, North Dakota, Ohio, Oregon, Rhode Island, South Dakota, Vermont, Washington, and Wisconsin. (New York is soon also to float bonus bonds.) Their bonus bonds are outstanding, bought very eagerly by the same financiers who now claim that Federal bonus bonds would ruin the credit of the Federal Government.

What are the plain, unvarnished, substantial facts regarding the annual cost of the bonus to the country?

This is no matter of conjecture, nor need it be a subject for wild and unbridled statement. Senator COPELAND, of New York, has demonstrated in simple terms which no one can misunderstand just how much the annual cost of the bonus will be.

If the United States were to borrow \$1,500,000,000 and pay as high as 5 per cent interest upon it—the actual interest rate will be lower—the annual interest charges would be \$75,000,000 per year. An additional \$25,000,000, paid each year to retire the bonds, would pay them off completely at the end of 60 years.

Would an annual charge of \$100,000,000, the cost of three days of war, bankrupt the country? Hardly. The sum of \$100,000,000 is exactly one-third of the surplus revenue now being accumulated in the Treasury of the United States. Mr. Mellon has presented a tax-reform proposal which will reduce the country's revenue by \$300,000,000, because we are collecting that much more than the Government needs. How does anyone reconcile this situation with the statement that we are too poor to pay the bonus?

The ideal thing to do is to have the Mellon tax cut of \$300,000,000 and have the bonus, too. It can be done. Mr. Mellon himself has estimated that the additional unexpected revenue which we will get because we lower the rate of taxation will be about \$102,000,000 per year, just enough to take care of the bonus demands.

There has been no more disgraceful and hypocritical spectacle in the history of the country than the spectacle of groups of rich men who never went to war, but who profited most from it, attempting to organize public sentiment against a decent expression by the Nation of the gratitude we feel to the soldiers who won the war; a partial—and only a partial—compensation for the financial sacrifices they made in going to the war.

The present Congress in pending legislation is going to be very sensitive to the charge of influence by groups of rich men. The bonus is going to pass; the President is going to sign it; or if he does not, it will pass over his veto.

#### INTERIOR DEPARTMENT APPROPRIATIONS.

Mr. RALSTON obtained the floor.

Mr. SMOOT. Will the Senator object at this time to taking up the Interior Department appropriation bill and then making his remarks while that bill is pending?

Mr. RALSTON. I have no objection to that course.

Mr. SMOOT. Then I ask that H. R. 5078 be laid before the Senate.

The PRESIDENT pro tempore. The Senator from Utah asks unanimous consent that the Senate proceed to the consideration of the unfinished business. Is there objection?

There being no objection, the Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 5078) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1925, and for other purposes.

#### MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Chaffee, one of its clerks, announced that the House had passed the following bills, in which it requested the concurrence of the Senate:

H. R. 655. An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes; and

H. R. 6349. An act making appropriation for the Treasury and Post Office Departments for the fiscal year ending June 30, 1925, and for other purposes.

#### ENROLLED BILL SIGNED.

The message also announced that the Speaker of the House had signed the enrolled bill (H. R. 4817) granting the consent of Congress to the State of Illinois and the State of Iowa, or either of them, to construct a bridge across the Mississippi River connecting the county of Whiteside, Ill., and the county of Clinton, Iowa, and it was subsequently signed by the President pro tempore.

#### USES OF ALCOHOL IN SCIENTIFIC RESEARCH AND LAWFUL INDUSTRY (S. DOC. NO. 44).

Mr. BAYARD. I ask unanimous consent to have printed as a Senate document, together with the appendix accompanying it, the report made to Commissioner Blair, of the Internal Revenue Bureau, in response to a request by him of the Alcohol Trades Advisory Committee in respect to the administration of the national prohibition act, being an act to prohibit intoxicating beverages and to regulate the manufacture, production, use, and sale of high-proof spirits for other than beverage purposes and to insure an ample supply of alcohol and promote its use in scientific research and in the development of fuel, dye, and other lawful industries.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Is there objection to the request of the Senator from Delaware? The Chair hears none, and it is so ordered.

#### HOUSE BILLS REFERRED.

The following bills were each read twice by their titles and referred as indicated below:

H. R. 655. An act to provide for a tax on motor-vehicle fuels sold within the District of Columbia, and for other purposes; to the Committee on the District of Columbia.

H. R. 6349. An act making appropriations for the Treasury and Post Office Departments for the fiscal year ending June 30, 1925, and for other purposes; to the Committee on Appropriations.

THE MELLON TAX PLAN.

Mr. RALSTON. Mr. President, there is one proposition on which I am gratified to find the Senate in absolute unanimity—an unanimity which happily extends to the entire population of the country—and that is that taxes should be reduced. Beyond that basic proposition unanimity disappears. The honorable Secretary of the Treasury has advised the Nation that there is opportunity for an annual reduction of more than \$300,000,000 in Federal taxes, and if I may judge from the letters on the subject that come to me, and the propaganda in the press, everybody who is giving any attention to the subject is in favor of the removal or reduction of the tax on himself, whatever it may be. The specific relief called for in total is, of course, impossible, and those who have the duty of making the reduction are confronted at the outset by the certainty that whatever decision they may reach will of necessity be unsatisfactory to a considerable part of their constituents. I assume, however, that there will be agreement in this Chamber that our duty is to make such reductions as will leave to the Government an adequate revenue, and will, in their effects, conduce most largely to the welfare of the country in general.

For our part in this work we have the advantage of the carefully prepared information and recommendations of the Secretary of the Treasury, which may be classed as expert advice, but this is a very large subject and one whose effects on the people will of necessity be far reaching. There are some of the features involved which, in my opinion, have not received sufficient consideration, and some of these are basic principles of taxation.

I would suggest that this matter of expert opinion is of special importance just now, because the Secretary's plan of tax reduction has been widely circulated in an incomplete and to some extent incorrect form and has been advocated by powerful press agencies as an unusually conclusive proposal, advanced by a phenomenal tax expert, which ought to be accepted and enacted into law without further delay. But, sir, I doubt that the masses of the people are to be stampeded by any such propaganda. If there is any one subject as to which the people have learned the wisdom of the admonition, "Stop! Look! Listen!" it is this matter of tax legislation. They are aware that the advice which is most freely given is not necessarily the most disinterested. In my opinion the Senate would fail in its duty to its constituents if it permitted public clamor of any kind to deter it from the fullest and most careful consideration of the tax problem.

In explanation of what might otherwise be taken as personal bias permit me to say that, in my opinion, lawyers have a conception of expert testimony differing from the common conception. Of course, if a lawyer gets sick he calls in a doctor, and usually takes the doctor's advice without question. But in the trial of those lawsuits in which expert testimony is required, the lawyer is accustomed to find the plaintiff's doctors in direct conflict with the defendant's doctors, and the real problem in attaining justice is to decide which set of doctors is right. As a general rule no lawyer assumes that the doctors are not honest in their opinions. On the contrary, he knows that the wise lawyer has selected only those doctors as witnesses who believe in advance in his theory of the case.

As a rule there is substantial agreement of all these witnesses as to the facts involved. The difference of opinion is as to the deductions to be drawn from the same hypothetical statement of facts; and in this lies the explanation of the weakness of the common idea of the expert. The real function of the expert is to ascertain the facts. Of course, his opinion as to the meaning of the facts may be valuable, but it is not at all conclusive, because deducing conclusions from facts is a matter of logic; and there is no basis for the common assumption that experts are better logicians than other men. The doctors themselves recognize this. Everybody is familiar with the fact that the most competent physicians at times doubt their own deductions and insist on having others called in consultation to advise whether the known facts justify the diagnosis and treatment that have been followed.

TAXPAYERS FALLING OFF.

This principle is quite as applicable to any other class of expert opinion. In legislation we are called upon to prescribe for a public ill. The first thing to be done is to diagnose the

illment. What is wrong with existing public conditions? What is the cause of public complaint of the present system of taxation? Perhaps the most important information we have is in the statistical tables furnished to us by the Secretary of the Treasury, showing the practical results of the administration of the national tax laws in the years 1920 and 1921. I regret, however, that the Secretary has confined his analysis of the figures almost exclusively to their bearing on his plan, which is practically limited to reduction of income taxes. He proposes the repeal of the taxes on telegrams, theaters, and jewelry, but beyond these, to him reduction of taxes means reduction of income taxes.

Mr. JONES of New Mexico. And only the individual income taxes.

Mr. RALSTON. Yes.

I confess that outside of this organized propaganda for what is called "the Mellon plan"—

Mr. CARAWAY. May I ask the Senator whether that is spelled with one "l" or two?

Mr. RALSTON. I hardly know.

I confess that outside of this organized propaganda for what is commonly called "the Mellon plan" I have heard very little complaint of the amount of the income tax, although I have heard many complaints of the annoyance of making the required returns. Certainly the farmers are not complaining about the income tax. Their complaint is of the lack of incomes that might be taxed. They complain of the tariff taxes, which so largely increase the cost of many things they are obliged to buy, and they complain of local taxes. The most serious thing disclosed by Secretary Mellon's statistical tables is the decrease in the number of taxable incomes. The Secretary refers to the decrease in the amount of the tax paid, but I do not find any discussion by him of the decrease in the number of taxpayers.

Permit me to call your attention to the tables of personal-income returns for 1920, at page 381 of the Secretary's report, and the similar tables for 1921, at page 40 of the Statistics of Income. For the most part these are merely tabulations of the individual returns of taxpayers, and we have no reason to question their accuracy. The table for 1920 shows that in that year income-tax returns were made by 7,259,944 persons, of whom 6,498,382 returned incomes of less than \$5,000, and only 761,562 persons, or about 10½ per cent of the total, returned incomes of over \$5,000. The table for 1921 shows tax returns made by only 6,662,176 persons, of whom 6,136,580 paid taxes on less than \$5,000 and only 525,606, or 7.9 per cent of the total, returned over \$5,000.

What was the cause of this decrease in the number of income-tax returns? The Secretary does not discuss it, and yet here is a decrease in one year of 597,768 persons making income-tax returns. What had become of them? We can not suppose that it was due to inefficient administration of the law, as the expense of collecting the tax was largely increased, and the tax collectors of 1921 had the returns of 1920 to guide them to persons having taxable incomes. The Government dragnet should have been more perfect in operation in 1921 than in 1920. The only apparent explanation is that nearly 600,000 people who had incomes of over \$1,000 in 1920 were reduced to incomes of less than \$1,000 in 1921, in a single year of Republican prosperity.

Painful as this conclusion is, it is confirmed by an even more striking fact shown by these tables. Not all persons who make income-tax returns pay income taxes, because under the law many are entitled to exemptions which take them out of the taxable class. If a person has a gross income that would be taxable, he is required to prove that he is not taxable. As shown by these tables, all of those so exempt made returns of gross incomes of less than \$5,000, the figures for the two years being as follows:

Persons making returns but not taxed.

Class.	1920	1921	Increase.
\$1,000 to \$2,000.....	761,995	793,954	31,959
\$2,000 to \$3,000.....	930,659	1,641,258	710,599
\$3,000 to \$4,000.....	37,564	214,933	177,369
\$4,000 to \$5,000.....	11,416	31,094	19,678
Total.....	1,741,634	2,681,239	939,605

Nearly a million of the income-tax payers of 1920 were lost in this class, and adding to these the 597,768 decrease of persons making returns we have a total of 1,537,419 citizens of the United States who had incomes in excess of \$1,000 in 1920 and who had no taxable incomes in 1921. What an index of dis-

aster is this! More than a million and a half of the business men of the country—more than one-fifth of the total income-reporting class of 1920—reduced to no taxable income in a single year.

DUE TO TAXING MASSES FOR CLASSES.

I submit to you, Senators, that there is no single fact disclosed by these official figures that is more serious than this extraordinary decrease in the incomes of the people; that there is no other symptom of ill in the body politic that should receive more careful attention, or call us to greater effort to discover the cause and find a remedy. I do not profess to have reached the full solution of this problem, but I venture the opinion that it is largely due to the present system of taxing the masses of the people for the benefit of favored classes. By our tariff system it is unquestionable that for every dollar received by the Government in taxes the people pay three or four dollars to the protected manufacturers. By our railroad legislation we help the railroad owners, but we do it by taxing all who use the railroad through increased passenger and freight rates. Such systems necessarily tend to reduce the net incomes of the masses and to narrow the class of income-tax payers.

Mr. President, I believe that the people are beginning to realize the nature of this injustice and to rise in protest against it. I do not need to go outside of this Chamber for confirmation of my belief. The evidence is before us in the persons of a dozen Senators who owe their seats to this popular awakening. The voters who elected them want a reduction of taxation, but they are not the people who have been writing to you in favor of the reduction of income taxes.

Mr. JONES of New Mexico. Mr. President—  
The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Indiana yield to the Senator from New Mexico?

Mr. RALSTON. I yield.  
Mr. JONES of New Mexico. I desire to call the attention of the Senator to this one fact: The Senator has emphasized that the Secretary of the Treasury is only seeking to deal with the net income tax upon individuals. I desire further to present the thought that in his own statement, which he has recently given to the country, the Secretary of the Treasury has said that the one thing which must be insisted upon is the reduction of the high surtax upon individual incomes; and I also notice, Mr. President, that in the address of the President delivered in New York last night, in referring to the Mellon plan, which he indorses in whole, he makes this very significant statement:

These recommendations have been made by the Treasury as the expert adviser of the Government. They follow, in their main principle of a decrease in high surtaxes—

So that the concern of the Treasury Department and of the President himself does not even relate to the great number of people who do pay taxes upon net incomes, but their concern deals solely with those who pay the high surtaxes and have the very large incomes.

Mr. RALSTON. I thank the Senator for his comment.  
The persons to whom I have referred no longer have incomes to tax, but they are still heavily taxed on most of the necessities of life to swell the profits of the favored few.

TAX-EXEMPT BONDS.

In explanation of the decrease of income taxes the Secretary lays especial stress on the effect of tax-exempt bonds and strongly urges the adoption of the pending amendment to the Constitution prohibiting the issue of such securities. In support of this he offers the usual arguments found in the vigorous propaganda launched on the country by gentlemen who are interested in selling the bonds of private corporations and who find the competition of tax-exempt public bonds an obstacle to their enterprises. He says, at page 378, that the effect of tax-exempt securities is "to provide a refuge from taxation for certain classes of taxpayers, with correspondingly higher taxes on all the rest in order to make up the resulting deficiency in the revenues"; and, at page 377 of his report, he says:

The constantly growing mass of tax-exempt securities threatens the public revenues, not only of the Federal Government but of the States as well, and it is reaching such proportions as to undermine the development of business and industry.

In fact, this last proposition is the avowed basis of his entire plan of revision, which is mainly, so far as reduction in amount is concerned, devoted to the reduction of the taxes on large incomes. He states his theory, at page 8 of the Statistics of Income, in these words:

The high rates put pressure on taxpayers to reduce their taxable income, tend to destroy individual initiative and enterprise, and seriously impede the development of productive business. Taxpayers subject to the higher rates can not afford, for example, to invest in American railroads or industries or embark upon new enterprises in the face of taxes that will take 50 per cent or more of any return that may be realized. These taxpayers are withdrawing their capital from productive business and investing it instead in tax-exempt securities and adopting other lawful methods of avoiding the realization of taxable income. The result is to stop business transactions that would normally go through, and to discourage men of wealth from taking the risks which are incidental to the development of new business.

If these statements were well founded they would indeed be serious, but they do not seem to be supported by the Secretary's figures. The figures show that in 1920 (Report, p. 382) with total net income returned of \$23,735,629,183 the deduction on account of tax-exempt bonds was only \$61,549,572, or about one-fourth of 1 per cent of the incomes. But in 1921 the exemption on this account dropped to \$46,904,406 (Statistics of Income, p. 41). A decrease in one year of \$14,555,162, or almost one-fourth of the total similar exemption in 1920, on account of tax-exempt bonds, can not be seriously considered as indicating any growing peril to national revenues or any alarming tendency of large income-tax payers to flee to tax-exempt bonds for refuge.

At page 5 of his report the Secretary calls attention to tax-exempt bonds in decedents' estates, and says:

These cases are remarkable for the way they show how men noted for their business ability and initiative have withdrawn their capital from productive business and placed it in municipal and other tax-free bonds.

Now, what is shown by the figures as to these decedents' estates, which will be found at page 28 of the Statistics of Income? They show that 12,203 decedents, whose estates were valued at \$2,879,372,168, had \$220,668,586 of tax-exempt, or partially tax-exempt bonds. In other words, tax-exempt bonds constituted less than 8 per cent of these estates. But the figures also show that these same estates had \$207,206,795 of taxable bonds and \$968,434,511 of capital stock of private corporations. On what basis can it be said that these figures show that these decedents had "withdrawn their capital from productive business and placed it in municipal and other tax-free bonds"? In reality a comparison of the percentage of estates in various forms of investments shows a similarity in all classes that is very striking and that completely negatives the Secretary's proposition. I ask to have inserted as a part of my remarks a table showing—

Percentage of decedents' estates in intangibles.

Class.	Number of returns.	Exempt.			Taxable.		
		United States wholly.	United States partly.	State and municipal.	Bonds.	Stock.	Mortgages, etc.
Under \$50,000.....	5,080	0.17	4.25	0.97	4.94	19.34	20.41
\$50,000 to \$150,000.....	2,535	.26	4.60	1.25	6.34	25.73	17.65
\$150,000 to \$250,000.....	727	.29	4.48	1.71	7.16	31.40	15.38
\$250,000 to \$450,000.....	550	.49	4.09	2.69	7.97	35.84	15.11
\$450,000 to \$750,000.....	301	.68	4.33	2.23	7.93	39.55	13.87
\$750,000 to \$1,000,000.....	110	.72	4.43	2.42	6.21	42.77	11.07
\$1,000,000 to \$1,500,000.....	111	.80	3.88	3.27	8.57	44.57	9.39
\$1,500,000 to \$2,000,000.....	45	1.99	5.12	3.55	7.15	42.73	6.89
\$2,000,000 to \$3,000,000.....	41	2.13	3.92	7.59	10.26	39.75	10.19
\$3,000,000 to \$4,000,000.....	17	2.53	3.26	6.24	9.17	52.23	6.14
\$4,000,000 to \$5,000,000.....	10	4.60	8.49	1.85	4.21	57.11	4.22
\$5,000,000 to \$6,000,000 <sup>1</sup> .....	7	5	3.13	.08	3.44	47.34	16.21
\$6,000,000 to \$7,000,000 <sup>2</sup> .....	2	.56	2.70	2.81	12.50	8.10	22.05
\$7,000,000 to \$8,000,000.....	2	5.21	4.03	6.18	6.06	32.19	22.96
\$8,000,000 to \$9,000,000.....	6	2.03	4.62	8.04	12.44	45.38	12.50
\$10,000,000 and up.....	10	2.87	2.18	3.32	10.65	46.81	6.38

<sup>1</sup> Real estate, 5.44.

<sup>2</sup> Real estate, 26.37.

But the Secretary insists on the impending peril. At page 387 he says:

It must be clear that graduated additional income taxes can not be effective when there exist side by side with them practically unlimited quantities of fully tax-exempt securities available to defeat them, and that either some way must be found to stop the continued issuance of tax-exempt securities or the Federal Government must find some substitute for the surtaxes. The issue is immediate and serious, for the yield of the surtaxes has already been reduced to a relatively small sum as compared with the early years, and the persistence of the present system is distorting our whole economic structure and hampering the development of business and industry throughout the country.

Mr. JONES of New Mexico. Mr. President—  
The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from New Mexico?

Mr. RALSTON. I yield.

Mr. JONES of New Mexico. I think it important in this connection to call attention to a fact which evidently has escaped the very observing Secretary of the Treasury. He has devoted a good deal of time to calling attention to these tax-exempt securities, and has been presenting them as one of the perils of the Treasury. I can hardly conceive that he has overlooked in that connection a matter which might well be remedied by the Congress upon his suggestion.

The total of tax-exempt securities of the States and municipalities is about \$10,500,000,000. The Federal securities outstanding amount to something like \$22,000,000,000. Except for the first issue of the bonds of the Federal Government, all the other bonds were made subject to surtaxes. They were exempt from the normal tax. In the present revenue law, the only tax upon corporations is what is called a normal tax. It is one flat tax upon all corporations. The result is that all these other Federal bonds and Treasury certificates, amounting to something like nineteen or twenty billions of dollars, are, by the operation of the present revenue law—which the Secretary of the Treasury in that respect does not suggest should be amended—absolutely tax-exempt to-day in the hands of corporations. All these billions of dollars of bonds—these 4½ per cent bonds which were supposed to be subject to the surtax, and were subject to the excess-profits tax, in the hands of corporations—to-day are absolutely and wholly tax exempt when owned by corporations.

Mr. RALSTON. I think the Senator for his discussion of this subject. He will pardon me for suggesting that he has very largely anticipated me.

Mr. JONES of New Mexico. I am sorry.

Mr. RALSTON. Mr. President, there is a much less alarming explanation of the decrease of surtaxes in the unquestionable fact that the enormous profiteering incomes of the war period and for some time after have become impossible now. During the war the United States was in the same economic condition as if it were under a prohibitive tariff. The only countries that had competed to any extent in our markets had turned their entire energies to works of destruction. Most of their skilled labor was on the battle field. Most of their factories were making war munitions. Ocean transportation was made difficult and dangerous by submarines. As a result American manufacturers, miners, middlemen, and others had entire possession of the home market, and we all remember how pitilessly they exploited it. It was some months after the end of hostilities before the foreign factories got to work again; but there has been a gradual increase of importation and competition, notwithstanding the emergency tariff law and its permanent successor, the McCumber law. This, with a general movement of the American people toward economical living, has put limits on profiteering greed and checked the incomes of extortion. I do not mean that this is the sole cause of this decrease of enormous incomes, and shall call attention to another and possibly more potent cause later on; but I desire here to emphasize the fact that the Secretary's ascribing all the ills of the income-tax system to tax-exempt bonds is not well founded.

#### UNWARRANTED STATEMENT.

I regret that the Secretary used this expression, "Practically unlimited quantities of fully tax-exempt securities," and especially that he used it in such connection that it will be commonly understood to refer to State and local securities. This will necessarily have the effect of strengthening the extraordinary delusion on this subject which prevails in the country. I have had letters from intelligent men, asserting that one-third of the wealth of the country consisted of tax-exempt securities. It is a singular fact that with all the statistical agencies we have, and all the discussion of this subject, nobody has taken the trouble to ascertain just what amount of tax-exempt securities is outstanding, or, if they have, I have not seen where they have given it to the public. The Census Bureau, however, has just completed in the last few days a tabulation of the public debt of the country, which gives a reliable basis of estimate, as our tax-exempt securities can not possibly exceed the total public debt.

The census figures give the debt of the National Government at \$22,525,773,000, which was the Treasury statement on June 30, 1923, of the gross debt. The debt of the State governments is given at \$1,162,648,000, of the counties at \$1,366,636,000, and of the cities and all other civil subdivisions at \$7,731,658,000, making a total of \$10,260,942,000, or less than

one-half of the national debt. These figures are too large for the amount of tax-exempt securities, as they include unliquidated current debt, unpaid interest, and other items that are not available for investment. Of the national evidences of debt available for investment there are \$2,293,000,000 of fully tax-exempt securities, and \$19,665,000,000 of partly exempt securities, or, in other words, securities subject only to surtax. Of the State and local debt there is \$8,721,141,000 of funded debt, and \$754,832,000 of special assessment bonds, a total of State and local tax-exempt securities available for investment of \$9,475,973,000; and this is the "practically unlimited" amount to which the Secretary refers.

#### FARM LOAN AND LAND BONDS.

There is, however, one other form of tax-exempt debt available for investment that is not included in these figures, and that is the securities of farm loan and land banks, which are reported at \$1,006,000,000, and which are totally exempt as agencies of the National Government by express provision of law. The totals of tax-exempt securities, not including those of our insular possessions, therefore stand as follows:

State and local securities.....	\$9,475,973,000
Farm loan and land banks.....	1,006,000,000
United States Government, fully exempt.....	2,293,000,000
United States Government, partly exempt.....	19,665,000,000
Total.....	32,439,973,000

The latest estimates of our national wealth, authorities for which will be found at page 306 of the World Almanac for 1924, make it \$300,000,000,000. Of this amount the tax-exempt securities might seem to constitute about 11 per cent, but in reality they form no part of it whatever, as these estimates of total wealth are restricted to tangible property, and do not include credits of any kind. This is proper, because credits have no value except as based on tangible property. But for purposes of taxation it is necessary to tax credits in order to reach fairness, and therefore the taxable wealth of the country is largely in excess of the actual wealth, or tangible property; and if we undertake to estimate the relation of the amount of tax-exempt bonds to the taxable wealth of the country, we must add a large amount to the total tangible wealth.

For example, one of the largest items of tangible wealth is railroad property. The "property investment" or physical value of this property in 1921 was \$20,329,223,603, on which was based \$10,226,114,081 of mortgage bonds, \$7,275,293,120 of common stock and \$1,800,000,000 of preferred stock, making a total of \$19,301,407,201 of securities, of which \$17,082,875,993 was outstanding in the hands of the public. Many other corporations would show this complete duplication of values, but the exact amount is a matter of surmise. One of the largest single items is farm property, which is estimated at \$77,924,190,338 and on which there are mortgages of \$7,357,700,000. Other real estate will probably amount to as much or more and with equal encumbrance.

#### VOLUME OF INTANGIBLES.

But the great volume of taxable credits in this country consists of open accounts and unsecured debts, which are usually exempted from actual taxation by being offset by debts. Some of these forms of credit are pyramided. For example, the money in circulation in the United States is reported at \$4,729,789,527, of which six-sevenths is paper or credit money, but on this is based over \$17,000,000,000 of bank deposits, which are taxable property. As most of the business of the country is on a credit basis, I think it perfectly safe to estimate that the intangible taxable wealth of the country is fully equal to the tangible wealth, which Senators will recall I stated to be \$300,000,000,000, and that in reality tax-exempt securities represent about 6 per cent of the taxable wealth of the country. On this basis the State and local tax-exempt securities would be less than 2 per cent of the taxable wealth of the country.

But the Secretary's claim is that this "practically unlimited" supply of tax-exempt bonds causes the capitalist to withdraw his money from productive business in order to escape surtaxes, and one of the basic questions for our consideration is whether this idea is well founded. It is an interesting fact that another mode of escaping surtaxes has been discovered, to which the Secretary gives scant notice. I refer to stock dividends, which, from occasional newspaper reports, appear to have reached rather large proportions.

In fact, I find no reference to it either in the Statistics of Income or the Secretary's report. It is, of course, apparent that this means of tax evasion is causing a large investment in productive business by leaving in the business the earnings which

under ordinary circumstances would be paid out in dividends, but which are now awaiting a reduction of surtaxes before that interesting event occurs. It should be noted that this phase of the case lessens to some extent the alleged investment in tax-exempt bonds. For some reason the Secretary makes no comment upon the vast sum in undistributed stock dividends that is kept in active business in order to avoid taxes.

#### ANOTHER ERROR.

In this connection it may be well to dispel another delusion, which the Secretary voices in these words:

The growth of tax-exempt securities, which has resulted directly from the high rates of surtax, is at the same time encouraging extravagance and reckless expenditure on the part of local authorities. These State and local securities will ultimately have to be paid, principal and interest, out of taxes, thus contributing directly to the heavy local taxation which bears so hard on the farmers and small property owners. (Report, p. 8.)

And again he says:

The tax-exempt privilege, with the facility that it gives to borrowing, leads in many cases to unnecessary or wasteful public expenditure, and this, in turn, is bringing about a menacing increase in the debts of States and cities. (Report, p. 378.)

It is quite true that there has been a decided increase of State and local debt in the past decade, and the increase has not always been judicious by any means. The Census Bureau reports the increase from 1912 to 1922 at \$6,362,192,000, but the local authorities do not borrow money and waste it because it is cheap or tax exempt. There is no foundation for such a charge. Most of this expenditure, vast as it is, and sometimes perhaps injudicious, is represented by substantial improvements which the people consider desirable.

One of the heaviest items of expenditure has been for good roads, which, judiciously or injudiciously, the average farmer has been convinced are good investments for him. And this expenditure has been enormously increased by the action of the National Government in its aid to road construction, which has spurred the local authorities to unusual activity to secure the Federal aid. I am not here to discuss the wisdom of this policy. Personally, I am in favor of good roads, but what I wish to point out is that under the circumstances it is rather inconsistent for a Federal official to condemn local expenditures for good roads as wasteful or reckless expenditure. Neither are expenditures for schoolhouses, sewers, drainage ditches, and dozens of other expenditures to meet the growing needs of the people to be so classed. Of course there are doubtless expenses of this character too hastily made and in excessive sums. In my own State, however, no municipality can contract debt in excess of 2 per cent of its assessed valuation by constitutional limitation; and in addition to that, none can make a bond issue without consent of the State tax board, which is showing so much disposition to curb local expenditures that there is a rapidly growing demand for a restoration of local self-government in this respect.

There is one more point as to which I think the Secretary is in error, and that is his statement at page 385 of his report. He says:

The value of tax exemption in the sale of securities depends in large measure on the volume of securities available, and once this scarcity value is destroyed there would, in my judgment, be but little difference, with borrowers of equal credit, between the yields of tax-exempt and taxable securities.

This is in direct conflict with the widely accepted theory that "tax-exempt bonds are the only bonds that pay taxes"; that is, that the increased rate of interest required to float taxable bonds will cover the taxes on them, if such taxes were paid; but, the owners being unknown, most of such bonds are concealed from the tax officials and pay no taxes whatever, and when owned in other States or countries, of course, pay no taxes where issued.

The facts on which he bases his statement show an attempt to deduce a rule or principle for normal conditions from conditions that are quite abnormal. He said at page 386:

The comparative yields of high-grade State and municipal securities, carrying full tax exemptions, and Federal securities without the exemptions from surtaxes, also indicate the underlying fallacy in your figures. The Treasury bonds of 1947-1952, offered by the Federal Government last October, are, generally speaking, subject to Federal surtaxes and are quoted in the market to yield about 4½ per cent, while State and municipal securities of the highest grades having full exemptions from surtaxes are quoted (in New York) to yield about 4 per cent to 4.15 per cent, and other State and municipal obligations of not

such good credit are quoted to yield 4½ per cent, and even higher. This all indicates as conclusively as can be that owing to the gradual dilution of the security market with tax-exempt securities the value of the tax exemption to the borrowing State or Federal Government is gradually dwindling while the tax exemption still retains its value to the wealthy taxpayer.

But no such deduction can be drawn from the facts for several reasons, one of which is stated in an Associated Press dispatch of December 29, 1923, reviewing financial affairs of the past year, as follows:

European investors were heavy buyers of American securities throughout the year, unsettled conditions abroad influencing them to transfer their holdings into dollar investments. Secretary of Commerce Hoover has referred frequently to a heavy invisible trade balance against America, explaining that the constant flow of gold here in payment of American stocks and bonds formed this "invisible" balance.

Obligations of the United States Government have held relatively steady, stabilization of their prices having been influenced to a large degree by British buying to meet payments of interest and principal on the English war debt to this country. The debt agreement permits payments on the debt in Liberty bonds at par.

It is obvious that it is entirely immaterial to a foreign investor whether an American bond is tax exempt or not, as he is not subject to our taxes, and for payments of the British war debt neither tax exemption nor interest rate is material, as a \$1,000 bond pays \$1,000 of debt, no matter what its rate of interest or exemption. As a result chiefly of this influence United States bonds are all quoted at a cent or two below par, though other influences contribute to the same result. There is a very large class of American investors who are not subject to surtax, and it is equally immaterial to them whether a bond is subject to surtax or not.

#### NEW YORK A SELLING MARKET.

But, in addition to this, the New York market is a selling market and the original war bonds were sold under conditions wholly abnormal that affect the resale of them or their replacing bonds. We all recall that while they were made as attractive as possible for investment, they were, in fact, not sold on a business basis but on a basis of patriotism.

The people were urged to "bleed themselves white," and they did it. Those bond issues could never have been floated had it not been that thousands of citizens who did not wish to make investments, and many who could not make them without material inconvenience, bought all the bonds they could. Before they were through paying for them the banks began buying them up at some 10 per cent discount, and a very large percentage of the holders were glad to part with their bonds at the prices offered. Most of these purchases were taken over by New York banks, and consequently New York can afford to sell them at a discount and still make a handsome profit.

#### NEW YORK IMPOSES INCOME TAX ONLY ON BONDS.

But further than this, some years ago New York entered on a policy of drawing moneyed capital to it by low taxation as compared with tangible property. This policy has developed until now bonds and other securities are subject in New York to no tax but an income tax of 1 per cent. A 5 per cent bond for \$1,000 would pay a tax of 50 cents, but in most of the States bonds are subject to the ad valorem tax, which will average 2 per cent or more; and in them a \$1,000 bond, if taxable, would pay a tax of \$20. In consequence State and local tax-exempt bonds are worth more in the State where issued than anywhere else and are commonly absorbed in the home market. This fact makes them independent of New York control, and also interferes with the sale of taxable private bonds in which New York parties are interested. Possibly this accounts for the expressed fears of New York financial authorities that the people of other States will ruin themselves by the issue of tax-exempt bonds. However that may be, it is evident that tax exemption is a matter of slight importance in New York compared to what it means in the rest of the country, and this is reflected in its market quotations of bonds.

#### CONSTITUTIONAL AMENDMENT AGAINST FARMERS' INTEREST.

But, according to the Secretary, the peril of tax-exempt bonds is not one of the future. It is here now. As he puts it: "The issue is immediate and serious," and to-day the evil "is distorting our whole economic structure and hampering the development of business and industry throughout the country."

If this be correct, the country is in a very bad way, for he does not propose any immediate relief, nor has any other person proposed an immediate relief. What he proposes is an amendment of the Constitution. It is true that he says:



The resolution has already passed the House of Representatives by a decisive vote, and within the next year or two there are sessions of most of the State legislatures, so that the time to propose the amendment is now, when there is a favorable opportunity for action upon it, before the volume of tax-exempt securities grows to uncontrollable proportions.

But there is a notable difference between the meeting of a legislature and its adoption of a constitutional amendment. But for this distinction, such changes as prohibition and woman's suffrage might have been adopted years earlier.

Mr. FLETCHER. Mr. President—

The PRESIDING OFFICER. Does the Senator from Indiana yield to the Senator from Florida?

Mr. RALSTON. I yield.

Mr. FLETCHER. May I interrupt the Senator to observe that the proposed amendment was defeated in the House a few days ago, lacking something like seven or eight votes of the necessary two-thirds?

Mr. RALSTON. Whenever the proposed tax-exemption amendment reaches a stage at which there appears to be any probability of its adoption, there will be opposition from very influential sources that would no doubt delay it for a long time, if not defeat it entirely. Consider them for a moment. The theory of the Secretary is that the very rich, who are subjected to high surtaxes, are escaping taxation through tax-exempt bonds. If so, the very rich will oppose the abolition of tax-exempt bonds. That is axiomatic, and anyone who is familiar with legislation knows that organized wealth is a very powerful factor in the control of legislation. But there are other influences to be considered.

There is a large and very important class of corporations, such as savings banks and insurance companies, which have to carry extensive convertible reserves for the protection of depositors and policyholders. These reserves are usually in tax-exempt securities, of which the corporations of this class are larger holders than any other one class in the country. The proposed change would put an end to their present system of business and force them to a less satisfactory system. Does anyone imagine that they would not oppose the amendment if they thought there was any danger of its adoption and that they would not call into action all of their depositors and policyholders?

But there is another class that would be vitally affected. Under the provisions of the Federal farm loan act there have sprung up in various parts of the country Federal land banks whose securities are nontaxable, and this feature of relief to agricultural interests is commonly believed to be one of the most important that has been devised. If this proposed amendment were adopted, future issues of these securities would become taxable not only for surtaxes but also for State and local purposes, and the latter class of taxes, which average over 2 per cent ad valorem, are much in excess of the taxes on income, except very large incomes. Did it ever occur to you, Senators, that this demand for the abolition of tax-exempt bonds did not become intensive until the farmer began to get some benefit from them? Have you ever considered what would become of the Federal land banks if this exemption were taken away from them? I feel confident that when the agricultural organizations of the country really get to thinking about this proposition of the Secretary of the Treasury and what its practical effects on them would be you will have an influential opposition from that source.

And I may add that I believe the sober second thought of the whole people will lead them to opposition. The public right to issue tax-exempt securities is not created by constitutions. There is no such provision in any American constitution. It is a right upheld by the courts as an inherent power of sovereignty, and that is why a constitutional amendment is required to destroy it. But with us such rights are the outgrowth of centuries of experience, and they are not to be destroyed without thorough consideration. Why should this inherent power of government be destroyed on account of its supposed temporary interference with an income surtax? It is not difficult to imagine times of emergency in which this power may become of immense, almost vital, importance. The financing of the late World War, not only for ourselves but also for our allies, was the most remarkable financial achievement in all history. Suppose that from 1915 on this Government had been deprived of the power to issue tax-exempt securities, does any gentleman within this Chamber believe that financing the war would not have been seriously impeded, if not made impossible? Governments can not afford to tie their own hands and to bar themselves from the prerogatives of sovereignty on account of a temporary interference with a tax system.

Consider for a moment the inevitable effect of depriving both the States and the Federal Government of the power to issue tax-exempt bonds. In Indiana, for example, it would be necessary to increase the interest rate on public securities at least 2 per cent, which the people would have to pay annually. But they would get no return in taxes from their taxable bonds, for they would no longer be held in Indiana, but would go to New York where they are practically tax exempt, not from any constitutional provision but because of the nominal rate of taxation imposed on them. In other words, the people of Indiana would have to pay 2 per cent more of interest on their funded public debt without any benefit whatever for so doing. They could, of course, adopt the New York system, but they would still have to pay the additional interest, with practically no return in taxes; and this is what would happen in the other ad valorem tax States.

And what would become of national securities? The power to tax is the power to destroy, and national securities would come under the taxing power of every municipality in the country. There were localities in my own State where only a few years ago the local tax rate was 5 per cent ad valorem or more. Nobody could afford to own taxable United States securities in such a locality unless he was an unusually expert tax dodger. Similar conditions existed in a large part of the country when our Liberty loans were being floated, and it is obvious that if they had not been tax exempt the people of such localities could not have afforded to buy at a time when their financial support to the Nation was most needed. They would have been practically in a state of financial secession from the Union.

#### CONSTITUTIONAL AMENDMENT NOT NECESSARY.

But, Mr. President, this power of issuing tax-exempt bonds is not materially interfering with the surtaxes. The defect in this feature of the income tax law is not constitutional but wholly statutory. The chief cause of the decrease of surtaxes is an exemption created by this law, which is continued in the proposed revision of the Secretary, and no remedy is required beyond the simple repeal of the provision, which is in these words:

SEC. 1328. That the various acts authorizing the issues of Liberty bonds are amended and supplemented as follows:

(a) On and after January 1, 1921, 4 per cent and 4½ per cent Liberty bonds shall be exempt from graduated additional income taxes, commonly known as surtaxes, and excess-profits and war-profits taxes, now or hereafter imposed by the United States upon the income or profits of individuals, partnerships, corporations, or associations in respect to the interest on aggregate principal amounts thereof as follows:

"Until the expiration of two years after the date of the termination of the war between the United States and the German Government, as fixed by the proclamation of the President—that is, November 14, 1921—on \$125,000 aggregate principal amount, and for three years more on \$50,000 aggregate principal amount."

(b) The exemptions provided in subdivision (a) shall be in addition to the exemptions provided in section 7 of the second Liberty bond act and in addition to the exemption provided in subdivision (3) of section 1 of the supplement to the second Liberty bond act in respect to bonds issued upon conversion of 3½ per cent bonds, but shall be in lieu of the exemptions provided and free from the conditions and limitations imposed in subdivisions (1) and (2) of section 1 of the supplement to second Liberty bond act and in section 2 of the Victory Liberty loan act.

You will notice, Mr. President, that this was not effective until after January 1, 1921, and it is not difficult to see why it should have a very material effect in decreasing the surtax. I can imagine no reason for such a provision being in the law that would not apply with much greater force in opposition to the total abolition of tax-exempt bonds. If the Secretary regards the existence of tax-exempt bonds as peril of imposing magnitude and one that even now "is distorting our whole economic structure and hampering the development of business and industry throughout the country," why does he not ask the repeal of this exemption provision? Why not do something at once? We could at least give first aid to the injured in an important way while we are waiting for his amendment to the Constitution. Speaking for myself, I am ready to vote for the immediate repeal of this provision and thereby increasing the surtaxes to their former producing power.

#### EXAMINE SECRETARY'S REMEDIES.

And now, Mr. President, that we have seen that the Secretary's diagnosis is not entirely reliable and that his proposed remedy in one part, at least, is questionable, let us look further.

The Secretary's first remedial proposal is as follows:

Make a 25 per cent reduction in the tax on earned incomes: The fairness of taxing more lightly income from wages, salaries, and professional services than the income from a business or from investment is beyond question. In the first case the income is uncertain and limited in duration; sickness or death destroys it and old age diminishes it. In the other the source of the income continues; it may be disposed of during a man's life, and it descends to his heirs. It is estimated that this amendment will mean a loss in revenue of about \$97,500,000 a year, the greater part of which falls in the lower income brackets.

This statement is substantiated by the figures at page 54 of the Statistics of Income, which show that of the total \$13,813,169,165 of income reported from "wages and salaries," \$10,981,649,359, or 82 per cent, is reported by those having incomes of less than \$5,000. I feel sure that the Secretary's position against taxing such incomes like incomes derived from investment can not be successfully assailed either here or elsewhere. But while he points to distinctive differences in the two classes of incomes, he does not mention the underlying cause of these differences, which is that taxes on salaries and wages are not property taxes. His remedy for this unfairness is a special reduction of 25 per cent on this class of incomes, and the result of all his proposed reductions, as stated on page 11 of his report, will be a reduction of \$92,750,000 of taxes on incomes of less than \$6,000.

The total taxes paid by those having incomes of less than \$6,000 in 1921 was \$108,138,449, and this proposed reduction would leave \$15,388,449 to be paid by this class. Of the 6,136,570 persons making returns in 1921 of less than \$5,000 only 3,064,379 are taxed, and the remaining 3,072,191 are forced to make returns under the law to prove that they are not taxable. In 1921 the 3,064,379 of this class who were taxed paid an average of \$35.29, and under the Secretary's plan they would pay an average of \$5.02; but none of them would be wholly released, although probably half of them would pay less than \$5. In the class from \$5,000 to \$6,000 there were only 137,191 persons. These facts make me doubt the advisability of the Secretary's specific remedy, not because I question the justice of the principle on which he bases this relief, but because it seems to me that it can be made more effective.

I subscribe to the wisdom of the principle that in taxation systems should be avoided which give unnecessary annoyance to the taxpayers. It is rarely that one hears so much complaint of the annoying character of a law as there is of this one. Nine-tenths of the complaints I have heard are not of the amount of the tax, but of the trouble of making out the returns. Every Senator here knows how complicated the income-tax forms are and how difficult it is to comply exactly with the requirements. But the most important asset of any man, and especially any business man, is good name; and every business man knows that United States inspectors are going over these returns, and that if he gets anything wrong he is liable to be arrested for violating the law, and even if acquitted many of his fellow citizens will believe he was trying to defraud the Government.

The amount of taxes paid on incomes of less than \$5,000 in 1921 was \$92,790,309, almost exactly the amount of \$92,750,000 by which the Secretary proposes to reduce the taxes on incomes less than \$6,000. The incomes of less than \$5,000 include all those classed as derived from "wages" and most of those classed as "salaries." In the class of less than \$5,000 are all of the 3,072,191 people who are forced to make return without any payment of taxes. In the class of less than \$5,000 are 6,136,570 of the total of 6,662,176, or 92 per cent of all the income-tax payers. Why not then draw the dividing line at \$5,000 and relieve this vast number of citizens of this annoyance altogether instead of forcing them to submit to it to collect an average tax of \$5 from them?

#### NOT A PRIMARY NATIONAL TAX.

Not only is this line of demarcation indicated by the Secretary's figures and his just condemnation of the taxing of wages and salaries, but it is supported by other considerations. The income tax is not a primary national tax. The makers of our Constitution did not contemplate it as desirable, and gave the Federal Government no power to levy one. A century and a quarter passed before the people granted this power to the Federal Government as an addition to its primary taxing powers, for the purpose of attaining equality of taxation by reaching accumulated wealth that was escaping taxation. It was never intended for a poor man's tax. It was adopted because the masses of the people—the people of moderate means—were paying more than their fair share of Federal taxes through the tariff and excises. The taxing of small in-

comes, and especially of those derived from wages and salaries, is a perversion of the purpose the people had in mind when the sixteenth amendment was adopted. It perpetuates the inequality which the amendment was designed to remove. And in this connection I would say that I have much sympathy with the position taken by Mr. Frank D. Hatfield in his recent open letter to Secretary Mellon in these words:

You know and everybody knows it is a lamentable fact that there has been for 10 years past just one class of citizens upon whom the full brunt of high prices and war conditions has fallen with crushing effect, and who had no means of escape or relief from these burdens as all other classes have had. I refer to the persons unable through age, illness, or other disabling causes to work, and who have been forced to live upon a small fixed income the purchasing power of which has constantly dwindled without any possible way of stemming this trend or of expanding in the least the income itself to meet increasing expenses. There is a vast army of these unfortunates, Mr. Mellon, whose sad cases the Government should have taken cognizance of at the war's outset and legislated in behalf of, but it has heartlessly left them to suffer growing privations and has never done a thing in relief of their helpless condition while scrupulously considering and caring for other less worthy and needy citizens, until now, their meager resources increasingly inadequate for their needs, we see them on all sides "at the end of their rope," ready to succumb to the pressure of the times. And just at this juncture or crisis in the face of the small fixed income citizen you come along with a measure discriminating against this unfortunate as to tax relief, and going over his bowed head to shower relief upon the prosperous, able-bodied wage earner of the day, giving carping critics cause to say the proposed discrimination is pure, heartless politics—a plain bid for wage earners' votes.

Without joining in his reflections on the Secretary's motives, I feel that the imposition of an income tax on incomes of \$1,000 or \$2,000 under existing economic conditions is imposing a hardship on thousands of people wholly out of proportion to the deprivation to persons of large incomes, notwithstanding the mathematical relation of the taxes of these classes. The taxation of such incomes to widows and orphans, to the aged and infirm, is no less than a ghastly travesty on the beneficent purposes of the original advocates of the income-tax system.

#### TOO MANY OFFICERS.

There is another point as to which I am not in sympathy, and that is the Secretary's proposal for 28 agents, to whom appeals may be taken in the various States, at salaries of \$10,000 per year and positions guaranteed for 10 years. Unquestionably there should be some local arbiter for the final decision of income-tax questions, but this can be provided more cheaply and effectively by simply delegating the power to a board composed of the regular tax inspectors. Let the Treasurer designate in each State three inspectors, who shall act as a board of appeals, and a fourth who shall act in place of either of the other three who may have originally passed on the case. Let this decision be final, subject to the person taxed having the right of appeal to the Federal court of this district. I think this would dispose of this feature of dissatisfaction which is now one of the chief causes of complaint of the law, and it would certainly avoid imposing upon the people the enormous expense contemplated by the Secretary's plan. The lamentable truth is that the people are now officially ridden until their backs are bent and their spirits broken. Either we will have to reduce the office-holding class in this country or sooner or later be prepared to witness the people losing faith in the rectitude of the legislative and executive branches of our Government.

#### PROPERTY SHOULD PAY EXPENSE OF WAR.

But, Mr. President, there is another consideration which I regard of vital importance. While the central purpose of taxation is to raise revenue for the expenses of government, and while I believe that taxation having other results is to be closely scrutinized before adoption, it is a matter of common sense that as any kind of tax has some secondary effects consideration should be given to them, and that a system producing desirable social and economic effects should be preferred to systems lacking this quality. At the present time the public mind is largely centered on the peace plan selected by Mr. Root and the other distinguished judges in Mr. Bok's contest. That plan, moderate and conservative as it appears, has been condemned by the Republican leaders in Congress as interfering with the desirable isolation of the United States, and so far as the present Congress is concerned it may be classed as laid on the table.

I do not desire to enter into any discussion of it here, but I do desire to call attention to a peace proposal which does not

interfere with the most extreme ideals of isolation. When this peace-plan contest was announced, the Christian Science Monitor, one of the ablest and best newspapers in the country, proposed an amendment to the Federal Constitution to this effect:

In the event of a declaration of war the property, equally with the persons, lives, and liberties of all citizens shall be subject to conscription for the defense of the Nation, and it shall be the duty of the President to propose and of Congress to enact the legislation necessary to give effect to this amendment.

As the Monitor pointed out, under such an amendment not only "the revolting theory that the State might command the lives of its youths but that the money of the prosperous should be sacred" would be repudiated "but also that Congress could adopt laws which would prevent any citizen from making a pecuniary profit from a war." It is axiomatic that if this principle were in force everywhere there would be no more war. I submit to every gentleman in this Chamber that in his heart he knows that if it were known beyond possibility of doubt that no person and no country would be allowed to profit by a war there would be an end of war at once and forever. Of course it would be out of our power to secure the universal adoption of this principle, and for that reason the Monitor did not submit its plan in the contest, but did give it to the American people to think about.

I think there is no gentleman here who does not abhor war or who has not publicly announced his readiness to do anything possible to prevent it, even to "outlawing" it, or making it criminal. I appeal, therefore, to you of the majority in this body, who believe in isolation, that inasmuch as you have rejected every peace proposal that has been offered, you should stand for this proposal, which does not interfere with isolation. But, you may say, our country would stand alone in such action. Certainly. That is the privilege of isolation. That was our position in the World War.

Our great Commander in Chief, now numbered with the immortals, announced at the outset that we asked no profit from the war; that we sought only justice and right. That announcement received the plaudits of the world, and to-day it is the proudest memory of the war in this Nation. We stood absolutely alone, not as "a sceptered monarch wrapped in the mantle of his own originality" but as an outraged Nation which cast aside the historic purposes of war and demanded only justice and humanity.

But, proud as that record was, it was marred by one defect. It was not, and could not be, announced that no citizen of the United States should profit by the war; and to-day the one humiliating and exasperating memory of that war is of the profiteer. It is the knowledge that while the boys were enduring the hardships of trench warfare or undergoing the horrors of shell shock and poisoned gas; while the girls were bravely doing their part in canteen and hospital; and while we who were left at home reveled in doing our bit by some petty service, or paying additional tax, or doing with one spoonful of sugar in our coffee, there were other Americans who were making profits unheard of in times of peace, and by reason of the conditions every cent of those profits was taken from their fellow citizens. In the whole history of the Nation there was never such a heartless pillaging of the people as there was by the profiteers of the World War. I do not mean that every person who made profits was responsible for this outrage. There were thousands who were dragged into the whirlpool and were obliged to accept business conditions forced on them or sacrifice their business. But, for all that, the fact remains that their profits were wrung from their fellow citizens, and they should be the last people in the world to oppose a liberal surtax or an adjusted compensation law to do justly by the boys who offered their lives for them.

#### WAR IS NOT OVER.

It is commonly argued to the public that the war is over and that war taxes should be ended. I ask you, Senators, if that be true? Is the war over to the maimed and health-wrecked soldiers who are scattered throughout the land? Is the war over to thousands of war mothers whose sons gave their lives in defense of the Nation? Is the war over to the throng of widows and orphans that are found all through the countryside? Not so. And, further, the war is not over to any of us and will not be until the money debt it created has been paid, for the United States is a debt-paying Nation. There are European nations that went into war lightly, with rosy anticipation of conquest and plunder, which are now reported to be seeking for plausible excuses for repudiation of the cost of their folly. We are told that they denounce Americans as "mercenary" because we ask for repayment of loans. But let us thank heaven that the

spirit of repudiation has not invaded this land, and that whatever European nations may do the United States will pay every cent of the money it borrowed to loan them. And if in the process of that payment we can rectify any of the injustice and wrong that grew out of personal greed while war was in progress we shall have performed a double service to our fellow men.

#### CONSTITUTIONAL AMENDMENT NOT NEEDED.

So far as this country is concerned, there is no need for a constitutional amendment to inaugurate the principle that in case of war the cost of war shall be borne by the wealth of the country and not by the brawn that defends the wealth. You can write it into American law forever, now and here, by simply striking from the income tax law all provisions for taxing incomes of less than \$5,000.

That action if taken would make a total reduction of income taxes of \$92,750,000, and would leave over \$200,000,000 of the Secretary's \$300,000,000 possible reduction for the reduction of other taxes the payment of adjusted compensation to ex-service men or for any other purpose to which Congress may see fit to devote it. That action, moreover, would be stronger than a constitutional provision. It would be written on the hearts of the people and would never be abandoned. If we are ever again called to war it would be with the assurance that the wealth of the country would pay the cost of the war, as it justly should.

Senators, when I asked my constituents for their votes for this office I pledged them that I would stand for any plan for ending war that had a rational promise of success, and I submit to you that nobody who really wishes to prevent war can do less. I submit to you, who believe in isolation, that here is an opportunity to do something effective that is entirely consistent with your faith. Will you say that it would interfere with national defense? Not at all. Build all the war ships and train all the soldiers you wish, but let the wealth of the country pay the bills. Even in a defensive war it is chiefly property that is defended. If a seaboard city is attacked the people who so desire can retire to places of safety, but most of the property can not. Why should not property pay for its own defense?

Will you say that other nations would not follow our example? Not so. Let me call your attention to the fact that Russia has already adopted this principle by confiscation and the red hand of revolution, but has carried it to an extent that no sane American would think of. I am no enemy of property or property rights, but I believe that the truest friend of property rights to-day is he who tries to curb the growth of anarchistic and communistic sentiment by recognizing that flesh and blood, that human life, and human rights are as much entitled to protection as are property and property rights. What the world needs now is the example of a great law-abiding nation, soberly adopting this principle, not of confiscation but of just taxation of the profits of accumulated wealth to pay the cost of war. If we gave that example we might again vindicate our claim to our celebrated monument of Liberty Enlightening the World.

Mr. HARRIS. Mr. President, under the law as it stands to-day the normal income tax, or the tax on all incomes, large and small, above \$1,000 for single persons and \$2,000 for married persons or heads of families, is 4 per cent on amounts up to and including \$4,000 and 8 per cent on larger amounts. For those whose incomes exceed \$6,000 there is an additional tax known as surtax, which is 1 per cent up to \$10,000, and gradually increases to 50 per cent on incomes of \$200,000 and over. To illustrate, the total tax rate on an income exceeding \$200,000 is 58 per cent, 8 per cent of which is normal tax and 50 per cent surtax.

Briefly speaking, the so-called Mellon plan for revision of income taxes reduces the maximum surtax from 50 per cent to 25 per cent; it reduces the normal tax on amounts over \$4,000 from 8 per cent to 6 per cent, and on \$4,000 and less from 4 per cent to 3 per cent. His reduction in the maximum surtax is thus 50 per cent and in the normal tax only 25 per cent. In other words, the Mellon plan reduces the taxes of the rich approximately one-half, while it reduces the taxes of the poor man or man with moderate income, who is exempt from the surtax, just one-fourth. The rich man thus saves in percentage of reduction under the Mellon plan twice as much as the man with small or moderate income.

Under the present law no distinction is made between incomes derived from wages, salaries, professional services, and so forth, and those derived from stocks and bonds. This first class is the man's compensation for personal services, or work, frequently manual labor, and has become known as "earned income."

I have always contended that men who work for their living are entitled to more consideration in the matter of taxation than those who receive their incomes with no exertion other than clipping coupons; and as early as October, 1921, I introduced an amendment to the revenue bill reducing the normal tax on earned incomes from 4 per cent to 2 per cent for amounts not over \$4,000, and from 8 per cent to 4 per cent for greater amounts, or just one-half the present tax rate. There is no doubt, Mr. President, that this amendment would have passed the Senate and become law but for the opposition of the Secretary of the Treasury, Mr. Mellon, who stated to the then chairman of the Finance Committee, the late Mr. Penrose, that the plan to make a distinction between earned and unearned incomes was not workable. Now, two years later, this same Secretary of the Treasury has adopted my plan bodily, except that his reduction on earned incomes is only 25 per cent, or just half what I proposed, and he has limited earned incomes to those derived from wages, salaries, and professional services, thus excluding farmers, merchants, and other tradesmen.

It is not hard to find the reason for this change of front on the part of the Secretary of the Treasury when one glances over the names of those Senators, all Republicans, who opposed my amendment in October, 1921. Of the 36 that voted against my amendment, 11 are no longer Members of this body, and there is little doubt that lack of sympathy for the farmer and laborer, and others of small means, is largely, if not wholly, responsible for the defeat of several of these.

It is also significant that all of those Senators who voted in favor of my amendment are here to-day except two.

With reference to the exclusion of farmers, merchants, and other tradesmen from the benefits of the reduction on earned incomes the Mellon definition of such incomes was, a few days ago, adopted by the Ways and Means Committee of the House by a strict party vote. The Democratic members of the committee tried in vain to have the definition of earned incomes so amended as to include—

reasonable compensation or allowance for personal service where income is derived from combined personal service and capital in the prosecution by unincorporated persons of agriculture or other business.

This action of the Republican majority of the Ways and Means Committee is another illustration of the failure of the leaders of the Republican Party to appreciate the needs of the farmer, if it does not indicate a positive antipathy to this most honorable class of hard-working citizens.

I think I can assure those who own and operate farms that the farm bloc, of which I am proud to say I am a member, will permit no measure to become law that makes such an unjust and outrageous discrimination against them.

Mr. President, the greatest objection to the Mellon plan, to my mind, is its failure to increase the amount for which each person may claim exemption in computing his or her income tax, known as the personal exemption, and thus furnish greater relief to men, particularly those with families, whose small incomes are completely absorbed in providing the necessities of life.

The Democratic substitute plan raises the exemption for single persons from \$1,000 to \$2,000 and for married persons and heads of families from \$2,000 to \$3,000. The Secretary of the Treasury, who strongly opposes it, in describing before the Ways and Means Committee of the House the effect of this proposed change, says it—

effectually removes from the payment of any income those whose incomes are below \$2,000 for single men and \$3,000 for married men, and who constitute in number more than a majority of the total taxpayers. It is obvious that this majority will be benefited in their direct payment to the Government to the extent of, say, \$15 a piece over what they would pay under the Treasury bill.

Secretary Mellon gives 4,361,357 as the number of taxpayers under his plan and 1,878,904 under the Democratic plan. In other words, 2,482,453—4,361,357 less 1,878,904—who would under the Mellon plan continue to pay income tax will be wholly exempt from such tax under the Democratic plan.

Secretary Mellon says the annual tax of these 2,482,453 men and women with small incomes—\$1,000 to \$3,000 each—would be, "say, \$15 a piece" under his plan, so the total loss to the Government by this provision of the Democratic plan would be only about \$37,000,000, or 2 1/4 per cent of the total income tax, and this would to some extent be offset by the tremendous saving in operating expenses resulting from the 57 per cent reduction in the number of taxpayers and the incidental elimination of more than 2,000,000 returns from men and women who pay no income tax on account of deductions and exemptions allowed them, but are now required to submit income-tax returns.

The Secretary of the Treasury says the plan the Democrats offer is "political and nothing else"; we answer, his plan is for "the rich and no one else."

Mr. President, if I had my way, no married man with an income of \$5,000 or less would be required to pay one cent in income tax. He needs all he can make to support and educate his family.

When the sixteenth amendment was adopted to authorize an income tax to be collected those who favored it never dreamed it was to be so perverted as to thrust the hands of the tax-gatherer into the pockets of the laborer, farmer, and small business man and take from them the necessities of life while it relieved the rich of their fair share of the tax burden they could so easily carry. The poor man is already taxed indirectly more than he can bear through the Republican high protective tariff, which increases the price of everything and adds to the cost of living.

The Democratic plan fixes normal income-tax rates at 2 per cent on amounts of \$5,000 and under; 4 per cent from \$5,000 to \$8,000; and 6 per cent on all amounts in excess of \$8,000.

As I have already stated the normal tax rates on amounts of \$4,000 and under are 4 per cent under existing law and 3 per cent under the Mellon plan; and on amounts in excess of \$4,000 they are 8 per cent under existing law and 6 per cent under the Mellon plan.

We thus see that for small incomes the reduction in the normal tax is 50 per cent under the Democratic plan, while it is only 25 per cent under the Mellon plan. For incomes in excess of \$8,000 the reduction is 25 per cent in both plans. The tax rate on earned incomes under the Democratic plan is 33 1/2 per cent below the normal and surtax rates prescribed for unearned income, instead of 25 per cent as Secretary Mellon proposes. Again the Democratic plan affords greater relief to the poor man, or man of moderate means.

Under the Democratic plan the surtax graduation commences with 1 per cent on incomes from \$12,000 to \$14,000 instead of \$10,000 to \$12,000 as Secretary Mellon proposes, and instead of \$6,000 to \$8,000 as under existing law.

The following are some of the Democratic surtax rates:

Per cent:	
1	\$12,000 to \$14,000
5	20,000 to 22,000
10	30,000 to 32,000
20	50,000 to 52,000
44	92,000 and over.

I have here a table showing comparison of surtax rates for selected incomes, from which it will be seen that the maximum surtax under existing law is 50 per cent and applies to incomes of \$200,000 and over; the maximum proposed by Secretary Mellon is 25 per cent on \$100,000 and over, and the Democratic surtax maximum is 44 per cent on \$92,000 and over.

Comparison of surtax rates.

Income.	Present law.	Mellon plan.	Democratic plan.
	Per cent.	Per cent.	Per cent.
\$5,000 to \$10,000	1	0	0
\$10,000 to \$12,000	2	1	0
\$12,000 to \$14,000	3	2	1
\$20,000 to \$22,000	5	6	5
\$30,000 to \$32,000	10	11	10
\$50,000 to \$52,000	20	16	20
\$92,000 to \$94,000	44	23	44
\$100,000 to \$150,000	48	25	44
\$200,000 and over.	50	25	44

Here is a table showing comparative tax for selected incomes of married persons without dependents and per cent of reductions under the Mellon plan and the Democratic plan as compared with existing law:

Income.	Amount of tax under—			Per cent reduction under—	
	Present law.	Mellon plan.	Democratic plan.	Mellon plan.	Democratic plan.
				Per cent.	Per cent.
\$5,000	\$100	\$75	\$40	25.00	60.00
\$10,000	200	150	70	30.76	53.84
\$20,000	1,720	1,260	1,040	28.74	39.53
\$50,000	8,640	6,480	6,440	22.68	25.46
\$80,000	11,940	8,980	9,240	24.79	22.61
\$100,000	30,140	19,940	25,480	33.84	12.30
\$200,000	86,640	52,740	76,430	39.12	11.73

From the latest available statistics of the Treasury Department, 1921, it appears that in 1921 6,662,176 persons submitted income-tax returns. Of this number 6,652,833 will receive greater reductions in their taxes under the Democratic plan than under the Mellon plan, while only 9,343 will receive greater reductions under the Mellon plan. These 9,343, who are favored by our rich Secretary of the Treasury, are all millionaires; at least, their annual income exceeds \$55,000, which represents 5½ per cent interest on \$1,000,000.

For my own State—Georgia—61,671 will receive greater reductions under the Democratic plan and only 48 will be so favored by the Mellon plan.

It has been truly said that the Mellon plan saves millions of dollars for the comparatively few millionaires, while the Democratic plan provides much needed relief to millions of poor people or people with small incomes.

The scheme of the Republican administration to force Congress to reduce the taxes of those who toil for a living only 25 per cent and of the millionaire 50 per cent is a reflection on our intelligence and an insult to those of us who represent the masses of the people instead of the big trusts owned by wealthy men like Mr. Mellon.

The people of this country have not forgotten, Mr. President, that Congress repealed the excess-profits tax only two years ago and reduced the maximum surtax from 65 per cent to 50 per cent, thereby saving the wealthy taxpayers about \$500,000,000 annually.

Mr. CARAWAY. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Georgia yield to the Senator from Arkansas?

Mr. HARRIS. I yield with pleasure.

Mr. CARAWAY. I was just going to call attention to the fact that Jack Dempsey, who did all his fighting in the prize ring instead of the trenches, will get a larger reduction than all farmers combined in Georgia; that he will get a larger return from the Mellon plan than the total reduction of all the farmers in Georgia, provided that his income this year is as great as it was last year.

Mr. HARRIS. That is quite true.

Mr. CARAWAY. And therefore we would be, I presume, perfectly within the right when we infer that men like Dempsey, who felt compelled to stay out of the war and conserve his energies to fight in the prize ring, are to be taken care of.

Mr. HARRIS. I thank the Senator for the suggestion. Later on I shall make comparison between the earnings of western farmers and those of the millionaires who would be favored in tax legislation under the Mellon plan.

I might remind Mr. Mellon and his rich friends, who are so eager to have their income taxes reduced, that the Democratic surtax rates are substantially below the present rates in many, if not most, other large countries. The rates in Great Britain closely approach 50 per cent, while the maximum rate in Canada is about 65 per cent.

Profiteering during and since the World War has multiplied the fortunes of the wealthy and enriched thousands of others, and as a result the number of millionaires in this country is more than double the number we had before the war. These men have accumulated their wealth through the protection afforded by the Government and it is only fair that their income tax should be greater in proportion than that of the poor man who is not benefited by this protection in the same proportion.

The distinguished Senator from California [Mr. JOHNSON] in a recent public address declared—

We have never in this country had anything like the propaganda we now have in behalf of the so-called Mellon plan. It is propaganda most carefully prepared and stimulated.

To show the nature of the propaganda of Secretary Mellon's rich supporters, I call attention to a circular letter I received a few days ago from the Literary Digest. No doubt every Member of this body received these circulars.

The circular states that copies are being sent to nearly 15,000,000 American voters of all classes, and they must have reached all classes and all colors, as well as all ages, whether voters or not, for I saw an ignorant negro boy not over 15 reading, or trying to read, one on the street the day after I received mine.

On the outside of the envelope by the side of the address in bold-faced type appears the following: "Vote at once on the Mellon plan for tax reduction. Do you favor it or not? This envelope contains your secret ballot." The words "tax reduction" are in very large, heavy letters and at once attract attention. Great emphasis is placed upon the word "reduction" all through the circular, which is nothing more nor less than an argument, very misleading and unfair, for the Mellon plan,

together with a warning or threat that you will get no reduction in your income tax unless you send in at once your vote for this plan and let your Senators and Congressmen know you favor it.

You are not asked or given an opportunity to vote on the Frear plan—Congressman FREAR is a Republican, a member of the Ways and Means Committee, and one of the ablest men in the House—neither are you asked or given an opportunity to vote on the Democratic plan. These two plans are not even mentioned in the circular. By inference they are dismissed with the remark that "Many plans have been proposed by various political groups or leaders, but attention has become focused almost entirely upon one plan—the Mellon plan."

Then follows an appeal for the support of the laborer and professional man with small income whose tax reduction under the Democratic and Frear plans is twice as great as under the Mellon plan. No appeal to the wealthy is apparently considered necessary; every millionaire in the United States is in favor of the Mellon plan. Surtax, the 50 per cent reduction of which is the distinctive feature of the Mellon plan, is not referred to; in fact, the word "surtax" does not appear anywhere in the circular.

This is what the circular says to catch the vote of the laborer and professional man:

The Mellon plan reduces the taxes on all incomes in varying degrees; it provides that an earned income (salary, wages, professional services, etc.) shall not be taxed as highly as an income from stocks, bonds, etc.

It does not state that the reduction on earned incomes is only 25 per cent below the normal in the Mellon plan, while it is 33½ per cent in the Democratic plan.

With such an artful and misleading presentation of the case, is there any doubt as to the vote of the ignorant and uninformed man or boy, or even of the intelligent citizen who has not had the time or opportunity to examine into the subject himself?

The editor of the Literary Digest evidently thinks he will fool, frighten, or influence Members of Congress. I predict, Mr. President, that he will have a rude awakening when this gentleman reads the tax-reduction bill after it passes the House and Senate.

Mr. ASHURST and Mr. McKELLAR addressed the Chair.

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

Mr. HARRIS. I yield first to the Senator from Arizona.

Mr. ASHURST. The able Senator from Georgia has referred to the propaganda conducted by the Literary Digest, which sent out 15,000,000 return envelopes, making 2 cents expended for each vote solicited, which aggregates \$300,000 the Literary Digest has invested in postage alone.

Mr. HARRIS. It would be interesting to know the reduction in the taxes of the Literary Digest under the Mellon plan.

Mr. McKELLAR. Mr. President, will the Senator still further yield at that point?

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

Mr. HARRIS. I yield.

Mr. McKELLAR. I wish to read the following excerpt from the circular letter sent out by the Literary Digest:

Controversy on the question of tax reduction is raging at white heat in the press and among the citizens of the Nation. It must be decided quickly. The decision rests with Congress, and all Members of House and Senate are naturally anxious to know the wishes of the people with regard to this very important matter. If you want the question decided in the way that you believe is right, send in your vote at once, that you may help, as every citizen is bound to help, in the decision of a great public policy.

Many other vital issues are to be discussed and decided in this important presidential year. You need to know the facts and arguments as they are fairly and fully presented and weighed on all sides, not as they come hot and twisted by prejudice or incomplete information from some eager partisan.

At the same time they do not mention at all either the Democratic plan or the progressive plan; they leave those out of consideration, which induces the person to whom this circular is sent to believe that the only question is that of tax reduction as proposed by Mr. Mellon or no tax reduction at all. In that way the Literary Digest is practicing what is really a fraud upon the people to whom they send these communications.

Mr. HARRIS. It is deception and propaganda.

Mr. SWANSON. Mr. President, will the Senator from Georgia yield to me for a moment?

The PRESIDING OFFICER. Does the Senator from Georgia yield to the Senator from Virginia?

Mr. HARRIS. I yield to the Senator.

Mr. SWANSON. I suggest that the Senator from Georgia call the attention of the senior Senator from New Hampshire [Mr. Moses], who is the chairman of a committee which is investigating propaganda, to the propaganda of the Literary Digest. I understand that up to this time that committee has confined its efforts to investigating propaganda of the man who is spending money solely for the purpose of trying to create world peace. I suggest to the Senator that he call the attention of the chairman of the committee to which I have referred to this propaganda in connection with tax reduction.

Mr. HARRIS. I thank the Senator for the suggestion, and I shall call it to the attention of the committee.

Mr. President, the New York Times is supporting the Mellon plan. I hold in my hand an article which was published in that paper on February 11. This newspaper, in defending itself from possible accusation of furthering propaganda and of being unfair and unjust, admits that the vote against the Mellon plan is getting larger and larger every day. There would be comparatively few votes for the Mellon plan if the Literary Digest had informed them of the other plan. I read from a part of the article, as follows:

In fact, as if to prove the genuine character of this test of the voters' beliefs, the anti-Mellonites make a gain in the second week's tabulation of votes. The West and South are beginning to be heard from. Even New England, which the scattering returns of last week seemed to place as the section of the country most in favor of Secretary Mellon's plan, shows a slight falling off in enthusiasm. The percentages for New England last week were 88.6 in favor to only 11.4 opposed. This week the percentage runs 86.8 in favor to 13.2 opposed. The mid-western section of the country, where probonum sentiment is strongest—

Mr. President, in his arguments for a radical—50 per cent—reduction in the surtax on large incomes, some of which amount to millions, Secretary Mellon has repeatedly asserted that with a 25 per cent instead of the present 50 per cent surtax the rich man will invest his income in railroad and other industrial bonds, instead of Federal, State, county, and municipal securities, which he now purchases to escape paying income tax. So far as I am aware, he has never attempted or condescended to show just why this will be true. He knows he can not do it. Possibly, he thinks that the average Senator and Congressman knows nothing about finance and could not be made to understand the reason for such an intricate problem. One distinguished Senator, Mr. COUZENS, a Republican, has had the audacity to address several letters to the Secretary of the Treasury vainly seeking information on the subject.

The Hon. JAMES A. FREAK, a Republican of Wisconsin, in his able and splendid speech in the House of Representatives on January 7 states, "Experts say a reduction of surtax from 50 per cent to 25 per cent or even 20 per cent or less will not materially affect tax-free investments." This confirms my own mathematical calculations, based upon a fair knowledge of the interest paid on State, county, and municipal securities and some of the taxable bonds.

I myself have some comments and conclusions from an expert in the Treasury Department to which I should like to call the attention of this body. One of the very best men in Secretary Mellon's department prepared these for me, and I call them to the attention of this body. Referring to tax-exempt securities, this expert states:

It is my judgment that a lot of false propaganda on this subject has been disseminated. First, does it make any difference in the general prosperity of the people whether 10,000 small investors purchase a bond issue of \$1,000,000 or whether the same is purchased by one large investor? It is admitted there is quite a difference in the income to the Government, but I can not see why there should be any difference in general prosperity, for if the money of the small investor is released by the purchase of such bonds by the rich the money of the small investor immediately finds its way into the banks and trust companies which pool such amounts and make large loans to its patrons engaged in all kinds of industrial enterprises. The money of the 10,000 small investors being released is immediately pooled by the banks to perform the identical service the \$1,000,000 of the rich man would perform if it had been loaned to the business man instead of invested in tax-exempt securities. Second, who profits by the fact that municipal bonds are not subject to the Federal income tax? I think it can not be successfully denied that property taxes in the States, counties, and cities are largely paid by a direct tax on real estate, and that personal property in stocks and bonds held by the rich to a great extent escapes such taxes. As a result of the tax-exempt feature municipalities are able to secure money for their needs at a much lower rate of interest, which is a direct benefit to the small home owner or farm owner whose wealth is so largely in real estate and can not escape the tax assessor.

I might add, Mr. President, that the tax-exempt feature of Federal farm-loan bonds enables farmers to borrow money at about 2 per cent lower interest rate.

The Secretary of the Treasury evidently thinks it a financial crime to give to farmers a cheaper interest rate by means of tax-exempt securities. Obviously he thinks that wealth is best employed when invested in oil, distilleries, and breweries, as some of his is said to be.

From the statements of Secretary Mellon and the millionaire supporters of his plan one would infer that money invested in tax-exempt securities is actually withdrawn from circulation, thus producing a money shortage, with all its attendant evils. As a matter of fact, Mr. President, this money, except the part used to purchase Federal bonds, is immediately spent in the employment of labor and purchase of material by the State, county, and municipal governments for public improvements, such as highways, water and sewer systems, electric-light plants, and so forth, quite as essential to the well-being of the people as the railroads and other industries, including oil, in which Mr. Mellon and his wealthy friends are so much interested.

As has been shown in the statement, which I have quoted, from the Treasury Department expert, it makes no difference in the general prosperity of the country whether the tax-exempt bonds are held by a number of small investors or a few millionaires. The amount invested in these bonds—Federal, State, county, and municipal—is the same in either case, and the money available for development of industries, both public and private, is also the same. It does, however, make a vast difference in the income tax received by the Government, and measures should be taken to prevent the rich man from defeating the purpose and intent of the law, through abnormal holdings of tax-exempt securities.

As an additional argument in favor of his proposed 50 per cent reduction in the surtax, Secretary Mellon calls attention to the decline of large taxable incomes since 1917. With reference to this matter the expert in the Treasury Department says:

It must be admitted that the decrease has been very great, but Mr. Mellon does not give the correct explanation of the reasons therefor, although the reason suggested by him may properly be urged as one of the reasons, but by no means the controlling one, in my judgment.

First. There was a tremendous payment of stock dividends by large corporations for all years subsequent to 1916, thus reducing the taxable income of large stockholders.

Second. There was a failure on the part of many corporations to declare and pay cash dividends, thus allowing the profits to accumulate as surplus beyond the reasonable requirements of the business, as well as the using of profits for expansion.

Third—

And this is important—

The heads of wealthy families in most cases formed trusts for the double purpose of splitting their incomes to avoid surtaxes, while at the same time they were splitting their estates and avoiding high rates of estate tax.

Mr. President, the real explanation for the apparent decline in large incomes was disclosed recently by the Teapot Dome investigation, which at the same time revealed the scheme adopted by the rich to evade the surtax on personal incomes.

It appears from the testimony of Mr. Sinclair's personal counsel that the principal object of the creation of the Hyva Corporation, of which Sinclair is the sole and only stockholder, was to have this oil magnate's fabulous earnings taxed as a corporation instead of personal income. Under the present law the tax on a corporation is 12½ per cent of income, while the normal tax and surtax together amount to 58 per cent on personal incomes over \$200,000. By this questionable, if not dishonest, practice Sinclair saves the difference between 12½ per cent and 58 per cent of his enormous income.

The testimony before the committee of Sinclair's personal counsel, Mr. Stanford, is so illuminating that I shall ask you to bear with me while I read excerpts from it:

Senator WALSH. You told us, Mr. Stanford, that the matter of taxation was a consideration for the organization of the Hyva Corporation. Just what do you mean by that?

Mr. STANFORD. Well, the income tax on corporations is 12½ per cent, I believe.

Senator WALSH. And the idea was that Mr. Sinclair would organize this corporation and, no matter what its income might be, he would pay 12½ per cent tax?

Mr. STANFORD. I think that is the universal idea now, and is generally done.

Senator WALSH. Instead of holding his private interests, on which he would be obliged to pay according to the rising surtax?

Mr. STANFORD. That was one of the circumstances.

You will observe, Mr. President, that Mr. Stanford, in offering an excuse for his client's action, says the organization of a bogus or dummy corporation to evade the surtax "is generally done."

There is corroboration for this startling revelation in the testimony of another of Sinclair's personal counsel, Mr. Zevely, who stated that he himself had formed one of these personal corporations, the Ja Ja Corporation, to which he says he transferred the cash received from the sale of 3,500 shares of Sinclair Consolidated, amounting to about \$115,000, loaned or given to him by Sinclair. These are the stocks that aroused the suspicion of Sinclair's private secretary, Mr. Wahlberg, from whose testimony it might be inferred that a personal or dummy corporation provides a convenient and secret bank from which to draw the funds needed for the bribery of public officials.

No doubt this practice has been known to the Secretary of the Treasury for some time, yet he has not until recently recommended to Congress the repeal of the provision of the present law limiting to 12½ per cent the tax on incomes of corporations. Why he has not called this flagrant violation of the spirit, if not the letter, of the law, to the attention of the Department of Justice is a mystery to me. Possibly he feels, as the public well knows, that this discredited department is too busily engaged in its futile effort to discredit the Wilson administration to undertake the prosecution of rich criminals, who contribute so liberally to the Republican campaign fund.

In his statement before the Ways and Means Committee of the House, on January 19, Secretary Mellon makes the startling and amusing assertion that the farmer and the tenant pay the surtax.

His argument, which is unique, to say the least, in support of this assertion is as follows:

No thoughtful person longer doubts that, irrespective of his income, he pays the high surtaxes in the general high price level. For example, the Baltimore & Ohio Railroad Co. has bonds maturing next year, bearing 3½ per cent interest; the Chicago, Milwaukee & St. Paul has maturities in the same year bearing 4 per cent interest. Both roads will have to refund on a 6 per cent basis.

The additional price of money must be paid, not by the roads but by their shippers, in freight rates. The farmer, who alone must meet world competition in what he sells and in what he buys, pays the surtax.

The New York Renting Commission reports that tenants are in no better position to-day than they were in 1920, and that rents have risen enormously. Increased cost of building is not responsible. Again the tenant pays the surtax.

Even if it were true, which I do not admit, that the high surtax is responsible for the increase of interest on railroad bonds, what influence can this increase have on freight rates? It is the operating expenses of the road that regulates the rates; the interest on bonds is almost infinitesimal in comparison with wages, upkeep, and other operating expenses.

The inference from his statement about rents is that the high surtax makes money scarce and that building operations have thereby been checked. The absurdity or incorrectness of this contention is shown by the report on building operations in the December bulletin issued by the National City Bank of New York.

This report in part is as follows:

The revival of building operations is the symptom which carries the most encouragement as to probable business conditions in 1924. The year 1923 will make a record much above that of any previous one in the value of construction work. Bradstreet's returns of building permits granted in reporting cities for 10 months foot up \$2,590,709,250 as against \$2,080,039,978 in the like period of last year.

The assertion that the farmer and the tenant pay the surtax is on a par with the Republican high tariff slogan of by-gone days that "the foreigner pays the tax," and is equally as absurd. The Republican tariff slogan did not deceive the voters, neither will they be led astray by Mr. Mellon's fallacy.

Mr. President, all this propaganda about surtax is camouflage, pure and simple, to conceal the frantic efforts of Mellon and his rich friends to reduce their own taxes 50 per cent, while they limit the reduction of the taxes of the man of moderate means to 25 per cent. Every clerk in his department knows or should know this to be true.

Secretary Mellon himself would profit to the extent of millions of dollars by the 50 per cent reduction of surtax he so strongly urges. This multimillionaire has steadfastly declined to give any information as to his income, but Representative FREAK, a Republican, says:

If Mr. Mellon has an estimated 5 per cent net income on his fabulous wealth, then \$5,000,000 or more annually is probably received by him, or from \$15,000 to \$20,000 every day of the year.

It would therefore appear that Mr. Mellon would save annually fully \$1,250,000 through his plan of making the maximum surtax 25 per cent instead of 50 per cent. It is generally believed that his saving would amount to about \$2,000,000 a year.

The late Senator Watson, my colleague, in an address in the Senate, took the position—and Senators will remember it—that because of Secretary Mellon's great wealth, which was invested in breweries, aluminum, oil, and many other great trusts, he was disqualified to hold the office of Secretary of the Treasury. Since Mr. Mellon, himself one of the richest men in the world, uses his office to secure a reduction of the taxes of the rich, thereby preventing much needed relief to the poor, I am constrained to agree with my former colleague.

Mr. President, there are other sins besides the income-tax sop to the rich at the expense of the poor, for which this Republican administration will have to answer to the American voters, male and female.

During the last administration, on the recommendation of President Wilson, Congress created the Federal Trade Commission, which investigates the big trusts and prevents unjust competition. It was created so that the Government would protect the small business men from unfair methods of competition of big trusts. The commission had succeeded in showing up the unfair methods of some of the big trusts, among them the Standard and other oil companies and the Chicago Meat Packers' Trust. As soon as the Republicans got control of Congress they tried to throttle the Federal Trade Commission by declining to appropriate money for its upkeep.

The big Meat Packers' Trust had a lobby here to destroy the Trade Commission, the Government's agency that investigated it, and though it failed in this, its influence with the Republicans was so overpowering that they had Congress pass a law taking away from the Trade Commission the control of the Meat Packers' Trust, thus leaving the farmers and cattle growers at the mercy of the trust. A Republican Senator charged on the floor of the Senate that the lobbyist attorney of the Meat Trust actually wrote part of the bill that Congress passed.

I introduced and passed through the Senate a measure to prevent the Standard Oil Co. from discriminating in prices—they sold oil higher in some stations than others—but the Republican leaders in the House defeated it.

The Federal Trade Commission's investigation showed that there was no competition between the three big oil trusts—the Standard Oil Co., the Texas Co., and the Gulf Co. Secretary Mellon is the largest stockholder in the Gulf Co.; the Mellon interests control this company.

During the last administration Secretary Fall, then a Member of the Senate, and other Republican Senators, time and again denounced on the floor the policy of President Wilson because the President did not favor going to war with Mexico, which would have caused the death of many thousand American boys; but the American owners of oil lands in Mexico cared nothing for the lives of these noble boys; they were only thinking of making more millions. President Wilson's policy kept us out of war with Mexico and saved the lives of thousands.

In order for the Republicans to get control of the Senate it was necessary for them to seat Newberry, who had, as a Republican Senator said on the floor of the Senate, bought his seat in the Senate, and asked the Senators to confirm the sale by seating him, and the Republicans seated him. Had Ford, instead of Newberry, been seated, the Democrats would have controlled the Senate.

It has been charged on the floor of the Senate time and again that the manufacturers met with the Republican members of the Senate committee behind closed doors and no Democratic member of the committee was allowed to be present. Many of the manufacturers had contributed to the Republican campaign fund, and the tariff duty was placed so high that nearly everything we wear and eat is taxed heavily.

Another scandal of the present Republican administration is the conduct of certain members of the Tariff Commission. Three of these commissioners ought to be disqualified. One of them is interested in keeping up the price of sugar. This commission is helping the Sugar Trust as well as many others.

The Republican Party is responsible for the Esch-Cummings law, which practically guarantees dividends to the owners—most of them living in New York financial centers—of railroad stocks, and as a result the increased freight and passenger rates.

The Republican Party is responsible for the Fordney-McCumber high tariff law, which places \$3,000,000,000 in indirect

taxes on the consumers of this country. All of this money goes into the pockets of the manufacturers, who raise their prices on the necessities of life, and as a result an extra tax burden of \$135 a year is placed on the man with a family who toils for his living and has no property. The cost of living has greatly increased during this Republican administration; it has increased constantly ever since President Coolidge took charge—the Government's statistics prove this.

There has been more scandal during this Republican administration than any other in the history of our Government. We now have the Fall matter, disposing of the oil reserves for our Navy, which will be so necessary in event of war, and a few months ago we had the corruption in the Veterans' Bureau, resulting in the neglect of our wounded and disabled soldiers, in both of which scandals the highest Republican officials were involved. The people of the country, regardless of party, have lost confidence in the Department of Justice. All are familiar with the unjust treatment and discharge without reason or law of the civil-service employees in the Bureau of Engraving and Printing, some of whom have died because of such treatment.

It is known generally that the Fertilizer Trust lobby has been openly opposing, and to my mind their propaganda has delayed, the Government's completion and lease of Muscle Shoals, which would help furnish munitions to our Army and Navy during war and in peace furnish cheap fertilizers to the farmers. But can you expect this Republican administration to interfere with the Fertilizer Trust's profits, even to make us independent of other countries in the matter of nitrates in war or peace? President Wilson planned Muscle Shoals to accomplish this end, but the Fertilizer Trust, through its influence with the Republicans, has delayed it. President Wilson planned naval oil reserves for our Navy in time of war, but the Republican administration transferred them to the Secretary of the Interior, Fall, and he and Denby, the Secretary of the Navy, bartered them away. What is our country coming to?

Everyone knows that the farmers have needed help more than any other class. All prosperity depends upon the farmers—when you help the farmers you assist all business—but the Republican administration believes in helping the trusts instead of the farmers.

The Republican administration allowed Doheny and Sinclair to make more millions out of the Teapot Dome and other oil leases than all the farmers and livestock growers have made in all the western States.

Mr. President, I did not hear President Coolidge's speech in New York last night, but I understand from those who did hear it that the greatest applause was when President Coolidge said he was opposed to giving the soldiers any more pay and when he came out in favor of reducing the high surtax to help the millionaires.

Mr. President, that speech was delivered on the birthday of Abraham Lincoln, a man known to be for the people and of the people. If a person were to get up in the Senate Chamber or anywhere else in this country and say that Abraham Lincoln in his time favored reducing the taxes of the wealthy more than those of the poor, and that he declined to help the soldiers or had been unwilling to help them, every Senator in this Chamber would say that such statement does Lincoln an injustice. President Coolidge will find that the farther he goes from Wall Street to deliver a speech of that kind the less applause he will receive.

Mr. President, I have no prejudice against those who honestly accumulate great wealth, but if they continue trying to avoid bearing their fair share of the burden of taxation they will be giving aid and encouragement to socialists and others who believe in the confiscation of all property. This Republican administration, with all its scandals, by enacting legislation for the benefit of the trusts and wealthy class and furnishing no relief to those who toil in the field and shop, has done more to encourage discontent among our people than all the Russian propaganda we hear so much about.

The Republicans, since they came into control of the Government, have spent millions of dollars trying to discredit the Wilson administration in waging and winning the greatest war the world has ever known. So anxious were they to do this that they devoted all their energies to vain searches for criminative evidence and let our soldiers and sailors, victims of this war, die of neglect in the streets. Yet now they admit that more of graft and incompetency marked their conduct of the Spanish-American War and that more men died of preventable diseases and neglect in 1898 than in the Great War, where millions were engaged. We, the Democrats, therefore challenge with pride a comparison of our conduct of the Great War with theirs of the Spanish-American War.

I ask to place in the RECORD the amendment I offered in 1921 reducing the taxes on earned incomes by 50 per cent, together with the vote thereon and the statement of the chairman, the late Mr. Penrose:

[From the CONGRESSIONAL RECORD, October 24, 1921, p. 6669.]

Amendment offered by Mr. HARRIS to bill (H. R. 8245) to reduce and equalize taxation, etc.:

"Provided further, That upon that amount of the net income which is received from the labor or personal service of the taxpayer, other than salaries paid by the United States, the rate upon the first \$4,000 or fraction thereof of such excess amount shall be 2 per cent and upon the second \$4,000 or fraction thereof of such excess amount 4 per cent. In ascertaining the income subject to the tax imposed by this proviso the credits provided in section 216 shall be first allowed against such income received from the labor or personal service of the taxpayer, and in computing net income the deductions provided in section 214 shall be properly apportioned under rules and regulations prescribed by the commissioner, with the approval of the Secretary, between such income from the labor or personal service of the taxpayer and other income."

[From the RECORD, October 24, 1921, p. 6684.]

On the amendment of Mr. HARRIS—

The result was announced—yeas 21, nays 36, as follows:

Yeas (21): Ashurst, Borah, Broussard, Caraway, Gerry, Harris, Heflin, Hitchcock, La Follette, McKellar, Overman, Pittman, Pomerene, Ransdell, Reed, Sheppard, Simmons, Stanley, Swanson, Walsh of Massachusetts, and Walsh of Montana.

Nays (36): Brandegee, Bursum, Cameron, Capper, Cummins, Curtis, Edge, Ernst, France, Frelinghuysen, Gooding, Hale, Harreld, Kellogg, Keyes, Lenroot, McCormick, McKinley, McLean, McNary, Moses, Nelson, New, Newberry, Nicholson, Norbeck, Oddie, Penrose, Poindexter, Smoot, Spencer, Sutherland, Warren, Watson of Indiana, Williams, and Willis.

[From the RECORD, October 24, 1921, p. 6670.]

Mr. PENROSE. I only wanted to say, Mr. President, if the Senator will permit, that not only in the course of the consideration of the pending bill, but in the course of the preparation of the bill which is now the law, the question of earned and unearned incomes was most exhaustively considered by the committee, by the Senate, and by the Treasury Department, and the opinion was nearly unanimous on the part of all who have examined it that any such provision is impossible of administration. Undoubtedly it is plausible, and on its face conclusive as to certain phases, but as a general proposition it is absolutely impossible of practical administration, in my opinion, and in the opinion of every one conversant with the subject with whom I have talked. I therefore hope, in the interest of effective legislation, that the amendment will not be agreed to.

"THE OUTLOOK IN CONGRESS."

Mr. WALSH of Massachusetts. Mr. President, the junior Senator from Montana [Mr. WHEELER] made a speech recently in Massachusetts, the State of his birth, which I would like to have printed in the RECORD. I ask unanimous consent that the speech be printed in the CONGRESSIONAL RECORD.

The PRESIDING OFFICER (Mr. COUZENS in the chair). Is there objection? The Chair hears none, and it is so ordered. The matter referred to is here printed, as follows:

THE OUTLOOK IN CONGRESS.

Senator WHEELER spoke as follows:

"Ladies and gentlemen: To-night I shall present the cause of the West, and what I believe should be the cause of the East—and especially the cause of Massachusetts—and the outlook in Congress from a western standpoint.

"In order, however, to anticipate the outcome of a campaign or to predetermine the probable results of a battle, the military expert must know something of the character and disposition of the forces engaged. In order to discuss intelligently the present 'Outlook in Congress' we must first take stock of the political elements of which Congress is composed. Where have they been, where are they now, and where do they propose to go from here?"

"In the evolution of all representative governments the will of the people has come to be expressed through the media of political parties. These parties are organizations more or less loosely formed about some central economic issue. Occasionally there are social or other factors involved in the problems, but these most always can be traced back to an economic source. Thus the question of human slavery, while involving a great moral principle, had its origin in an economic issue that divided the Nation and was the underlying cause of the Civil War.

"It is true that the two great parties that came into being during the first years of the Republic—the Federalist and the anti-Federalist Parties—divided on the question of a 'centralized government,' a



purely political issue, but as soon as that was thrashed out, the people aligned themselves under the banners of the two great parties which under different names have managed the affairs of government up to the present time. And these two great parties have represented until recent years distinct economic issues.

"With the election of Thomas Jefferson the old anti-Federalist Party disappeared and in its place came the Democratic Party, while the old Federalists after their defeat reappeared as the Whig Party. The Whig Party died in 1860, and the Republican, born in 1856, was swept into power on the issue of abolition. Since then, for more than 60 years, the political contests have been between these two dominant parties representing divergent and usually opposite economic principles.

"From time to time there has been mutiny and rebellion within the party camps. Sometimes it has taken the shape of a new political organization—a new political party. At other times it has appeared in the Halls of Congress, where a group of forward-looking men, known as progressives or independents or radicals, have refused to submit to party discipline or to be governed by party interest.

"The Republican Party, dominated as it has been for the last 50 years by the 'vested interests' and the 'predatory rich,' has been torn and rent by repeated insurrections. The independent Republicans broke away and supported Horace Greeley, the mugwumps left the reservation and voted for Grover Cleveland, then the Bull Moosers led by Roosevelt came within an ace of running away with the party and all its machinery. Now there is a bunch of progressives in Congress who are causing the man at the steering wheel all kinds of trouble. But that is not all; Hiram Johnson threatens to rally the Bull Moosers and do to Coolidge what Roosevelt did to Taft. And in the shadow stands Robert M. La Follette, a potential and ever-present threat.

"Owing to changes in the economic condition of the country, the old party lines have disappeared. It is true that the Republican Party still stands for high protection and the Democratic Party for a low tariff—a tariff for revenue only. But there are many Republicans who believe that many of our industries do not need protection and that many more are overprotected, and there is a growing rebellion in Republican ranks against a tariff subsidy led by those who believe in a tariff only up to the point of protection under fair competition. On the other hand, there are Democrats that are asking for additional protection for something in which they or their friends are especially interested. The South, which was once an advocate of a tariff for revenue only, sends to Congress several champions of protection for southern products and industries. So with many of the fundamental political issues it is becoming more and more difficult to distinguish a Republican from a Democrat by what he advocates. It has been said of the Republican elephant that 'you can not tell by the looks of its track whether it is going or coming back,' and this is largely true, too, of the Democratic mule.

"The overwhelming Republican victory of 1920 was the direct result of a national hysteria—the aftermath of the war. There were no economic, moral, or social principles involved. It was the result of the unreasoning action of a mob. It was a victory of the reactionary element—and was made possible because that element controlled practically all the avenues of propaganda and used them to stampede the people. The election of 1922, however, reversed the verdict of 1920, reducing the majorities in both Houses of Congress, and by reason of this a mere handful of Senators and Representatives are likely to prove a thorn in the side of the administration. For this handful of Senators and Representatives are progressives—radicals, if you prefer—who hold the balance of power in both Houses.

"This, then, is the present situation in Congress—reactionary Republicans and reactionary Democrats who represent the same economic ideas, the same financial and industrial interests—they are the standpatters, the conservatives who are satisfied with the things as they are and shy at every new idea. They sit with their faces to the past. A change to them means revolution. In every new movement to better human conditions, in every innovation, however innocent, they imagine they see a conspiracy to overthrow the Government and place a red flag on the White House. These men, no matter what their political alignment, belong to one party—the reactionary, the conservative party, that is and always will be opposed to human progress. They represent the same type of mind as the royalists of Europe, of the Czar, the Kaiser, and other rulers who have brought Europe to the verge of collapse. They are for the established order of things regardless of who established the order, or why.

"Then we have the progressive Republicans and the progressive Democrats. They are alike in everything but name. They stand for the same things. They are made up of the forward-looking men and women of the Nation. Their faces are toward the rising sun. They believe that the world moves and that we as a Nation should move with it. They have an abounding faith in the greatness of this Nation and in the good sense of the common people, because, as Lincoln said, God has made so many of them.

"I must not fail to mention the two Farmer-Labor Senators. These men represent an intelligent protest against the dominance of the reactionary element in both old parties. They are classified with the progressives in the political line-up and no doubt will be found voting for progressive measures.

"With this marshaling of forces what is the outlook for legislation during this session of Congress? What measures are demanded by the people?

"First. There is an insistent demand that something be done for the relief of the farmers of the Nation.

"Second. An adjustment of our tax laws to more equitably distribute the burden, so that those who took advantage of the exigencies of the war to accumulate profits, pay out of those profits the expenses of the war.

"Third. An adjusted compensation to those who sacrificed their business and their jobs to suffer hardships and risk their lives at the call of their country.

"Fourth. As a step toward the relief of the farmers of the country and as an act of justice to the public generally, the repeal of the Esch-Cummins law and a reduction of freight and passenger rates.

"Fifth. A revision of the Federal reserve banking law to the end that these great financial institutions be so run that there will be no discrimination against the small merchants, the farmers, and the laborers or any class of citizens.

"I represent a great State, in which agriculture is the dominant industry but where we produce in great quantities other raw materials, such as lumber, oil, copper, coal, silver, and other minerals. But these latter interests seem to be better able to take care of themselves than are the farmers, although all have suffered by reason of special legislation enacted by Congress in the interests of a few powerful financial institutions here in the East. What do the farmers want? They want just what the manufacturers here in New England have had—the price of their products stabilized so that they, too, can get cost of production plus a reasonable profit on their investment and their labor. They want first of all a square deal—then they can take care of themselves and go on feeding the world as they did during the war.

"When the manufacturing interests of New England come to Washington and inform Congress that they can no longer make a profit in the manufacture of cotton goods or boots and shoes or hardware or woolen goods, because of the economic condition of the world, they are not told to go back home and 'diversify' their business or go to school to learn cooperative marketing. No; Congress and the President don't tell the manufacturers any such thing. When they ask Congress to stabilize the price of their products and compel the American public to pay exorbitant prices for the articles they manufacture they are not told that it is 'economically unsound' to tax the whole people for their special benefit by placing a tariff on their products in order to give them a monopoly of the American market. Nor are they told to shut down their factories and produce less. But when the farmers of the Nation ask for the same treatment given to every other industry, he is told that any attempt to place him on a level with other producers would be 'economically unsound'; that he must go home and work out his own salvation; in fact, he is told to go home and 'slop the hogs,' as President Coolidge virtually told the farmers of the entire Nation in his recent message.

"I lay no claim to being a prophet or the son of a prophet, but I will venture, nevertheless, to predict that unless the three great men from Massachusetts who assume to guide the destinies of the grand old Republican Party recognize the fact that there is a portion of the United States west of the Hudson River, or even the Mississippi River, inhabited by white men who are neither Bolsheviks nor communists, who demand recognition as a part of the United States—I say, if these three great men fall further to recognize these facts, the grand old Republican Party will go the way of all flesh, and on its tomb will be inscribed 'Weighed in the balance and found wanting.'

"We of the West and Middle West have paid tribute to the manufacturers of the East in the shape of excessive prices for manufactured articles since a time when the memory of man runneth not to the contrary. The farmers of the West now ask the Government to stabilize the price of their products by affording them a monopoly of the American market until such time as Europe is again in shape to absorb our surplus and pay a price that will cover cost of production.

"It is not my province at this time to discuss the details of the legislation proposed for the relief of agriculture. But I may say that the measure known as the Norris-Sinclair bill provides, in my opinion, for the machinery necessary to give the agricultural interests of the whole country the necessary temporary assistance, or until Europe is in a position to buy our surplus raw materials, such as wheat.

"The large financial interests of this country are filling the press with propaganda tending to secure popular approval of what is known as the Mellon plan to reduce taxation. Reduction of taxation is an interesting subject—it interests everybody, because nobody wants to pay taxes. It is said that there is nothing certain but death and taxation, and we all want to dodge both. And some of the big fellows would

apparently rather dodge their taxes than death, if we may judge by the way they squirm. The Mellon plan proposes to reduce the taxes on profits and incomes, claiming that by reducing the rate the Government will get more money. This is on the theory that the less you ask, the more you get.

"I do not agree with that theory and I do not believe that it will work out in practice. A man or a corporation that will evade paying a 50 per cent tax will also evade it, or try to, if it is reduced to 25 per cent. I do not believe in placing a premium on tax evasion by any such concession. Further, I believe in making those who made huge profits during the war and since then bear the bulk of the burden of the expense of the war. Then, too, the average citizen has a right to be a little suspicious of a scheme for tax reduction that is urged by all the big interests that would be benefited by the measure. The testimony of a witness who is or may be interested in the outcome of a case, is always to be regarded with suspicion—human nature is human nature. Mr. Mellon is very enthusiastic about his plan to reduce taxation. So is the reactionary press from Maine to California. Just how much the interests owned by Mr. Mellon would be benefited by this reduction in taxation I shall not presume to say. But I will say that the Mellon plan will not reduce the tax burden now borne by the farmers and the workers of the country, who have had no profit nor income above a bare living, and often not that, for so, these many years. The taxes they want reduced is the tariff tax that has doubled the cost of living, and from which, under the present régime, no living man can escape. The tax reductions of the average citizen under the Mellon plan will be negligible. Take, for instance, an individual who pays taxes on an income of a million dollars will have his taxes reduced in an amount in excess of \$250,000, while on the other hand 200 citizens, with incomes of \$5,000, will have their taxes reduced less than \$60 each, or a total of less than \$15,000.

"My friends, they tell us that business is booming, that it has been booming for two years, and that the outlook for 1924 is unusually bright. They tell us that the railroads have been making money—much money—and that they will spend millions in improvements and extensions the coming year. We are told out West that the northwestern roads are going to spend three million good, hard dollars in advertising the agricultural resources of the States through which they operate—and all this in the face of the fact that 90 per cent of the 43,000,000 farmers in the United States are bankrupt, can neither pay their debts nor their taxes.

"President Coolidge disposes of the demands of the ex-service men, who fought to a finish the World War, in just nine words: 'I am not in favor of a bonus.' I do not like the word bonus when applied to our returned soldiers. I am not in favor of a gift or a premium or a subsidy to anyone, not even to the Steel Trust or the shipping interests. But I am in favor of the United States paying its just debts. If you owe the men who fought the war a further compensation, and I think we do, it should be paid even if we have to increase the taxes on the profits of business and incomes during and after the war to pay it. We all remember what we promised the boys when they were called upon to fight for world democracy. There was nothing too good for them—not even the \$1.20 per day did not then seem excessive—it would be sufficient to buy them cigarettes while they fought in the trenches. But when they came back it was another story. The interests, relieved of the fear of German invasion and a possible indemnity, had no further use for the boys who had risked the perils of war that they might pile up profits at home. It is simply a question of compensation for service rendered. If the Nation owes it, let the debt be paid, and that without any more bickering. Congress recognized the principle of adjusted compensation when it granted a bonus of \$20 per month to employees in Washington in recognition of the increased cost of living.

"One of the chief causes of the present deplorable condition in the farming districts is the excessive freight rates charged by the railroads and authorized by the Interstate Commerce Commission under the Esch-Cummins law. Even the President in his annual message to Congress said 'Competent authorities agree that an entire reorganization of the rate structure for freight is necessary.' This may mean something and it may mean nothing. That there is 'something rotten in Denmark' everyone but the railroads themselves admits.

"Wherever the Esch-Cummins law was made an issue in the last election, and it was made an issue in nearly every Western State, the people demanded its repeal. The proponents of the law and those who voted for it in Congress were, as a general rule, retired to private life. I do not intend to discuss the transportation problem, it is too big a subject to even touch upon here, but I do want to call attention to the fight made by the reactionary forces in the Senate to keep Senator Cummins, the coauthor of the law, as chairman of the Interstate Commerce Committee. Notwithstanding the mandate of the people wherever they have had a chance to express themselves, demanding the repeal of this law, the majority of the Republican Senators and one Democrat—Senator Bruce of Maryland—

continue to vote for Cummins for chairman of this important committee which has charge of railroad legislation. This was the first test of strength in the Senate and the result is uncertain.

"Fully 50 per cent of the banks in the Northwest have been, financially embarrassed during the last two years and many have closed their doors, and unless something be done to relieve the situation many will close during the coming year. These wholesale failures are the direct result of the deflation policy ordered by the Federal Reserve Board in 1920. The sudden and arbitrary contraction of credit so deflated the prices of farm products that the farmers of the Nation were robbed to the tune of more than \$5,000,000,000 on a single crop. And property values decreased in excess of \$15,000,000,000 in a single year, this amount being more than half of the total debt contracted by our Government during the war. This is why the West demands a change in the management of the Federal reserve system from that of the bankers of Wall Street to Government control.

"What is the outlook in Congress in regard to legislation on these important questions? It is too early to venture a guess. We know what the people want, but will the reactionary forces allow remedial measures to pass? Your guess will be as good as mine. All I can say is the progressives still hope to accomplish something.

"No matter what the Senate and House may do, there still remains the chance of a presidential veto. In his annual message the President has frankly joined with the reactionaries of the Nation. On the railroad situation he said in substance, 'The freight rates are high in places—they must be adjusted, but capital must be protected,' but he made no recommendation about squeezing the water out of the railroads.

"To the demand of the farmers for relief he said, in effect, 'You people—you farmers in the West don't know when you are well off. You are getting a bigger income than you ever had before. All you have to do is to organize and raise less wheat—diversify, and you will be happy.' To the soldiers, in effect, he said 'You were paid enough for the work you did, and we do not intend to take any of the profits of the war profiteers or coupon-clipping class to pay you any more for what you did.'

"There are a number of other questions that are likely to come up in the course of this session of Congress. Some of them are administrative, like our foreign relations, which affect our markets and business generally. Shall we help solve the economic problems of Europe or follow the Hughes policy of isolation, continue to sing the hymns of hate and let the world go to smash?

"You people here in the East are interested in the price and the supply of coal. You need it in your business—you need it in your homes to keep warm. The coal question comes close to you. In his inaugural address the President said that the price of coal was outrageously high. He said that the prices ought to be reduced and profiteering eliminated, but all the Government could do was to ascertain the facts as it had done through the coal commission and leave it to the Coal Trust to do the right thing. If they did not do the right thing, then it might be well to publish that fact also—then they would be good. We have reached the point where publicity has no effect. The coal barons can 'snap their fingers at the foe's taunts' and with Vanderbilt tell the 'public to be damned.' The Government has spent \$600,000 on the coal commission and publicity, but still the price of coal went up.

"Samuel Rea, head of the Pennsylvania Railroad, came to the White House to tell the President what the policy of the administration should be toward the railroads. After the conference President Coolidge said: 'I told Mr. Rea that rates, especially on coal and wheat, must be reduced. I told him that the people of New England, for example, see coal being drawn past their homes into Canada for lower rates than they have to pay. I said to Mr. Rea that there may be some sound economical policy to justify this but the people of the country must never be allowed to believe that they are being treated less favorably than the people of any other country.'

"President Rea returned to Pennsylvania and shortly thereafter the railroad executives announced that under no circumstances would the railroad rates be reduced—and there is no indication that they will be reduced unless Congress takes a hand. You men remember how the old Boston & Maine and the New York, New Haven & Hartford Railroads were considered among the strongest and best in the country. Their bonds were regarded as good if not better than those of the Government. You doubtless remember, too, how they were looted, and the money of the widows and the orphans of good old New England families that was invested therein was taken by the stock gamblers in Wall Street. Nothing has been suggested by the Government to prevent a repetition of the same thing. And, more than that, every effort was put forth to elect Senator Cummins, who has faithfully served the railroads, chairman of the Interstate Commerce Committee by the railroad bloc in the Senate.

"In a recent statement given to the press Herbert Hoover lamented the decline of party solidarity and the formation of blocs for the purpose of securing or preventing desired or obnoxious legislation.

He doubtless had in mind the so-called progressive bloc which successfully blocked the ship-subsidy bill during the last session of the Sixty-seventh Congress and which now interferes with the orderly workings of the reactionary Republican machine.

"I do not care to discuss the advantages or disadvantages of two-party rule, but the 'bloc' in American legislation is not a new thing, as the Secretary of Commerce seems to think. We have always had them. The financial bloc has always taken care of the interests of Wall Street; the railroad bloc never lost sight of the interests of the railroads.

"Just now the progressive bloc is receiving condemnation of the regulars who do not seem to be able to understand the psychology of a progressive. What is a progressive? A progressive is one who does not believe that all virtue and honor and knowledge is in the past. A progressive has little respect for old things simply because they are old. He has faith in the ultimate triumph of the right and believes in the future. Were it not for the progressive this would be a stagnant world. The progressive is not afraid of new ideas—he will try out most anything once. Abraham was a progressive. When the Lord appeared and said unto him, 'Get thee out of the country and from thy kindred and from thy father's house into a land that I shall show thee and I will make thee a great nation,' he did not hesitate but went. He evidently wanted to see the world and better his condition—he wanted to enlarge his horizon, get a broader view. So he went to Canaan, while had he been a standpatter he would have stayed at home and lived and died in Heran.

"We are hearing a great deal about radicals. We hear of red radicals, radicals of the pink variety, radicals with whiskers presumably imported direct from Russia, and just plain radicals without any fringes or trimmings. These radicals are supposed to be dangerous creatures, forever plotting to overthrow the Government. Indeed, we are told that they intend to plant a red flag on the White House. What is a radical anyway? Do any of you know? Did you ever see a genuine radical? A friend of mine who is an authority on the subject of radicals told me that a radical is a progressive who believes in what he advocates.

"I have been called a radical and I rather like it, because it places me in such good company. Christ was the greatest radical of all time. He was a breaker of idols, the herald of a new day; He was militant; He drove the money changers out of the temple; He denounced cant and hypocrisy; He preached peace on earth and good-will toward men; He believed in what he advocated and they crucified Him.

"Count me o'er earth's chosen heroes—they were souls that stood alone,

While the men they agonized for hurled the contumelious stone;  
Stood serene, and down the future saw the golden beam incline  
To the side of perfect justice, mastered by their faith divine,  
By one man's plain truth to manhood, and to God's supreme design."

"As a native son of Massachusetts I am proud of its history. I am proud of the little group of radicals that landed at Plymouth Rock. I am proud to be numbered among the radicals of the Revolutionary period—men like Samuel Adams and Hancock and Warren, old Israel Putnam, and that fiery radical from Virginia, Patrick Henry—all radicals who were ready to sacrifice their lives, their fortunes, and their sacred honor for the cause in which they believed.

"I am proud to be classed as a radical with Paul Revere, whose midnight ride to arouse the minutemen made us a Nation. We all do honor to the radicals who were responsible for the Boston Tea Party. We admire the radicals who fought at Lexington and Bunker Hill. We honor Charles Sumner for his radical stand on the subject of slavery. It is owing to the work of her radical sons that Massachusetts has been able to lead the procession of national progress in every crisis. As a native son I rejoice in the good fortune of an adopted son of the State that made him President of the greatest Nation on earth, but I regret that his political philosophy is so different from that of the distinguished sons who have represented Massachusetts in the past. I hope his administration will bring glory to his adopted State, but I fear his policy will bring joy to Wall Street and anguish to the hearts of the people as a whole.

"On this occasion that marks the one hundredth milestone in the missionary work of the church it is pleasant to remember that the church has ever been progressive—it has never been afraid of a new idea. That is the reason why we are here celebrating a century of progressive and aggressive missionary work in every corner of the world. If Bishop Blake and Doctor Hartman had been cast in the regular mold of conservatism, had they not possessed the courage of their convictions, the Methodists of this country might still be believing the mendacious propaganda about Russia, framed up and broadcast by the lying sleuths of Burns's detective agency and the paid propagandists.

"The Methodist Church has a wonderful opportunity to be of service, not only in Russia and other foreign missionary fields, but right here in America. You have an opportunity and I believe it is your duty not only to take your Methodism with you into the church on

Sunday, but take it with you into the workshop, into the store, the bank, and then into the politics of Massachusetts and America. Use your united influence to send men to the Congress of the United States who are progressive in thought and believe in what they advocate; men who are not afraid of a new idea; men who have convictions and have the courage to maintain them; men who are responsive to the will of the common masses of humanity. If you are afraid to do so, if the economic pressure is too strong for you, if you are too weak kneed to stand up and be counted, if you lack the intestinal stamina to fight the good fight for the economic freedom of the masses as your forefathers fought for political freedom in 1776, then the Christ when he returns will not recognize you as his followers, nor would John Wesley recognize you as Methodists if he could return to the materialistic world.

"Let the spirit of seventy-six be abroad in the land and let the proud sons and daughters of old New England lead the vanguard of progress toward intellectual, political, and economic freedom.

"You people feel that as Christians and Methodists you should be charitable; that you should, out of your abundance, give to the poor and needy; that you should comfort the widow and care for the fatherless; that the State should provide homes for the indigent and helpless, penitentiaries for the criminals, and asylums for the unfortunate. We believe in and do all these things and we preach morality from the pulpit, but we all know that these are only outward applications to relieve the patient for the time being. Why not go deeper and remove the cause?

"The people of New England fought to free the chattel slaves of the earth. We honor Charles Sumner for the brave and constant fight he made for individual and political freedom of the negroes of the South, but what are you who honor his memory doing to free the workers of the North and the South from economic slavery?

"When malaria and other forms of disease are prevalent it is well and proper to administer to the sick and do all we can to assist them to recover their health, but who will say that it is not infinitely better to spend money and effort to remove the cause of the disease?

"Do you realize how rare a thing courage is—real courage—the courage that will lead a charge against overwhelming odds? The most of us would rather follow the lines of least resistance. We had much rather go around the hill than over it. Our ministers are perfectly safe as long as they confine their preachings to moral ethics and hand out homeopathic doses of moral platitudes, but the moment they attempt to apply the surgeon's knife and cut out the core of the disease, if that disease happens to have an economic origin, the largest contributors are likely to object and the daring minister, the disciple of truth, is called to another charge.

"But I honor the man who is willing to sink  
Half his present repute for the freedom to think,  
And when he has thought, be his cause strong or weak,  
Will risk t'other half for the freedom to speak,  
Caring naught for the vengeance the mob has in store,  
Be that mob the upper ten thousand or lower."

"The other night I spoke in Baltimore. In opening the meeting the chairman said that prior to the time when the people had a chance to vote directly for United States Senators their faith in our system of representative government, although not broken, was badly bent. And when we remember the eternal struggle between the forces of right and wrong, with—

"Truth forever on the scaffold, wrong forever on the throne,"

"Let us remember always that—

"That scaffold sways the future, and behind the dim unknown  
Standeth God within the shadow keeping watch above his own,"

"During the last three years the faith of the people of the West in the power that runs the ship of state has been badly bent. Their property has been ruthlessly taken from them by a financial oligarchy by a system of deflation that has no parallel in economic history. They have repeatedly asked Washington for bread, and so far they have been given a stone. Their only hope now rests in the influence of an enlightened public sentiment that will force from a reactionary majority a policy of common justice and a square deal."

#### ORDER OF BUSINESS FOR TO-MORROW.

Mr. HARRISON. Mr. President, I would like to know what the order for to-morrow is. Is there a unanimous-consent agreement that we will go into executive session to consider the Major case?

Mr. FLETCHER. Yes; at the close of the morning business. The PRESIDING OFFICER (Mr. COUZENS in the chair). At the close of the morning hour.

#### ORDER FOR RECESS.

Mr. FLETCHER obtained the floor.  
Mr. SMOOT. Mr. President, will the Senator from Florida yield to me for a moment?

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

Mr. FLETCHER. I yield.

Mr. SMOOT. I ask unanimous consent that when the Senate closes its session to-day it take a recess until 12 o'clock to-morrow.

The PRESIDING OFFICER. The Senator from Utah asks unanimous consent that when the session closes to-day the Senate take a recess until noon to-morrow. Is there objection? The Chair hears none, and it is so ordered.

#### SHIPPING SITUATION.

Mr. FLETCHER. Mr. President, I desire to submit a few observations respecting the American merchant marine. A statement was made this morning by the senior Senator from Louisiana [Mr. RANDELL] that the Emergency Fleet Corporation contemplated moving its offices to New York City; at least, that there was rumor to that effect, and there is some pretty well-founded reason for it, evidently, because the Senator followed that with a resolution bearing on that subject, which went over until to-morrow.

In the Washington Herald of January 31 last appeared this statement:

R. Stanley Dollar, Pacific coast shipping magnate, is in Washington personally conducting negotiations with the United States Shipping Board for the purchase of 10 passenger vessels.

Five of the ships are now being operated by his own line, the Admiral-Oriental, between Seattle and the Orient, and five are in the Pacific Mail fleet, operating between San Francisco and the Orient. Dollar's offer is for "all 10 or none." The amount of his offer was not revealed.

I am prompted to present to the Senate some facts with reference to the situation regarding our shipping and some views on that subject. There is a general feeling that in order to have an American merchant marine, it should be privately owned and privately operated, and numerous trade bodies throughout the country have adopted resolutions to that effect. As against that idea I have never taken any positive stand, but my observation leads me to the belief that we will never have anything like an adequate American merchant marine in the United States upon that basis. I believe the Government must own and operate at least a portion of the American ships engaged in overseas trade, or we will find ourselves, as we were in 1913, carrying only about 9 or 10 per cent of our foreign commerce in American bottoms.

Congress not only authorized but directed the Shipping Board, in the act of 1920, to operate the ships, until such time as they could be properly and in a good business way disposed of, keeping always in mind the expressed primary purpose to establish and maintain an adequate American merchant marine.

Evidently a majority of the board and the officers of the Fleet Corporation have been all along opposed to Government operation, and Government ownership as well.

Congress has failed in no respect to furnish the money required and to give full support to the bureau.

No Government ever more liberally and whole-heartedly furnished the means for accomplishing the purpose set forth in the merchant marine act of 1920.

Energetic and persistent effort has been made by competitors, by selfish interests, by those who oppose the Government conducting any business to make our whole plan and purpose a failure.

The Fleet Corporation, supposedly supported by a majority of the Shipping Board, has pursued a course which encouraged that opposition and opened the way for the insidious and effective use of that propaganda.

It appears now all offers to purchase the ships have been ridiculously low and absurd: that what sales they have made have been at prices which rarely exceed 10 per cent of the cost of the vessels.

Some of the ships, next to our best, costing millions of dollars, have been practically given away. This under the management of alleged experienced shipping experts drawing salaries from \$20,000 to \$35,000 per annum.

Justification for these transactions is based on the idea that the Government ought to cease to own and operate ships right now.

To show this interpretation of the law to be erroneous, I need only quote the first section of the act of 1920, which has not been altered or changed, and is binding on the authorities:

*Be it enacted, etc.,* That it is necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels sufficient to carry the greater portion

of its commerce, and serve as a naval or military auxiliary in time of war or national emergency, ultimately to be owned and operated privately by citizens of the United States; and it is hereby declared to be the policy of the United States to do whatever may be necessary to develop and encourage the maintenance of such a merchant marine, and, in so far as may not be inconsistent with the express provisions of this act, the United States Shipping Board shall, in the disposition of vessels and shipping property as hereinafter provided, in the making of rules and regulations, and in the administration of the shipping laws, keep always in view this purpose and object as the primary end to be obtained.

The entire context of the act shows emphasis is to be placed on the word "ultimately," meaning "eventually," "in the end," "finally."

What efforts were put forth by private citizens to facilitate the Government going out of the business?

The Shipowners' Association offered to help solve the problem and generously proposed, in effect, to purchase 100 ships at about \$20 a ton, provided the board would sink the remaining—more than 1,200 cargo vessels—and would impose no restrictions as to routes and flag.

That would have terminated the Government's interests at one sudden stroke. The acceptance of such an offer would have destroyed all chances for an American merchant marine for this generation.

The board admits they can not now sell the ships. There is nothing to do, therefore, but operate them to the extent that they may render a proper, useful service. August 20, 1921, in the Senate, I said:

We can not afford to give away these ships or to sink them or to tie them up. We can not afford to junk this great enterprise.

That conclusion was finally reached by President Harding after the ship subsidy bill failed to pass. In writing, he directed putting into effect the policy of "Direct Government operation, aggressively pursued."

That should have been done from the beginning. If it had been done there would have been more and better offers for the ships, fewer obstacles encountered, and compliance with the laws. The policy laid down by Congress should have been pursued. That meant the Government agency running the vessels should have given definite assurance to the world that the fleet is to be permanent, and to all shippers that there will be American bottoms in which to market their goods. Further, plans should have been adopted whereby the greatest efficiency and economy in operation could be attained.

Even after taking that firm stand by President Harding the policy has not been lived up to or put in force. There has been hesitation, halting, extravagance, ill-advised contracts, confusion, indecision, politics, favoritism, giving the impression all the while that the Government's ownership and apparent operation were only temporary and that the Government would soon abandon the enterprise. No business could succeed in such circumstances. The then chairman of the board proclaimed and fairly boasted of the failure he was making of the pretense of Government operation.

The situation has been all along such as may be likened to a man crossing a street. If he starts, goes to the middle, and then backs and fills, he will likely be run over by the moving traffic.

The Shipping Board started to cross to the side of real Government operation, went part way, and then circled about, and never reached the other side.

That means self-destruction, suicide. This bureau was made the dumping ground for political patronage. Useless employees and large salaries helped to load down the overhead.

All this was just what our competitors and the selfish interests wanted. Why should anyone buy a ship when it was a safe bet, as affairs were directed, they would soon be given away or go on the scrap heap?

These interests were gleefully flying over the fast-dying merchant marine, feeling sure their day of gratification would come.

Admiral Benson, alone, attended to the operation of 450 ships, and on May 9, 1921, the comptroller, Mr. Tweedale, testified:

From the beginning of the operation of this fleet to May 1, 1919, we paid all the expense of the fleet, the operation of the fleet, and in addition to that declared a profit of \$48,325,000 and also laid up \$33,000,000 for depreciation, making a total of \$81,325,000. From that point, May 1, 1919, down to March 1, 1921, the fleet was operated at a profit of \$17,000,000.

At that time, as I recall, there were 78 people in the comptroller's office.

After the reorganization of the board in 1921, with Mr. Lasker chairman, the number was increased to 1,600. Then, operating about 400 ships, with the Fleet Corporation newly officered and three shipping men receiving salaries aggregating \$95,000 a year to run the ships, the losses moved to nearly \$50,000,000 per annum. A monstrous record. No wonder they may feel the people will not complain if they give the ships away.

Now, President Coolidge has taken up the matter in earnest, and he realizes that direct Government operation, "aggressively pursued," I believe, is the only reasonable, sensible, patriotic course and the one demanded by the public interest.

He agrees that the Emergency Fleet Corporation should be the active agency for operating the vessels, and the Shipping Board, without foregoing their responsibilities under the law, should not attempt to interfere, except in a supervisory way, laying down the policy which apparently the President has outlined. Further evidence of that determination is the selection of Admiral Palmer, at the President's suggestion, as president of the Fleet Corporation, in place of the chairman of the Shipping Board.

That means, I hope, real, direct Government operation, with a will to conduct it on sound business principles and a determination to have it succeed, with no sort of understanding that it is to terminate at any foreseen time.

If that is done in good faith, I see hopes that we will have at least 4,000,000 tons of merchant shipping in overseas trade under our flag permanently, increasing as the years go by and American commerce requires. It will mean that the United States will no longer be almost wholly dependent on foreign ships in peace or war. We ought to so announce to the world. The Emergency Fleet Corporation should amend its charter by eliminating the word "Emergency." It should be proclaimed that the Government is in this enterprise without limit and to stay, in order to execute the declared policy "to do whatever may be necessary to develop and encourage the maintenance" of a merchant marine, it being recognized as "necessary for the national defense and for the proper growth of its foreign and domestic commerce that the United States shall have a merchant marine of the best equipped and most suitable types of vessels, sufficient to carry the greater portion of its commerce and serve as a naval or military auxiliary in time of war or national emergency." (Act 1920.)

We should proceed to Dieselize and otherwise put in condition the best and most suitable ships and keep up and maintain our merchant marine.

One ship drives east, and another drives west,  
With the self-same winds that blow;  
'Tis the set of the sails and not the gales  
Which tells us the way they go.

The Fleet Corporation, the administration, have simply temporized and blundered along, to our discredit and great loss.

Never before, if we have now, have we set our sails for genuine Government ownership and operation in good faith and with a will to succeed. Big business, the world over, has held its hand against it. Prior to the act of 1920 there was a limitation of five years fixed by law on Government operation. The merchant marine act of June 5, 1920, did away with that limitation and declared the policy which only Congress had the right to declare. If Admiral Palmer and the Fleet Corporation will see to the right "set of the sails" they will succeed, and the starred banner will become the symbol of a world commerce.

Otherwise, within five years there will not be a million tons of overseas shipping under our flag, and that will grow less, rather than increase, as time goes on. My information is there are only 22 American flag freight ships engaged in our foreign trade, privately owned, to-day. There are a few mail lines in addition. Are we to sacrifice to private interests or scrap the 1,300 steel ships owned by the people of this country in order to avoid competition with those carrying only an infinitesimal portion of the overseas shipments?

I do not believe the American people have forgotten when their surplus products weighed down the terminals on all our coasts, unable to reach waiting markets because we had no ships, and when freight rates went up and up, as much in some instances as 1,000 per cent, and when we were in desperate need of transports, tankers, supply ships, and the like. They have not forgotten when they poured out their money for Liberty bonds in order that ships might be speedily built. They have the ships. They will not be pleased to find themselves obliged to undergo an experience like that of 1915, 1916, 1917 again.

The situation is not hopeless. It can be saved. We will see.

## OPERATION OF MERCHANT VESSELS.

Article I, section 8, of the Constitution grants ample power to Congress to provide for the creation of the Fleet Corporation with the authority set forth in section 11 of the shipping act of 1916. Under that section the corporation formed was to be dissolved at the expiration of five years from the conclusion of the European war. But the same constitutional grant gave the right to Congress to extend and continue the life of the Emergency Fleet Corporation until all vessels are sold, as it did by section 12 of the merchant marine act, 1920.

Congress had the right to enact section 11 and section 12, referred to, under any one of several powers granted by section 8 of Article I of the Constitution. Congress has declared a fixed purpose and adopted a definite plan by legislation, such purpose and plan being expressed and amplified in the first section of the merchant marine act, 1920, heretofore quoted.

Frequently throughout the act we are reminded that the purpose set forth must be constantly kept in mind, and all other provisions are related to and controlled by this declared object. Section 5 expressly provides the power of sale implied in the first section, but this power is subject to very definite limitations, among them, (1) business principles must be applied to each transaction and (2) any sales plan must be subordinated to the primary purpose of the act. The right to sell exists only when a sale is—

consistent with \* \* \* the objects and purposes to be attained by the act—

And—

to carry out the policy declared in section 1.

It is the imperative duty of the board, irrespective of the personal preferences of its members, to operate the vessels for Government account, rather than sacrifice them to private interests, if thereby the best interests of the American merchant marine are advanced.

Section 14 recognizes that the period through which Government operation may continue is indefinite. The proviso to section 12 emphasizes the idea of the upkeep of the vessel and says that until sold they—

shall be managed and operated by the board \* \* \* for the promotion and maintenance of an efficient merchant marine, pursuant to the policy and purposes declared in sections 1 and 5 of this act.

Without repeating the provisions, it will be seen upon examination that ample power to operate vessels exists, not only under section 9 of the shipping act, 1916, but also under sections of the merchant marine act of 1920, other than section 7, but Congress deals with the subject further in section 7 in combination with positive directions to the Shipping Board to establish new routes. That section makes it the duty of the Shipping Board to establish and put into operation lines—

from ports in the United States or any Territory, district, or possession thereof, to such world or domestic markets as in its judgment are desirable for the promotion, development, expansion, and maintenance of the foreign and coastwise trade of the United States, and an adequate postal service.

The board is not to abandon but to persevere in operations on such routes even though they do not pay. A duty rather than a limitation is imposed by this section.

Even if the board proceeded under section 9 of the shipping act, conditions precedent have all taken place. The President gave the order in writing to proceed to "Government operation, aggressively pursued."

A definite mandate has been given the board by the law. The board is made the instrument of the Government to give effect to the purpose of the American people to have an adequate merchant marine, not only to serve our commerce, but because it is essential to our national life, and they must do "whatever may be necessary" to attain that end.

It is entirely feasible to have a merchant marine partly Government-owned, partly privately owned. The Government ships, it is contemplated, should be used in opening up new routes and trades; in supplying carriers where needed owing to the absence of American flag vessels; in blazing the way for private enterprise; in maintaining freight and passenger rates which will yield a reasonable return and establish standards upon which our private owners may build up profitable interests, but which will nevertheless restrain and restrict the charging of any higher rates by private lines to the detriment of American travelers and shippers.

The power to sell vessels is not given for the purpose of enriching private owners, but it is for the purpose of effectively attaining the primary purpose of Congress, the maintenance of an adequate American merchant marine. The

power and authority given to the Shipping Board and the Fleet Corporation are to accomplish this main object, by enabling them to do "whatever may be necessary" to develop and encourage the maintenance of an adequate merchant marine under the American flag, for the national defense, and for the proper growth of our foreign and domestic commerce.

In hurrying the ships into private ownership the question first arises, will that course be the wise one and the best one in reaching the end for which we have planned and to which we have aimed? In each case is the proposed sale and are the terms such as will result in the attainment of the purpose expressed in the law? If—without regard to consequence to the future permanent merchant marine, in pursuance of an erroneous interpretation of the law and the policy expressed by Congress, based on opposition to Government ownership and operation and the idea that the public interest requires that the Government should retire completely and finally from the shipping business—sales have been made, on those grounds and for those reasons, it is possible that such sales may be rescued from fraud and bad faith. Such grounds and reasons, however, are fallacious and unwarranted. In such cases the sales are in contravention of law, even though not fraudulent. Sales have been made, I take it, for sound reasons, and in undoubted conformity with the law, but some of the sales that have been made are open to just criticism, to say the least. Each transaction should rest on its own merits. No one knows outside the organization the facts and circumstances in each case.

There are some sales we are informed about in answer to specific inquiries, and I will allude to them in a moment.

Two hundred and twenty-nine vessels were sold during the years 1922 and 1923, at the total purchase price of \$43,169,214.50, as per this statement:

*Ships sold by United States Shipping Board, January 1, 1922—December 31, 1923.*

Year.	Quarter.	Number of ships.	Amount.
1922.....	First.....	19	\$4,157,000.00
1922.....	Second.....	37	5,167,382.00
1922.....	Third.....	29	2,553,705.00
1922.....	Fourth.....	23	3,788,430.00
Total (1922).....		108	15,666,517.00
1923.....	First.....	40	10,183,241.00
1923.....	Second.....	49	11,580,282.00
1923.....	Third.....	14	5,056,500.00
1924.....	Fourth.....	18	679,674.50
Total (1923).....		121	27,502,697.50
Total.....		229	43,169,214.50

Average sale price per ship, \$188,511.85.

The Shipping Board has 1,308 steel cargo vessels, 2 concrete, 7 tankers, 21 passenger ships, 3 cargo wooden ships, 4 wooden barges, 14 harbor tugs, 1 tug hull. There are in operation 349 steel cargo ships and the passenger and wooden fleet mentioned. The Shipping Board is running the United States Line, New York to London. The other vessels are operated by agents under contracts whereby the Government pays all losses. Some of these contracts require examination, if my information is substantially correct. If any of the boats lose money, what boats do you suppose will enjoy that privilege? Managing agents, who are building up their names at Government expense, can drop our ships and install ships of another flag. Is this thought of in dealing with managing agents? One tank steamer operates between Tampico, Mexico, and Port Arthur, Tex. Why should a concern in New York be engaged as managing agent, receiving \$400 per month for each boat as husbanding fees? Why, while that is going on, should the operating agent in Port Arthur receive \$100 per month for each leg of the voyage, the boat averaging four round trips per month? In addition to that, a subagent at Port Arthur receives \$100 per month and a subagent at Tampico \$50 per month, a total of \$1,350 per month, or \$16,200 per annum, agents' fees in the operation of this tanker. There is need of better shore management. This firm in New York is operating seven Shipping Board tankers between Pacific coast ports and Atlantic coast ports. There is great need of effecting economies and efficiency. It would seem that we are paying for those things and we ought to have them in greater measure.

Coming back to sales. When I heard of the Dollar steamship contract I made inquiry about it, and the chairman replied,

sending me a copy of the agreement. I asked for more specific information covering the seven ships mentioned in some detail, and that was furnished.

I ask to have these communications and contract inserted in the Record without reading. There is a communication from Mr. Farley, chairman of the Shipping Board, a copy of the contract made with the Dollar Co., and a copy of a letter describing the several ships, giving the history of some of them and showing a schedule of their operations.

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

The matter referred to is as follows:

UNITED STATES SHIPPING BOARD,  
OFFICE OF THE CHAIRMAN,  
Washington, December 17, 1923.

Hon. DUNCAN U. FLETCHER,

United States Senate, Washington, D. C.

MY DEAR SENATOR: I desire to acknowledge your favor of the 14th instant, requesting a copy of the contract made with the Robert Dollar Co.

I am pleased to forward you a copy of that contract, together with the financial statement furnished by said company. The details of this contract have not been made public, because it was felt that it would be most unfair to the American merchant marine, and to the steamship company in particular, to place this information in the hands of our foreign competitors—information which could undoubtedly be used to the detriment of the company. The Shipping Board has known that inasmuch as the Robert Dollar Co. could not get similar information concerning its competitors, the publication of this information would be a great handicap to it.

Sincerely yours,

EDWARD P. FARLEY, Chairman.

This agreement entered into this 25th day of September, 1923, between the United States of America, represented by the United States Shipping Board, hereinafter called the "seller," and Dollar Steamship Line, a California corporation, hereinafter called the "buyer."

Witnesseth:

Whereas the seller is the owner of the following steamers: *President Hayes, President Garfield, President Adams, President Harrison, President Van Buren, President Polk, and President Monroe*; and

Whereas the buyer has agreed to purchase said vessels from the seller on the terms and conditions hereinafter set forth; and

Whereas the buyer has agreed to establish with said vessels and to maintain for a period of five years a round-the-world route and service as hereinafter set forth:

Now therefore the parties hereto agree as follows:

#### ARTICLE I.

The seller agrees to sell to the buyer, and the buyer agrees to purchase from the seller, the steel vessels *President Hayes, President Garfield, President Adams, President Harrison, President Van Buren, President Polk, and President Monroe*, official Nos. 220858, 221426, 221203, 220952, 220709, 221054, 220325, respectively, for the sum of \$550,000 for each vessel, payable as follows:

(a) On delivery of any vessel by the seller to the buyer, 25 per cent in cash, or by an irrevocable letter of credit satisfactory to the seller, payable on March 15, 1926, together with interest thereon at the rate of 4 per cent per annum from the date of the delivery of the vessel.

(b) Five per cent of the purchase price per annum on or before the 15th day of March in the years 1927, 1928, 1929, 1930, 1931, 1932, 1933, 1934, and 1935, together with interest thereon at the rate of 4 per cent per annum, payable annually from the date of delivery of the vessel.

(c) The balance of the purchase price on or before March 15, 1936, together with interest thereon at the rate of 4 per cent per annum, payable annually from the date of the delivery of the vessel.

(d) All of said deferred payments shall be evidenced by negotiable promissory notes of the buyer bearing interest at 4 per cent per annum, payable annually, which notes shall be substantially in the form of Schedule "A," hereunto annexed.

#### ARTICLE II.

Simultaneously with the delivery of any vessel by the seller to the buyer, and with the payment of the aforesaid first installment of the purchase price and the execution and delivery of the aforesaid promissory notes by the buyer to the seller, the seller shall execute and deliver to the buyer a bill of sale for such vessel, in usual Government form, conveying the vessel, with warranty but not warranting the vessel as to tonnage, quality, condition, or seaworthiness, which bill of sale shall be substantially in the form of Schedule "B," hereunto annexed; and immediately following the execution and delivery of such bill of sale by the seller to the buyer, the buyer shall execute and de-

liver to the seller a first preferred mortgage on the vessel to secure the payment of the deferred installments of the purchase price and the aforesaid promissory notes evidencing same, which first preferred mortgage shall be substantially in the form of Schedule "C," hereunto annexed, but the execution of such bill of sale shall not release or discharge the covenants contained in Articles VI and VII hereof.

## ARTICLE III.

The seller shall use due diligence to deliver four of said vessels within the period of four months and the remaining three vessels not later than six months from the date of this agreement, but if such delivery is prevented for reasons which the seller thinks justifiable, the time of delivery shall be extended until such vessels can, by the exercise of due diligence, be delivered. Said vessels shall be delivered at the ports of New York and/or San Francisco, at the option of the seller, classed at the highest classification for vessels of their type in the American Bureau of Shipping, and with certificates of the United States Steamboat Inspection Service in full force and effect, and in the condition that said vessels now are, ordinary wear and tear excepted, except that if any of said vessels shall suffer any damage by accident between the date hereof and date of delivery to the buyer such damage shall be repaired by the seller at its expense.

## ARTICLE IV.

The seller shall also deliver with each of said vessels, as part and parcel thereof, all boats, tackle, apparel, equipment, spare parts, furnishings, and appurtenances thereunto appertaining and belonging, as shown by the inventory on her last voyage before delivery, whether on board the vessel or ashore, in the same good order and condition as they now are, ordinary wear and tear excepted, including therein all advertising matter in stock pertaining to the vessels, and all plates, cuts, and one complete set of builders' plans and specifications for each vessel, but excluding fuel, consumable stores, submarine signal apparatus, and leased radio equipment on board said vessels.

## ARTICLE V.

On delivery of each of said vessels an inventory shall be made of all consumable stores and fuel on board, and the same shall be paid for by the buyer at current prices prevailing at the time and place of delivery to buyer.

## ARTICLE VI.

The buyer agrees to make with said vessels not less than a total of 10 round voyages each year, unless prevented by any causes of whatsoever kind beyond the control of the buyer, for a period of five successive years from and after the date of the delivery of the first vessel to the buyer, in a round-the-world route and service, which shall commence on the east coast of the United States and continue through the Panama Canal to the Pacific, with the buyer's option to call at United States Pacific coast ports and Honolulu; thence to Japan, China, Philippine Islands, and Straits Settlements, with the buyer's option to call at Dutch East Indies and Indian ports; thence through the Suez Canal, with the buyer's option to call at any African, eastern Mediterranean, and European ports; thence to the east coast of the United States; or, at the option of the buyer, any or all voyages may be made in the reverse order and said ports or places may be visited in any order: *Provided, however,* That in the event any of the vessels are not delivered to the buyer, and/or after delivery any of the vessels are lost or destroyed, the number of voyages herein required shall be reduced proportionately.

## ARTICLE VII.

In the event that the buyer shall fail to make the number of voyages required by Article VI hereof, unless prevented by said excepted causes, or if the buyer by its act shall render it impossible to make the number of voyages required by Article VI hereof, then in such case the seller may at once take possession of all of the vessels wherever the same may be and the buyer shall forthwith surrender the actual possession of the vessels immediately on written demand of the seller so to do, and the seller may hold, lease, charter, operate, or otherwise use the vessels for the maintenance of said route and service, or may use the vessels on any other route or service for the remainder of said five-year period, or any part thereof, at its sole cost and/or to its sole profit; in the event of the seller taking possession of the vessels the buyer agrees, if requested by the seller, to place at the service of the seller its entire organization without charge for executive salaries, and all other facilities for the operation of the vessels at current published rates, less 10 per cent.

The seller shall redeliver said vessels, together with all boats, tackle, apparel, equipment, spare parts, furnishings, and appurtenances thereunto appertaining and belonging, to the buyer at the end of said five-year period at the port or place at which possession of the vessels was taken from the buyer in good order and condition, ordinary wear and tear excepted, and free and clear of all liens and encumbrances, except the mortgage herein provided for, unless lost or destroyed.

In the event of the seller taking possession of the vessels under this article, condition surveys of the vessels and inventories of the boats, tackle, apparel, equipment, spare parts, furnishings, and appurtenances thereunto appertaining and belonging, and of fuel and consumable stores on board, both on delivery and redelivery of possession of the vessels, shall be taken and agreed upon, and all consumable stores and fuel, and, if taken, all excess boats, tackle, apparel, equipment, spare parts, furnishings, and appurtenances, shall be paid for by the party taking the same at current market prices prevailing at the port or place where delivery and/or redelivery of the vessels, as the case may be, is made, unless otherwise agreed to.

During such period as the seller may operate said vessels under the provisions hereof, the seller agrees, at its own cost and expense, to keep each vessel insured for \$550,000, as required by the provisions of the first preferred mortgage, and to pay the cost of such insurance.

The right to take possession of and operate said vessels, as aforesaid, shall be the exclusive remedy of the seller against the buyer for any failure to maintain said service as herein above provided.

## ARTICLE VIII.

The buyer shall have the right to change the name of any and all of the vessels at any time.

## ARTICLE IX.

If by reason of anything beyond the control of the seller it is unable to deliver all of the vessels herein contracted for, the buyer agrees to accept such vessels as the seller is able to deliver upon the terms and conditions hereinbefore set forth.

## ARTICLE X.

The buyer shall furnish to the seller a financial statement of its assets and liabilities and of its profits and losses at the end of each fiscal year in the five-year period during which said route and service is to be maintained.

## ARTICLE XI.

All the covenants, stipulations, and agreements in this agreement contained are, and shall be, binding upon the successors and assigns of the parties hereto.

In witness whereof the parties hereto have executed these presents the day and year first above written.

UNITED STATES OF AMERICA,  
By UNITED STATES SHIPPING BOARD,  
By EDWARD P. FARLEY, *Chairman.*

Attest:

CARL P. KREMER,  
*Secretary.*

DOLLAR STEAMSHIP LINE,  
By R. STANLEY DOLLAR,  
*Vice President.*

Attest:

WILLIAM J. BUSH,  
*Assistant Secretary.*

O. K. as to form.

C. G. PARKER.

DISTRICT OF COLUMBIA, ss:

I, Robert W. Malone, a notary public in and for the District of Columbia, do hereby certify that Edward P. Farley, who is chairman of the United States Shipping Board, which said Shipping Board for and on behalf of the United States of America executed the above and foregoing contract on the — day of September, 1923, personally appeared before me in said District of Columbia, the said Edward P. Farley being personally well known to me as the chairman of said United States Shipping Board, which executed for and on behalf of the said United States of America the said contract, and acknowledged to me that he executed the same as the chairman of said United States Shipping Board, and that the same is the free and voluntary act and deed of said United States Shipping Board, and of himself as said chairman thereof, for the uses and purposes therein expressed.

Given under my hand and seal this 25th day of September, 1923.

[SEAL.]

ROBERT W. MALONE,  
*Notary Public.*

(My commission expires February 29, 1928.)

DISTRICT OF COLUMBIA, ss:

I, Robert W. Malone, a notary public in and for the District of Columbia, do hereby certify that R. Stanley Dollar, who is vice president of Dollar Steamship Line, a corporation organized and existing under the laws of the State of California, which executed the above and foregoing contract on the 25th day of September, 1923, personally appeared before me in said District of Columbia, the said R. Stanley Dollar being personally well known to me as the vice president of said Dollar Steamship Line, which executed said contract, and acknowledged to me that he executed said contract as the vice president of said

Dollar Steamship Line, and that the same is the free and voluntary act and deed of said Dollar Steamship Line, and of himself as vice president thereof, for the uses and purposes therein expressed.

Given under my hand and seal this 25th day of September, 1923.

[SEAL.]

ROBERT W. MALONE,  
Notary Public.

(My commission expires February 29, 1928.)

SCHEDULE A.

No. —.

\$ —.

On or before the — day of —, 19—, for value received, the undersigned promises to pay to the United States of America, or order, at the office of the United States Shipping Board, Washington, D. C., in gold coin or its equivalent in funds current in New York City, the sum of — dollars, and to pay interest thereon from the date hereof at four per centum (4%) per annum, payable annually, in like coin or such equivalent, at said office, on the — day of — in each year, until the payment of the principal hereof.

This note is one of a series of — (—) notes, aggregating — dollars (—) principal amount, of like form and tenor, save for their respective amounts and/or dates of maturity, all given in payment for the American steel vessel or steamship —, official No. —.

Each of said notes is issued under and secured by a first preferred mortgage on the said vessel, which mortgage is dated —, 19—, and has been negotiated and received by the holder hereof subject to all the terms and conditions of said mortgage, and secured thereby to the same extent as if said mortgage were set out herein in full. In case of any default specified in said mortgage this note may become or be declared immediately due and payable in the manner and with the effect provided in said mortgage.

This note may be redeemed at the option of the maker at any time by payment of the principal amount hereof, together with accrued interest hereon.

In witness whereof the undersigned has executed this note on the — day of —, 19—.

Attest: —, President.

—, Secretary.

—, Treasurer.

UNITED STATES SHIPPING BOARD,  
Washington, December 27, 1923.

HON. DUNCAN U. FLETCHER,  
United States Senate, Washington, D. C.

MY DEAR SENATOR: In reply to your letters of December 20 and 22 and in response to your inquiry, I attach hereto a schedule of the vessels mentioned in our contract with the Dollar Steamship Line, which contains information relative to the dates of delivery, tonnage, cost of construction, and present status.

These vessels were built under contract by the New York Shipbuilding Co., of Camden, N. J., and are classified as A1 (E) in the American Bureau of Shipping.

The history of the individual vessels is as follows:

STEAMSHIP "PRESIDENT ADAMS."

This vessel was commissioned on June 24, 1921, and assigned to the United States Mail Steamship Co. for employment in the New York-London service, was transferred to the United States Lines on August 29, 1921, and has been engaged in service between New York and London from that date to the present.

STEAMSHIP "PRESIDENT GARFIELD."

Went into active service under the management of the United States Lines on March 1, 1922, between New York and London and has so continued to the present time.

STEAMSHIP "PRESIDENT HARRISON."

Was assigned to the Pacific Mail Steamship Co. and went into commission on January 6, 1921, and was employed in San Francisco, Orient, India service until June 30, 1922. From this date until October 19, 1922, vessel was laid up for repairs at San Francisco, at which time the Los Angeles Steamship Co. accepted delivery for service between Los Angeles and Hawaii. On February 5, 1923, delivery was made to Swayne & Hoyt (Inc.) for operation between Pacific ports and east coast South America, in which service vessel continued until November 1, 1923; since this date vessel has been laid up at San Francisco.

STEAMSHIP "PRESIDENT HAYES."

Was assigned to the Pacific Mail Steamship Co. and placed in service on December 6, 1920, between San Francisco, Orient, and India; was tied up in San Francisco on August 2, 1922, and so remained until

December 16, 1922, at which date Swayne & Hoyt took the vessel over for service between Pacific coast ports and east coast South America. The vessel is still active in this service.

U. S. S. "PRESIDENT MONROE."

Placed in active service on August 30, 1920, under the management of the United States Mail Steamship Co., for operation between New York and London. On August 27, 1921, vessel was transferred to the United States Lines, under whose management vessel has been, and still is, engaged in New York-London service.

U. S. S. "PRESIDENT POLK."

On March 7, 1921, this vessel was assigned to the Pacific Mail Steamship Co. for service between San Francisco and oriental and Indian ports, and so continued until March 18, 1922, at which date she was withdrawn from these operators and placed in the New York-London service under the management of United States Lines. This vessel has been continuously in its present service up to the present time.

U. S. S. "PRESIDENT VAN BUREN."

This vessel on October 21, 1920, was assigned to the United States Mail Steamship Co. for service between New York and London, and so continued until September 12, 1921, on which date transfer was made to the United States Lines for operation in the same service. The vessel was tied up from October 17, 1921, to February 28, 1922, from which date until the present vessel was operated in this service continuously.

From the above you will note that five of the seven vessels were employed on the New York-London service, while two of them were employed in the service between the Pacific coast and the east coast of South America. In the former trade the average losses were \$55,484 per voyage, while in the latter trade the average was \$110,844 per voyage, or for the seven ships a loss per year of \$3,162,109. The ships, though an excellent type, were not in all ways suitable for the runs on which they were placed. The Dollar Steamship Co., one of the most prominent and efficient American steamship organizations, offered to purchase the seven ships for a round-the-world service. After considerable negotiations the bid submitted by the Dollars was increased to a figure which the board found acceptable. The Dollar company have agreed to place the seven ships in a round-the-world service with adequate guaranty for its maintenance and regularity.

The majority of the board therefore feels in this sale it has met the desires of Congress and has exercised good business judgment, which will result in a substantial saving; it has sold seven of its ships to a responsible American company in return for a good price, and it has secured the maintenance under the American flag of the first and only regular round-the-world passenger service ever inaugurated under any flag.

Prior to the sale of the seven ships to the Dollar Steamship Line, to which you have referred, the Shipping Board advertised inviting bids for the purchase of ships coupled with an agreement on the part of the bidder to maintain line service. A copy of the advertisement which appeared in many newspapers and periodicals throughout the country between April 28, 1923, and May 4, 1923, is sent you herewith, and you will notice that it is returnable on May 28, 1923. I also inclose a copy of an advertisement for the sale of all of the board's ships without any reference to the maintenance of line service. This advertisement had a country-wide publication on February 21, 1922. Under this last advertisement large numbers of ships have been sold pursuant to negotiations which were announced to take place by the advertisement itself, and at the present time negotiations for the sale of ships are still being entertained with divers persons pursuant to the same announcement.

A number of tenders were received in response to the advertisement calling on the bidder to maintain line service, but none of the bids so received were sufficiently definite or acceptable for the board to act favorably on them as at first presented, and the board on reviewing the bids directed the continuance of negotiations which are still under way with some of the bidders. Prior to May 28, 1923, the date fixed in the advertisement for bids to reach the board no bids were received for any of the ships concerning which you inquire, which were afterwards sold to the Dollar Steamship Line; in fact, the offer of the Dollar people was the only one before the board for these particular ships.

There was no further calling for bids or advertisements other than above set forth.

As to the delivery of the ships I beg to inform you that the *President Harrison* was to have been delivered December 26, and I suppose it has been delivered.

The *President Hayes* will be delivered shortly, just as soon as the papers are received on the west coast, where she now is. These papers will probably be transmitted to-day, December 27. As to the other five ships, they will be delivered about one week apart, starting January 25, 1924.

Truly yours,

EDWARD P. FARLEY, Chairman.



Schedule of United States Shipping Board combination passenger and cargo steamers, 502 type.

Vessel.	Date delivered to Emergency Fleet Corporation.	Dead-weight tons.	Gross tons.	Construction cost.	Present status.
President Adams, ex-Centennial State.	Apr. 23, 1921	13,025	10,558	\$4,092,015.27	New York-London service.
President Garfield, ex-Blue Hen State.	July 6, 1921	13,085	10,558	4,062,456.76	Do.
President Harrison, ex-Wolverine State.	Jan. 6, 1921	13,034	10,533	4,063,528.98	Laid up, San Francisco.
President Hayes, ex-Creole State.	Dec. 6, 1920	13,005	10,333	4,063,950.73	San Francisco-east coast South America.
President Monroe, ex-Panhandle State.	Aug. 30, 1920	13,100	10,533	4,076,336.66	New York-London service.
President Polk, ex-Granite State.	Mar. 7, 1921	13,098	10,513	4,076,332.30	Do.
President Van Buren, ex-Old North State.	Oct. 21, 1920	13,075	10,533	4,067,215.37	Do.

ONLY THE PUBLIC'S MONEY!

[From The Evening World, Thursday, January 10, 1924.]

We have it from men high in authority, in two cases within as many days, that in matters relating to the spending or the squandering of taxpayers' money it is not proper the public should know the facts. This is a rather startling statement and implies not a little impudence on the part of the public's hired men.

The quiet passing over is of ships costing the American people \$30,000,000. But the Evening World agrees with Senator FLETCHER that it is of "paramount public interest" that the people, who pay the piper, shall be taken into the confidence of their agents who thus lightly dispose of public property.

Then, again, the censuring and repudiating of the report of General O'Ryan on the result of the Veterans' Bureau investigation by Senator REED of the senatorial committee, following the peculiar dropping of the investigation in the midst of disclosures, will scarcely make a favorable impression. The public knows that O'Ryan is not a politician. He is not tempted to cover an unsavory mess for the sake of party politics. He was interested in the investigation as a soldier—as the comrade of the men who have suffered through the apparent squandering of the bureau's funds. And the public is interested in his opinion of the findings without any suppressions, moderations, or whitewashing by the politicians of the committee.

In the case of the Veterans' Bureau the public knows enough that there was scandalous waste or worse. In the case of the sale of the ships it knows enough to be suspicious over a transaction which turns \$30,000,000 worth of the Nation's property to private interests for less than \$4,000,000. And the politicians in Washington ought to know enough to know that the attempt to shroud these transactions in a veil of mystery can only accentuate the suspicion that there is something rotten in regions not remote.

It is time to end the unspeakably impudent presumption of politicians and public servants that the public has no proper interest in the spending or the squandering of the public's money and the sacrificing of the public's property.

Mr. FLETCHER. According to the newspapers, Mr. Dollar considers the matter closed, and he has no objection to making the letters public. I presume it was considered important that secrecy should be observed only until the matter was closed. The truth is, I am more concerned in the public interest than I am in the Dollar Co., and I think the people are entitled to know the facts involved in the disposition of their property.

One argument in favor of the sale was the five ships running from New York to London have been losing money. While they were running with full passenger lists they could only carry about 140, all told, in each of these ships, and the same number of cabin passengers, with a small number of third-class passengers in two ships. The third-class passenger business, on account of the immigration quotas, was, of course, only good for four months in the year. These ships could carry 10,000 tons of cargo, but rarely carried, I believe, over 1,500 tons of paying cargo eastbound and seldom over 1,000 tons westbound. The passenger end of the business, evidently, was the one that paid. Now, it is proposed to put in the place of these five ships sold to the Dollar company five comparatively fast cargo ships on the same run. These are ex-Army transports and will constitute the new freight line. Before this can be done these Hog Island types must be altered and reconditioned. The board has made contracts covering this matter, as shown by their letter, which I ask unanimous consent to have inserted in the Record

at this point. The letter shows that while these seven combined passenger and cargo ships sold for \$550,000 each, they cost over \$4,000,000 each, and they were sold on time extending over a period of years. Furthermore, there is now being expended on five ships to take their place in a business which it was said was a losing business, and to transact that end of the business which was really the losing end—namely, the freight end—approximately \$3,000,000, and to expend \$1,004,650 for the reconditioning of three of them, \$389,500 for the reconditioning of another, and \$390,000 for the reconditioning of another in order to have them take their place in this trans-Atlantic business.

The PRESIDING OFFICER. Without objection, the request of the Senator from Florida will be granted.

The matter referred to is as follows:

UNITED STATES SHIPPING BOARD,  
OFFICE OF THE CHAIRMAN,  
Washington, January 17, 1924.

Hon. DUNCAN U. FLETCHER,  
United States Senate.

MY DEAR SENATOR: I have your letter of January 10, 1924. Perhaps I can answer your questions on page 1 of your letter with reference to the sale of ships by furnishing you with a complete list of all ships sold from January 1, 1922, up to and including December 31, 1923.

These schedules give the name of the ship, the type and tonnage, the motor equipment, the sort of fuel and speed, the year built, the sales price, the purchaser, and the dates of sales.

Cost of reconditioning the *Cantigny* type of transport is shown in the copy of news release, dated November 15, 1923, announcing the awards, inclosed herewith.

These vessels are single-screw design, and are known as Hog Island type "B" transports. They are combined passenger and cargo vessels and dead-weight tonnage is approximately 8,194, and the original cost of construction was approximately \$3,300,000 each. The cost of reconditioning has already been stated, and they will be operated by the United States Lines, which, as you are aware, is a direct operating unit of the United States Shipping Board Emergency Fleet Corporation. There are five of these vessels that are thus treated.

Trusting that this communication furnishes you with the information you desire, I am,

Very truly yours,

EDWARD P. FARLEY, Chairman.

UNITED STATES SHIPPING BOARD,  
Washington, November 15, 1923.

(Immediate release.)

The Shipping Board to-day awarded bids for the reconditioning of five of the Hog Island "B" type steamers. Bids were submitted for this work by 13 of the leading shipyards of the East, including the United States navy yards at Brooklyn, N. Y., and Philadelphia, Pa.

The awards were made on the bids submitted by the Federal Shipbuilding Co., New York, of \$1,004,650, plant at Kearny, N. J., for the reconditioning of the steamships *Cantigny*, *Marne*, and *Tours*, and to the Staten Island Shipbuilding Co., Staten Island, N. Y., of \$589,500, for the reconditioning of the steamship *Oureq*, and to the United States navy yard, Brooklyn, N. Y., of \$390,000, for the reconditioning of the steamship *Aiene*. The work on these vessels is to be completed in periods ranging from 75 to 125 days. These five steamers will be placed in the London trade as fast freight carriers with refrigerator facilities, and will take the place of the steamers sold to the Dollar Co. to be used in its round-the-world service.

Mr. FLETCHER. In other words, the five "President" boats are taken out of a service where they are losing money, and to escape that loss, in part, they were sold to the Dollar company. The board then proceeds to spend nearly one-half of the total proceeds of that sale on other boats which it proposes to put into the same service in handling the losing end of the business. I confess I am unable to follow the reasoning which justifies the complete disposal of five fine combined passenger and freight ships, almost new, at practically a nominal figure compared to their cost and then employ a large portion of the proceeds to equip five other ships to put into the same losing trade and restricted to the losing end of that trade. The five ships are gone. Is that maintaining a merchant marine for the people, which they demand not merely for commercial purposes but as a real essential to their national protection?

But the argument is also made that by the Dollar Co. contract these five ships are to be operated for five years in an "around-the-world service." That is not a new service. The Barber Line, which has been operating our ships out of New York around the world, has been in this service for the past three years. The Tampa Interocean Line, whose first around-the-world ship was approaching the Suez Canal on January 8, is operating Shipping Board vessels. Do they need the competi-

tion of the Dollar Co.? Undoubtedly one of the items of consideration to the Dollar Co. was the right to employ these vessels in intercoastal trade. Was that quite desirable from the standpoint of our own shipping; was it fair to American private lines now engaged in that service, from which more than 20 vessels have recently been withdrawn because of lack of business—overtonnage?

Referring to another sale we know about—the *City of Los Angeles*. I ask to have inserted in the RECORD the letter of December 28 from the chairman of the board in answer to an inquiry respecting that sale.

The PRESIDING OFFICER. Without objection, the request will be granted.

The letter referred to is as follows:

UNITED STATES SHIPPING BOARD,  
Washington, December 28, 1923.

Hon. DUNCAN U. FLETCHER,  
United States Senate Committee on Commerce,  
Washington, D. C.

MY DEAR SENATOR: In response to your letter of inquiry of December 22, I have to inform you as follows:

The steamship *City of Los Angeles*, formerly named the *Acolus*, was redelivered to the Shipping Board after use by the military early in 1920. She was reconditioned at that time at a cost of \$2,686,077, which covered major hull alterations, the installation of a fuel-oil system, rebuilding of passenger accommodations, and outfitting all departments, besides the usual overhauling. This work was completed in October, 1920, and from then until June, 1922, she was operated in the board's South American passenger service.

Thereafter this vessel was assigned to the service established by the board between Los Angeles and Honolulu, and upon her entering this service the sum of \$47,948 was expended in general reconditioning, including the renewing of her passenger quarters; the sum of \$60,000 was expended for materials, consisting principally of hotel equipment, and, in addition, extras to the extent of \$21,976 were ordered for certain other items of equipment.

In August, 1923, the board approved the sale of the *City of Los Angeles* to Los Angeles Steamship Co. for the cash consideration of \$100,000, the purchasers agreeing to maintain a regular service with this vessel, or with one equally as good, between Los Angeles and Honolulu for a period of five years, and further agreed to enter into a contract within 12 months from the date of sale to expend not less than \$450,000 upon the reconditioning of the ship, of which sum \$425,000 would have to be applied on the reconditioning and replacement of propulsion machinery and auxiliaries thereto.

I attach copy of advertisement under which offers were invited for the purchase of this vessel, which advertisement contains a description of her. The offer of Los Angeles Steamship Co. was the only bid received in response to this advertisement.

This vessel is a seized ex-enemy ship, and accordingly we have no way of ascertaining her construction cost. However, based on American shipyard prices of 1913, it is estimated that the cost of her construction would be approximately \$1,861,000. Cox & Stevens, naval architects, who appraised the vessel prior to her sale, placed her value at \$200,000 and stated that owing to her poor design, the condition of the power plant, and the age and general condition of the vessel they considered that figure a fair and reasonable valuation.

I trust that this will furnish you with the information desired.

Very truly yours,

EDWARD P. FARLEY, *Chairman.*

Mr. FLETCHER. Here was a boat built in Germany, at a cost estimated to be \$1,861,000. In 1920 the Shipping Board had her reconditioned at a cost of \$2,686,077. After June, 1922, the board expended in renewing passenger quarters and reconditioning her the sum of \$47,948; for materials and hotel equipment the further sum of \$60,000 was expended; and, in addition, for extras, etc., \$21,976; making this vessel cost—most of it in three years—\$4,677,001. This ship was sold last August to the Los Angeles Steamship Co. for \$100,000.

Mr. OVERMAN. The loss was how much?

Mr. FLETCHER. The loss was \$4,500,000. I submit the vessel was practically given away. I can not see how such a transaction can be justified from any standpoint. More money was spent on her apparel and furnishings within a year preceding her sale than she brought. We spent over two and a half million dollars on her within three years preceding her sale for \$100,000.

Mr. OVERMAN. Does the board give any excuse why that was done? Have any reasons for such action been furnished?

Mr. FLETCHER. The only reason I can see at all is that they propose to get rid of these ships as quickly as possible and to get out of the business. That has been the policy, and I am attempting to show that that policy is contrary to the law laid down by Congress itself.

Surely this does not look like the transaction—and I quote the language of the law—of "a prudent, solvent business man in the sale of similar vessels or property which he is not forced to sell." (Sec. 5, merchant marine act, 1920.)

The value of passenger ships is never calculated on the basis of dead-weight tons, because the element of considerably greater cost of hull, machinery, equipment, apparel, and furniture, passenger accommodations, and even decorations, enter into the cost of passenger ships, all at heavy cost, whereas many of these items are not involved at all in the cost of cargo ships. Here seven of these fine passenger liners, known as "President" ships, were sold at about \$50 a gross ton, payable 25 per cent by letter of credit due March 15, 1925, and the balance on annual date spread over a period of 13 years. The earnings of the first year or two should more than cover the total of all deferred payments. This fine fleet of passenger vessels has been, in effect, practically given to the Dollar Co., although the taxpayers have put into them over \$30,000,000. The statement of original cost does not cover what has been put into them since they were built.

The *City of Los Angeles* is an excellent passenger liner, of about 20,000 dead-weight tons, which has been practically given away to the Los Angeles Steamship Co., although taxpayers' money to the amount of nearly \$3,000,000 went into her within a period of three years next preceding the gift. She was sold for \$100,000, or about \$5 a dead-weight ton. There is no reservation of the right to requisition in case of emergency or need as to any of these eight splendid ships. Remember, these are not ordinary cargo vessels or freight ships, which are constantly reported to be a drug on the market. I earnestly protest against a repetition of such transactions. In the case of freight ships, with which we are overstocked, there would be less ground for complaint.

We can never have a permanent merchant marine resting on gifts.

#### EXTRAVAGANCE.

This bureau is not under the civil-service regulations. It escapes the Budget Director's scrutiny. The overhead keeps surprisingly high. Whether they operate 1,100 ships or 300 ships does not seem to make any material proportionate difference in expenditures. There have been reductions in employment, but it is believed much more is to be desired in that direction. Take, for instance, the report on attorneys employed. (Page 412, CONGRESSIONAL RECORD, December 19, 1923.) Condensed it shows:

Attorneys employed by United States Shipping Board and Emergency Fleet Corporation.

#### ACTIVE LISTS.

Regular staff, United States Shipping Board (includes general counsel, who is also general counsel for Fleet Corporation) (2 attorneys).....	\$30,000
Regular staff, United States Shipping Board Emergency Fleet Corporation (36 attorneys).....	230,900
District offices, Emergency Fleet Corporation (25 attorneys).....	123,500
Foreign offices, Emergency Fleet Corporation (2 attorneys)....	9,600
Total (65 attorneys).....	394,000

NOTE: The above list does not include any fees paid attorneys employed specially from time to time.

I respectfully submit that \$394,000 per annum is an enormous sum to be paid as a fixed charge for lawyers' fees. This does not include fees for special counsel. No doubt many of the regular staff and many of the district attorneys, all receiving high salaries, could be dispensed with. Practically all of them are good Republicans and their selection was based on political considerations. That is largely true of the whole personnel. If the opinion of April 19, 1923, signed by General Counsel Freund and Parker and also by Special Counsel Beecher—in which the right of the Shipping Board to operate vessels, as proposed in their announced policy about that time, is challenged—is indicative of their ability and faithfulness, \$20,000 a year is greatly in excess of the value of the legal services of any of them.

#### RATES AND PORTS.

One must wonder what the Shipping Board has done toward carrying out the provisions of sections 15, 16, 17, 18, 19, and 21 of the shipping act of 1916. Very important duties are imposed on the board under that act, and in the hurry of liquidation I am afraid they have not all received due attention. Now is a good time to turn to those matters, and particularly sections 17 and 18 should not be ignored. On July 29, 1921—CONGRESSIONAL RECORD, page 4790—I called attention to certain discriminations and laid the facts explicitly before the board members, which discriminations, I am advised, have never been corrected and still obtain in practice.

What proceedings have ever been instituted under section 23? So far as I can learn, these functions directed in the shipping act have remained dormant. There is very great need for action. With operations more fully assigned to the Fleet Corporation, and since liquidation seems to be far advanced, it is to be hoped there will be time to consider the interests of shippers and ports, as the law contemplates.

## LEGISLATION.

What is needed is not so much new or additional laws, or modification of existing laws, but rather faithful execution of those already on the statute books. Proper administration of what we have is all that is required. If some provisions, for instance with reference to termination of old conventions and imposing preferential duties, can not be carried out, all the powers Congress possesses in that regard should be exerted to accomplish the object expressed in the law.

I refer now particularly to section 34 of the merchant marine act of 1920; and in a decision reported in 112 United States, 599, the Supreme Court held that Congress can enforce, modify, and repeal treaties. If there are 27 conventions or commercial treaties standing in the way of the imposition of preferential duties and tonnage dues, we ought to denounce those treaties; we ought to get rid of them; and we ought to untie our hands, so that if we decide to pursue that policy we will be empowered to do it. We ought to be careful that no such provision as now blocks the way to the legislation recommended in section 34 and section 28 of the merchant marine act of 1920 shall be embodied in any further and other treaties or conventions which may come before the Senate.

Mr. OVERMAN. Mr. President, I agree thoroughly with the Senator. I have heard this matter discussed ever since I have been in the Senate, and yet I have heard no man make an effort to denounce those treaties. Why is not that done? No Senator has made an effort to do it, and yet we all think it ought to be done.

Mr. FLETCHER. I will say to the Senator that by the merchant marine act of 1920, section 34, we not only authorized but we directed the President to terminate those treaties, and that is the language used—that the President be authorized and directed to terminate the treaties that interfere with the imposition of preferential duties and tonnage dues. Neither President Wilson nor President Harding nor President Coolidge has done it; and the claim is, I believe, that to do that sort of thing might involve this country in an unpleasant situation with regard to foreign affairs. I do not see how that position is at all well taken, because the treaties themselves provide that upon giving so many months' notice either party to them has a right to terminate them.

Mr. OVERMAN. I agree with the Senator, and I know what we have done on that subject; and yet has not Congress itself the right to denounce the treaties, as we did in the case of the Russian treaty? The Senator remembers very well our action in that case.

Mr. FLETCHER. I think Congress has the right, and I believe Congress ought to act in that regard. Speaking for myself, I have had the subject in mind; but one difficulty Congress has about it is that we do not know what these treaties are. We can not sufficiently describe them. If we were to draw a bill denouncing a treaty between the United States, for instance, and some other country, we would want the particulars as to that treaty, the date, and so on, so that we could sufficiently describe it. There are some 27 treaties between 25 different countries and the United States that are now in the way of carrying out section 34 of the merchant marine act, and the State Department says it would be unwise to interfere with them.

I presume that if one took the trouble to get an accurate description of each one of those treaties and put them in an act we could probably get legislative action in that way; but we can not denounce them and terminate them by act of Congress by merely saying: "All conventions and treaties which prevent the imposition of preferential duties and tonnage dues on American shipping are hereby terminated and denounced." That would be very easy, and I believe Congress would pass such an act; but I think we would have to describe each treaty in the act of Congress if we proposed to denounce it in that way—in other words, repeal the treaty. We have the right, we have the power to do it, and I am inclined to think that that will be done if we can not accomplish it in any other way. The hope has been that it would not be necessary for Congress to take that step.

Mr. ROBINSON. Mr. President—

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator from Florida yield to the Senator from Arkansas?

Mr. FLETCHER. I do.

Mr. ROBINSON. I deem it my duty to say, in connection with the consideration of the proposed commercial treaty with Germany, now pending before the Committee on Foreign Relations, this whole subject matter is under investigation. It involves questions of very great importance and of some difficulty. The Senator from Washington [Mr. Jones] appeared before the committee during a recent hearing and presented this proposal, and representatives of the Tariff Commission and, I think, of the State Department have been heard and others are to be heard.

There are two classes of arrangements which relate to this subject in our treaties. One is called the favored-nation clause, and the other is termed the national-treatment clause. The favored-nation clause, contrary to common acceptance, does not interfere with the Government in enforcing a policy of discrimination in favor of American shipping; but what are known as the national-treatment clauses or understandings which are contained in many commercial treaties to which this Government is a party do interfere with imposing discriminations in favor of our shipping.

The theory of the State Department and of both former President Wilson and former President Harding, as I understand it, is that to denounce the treaties would be to invite retaliatory arrangements among foreign nations, which might impose great hardship upon our commerce, and other difficulties upon American shipping which might prove even greater than those under which we now labor.

I do not undertake at this time to express a conclusion as to whether it is practicable to terminate all commercial treaties that have in them arrangements which bind us not to favor our own shipping against that of other powers; but I point out the fact that the policy will be necessarily determined in the disposition of the pending treaty with Germany. If we are to change our policy and retain perfect freedom to impose discriminatory duties in favor of American ships, the pending treaty with Germany in all probability will have to be amended in very grave particulars, and other commercial treaties with the various nations will have to be denounced and new treaties negotiated. The subject is not at all simple in its practical aspects. It does appear to me to present a great many difficulties.

I merely felt prompted to make that statement, because there does not appear to be anyone else here at present who is familiar with the situation respecting the German treaty.

Mr. FLETCHER. Mr. President, I am obliged to the Senator for his statement on this subject. I had the privilege yesterday of appearing before that committee on this same matter, but I did not intend to go into that subject further than to insist that the United States ought to be left free to do as it may decide best to do with respect to its shipping; and, in my judgment, there never was a better time than now in the history of the country to change the policy which we have heretofore adopted.

This idea that we are violating our contract when we denounce a treaty is without the slightest foundation in the world. It is like a case of this sort: I rent a house from a man for a period of time. Upon giving certain notice under the contract my rights cease, or his rights are again established. Either party has the right to do what the contract provides.

In this case the contract is, with reference to all these treaties and conventions, that either party may terminate them upon giving so many months' notice—in some instances 12 months, in some instances 3 or 4 months—but there is no violation of any contract, there is no bad faith anywhere, when either side denounces the treaty, because the treaty provides for that.

Some of these treaties are 50 years old, all out of date, and not at all suited to modern conditions or times. They ought to have been terminated years ago. It looks to me very much as though the State Department itself did not want to take the trouble to dig up these old treaties and negotiate new ones. It takes a little time and work to do it, but it ought to be done.

I repeat, there never was a better time than now to institute a new policy, if it be a new policy; and, of course, it varies from that which we have been pursuing heretofore with reference to other countries. Our policy should be that the United States proposes to untie its hands with reference to all existing treaties, and, with reference to those in the future, to leave itself free to do as it may see fit with reference to any sort of legislation respecting its shipping.

I am one of those who believe that the American citizen can compete on the high seas with any country in the world. I not only do not believe that it is impossible, but I believe that

It is not even difficult for the American to compete successfully with foreign nations in the matter of shipping. There are, however, a great many other people who believe that we can not compete successfully on account of certain handicaps—higher wages paid in American vessels, high cost of construction under normal conditions, and so forth. Of course, that does not obtain at all now, because people can get ships for almost nothing. They can now get steel ships from the Shipping Board at one-third what it would cost to build them in any yard in the world, so that now there is no difference in the cost of construction to weigh against us. There is a small difference, probably amounting to 2 per cent of the cost of operation, between the American wages and the foreign wages; but, in spite of all that, the American can win on the high seas, just as he has won everywhere else, in my judgment.

However, there are a great many American people who have been discouraged, and American capital has been frightened, made timid, in a way, by this talk of losses incurred in operating ships, and so forth. They believe that some special protection must be given to American shipping, and that this is the one way to do it—by laying discriminating duties, either by reducing the duties on goods carried in American bottoms or increasing the duties on goods in foreign bottoms; and that was the policy originally. For 50 years that policy was in operation, and at the end of that time we carried 90 per cent of our overseas trade in American ships. That is the record on the subject; so these gentlemen have a very strong argument to make in favor of that sort of legislation. In fact, in 1913 we put in the tariff act provisions for discriminating duties, and they went out because they violated treaties and conventions.

In 1920 we directed the President to denounce those treaties and conventions, but that has not been done. I believe Congress means to do that thing. That will, of course, tend to encourage the investment of capital in American ships. That is one thing that may happen.

The provision in the tariff act imposing a tax of 50 per cent of the cost of repairs made in a foreign yard on American ships should be repealed. That is against American shipping, and that should not be the law. We ought to repeal that.

Inspection of American vessels should be authorized at American consulates abroad without having to return to the United States once every year for inspection.

Utilization of the Consular Service and promotion of cooperation among departments and between shippers and among owners and operators, cultivating public spirit and common interest among shippers, should be encouraged, all of which may be done without further legislation.

If the merchant marine act, 1920, is enforced as intended, it will not be difficult for American ships to compete with any in the world on the high seas. American citizens should be given every opportunity to organize, secure capital, and take our ships, assured of every encouragement within reason, but they must understand the country must and will have a merchant marine, as declared in the first section of the merchant marine act, 1920. It may be partly Government owned and partly privately owned and can be without harm to either interest; but in any event it must be adequate, and it must be maintained, because it is necessary for our national well-being.

Let us hope the new régime will avoid and correct mistakes in motive, performance, and conception of the past, and will demonstrate that they are equal to the task before them. They are in charge of a bureau than which there is none more important to the Government and to the people of this country. Great responsibility rests upon them to do the things necessary to achieve the primary, vital end declared by the law under which they serve, repeatedly mentioned, and a most serious, solemn trust is theirs to discharge in the interest of all the American people.

There appeared in the Manufacturers News for July 21, 1923, an article headed "American vessels losing United States trade to European shipping, says report," which I ask to have printed as a part of my remarks.

The PRESIDENT pro tempore. Is there objection?

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

AMERICAN VESSELS LOSING UNITED STATES TRADE TO EUROPEAN SHIPPING, SAYS REPORT.

Foreign shipping interests are capturing American export and import trade from American-owned ships, according to a statement recently issued by the National Merchant Marine Association, based on records of the United States Department of Commerce. This statement shows that total imports and exports carried by American vessels

in the first four months of 1923 have shown a steady decline over the tonnage carried in 1922.

The following table, based on the records of the Department of Commerce, shows the percentage of the value of our imports and exports, separately and combined, transported in American ships at various periods:

	Imports.	Exports.	Total.
Year 1920.....	42.02	43.65	43.00
Year 1921.....	34.98	36.05	35.57
Year 1922.....	33.55	38.44	36.23
January, 1923.....	34.32	37.75	36.13
February, 1923.....	32.25	37.90	34.92
March, 1923.....	28.42	37.70	32.50
April, 1923.....	26.45	37.45	31.48

The records of the Bureau of Research of the Shipping Board show, says the association's statement, that privately owned American vessels are losing out faster than are the Shipping Board's boats. The board's vessels carried, in the overseas trade, during the 1923 period, 2,705,000 tons, as compared with 2,804,000 tons in the 1922 period, a loss of 99,000 tons, or 4 per cent. The total for private American vessels, however, decreased from 946,000 to 748,000 tons, a decrease of 198,000 tons, or 21 per cent. For British ships the total cargoes carried increased from 4,022,000 to 4,799,000 tons, a gain of 772,000 tons, or 19 per cent, while other foreign ships showed an advance from 3,930,000 to 5,054,000, a gain of 1,124,000 tons, or 28 per cent.

The Shipping Board, under the direction of Vice Chairman O'Connor, has recently completed a survey of the idle fleet of steel vessels, which shows more than 800 ships laid up. What disposition is to be made of these vessels has not been decided by the Shipping Board. There seems to be some difference of opinion, Chairman Farley and Vice Chairman O'Connor being reported as favorable to scrapping all that are not needed for a reserve—some 200 or 250—while Commissioner Plummer recently declared his opposition to scrapping any considerable number as long as Great Britain continues to enlarge its merchant fleet.

The Shipping Board on July 1 had 3,156,000 tons of merchant ships in active service—comprising 281 steel cargo carriers operating on specified services, 35 passenger liners, and 53 ships of miscellaneous types, including tankers. Inactive tonnage numbered 919 ships of 5,869,000 tons, while 294,000 tons were carried as "temporarily inactive."

Mr. FLETCHER. I have received some letters from the Eastern and Gulf Marine Cooks and Stewards' Association of New York City with reference to employment by the Dollar Steamship Co. of orientals in their steward department, and protesting against that. I ask to have these communications from that organization inserted as showing conditions as set up by them.

The PRESIDENT pro tempore. Is there objection?

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

NEW YORK CITY, January 24, 1924.

HON. DUNCAN U. FLETCHER,

United States Senator, Washington, D. C.

HONORABLE SIR: Because of the vigorous manner in which you so ably protested the sale of the President ships which formerly were that part of the fleet of the United States Lines engaged in the London route, and because further of the scarcity of employment in marine circles, we deem it expedient that in justice to that vast army of unemployed American citizen seamen that the following facts should be brought to your honorable attention.

Briefly the facts are these: These vessels, as you already know, were built at an enormous cost to the United States Government, operated at a considerable loss, and sold at a ridiculous figure to an American citizen, Mr. Robert Dollar, president of the Dollar Steamship Co. On February 7 the President Adams will be the first of the fleet to sail, opening the route to the Orient, around the world and return. This good American, Mr. Dollar, has issued orders that Chinese labor be employed to the exclusion of competent, experienced, and qualified cooks, butchers, bakers, and other attendants in the stewards' department and who are American citizens.

To us this is a most flagrant outrage. Qualified American citizens are denied employment on American vessels operating out of an American port. Orientals who have neither voice nor vote in the affairs of this great Nation are given first consideration. The immigration laws, and more especially that section that applies to orientals, is in great danger of being violated.

I am sure, sir, you will appreciate the justice of our complaint, and as the exponent of fair and honest dealing to which your magnificent

record bears living witness we, the undersigned, do herewith respectfully appeal to you in the hope that you will use the power of your high office in correcting this most grievous wrong.

Most respectfully,

CHAS. L. DONOVAN,  
735 Washington Street, New York City.  
HENRY L. GILLET,  
143 West One hundred and twenty-third Street, New York City.  
T. MARCO,  
620 Hoboken Street, West Hoboken, N. J.  
R. E. SULLIVAN,  
218 River Street, Hoboken, N. J.  
C. BEHMISCH,  
209 East Eighty-second Street, New York City.  
LESLIE CALVELLY,  
9401 Ninety-sixth Street, Woodhaven, Long Island, N. Y.

EASTERN AND GULF MARINE COOKS AND STEWARDS' ASSOCIATION,  
New York, February 8, 1924.

Hon. DUNCAN U. FLETCHER,

United States Senate, Washington, D. C.

HONORABLE AND DEAR SIR: Quite recently some of the members of the above-named association wrote you a letter bearing date of January 24, 1924, in which they protested against the employment of orientals in the stewards' department of the Robert Dollar Co.'s vessels to the exclusion of available good American citizen seamen. You most graciously promptly replied assuring them that you would give this matter your prompt attention.

As the secretary of this said association, and on behalf of the other officers and members connected herewith, I have the honor to herewith assure you that the action taken by the above-mentioned members meets with the unanimous indorsement and approval of the entire association; and, further, at a meeting recently assembled I was authorized to address a letter similar in nature to yours to Secretary of Labor Mr. James J. Davis, which was done under date of January 28, 1924, and to which I have not to date received a reply.

For your information, honorable sir, I would like to draw your attention to a most significant comparison. The Cunard and White Star Lines (British concerns) during the winter months engage in cruises to the Orient and elsewhere, covering practically the same route as do the Dollar Co.'s ships. These companies employ a full British crew. What, then, should prevent our good American ships from employing a full American crew? Is it to be British ships for Britshers and American ships for orientals?

This association's interest and anxiety is based primarily and principally in its desire to see fair play and a just opportunity extended to the men who must eventually constitute the American merchant marine.

We realize that it is not within our province as an association to attempt to direct or suggest to any steamship company what sort or class of labor should be employed by them. We do feel, however, that it is our bounden right to protest, and protest vigorously, when we see our good American citizenry—upon whom rests the responsibility of contributing their share toward the liquidation of this great Nation's obligations—discriminated against in preference to a class who have neither voice nor vote in its internal or external affairs.

Should the argument be advanced that orientals can better withstand the trials and temptations that confront the crews engaged in this particular trade, then our answer is, give our American seamen the opportunity at least to so disqualify themselves. If Britshers can stand up under it, why not Americans?

We feel there does not exist the necessity to urge you to undertake the defense of these seamen's just rights. Your voice has again and again been heard throughout the length and breadth of this broad land in support of the people's rights, hence our appeal to you directly. All we are at this time asking is prompt action.

We propose to give this matter wide newspaper publicity, but in courtesy to you we shall defer such action until we hear the echo of your first gun resounding from the Senate Chamber.

Thanking you in advance for your courtesy and wishing you every success in your undertaking, I am, honorable sir,

Very respectfully and sincerely,

W. L. CARTLEDGE,  
Secretary-Treasurer.

Mr. FLETCHER. I call attention to the fact that under the Dollar contract the Dollar Co. has the right to change the names of the ships sold to them. My prediction is that the Dollar Co. will change the names of these ships and that at the end of the five-year period application will be made to change the flag, and the change, in my judgment, will be made. The Dollar Co. operated ships under foreign flags just before the activities of the German submarines, and then they changed some of them to the American flag.

I have no question in my mind but that at the end of the five-year period they will present to the Shipping Board such a situation that they will obtain the consent of the board to change the flag so that they can use orientals in the various departments of the ships. Of course, when that time comes, and we discuss this subject again, we can take our text from the One hundred and fourth Psalm: "There go the ships," particularly if a policy of disposing of them such as has obtained heretofore continues.

#### PRESIDENTIAL APPROVAL.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that on February 11, 1924, the President had approved and signed the act (S. 794) to equip the United States penitentiary, Leavenworth, Kans., for the manufacture of supplies for the use of the Government, for the compensation of prisoners for their labors, and for other purposes.

#### TRIBUTE TO FORMER PRESIDENT WILSON.

Mr. OVERMAN. Mr. President, I have in my hand a short tribute to Woodrow Wilson by a very distinguished woman, Mrs. Mary Kerr Spencer, formerly regent of the Daughters of the American Revolution, which appeared in the Winston (N. C.) Journal on February 8, 1924, which I ask to have printed in the RECORD. It is very short.

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

The matter referred to is here printed, as follows:

#### MRS. MARY KERR SPENCER'S EULOGY.

It has been my pleasure on several occasions to have the honor of paying a tribute to Woodrow Wilson—the living hero, patriot, and statesman. In the years that have gone before every woman was supposed to be interested in political problems, and just a few weeks before Wilson's second election as President of the United States I stood in the legislative hall in Raleigh and paid my first public tribute to America's greatest man. Since then many times it has been my pleasure to honor him, a living hero. I have been honored with several letters from his secretary of appreciation for my humble tributes to him—letters which I hoard to-day among my greatest treasures.

But to-day I bring you with a sorrowful heart and bowed head my heart's tribute to a dead hero, for to-day Woodrow Wilson is dead.

Living, he was the typical American; in death, he is America's hero, the outstanding American whom God in His wisdom and love had brought forth to meet the demand of the time and the occasion. I am convinced to-day that for all great crises of life God Himself prepares a leader. When the children of Israel were ready for the exodus out of Egypt, behold a Moses, and thus on down through all history. When the American Colonies were ready for national freedom, behold a Washington. When the great heartbreaking, crushing struggle of brother against brother tore the heart of our country asunder, when the broken and buffeted Nation was about to dissolve forever, there arose on the one hand Lincoln, rugged and fearless, schooled in the ways of adversity, and on the other hand God's own gentleman, our peerless and matchless Lee, that incomparable soul, kindred by blood and spirit to the mighty Washington—our Lee, who surely led his forces through defeat to ultimate victory. And, again, still later on, aye, so lately that our souls still quiver with the lash of the mighty darkness, when the dogs of war were howling throughout the earth, when governments rocked and crumbled and even fell, when nations hurried death and destruction at nations, when the very heart of the world itself was bleeding, when virtue was fouled, and little children cried for bread, again God, in wisdom and love, had prepared a Nation with a sure foundation and high ideals, a Nation builded by the mighty Washington, cemented and made undivided by our own beloved Lee and the dauntless Lincoln, and for this Nation, in its most critical hour, he had again prepared a leader, a leader fitted to bind up the broken and warped and torn threads of bleeding humanity and to stand out before the nations of the earth in the face of calumny and treachery, in spite of the repudiation of friends and of foes, foursquare to the work, unabashed, and utterly unafraid.

A man whom we confidently believe, that, that when the years have wiped away all shadows, and we can view his achievements in retrospect, shall stand out among the great men of the earth, the equal certainly and possibly the peer of them all, this man was Woodrow Wilson, the man whose heart was warm for all humanity, a living exponent of the great brotherhood of man, a man who was the outstanding intellectual giant of his age, a man who stood squarely upon his own feet, who was the tool of no political party or set of men, but rather the exponent of the great principles of democracy, a democracy that encompassed the world.

He was called an intellectual machine. He was called a dreamer and an idealist. This last was true, perhaps, but so were all great men all idealists; for what is idealism but the setting of a goal and

the living for the purpose of making that goal? And Wilson fought for the ideals that he espoused. Fearless of either friend or foe, he decided in his own mind what was right in his decisive way and swerved not one whit from his estimate. This at times brought forth criticism as it needs must ever do, but criticisms were as nothing to him, once he was sure of the righteousness of the course he pursued. And his devotion to his ideals, his unswerving faith in the infallibility of right, set him apart as America's greatest statesman, scholar, patriot, and Christian gentleman.

His deeds and aspirations are his greatest memorials, and so they shall ever be through all the days to come. Should he have no other monument throughout all ages the spirit of his League of Nations, which was the product of his mind and heart, would herald to all the earth his fame and glory, and while his own Nation has not seen fit to enter the league as he wrote it, the time will come eventually, I dare to prophesy here to-day, when Wilson will be justified and America will in some manner become a member; and by whatever name we may call it, and in whatever way she will see fit to enter, the great fundamental principles, I declare to you, which Wilson advocated will be the foundation upon which will be builded the final structure, and Wilson will be glorified.

We would honor Woodrow Wilson this afternoon as one of America's greatest statesmen and Presidents, her greatest scholar, her greatest political leader, her greatest idealist and philosopher, and finally as America's great Commander in Chief of the finest army, that mighty army that fought for the splendid ideals cherished by their great Commander in Chief, and which conquered because right must ever prevail over wrong. An army which is near your heart and mine, aye, an army which contained your boy and mine.

History will honor Woodrow Wilson through all ages, and to-day I pray God that when at last they wrap the mantle of their couch around them and lay them down to their last long, silent slumber, that the boys who followed Woodrow Wilson may fall asleep with his words upon their lips—"I am ready."

Life's victories and defeats all forgotten, friends and foes alike forgiven, worn with the infirmities of earth and tired of the constant struggle with disease, the door opened and there stepped within the mighty soul of Woodrow Wilson.

All earthly shackles gone, he stands within to-day himself again, with quickened spirit and revived intellect. He walks to-day secure in his immortality. Ring softly sweet morning bells, fall gently quiet evening shadows, for Woodrow Wilson has gone home.

From out the great silence methinks I hear his splendid soul softly say:

"Sunset and evening star—  
And one clear call for me,  
And may there be no moaning of the bar  
When I put out to sea.

"But such a tide as, moving, seems asleep,  
Too full for sound or foam,  
When that which drew from out the boundless deep  
Turns again home.

"Twilight and evening bell,  
And after that the dark—  
And may there be no sadness of farewell  
When I embark.

"For though from out our bourne of time and place  
The flood may bear me far,  
I hope to see my Pilot face to face  
When I have crossed the bar."

#### THIRD WORLD'S POULTRY CONGRESS (S. DOC. NO. 45).

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

*To the Congress of the United States:*

I transmit herewith a report by the Secretary of State, with an accompanying copy of a letter to him from the Secretary of Agriculture, favoring legislation by Congress that will give governmental sanction to the holding of the Third World's Poultry Congress in the United States in 1927, and will authorize the Executive to invite participation therein by foreign governments.

I invite the attention of Congress to the reasons presented by the Secretary of Agriculture why the holding of this congress in the United States would be advantageous to the important poultry industry of the country, and I ask for the matter the favorable consideration of the Congress.

It will be observed that no appropriation is asked for at this time, but that, if found necessary, the poultry representatives,

who are planning to raise a fund for the proposed congress, may take steps later to obtain a small appropriation.

It will be further observed that it is desired by the Secretary of Agriculture that the invitation to hold the third congress in the United States be extended at the meeting of the Second World's Poultry Congress to be held at Barcelona, Spain, May 10 to 16, 1924. To enable this to be done, prompt consideration of the request is important.

CALVIN COOLIDGE.

THE WHITE HOUSE, February 13, 1924.

STATUE OF GENERAL SAN MARTIN (S. DOC. NO. 43).

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

*To the Congress of the United States:*

I transmit herewith, for the consideration of Congress, a copy of a letter from the Secretary of State informing me of the gift by the people of Argentina to the United States of an equestrian statue of General San Martin, and requesting that I submit to the Senate and House of Representatives a joint resolution authorizing the erection of this statue in the city of Washington.

To the recommendation of the Secretary of State I give my hearty approval, and I trust that Congress will view the matter favorably and will make timely provision for the erection of the San Martin statue in this city.

CALVIN COOLIDGE.

THE WHITE HOUSE, February 13, 1924.

EXECUTIVE SESSION.

Mr. SMOOT. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened, and the Senate (at 5 o'clock p. m.) took a recess until to-morrow, Thursday, February 14, 1924, at 12 o'clock meridian.

#### NOMINATIONS.

*Executive nominations received by the Senate February 13, 1924.*

##### COAST AND GEODETIC SURVEY.

*To be aid, with relative rank of ensign in the Navy, by promotion from junior engineer.*

Bruce Edward Lancaster, of North Carolina, vice E. H. Bernstein, promoted.

John Alexander McCormick, of Pennsylvania, vice George R. A. Kantzler, promoted.

Daniel Fivel, of Virginia, vice George H. Everett, resigned.

*To be aid, with relative rank of ensign in the Navy, by promotion from deck officer.*

William Gibson Craib, of New York, vice Benjamin Friedenburg, promoted.

William Isaac Brown, of New Jersey, vice Nathan November, resigned.

Isidor Rittenburg, of Massachusetts, vice A. R. Jessup, resigned.

George William Tatchell, of New York, vice W. G. Fielder, resigned.

Kenneth Gleason Crosby, of Massachusetts, vice A. H. Wagener, promoted.

Herschel Bast Brown, of Indiana, vice H. E. Finnegan, promoted.

##### PROMOTIONS IN THE REGULAR ARMY.

*To be colonel.*

Lieut. Col. William Elmer Hunt, Infantry, from February 5, 1924.

*To be lieutenant colonel.*

Maj. Charles Greenough Mortimer, Quartermaster Corps, from January 23, 1924.

*To be major.*

Capt. Herman Beukema, Field Artillery, from January 23, 1924.

*To be captains.*

First Lieut. Jesse Knox Freeman, Infantry, from January 23, 1924.

First Lieut. Edward Marion George, Quartermaster Corps, from January 24, 1924.

First Lieut. Paul Hanford Cartter, Infantry, from February 1, 1924.

First Lieut. Horace Joseph Brooks, Infantry, from February 2, 1924.

*To be first lieutenants.*

Second Lieut. Frederick Bradstreet Dodge, jr., Coast Artillery Corps, from January 23, 1924.

Second Lieut. Clarkson Deweese McNary, Infantry, from January 24, 1924.

Second Lieut. Bernard Abert Byrne, jr., Infantry, from February 1, 1924.

Second Lieut. Warren Wilson Christian, Infantry, from February 1, 1924.

Second Lieut. Robert Barrett Hutchins, Infantry, from February 2, 1924.

APPOINTMENT, BY TRANSFER, IN THE REGULAR ARMY.

CAVALRY.

Second Lieut. Ralph Mundon Neal, Air Service, with rank from June 12, 1923.

PROMOTIONS IN THE NAVY.

MARINE CORPS.

Maj. Elias R. Beadle to be a lieutenant colonel in the Marine Corps from the 2d day of August, 1923.

Capt. William B. Sullivan to be a major in the Marine Corps from the 20th day of December, 1923.

First Lieut. Harry Paul to be a captain in the Marine Corps from the 21st day of October, 1922.

First Lieut. John P. Adams to be a captain in the Marine Corps from the 26th day of July, 1923.

First Lieut. William K. Snyder to be a captain in the Marine Corps from the 20th day of December, 1923.

First Lieut. William T. Evans to be a captain in the Marine Corps from the 21st day of December, 1923.

POSTMASTERS.

ALABAMA.

Annie K. Fazenbaker to be postmaster at Fulton, Ala., in place of F. H. Furr, resigned.

CALIFORNIA.

William E. Edwards to be postmaster at Westmoreland, Calif. Office became presidential October 1, 1923.

Winfield S. Buchner to be postmaster at Oildale, Calif. Office became presidential January 1, 1923.

Purley O. Van Deren to be postmaster at Broderick, Calif. in place of J. N. Bennetts, resigned.

M. Elizabeth Woods to be postmaster at Wilmington, Calif., in place of M. E. Woods. Incumbent's commission expired February 11, 1924.

Lewis E. Leavell to be postmaster at Novata, Calif., in place of M. M. Evers. Incumbent's commission expired August 15, 1923.

Frances E. Bennett to be postmaster at Mills College, Calif., in place of A. H. Reinhardt. Incumbent's commission expired February 11, 1924.

S. Glen Andrus to be postmaster at Fair Oaks, Calif., in place of Twonnette Parker. Incumbent's commission expired February 11, 1924.

Antho G. Heerman to be postmaster at Dinuba, Calif., in place of F. M. Brooke. Incumbent's commission expired February 11, 1924.

Katherine H. McLernon to be postmaster at Culver City, Calif., in place of K. H. McLernon. Incumbent's commission expired February 11, 1924.

Floyd F. Howard to be postmaster at Courtland, Calif., in place of C. W. Arrasmith. Incumbent's commission expired February 11, 1924.

John W. Calvert, jr., to be postmaster at Azusa, Calif., in place of G. M. Belles. Incumbent's commission expired February 11, 1924.

COLORADO.

J. Harry Mallott to be postmaster at Mount Harris, Colo., in place of F. G. Colburn. Incumbent's commission expired August 29, 1923.

CONNECTICUT.

Walter M. Slocum to be postmaster at New London, Conn., in place of B. F. Mahan, deceased.

DELAWARE.

James M. Montgomery to be postmaster at Edgemoor, Del., in place of W. C. Day. Incumbent's commission expired February 4, 1924.

FLORIDA.

Joseph H. Nelson to be postmaster at Crestview, Fla., in place of J. H. Nelson. Incumbent's commission expires February 14, 1924.

HAWAII.

William D. McKillop to be postmaster at Kealahou, Hawaii, in place of W. D. Ackerman, resigned.

Alice J. Brown to be postmaster at Paia, Hawaii, in place of A. J. Brown. Incumbent's commission expires February 14, 1924.

Frank A. Alameida to be postmaster at Lahaina, Hawaii, in place of A. V. Lloyd. Incumbent's commission expired February 4, 1924.

IDAHO.

William W. McNair to be postmaster at Middleton, Idaho. Office became presidential January 1, 1924.

ILLINOIS.

Sibyl J. Stanley to be postmaster at Keithsburg, Ill., in place of M. E. Taylor. Incumbent's commission expired December 6, 1922.

IOWA.

Frank H. Hoepfner to be postmaster at Traer, Iowa, in place of F. H. Hoepfner. Incumbent's commission expired August 29, 1923.

Edna Hesser to be postmaster at Nichols, Iowa, in place of E. L. Sampson, deceased.

Abe Abben to be postmaster at Little Rock, Iowa, in place of J. D. Kruse, resigned.

KENTUCKY.

Leonard F. Gibbs to be postmaster at Rockport, Ky. Office became presidential October 1, 1923.

Egbert E. Jones to be postmaster at Milton, Ky. Office became presidential October 1, 1923.

Howard C. Pentecost to be postmaster at Corydon, Ky., in place of B. M. Powell. Incumbent's commission expired August 20, 1923.

MICHIGAN.

Elmer C. Clute to be postmaster at Harrison, Mich., in place of A. H. Aldrich, resigned.

MISSOURI.

Samuel H. Hudson to be postmaster at Granby, Mo., in place of W. A. Hendon. Incumbent's commission expired January 23, 1924.

James W. Lochridge to be postmaster at Fayette, Mo., in place of H. P. Mason. Incumbent's commission expired January 23, 1924.

NEBRASKA.

Hans George Lehn to be postmaster at Elba, Nebr. Office became presidential January 1, 1924.

Byron I. Demaray to be postmaster at Alexandria, Nebr., in place of M. A. Brinegar, resigned.

NEW JERSEY.

Elsie Brown to be postmaster at River Edge, N. J., in place of E. A. Kenny, removed.

Thomas E. Hunt to be postmaster at Penns Grove, N. J., in place of T. E. Hunt. Incumbent's commission expired January 28, 1924.

Jacob D. Roe to be postmaster at Newton, N. J., in place of G. N. Harris. Incumbent's commission expired September 10, 1923.

NEW YORK.

Elizabeth T. Witherel to be postmaster at Lilly Dale, N. Y. Office became presidential January 1, 1924.

Albert B. W. Firmin, removed, to be postmaster at Brooklyn, N. Y., in place of W. C. Burton, deceased.

Everett W. Pope to be postmaster at Hartwick, N. Y., in place of T. B. Luce. Incumbent's commission expires February 14, 1924.

Benjamin R. Erwin to be postmaster at East Rochester, N. Y., in place of R. B. Worthing. Incumbent's commission expires February 18, 1924.

Frederick J. Manchester to be postmaster at Clark Mills, N. Y., in place of F. J. Manchester. Incumbent's commission expires February 14, 1924.

Harrison D. Fuller to be postmaster at Antwerp, N. Y., in place of C. W. Owens. Incumbent's commission expires February 14, 1924.

## NORTH DAKOTA.

Christian C. Reimers to be postmaster at Max, N. Dak., in place of C. C. Reimers. Incumbent's commission expired January 23, 1924.

Gustave A. Falk to be postmaster at Glen Ullin, N. Dak., in place of L. F. Tavis. Incumbent's commission expired January 23, 1924.

## OHIO.

Warren S. Myers to be postmaster at Dupont, Ohio. Office became presidential January 1, 1924.

Clyde E. Bennett to be postmaster at Tippecanoe City, Ohio, in place of F. G. Davis, resigned.

## OREGON.

Jesse E. Hamstreet to be postmaster at Brogan, Oreg. Office became presidential January 1, 1923.

William I. Smith to be postmaster at Redmond, Oreg., in place of W. I. Smith. Incumbent's commission expired February 11, 1924.

## PENNSYLVANIA.

Leroy H. Keisling to be postmaster at Valley View, Pa. Office became presidential October 1, 1923.

Harry C. Myers to be postmaster at Holtwood, Pa. Office became presidential October 1, 1923.

Thomas Collins to be postmaster at Commodore, Pa. Office became presidential July 1, 1923.

Malcolm H. Shick to be postmaster at Sheffield, Pa., in place of H. A. Pinney. Incumbent's commission expires February 14, 1924.

William W. Thorn to be postmaster at St. Clair, Pa., in place of S. E. Devlin. Incumbent's commission expires February 14, 1924.

A. Milton Wade to be postmaster at Quarryville, Pa., in place of A. H. Fritz. Incumbent's commission expired September 13, 1922.

John H. Francis to be postmaster at Oaks, Pa., in place of J. H. Francis. Incumbent's commission expires February 14, 1924.

Charles G. Fullerton to be postmaster at Freeport, Pa., in place of H. K. McCulloch. Incumbent's commission expired August 5, 1923.

Joseph N. Ritchey to be postmaster at Falls Creek, Pa., in place of Charles Brian. Incumbent's commission expired February 4, 1924.

Cleo W. Callaway to be postmaster at Shawnee on Delaware, Pa., in place of E. H. Ryder, resigned.

William A. Leroy to be postmaster at Canonsburg, Pa., in place of W. A. Leroy. Incumbent's commission expired February 4, 1924.

## SOUTH CAROLINA.

Malcolm J. Stanley to be postmaster at Hampton, S. C., in place of M. J. Stanley. Incumbent's commission expired January 21, 1924.

Ernest E. Brown to be postmaster at Aiken, S. C., in place of A. K. Lorenz. Incumbent's commission expired August 5, 1923.

## TENNESSEE.

Ben M. Roberson to be postmaster at Loudon, Tenn., in place of S. D. Simpson. Incumbent's commission expired January 23, 1924.

Onnie M. Hartsell to be postmaster at Limestone, Tenn., in place of A. B. Miller. Incumbent's commission expired January 23, 1924.

## TEXAS.

Hal Singleton to be postmaster at O'Donnell, Tex. Office became presidential July 1, 1923.

William J. Davis to be postmaster at Silsbee, Tex., in place of W. J. Davis. Incumbent's commission expired September 5, 1922.

Gustav A. Wulfman to be postmaster at Farwell, Tex., in place of M. B. Francis. Incumbent's commission expired July 21, 1921.

Reed J. Smith to be postmaster at Van Horn, Tex., in place of W. J. Barker, removed.

## VIRGINIA.

Charles F. Gauthier to be postmaster at Bristol, Va., in place of E. S. Kendrick, removed.

Emmitt A. Collins to be postmaster at Appalachia, Va., in place of S. S. Brooks, removed.

## WASHINGTON.

Nellie Tyner to be postmaster at Dishman, Wash. Office became presidential January 1, 1924.

John P. Helphrey to be postmaster at Curlew, Wash. Office became presidential January 1, 1924.

## WEST VIRGINIA.

Orville O. Tope to be postmaster at Peach Creek, W. Va. Office became presidential July 1, 1923.

Thelma F. Settle to be postmaster at Page, W. Va., in place of M. M. Fitzwater, resigned.

Willis O. Nichols to be postmaster at Oak Hill, W. Va., in place of C. M. Jarrell, resigned.

Fred F. Holroyd to be postmaster at Glen Rogers, W. Va., in place of H. E. Follou, declined.

## CONFIRMATIONS.

*Executive nominations confirmed by the Senate February 13, 1924.*

## MEMBER OF THE WORLD WAR FOREIGN DEBT COMMISSION.

Edward N. Hurley to be a member of the World War Foreign Debt Commission.

## REGISTER OF THE LAND OFFICE.

Joseph Dominick Scanlan to be register of land office, Miles City, Mont.

## POSTMASTERS.

## MAINE.

Lysle W. Folsom, Springvale.

## NEW YORK.

Harold L. Payne, Bainbridge.

Walter P. Crane, Kingston.

Frank C. Percival, Mount Upton.

Franklin D. Allen, jr., Richville.

Anna E. McHugh, Seaford.

Carlyle S. Hoskins, Stillwater.

John De Frine, Williamson.

## NORTH DAKOTA.

William E. Knox, Antler.

Albert E. Gutekunst, Drayton.

Olaf A. Bjella, Epping.

Ivah A. Miller, Nome.

James Fitzpatrick, Sawyer.

## PENNSYLVANIA.

William McCandless, Catasauqua.

Hiram G. Johnson, Oil City.

## SOUTH CAROLINA.

Bennie B. Broadway, Summerton.

## WASHINGTON.

John F. Moyer, College Place.

Harry B. Onn, Dryad.

## WITHDRAWAL.

*Executive nomination withdrawn from the Senate February 13, 1924.*

## POSTMASTER.

Guss E. Smith to be postmaster at Mullins, in the State of South Carolina.

## HOUSE OF REPRESENTATIVES.

WEDNESDAY, February 13, 1924.

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

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

Almighty God, who maketh the day to succeed the night and causeth the light to shine out of darkness, hear our prayer and receive our tributes of gratitude. May our duties be cheerfully approached. Prestige, birth, and station matter little, but to walk in the strength and courage of Christian manhood matters much; so in the light of Thy countenance may we see our way. Humbled amid Thy countless blessings, may we find our rest and peace in the love and simplicity of the Christ. In His name. Amen.

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

## PURE-FOOD AND DRUG LEGISLATION.

Mr. KELLY. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by publishing a speech delivered by Commissioner Gaskill, of the Federal Trade Commission, on price-standard measures now pending before this Congress.



The SPEAKER. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD for the purpose indicated. Is there objection?

Mr. HOWARD of Nebraska. Reserving the right to object, Mr. Speaker, I would like to ask the name of the author.

Mr. KELLY. Commissioner Gaskill, of the Federal Trade Commission.

Mr. HOWARD of Nebraska. I do not object, but I remember that he said the full commission was not reliable.

The SPEAKER. Is there objection?

There was no objection.

Mr. KELLY. Mr. Speaker, it required more than 20 years of agitation and effort to arouse public sentiment to a point where it demanded and secured the passage of pure food and drug legislation for the express purpose of ending unfair practices of adulteration, one of the most insidious forms of unfair competition, directly injurious to the public health and welfare.

For the past 10 years there has been agitation and effort to secure to the manufacturer of a standard trade-marked article the right to maintain a one-price-to-all policy. That is not a long time, judged by the history of other reforms in merchandising legislation. The economic principle was enunciated by Louis Brandeis in 1913 and was incorporated in a measure which has been introduced in Congress with each succeeding term.

There has necessarily been a long process of education, but the fundamental issue has been clearly defined. No better presentation of the need for such legislation has been made than that of Commissioner Nelson B. Gaskill, member of the Federal Trade Commission, in his address to the American Trade Association Executives in New York City.

I am glad to be able to print this enlightening address in the RECORD. It is as follows:

#### PUBLIC INTEREST DEMANDS RESALE PRICE LEGISLATION.

I must ask you to accept these remarks as a purely individual expression representing my personal views. I make this reservation because I have no reason to believe that my fellow members of the Federal Trade Commission share my conclusions. That organization acts through the concurrence of a majority, and there is reserved to each member at all times the utmost freedom of individual action and speech. In exercising this prerogative for myself, it must be understood that there remains the complete freedom of my fellow members to hold and to act upon opposite views.

#### LAW MUST CONFORM TO CHANGING SITUATIONS.

You will unhesitatingly agree to the proposition that business is a purely voluntary assumption on the part of the individual who enters it. He is not under compulsion, and he may withdraw from his chosen enterprise at any time he sees fit. He may also conduct it in such a way as to make his exit from business a mathematical certainty if he so desires. In the conduct of business, however, as a voluntary assumption, he encounters other individuals likewise voluntarily engaged. And this process of encounter continues until the consumer is reached, whose position is not one of assumption but is rather of necessity.

The conduct of business, therefore, is in last analysis the nice adjustment of voluntary operations with the necessary requirements of consumption. This is an exceedingly difficult balance to determine, and quite as difficult to maintain, because at all stages of the process those whose function is consumption stand in opposition to those whose function is production and distribution. And likewise producer and distributor separate themselves temporarily from the relation of consumer and move to the solution of the problem in hand with preeminent concern for that relationship which is uppermost in their minds. This contest for adjustment, the endeavor to ascertain and preserve an equipoise, the effort to determine a formula which will do justice to all of the factors and state a correct result, finds no greater success in the provisions of statute law or in judicial decisions than it does in discussions upon the controverted topics between the individuals who may at any time constitute the opposing groups. The effort of lawmakers and the administrators of law, therefore, must consistently be to secure an equipoise of rights assumed on the one hand and arising of necessity on the other. The enactment of a law or the handing down of a judicial decision is in the long run no more decisive than the issue of a promissory note is the payment of a debt. The law or the decision must conform to the fundamental truth applicable to the situation in hand, or it will be revoked in the due course of events by the accumulation of evidence to the contrary.

#### NEGATION IN LAW MAKING.

Legislation, whether it deals with questions of morals or questions of public policy, usually and properly proceeds by way of negation, that is, the denial of certain courses of conduct. This leaves open to the individual the exploration and trial of the entire field which his efforts may discover, with the exception of that which is distinctly prohibited. It is well that it is so, because it is very questionable

whether any body of men at any given time can be endowed with a sufficient amount of wisdom to state affirmatively and positively the exclusive rules of conduct in affirmative form, shutting out initiative beyond the boundaries thus established. This negation in lawmaking too often results in the application of the same doctrine in the field of administration. As a result of which, both in legislation and in administration, the anticipation of evils apprehended leads to the denial of means and methods which when properly directed are not only capable of great good but which are necessary in order that some requisite advance may be made. There is necessity for the very greatest of care both in legislation and in administration, lest in the effort to prevent an injury either to public morals or to public policy the necessary avenues of progress are likewise closed.

#### TANGLED SKEIN OF CIRCUMSTANCES.

It is futile or worse for legislatures or administrators to assume that things go wrong through the perversity of man or the determination of men to do wrong. The course of wisdom is to take the tangled skein of circumstances and unravel its confused threads for the purpose of finding out wherein the trouble lies. And it will usually be found, if the information be sufficiently complete and the inquiry be made with a sufficiently acute and disinterested mind, that the situation is compounded both of right and of wrong.

That the tangled scheme of things works at all necessarily indicates that there is that much of right action expressed in it. That it works badly indicates likewise that a part of the mechanism is out of gear. Alexander cut the Gordian knot not for the purpose of saving rope, but because he was not at all concerned with saving rope. The like process applied to a tangled condition of business methods and practices is the denial of the whole scheme in which the tangle appears. The difference is that in the solution of a business problem both the lawmaker and the administrator are primarily concerned with the necessity of saving the rope. And the use of the drastic prohibition destroys the knot by the simple process of eliminating the rope.

#### SHERMAN LAW AIMED AT COMBINATIONS.

To be more precise, it became apparent years ago that one of the results of the acquisition of monopolistic power was group price fixing. And as that at which the Sherman law was aimed was the combination of multiple units into one, so the union of their power into one result expressed in uniform price came under condemnation. There never was in connection with the Sherman law any idea that there was or should be any limitation upon the right of an individual to fix the price of that which lay within his own voluntary assumption, namely, something which he produced without contract and which he subsequently tendered in the open market. There was, however, an unmistakable opposition to the expression of the purpose of multiple units by combined effort.

Before the enforcement of the Sherman law had proceeded very far, considerable opposition to the universal application of this principle became manifest. This took form in the exemptions afforded to labor and to agricultural organizations. But with these exceptions the right to fix prices by group action was consistently denied. This denial, however, was not based upon any idea of a change in the voluntary nature of business operation, but was founded in an antagonism to the concerted action of those whose operations separately conducted in their entirety would be most conducive to the public welfare.

#### INDIVIDUAL PRODUCER BECOMES TARGET.

In due course there arose for consideration the action of a manufacturer who had entered into a contract not with other manufacturers but with those who were engaged in the distribution of the manufacturers' products to the consumer, by which the resale prices fixed by the manufacturer were carried through to the consumer.

At once the question arose whether the result which was sought to be accomplished by the manufacturer in that instance was of the same nature as the result produced by a combination among manufacturers themselves to set a uniform price, and therefore whether the same rule should be applied. The fundamental difference between the two cases, which, it seems to me, must have been lost to sight, was that the single manufacturer contracting with his distributors was acting in accordance with the full manifestation of the voluntary nature of business, and was reflecting in the contracts for resale which he required of his distributors his individual judgment of the manner and the method in which he desired to conduct his business and the prices at which he desired to submit his goods for the acceptance or rejection of the public.

He assumed all the responsibilities of voluntary action, because by so doing he not only incurred the risk of the rejection of his goods by the consumer because of the prices fixed, but he likewise offered himself as a target for competing goods at competing prices. By this method the manufacturer asserted the independence of the individual and assumed its responsibilities. On the other hand, the group of manufacturers who joined a combination to fix prices and establish a uniform price for the products of the group, denied the independence of the individual and surrendered the voluntary character of the business into a contract with others, who likewise became interdependent, with

the result that each unit of the group surrendered to the others a considerable portion, if not the entirety, of his individuality and transferred the nature of his business from that of voluntary assumption to contractual obligation.

#### DOCTOR MILES'S CASE.

Proceeding by deductive reasoning from the fundamental principle, it is manifest that the single element of agreement in the two cases is not enough to justify the application of the same rule, because the exemption of labor and agriculture from the provisions of the statute makes it perfectly clear that the objection to agreement expressed in the statute is not a universal principle of necessary application. Nor was it sufficient to bring down upon the two cases the same condemnation that the result of the agreement was the establishment of a price, because both labor and agriculture were permitted to determine prices by agreement. Therefore that result could not, if these exemptions were correct, be universally condemned. The United States Supreme Court, however, in the Doctor Miles Medical Co. case, held that a manufacturer could not contract with his distributors to maintain the resale price fixed by the manufacturer for the reason that such contracts were in restraint of trade. Precisely as though the contract has been made by a group of manufacturers.

#### RESALE-PRICE CONTRACTS HELD ILLEGAL.

If resale-price maintenance is a legitimate expression of the voluntary character of a manufacturer's business whereby he projects himself and his method of doing business through the intervening channels to the consumer and himself assumes the risks incident thereto, then the contract, formal and complete, is the natural, logical, and effective means of carrying out this practice. But the court has held not that resale-price maintenance was illegal but that the contract was the objectionable feature. And this for the reason that the contract was the expression of the unity of mind and purpose between the manufacturer and his distributors. Since resale-price maintenance was by inference at least, by this and subsequent decisions, held to be lawful, though it might not be accomplished by contract, naturally and properly those to whom such a practice made appeal sought to accomplish this seemingly lawful end by devices calculated to produce the same result, though not capable of condemnation as contracts. And just as soon as they became reasonably effective naturally they produced exactly the same results as were attributed to the contract system.

#### COMMON UNDERSTANDING CONSTITUTES CONTRACT.

It must be apparent that the distinction is one of form only which took no cognizance of substance. The essence of a contract is not pen, ink, and paper with some red wafers attached. The vitality of a contract is the common understanding existing in several minds, which common understanding is for the convenience of the parties and for subsequent reference expressed in writing.

Certainly if three men sit down together and discuss their individual relation to a common project, and, reaching a common understanding with reference thereto, they express that understanding in writing, the method of reaching the result is precisely the same if they simply omit the memorandum of the agreement which constitutes the written contract. If these men, leaving the room, thereafter conduct their several affairs in exact relation to the understanding arrived at in conference, their actions are precisely the same as though a written memorandum with the utmost formality had followed their conference. Nor is there any real difference if, instead of meeting in person, these supposititious individuals discuss their relation by correspondence until by exchange of letters they think alike, each knowing that the others are thinking in accord. Since the decision in the Miles Medical case, therefore, made a contract for resale price maintenance unlawful, a simple process of reasoning would indicate that an understanding not expressed in the form of a contract, but otherwise equally clear, was in its essentials just as much within the prohibition against accomplishing a resale price by unity of action as was the formal contract. And the Department of Justice and the Federal Trade Commission proceeded in accordance with this line of reasoning. The result was a series of decisions culminating in that recently handed down by the United States Supreme Court in the action brought by the Federal Trade Commission against the Beech-Nut Packing Co. And as this is the latest of this series, it is worth considering in the light of the analysis of the Doctor Miles Medical case, which I attempted above.

#### BEECH-NUT DECISION.

In this latest utterance on the subject, resale-price maintenance is again sustained as a legal right pertaining to the voluntary assumption and conduct of business by an individual. Of course, this decision has no relation whatever to group price fixing. The court denied absolutely the contention advanced by the Government that there was no right of refusal to sell for the purpose of maintaining a suggested resale price. Yet just as the contract system of the Doctor Miles case was condemned, so the policy of the Beech-Nut Co. was condemned as an unlawful method of accomplishing a lawful object, because of the element of agreement or understanding not expressed in the form of a

contract, but effectively operative, as the court found, between the manufacturer and its distributors. There were certain practices of the Beech-Nut Co.'s policy which it was enjoined from using. It was required to discontinue the maintenance of a black list, the use of identification marks on packages, the use of salesmen or special agents to detect price cutters, and the like methods which readily suggest themselves to the mind as means of accomplishing an effectual system of resale-price maintenance.

#### FURTHER RESTRICTION OF PRODUCER'S RIGHTS.

Each and every one of these operations would be legitimate expression of a manufacturer's business were it not for the fact that the court found that there had been created by the act of the manufacturer a common understanding between and among all distributors and the manufacturer as to the maintenance of the resale prices, the activity offered on the part of the manufacturer to accomplish this result, and the reliance which the manufacturer and each distributor were entitled to have in the integrity and effectiveness of the system. In other words, the various acts prohibited to the Beech-Nut Co. are not unlawful of themselves, but were declared to be so because of the background of common understanding against which they were placed.

#### PRACTICAL EFFECTS.

It is a simple matter to project the imagination forward to a state of facts upon which it is so difficult to apply the formula of the Beech-Nut decision that the illogical nature of the present status must be apparent. If in the Beech-Nut case the understanding was seen to exist because of the fullness of explanation made by the manufacturer of his policy, and a frank statement as to the cooperation in the policy which was expected, let us suppose that the manufacturer eliminates all explanation and merely suggests a resale price to the consumer. Without making any explanation to a price cutter, the manufacturer refuses further dealings with him. If other distributors complain to the manufacturer of the operations of a price cutter and the manufacturer then concludes relations with such a dealer, does that juxtaposition indicate the cooperation which brings the Beech-Nut rule into operation? It seems to me that such a conclusion can not be maintained because the manufacturer under such a condition possesses a lawful right to discontinue relations with the distributor who will not maintain his resale price. The uninvited act of a competing distributor complaining to the manufacturer of a price cutter certainly can not deprive the manufacturer of his legal right to cease relations with the price cutter. The uninvited intervention of a third party can not deprive the manufacturer of a legal right. But it may be asked, Supposing the manufacturer invites all his distributors to report price cutters, does such an invitation invoke the Beech-Nut rule? On the face of it it may seem to call for such a conclusion. But this again involves a condition in which one may state circumstances which make the conclusion so illogical as to defeat it. We will assume that a manufacturer merely suggests a resale price and that wherever he discovers a price cutter without the use of special agents of salesmen, or reports from distributors, he exercises what the court allows to be a lawful right of refusal to sell.

The exercise of these two legal rights by the manufacturer gives rise by necessity to a presumption in the mind of each distributor who must be accredited with a sufficient amount of intelligence to engage in some reasoning that the manufacturer is endeavoring to maintain and protect a resale price. As each distributor realizes that it is to his advantage to maintain this price, the same process of reasoning leads him to the conclusion that each of his fellow distributors is reasoning in the same way and to the same conclusion. And the mere exercise therefore by the manufacturer of his conceded legal rights to suggest a resale price and to refuse to sell to a price cutter gives rise to that common understanding between manufacturer and distributor which was the essence of the contracts in the Doctor Miles case and was likewise the essence of the arrangement in the Beech-Nut case. And so, it seems to me, we arrive at a conclusion that that which was condemned in the two cases to which I have referred was a matter of form rather than of substance. And immediately we arrive at that conclusion, it seems to me to be necessary to review the whole course of the attitude of law and administration toward this question of resale-price maintenance, because if the substance of the relation between the manufacturer and his distributors may rise in last analysis from the exercise of legal rights on the part of the manufacturer that which prevents him from exercising those rights in the most effective form is an obstacle to progress and should be removed as speedily as possible.

#### FUNDAMENTAL FACTS IGNORED.

The difficulty seems to me to have arisen in the failure to distinguish the essential difference between a combination of manufacturers on the same plane and an arrangement between a single manufacturer and those who are his chosen collaborators in presenting his commodity to the consuming public. It is quite clear that the first arrangement is a restraint of trade because it prevents the full expression of the individual's voluntary assumption of responsibility and exercise of independent authority over the whole of that relationship in which he has

placed himself by his own act. From the independent individual conduct of business the general consumer is entitled to expect the utmost of effort expressed through efficiency and economy of operation, to market a product at a competitive price. It seems to me that none of those arguments apply to a manufacturer who seeks to assert the voluntary nature of his business by assuming entire responsibility for his product up to the moment when he encounters the purchasing ability or desire of the consumer.

#### PRODUCER RESTRICTED TO MOST EXPENSIVE MARKETING METHODS.

Here again it seems to me we encounter a curious inconsistency. It is perfectly well understood that a manufacturer may present his products to the consumer direct; that is to say, without the use of an intervening wholesaler or retailer. The manufacturer may fix his price to the consuming public by presenting that commodity to the public himself. Whereby once more we perceive that there is no absolutely invariable principle which is contravened when a manufacturer fixes a price to a consumer. This power on the part of the manufacturer is not necessarily defeated because of the intervention of a distributor. It is so well understood that reference to it is useful only for the purpose of completing this argument that a manufacturer may create a selling agent and through that agent carry to the consumer the price which the manufacturer attaches to his product. This arrangement of a selling agent is not generally applied simply because it does not lend itself to all transactions. But where it can be applied in the nature of the business the agency contract is a perfectly effective method of transmitting the manufacturer's product to the consumer at a price which the manufacturer imposes.

Summing up the situation, the result is that the manufacturer may express his legal right of resale-price maintenance by every device except that of contract, or written understanding, which is the same thing. The most effective method is the one he may not use.

#### VOLUNTARY NATURE OF BUSINESS DENIED.

The foundation of the Doctor Miles Medical Co. case seems to me to be faulty, also in this. It argues that the manufacturer and the distributors of his products occupy the same relationship to each other as competitive manufacturers; that is to say, of opposition in interest. The distributing agencies with which a manufacturer chooses to deal are in a sense in opposition to each other when they are so placed that their operations afford contact. But it would be futile to say that a wholesaler in New York is in competition or is opposed in his making of sales to a wholesaler in San Francisco, or that a retailer in Philadelphia is in competition with a retailer in New Orleans, all handling the same product. These distributors in fact are by the very nature of their business in close cooperation with the manufacturer whose products they handle, and if it is expected that there will be a different price to the consumer by and through different distributing agencies, it is only upon the assumption that the manufacturer either has no legal right to resale-price maintenance or fails to exercise it. If the consideration of price movement through distributors to the consumer commences with a full recognition of the yet undenied right of the manufacturer to resale-price maintenance, the conclusion that there should be room for a price difference at the purchasing end through every different distributing form is based upon the proposition that there is an intervening power or right which is superior to and nullifies the producer's right to fix a price on his products.

The argument against an effective method of resale-price maintenance therefore is in reality based upon this assumption that while a manufacturer has the right to sell his products at his own price there is a right in the consumer to create a variation in that price somewhere along the line of distribution. These two antagonistic claims can not be equally sound. If there is a right in the consumer to the price variation through several distributors, then there is no right on the part of the producer to control the prices of his products. But this is to deny the voluntary nature of business.

#### STANDARD PRICES ENCOURAGE COMPETITION OF RIVAL PRODUCERS.

Of course the familiar argument against the practice of resale-price maintenance is that it affords an easy method of exacting an undue price from the consumer. There are many answers to this argument, but chief among them I would place the proposition which I stated in the beginning, that neither properly directed legislation nor well conceived administration denies the exercise of a legal right in order to prevent the occurrence of a possible wrong. If undue exaction through price maintenance manifests itself the remedy should be directed toward a reduction of the price level rather than to a prevention of the practice itself. Another answer, and it seems to me a very forcible one, is that the manufacturer who assumes to fix the price of his product to the consumer exposes himself thereby thoroughly and effectually to the operation of competitive prices to a greater extent than the competing manufacturer who does not do so. The product must sell upon its merits. It is not open to that attraction to buyers which is afforded by fluctuations in price and the advertisement of the bargain sale.

Upon its merits it is obligated to meet and sustain itself against the offerings of cheaper commodities of the same nature and substitutes therefor.

And unless there is monopolistic power over the market in a particular line, the protected price article must fight its battles in the way in which the competitive system truly requires; that is, strictly on its merits with reference to its price. If the protected article represents a practically monopolistic control, then again the remedy is not in the prohibition of the resale price policy, but the correction of the monopolistic control if that has been unlawfully obtained.

#### RESALE PRICE CONTROL PROTECTS CONSUMER.

There are possibilities of value in the policy of price protection or resale price maintenance which have been to a large extent defeated because of the attitude of the law toward this practice, and the restrictions which have been put upon its exercise. Some time ago there was brought to the attention of the Federal Trade Commission a report which stated that a manufacturer of automobiles establishing an extensive system throughout the country for the quick provision of duplicate parts and repairs was not only maintaining a fixed price upon repair parts but was also entailing upon those who handled the repair parts fixed labor charges for making certain repairs, in order that the users of the cars in question might obtain repair parts and labor at a reasonable and uniform scale. Some one without authority had circulated the statement that the Federal Trade Commission had condemned the practice and for this reason the manufacturer in question had lifted the parts and labor schedules in certain localities. The result had been an exaggerated increase in the charges for repair parts and for labor charges. The reported action of the Federal Trade Commission in the premises was in fact untrue. But the instance affords illustration of the fact that a protected price operated as a maximum as well as a minimum contains values which have been to a large extent lost because the exercise of the system has been so greatly hampered and restricted.

#### FORCES COMPETITION IN QUALITY.

To the inability of a manufacturer to protect the price of his product may be attributed quite as much as to any other cause the tendency to deterioration of quality, which is a distressing manifestation along many lines to-day. Deterioration of quality is a remedy alternative only to going out of business which is forced upon the producer who can not to any effective degree protect the selling price of his product. It is a truism that the purchaser will buy in the cheapest market, and even a small variation is sufficient to divert the current of trade. Of course, I am excluding any effect of similar nature which is due to the legitimate competition of a product competing at a lower price, properly fixed. It is not only that purchasers in one community will seek in the store in which the desired commodity can be bought at the cheapest rate, but with modern transportation available to the purchaser it is not unusual to see trade diverted from one community to another by reason of a difference of a few cents in the selling price of a particular commodity, carrying with it, of course, purchases of allied commodities as well as that of the specific article in question. Naturally the distributor working in accord with the manufacturer's suggested price finds himself in peril. The manufacturer can not, unless he is prepared to meet the expense of direct distribution, fail to recognize the unity of interest between himself and his distributors, and unless he can prevent his product going into the hands of the distributor who is not protecting the selling price the lowered price becomes by force of necessity the price which the manufacturer must adopt, with whatever changes in the preceding stages of manufacture and distribution required to meet the lowered return. The seeming advantage which the consumer realizes from this condition is illusory and transient. The protected price is a protection to the consumer which he fails to realize in that once a protected price is established for a commodity its increase is a matter of almost insurmountable difficulty.

#### RUINOUS EFFECTS OF "BARGAIN BAIT" PRACTICE.

It would be almost impossible to exaggerate the confusion which exists in many lines of business because of the impossibility under the law and the decisions as they stand of effectively maintaining resale-price maintenance. Some time ago I stated my conviction that selling below cost, thereby including all the elements of charge upon a commodity up to the moment of sale, was not only a wasteful and uneconomic method of doing business, but that it was also an unfair method of competition. It is useless to expect this practice to cease of its own accord. So far as I can see, the law as it stands affords no protection against it. The most effective remedy for dealing with it is the policy of resale-price maintenance, the practical use of which is now denied. At common law, selling below cost or below a remunerative price to the seller was not an unlawful method of competition unless there was joined with it a discoverable intent to injure a competitor, an accompaniment which may be but is seldom discernible in present-day practices. The occasions in which

there is a price war directed against a competitor are so few as to be almost negligible. There is, however, a well-nigh universal practice of selling one line below cost, recovering the loss and making a profit on the entire transaction through the sale of accompanying commodities at a very much augmented price. This system is nothing less than ruinous to those who are engaged in the single line which is sold below cost, and it relentlessly forces them to the wall.

**CONSUMER MULCTED BY "CONCEALED PROFITS" ON OTHER SALES.**

There is danger in monopoly; there is injury in restraint of trade; and these practices are denied by the law because they close the door of opportunity to the individual, the maintenance of which as a free and open channel is essential not only to American institutions but to the exact operation of the competitive system. Where monopoly is sought in a relatively few instances, where combinations in restraint of trade occasionally make their appearance, while the alarm from these manifestations is justifiable and is not to be minimized, a constant danger lies in the practice, now so prevalent, of single-line leaders sold below cost for the purpose of inducing other business, or establishments in which many lines are sold below cost, with concealed profits in other sales, which not only equalize the loss but translate the whole practice into a profit balance. The most effective remedy, resale-price maintenance, must, in my opinion, be recovered not only for the sake of the manufacturer or the distributor but for the sake of those who to-morrow and the day after to-morrow will seek to enter into business as individuals and find the door of opportunity closed against them unless this unbalanced method of selling is checked.

**LEGISLATION ABSOLUTELY NECESSARY.**

To accomplish this result legislation will be needed. This legislation should, in my opinion, distinguish clearly between a producer and his selected distributors and those other groups whose agreements may well be regarded as inimical to the policy stated in the Sherman law. It should require that the protected prices to be fixed by the producer should operate as a maximum as well as a minimum, in order that the good faith of the practice should be manifest and its exercise removed from suspicion as contributing to undue exaction anywhere along the line of distribution. And it would be well should such legislation include provision for the due publication of the protected prices and any changes therein in order that the purchasing public may be advised as to the producer's purpose and be guarded against a misrepresentation of which the producer may have no notice.

**RESPONSIBILITY FOR ABUSE READILY PLACED.**

It is likely that there will be abuses of freedom in the exercise of this system, but the responsibility therefor will be readily placed; and if corrective measures are necessary, they can be accurately focused upon the sources from which the abuses arise. And even though such abuses should be anticipated, that anticipation should not deter us from the removal of the barriers which now exist against the effective exercise of that which has been constantly and consistently declared to be a legal right. Leaving the doors always open for advance along the lines wherein true endeavor rightly directed may produce desirable benefits, we need have no fear of our ability to cope with the occasional abuse. The denial of a right to prevent a possible wrong is itself the greater wrong.

**CALENDAR WEDNESDAY.**

The SPEAKER. To-day is Calendar Wednesday.

**LEAVE TO ADDRESS THE HOUSE.**

Mr. CELLER. Mr. Speaker, I ask unanimous consent to address the House for one minute. I wish to submit some letters written by some Federal officials concerning the conduct of the Police Department of the city of New York in answer to certain strictures which have been laid upon the Police Department of the city of New York by other Federal officials in connection with the enforcement of the prohibition law.

Mr. LAGUARDIA. Reserving the right to object, Mr. Speaker, does the gentleman propose to read the testimony?

Mr. CELLER. No; letters of commendation by various Federal officials, which constitute a satisfactory answer to criticisms made by certain other Federal officials against the Police Department of New York.

Mr. BLACK of Texas. Reserving the right to object, Mr. Speaker, are they connected with the proceedings of the House in any way?

Mr. CELLER. In no way can I find any method whereby these charges can be answered except on the floor of the House. The head of the police department named by the official who appeared before the committee had no opportunity to defend himself in that committee. I desire only to insert a few letters.

Mr. LAGUARDIA. Reserving the right to object, I will say to my colleague from New York that what we are particularly interested in here is not what the Police Department of New York are doing but what the Federal officials are doing.

Mr. CELLER. The Police Department of New York have done good work.

Mr. LAGUARDIA. I know; but we want to know what the Federal officials have done.

Mr. CELLER. The charges in these hearings are that the police department have not done faithful work.

Mr. BLACK of Texas. Mr. Speaker, I am constrained to object. I do not think this should be made a part of the RECORD.

**WAR FINANCE CORPORATION.**

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of the bill S. 2249; and, pending that, inasmuch as there may be considerable debate on this bill, I will ask unanimous consent that there shall be three hours' debate, one-half to be controlled by the gentleman from Arkansas [Mr. WINGO] representing that side and one-half by myself.

The SPEAKER. The gentleman from Pennsylvania asks unanimous consent that the time of debate shall be extended from two hours to three and one-half hours, one-half of the time to be controlled by the gentleman from Arkansas and one-half by himself.

Mr. WINGO. I suggest 3 hours and 50 minutes. That will put us to 4 o'clock this evening.

Mr. McFADDEN. I accept that.

The SPEAKER. Is there objection?

Mr. HOWARD of Nebraska. Mr. Speaker, I do not object. I want to know what it is.

The SPEAKER. The Chair stated it; that the gentleman from Pennsylvania asked unanimous consent that the time for general debate be extended from two hours to three and one-half hours, and the gentleman from Arkansas amended that by suggesting that it be extended to 3 hours and 50 minutes, one-half to be controlled by himself and one-half to be controlled by the gentleman from Pennsylvania.

Mr. LONGWORTH. Would that be confined to the bill?

The SPEAKER. It would be confined to the bill.

Mr. WINGO. There are some Members who would like to speak. I think both sides will not object, but the debate will be chiefly on the bill.

The SPEAKER. This request, of course, has reference to the division of time.

Mr. LONGWORTH. I have no objection.

Mr. WINGO. I want to yield to some who want to speak off the bill, but it is a good time to put them in.

Mr. LONGWORTH. I have no objection.

Mr. McFADDEN. Mr. Speaker, I renew the request.

The SPEAKER. Is there objection?

There was no objection.

The SPEAKER. The question is on the motion of the gentleman from Pennsylvania, that the House resolve itself into Committee of the Whole House on the state of the Union. But the action is automatic. The House automatically resolves itself into Committee of the Whole House on the state of the Union for the consideration of the bill S. 2249. The gentleman from Illinois [Mr. MADDEN] will please take the chair.

Thereupon the House resolved itself into Committee of the Whole House on the state of the Union for the consideration of the bill (S. 2249) to extend for nine months the power of the War Finance Corporation to make advances under the provisions of the War Finance Corporation act, as amended, and for other purposes, with Mr. MADDEN in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the consideration of the bill S. 2249, which the Clerk will report by title.

The Clerk read as follows:

A bill (S. 2249) to extend for nine months the power of the War Finance Corporation to make advances under the provisions of the War Finance Corporation act, as amended, and for other purposes.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent to dispense with the first reading of the bill.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to dispense with the first reading of the bill. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman and gentlemen of the House, I do not care to take up the time of the House with any long discourse on this bill. It is pretty well understood that the reasons set forth for the extension of this measure are the situations which have developed in certain sections of the country where the War Finance Corporation is now giving a great deal of relief.

Since we passed the agricultural credits act nearly a year ago, which act was supposed to take care of the class of business which the War Finance Corporation has the first year

been taking care of, this situation has developed, that there is a certain class of business which the intermediate banks are not able to handle, but which the War Finance Corporation is handling. A sensitive situation exists and it seems expedient that the life of the War Finance Corporation be extended to December 31, 1924.

Unless there are some questions to be asked of me I propose now to yield to the other side.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. LAGUARDIA. What efforts are being made by the War Finance Corporation to realize on some of the loans made during the war and having them settled up?

Mr. McFADDEN. I will say to the gentleman that there has been quite a reduction of loans, particularly those loans which were made during the war period, and that during this stress period a good many renewals and readjustments of collateral have been made.

Mr. LAGUARDIA. Is the gentleman in a position to inform me whether the loan made to the Brooklyn Rapid Transit Co., amounting to \$18,000,000, has been paid or partially paid?

Mr. McFADDEN. My understanding is that under the re-financing operations of the Brooklyn Rapid Transit Co. new securities were issued and an adjustment has been made with the War Finance Corporation.

Mr. LAGUARDIA. Do I understand, then, that what took place was that the United States Government now has securities of the reorganized Brooklyn Rapid Transit lines?

Mr. McFADDEN. I could not say as to that, because I have not checked all the details. But I think the annual report of the War Finance Corporation gives a full explanation of the securities which they hold and no doubt the gentleman can get full information by referring to that report. It is a report which was filed as of November 30, 1923. As I say, if the gentleman will refer to that report, I think he will find full information in regard to it. I will say to the gentleman that the information I have is of a general nature only.

Mr. LAGUARDIA. Will the gentleman assist me in getting accurate information as to what prompted or justified that loan? I have been unable to get it and I am very anxious to get it.

Mr. McFADDEN. I will be very glad to ask the War Finance Corporation for that information and supply it to the gentleman.

Mr. SEARS of Florida. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. SEARS of Florida. I have always found my colleague very fair, but in all of the speeches I have heard the statement has been made that all of the relief needed was out West. Now, I have no objection to giving those good people relief, but unless Congress considers some other sections of the country it might be construed to mean that Congress does not appreciate the fact that there are other parts of the country which need some relief.

Mr. McFADDEN. I will say to the gentleman that an extension of the life of the War Finance Corporation will mean that it is available to all sections of the country. The War Finance Corporation act does not provide for a sectional institution at all.

Mr. SEARS of Florida. Knowing my colleague as I do, I knew that would be his answer. But all the arguments so far have been for one particular section of the country, and I am glad to know that the chairman of the Committee on Banking and Currency appreciates the fact that other sections of the country may need relief.

Mr. McFADDEN. My understanding is, if the life of the War Finance Corporation is extended, that it will be available to all sections of the country at all times. This particular stress condition, however, is not applicable to this particular bill.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. LAGUARDIA. Under this extension of time, would the War Finance Corporation have authority to grant new loans?

Mr. McFADDEN. This provides for a continuance of the present authority of the War Finance Corporation, and there are no enlargements of their functions.

Mr. LAGUARDIA. What funds has the War Finance Corporation available for the making of new loans?

Mr. McFADDEN. The War Finance Corporation has a capital of \$500,000,000, which is available, and they also have authority to issue debentures up to several billion dollars.

Mr. LAGUARDIA. Does not the gentleman believe their activities should be limited to settling up rather than with regard to the making of new obligations?

Mr. McFADDEN. There are certain sections of the country where the results would be very disastrous if they were forced to liquidate at the present time.

Mr. LAGUARDIA. Have we not provided special provisions of law to take care of just those situations?

Mr. McFADDEN. I do not believe it is necessary to limit the activities of the War Finance Corporation. I think it would be most unfortunate if at this time a restriction were put on its operations, and that is the general feeling. I believe the War Finance Corporation will be liquidated as rapidly as it is possible to do so, taking into consideration the drastic situation which exists at this time in regard to certain sections of the country.

Mr. TAYLOR of Tennessee. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. TAYLOR of Tennessee. What is the aggregate of the outstanding loans of the War Finance Corporation?

Mr. McFADDEN. The report filed in Congress as of November 30, 1923, shows that at that date the loans outstanding amounted to \$104,000,000, and they are practically the same to-day.

Mr. Chairman, I now yield to the gentleman from Arkansas [Mr. WINGO] and reserve the balance of my time.

Mr. WINGO. Mr. Chairman, I yield five minutes to the gentleman from Missouri [Mr. FULBRIGHT].

Mr. FULBRIGHT. Mr. Chairman, I ask unanimous consent to speak out of the regular order for five minutes.

The CHAIRMAN. The Chair is not clear whether the Chair can put such a request to the committee.

Mr. WINGO. I will state to the Chair that in the House it was suggested we intended to do this, and I think this is the proper time to do it, and I think it is a matter for the committee to control.

The CHAIRMAN. The Chair thinks it is not within the province of the Chair, under the rules, to put a request for unanimous consent to speak out of order.

Mr. LONGWORTH. Mr. Chairman, I did not quite understand the gentleman's request.

The CHAIRMAN. The gentleman asked unanimous consent to speak out of order.

Mr. LONGWORTH. Mr. Chairman, I understood that was involved in the request of the gentleman from Pennsylvania [Mr. McFADDEN].

Mr. WINGO. Mr. Chairman, I want to suggest to the Chair that while we may not have formally taken action I was under the impression it was suggested that this question would be taken up in the committee, and I am advised privately that there was an agreement in the House that there would be some speeches out of order.

Mr. LONGWORTH. I asked the question of the Speaker whether under a mere request for an extension of the debate there would be involved the right to speak out of order, and the Chair replied in the negative, and thereupon I suggested to the gentleman from Pennsylvania that he embody that in his request, and I understood he did that.

The CHAIRMAN. It was not embodied in the request.

Mr. BLANTON. Mr. Chairman, I make the point of order that even on Calendar Wednesday a Member may speak out of order until he is called to order.

The CHAIRMAN. Unless there is objection; yes.

Mr. BLANTON. Unless there is objection.

The CHAIRMAN. But the Chair is prohibited from submitting such a request.

Mr. BLANTON. That is by unanimous consent, and when objection is made the Member may prefer a unanimous-consent request.

Mr. WINGO. Mr. Chairman, I suggest then that the gentleman proceed in order, and no one, I am sure, will call him to order.

Mr. FULBRIGHT. Mr. Chairman, on Saturday, February 2, Mr. JEFFERS, of Alabama, delivered an address on the floor of this House in which charges of crookedness and corruption in the Treasury Department were made. Among other things he said:

Mr. Chairman, not very long ago, perhaps within the past two months, in the income-tax unit of the Bureau of Internal Revenue, in the Treasury Department, final audit was made of the Federal income-tax returns of Mr. Harry F. Sinclair for the years 1917 and 1918.

These returns involved for one thing the acquisition and sale of the stock of one of his oil companies. At the time the company was organized Mr. Sinclair was given \$5,000,000 worth of stock for the organization of the company, which stock he claimed at the time was valueless.

Within the above-named period—1917 and 1918—Mr. Harry F. Sinclair sold this stock, which had cost nothing and which he had claimed

to be valueless, for the sum of \$4,000,000, and, notwithstanding the fact that this \$4,000,000 was all "pure velvet" to him, so to speak, he, Mr. Sinclair, had the nerve to claim as a loss on this stock approximately \$1,000,000, which, through pressure brought to bear by person or persons in position to wield power in the Treasury Department, was passed upon favorably by the income-tax unit and allowed as a deduction to said Harry F. Sinclair.

I quote further from the gentleman from Alabama:

The American people know now that Harry Sinclair is closely connected with the crooked dealing that has been uncovered by the Senate committee, and they have a right to know whether or not he has, with the aid and influence of person or persons in position of power in the Treasury Department, cheated the Government out of big sums of money in the way his tax records were put through in that department.

Further on he says:

Does the Secretary of the Treasury know of these conditions? I believe he does. And I believe he knows of the facts and circumstances connected with Harry F. Sinclair's personal-tax records, too. I believe a complete check up of those records will disclose rottenness that will be a shocking revelation to the American public, and I hope we can have such an investigation by competent authority who will really investigate it, have it checked by people competent to do the work thoroughly and right, and get some assurance, if possible, from the Secretary of the Treasury that the records will not be tampered with before the whole thing is checked.

At the time these charges were made it was suggested that the Committee on Expenditures in the Treasury Department had authority to make the investigation. On Monday, February 4, I sent the following letter to Mr. VAILE, chairman of the Committee on Expenditures in the Treasury Department:

FEBRUARY 4, 1924.

HON. WM. N. VAILE,  
Washington, D. C.

MY DEAR CONGRESSMAN: In view of the statements made by Mr. JEFFERS, of Alabama, on the floor of the House Saturday afternoon wherein crookedness and corruption in the Treasury Department were charged, and in view of the further fact that it was stated on the floor at that time that the Committee on Expenditures in the Treasury Department has authority to make an investigation of this matter, may I not suggest that you, as chairman, call a meeting of the committee at once to determine what course to pursue.

It occurs to me that the gravity of the charges demands prompt action.

Very sincerely yours,

J. F. FULBRIGHT.

On Wednesday, February 6, Mr. VAILE called me over the telephone stating that he had already taken up the matter with Mr. JEFFERS, and that a meeting of the committee would be called at such time as would be convenient for Mr. JEFFERS to appear before the committee. On Thursday morning, February 7, I received the following letter from Mr. Vaile:

FEBRUARY 6, 1924.

HON. JAMES F. FULBRIGHT,  
House of Representatives, Washington, D. C.

MY DEAR MR. FULBRIGHT: A meeting of the Committee on Expenditures in the Treasury Department will be held at the rooms of the committee, third floor, Capitol, on Friday morning, February 8, 1924, at 10.30 o'clock, for the purpose of considering matters connected with the administration of the Treasury Department.

HON. LAMAR JEFFERS has been requested to be present, together with a representative of the income-tax unit of the Treasury Department.

Respectfully,

WM. N. VAILE, Chairman.

This meeting was postponed until Saturday morning at 10.30, at which time a meeting of the committee was held.

At the very threshold of the contemplated investigation the committee was confronted with the provisions of the revenue act that prevent any collector, deputy collector, agent, clerk, or other officer or employee of the United States from making any disclosures under penalty of a fine or imprisonment, or both, and which handicap any investigation of the income-tax returns. I refer to section 257, also subsection 3167 of section 1311, of the revenue act of 1921. In view of these legal obstacles Mr. JEFFERS introduced House Joint Resolution No. 176.

The CHAIRMAN. The time of the gentleman has expired.

Mr. VAILE. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended five minutes.

The CHAIRMAN. We can not extend time in that way.

Mr. WINGO. I yield the gentleman two additional minutes.

The CHAIRMAN. The gentleman is recognized for two additional minutes.

Mr. FULBRIGHT. Under the circumstances it is imperative to my mind that Congress promptly pass this, or some similar resolution, removing all legal impediments so that the Committee on Expenditures in the Treasury Department, or some other committee, may make a thorough and exhaustive investigation of the charge made. The investigation should extend back just as many years as conditions warrant without regard to whether Republican or Democratic officials may be exposed. All parties are opposed to and condemn corruption and dishonesty, the public official who violates the law and betrays his trust is neither a Democrat nor a Republican—he is a criminal, should be hunted down as such and dealt with accordingly.

Recent developments in the investigation conducted by the Senate committee have been appalling. If newspaper reports be true more sensational developments are yet to come. The finger of suspicion is pointing in every direction. The confidence of the people in public officials has been shaken. The tax burden of the farmers, the tolling masses, and the small business man is continually increasing while, if the charges made by the gentleman from Alabama be true, the immensely rich, through criminal connivance with the Treasury Department, are receiving special favors and in many instances escaping taxation.

The Veterans' Bureau, the Interior Department, the Navy Department, the Department of Justice, and the Treasury Department have been assailed. Flagrant extravagance, conspiracy, incompetency, stupidity, crookedness, corruption, and graft have been charged—in many instances established—and in the language of Senator WALSH of Montana, "The very structure of our Government rocks upon its foundation in consequence of the revelations made in connection with it." A thorough house cleaning is necessary. This saturnalia of corruption and dishonesty must end and public confidence must be restored. I am not a pessimist; I am an optimist. I have the utmost faith in the American people and their institutions. Conditions that exist to-day are not an evidence of a failure of free government. The fight being made on corruption and dishonesty in high places is its vindication. The honesty, integrity, and patriotism in official life will rescue the Government from the oily octopus whose slimy tendrils are now entwined about its various departments and restore it to the people where it rightfully belongs. I am sure the House of Representatives, the popular branch of the legislative department of our Government, will never fail to function in a crisis like this.

I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Missouri asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection? [After a pause.] The Chair hears none.

Mr. McFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from Colorado [Mr. VAILE].

The CHAIRMAN. The gentleman from Colorado is recognized for 10 minutes.

Mr. VAILE. Mr. Chairman and gentlemen of the House, in regard to the matter that has just been referred to by the gentleman from Missouri [Mr. FULBRIGHT] I entirely agree with his position that the matter ought to be thoroughly investigated. It was suggested at the time the gentleman from Alabama made his statement that there was an existing committee of the House which had authority under the general rules of the House to make such an investigation. It seemed to me then, and it seems to me now, that it was the duty of that committee to proceed as far as it could legally proceed with such an investigation, and as serious charges had been made on the floor of this House it seemed to me and to other members of the committee of both parties that some foundation should be laid by the Member preferring those charges to see whether there actually was something which the committee should investigate further, and for that purpose the chairman of the committee, myself, asked the gentleman from Alabama to appear before the committee. After several delays, which were accounted for by the gentleman's legitimate engagements I am sure, he did appear. Now, the gentleman made very serious charges against the Treasury Department. Those charges must have been based upon some knowledge which the gentleman had. The gentleman declined absolutely before our committee to state the sources of his information or to answer questions not involving the production of any record. I will give you a little example of the way in which that examination proceeded. The gentleman who just concluded his remarks asked this question:

Mr. FULBRIGHT. As I understand it, this \$5,000,000 in stock was for services rendered in the organization of a company, was it not, Mr. JEFFERS?

Mr. JEFFERS. I would like to make a preliminary statement regarding the situation. In the first place, I injected this proposition on the 2d of this month. It takes considerable of a study to get at what is in a case, especially in view of the existing laws. So it took me several days after I made these remarks to suggest a line of procedure to follow out this thing.

I brought it up, and I felt that if I had a suggestion as to procedure I should present it, since I did bring it up, and I felt I ought to present it at the earliest possible time.

But, as I say, it took considerable time—and we have been quite busy during the last few days—but on yesterday I did submit to Congress my suggestion as to procedure. I left you a copy of that last night, Mr. Chairman.

And the suggestion which the gentleman from Alabama made in his resolution was the appointment of a select committee by both Houses of Congress, a committee of 18, to call for all records in the income-tax unit since 1913, opening that whole department to the investigation of this committee, requiring an enormous amount of time and necessarily taking 18 Members from their regular duties to make such an investigation. We were very eager to ascertain whether there was probable ground for such an investigation. If there was probable ground, we wanted to make it.

Mr. LAGUARDIA. Will the gentleman yield?

Mr. VAILE. I yield.

Mr. LAGUARDIA. Does not the gentleman believe that the very fact that my distinguished colleague from New York [Mr. MILLS] has repeatedly stated there has been a great falling off of the income-tax returns, and when you compare the falling off of returns with existing tax-exempt bonds you find a wide margin there, would not that be sufficient justification for a real investigation of the returns from the income tax?

Mr. VAILE. The question which the gentleman raised on the floor of this House on Saturday involved a charge of fraud in the returns of a particular taxpayer, a charge by which the Government was supposed to have been deprived of tax on at least \$1,000,000 worth of property. It is quite possible there ought to be a general investigation. I am not proposing to go into that, but I do submit to the fairness of this House that there ought to be more specific grounds laid to show the reason for the investigation.

Mr. BANKHEAD. Will the gentleman yield for a question?

Mr. VAILE. I will yield to the gentleman from Alabama.

Mr. BANKHEAD. Does not the chairman of this Committee on Expenditures in the Treasury Department recognize the fact that, under existing law and the limitations of that committee with reference to the disclosure of evidence, any investigation that committee would have undertaken would necessarily have been ineffectual in accomplishing the real purpose which my colleague from Alabama [Mr. JEFFERS] had in mind?

Mr. VAILE. I certainly recognize the limitations of existing law, but I do submit that before we go into the question of whether those limitations of existing law should be removed we should realize that there is great value to them. Very likely a taxpayer makes a more nearly complete disclosure for the very reason that he is protected by those provisions. There is a lot of ground for believing that those limitations are proper and should exist, and I say that before going into the question of whether we should remove those limitations we should find whether there is reasonable ground for believing fraud has been committed.

Now, there were some circumstances bearing on the question of reasonable grounds within the knowledge of the gentleman from Alabama. One question was whether the \$5,000,000 was not for services in the organization of the company. He declined to answer.

Mr. WURZBACH. Will the gentleman yield?

Mr. VAILE. I will.

Mr. WURZBACH. Did the gentleman from Alabama make any specific charge of fraud except the tax return of Sinclair?

Mr. VAILE. No specific charge; he made a charge that an investigation would disclose gross corruption.

Mr. WURZBACH. But the only specific charge was the income-tax return?

Mr. VAILE. That is all.

Mr. WURZBACH. Did he offer any proof to sustain his charge?

Mr. VAILE. He did not offer any; he declined to do so.

Mr. JEFFERS. Will the gentleman yield?

Mr. VAILE. Yes.

Mr. JEFFERS. I said since I interjected that matter on the floor of the House I thought I was due to present a line of procedure for some proper procedure, and I have done that in the House Joint Resolution 176, which is now before the Rules Committee of the House. I will say to the gentleman at this time that I am willing to go with the chairman of the Committee on Expenditures in the Treasury Department to the Rules Committee any time and suggest to the Rules Committee that the seven members of the gentleman's own committee be placed on this special committee to be appointed.

Mr. VAILE. I am not overanxious to get extra work. If we do in a workmanlike manner the work already assigned to us we will be kept busy. But I am chairman of an existing committee of this House which has certain duties imposed upon it by the rules of the House, and it is ready to investigate this matter if there is reasonable grounds for such investigation. If the gentleman will furnish my committee with reasonable grounds that such facts exist, which the gentleman has declined to furnish, I will introduce a resolution asking the House and the Senate to confer authority on my committee or any committee to make a thorough investigation and call for the income-tax returns. But the gentleman from Alabama has made no such showing of probable cause.

Mr. WINGO. Will the gentleman yield?

Mr. VAILE. I will yield to the gentleman from Arkansas.

Mr. WINGO. Does the gentleman think that when a Member of Congress, with the responsibility and under his oath as an official of the Government, states specifically certain facts, which facts can not be determined by a committee of either House and can only be brought out by a committee empowered by law to call for the evidence—does the gentleman think that is not sufficient to justify an investigation?

Mr. VAILE. I think when there are obviously some facts within the gentleman's knowledge pertaining to the charge he brought against a public official, against a Cabinet officer, it is his duty to state those facts that are within his knowledge.

Mr. WINGO. Has he not stated them?

Mr. VAILE. He has not.

Mr. WINGO. He stated them on the floor the other day.

The CHAIRMAN. The time of the gentleman from Colorado has expired.

Mr. McFADDEN. I yield to the gentleman five minutes more.

Mr. VAILE. The gentleman from Alabama was asked the question by the gentleman from Missouri [Mr. FULBRIGHT] whether the \$5,000,000 was for services in organizing corporations and he declined to answer the question.

Mr. JEFFERS. Will the gentleman yield?

Mr. VAILE. Not just at this moment. The gentleman from Alabama declined to answer the question. Here is what was said:

perhaps I might want to answer that question, or have it answered, by some other witness than myself, and no witness ought to answer questions of this sort, I believe, except under oath.

And a few minutes later I said: "I want to get definitely from Mr. JEFFERS whether or not he declines to answer Mr. FULBRIGHT's question," and asked him, "Can you not say whether you decline or not?" to which he replied, "Not at this moment."

I said, "Do you know when Mr. Sinclair's claim for a deduction of \$1,000,000 was favorably allowed as a deduction?" to which he refused to give any further answer than what he had previously stated on the floor in his speech of the 2d.

He even refused to tell us who would be able to give the answer more definitely than himself on the ground that that "would be militating against the cause."

Now, is it not remarkable that a Member of the House can get up on the floor of the House and charge a Cabinet officer with flagrant fraud, involving the cheating of the Government out of a million dollars, and decline to answer the question "Where did you get the information; who gave you that information?" I think it is the most absurd proposition ever presented to this body.

Mr. RAGON. Will the gentleman yield?

Mr. VAILE. I will yield to the gentleman from Arkansas.

Mr. RAGON. Is not the specific question there and his declining to answer because he did not think our committee had power to conduct a proper investigation?

Mr. VAILE. That is correct.

Mr. RAGON. He was willing to go before any committee with authority and give any information that he had. That is, the reason for not giving the information was because it in-

volved a statement by Treasury Department officials, who were, under the law, forbidden to make those statements.

Mr. VAILE. I am asking the gentleman to make a showing as to probable cause. The facts are necessarily within his knowledge.

Mr. FULBRIGHT. Will the gentleman yield?

Mr. VAILE. Yes.

Mr. FULBRIGHT. I will ask the gentleman if it was not also stated at the time Mr. JEFFERS was being interrogated by Commissioner Blair that he could not tell the committee a great many things we wanted to know from the fact that all the personnel of the department was prohibited from disclosing anything under penalty of fine and imprisonment?

Mr. VAILE. Yes; he referred to the statute; that is correct. I am only submitting that some facts were within the gentleman's knowledge, and those facts he declined to give to our committee.

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

Mr. VAILE. Yes.

Mr. WURZBACH. I do not think that the gentleman from Colorado [Mr. VAILE] was present on the floor on the day the gentleman from Alabama [Mr. JEFFERS] made his remarks.

Mr. VAILE. I was in committee meeting at that time.

Mr. WURZBACH. I was present; and when he made the charge I asked him whether he had any objection to giving his sources of information to this House. The gentleman from Texas [Mr. GARNER] interposed and stated that there was a committee, to wit, the Committee on Expenditures in the Treasury Department, which was the proper committee to which these sources of information should be given.

Mr. VAILE. And that committee was desirous of getting them.

Mr. WURZBACH. And the gentleman from Alabama [Mr. JEFFERS] seemed to agree with that suggestion of Mr. GARNER. I assumed after that that the gentleman from Alabama would freely and willingly give such sources of information as he had to the gentleman's committee.

Mr. GARRETT of Tennessee. Mr. Chairman, will the gentleman yield?

Mr. VAILE. Certainly.

Mr. GARRETT of Tennessee. The gentleman from Alabama [Mr. JEFFERS] gave to the House information which came to him in connection with the income-tax returns. The gentleman from Colorado [Mr. VAILE] and the gentleman from Texas [Mr. WURZBACH] both know very well that it would be a violation of law to make public these matters. The gentleman from Alabama, upon his own responsibility, has given information to the House. There is an orderly way in which the House can proceed to obtain the information and find out whether he was correctly informed. That is by the passage of a law repealing the act which prevents making public these matters. What did the gentleman desire? The sources of information as to what somebody—

The CHAIRMAN. The time of the gentleman from Colorado has expired.

#### MESSAGE FROM THE PRESIDENT OF THE UNITED STATES.

The committee informally rose; and Mr. McFADDEN having taken the chair as Speaker pro tempore, sundry messages in writing from the President of the United States were communicated to the House of Representatives by Mr. Latta, one of his secretaries.

#### WAR FINANCE CORPORATION.

The committee again resumed its session.

Mr. WINGO. Mr. Chairman, I yield 5 minutes to the gentleman from Alabama [Mr. JEFFERS].

Mr. JEFFERS. Mr. Chairman and gentlemen of the House, I did not anticipate that this discussion would come up about this matter at this time, but I am perfectly ready to discuss it, and, I think, discuss it in a clear way before the House at any time. It has been already pointed out that these records which will prove this case are, under the law, now absolutely surrounded by a wall of secrecy. We must have action by the Congress of the United States in order to be able to get at the records in the case, and of course it is necessary for any investigating committee to have access to those records.

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

Mr. JEFFERS. Yes.

Mr. VAILE. Is the gentleman willing to give to our committee facts which do not involve the production of records?

Mr. JEFFERS. I will answer that question immediately. I reply to the gentleman from Colorado in a perfectly friendly spirit. He stated that he would, under certain circumstances—I did not get his point altogether clear—if certain things were done or not done, produce a resolution himself asking for

power and full authority to investigate this matter thoroughly. It would necessarily have to be a joint resolution having the concurrence of the Senate and signed by the President in order to supersede the existing provisions in the law. If the gentleman will introduce such a resolution, where would it naturally go? It would go to the Rules Committee, of course, and when the Rules Committee takes up such a resolution for consideration, I shall then be ready and willing to go before the Rules Committee and support the contention that a strong resolution with teeth in it should be brought out by the Rules Committee, so that the gentleman's committee, if so empowered by the Rules Committee, or a special committee, if so empowered by the Committee on Rules, could go into the matter fully and completely and have the cases drawn out of the files. That could be done by a House joint resolution which supersedes the law, and then people would be able to come in before a proper tribunal and testify, a thing which they would not now under the law be permitted to do.

Mr. VAILE. The gentleman has not yet answered my question as to whether he would furnish my committee or the Rules Committee with information not involving the production of records from the income-tax unit.

Mr. JEFFERS. No; to fully prove the charges that I made on the floor of the House you have necessarily got to have the testimony and have access to the records. I am willing to give any committee empowered by Congress to act the necessary information, but there must necessarily be something equal to a joint resolution which would supersede the present existing law before we can go to the heart of the matter, and I contend that I am right in saying that for the real good of the cause a smattering of information, without access to the records, would not do, and should not be put before any committee, in thin air, in public, until some tribunal has power and authority to go fully into the records.

Mr. VAILE. Does the gentleman question the power of the Committee on Expenditures in the Treasury Department to act in matters not involving the production of records?

Mr. JEFFERS. To prove the charges that I made with the best evidence, with the real evidence, it would be necessary to have those records. Those records are locked up so we can not get at the real proof of the pudding and we must necessarily be enabled to get at them.

Mr. VAILE. What was the name of this company of Mr. Sinclair's?

Mr. JEFFERS. To substantiate that, we would want access to those records.

Mr. VAILE. Does the gentleman know it outside of the records?

Mr. JEFFERS. I may; I believe I do. But get a strong joint resolution through empowering your committee to act, or empowering a special committee, and I will go before the committee and give sufficient facts. [Applause on the Democratic side.]

Mr. VAILE. The gentleman may have gotten that information otherwise than from the income-tax unit. Will he tell the House whether he did or not?

Mr. WINGO. Will the gentleman yield?

Mr. JEFFERS. Yes.

Mr. WINGO. Is not the question not the character of the evidence or where it is from, but whether or not a fact exists that may be demonstrated only by examining the records?

Mr. VAILE. Mr. Chairman, will the gentleman give the House the name of the income-tax field agent that he says was called to Washington twice?

Mr. JEFFERS. I will give the House the information when we create a tribunal that is empowered by Congress to really get the records, which we must have.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. WINGO. Mr. Chairman, I yield two minutes more to the gentleman.

Mr. JEFFERS. I certainly am not going to throw open into thin air information which will enable people in that department to go down there and change records and substitute records before a congressional committee with sufficient real power to do business has a chance to call out such records as the committee would want.

Mr. VAILE. What ground has the gentleman for stating that the income-tax unit will change records?

Mr. JEFFERS. You will find out what is going on there now.

Mr. VAILE. That is just what I want to find out.

Mr. JEFFERS. A proper tribunal should consider that matter.



Now I have only a minute or so, and I must decline to yield further unless I can get more time.

That well-known newspaper writer who enjoys such a high standing and good reputation in his profession, Mr. David Lawrence, was 100 per cent correct when he wrote, in an article appearing under his name in the Washington Star of Monday, February 11, the plain statement in so many words that there have been some flagrant cases in the income-tax unit of the Bureau of Internal Revenue of the Treasury Department in which employees of the Government, with a knowledge of the inside of some big tax question in dispute, have resigned and gone to the assistance of the taxpayer for a considerable fee. He might have said there are many such cases instead of some cases and still would have been 100 per cent correct.

In the resolution introduced by Mr. BROWNING, of Tennessee, and myself you will find mentioned the case of Mr. Doheny. In that very case a man who was in on the Doheny case—that is, working on the Doheny case while he was an employee of the Government in the income-tax unit—went out of the employment of the Government and later reappeared down there as the representative of the Doheny people to put through the very case or cases on which he had worked while an employee of the Government in that department.

Mr. VAILE. Will the gentleman yield there?

Mr. JEFFERS. In a moment. In the newspaper article I have referred to Mr. David Lawrence further said that there have been other cases in which a favorable impression made by a Treasury employee while handling a case with a big business concern has led to a resignation after the case was closed and the employment of the Treasury expert in the business of the firm affected.

He was right in that also. We do not have to look further than the cases mentioned in House Joint Resolution 176, now before the Rules Committee, to find a case in point. Again I refer to the Doheny case.

A man who was in the unit in the income-tax department where the Doheny case was closed went out of the Government service very soon after the case was closed up and went to California in the employ of the Doheny people at double the salary he was receiving as an employee in the income-tax unit.

The CHAIRMAN. The time of the gentleman has expired.

Mr. JEFFERS. May I have one minute more?

Mr. WINGO. I yield to the gentleman one minute more.

Mr. JEFFERS. He said there were men who made good impressions on the taxpayers while handling their cases, men who were later employed by the taxpayers. You do not need to go further than the Doheny cases, for that matter, because a man who worked on those cases was later hired by the Dohenys.

Mr. VAILE. When was he in the service?

Mr. JEFFERS. He went out of the service some time after the Doheny cases were closed in 1923 and went into the service of the Dohenys, drawing double the salary he had received before, and he was considered by the people in the department as a lightweight. If you give us the proper tribunal, we will give you more information on that line than you ever heard of.

In House Joint Resolution 176 you will find mentioned for investigation the income-tax records of Mr. Harry F. Sinclair. When Mr. Sinclair's case was up in the department there were several engineers working on it. Two of these engineers were familiar with Mr. Sinclair's properties. That is probably why they were assigned to the case. They knew something of Mr. Sinclair's holdings and operations. Perhaps some of the other engineers who were on the case knew a little about the properties, too; but I understand that the two engineers who knew most about these properties of Mr. Sinclair each received a telegram while they were in the department working on Sinclair's case from Sinclair's New York office offering each of them \$50 per day and expenses and urging them to report immediately for field duty in the West.

Ah, my friends, it is time to act. The Treasury of the United States has, I believe, been done out of many millions of dollars of taxes by means of irregular and fraudulent actions in the income-tax unit.

I am earnestly urging the Rules Committee of the House to give consideration to House Joint Resolution 176, and I hope we can have it out very soon.

The situation demands quick and thorough action. The leaks are still causing losses of great sums of money.

We have been brought face to face with the existing bad conditions by newspaper articles appearing in metropolitan dailies. I have endeavored to bring this matter to the attention of Congress here on the floor of the House. We now have it brought squarely to our attention by this article written by David Lawrence which appeared in last Monday's Washington Star. It is time to act now.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. McFADDEN. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. BLANTON].

The CHAIRMAN. The gentleman from Texas is recognized for 20 minutes.

Mr. BLANTON. Mr. Chairman, during my 50 years of life I have been a partisan Democrat. I am still a partisan Democrat. Unfortunately for the country, we are under a Republican administration. The Bureau of Engraving and Printing is under a Republican administration. The Director of the Bureau of Engraving and Printing is a Republican. If I could show to the country that a director of that bureau was an improper man to discharge his duties, from the political standpoint it would be to the interest of my party; and if I could show to the country that the administrative features of the Bureau of Engraving and Printing were improper and not to the interests of the people or the Government, it would be to my interest as a partisan Democrat to show it. But as a partisan Democrat it is my duty, I take it, as a Representative in Congress to back up the facts as they exist and as I have found them in a Government institution. If the facts are true and to the credit of a Republican director of an institution, it is my duty to so state, as I find them to exist.

Now, what is the situation? Under President Harding's administration, a year or so ago, the President saw fit to remove a number of employees, among whom was the former director. There were certain charges of improper conduct, though same were unknown to the public. He removed a director. There are still charges pending in this House that duplicates of certain bonds caused President Harding to remove certain employees of that bureau, but all of them antedate the administration of the present director. Every charge of improper conduct was prior to the present administration of that bureau under Director Hill. And after removing these employees President Harding appointed Louis Hill as director and placed him in charge of the bureau.

Then what happened? In the administration of his duties as director, Mr. Hill brought to the Committee on Appropriations of this House certain information, which he communicated to Mr. MADDEN. "Mr. MADDEN," said he, "if you will put into force and effect here power presses instead of hand presses, I will save to the Government and the people \$1,377,000 a year on that one item alone." He interested Mr. MADDEN, and Mr. MADDEN took the proposition up with that department and investigated it, and he developed evidence before his committee, and Director Hill convinced him that he was right; and Mr. MADDEN just before the last Congress adjourned, in the Treasury appropriation bill that he brought in here provided for that change from hand to power presses and incidentally provided that there should be dismissed from the bureau and the pay roll of the Government 218 plate printers, who thus lost their jobs and caused the people's Treasury to stop paying their salaries.

What happened? Members will remember that during the three days of debate on that question that whole front gallery up there was filled with plate printers, who were during the whole time watching the proceedings of Congress and doing everything they could to defeat Mr. MADDEN in carrying out Director Hill's power-press proposition. But the House on both sides backed up Mr. MADDEN, and in doing that they backed up Director Hill; and the other day, when Mr. MADDEN had his Treasury bill in here I had Mr. MADDEN state on this floor that that vote for power presses was saving now \$1,377,000 for the taxpayers under this Government. That is to the interest of my party, as Democrats are taxpayers; it is to the interest of the Democrats as well as Republicans, and it would be beyond my duty if I did not so state the facts.

But soon after we passed that law Congress adjourned and many of us went home, and you Members who kept up with affairs here in Washington, you who read the newspapers in Washington, know that some of the plate printers said, "We are going to get Hill out of this bureau. We are not going to permit Hill to stay here"; and there has been a fight on him continuously every day since that date; a fight to ruin him, not because of what had transpired before that under a former administration but because of the fact that he had advocated the change from hand to power presses, put 218 men out of jobs, and was saving the Government and taxpayers \$1,377,000 a year.

Now, let us not have any mistake about the Record. Let me quote from the Record. If my genial friend from Baltimore [Mr. HILL] will listen to this, I am going to interest him in this annual saving of \$1,377,000, because he and I work together on some propositions, even if we do disagree on others. On February 9 I called the attention of the gentleman from Illinois [Mr. MADDEN] to this proposition. I asked him about Director

Hill and what he thought about him. Here is what the gentleman from Illinois [Mr. MADDEN] then said:

I think he is a good man.

Then, after Mr. MADDEN had shown the many savings Director Hill had made for the taxpayers of this country, concerning the amount saved by this change from hand to power presses, the following colloquy occurred:

Mr. BLANTON. And every year hereafter we will save \$1,377,000?

Mr. MADDEN. We shall save more than that; it is working out so that we shall save a good deal more.

Mr. BLANTON. Yet every day we see in the papers that Director Hill will not last more than a day or so longer, as the Secretary of the Treasury has agreed to kick him out.

Mr. MADDEN. I will say to the gentleman from Texas, if he will permit, that as far as I am able I will help to retain Mr. Hill, the director of the bureau, in the position he now occupies as long as he does the work as well, efficiently, economically, and justly to the Treasury and to all concerned as he has in the past.

That was on February 9, and here is the Washington Times of February 12, three days afterwards, and let us see what it says. In the large top headlines it proclaims:

MELLON TO SELECT HILL'S SUCCESSOR THURSDAY.

That is to-morrow. They even made him state the day on which he was going to select his successor. And here is what the newspaper says:

SILENT ON NAME OF MAN PICKED FOR BUREAU JOB—CHANCE PRESENT CHIEF MIGHT REGAIN TITLE VANISHES AT SECRETARY'S ANNOUNCEMENT.

All doubt as to the acceptance of Louis A. Hill's resignation as Director of the Bureau of Engraving and Printing was removed yesterday.

At his bi-weekly conference with newspaper men Secretary of the Treasury Andrew Mellon announced the name of the new director will be made public Thursday.

That is to-morrow.

Mellon's statement is expected to evoke dissatisfaction at the Capitol, where Members of both Houses have come out in the last week in support of Hill's remaining in office.

The paper says Mellon's action in kicking Director Hill out is expected to bring about dissatisfaction in the House and in the Senate, but that Mr. Mellon is going to kick him out just the same to-morrow. Why do not these Washington newspapers, if they have the interest of the people and of the Government at heart, come out and say that all of these articles against Director Hill are influenced by the Plate Printers' Union of Washington, D. C.? I want to tell you, gentlemen, something you do not know. There are approximately 20 different organizations of organized labor in the Bureau of Engraving and Printing; every one of them is backing up Hill except one—this Plate Printers' Union, which had 218 of its members discharged. Is not that funny? They are all in favor of Director Hill, a Republican, except this one organization of plate printers, and it is after Hill because 218 members were separated from the pay roll when it was found the Government did not need them and could save \$1,377,000 a year by using power presses.

It is the interest of the people of this Government that is involved in this question, and that is the reason I said the other day that Mr. Secretary Mellon on this proposition was showing political weak-kneedness in allowing this influence to make him kick a man out of the Bureau of Engraving and Printing who does not deserve to be kicked out.

Mr. LARSEN of Georgia. Will the gentleman yield?

Mr. BLANTON. I will.

Mr. LARSEN of Georgia. What reason does the Secretary assign for his removal?

Mr. BLANTON. He has never given us one reason on earth for kicking Director Hill out.

Mr. LARSEN of Georgia. Has he any reason?

Mr. BLANTON. He can not give a reason. I know of none. I want my distinguished friend to get the last report of Louis Hill, the Director of the Bureau of Engraving and Printing, and read it; I wish every Member of Congress would get that report and read it, because they would find he has done more for the taxpayers of this Government than all the directors who have been in charge heretofore. He has had the interest of the taxpayers at heart. He is a Republican and I am a Democrat, but I will back any Republican who fights for the interest of the people of this Nation. It is not a partisan question.

What are we going to do? President Coolidge said the other day that he is not going to permit the innocent to suffer in this land; he is not going to permit any innocent man to suffer, he

does not care where the demand comes from. In that connection I hope President Coolidge will get busy to-day, because if he does not get busy he is going to permit his Secretary of the Treasury to remove an innocent man, a Director of the Bureau of Engraving and Printing who is doing his duty by the people of this land, Republicans and Democrats alike.

I want to tell Secretary Mellon something. I imagine I have investigated this bureau as much as any Member of Congress. I have been all over it; I know the character of work in every department in it; I know the kind of work they do and how they do it, for I have questioned many employees in it. And that is not the only bureau I have been over. I go over these many bureaus when we are not in session. Instead of going to Europe, the Philippines, Porto Rico, Panama, and other places, I am going through these bureaus, and I know something about this bureau. And I am going to tell Secretary Mellon something. I said I was a partisan Democrat, and here is Director Hill, who is a partisan Republican, but if the President allows Secretary Mellon to kick Director Hill out to-morrow, an innocent man, I am going to introduce a resolution in this House to-morrow that is going to uncover some things which had been existing in that bureau for a long time, and which Director Hill has been trying to rectify in behalf of the country, things which President Coolidge does not know about and that Secretary Mellon does not know about, because if Secretary Mellon did know about them he would not let the Plate Printers' Union, through these newspapers, hound Director Hill out of office.

Mr. WATKINS. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. WATKINS. Does the gentleman know whether President Harding had any justification whatever for kicking Mr. Wilmeth and the other civil-service employees out of the Bureau of Engraving and Printing?

Mr. BLANTON. That is a matter we do not have to concern ourselves about on this particular question of Director Hill. Suppose President Harding did have reason for kicking them out. Does that affect this question? Suppose he did not have reason. Does that affect the matter of kicking Director Hill out of office? No. Whether he did or did not, this Hill case is another question. The former director is out and he does not want his job back. Mr. Mellon offered the job back to the former director, but he refused it.

Mr. WATKINS. In the interest of good government, would not the gentlemen think the whole thing is involved and interwoven and ought to be investigated? If President Coolidge is right in saying that they should all be put back, then Mr. Harding was wrong in dismissing them; but if Mr. Harding was right in dismissing them, is not President Coolidge wrong in insisting that they go back? Both can not be right.

Mr. BLANTON. I know how the gentleman feels about it, and that is a fair question. But here are some men kicked out of the department because President Harding thought there was something wrong, and he put Director Hill in charge of that department, who works for the people all the time.

He brings about many reforms in behalf of the taxpayers, and then without fault on his part President Coolidge decided that President Harding did wrong in kicking the former director out, and the new President requested Director Hill to resign in order to offer that former director's job back to him, and he refused to take it, and the new President has no reason now to insist on Hill resigning. Does the gentleman think it would be fair to this man Hill, who has been doing right as director; the man whom the former President put in charge of the bureau, having confidence in him, the man who has done his full duty to his country and the people as Director Hill has done, when the President has to find somebody to act as director, does the gentleman think he ought to kick Hill out and put some new man in?

Mr. WATKINS. Do you not think it the duty of this Congress to investigate, as the resolution of the gentleman from Oregon proposes, to see what the trouble is down there?

Mr. BLANTON. Certainly we ought to know about it.

Mr. WATKINS. Can the gentleman tell me why the Committee of the House on the Civil Service has not reported the Watkins resolution asking for the facts? Does the gentleman know why that has not been done?

Mr. BLANTON. I happen to know what a good deal of the trouble has been down there myself. I have seen some of it, but I am not taking a stand either way against those men who were kicked out.

Mr. WATKINS. Some of them are dead, you know.

Mr. BLANTON. Some of them are dead, and that is one of the reasons. But their cases are not material so far as Director Hill is concerned. This is a separate proposition.

Mr. WATKINS. It is very material to them and theirs.

Mr. BLANTON. But kicking Hill out is very material to him. What effect would that have on those former employees? They are not seeking Hill's job.

Mr. WATKINS. Why does not the gentleman battle for those men and women who have been kicked out and who have been neither condemned nor exonerated—why does not the gentleman battle for them instead of battling for Hill?

Mr. BLANTON. Because I do not know for certain yet whether they ought to have been kicked out or not.

Mr. WATKINS. Why do you not find out?

Mr. BLANTON. Because that is a matter for Congress.

Mr. WATKINS. Why do you not take your time and your talent now and, instead of battling for Hill, battle for those men who have been condemned, as it were, without having had a hearing?

Mr. BLANTON. I cross bridges when I come to them. We are going to have an investigation.

Mr. WATKINS. When?

Mr. BLANTON. When we get enough Republicans and Democrats to vote for the resolution of the gentleman from Illinois [Mr. KING]. Then we will have an investigation.

Mr. WATKINS. The gentleman from Oregon introduced a resolution 60 days ago, and no one has done anything about it.

Mr. BLANTON. I am ready to vote for it right now. If the gentleman will get unanimous consent to take it up right now I will vote for it. I want it passed. I want an investigation of this bureau. I am going to introduce some evidence before them myself which I have seen with my own eyes down there. But this kicking Director Hill out is a matter which is coming up to-morrow, the newspapers say, for the Secretary of the Treasury is going to kick Director Hill out Thursday, which is to-morrow, and I am trying to stop him. It would be a crime against justice for the Government to kick him out. It would be overturning what President Coolidge said when he stated he was not going to permit any injustice to be done to the innocent of this Nation. He told the Senate that when the Senate said, "You must dismiss a Cabinet officer." President Coolidge said, "I will not do anything until I get ready; I am not going to let anybody suffer unless he deserves it." [Applause.] And I say to President Coolidge, "Then don't you let Louis Hill be kicked out."

Mr. BANKHEAD. Will the gentleman from Texas yield for a question?

Mr. BLANTON. I yield.

Mr. BANKHEAD. In view of what the gentleman is saying in reference to the contemplated action of the President, Mr. Denby is not the only man in high position who is having the wool pulled over his eyes in this country.

Mr. BLANTON. If you want my honest opinion, as a Democrat and as a partisan one, I think Cal Coolidge is as honest as the days are long. [Applause.] That is what I think. I think he has been overreached. I think he is listening to the wrong kind of advice. I predicted that within a few hours after that Senate resolution passed President Coolidge would have Secretary Denby's resignation in his hands. I predicted that. I was disappointed when he did not require it.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. Would you give me two more minutes?

Mr. MCFADDEN. I yield the gentleman from Texas five minutes.

The CHAIRMAN. The gentleman from Texas is recognized for five additional minutes.

Mr. LaGUARDIA. Will the gentleman now yield?

Mr. BLANTON. I believe that when President Coolidge finds out the facts, there is going to be more than one resignation in his hands. I believe he is going to go to the bottom of the affair, if all of his advisers will give him a chance.

Mr. LINEBERGER. Will the gentleman name the parties?

Mr. LaGUARDIA and Mr. WURZBACH rose.

Mr. BLANTON. I yield first to my colleague from Texas.

Mr. WURZBACH. The gentleman stated that under certain conditions he would introduce a resolution to-morrow calling attention to irregularities in a certain bureau. Does not the gentleman think that if there are any irregularities or any crookedness or graft, he ought to offer that resolution regardless of what is done in the matter of the discharge of Mr. Hill?

Mr. BLANTON. I am first backing the resolution of my colleague from Illinois [Mr. KING]. If his resolution fails, I am going to put mine in anyway, but the gentleman from Illinois has one that carries out the same purpose. But I want to ask my colleague this question. When President Harding had confidence in Director Hill and put him in charge of that bureau to clean it up—and he has cleaned it up—and when President Coolidge has had confidence in him, and when the chairman of the great Committee on Appropria-

tions of this House, MARTIN B. MADDEN, said here the other day that he has confidence in him and is going to back him up, do you think we ought to sit still here just because the plate printers through the newspapers here are hounding Director Hill at the instance of disappointed employees whose services the Government no longer needed? Do you think we ought to sit still and let Secretary Mellon seek the path of least resistance and kick Hill out and put some one else in in his place because he thinks we will sit still and let him get away with it? If he does, it will stir up more of a mess than Mr. Mellon ever dreamed of.

Mr. WURZBACH. My inquiry was to find out whether the investigation resolution would depend upon the action—as to Mr. Hill.

Mr. BLANTON. Oh, I am backing the King resolution regardless of Hill. I am going to introduce a resolution myself, if Mr. Mellon lets Hill be kicked out of the department to-morrow, and in same I am going to ask Mr. Mellon what he did it for, what Hill had done to cause his dismissal, what reason Mr. Mellon had for going against the judgment and advice of one of the greatest committee chairmen the Republicans have had since I have been here, the gentleman from Illinois [Mr. MADDEN] and one of the best Republican Congressmen we have in the House. [Applause.]

Mr. LaGUARDIA. Will the gentleman yield?

Mr. BLANTON. Yes.

Mr. LaGUARDIA. Is it not true that the discharge of these men was incidental to other matters which must be investigated?

Mr. BLANTON. Yes; I am backing the King resolution. I am rather stronger for it than is the gentleman from Illinois [Mr. KING] himself. [Laughter.]

Mr. PERKINS. Has any charge been made against Hill?

Mr. BLANTON. Not one that has been made public. But I predict that neither the Times nor the Star nor the News will publish any account of these remarks in Director Hill's behalf.

Mr. WINGO. Mr. Chairman, I yield 15 minutes to the gentleman from Nebraska [Mr. HOWARD].

Mr. HOWARD of Nebraska. Mr. Chairman, first of all let me pay my thanks to the managers of the debate to-day, and to the membership generally, for giving me permission to proceed, perhaps, a little out of the line of order.

Mr. Chairman, in the very brief time allotted to me on this occasion I shall be able to touch only two characters in connection with the request of our soldiers of the late World War for an adjustment of their compensation. I shall first approach that character who endeavors to defeat adjustment legislation by the charge that the payment of adjusted compensation contemplated by the pending bill for that purpose would work no benefit to the average ex-service man. Frequently that despicable character has asserted that nine-tenths of all the money to be distributed by the Government under the pending compensation bill will be practically thrown away. Brazenly such libelers of our magnificent men and boys who wore the uniform of the Republic during the World War declare that 90 per cent of all the adjusted compensation which may be distributed by the Government will be squandered in pool halls, bootleg joints, race-track stables, and gambling dens. Immediately after the close of the war no American was so lost to sense of shame as to slander the boys who had fought and won the greatest war in history. [Applause.] Most Americans did not desire to speak ill of our ex-soldiers, because most of us were still gratefully remembering their services in behalf of our country. I do not believe it is true, as asserted by a great foreign writer, that America is a land of forgetters, but those who are now designating nine-tenths of our ex-service men as profligates and bums are certainly giving comfort to that foreign writer who declared that America always "stands ready to sacrifice even her holiest things upon the altars of finance." I would not desire that any American who has so slandered our ex-service men shall now regard me as endeavoring to answer his infamous argument in his effort to defeat fair adjustment of the compensation of our soldiers in the late war. I speak now only to the ears of honorable Americans who may have been deceived by the scientific propaganda which has been uttered and so widely disseminated in opposition to the petitions of our ex-service men to the Congress—petitions asking that our Government may be as fair in adjusting their compensation as it has been in adjusting the compensation of every man or corporation holding a contract to furnish material things to the Government during and since the close of the Great War.

One year ago I first heard of the claim that nine-tenths of any adjusted compensation paid by the Government to ex-

soldiers would be quickly squandered in questionable resorts by those to whom the compensation might be paid. That very day I enlisted in a movement to gather evidence to carry to the ears of good Americans who might be deceived by the conscienceless calumniators of the survivors of the grandest Army that ever went forth to battle in the cause of the right. [Applause.] I hold that evidence in my hand and am now ready to present it to my fellows in this House and to the manhood and womanhood of all America. Seeking to know the truth regarding the manner in which the average ex-service man would desire to employ such adjusted compensation as might be paid to him by the Government. I joined with others in circulating among the ex-soldiers of my own Nebraskaland a simple question, reading as follows:

In event that the Government should award you adjusted compensation, for what purpose would you probably expend the money?

That question was submitted to 1,000 ex-service men who went out from Nebraska and who now reside within the boundaries of that Commonwealth. Eight hundred and twelve of the men to whom the question was submitted are enrolled in the ranks of the American Legion. One hundred and eighty-eight to whom the question was propounded were either members of the Veterans of Foreign Wars or nonaffiliated with any organization of soldiers. The question was not mailed to any soldier, but was spoken to each of the thousand men by some member of the committee seeking to know the purposes for which the men would most desire to employ the money when they should receive it. Each answer was taken down in writing by the member of the committee who personally propounded the question. The work was done quietly, carefully, and conscientiously. Several weeks were consumed in the effort. At last the work was finished and the investigating committee is prepared to submit report of its investigations. Manifestly, it would not be possible to present in detail each answer to the question. The plan adopted was to assemble the answers under general headings, showing the following synopsis of the views of the 1,000 men to whom the question was propounded:

As a payment on purchase of homes in cities and towns.....	289
For purchase of teams or additional farm machinery.....	274
For better care, better clothing, and more comforts for wife and children.....	73
For expense of a term in some business college.....	47
For expense of a trip to the battle fields of France.....	52
For expense of a contemplated marriage.....	18
To provide better accommodation for aged parents.....	12
To aid unfortunate and neglected soldiers of the late war.....	22
To aid a brother or sister to attend a teachers' normal school or State university.....	77
To aid in getting into some small business.....	32
To use for "any purpose I damn please".....	44
To help buy an automobile for pleasure or business.....	17
To buy new books for a law library.....	13
Number refusing to answer the question.....	47
Total.....	1,000

I have been greatly gratified by the character of the answers submitted. Great was my regard for my Nebraska ex-service men before they answered that question, but since receiving and compiling their answers my love has budded into affection for those rugged fellows who so grandly represented our country on fields of war and now so magnificently display the higher ideals in time of peace.

And now I must turn attention to another miserable propagandist in our midst. Every Member of this House has had a letter from him. His letters bear the postmark of that great metropolis near our eastern sea, in that golden island zone wherein the war profiteers do most abound, a zone wherein the professional patrioteers would, if they could, tear every blue star from the field of Old Glory and substitute for the stars of the States an equal number of the dollar marks of greed. [Applause.] In an effort to get a closer glimpse of that character who first uttered and published the declaration that "an ex-service man who asks for adjusted compensation is commercializing his own patriotism," I journeyed to that zone where the god of Greed has displaced the god of Good upon so many heart altars. I wanted to see for myself the abiding place of that dollar-a-year patrioteer who had indorsed the adjustment of the compensation of every man and corporation holding a Government contract for material things during the days of the war, yet now protests against adjustment of the compensation of the men and boys who offered and suffered so much while wearing the blessed uniform of the Republic during those same days of war.

At last I stood before a home house more palatial than any other of the homes in the fashionable residence section of that great city. Long I gazed at that palace home, marking its grandeur and architectural adornment and calculating how its cost would cover a thousand such home houses as shelter the

families of the employees of the coal baron who called that palace his home. While thus engaged there came to my ear, seemingly speaking from the ether zone, a little voice, and it told me that the profiteering practices of the coal baron who owned that gilded home had drawn from women and from children's eyes enough of tears to furnish moisture for the mixing of the mortar in all those palace walls.

In the evening of that day I entered the conservatory connected with that palace home. I viewed the marvels of the florist's skill in growing blossoms native to our soil and here and there a flower gem transplanted from beyond the sea. I stood beside a rose bush, and on its branches saw displayed the buds of promise and on the topmost bough a full blown ox-blood rose. And while with parted lip and widened eye I paid my debt of homage to that blood-red rose that same little voice of the morning was again companion to my ear. Now it was the voice of choking sobs and moans—the voice we hear when fall the clouds upon the coffin in the new-made grave—and it told men that this rarest rose was daily sprinkled with the blood of human hearts, hearts pierced by the daggers of poverty and despair, wielded by that same war profiteer who crowns his infamies of yesterday with his plea of to-day that Congress shall deny to our soldier boys a just adjustment of their compensation. [Applause.]

And now, Mr. Speaker and gentlemen of the House, let me suggest a simple plan to enable every American gentleman to find the correct solution of this problem of adjusted compensation for the ex-service men. The problem is so simple that it calls not for the pencil of a statistician, for the approval of a Secretary of the Treasury, nor for the weight of a presidential indorsement. But it calls, and the call is almost holy voiced, that each one of us shall remember the sacred pledge we gave to our soldier boys when they were departing for the war. How vividly those departing scenes come back to me. In every village, town, and city in all the land multitudes assembled at the railroad station to say good-by to the boys who were leaving peaceful homes for the zone of war. Again my heart is beating responsive to the pulsing of the hearts of sweethearts in lingering last embrace. Again is my soul in agony at witness of the sorrow tears and sorrow lines upon the faces of mothers who were giving their own flesh and blood a willing offering upon the altar of their country. Again I hear the trembling voices of the aged speaking a farewell blessing upon the loved boys of their own lineage. A warning whistle blast is heard. It is the signal that in five minutes the train must move. The mayor of the village or city raises his hand for silence. He either personally speaks or introduces some prominent citizen to speak, in the name of all the people, a final municipal farewell to the departing boys. My sympathy flows freely toward the big, strong man who is trying so hard to be as outwardly cheerful as he is inwardly sorrowful. At times his words are in choking accent, but he struggles bravely, and in the final moment before departure of the train he calls upon the multitude of citizens to witness and approve the promise and the pledge he is about to make to the boys. In the name and on the behalf of my own home folks I spoke that same pledge to the boys, and it is reasonable to presume that each Member of this House, because of his prominence in his own home city or town, voiced a like pledge to the magnificent lads his community was giving to their country. Do not you remember the pledge we gave to the boys on such occasions? These were the words: "Good-by, boys, and God bless you! Our prayers will be with you, and when you shall come home again nothing that the home folks can do will be too good for you." May a righteous God burn the words of that pledge upon all our hearts. For my part, that pledge was given in good faith, and may God help me to be faithful to my pledge! [Applause.]

Mr. WINGO. Mr. Chairman, I yield two minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman and Members of the House, I noticed with a great deal of surprise in reading the hearings before the subcommittee of the House Committee on Appropriations that there are contained in these hearings a number of severe criticisms against the police department of the city of New York from which I come. It is there charged that the police commissioner has been extremely lax in failing to accord to the Federal authorities proper cooperation in enforcing the prohibition law. I know well that the police department of the city of New York is headed by a very fine and able man, Police Commissioner Enright. I rise to-day, out of order, to take this opportunity to tell the Members of this House that the criticisms contained in these hearings are the most unjust and unwarranted. I have here letters of commendation from every Federal officer in authority of any consequence in the metropolitan district of New York which, if you will give me permission, I

intend to place in the RECORD. They praise the efforts of Mr. Enright and his force of 14,000 men, and his sincere effort to enforce prohibition.

The trouble with New York prohibition enforcement is not with the police department, it is with the people themselves. They do not desire prohibition. There is no sanction for it in New York. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and place therein the letters that I refer to.

The CHAIRMAN. The gentleman from New York asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

There was no objection.

Mr. CELLER. Mr. Speaker, under leave to extend my remarks, I present the following letters from Federal officeholders:

JANUARY 30, 1920.

POLICE COMMISSIONER OF THE CITY OF NEW YORK,  
Police Headquarters, New York, N. Y.

SIR: This office has heretofore had the cooperation of the police in detecting and preventing thefts of property in customs custody.

Recently, owing to the enforcement of the national prohibition act, many thefts of intoxicating liquor have occurred, which have placed a great burden upon the force of employees under my command. A specific instance is that of the sinking lighter *Frank*, which had on board 710 barrels of whisky, many of which were removed from the vessel but recovered by several employees of the customs, aided by Captain Hadlock and the crew of one of the police patrol boats, all of whom I wish to commend for their vigilance and efficiency.

Respectfully,

BYRON R. NEWTON, Collector.

TREASURY DEPARTMENT,  
BUREAU OF INTERNAL REVENUE,  
OFFICE OF THE SUPERVISING FEDERAL PROHIBITION AGENT,  
Customhouse, New York City, June 29, 1920.

HON. RICHARD E. ENRIGHT,  
Police Commissioner, City of New York,  
City Hall, New York.

MY DEAR COMMISSIONER: Patrolman Charles Braun, shield No. 104, of the One hundred and ninth precinct, rendered great assistance to this department recently in the seizure of about 1,076 cases of liquor and the theft of 16 other cases which were recovered.

I wish to express the thanks of this department to Officer Braun for his efficient service in this case.

Sincerely yours,

JAMES SHEVLIN,  
Supervising Federal Prohibition Agent.

TREASURY DEPARTMENT,  
INTERNAL REVENUE SERVICE,  
OFFICE OF THE COLLECTOR, SECOND DISTRICT OF NEW YORK,  
New York, N. Y., January 30, 1922.

HON. RICHARD E. ENRIGHT,  
Police Commissioner,  
Lafayette Street, New York, N. Y.

SIR: I wish to take this opportunity to thank you personally for the splendid efforts and cooperation rendered to the specially denatured alcohol division of the Internal Revenue Service in reference to the case of the Model Warehouse, 419 West Thirteenth Street, New York.

The thoroughness and energy with which the chief inspector's office acted is a tribute to the department and is greatly appreciated by this office.

Respectfully,

FRANK K. BOWERS, Collector.

TREASURY DEPARTMENT,  
UNITED STATES CUSTOMS SERVICE,  
New York, March 27, 1922.

HON. RICHARD E. ENRIGHT,  
Police Commissioner, New York, N. Y.

MY DEAR SIR: The published notice of a change in the command of the marine division of your department prompts me to acknowledge the services of your men in cooperating with the customs in the enforcement of the revenue and navigation laws and to say that the very effective assistance of the police was greatly appreciated on numerous occasions.

The rapidly increasing number of motor boats has made more difficult the enforcement of the revenue laws and the motor boat numbering act, and credit is given the marine precinct for aid in enforcing the law by reporting the movements of unnumbered boats and those run by unlicensed operators.

In requesting that the department's cooperation be continued and that the new commander of the precinct be so advised, I am, sir,

Respectfully,

E. DOOLING, Collector.

TREASURY DEPARTMENT,  
UNITED STATES CUSTOMS SERVICE,  
OFFICE OF THE COLLECTOR, DISTRICT NO. 10,  
New York, N. Y., April 25, 1922.

HON. RICHARD E. ENRIGHT,  
Police Commissioner, City of New York,  
New York, N. Y.

SIR: The surveyor has reported to me that he has reduced to possession the vessels *Emma Virginia* and *Shuicha*, together with their cargoes of intoxicating liquors, which were in the first instance recovered by the police of the fifty-first precinct at Westchester Creek on March 3 last. The officers concerned, I am advised, are Inspector George C. Liebers, Capt. Richard O'Connor, and two patrolmen of that precinct, who, I understand, detected the attempted fraud upon the revenue, and who, I have reason to believe, were the original seizers of the property.

Under the customs revenue laws (section 4 of the act of June 22, 1874) any person who is both the detector and seizer of smuggled property may make claim for compensation, such compensation to be awarded by the Secretary of the Treasury in such an amount as he deems proper, the amount, of course, depending upon what is recovered. If these vessels should be forfeited to the United States and sold, the proceeds of sale may possibly be available for an award of compensation. At any rate the services of these men, in my judgment, are entitled to the highest commendation, and if the Treasury Department can legally award them compensation I shall be pleased to certify to their claims when formally filed.

Respectfully,

H. C. STUART,  
Special Deputy Collector.

TREASURY DEPARTMENT,  
UNITED STATES CUSTOMS SERVICE,  
OFFICE OF THE SURVEYOR,  
New York, N. Y., May 9, 1922.

THE COLLECTOR.

SIR: In connection with the seizure, on April 26, 1922, of the American steam lighter *Ideal*, I would suggest that a letter of commendation be forwarded to the police commissioner of this city for the alertness displayed by representatives of his department in detecting and apprehending the vessel referred to near Atlantic Basin, Brooklyn, on the night of April 25, 1922, with 2,779 packages of liquor on board, the vessel and cargo having been delivered in customs custody the following day and formal seizure made thereof. It later developed that the liquor had been brought in without being manifested and had undoubtedly been laden upon the *Ideal* off Rockaway Inlet from some vessel from Nassau.

Cooperation of this kind should not be permitted to pass unnoticed, particularly as this is not the first instance wherein the police department has aided in the protection of the revenue and against violations of the prohibition enforcement act.

Respectfully,

M. P. JACKSON,  
Special Deputy Surveyor.

TREASURY DEPARTMENT,  
UNITED STATES CUSTOMS SERVICE,  
OFFICE OF THE COLLECTOR, DISTRICT NO. 10,  
New York, N. Y., May 13, 1922.

HON. RICHARD E. ENRIGHT,  
Police Commissioner, City of New York, New York, N. Y.

SIR: I take pleasure in forwarding to you a copy of a letter from the surveyor of customs at this port dated the 9th instant, commending the police officers for their alertness in apprehending the American steam lighter *Ideal* and its cargo of intoxicating liquor on the 26th of April last.

Respectfully,

N. P. ANDREWS,  
Solicitor to the Collector.

(Inclosure:) Sgt. Richard Whalen, sixteenth inspection district, marine division; Patrolman Cornelius Brasel, sixteenth inspection district, marine division; Patrolman Robert Rau, sixteenth inspection district, marine division.

TREASURY DEPARTMENT,  
INTERNAL REVENUE SERVICE,  
New York, N. Y., January 2, 1923.

HON. RICHARD E. ENRIGHT,  
Police Commissioner, City of New York.

MY DEAR MR. ENRIGHT: I wish to take this opportunity to thank you for the assistance the officers of your force rendered to the agents on New Year's eve and also on New Year's Day.

The cooperation and assistance given by the officers under your command certainly were pleasing to the agents and the men who were assigned to duty on New Year's eve. The high regard that the agents have for the police officers was typified in the work which was done on New Year's eve, and every man is outspoken in his praise of the assistance and work done by your officers at the various places, especially at the Palais Royal, Plantation, Knickerbocker Grill, Cascade Roof Gardens, Shanley's, Little Club, and others too numerous to mention.

In conclusion I wish to extend to you and the men under you a very happy new year and a very successful one, and may the relations which are now established be cemented further in the coming year.

With kindest personal regards, I remain,

Respectfully yours,

E. C. YELLOWLEY,  
*Acting Federal Prohibition Director.*

TREASURY DEPARTMENT,  
UNITED STATES CUSTOMS SERVICE,  
OFFICE OF THE COLLECTOR, DISTRICT NO. 10,  
New York, N. Y., February 3, 1923.

HON. RICHARD E. ENRIGHT,  
*Police Commissioner, New York, N. Y.*

SIR: Deputy Collector Regan, in charge of the customhouse at Perth Amboy, while on patrol duty last evening overhauled the tug *John L. Cunn* with a load of several hundred cases of intoxicating liquor. The three men were arrested. Mr. Regan stated that he is indebted to the assistance rendered him by the marine police, whose boats when summoned immediately rushed to the scene.

I am also requested by Mr. Regan to say that the customs authorities are much indebted to the assistance and cooperation rendered by the police officers of the West New Brighton police station.

Respectfully,

H. C. STEWART, *Acting Collector.*

TREASURY DEPARTMENT,  
UNITED STATES CUSTOMS SERVICE,  
New York, N. Y., February 21, 1923.

HON. RICHARD E. ENRIGHT,  
*Police Commissioner, New York, N. Y.*

SIR: In connection with the arrest, January 26, 1923, at Englehauser's Pier, South Beach, Staten Island, by the police of the seventh inspection district, of eight men involved in the landing of the cargo of liquor of the motor boat *12028* at that pier, and who were later turned over to representatives of this office on warrants issued by United States Commissioner Hennessey, I desire to extend thanks, through you, to Police Inspector Bailey, in charge of the seventh inspection district, for his courtesy and the active assistance rendered by him in furnishing transportation to our representatives and their prisoners from Stapleton, Staten Island, to the United States commissioner's office, Brooklyn.

Respectfully,

THOMAS W. WHITTLE, *Surveyor.*

TREASURY DEPARTMENT,  
UNITED STATES CUSTOMS SERVICE,  
New York, N. Y., February 26, 1923.

HON. RICHARD E. ENRIGHT,  
*Police Commissioner, City of New York,  
New York, N. Y.*

SIR: I am in receipt of a report from Inspector of Customs F. R. Thropp, of the surveyor's office, dated the 21st instant, relative to the apprehension of the motor boat *12028* with a cargo of liquor at South Beach, Staten Island, on the 26th of January last, such apprehension having been accomplished by police officers of the seventh inspection district.

I desire to extend the thanks of the Federal officials concerned in this case to Inspector Bailey, of the seventh inspection district, and who showed the customs officials every possible courtesy and assistance in the investigation, and particularly for having facilitated the transportation of our officers and their prisoners from Stapleton, Staten Island, to the courthouse in Brooklyn.

Respectfully,

H. C. STUART,  
*Special Deputy Collector.*

TREASURY DEPARTMENT,  
INTERNAL REVENUE SERVICE,  
OFFICE OF FEDERAL PROHIBITION DIRECTOR, NEW YORK,  
New York, N. Y., June 6, 1923.

HON. RICHARD E. ENRIGHT,  
*Police Commissioner, New York City, N. Y.*

MY DEAR COMMISSIONER: The repeal of the State prohibition law has caused us to revert to the status that existed during the year 1920 and prior to the effective date of the State act on April 4, 1921. The pres-

ent situation requires the Federal and the municipal forces to coordinate and to combine their respective efforts along one Federal prohibition road instead of along the parallel prohibition highways of Federal and State enforcement.

I desire to express my appreciation for the past cooperation of yourself and of First Deputy Commissioner John A. Leach and the inspectors in charge of prohibition squads. This has especially been evidenced in connection with our injunction and abatement actions.

Respectfully,

PALMER CANFIELD,  
*Federal Prohibition Director.*

TREASURY DEPARTMENT,  
UNITED STATES CUSTOMS SERVICE,  
New York, N. Y., November 1, 1923.

HON. RICHARD E. ENRIGHT,  
*Police Commissioner, New York City.*

SIR: I desire to call your attention to the excellent work of some of your officers in connection with the seizure on October 16, 1923, in Eastchester Bay, near City Island, of the motor boat *Mirage* and its cargo of 504 cases of liquor, which has since been appraised at \$10,000, and to thank you for the general spirit of cooperation of your officers in connection with this work.

Particularly worthy of commendation is the work of Inspector Liebers, in charge of the upper Bronx district, and Captain McCormack, of the marine squad, with headquarters at Pier A.

Respectfully,

THOMAS W. WHITTLE, *Surveyor.*

TREASURY DEPARTMENT,  
INTERNAL REVENUE SERVICE,  
New York, N. Y., January 17, 1924.

HON. RICHARD E. ENRIGHT,  
*Police Commissioner,  
City of New York, State of New York.*

SIR:

\* \* \* \* \*

I appreciate all your efforts to assist this department in enforcing this law. This division in particular, which comprises the State of New York, has received splendid cooperation from members of your department.

At the present time there is a spirit of friendliness existing between the officers in charge of the different precincts and the members of my staff and I would like to retain this friendship and for that reason I do not attempt to criticize the lieutenants in complying with the orders of the United States commissioners. I welcome your assistance and only hope it will continue and I know that the efforts that are now being made will result eventually in successful enforcement of the national prohibition act.

I would like very much to meet you personally, together with a member of the United States Attorney's office, in order to devise some means of a closer cooperation between the three departments; your department, mine, and the offices of the United States Attorney, and I await your suggestion in the matter.

Thanking you for your cooperation with my department, I am

Respectfully,

R. Q. MERRICK,  
*Divisional Chief, General Prohibition Agents.*

Mr. WINGO. Mr. Chairman, I yield 10 minutes to the gentleman from Virginia [Mr. PEERY].

Mr. PEERY. Mr. Chairman, the claim is made by the party in power that the Nation as a whole is enjoying prosperity. They say that business is good and industry is thriving. To a people who have been and still are passing through the process of postwar deflation the claim is interesting and somewhat refreshing. And we do not hear from the large business interests any strong dissent therefrom. The railroads are enjoying increased earnings, and the manufacturing interests appear to be doing fairly well. But there is one class of folks among our people to whom this claim brings empty comfort. I refer to the farmers of our country. Their response to the claim of prosperity is one of lamentation, like that of Rachel who wept for her children, and would not be comforted because they were not.

In my home town there was an old negro whose eyesight had failed. The doctors advised an operation. The operation was performed. Shortly afterwards one of his good white friends asked him if he could see, to which he replied, "The doctors say that I can see." Some of our friends on the other side may say to the farmer that prosperity is abroad in the land, but he knows only too well that it has not reached him. Some of the outstanding facts are startling. During the past year more than 1,000,000 people left the farm. One farmer in every 12 has been sold out through bankruptcy or foreclosure. The

gross income, not per capita but per farm unit, was \$715 per year. Out of this gross income taxes, upkeep, and expenses had to be paid. Under such conditions there is no use to discuss for him an American standard of living.

The President in his address before Congress made the statement that, "looked at as a whole, this Nation is in the enjoyment of remarkable prosperity," but he further stated that in certain farming sections there are many cases of actual distress. If it be true that the Nation as a whole is prosperous, it is not a sound and well-balanced prosperity. It is a prosperity enjoyed by the manufacturer and big business man and not one which includes the farmer. No sound prosperity can exist which does not reach the great basic industry of farming. It is the greatest of all industries in our country to-day. More than 30,000,000 people in the United States are engaged in farming. The value of their investment in land alone aggregates \$45,000,000,000. A prosperity which does not allow the farmer and actual producer a fair return for his work and investment is one that can not long endure. It will sooner or later topple and fall. An enduring prosperity can only be one which gives a fair return to the man who produces food for the feeding of a hungry world. And any economic structure which does not allow such fair return to the producer is inequitable and wrong. That the farmers are in distress can not be denied. The cry of distress has been voiced by many Members upon the floor of this House at the present session. We have heard of the disastrous plight of the wheat farmers of the Northwest; we have heard that the livestock producers of the West are in distress; and similar stories of woe and disaster come from the farming sections all over the country. The district which I have the honor to represent has not escaped. The production of beef cattle is one of the leading industries of the district. There among the hills nature has been somewhat lavish in her bounty. When the forest is cleared the blue grass comes without seeding, and in that blue-grass section, high in elevation and well watered from mountain springs, cattle find a well-balanced ration in the blue grass alone and fatten and finish well. They go to market weighing anywhere from 1,350 to 1,650 pounds. They must be marketed within a very limited period and upon a very limited market. Our cattlemen were compelled during the season just passed to sell their cattle at prices equal to or below the level of pre-war prices, and heavy losses ensued.

The cost of production was not realized. And the men engaged in this industry, who under ordinary and normal conditions look with sound optimism upon the future, are discouraged and look forward with misgivings to the future.

Labor and other costs have greatly increased. Against the labor cost he has no successful argument, because of the high living cost to the laboring man. The cost of machinery and farm supplies and everything which the cattleman must buy has not decreased in proportion to the decrease in the price of his cattle. And, finally, his cattle, which were purchased by him upon an open market, free for all, and where artificial restraints do not control, must be sold upon a market practically controlled by a few buyers efficiently organized and with the power to control both the distribution and sale of their products. From the purchasing end of the game, where natural economic forces control and where it is a fair and equal match of wits and judgment, he goes to the selling end, where the other fellow fixes the price at which, out of the force of necessity, he is compelled to sell. In such a situation this man of the soil, who in a bargain where both seller and purchaser occupy equal opportunity and equal advantage asks no quarter, becomes one of the loneliest men in the world.

While the price of cattle has gone back to pre-war levels, the price of meats to the consumer has not declined to pre-war levels. The consumer is not reaping the benefit of the decline which the producer is compelled to face. The profit is accruing to the middlemen; the producer is not coming in for a fair share thereof.

The farmer and livestock producer, like all other classes, are suffering from the burden of excessive taxation, both State and Federal.

They are suffering from high freight rates, which are to-day from 50 to 80 per cent higher than they were before the war. This works a dual hardship. It reaches the farmer on what he has to buy as well as on what he has to sell.

He is producing upon an increased cost basis and yet is being compelled to sell at or below pre-war prices. He produces and must sell on a market which he does not control. His situation is such that he can not control production; and of necessity he can not control the price of his product. He must plant when the season comes, else no harvest is gathered.

He is told that diversification of crops affords a remedy, but this suggestion is sometimes merely academic rather than practical. The section represented by me is preeminently a grazing country. The production of livestock in that blue-grass country is the only practical field open to the landowner. And if he can not produce livestock at a living profit, he must turn to some other business.

In brief outline these are some of the troubles that confront our farmers and cattlemen to-day. They are so serious as to cause grave concern among our people for the future. And now what of the remedy and how obtained? Shall relief come under existing laws or is it necessary to enact new laws? If relief either whole or partial can come under existing laws then let us invoke existing laws. First, give the farmer the benefit of a reduction in freight rates and it seems to me that this might be given him under existing laws. Second, cut down the tax bill, both State and Federal. That taxes have become burdensome is admitted on every hand. The need for a reduction is imperative, and in the handling of this very important question by this Congress, the farmer, who gives his entire time to his farm and to the production of food products for the feeding of the world, is certainly entitled to come within the classification of those covered by the earned income. However, as stated by the gentleman from Nebraska [Mr. SHALLENBERGER], upon the floor of this House a few days ago, the farmer is not worrying much over the question of the reduction in income taxes. At present the vast majority of them are enjoying no income and as a consequence have no income tax to pay. He is, however, interested in the reduction of all other taxes that levy tribute from him. He is interested not only in the reduction of direct taxes, but in the reduction of indirect taxes which in the end produce the same result. And in this connection, while our friends on the other side are considering the various suggestions which have as an object the relief of the farmer, may I not suggest that it would be glad news to the farmer to hear that the tariff tax on the things which he has to buy has been reduced and that as a consequence his dollar has a greater purchasing power and the things he has to buy may be purchased more nearly in proportion to the prices which he receives for the things he has to sell. Why, this tariff tax haunts him on every hand. He feels it when he sweetens his coffee in the morning and then pays tribute to the Sugar Trust. Again he is reminded of it when he salts his cattle and adds to the profit of the Salt Trust. He is forcibly reminded of it when he pays for his fertilizer or when he pays for his farm machinery. It levies tribute from him at every turn of the road and upon practically everything that he has to buy. When the iniquities of the Fordney-McCumber tariff were being exposed to the people of the country not only by the Democratic press, but by some of the leading papers of the Republican press, the provision was added thereto providing that the President of the United States could increase or lower the tariff to the extent of 50 per cent. While our friends of the other side are so eager and anxious to help the farmer, even to the extent of enacting new laws, why not help him by a simple process under existing law and cut down the tariff tax on the things which he has to buy and enable him to buy at a lower cost? That the remedy is practical and sound we have very respectable and recent Republican authority. In an article appearing in the February, 1924, number of Public Affairs, under the title "What's wrong with the farmer?" Senator CAPPER, of Kansas, among other things, has this to say:

Briefly, the farmer is discriminated against. He sees no reason why he should be expected to sell his products at pre-war prices when freight costs are from 50 to 80 per cent above what they were in 1913. Last year, says the Department of Agriculture, more than a million farmers left the farm. How we are to prosper; how we are even to be fed, if farmers can not afford to stay at their tasks, is a problem of the deepest moment to all of us. The first thing that is necessary is to reduce excessive freight rates at once. There should also be a substantial reduction in taxes, a downward revision of the tariff on manufactured articles, and a more equitable adjustment of the burdens of taxation on such a basis that ability to pay and services rendered would be taken into account.

I call especial attention to the statement therein contained that there should be "a downward revision of the tariff on manufactured articles."

And, finally, I plead for a rigid enforcement of the packer control and stockyards act and the antitrust laws designed to protect the farmer and consumer against discrimination, monopolies, and combinations in restraint of trade. If, as stated by Senator CAPPER, the farmer is being discriminated against, and his failure to receive a living price for his products is due

to illegal combinations, let the offenders be brought to book and held to strict accountability.

Let not the railroads, the manufacturer, and big business man forget that if they exact the lion's share of any prosperity now existing or that may hereafter come, and do not allow to the farmer and producer a living return for his service and investment, they will pull down upon themselves the very temple of prosperity.

I repeat, sound prosperity can not long exist which leaves out of account the farmer and producer. [Applause.]

Mr. JEFFERS. Mr. Chairman, I ask unanimous consent to extend in the Record the remarks I made a few moments ago on the floor.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. TAGUE. Mr. Speaker, the Postal Service of the United States is the most comprehensive, useful organization that has ever been instituted for the benefit of the people. It reaches the four corners of the earth. It carries messages of joy and sorrow, peace and good will to all mankind.

#### A BIT OF HISTORY.

Its growth has been stupendous since its establishment in 1677. Benjamin Franklin was the first Postmaster General, with the munificent salary of \$1,000 a year. The first annual report made by Postmaster General Samuel Osgood to President George Washington showed the gross receipts for the United States was \$25,000. The service has kept pace with the growth of the country. With a population of 110,000,000, the postal receipts for the fiscal year ended June 30, 1923, were \$532,827,925.

#### ORIGINAL FUNCTION.

The original function of the service was the transmission of intelligence, and Congress has never completely monopolized any other service but that of carrying letters. However, to keep pace with the development of the country and the needs of the people such services as the money order, postal savings, and the parcel post have been augmented. All such activities, which are of a distinct advantage and convenience to the public, should be entirely self-sustaining.

#### RELATION OF SERVICE TO BUSINESS.

To the business world the Postal Service is the main artery of communication, trade, and commerce. Through this service billions of dollars of business is transacted every year.

#### CONFIDENCE IN UNCLE SAM.

The business people and the general public have such implicit confidence in Uncle Sam that they transact their business with him without the least hesitation or apprehension.

#### CAPACITY OF THE SERVICE.

Postmaster General New said:

There is probably no great service, either private or governmental, other than the Postal Service, which has the capacity for taking on new business without a proportional increase in force and established facilities. This ability is phenomenal. The reason lies largely in the organization of the department and the service, its adaptability as well as efficiency, the versatile character of its genius, and the spirit of its personnel, which is preeminently that of service.

#### SERVANTS OF THE PEOPLE.

The postal employees are the servants of the people. Their motto is: "Service first, efficient and satisfactory." There are many thousands of them engaged every day in the distribution, dispatch, and transportation of the mails; besides those who are assigned to duty in the money-order, registry, and postal-savings departments. These employees are very much underpaid. Their salaries are not commensurate with the service they perform, and under the present economic conditions their pay is inadequate to meet the high cost of living. The latest Budget figures from Government statistics show that it takes an income of \$2,458 to maintain an ordinary family. The present salary for post-office clerks is from \$1,400 to \$1,800. The postal clerks and their associates are asking for an increase in pay to range between \$2,000 and \$2,400 per year.

#### THE KELLY BILL.

There is pending before the House a bill introduced by Representative KELLY, of Pennsylvania (H. R. 4123), that should be enacted into law. This bill has the support of the National Federation of Post Office Clerks, the Railway Mail Association, the National Association of Letter Carriers, the National Federation of Rural Carriers, the League of Third and Fourth Class Postmasters, and other bona fide organizations of postal employees.

In an illuminating statement Thomas F. Flaherty, secretary-treasurer of the National Federation of Post Office Clerks, points out why Congress should raise postal pay rates. Mr. Flaherty says:

The postal workers are entitled to higher pay for at least two substantial reasons. Their compensation is relatively, when measured in real wages, less now than a decade ago. It should be readjusted upward.

#### NOW RENDER MORE SERVICE.

Furthermore, postal workers are now rendering more service per man for less cost to the public than a decade ago. The Postal Service is the only large industry that has not increased its rates during the past 10 years. In fact, there have been three reductions in parcel-post rates during that period. The 2-cent stamp of to-day is worth more than in pre-war days. A truly remarkable record.

In these days of profit sharing in private industry, a record similar to that achieved by the Postal Service would mean a bonus or a distribution of stock to the employees. The postal workers want the owners of the Postal Service, the American people, to give them their reward in the form of adequate wages.

The majority of clerks and carriers were receiving \$1,200 a year in 1913. To-day they are receiving \$1,800 a year. According to Government statistics living costs to-day are 70 per cent higher than in 1913. Thus the real wages measured in things that money will buy are to-day lower than 10 years ago.

#### EDITORIAL FROM UNION POSTAL CLERK.

The following editorial of the Union Postal Clerk, the official organ of the National Federation of Post Office Clerks, sets forth with unassailable logic the reasons why Congress should enact the Kelly bill:

#### WHY POST-OFFICE CLERKS WANT MORE PAY.

Here are a few reasons that you might advance to your Members of Congress in support of your request for higher pay standards:

- (1) The post-office clerk is a skilled worker rendering services vitally necessary to the public.
- (2) His pay, almost entirely, comes from Postal Service earnings and not from taxation.
- (3) Postal Service earnings are greatly curtailed because rates of postage, which are in reality postal labor costs, have remained stationary during a period when other costs have soared.
- (4) The 2-cent stamp of to-day buys more service (labor) for postal patrons than 40 years ago. A unique record in these days of soaring labor costs.
- (5) The post-office clerk is justly entitled to share in his greater productivity. To deny him this right is to indict the Government as an employer.
- (6) There is a larger labor turnover in the clerical branch of the Postal Service than any other branch of Government employment, due largely to unattractive wage and working standards.
- (7) The wage of the post-office clerk should insure him—
  - a. Comfortable living quarters.
  - b. Good, healthful food with an occasional chance to enjoy delicacies.
  - c. Enough good clothing for most purposes.
  - d. The chance for the wife to buy enough mechanical and physical aid to relieve housework of much of its drudgery.
  - e. The means to buy books, go to the theater, and give the children adequate education.
  - f. At least a limited amount of recreation.
  - g. Some insurance and a little fund of savings.
- (8) Low wages are more costly than high wages. A high standard of postal pay means a more dependable Postal Service, the value of which can not be calculated. Higher postal pay, therefore, is a sound investment for the American people.

#### HIGHER POSTAL PAY STANDARDS.

In his official report to the thirteenth convention of the National Federation of Post Office Clerks, Secretary-Treasurer Thomas F. Flaherty makes the following informative statement relative to postal wages:

Developments of the past year make it imperative that we enter our legislative efforts toward securing a favorable readjustment of existing postal pay standards. We accepted the act of June 5, 1920, not as a finality, but as a temporary compromise until such time as we pressed for the fulfillment of our claims made before the Postal Salary Commission in 1919-20.

The time has now arrived. No elaborate array of statistics need be presented to prove our contention that the wage award of June 5, 1920, was inadequate. In fact, it was the general thought at the time that living costs would drop and thus operate to increase the real value of the postal dollar. Instead of a drop in prices, there has been a steady upward climb in many items directly touching the postal worker's pay envelope. This is particularly true of rents.



Economists, and in some instances paid propagandists for large business enterprises, are fond of reminding the workers that wages must come out of production. Work more to get more, is the advice. Apply this economic truism to the Postal Service and we find a compelling reason for higher pay scales. It can not be denied that the output per person in the Postal Service to-day is about double that of a decade ago. Due to the introduction of more efficient administrative methods and the constant demands of a people keyed to a fast industrial pace, the postal workers are producing at a rate unequalled by any other postal system anywhere in the world.

Postal service is cheaper to-day than ever before. The 2-cent stamp of 40 years ago will buy more service, which is but a synonym for postal labor, than at any previous time. In no other industry is this true.

Labor costs, then, in the Postal Service have decreased in recent years. A truly remarkable record.

There must be an upward revision of postal wage, even if this involves a readjustment of postage rates. I think it is the universal wish that the service be approximately self-sustaining. It should be run on a pay-as-you-enter basis, the users paying the cost of service they exact.

Parcel-post rates, for instance, must be raised. Charges for directory service and other special services should be imposed. The imposition of adequate rates for all classes of mail would make possible the granting of substantial wage increases to all groups of postal employees and still the service would be self-sustaining. The bogey of a deficit, that perpetual obstacle to decent postal wage standards, would be dispelled if postage rates were readjusted in keeping with service rendered.

The most foolish recent legislative act affecting the Postal Service was the repeal of the 3-cent first-class postage rate. Mr. Burleson rushed to Congress with this unwise recommendation. A continuation of that rate would have worked no great hardship, and the revenues produced thereby could be used to advantage in meeting urgent service needs that are now neglected.

#### WIDESPREAD SENTIMENT FOR POSTAL PAY INCREASES.

The press of the country is practically unanimous in its editorial expression in favor of higher pay standards in the Postal Service. The following editorial in the Chicago Tribune of January 24, 1924, is typical of hundreds of expressions from the press of the Nation:

Much of the work is being put upon the shoulders of temporary workers, untrained workers, substitutes, and other inefficient men. The necessary result is a deterioration of service. Such a deterioration is a serious handicap to innumerable lines of business. Delay in delivery of letters, parcels, or other items of mail frequently may mean loss of contracts, business misunderstandings, and other damaging effects. The situation ought to be corrected in the general cause of business stimulation and prosperity. It can be corrected to a large extent by the simple process of passing the Kelly bill (H. R. 4123) which is now before Congress. That bill is designed to raise the scale of salaries to a point which will give regular workers in the Postal Service a reasonable income and thereby attract efficient and reliable men to the work. The salaries it suggests are still small, ranging from \$2,000 to \$2,600. There is nothing exorbitant about such a demand. Such pay will more than justify itself in the improvement of the service and in the improvement of business which it will make possible. Incidentally, it is nothing more than justice to the loyal post-office workers who were denied such a raise four years ago on the ground that living expenses were coming down.

The editorial quoted above is very significant, coming as it does from such a powerful and influential journal as the Tribune, whose hands are ever upon the pulse of the business world and which has a thorough understanding of the economic situation. The American standard of living should not be lowered.

#### REDUCTION OF POSTAL NIGHT WORK.

There is also pending before the House Post Office Committee a bill (H. R. 5841) introduced by Representative SCHNEIDER, of Wisconsin, that has for its purpose the granting of a time differential for postal night workers. This subject of night work in our Postal Service has been before Congress for many years. I know that the clerks in Boston and elsewhere are vitally interested in it. For the information of the many new Members of the Sixty-eighth Congress I am herewith submitting committee reports on this subject made by the respective Post Office Committees in the Sixty-seventh Congress.

On February 14, 1923, Representative Gorman, of Illinois—a former post-office clerk—submitted the following favorable report on a bill to establish a 50-minute hour between 6 p. m. and 6 a. m. in the Postal Service:

Night work has long been the bane of the Postal Service in large post offices. In many cities the Post Office Department has been unable to obtain a sufficient quota of clerks to perform night work. The Civil Service Commission in these cities has held examinations for post-office clerks as frequently as five days each week over long

periods without procuring the needed number of clerks. The clerks who are assigned to night work, for the most part, remain in the service but a brief time, thereby causing a constant turnover in the service, which is costly to the Government in money and efficiency.

Night work is detrimental to the health of the employees and retards their social development. The Postmaster General in his last annual report refers to night work as irksome and promises to undertake to minimize it. The Postal Commission has examined the question of night work and has abundant testimony showing it to be deserving of amelioration. The Senate Committee on Post Offices and Post Roads held hearings on the subject of night work in the Postal Service on May 11 and 18, 1922, and as a result thereof reported Senate bill 3773, which provides for a 10-minute-to-the-hour differential in favor of night workers in the Postal Service. The principle of additional compensation for night work has long been recognized by the Government, particularly in the navy yards and the Government Printing Office. The Postmaster General, in a recent letter to Chairman Halvor Steenerson, stated that this bill with its original provision for a 45-minute hour for night workers would result in an increased cost of \$9,333,827, which of course would be reduced to the sum of \$6,222,550 by the amendment to a 50-minute hour, as herein provided.

This estimate is predicated upon the need of employing the clerks overtime for 10 minutes of each night hour, or hiring additional clerks to offset the curtailed night hour, and much of the estimate might be reduced by leaving all classes of mail except first class, daily newspapers, market quotations, and the like to go over until the daytime for distribution; by efficient supervision, and by their alacrity, contented employees would be able to inject into their night work of shorter hours.

#### SENATE INVESTIGATION OF NIGHT WORK.

In an informative report to the Sixty-seventh Congress, dated January 16, 1923, Senator Townsend, chairman of the Senate Committee on Post Offices and Post Roads, said in behalf of the committee on this subject of postal night work:

(Report to accompany S. 3773.)

The Committee on Post Offices and Post Roads, to whom was referred the bill (S. 3773) to reduce night work in the Postal Service, having considered the same, report favorably thereon with the recommendation that the bill do pass without amendment.

This bill was introduced subsequently to the consideration of Senate Resolution 259, Sixty-seventh Congress, second session, which was as follows:

"Resolved, That the Senate Committee on Post Offices and Post Roads be, and hereby is, authorized to investigate the matter of night work by postal employees for the purpose of determining the extent of such work and the best method of reducing it, and whether necessary night work in the Post Office Department should be compensated by shorter hours or increased pay. Such committee shall report its findings to the Senate with such recommendations as to it may seem desirable not later than July 1, 1922."

In accordance with the terms of this resolution the committee submitted a report of its findings to the Senate on April 20, 1922.

During the consideration of this resolution hearings were held on May 11 and 18, 1922. The committee submitted a request to the Post Office Department for information as to the amount of night work in the service; its character; its necessity; the classes of mail handled at night and the relative amounts of each class worked; the department's opinion as to whether night work could in any manner be reduced without affecting detrimentally the service to patrons; and the department's estimate of the cost of a reduction of the hours constituting a day's work during night hours—i. e., between the hours of 6 o'clock postmeridian and 6 o'clock antemeridian.

In order to obtain this information the department sent out questionnaires to over 100 postmasters in charge of the largest post offices throughout the country. Departmental representatives presented the replies of postmasters to the questionnaires and gave such other information as they possessed in reference to the subject matter to the committee. Representatives of the employees were also heard, especially representatives of employees performing night services.

As a result of its investigation the committee is convinced at the present time much unnecessary night work is being done in the Postal Service. It believes that the department should be able to devise methods whereby considerable reduction in the amount of night work may be effected. The committee is of the opinion that the passage of this bill will exert pressure upon the Post Office Department so that ways and means of reorganization of personnel will be adopted to eliminate such unnecessary night work. The committee further believes additional compensation in the form of a time differential for night work, such as is essential to the best interest of the service, should be awarded to employees performing such service.

It is well recognized that night workers in all lines of business are not as efficient as those who perform their functions during daylight hours. A contented employee in the Postal Service will without ques-

tion accomplish more satisfactory work than one who is working unusual hours and under discouraging conditions. The reduction of night work as provided in this bill will promote better health and better social conditions for the largest possible number of employees in the Postal Service. The principle of additional compensation for night work has long since been recognized by the Government, the most notable beneficiaries being employees of the Government Printing Office.

It is very difficult to estimate with exactness the extra cost in money which this bill would impose upon the Post Office Department. If the present night force were not reduced, the cost might reach as much as \$5,000,000, but since the hearings by the committee the department has reduced the number of night workers, and by limiting night work to first-class mail matter the night forces can be greatly reduced. The cause for such a large night force is due largely to the daily late mailing of postal matter. It is believed that proper departmental regulations can be issued materially expediting earlier mailings. The cost is secondary to the efficiency which would be secured through that contentment which would come from shorter working hours at night. In a majority of cases six hours of work would be equal to that now performed in eight hours. The health of men and women would be conserved, and that bulwark of our public—the American home—made happier and better.

The only question which divided the committee was whether night workers, of which there always will be some, should receive special consideration by increased pay or shorter hours, and the majority feel that the latter is the better and wiser method.

#### POSTAL EMPLOYMENT STANDARDS.

In my opinion Congress gives too little attention to postal employment standards. We accept our Postal Service as a matter of course, something that functions automatically. We forget there is a large, pulsating human element in this service. We forget there is a postal labor problem, just as there is a railroad labor problem or a coal labor problem. Congress should show more initiative in putting into effect the improvements in working conditions sought by the postal employees. For the information and guidance of Members of Congress I am herewith submitting the legislative program of the National Federation of Post Office Clerks as outlined at its thirteenth biennial convention:

An upward revision of salaries placing the entrance salary at \$2,000; second grade, \$2,200; and third grade, \$2,400; and two grades of special clerks at \$2,500 and \$2,600. Automatic promotion to be made to the first special-clerk grade after not more than two years' service in the \$2,400 grade and to the second special-clerk grade after one year's service in the \$2,500 grade.

Amendment of the present retirement law so as to make retirement optional after 30 years of service and to increase the maximum annuity to \$1,500.

A time differential for all work performed between 6 p. m. and 6 a. m., so that 45 minutes' work between those hours shall be equal to 1 hour of day work.

Time and one-half for all overtime, and overtime pay to be computed on a basis of 306 days a year.

Saturday half holiday, or a 44-hour week.

Time allowance for scheme study.

Strict observance of seniority in transfers to preferred positions and promotions to the supervisory force.

The establishment of a court of appeals for postal employees in all cases of demotion or separation from the service.

Amendment of the Federal compensation law providing for increase in the amount of benefits and amplification of its provisions to cover occupational diseases.

Extension of the scope of the Lodge amendment giving credit for military service to cover all such employees who were in the Postal Service on the date of its passage, March 1, 1921.

There is no doubt in my mind but what the adoption of the above program by the Congress would greatly stabilize postal employment and make this necessary public service more efficient and more dependable. The Government should lead in establishing the highest possible working standards in its largest business activity—the Postal Service.

Mr. MCFADDEN. Mr. Chairman, I yield five minutes to the gentleman from West Virginia, [Mr. ROSENBLOOM.]

Mr. ROSENBLOOM. Mr. Chairman, it would seem that every Member of Congress has adopted a new resolution for the new year; in fact, a resolution has been introduced to investigate about everything but the brand of oil used in the paint applied during the summer to protect the Capitol Dome. Should there be a Member, however, who has failed to introduce a resolution, the bill I introduced yesterday may suggest one—that is H. R. 6886.

In presenting the amendment to the tariff act of 1922, which I have, I believe the Members of the House should be given a

brief history of events justifying the introduction and consideration of the bill.

During the Sixty-seventh Congress, after protracted hearings on the tariff bill extending over a period of some nine months, the Ways and Means Committee of the House, by an overwhelming vote, which was almost unanimous, recommended to the Congress that a tariff of 35 cents a barrel be imposed on crude oil, petroleum, and that a tariff of 25 cents a barrel be imposed on fuel oil. This tariff was intended for the purpose of providing revenue as well as for the protection of American oil-producing interests.

Notwithstanding the able arguments of Mr. Fordney, the then chairman of the Ways and Means Committee, who earnestly advocated the adoption of the tariff, the particular section with regard to tariff on oil was stricken from the bill and oil was placed on the free list. At that time Mr. Fordney made the statement that the revenue accruing to the Government from this source would be approximately \$50,000,000 a year, which was not disputed.

The Members who were advocating free oil at that time contended that if the proposed duty were not imposed it would result in advantage to the American consumer of gasoline and oils, and there would be a noticeable reduction in the price of these commodities as well as conserve American oil for the future. Oil was placed on the free list by a vote in the Committee of the Whole, which vote was not recorded.

The object of the amendment which I have offered is to impose the tax on oil which was requested and recommended by the Ways and Means Committee after mature consideration; it was shown in the hearings before that committee that practically 99 per cent of the oil produced in foreign countries which import the oil to the United States was under the control of American interests. In view of the fact that there has been no noticeable reduction in the price of gasoline or oil, as was predicted by those favoring free oil, nor has American oil been conserved for the future, it is evident that the amount of \$50,000,000 per annum, which would have been secured by the Treasury through the tariff, has gone to the profit of the owners of this foreign oil, and the people of this country are not benefited in any way.

This revenue would have provided an additional \$100,000,000 in the past two years had the tariff been imposed. This amount of money in the Treasury of the United States would permit Secretary Mellon to advocate greater reductions in his tax program. It would be more than sufficient to pay the amount called for in the adjusted compensation bill, and it will provide more money than will be required to pay the cost of the adjusted compensation bill in the next two years.

In my opinion it is appropriate at this time, in view of recent information as to the operations of the American owners of oil and oil properties, to call upon them to contribute their rightful proportion to the upkeep of the Government, and, as well, afford some protection to the private and independent American producers of oil—the same as is afforded to producers of other commodities in this country.

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

Mr. ROSENBLOOM. Yes.

Mr. STEVENSON. My recollection of the matter when it came up here was that somebody read a letter or a statement from the President of the United States antagonizing that tariff on oil. Am I correct or not?

Mr. ROSENBLOOM. That is correct; but he was informed along that subject in the same way as he was when he signed a letter indorsing the Teapot Dome lease, as well as other leases.

Mr. LOZIER. Mr. Chairman, I understand that the protective tariff is levied upon the theory that it will tend to protect infant industries. Do I understand the gentleman to claim that the oil industry is an infant industry that needs protection?

Mr. ROSENBLOOM. Infants are not as a rule raised on oil. [Laughter.]

Mr. LOZIER. I would like to have the gentleman answer my question. Is the oil industry an industry that is entitled to a tariff tax in order to enable it to live?

The CHAIRMAN. The time of the gentleman from West Virginia has expired.

Mr. MCFADDEN. Mr. Chairman, I yield 10 minutes to the gentleman from South Dakota [Mr. WILLIAMSON].

Mr. WILLIAMSON. Mr. Chairman, I want to confine my remarks to the bill under consideration, S. 2249, which proposes to extend the War Finance Corporation for a period of nine months. I have given a good deal of consideration to the work done by the War Finance Corporation, as well as the work done by the intermediate credit banks, the Federal farm-loan

banks, and other governmental credit agencies. The War Finance Corporation has a distinct function and a mission which can not be performed or carried out by any other agency now established. There is no agency to-day which can handle the situation that has arisen throughout the Northwest as effectually as can the War Finance Corporation. The intermediate credit banks are doing a splendid work, but they are strictly banking institutions, created for the purpose of handling paper running for a longer period of time than can be handled through regular banking channels, and when you have said that you have said all that can be said for the intermediate credit banks. There is a considerable amount of slow paper in our western banks, which will ultimately be paid if sufficient time is allowed borrowers to work out, such as second mortgages upon real estate, cattle paper, and various other kinds of securities that can not be handled through any other governmental agency nor through the banks. We have many banks in our section of the country, including parts of Minnesota, North and South Dakota, Wyoming, and Montana, that are entirely solvent, but that, nevertheless, will not be able to remain open for any great length of time unless they get some real relief in the way of financial advancement through some governmental agency. There is no agency to-day that can take up that slow paper, that can handle the second mortgages and the character of security they have, outside of the War Finance Corporation.

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

Mr. WILLIAMSON. Yes.

Mr. McKEOWN. Will the War Finance Corporation be able to do that if we extend its time? I am interested to know what the effect will be.

Mr. WILLIAMSON. The War Finance Corporation has been doing that ever since it was revived and has been doing a splendid work, but, as all know, the War Finance Corporation has been gradually collecting in its loans and advances. I do not charge that the War Finance Corporation has deliberately called in its loans with a view to embarrassing the West, but it is a fact that the amount outstanding has been greatly reduced. Many of the banks have established connections with the Federal reserve; others with the intermediate credit banks and other banking agencies. They have found other means of liquidating liabilities and taking care of their assets. That explains in part the large sums which have been repaid to the War Finance Corporation. There are still a large number of banks that have not been able to realize on their slow and frozen assets and that can not be cared for through any other organization than the War Finance Corporation. This bill proposes to extend the life of that corporation for nine months.

Mr. HASTINGS. Mr. Chairman, does the gentleman think that an extension of this War Finance Corporation for nine months is sufficiently long? I want to hear the gentleman on that.

Mr. WILLIAMSON. That is the point that I really rose to discuss. We propose in this bill to extend the time for a period of nine months. In my judgment—and I think I know the situation in the West as well as any man on this floor, because I have assisted many of these banks in getting advances from the War Finance Corporation—nine months is not sufficient time within which to clear up the situation in the Northwest. There is another objection to the bill as it now stands. It extends the time only until November 30, 1924, so far as the ability of the War Finance Corporation to do new business is concerned. After that date no new applications for advances can be considered. That time occurs prior to the convening of Congress, and the corporation will die, so far as new loans are concerned, before Congress will have another opportunity to extend its life further if that should become necessary.

I believe it is absolutely essential to the protection of the great mid-West that we extend the time for at least one year, that is, until February 28, 1925. My own bill provides for this length of time. If the situation then has cleared up sufficiently so that there is no further need of extending the time, all well and good. The corporation should not be maintained any longer than is absolutely necessary to take care of the emergency.

But, Mr. Chairman, I want this bill to extend the life of the corporation to such a time as Congress will be in session. Then we can reextend it if it should become necessary at that time. We can not do it under the present bill as it now stands, and when the bill is taken up under the 5-minute rule I shall offer appropriate amendments to extend the life of the War Finance Corporation for one year from February 29, 1924, when the corporation will cease functioning, so far

as new loans are concerned. The amendments, if adopted, will carry it over until February 28, 1925. [Applause.]

Mr. WINGO. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. STEVENSON].

The CHAIRMAN. The gentleman from South Carolina is recognized for 10 minutes.

Mr. STEVENSON. Mr. Chairman, to revert first to what the gentleman from South Dakota [Mr. WILLIAMSON] says he proposes to move, so far as an amendment is concerned, for tactical reasons we did not think it wise to do that. This is a Senate bill. If you are going to do anything for these people, you have got to do it and do it quickly. There were 100 bank failures in that territory during the month of January. And power to assist and assist quickly, and to know that they can go on assisting, must be given at once if you are going to save the situation.

Now, if you amend this bill in two or three particulars and send it back to the honorable body at the other end of the Capitol, it may be 30 days before it will go into effect. Your committee thought the proper thing to do was to put it through just as they sent it here, which gives them the right to accept applications up to the 30th day of next November to make loans up to the 31st day of December. This Congress will meet again under the Constitution on the first Monday in December, and the War Finance Corporation will be going forward and threshing out applications and making loans that were applied for up to the 30th of November, and everybody who is in a pinch, knowing that they must get in an application by the 30th of November, will get it in, and there will not be any hiatus. If it is necessary to extend another year, there will be no trouble about that. The farmers have lots of good friends in this body, as well as in the other body. If you want to be effective and effective right away, adopt the bill just as it is and not give the gentlemen at the other end of the Capitol any more time to delay and talk about other things.

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

Mr. STEVENSON. Yes.

Mr. WILLIAMSON. This will expire on November 30, 1924. Congress will not be in session. The corporation will have no right to assume that its life will be extended.

Mr. STEVENSON. Now, let us see how long Congress will not be in session. November 30, 1924—I have not a calendar here—what day in the week is that?

Mr. WILLIAMSON. I do not know. It will be about four or five days. But that is not the point.

Mr. STEVENSON. Then I will make the point. The power to accept more applications will expire on the 30th day of November. The power to grant applications will expire on the 31st of December. In the meantime, on the first Monday of December, which is not more than four or five days after the 30th of November, Congress will meet, and it can very promptly correct it, if a correction is needed, and you can extend the time.

You will get now immediate action, and have behind it this same Congress with which to get action again, if necessary, and the President of the United States in his message recommended the very thing we have put in.

Mr. WILLIAMSON. I think I gave a wrong impression by my statement, or it was misunderstood. They ask for an extension after November 30, 1924.

Mr. STEVENSON. That is next November, November 30, 1924, that they have got to have their applications in in order to be considered, but they can consider and pass them at any time up to December 31, and meanwhile Congress will be in session. November 30 is on Sunday and December 1 is on Monday. The time to file applications expires on Sunday night. Congress meets on Monday morning, and there are 30 days in which to act upon the proposition.

Mr. BRAND of Georgia. Mr. Chairman, will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BRAND of Georgia. Does not the gentleman think that the bill to extend the life of the War Finance Corporation would never get out of the Banking and Currency Committee unless it meets first the approval of the President and the Secretary of the Treasury and the Senate Finance Committee?

Mr. STEVENSON. No. We came here in 1920, with the Secretary of the Treasury against it, and we reported it out of the Committee on Banking and Currency and passed it through both Houses.

Mr. BRAND of Georgia. Did it not come from the Finance Committee of the Senate first, and did not the Finance Com-

mittee of the Senate get the approval of the President before they acted?

Mr. STEVENSON. I do not know as to that. It will expire on December 31 anyhow.

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

Mr. STEVENSON. Yes.

Mr. BURTNES. I wanted to ask the gentleman whether he really believed it would be practicable to introduce the bill next December, get it considered by the committees of both Houses, and get it passed prior to the time Congress takes its Christmas holidays?

Mr. STEVENSON. All I can answer is that we did that with respect to the very same institution in 1920, in December, with the active and violent opposition of the Secretary of the Treasury against it.

Mr. BURTNES. Why not correct it now?

Mr. STRONG of Kansas. The trouble about amending it now is that if we should amend it, it might not be approved by the Senate before the expiration of the power of the board to act upon applications. Here is the situation: The entire committee is for the extension of the War Finance Corporation. If we pass this bill now it will be sent to the President and become a law before the 1st day of next month. We thought it better to leave the bill as it is, have it become a law, and have it take effect immediately, and not take any chances.

Mr. STEVENSON. I want to trace the conditions out of which this necessity occurs. We have the Federal reserve banks for the use of commercial institutions, and in so far as farm paper is concerned, you can discount that there to a maturity of six months, but that has been demonstrated not to be sufficient.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. BLACK of Texas. The gentleman knows we amended that in the intermediate credit act to nine months.

Mr. STEVENSON. That is correct. Then we have created the land banks, which make the long-time loans to the farmers on land. We have those two institutions, and at the last Congress we went ahead and provided banks which would furnish intermediate credit, furnish credit to the farmer which was longer than he could get through the Federal reserve banks and shorter than he could get through the land banks, and we did that by creating the intermediate credit banks. Those banks are discharging their functions, but they can not take care of the situation now because some risk must be taken; there must be some tremendous risk taken out in the Northwest in order to prevent that country from going into bankruptcy. If the intermediate credit banks undertook to carry out the purposes that are necessary to be carried out they would discredit their power to sell debentures, and their credit being gone they would have no capital with which to finance the farmer on his legitimate intermediate credit, credit from six months to three years, which is absolutely necessary. Consequently there is no instrumentality that the Government can use to meet the situation in the Northwest except the War Finance Corporation, which has the right—because it is going out of business—to take some risk, and if it is necessary to lose some money we shall have to see them lose the money in order to save a great section—a great, magnificent section—of the Northwest from bankruptcy and from going through a process which will result in years of retardation of development and the tax-paying power of that country. Consequently we have decided—although many of us thought the War Finance Corporation ought to be wound up—to extend its life as long as it is necessary for the relief of that situation.

Mr. ABERNETHY. Will the gentleman yield?

Mr. STEVENSON. Yes.

Mr. ABERNETHY. I am in thorough accord with the gentleman as to the extension of the life of the War Finance Corporation, but as a matter of personal inquiry and a matter of very vital interest to the State of North Carolina in connection with these intermediate banks, has the gentleman thought about the difficulty which confronts us in the State of North Carolina as to these intermediate banks, where we have a 6 per cent law? I would like to hear the gentleman on that.

Mr. STEVENSON. There is no difficulty in North Carolina about that, but there is difficulty in South Carolina. Our law is an 8 per cent law, and the banks there do not want to take this paper and rediscount it at an intermediate credit bank, because the law requires them to discount such paper at not more than 7 per cent, and when they break their rate for one man they have to break it for all. Consequently they do not want to discount this paper at the intermediate credit bank, because they can charge but 7 per cent. However, in North Carolina they have a 6 per cent law, and in that State, if they

would live up to the law, they could discount every piece of such paper they took; but the difficulty is that the North Carolina bankers want to charge more than their law allows; consequently they charge 8 per cent, and when they go to the intermediate credit bank they are debarred, and they are debarred because they have charged more than the intermediate credit law allows.

Mr. WINGO. Mr. Chairman, I yield 10 minutes to the gentleman from Georgia [Mr. BRAND].

The CHAIRMAN. The gentleman from Georgia is recognized for 10 minutes.

Mr. BRAND of Georgia. Mr. Chairman and gentlemen of the committee, I am in favor of the amendment offered by the gentleman from South Dakota [Mr. WILLIAMSON], and I hope it will be adopted.

The position taken by the gentleman from South Carolina [Mr. STEVENSON] and the gentleman from Kansas [Mr. STRONG] to the effect that this bill can again be extended for another year, or some other time, at the next session of Congress, is a very doubtful position to assume. I know as much about the life and history of this legislation, in my judgment, as any member of the committee and I know the troubles which confront one who introduces a bill to amend the War Finance Corporation act in getting it into this House for a vote. If you will allow me to say so, I think the Record will show that I am the first man in the American Congress to introduce a bill to revive the War Finance Corporation act. I think it is also true that I was the first man, or probably the first, to introduce a bill to extend its life. I am likewise the first man in this Congress to introduce a bill, which I did on the first day of this session, providing for an extension of one year's time within which to allow borrowers to pay their loans or for the purpose of liquidating the present indebtedness due the corporation. I have had trouble every time I introduced these bills in getting a hearing before our committee. I do not charge the chairman of our committee, the gentleman from Pennsylvania [Mr. MCFADDEN], as being wholly responsible for this, because the chairman as a man is fair, reasonable, conservative, and honest, and as chairman of our committee he has made a very efficient, enviable, and able record. But he, like the chairman of the Finance Committee of the Senate, is more or less subject to orders from headquarters. The ranking Member of the minority party on this committee, one of the ablest Members of this Congress and one of the best debaters of this House since I have been a Member of it, the gentleman from Arkansas [Mr. WINGO], can not in every instance assist a Democrat in getting his bills out of this committee; certainly not, if the chairman of the committee is unwilling for them to be acted upon by the committee.

I introduced my bill providing for an extension for a year and to allow another year for payment of loans on the first day of this Congress, and in my judgment it would have been reposing in the committee room until this good hour if President Coolidge had not indorsed and urged the proposition, and I say this in no offensive way toward the chairman. The bill would never have gotten out of our committee unless President Coolidge had been led to believe by the people who are in distress in the West that some sort of legislation like this should be adopted.

I agree with him about it. The farmers in the two Dakotas, Montana, Minnesota, and Wyoming are in a distressed condition. They are in the condition now that we were in in 1914 in the Cotton Belt, when cotton was selling for 5 cents per pound, and the condition we were in two or three years ago when the boll weevil was ravaging the country and the deflation policy of the Federal Reserve Board was working its disastrous results throughout the agricultural sections of the land. Knowing that our own people are still suffering from economic ills and believing that the farmers of the Western States are in dire distress, I appeal to the Democrats on this side of the House who know about the troubles and the sacrifices of the southern cotton grower to come now to the rescue of the western farmer and vote for the amendment of the gentleman from South Dakota.

Mr. ABERNETHY. Will the gentleman yield?

Mr. BRAND of Georgia. Yes.

Mr. ABERNETHY. What was the reason that the committee reported against extending it one year?

Mr. BRAND of Georgia. You mean for not adopting the amendment of the gentleman from South Dakota [Mr. WILLIAMSON]?

Mr. ABERNETHY. Yes; you had this matter up in your committee. Why did they not extend it for a longer time?

Mr. BRAND of Georgia. A bill came from the Senate similar to Mr. MCFADDEN's bill which he introduced in the House, which

was taken up for consideration, and it was the opinion of both the ranking member of the minority and the chairman of the committee, as well as other members, that to adopt an amendment to it would delay its passage in the Senate.

Mr. HASTINGS. Will the gentleman yield a moment?

Mr. BRAND of Georgia. Yes.

Mr. HASTINGS. Is it not the gentleman's opinion that if an amendment, such as you suggest, were adopted it would be adopted in the Senate to-morrow?

Mr. BRAND of Georgia. They can do that in 24 hours.

Mr. HASTINGS. And it would not delay it over 48 hours anyhow?

Mr. BRAND of Georgia. There is not a legislative body on the face of this earth that can pass a bill quicker than the United States Senate when it wants to.

Mr. ABERNETHY. Is there not some other reason why they do not want the time extended further?

Mr. BRAND of Georgia. Well, I will tell you what I believe is the real reason.

Mr. ABERNETHY. Yes; let us just get down to the reasons.

Mr. BRAND of Georgia. In my judgment the real reason is that it was not recommended by the President or the chairman of the War Finance Corporation or the Secretary of the Treasury for a longer period than nine months.

Mr. LARSEN of Georgia. Is not the gentleman a little incorrect about the recommendation of the President? Did he not recommend that it be extended to December 31, 1924?

Mr. BRAND of Georgia. Yes; and that is just nine months. What we want is to have it extended for a year.

Mr. LARSEN of Georgia. I think so too.

Mr. BRAND of Georgia. You southern Democrats must know as well as these western Republicans and Democrats out there know that one can not collect or pay these old debts within a year. It takes time for the farmers to work out of their present trouble. If the farmers can not pay the bankers, the bankers can not pay the War Finance Corporation, and if the War Finance Corporation insists upon the bankers paying their debts when they can not collect from the farmers many of them will be forced into bankruptcy. This is particularly true with the small banks all over the South and the West.

There were 100 banks in the ninth Federal reserve district, including the two Dakotas, Montana, Minnesota, and Wyoming, that broke during the month of January. Some of them ought not to have failed, because they were in a sound condition. All they needed was time. All they needed was indulgence, and that is what the farmers of the South now need. We can not raise a crop with the present heavy expense of making it and pay to any great extent on these old debts. I now yield to the gentleman from Kansas.

Mr. STRONG of Kansas. Do I understand my friend is now in favor of the amendment that is to be offered?

Mr. BRAND of Georgia. I certainly am. I reserved the right in your presence and hearing to take this position when it came on the floor.

Mr. STRONG of Kansas. I voted that way yesterday in the committee, and I just wondered what has transpired since.

Mr. BRAND of Georgia. Nothing has transpired. I explained at the time that I reserved the right to vote this way, and, as I stated a while ago, I introduced a bill, and I have it in my hand here now, on the first day of this session of Congress, extending part of the provisions of the law for a year. I did this because our farmers and banks need indulgence on the part of the War Finance Corporation. They are absolutely compelled to have more time to pay their indebtedness due the corporation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. WINGO. I yield the gentleman two more minutes.

The CHAIRMAN. The gentleman from Georgia [Mr. BRAND] is recognized for two additional minutes.

Mr. BRAND of Georgia. If you would save the farmers of the West and many of the banks and farmers of the South from going into bankruptcy or into the hands of receivers, you must give them a year or two longer to work out their plans and then be able not only to pay their debts of the current year but some of their debts of past years. I do not care what position President Coolidge may have taken or the War Finance Corporation manager, or what is the opinion of anyone else who lives in Washington, because they know practically little about the troubles of the farmer. They do not come in contact with him, and therefore do not know much about the real distress and suffering he and his family have been enduring the last few years. If he gets a year's indulgence on his obligation he may survive and pay his debts. If he does not get it, he may not. Every Member, and particularly those who have professed so much love for the farmer on this

floor so often and who in all public utterances manifest so much solicitude for him, whose sincerity I do not question, now have the opportunity to substantially help him by voting for this amendment. While so much is being said and written in and out of Congress, and a propaganda, unprecedented in the history of the Nation, has been proclaimed from one end of the land to the other in support of reduction of income taxes, which I favor as well as the reduction of all other classes of taxes, we should not be unmindful of the welfare of the poor fellow who has not sufficient property upon which to pay an income tax and who is carrying crosses and bearing burdens of life which are more onerous than those the income-tax payer is enduring. [Applause.]

Mr. WINGO. Mr. Chairman, I yield 10 minutes to the gentleman from Alabama.

The CHAIRMAN. The gentleman from Alabama is recognized for 10 minutes.

Mr. STEAGALL. Mr. Chairman and gentlemen of the House, no Member of the House has favored more earnestly than I have the use of the powers of the War Finance Corporation to deal with economic emergencies that followed the war and which in some sections at least exist at this time. The proof has shown in the hearings conducted by the Banking and Currency Committee of the House on the bill before us that there have been hundreds of bank failures in the Northwest during recent months. It was shown that there have been about 100 bank failures in the ninth Federal reserve district alone since the beginning of the new year. In the States of Minnesota, Montana, North Dakota, and South Dakota, the States comprising the ninth Federal reserve district, 17 national banks have failed. It is easy to see the seriousness of this situation. It is simply deplorable, and I am sure it gives deep concern to every patriotic Member of this House, no matter from what section of the country he may come. The War Finance Corporation has rendered much assistance in this situation, but the fact that under the law the period within which the corporation is authorized to make loans is about to expire is having a discouraging effect. Already the possibility of the termination of its aid is being felt. I am heartily in favor of the passage of the bill before us extending till November 30 the time within which the corporation may receive applications for loans.

I should not object if the measure extended the life of the corporation three months longer. But, gentlemen, practically speaking, there is very little difference between an extension of nine months and an extension for a period of one year. Either will give ample time in which to effect great relief to the people of the sections now in sore distress. The bill before us is a Senate bill and, if we pass it without any change, will become a law immediately, and its enactment will have a steady effect and give most helpful reassurance without delay. I should have favored an extension for the period of one year but for the need for immediate action. The situation is such that every day counts. My suggestion to gentlemen who insist that the extension should be for a longer period is to avail ourselves of the opportunity at hand; and if it is thought necessary, we can pass the bill introduced by the chairman of the Banking and Currency Committee of the House, make the period of extension one year, and send that bill to the Senate to undergo whatever of delay there must be. To amend the bill before us might involve delay that would be hurtful in its effect.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. STEAGALL. Yes; I yield with pleasure to the gentleman.

Mr. WILLIAMSON. Does the gentleman think there will be any delay in the Senate when this bill was passed unanimously and without discussion? Do you think the matter would be delayed there?

Mr. STEAGALL. I hardly think there would be any great delay, but that is merely my opinion. That would be taking a chance, and the gentleman and I are agreed that the important thing is to keep the War Finance Corporation functioning without cessation and let it be known at once that this effort is to be made to take care of conditions that have recently become so serious in some of the States of the West. To make sure of best results it seems to me the sensible thing to do is to take the measure as it passed the Senate and let it become a law at the earliest day practicable. Gentlemen know what is going on over in the Senate. Nobody knows what a day may bring forth. Gentlemen know the extraordinary situation that exists in that body, and no one can foretell what the Senate will be engaged in to-morrow or for the next week or for the next month.

Mr. McKEOWN. Will the gentleman yield?

Mr. STEAGALL. I will.

Mr. McKEOWN. Did the gentleman's committee ever consider a proposition of extending the time of the War Finance

Corporation for something like two or three years in order to recover from this depression?

Mr. STEAGALL. I was coming to that in a moment. I speak as one who has been enthusiastic in his support of legislation to continue the War Finance Corporation. I think I know the great value of the services rendered by this organization in extending credits to the people of my section and my State. One reason why I am so ready now to come to the rescue of farmers in sections that are suffering the greatest at this time is because I remember with deep gratitude how the Representatives from the West helped us revive the War Finance Corporation when the farmers of the South were suffering as the farmers of the Northwest are suffering now.

The CHAIRMAN. The time of the gentleman from Alabama has expired.

Mr. WINGO. I yield to the gentleman five minutes more.

Mr. BLACK of Texas. Will the gentleman yield?

Mr. STEAGALL. Yes.

Mr. BLACK of Texas. I want to ask the gentleman—and I presume his recollection is like mine—at the time the War Finance Corporation was revived, cotton was not probably suffering the worst slump of any product.

Mr. STEAGALL. Cotton was suffering and our people were in a most serious situation. I was not going to say this, but I will in connection with the gentleman's suggestion. I believe the revival of the War Finance Corporation resulted in an increase in the price of cotton from \$15 to \$20 a bale in a few days' time. I have no doubt that it resulted in preventing the failure of many banks and was exceedingly helpful to farmers, who were the worst sufferers in that period of deflation and depression.

Mr. BRAND of Georgia. Will the gentleman yield?

Mr. STEAGALL. I yield to my friend from Georgia.

Mr. BRAND of Georgia. From what was said before our committee, does not the gentleman think that the western farmers are in the same fix that we were then?

Mr. STEAGALL. Yes. The western farmers are in the same condition, substantially, that we were at the time the War Finance Corporation was revived after its activities had been terminated upon advice of the Attorney General construing the law fixing the time for its operation to cease. I thought the advice erroneous and I think so very strongly now, but that is foreign to what we are considering at this time. I want to say to the gentleman from Georgia that there is need in his State, in my State, and throughout the South now for the work which the War Finance Corporation is empowered to do. There are many farmers and some country banks in the South who have not yet recovered and who still need and deserve every consideration at our hands. I want to see every activity and every helpful aid extended that can properly be done until the situation is finally relieved, both in the South and in the great Northwest.

But I was about to say that the War Finance Corporation was established originally as a war measure and it was revived and continued after the war for the purpose of dealing with emergencies and aiding in the relief of conditions growing out of the war. I think all of us will agree that we should look forward to the time, which I am sure all of us desire to see, when conditions will be such that we may stop the expense which this organization necessitates and when all interests may be financed in a normal way and along lines that are considered wise and sound as a permanent financial policy. If the situation is such that the War Finance Corporation is not needed for loan purposes after the 30th of November, it will be very gratifying to me, as I am sure it will be to other Members who have given thought to this legislation. If it is deemed necessary to further continue its activities at that time, there will be only a few days to intervene between then and the assembling of Congress and any necessary legislation can be passed without serious delay. I hope, in the meantime, that the great Federal reserve system, the farm-loan system, and the intermediate credit banks, which we look to as the permanent credit institutions to meet the demands of all classes of people, will afford a satisfactory supply of credit and that temporary remedies may no longer be required.

Mr. KVALE. Will the gentleman yield?

Mr. STEAGALL. I will yield to the gentleman.

Mr. KVALE. If the gentleman will allow me, I want to say that I do not believe that the cotton farmers of the South were ever in as bad condition as the wheat farmers of the Northwest are to-day.

Mr. STEAGALL. Well, every man thinks his troubles are the worst. No other man's toothache is ever so bad as your

own. I will not attempt to draw comparisons, but I think the experiences are pretty much the same. I know a farmer in my home county, near the town in which I live, who planted 500 acres in cotton, went in debt for thousands of dollars worth of fertilizers, thousands of dollars for labor and supplies, and only made 10 bales of cotton where he expected to make from 300 to 400 bales. If the gentleman can show me a farmer who has fared worse than that, I will admit he is correct.

The CHAIRMAN. The time of the gentleman from Alabama has again expired.

Mr. WINGO. I yield to the gentleman two minutes more.

Mr. STEAGALL. The case to which I refer is a typical one. The same thing in lesser degree happened to thousands and thousands of cotton farmers last year. This condition exists in many localities of the South. Some sections in the cotton-growing States are prospering because others are suffering. Because of a total crop failure in some parts there has been an increase in price and a reasonable amount of prosperity in other sections. The impression that farmers in the cotton-growing States are in a prosperous condition everywhere is entirely erroneous. What I say applies to my own district, where I have personal knowledge of the conditions about which I speak, and it is true of the entire Cotton Belt.

I should like to take this opportunity to discuss agricultural conditions in a general way, but I shall not ask for further time in which to do so. I fear very much that gentlemen who anticipate the necessity for further extension of the loan-making period of the War Finance Corporation are not in error in their calculations. In my humble judgment the action we are taking only means to ease the patient along and prolong his life by treating his symptoms. I hope this may be accomplished until the great factors that are destroying agriculture shall be recognized and a real remedy applied. But, gentlemen, we need not deceive ourselves; there will be no general revival of agriculture and no real or satisfactory prosperity among the producers of the country until something is done to improve marketing conditions, to cut down the spread between the farmer and the consumer of his products, and to grant relief from exorbitant transportation charges and the unjust and indefensible burden of tariff taxes now resting on the backs of the American people. [Applause.]

Mr. WINGO. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLACK].

Mr. BLACK of Texas. Mr. Chairman, adverting for a moment to the financial situation which exists in the South as compared to that which now exists in the Northwest, I want to emphasize that throughout this effort to deal with agricultural difficulties our Committee on Banking and Currency has endeavored to deal with them always in a wholly nonpartisan way, with a view of serving as far as we may serve the interests of the entire country. A question of this kind is certainly not a partisan question and is far from being a sectional one. As my colleague Mr. STEAGALL has correctly said, conditions in the South are not such as to entirely eliminate the need of a credit agency such as is provided in the War Finance Corporation. There were sections of the South in 1923 where the ravages of the boll weevil were so great that many farmers who planted an acreage from which under ordinary conditions they might have expected a yield of 15 bales reaped a harvest of only one or two bales. Of course if that farmer received a dollar a pound for his cotton, he would not be making the cost of production. In large sections of the South, therefore, the financial conditions are still bad, and many banks are overextended. I therefore think, speaking of the country generally, it is well to extend the active operations of the War Finance Corporation, as provided in this bill.

Getting back now to the main question, I remember when we passed the original act, August 24, 1921, reviving the corporation there were those who in a way belittled the legislation and said that it would do no good; that it would not accomplish anything. Therefore, in the remaining time that I have at my disposal, I shall read a paragraph from the last annual report of the War Finance Corporation which gives a brief picture of what has been done since its revival in 1921:

Since the passage of the act on August 24, 1921, the corporation has approved 8,154 advances for agricultural and livestock purposes, totaling \$467,503,000—\$184,838,000 to banking and financial institutions, \$85,342,000 to livestock loan companies, and \$197,327,000 to cooperative marketing associations.

It should be remembered, of course, that the corporation does not necessarily advance all of the loans that are approved, because sometimes the full amount of the approved loan has not been called for.

Of the amounts approved, \$287,740,000 had been actually advanced on November 30, 1923—\$169,708,000 to banking and finance institutions, \$80,000,000 to livestock loan companies, and \$37,000,000 to cooperative marketing associations.

I know there is a natural inquiry among the Members of the House as to how much of this has been paid. Let us see about that feature.

The total repayment received by the corporation to November 30, 1923, on account of its loans aggregate \$211,345,000, which represents 73.4 per cent of all the advances.

There have been considerable repayments since then, and if I were making an offhand estimate I would say that nearly 80 per cent of all the advances have been repaid and the obligations canceled.

To say how much good these extensive loaning operations have done would be speculative, but I recall that when we passed the act in 1921, as the gentleman from Alabama [Mr. STEAGALL] said, cotton was selling at a low price. It was not more than 60 or 90 days until it was selling at a very much better price; in fact, was bringing an advance of at least \$20 per bale. Also, the price of livestock advanced to some extent, as did other farm products. I would not go so far as to say that all of this improvement was due to the revival of the War Finance Corporation act. I do believe, however, that the financial assistance furnished by this corporation in that hour of need to the overextended banks and to the cooperative marketing associations and other credit agencies was very helpful and reassuring and proved it to be one of the constructive agencies for improving serious agricultural difficulties. Of course, many difficulties still exist, and no one act of Congress is going to cure them all. The continuance of the active operations of the War Finance Corporation will be a helpful factor, and I am glad to know that there is no opposition to its further extension. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Montana [Mr. LEAVITT].

Mr. LEAVITT. Mr. Chairman, speaking from the standpoint of a Representative of that State of the West which stands second in the production of spring wheat and fifth in the production of all kinds of wheat among the States, I wish to express my appreciation of that spirit of cooperation which we see on the part of the Representatives from the South. It is of great importance to the Northwest that the War Finance Corporation be given an extended life at this time. I have been greatly pleased with the statement made by different Representatives to the effect that this is not to be considered the final and permanent cure for existing conditions, but it is to be considered only as a temporary measure which will, to some extent, help out the situation while the fundamental measures are being worked out and conditions are being restored to normal.

So far as the amendment before the House is concerned, of course it would be better if we could have a year's extension at this time, but I am not willing, as a Representative of one of the great wheat-growing States, to take any steps which are likely to interfere with the immediate passage of this bill, so that it may go immediately into effect, and word go out into that northwestern country that this great organization has been given an extended life. The question of whether we should amend this to a period of one year should rest wholly upon the answer to be made by the chairman of this committee as to whether or not, in his opinion, we will be taking any considerable chance of having this relief measure delayed if we add to the time fixed in the bill and thus force it back into conference with the Senate.

Mr. McFADDEN. I say to the gentleman that I believe we would lose more than we gain. I am not opposed particularly to the extension for a year, but here is the practical situation in which we find ourselves:

In the first place, the President has asked that this be extended to December 31. The War Finance Corporation is in accord on that, and the Treasury is in accord, and the Senate has passed this bill; and for the purpose of expediting this legislation, and realizing the importance of getting the word out to the country that that institution has been continued over this distress period, we are taking up this Senate bill in preference to the House bill, so that it will not have to go into conference, but that it may be passed and signed by the President almost instantly.

I think the psychological effect on those sections of the country will be such that it will mean much more to the country to have this passed now than it would to continue it for a year, with the possibility of delay in conference and

delay in its passage through the Senate again. Therefore I hope we can pass it to-day, and get the word out to the country that Congress has acted, and acted for the benefit of the present situation.

Mr. LEAVITT. Mr. Chairman, in view of this statement by the chairman of the committee, and in full confidence that since the President of the United States, recognizing the condition that exists now, has recommended this present extension, he will, if the same condition exists at the expiration of this period, make a like recommendation again, I concur with the chairman of the committee that we should not make any amendment which might delay, but should pass the measure immediately as reported.

Mr. WINGO. Mr. Chairman, I yield five minutes to the gentleman from Georgia [Mr. LARSEN].

The CHAIRMAN. The gentleman from Georgia is recognized for five minutes.

Mr. LARSEN of Georgia. Mr. Chairman and gentlemen of the committee, I was rather amused at the colloquy which took place between the gentleman from Minnesota, Mr. KVALE, and the gentleman from Alabama, Mr. STEAGALL, as to what section of the country is suffering the most from financial depression. It brought to my mind a story I heard as to a conversation said to have occurred in Georgia some months ago. As the story goes, a New York banker had been down in Florida, and coming back through Georgia en route to New York decided to get a little first-hand information regarding the boll-weevil situation in the South. Finally he spied a man who looked like a farmer, and approaching him he said, "Are you a farmer?" The man replied, "Yes." The banker asked, "In what State do you live?" He answered, "In Georgia." "Good," said the banker; "I was just wanting to get some information regarding Georgia. I am a New York banker. I understand that Georgia is in a distressed financial condition on account of the boll-weevil pest. Do you happen to live in that part of Georgia that is infested with the pest?" The farmer answer, "Yes; I live right in the middle of it." The banker said, "Tell me about it."

The farmer replied, "The boll weevil is about the worst citizen with which I ever came in contact. He has ruined the farmer. We used to worry a lot about the income tax, but we do not fret any more about income taxes. We have none to pay, but the State, county, and municipal taxes are worrying us a great deal. We are unable to pay them. Everybody has left the farm except the man who owns it. The negroes have gone north and the white tenants have gone south. The man who owns the farm can not get away. In many cases the sheriffs have levied upon the farms and advertised them for sale. As a result it will not be long before all the farms are sold for taxes."

It touched the heart of the New York banker and he said, "My friend, I am deeply touched at the distressing conditions which you say surround you. Judging from your statement I assume it is almost impossible, even for the most progressive farmers of your State, to obtain the necessities of life." The farmer said, "Yes; that is true; and when we do get it, the darn stuff is so rotten that we can not drink it." [Laughter.]

But, gentlemen, I come from a section of Georgia that has suffered as much from depressed conditions as any section in the Union. Five years ago my home county produced 65,000 bales of cotton. Last year we produced only about 11,000 bales. This condition has prevailed for some four years and is only representative of that section of the State. Something should be done for the farmers not only throughout the West, but also in Georgia and other sections of the South.

Mr. Chairman, the report of the committee shows that the President of the United States recommended this legislation. In principle I have heretofore favored such legislation, and introduced at least one bill to extend the life of the War Finance Corporation. Mr. Chairman, I fail to understand why provisions of the legislation should limit its loan duration to nine months. Why not make it at least one year?

The privilege of borrowing money for nine months may aid the farmer to make a crop, but it will not protect him in marketing it. Are we only to spare his life to make another crop in order that the wolves of finance, speculation, and greed may devour him when it is made? For reasons suggested I shall vote for every amendment that will extend the borrowing period for a reasonable time, and not merely until after the election, as this bill will do.

If the bill is not amended, I shall nevertheless vote for it upon final passage. But, in saying this, I am constrained to add that I do not believe it will afford the farmer that substantial aid and relief which he desires or deserves. The proposed legislation may be the shadow of what he wants, but certainly it is not the substance of what he needs. In part it may be, and I think

is, but the real remedy for his troubles must go beyond temporary credit and the facility to borrow for a short period of time.

The farmer has his limitations and his faults, but he is not wholly responsible for his present financial depression. Bad banking in the West may have, and I believe has, wrought agricultural disaster there, but the devastation of the cotton-boll weevil has contributed to distress in the South.

One naturally asks why the wheat farmer in the West and the cotton grower of the South do not diversify. The question is easy to ask, but the process of diversification is difficult. Changes produce disorganization, and disorganization is always hazardous and expensive. In many instances the one-crop farmer has no bank account and his credit is exhausted; he knows little or nothing as to the growing of other crops. He may undertake to grow truck, but vegetables are a new departure, especially so far as grading, marketing, and fertilizing are concerned. He attempts to compete with experts in these lines, but the transportation companies and the distributors of his products in the various cities of the land make no allowance for his want of skill or concessions on account of his inexperience. As an inevitable result he suffers, becomes disheartened, and oftentimes goes broke.

He is told to raise livestock, hogs, cattle, and so forth, to enter into the dairy business, to raise poultry, and so forth. He has no money with which to build the necessary farmhouses for such change, or to purchase poultry or livestock from which to raise, or for dairy purposes. He may not even have the feed to go through the beginner's period, so without sufficient finance or experience to meet competition in fields involving change, he struggles along in his accustomed way or leaves the farm to engage in some new line of activity where some one else may pay the bills and furnish the expense for him to learn. Thus it happens that more than a million persons left the farms of America last year. We may pity, but certainly we should not blame them.

If we really wish to aid this class of farmers we might do so by appropriating a substantial revolving fund to loan them for the purchase of necessary poultry and livestock for both dairy and meat purposes, or provide them with a variety of seeds for other crops than those they now grow and which may be profitably produced by them. If we do this and furnish a few expert demonstrators in these new lines they will probably succeed. If they succeed, as they doubtless would under such circumstances, would not the Government be well repaid not only in the return of its money but in the preservation of an already developed farm section and the defense of its oppressed citizens?

But, Mr. Chairman, the farmer of every section has his problems. If the majority party in the Congress were willing we could, at least in part, help to solve them by legislation. We can aid the farmer, and millions of other American citizens, by a sane revision of the tariff law.

If the people in my own State, most of whom are farmers, knew that the more than \$19,000,000 which they paid into the National Treasury last year were the only expenditures imposed upon them by reason of Federal tax laws, they would not mind; but when they realize, as all of them do, that in addition to the Federal tax collection they contribute many millions directly to the wealthy manufacturers of this country in order that their products may not come into competition with those of foreign countries, they realize that something, for which they are not responsible, is radically wrong.

But, Mr. Chairman, the farmer has another indictment against his Government attributable to Republican misrule. If there was ever an excuse for the Esch-Cummins law, he knows the time has now come when he should have relief from exorbitant freight rates. He knows that the total freight tonnage of the American railroads for last year were the largest in the history of this Government. He also knows that the rates charged were never higher; that by reason of this he is forced to pay an excessive increased percentage on every article that he buys; and that enormous transportation charges consume a very large portion of what should be his profit on commodities sold.

Republicans know that these indictments and many more exist against their party. Perhaps they may believe the farmer will be induced to not-pros them on account of this pittance of money to be loaned them until after the election. They may do it, but I do not think so. They will long remember the extravagance and graft which has prevailed during the Republican administrations of the past three years and the unnecessary delay, if not absolute refusal, to prosecute such guilty offenders. November is too close at hand for them to forget.

The CHAIRMAN. The time of the gentleman from Georgia has expired.

Mr. LARSEN of Georgia. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Georgia asks unanimous consent to extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. BRAND of Georgia. Mr. Chairman, I make the same request, to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection to the request of the gentleman from Georgia?

There was no objection.

The CHAIRMAN. All time has expired, and the Clerk will read the bill.

The Clerk read as follows:

*Be it enacted, etc.,* That the time during which the War Finance Corporation may make advances and purchase notes, drafts, bills of exchange, or other securities under the terms of sections 21, 22, 23, and 24 of the War Finance Corporation act, as amended, is hereby extended to and including November 30, 1924; *Provided,* That if any application for an advance or for the purchase by the War Finance Corporation of notes, drafts, bills of exchange, or other securities is received at the office of the corporation in the District of Columbia on or before November 30, 1924, such application may be acted upon and approved, and the advance may be made or the notes, drafts, bills of exchange, or other securities may be purchased at any time prior to December 31, 1924.

Mr. WILLIAMSON. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 1, lines 7 and 8, strike out "November 30, 1924" and insert in lieu thereof "February 28, 1925."

On page 2, line 2, strike out "November 30, 1924" and insert "February 28, 1925."

On page 2, line 5, strike out "December 31, 1924" and insert "March 31, 1925."

Mr. WILLIAMSON. Mr. Chairman and gentlemen of the House, this is the same proposition I discussed a few minutes ago. This bill provides for an extension of the War Finance Corporation for nine months. My amendments, if adopted, will extend it for a period of 12 months. The objection has been raised on the floor of the House to these suggested amendments that if they are adopted there will not be an opportunity to get the bill through conference in time to have it go to the President for his signature before the present act expires by its own terms.

It seems to me, gentlemen, that there should not be very much difficulty in getting this bill through conference in a period of 14 days; and that is the time we still have left if the bill passes to-day, as I assume it will, in this House. If the chairmen of the House and the Senate committees having the bill in charge are in favor of it, which I have every reason to believe they are, I believe the conference could be had, an agreement reached, and the bill passed by the end of this week. It could be sent to the President for his signature Monday.

There is no opposition to the bill in the House. I do not know of a single Member that will vote against it. There is no opposition in the Senate. There is no reason why it should not be disposed of in conference in a very short time. It seems to me that to adopt the bill in its present form, which will end the War Finance Corporation on November 30, is the worst kind of folly. It is true that within two or three days from that date the next session of Congress convenes. There is no reason why this bill should not carry the corporation over into the following year, so that if occasion exists for a further extension the Congress can take care of it. Gentlemen say there is no reason why a bill can not be introduced at the opening of the session and the matter disposed of. But that is not likely to happen. Putting this date in November is for a very different purpose. If the corporation dies November 30 by statutory limitation, it will stay dead. It ought to be continued over until February 28, 1925. Then, if the situation demands a further extension, Congress will be in session and there will be ample opportunity to have hearings and pass upon the extension in the regular way.

Mr. KVALE. Will the gentleman yield?

Mr. WILLIAMSON. I will.

Mr. KVALE. The gentleman is a good Republican and a member of the committee. Does he mean to intimate that he believes that the reasons for extending the corporation nine months in place of a year are the reasons of the President?

Mr. WILLIAMSON. No; I do not. The President recommended that it be extended to December 31, I think. This



would give the Congress opportunity to act in time should further extension seem desirable.

Mr. McFADDEN. Will the gentleman yield right there?

Mr. WILLIAMSON. Yes.

Mr. McFADDEN. My contention is that the operations of the War Finance Corporation do not stop on November 30, but they can make loans up to December 31. The matter of final applications must be in by November 30.

The CHAIRMAN. The time of the gentleman from South Dakota has expired.

Mr. WILLIAMSON. I ask for one minute more, to answer the gentleman.

The CHAIRMAN. Is there objection to the gentleman from South Dakota having one minute more?

There was no objection.

Mr. WILLIAMSON. I say if the time for filing applications expires November 30, then the activities of the corporation come to an end as far as accepting new business is concerned.

Mr. BURTNESS. Mr. Chairman, I move to strike out the last word. In addition to what the gentleman from South Dakota [Mr. WILLIAMSON] has said about the advisability of extending the time to one year instead of nine months I want to call your attention to the necessities of it as a business proposition as business is done in the banks of the Northwest.

We are mostly a one-crop country out there—a grain country. Heretofore most of the paper which has been held in the country banks, and in the larger banks, for that matter, becomes due on November 1. That is the usual interest date. The busiest time in the world, so far as the country banker is concerned, is the month of November. That is the time when he has to make his collections; that is the time when he tries to get his paper into shape, make his collections and renewals; and as a usual proposition he can not possibly get it into shape until about the first of the year. He needs the months of November and December for that purpose. He is therefore in no position during the month of November to file his application for a loan with the War Finance Corporation or any other concern where they need detailed and authentic information before them before they consider the loan in any way, shape, or form.

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

Mr. BURTNESS. I will in a moment. There is another proposition of vital importance. You do not want to do anything here that will force the farmers of the Northwest or elsewhere, for that matter, to throw their crops upon the markets right after the harvest or the threshing season. If there is anything worth while in the conduct of our cooperative associations with reference to agricultural products, it is the attempt to handle those products in such a way that they can be placed on the markets in a more or less orderly way. Unless the time proposed in this bill is reasonably extended beyond the fall period—extended into the winter months—its indirect effect will be to force the farmers whose paper is in those banks, whose paper is to-day in many cases pledged with the War Finance Corporation, to market their crops in September or October so that they can pay whatever possible on interest and principal, so the paper can be renewed and put into such form that it can be submitted to the War Finance Corporation in connection with the bank's formal application for a loan. I yield to the gentleman from South Carolina.

Mr. STEVENSON. The gentleman does not understand, I hope, that the fact that they quit taking applications on the 30th of November means that the paper is to mature at that time. Paper can be made now under this act as it is, to be due a year from now. It can be made to be due on the 31st of March, 1925.

Mr. BURTNESS. I understand that very well; but I also understand that whenever any bank wants to put in its application to the War Finance Corporation for a loan, that application has to be in proper form. The banker has to submit the paper that he intends to discount, or upon which he expects to get an advance; he has to have his property statements and proper abstracts from each and every debtor in connection with the paper he submits; and all of that would have to be done if this bill is passed in its present form before the 30th of November. It is true, as the gentleman suggests, that the War Finance Corporation would have another month in which to act on the application and make the paper due at a future date; but surely there can be no good reason why, if this extension of time is to be granted, it should not be extended for the full year rather than for the nine months.

The CHAIRMAN. The time of the gentleman from North Dakota has expired.

Mr. BURTNESS. Mr. Chairman, I ask unanimous consent to proceed for three minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BURTNESS. This extension that is asked for in the pending amendment would then give to the bank an opportunity to get its affairs into shape, so that the bank can, in proper time, file with the War Finance Corporation the proper kind of application some time, say, during the month of January. It will give him an opportunity to close his books for the calendar year, put them in shape, where he will know just what credit needs he must have. In other words, he will be able to file a more intelligent application than he could possibly do if he is forced to prepare that application, to run out and get his paper in shape, and submit it to the corporation in the busiest month of the year—the month of November. That would make it possible to render a great deal larger service than can be done if you make every banker scattered throughout the country run around during September and October, telling the farmers that they would have to sell their crops at once, so that they could fix up their paper with the bank, because it has to have such paper before November 30 if the community is to avail itself of the privileges afforded through the War Finance Corporation. I earnestly bespeak your favorable consideration of the amendment.

Mr. McFADDEN. Mr. Chairman, I am opposed to this amendment for the reason that a crisis exists. If a building is on fire now we do not want to call out the fire company next December. If we were dealing with this proposition of extending the War Finance Corporation to-day, as from December 1 on, I do not think we would stand a ghost of a show of passing this measure. My understanding is that the situation is such to-day that we need to get the word out that the War Finance Corporation operations are going to be continued. An additional reason is this: As everyone knows, as a result of the conference that was held in Washington at the call of the President some 10 days ago, there is now in process of organization a \$10,000,000 corporation which is to make loans to relieve this desperate situation in several of these Western States. The situation at the present moment is that these men who are doing this have a meeting in Chicago to-morrow. If we do not pass this resolution to-day these people are going to be in a state of uncertainty. My judgment is, if we want to give relief which seems to be so necessary in these different States, we had better act now and take care of the emergency in December, if one exists at that time.

Mr. BRAND of Georgia. How can the gentleman say that it is necessary to pass this bill as it is to-day, when these people who are going to meet to-morrow in Chicago will know one of two things, that the time will be extended for either 12 months or 9 months, certainly.

Mr. McFADDEN. This thing is certain: If we amend this bill, it must go to conference and the men in Chicago will not know whether the bill is going to pass or not.

Mr. BRAND of Georgia. They will know that it is going to pass for either 9 or 12 months.

Mr. McFADDEN. Oh, I beg the gentleman's pardon. They will not know that until the bill gets out of conference and has been finally acted on again in the Senate.

Mr. BRAND of Georgia. Everybody is in favor of the bill here and everybody is in favor of the bill in the Senate. The only difference would be between 9 months and 12 months.

Mr. McFADDEN. We know that we are in favor of it, as it is, and we know that the Senate is in favor of it as it is, because it has passed it; but we do not know what their objections may be if we amend it.

Mr. BURTNESS. Can the gentleman conceive of any reason why they should oppose the 12-month's proposition?

Mr. McFADDEN. No; except the fact that we have the recommendation of the President to extend it to December 31. The War Finance Corporation, the Treasury Department, and the Senate have urged the passing of the bill as it is. Therefore I think if we want to expedite and get the psychological effects into the gentleman's own State and other sections of the country we better pass the bill as it is.

The CHAIRMAN. The time of the gentleman from Pennsylvania has expired.

Mr. WEFALD. Mr. Chairman, I move to strike out the paragraph.

The CHAIRMAN. The gentleman from Minnesota is recognized.

Mr. WEFALD. Mr. Chairman, I want to absolutely back up what the gentleman from North Dakota [Mr. BURTNESS] has said here. It is absolutely true and correct, so far as it applies to that part of the country that he and I live in. I hope, for the benefit of the people who live in the Red River Valley, the amendment will pass—to give us three months more credit

facility. From the seed potatoes that we ship down to Texas are grown the potatoes the orators of the country eat. Those potatoes are the best that they eat, and that is what has given them their inspiration. [Laughter.] Those potatoes are usually shipped out during the month of March and the additional credit will help much in the marketing of them. I realize that this is no fundamental legislation. They say that a drowning man grasps for every straw, and we are grabbing at every straw that we can see in any place where we can lay hands on it.

My colleague from Minnesota [Mr. KVALE] stated, in interrogating one of the Members that spoke, that he believed that there is no State that suffers from the present situation as much as the State of Minnesota does. This is absolutely correct. I understood by the statement of the gentleman from Georgia that the President asked that this legislation be extended for a period of one year. I believe if the President made that request we should stand by him. I like to have a chance to stand by the President once in a while. I do not believe that the Senate should be the all-powerful branch of the Government in this country. The House should also have something to say.

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

Mr. WEFALD. Yes.

Mr. McFADDEN. The gentleman says the President asked that this legislation be extended for a period of one year. The President recommends that this be extended to December 31.

Mr. WEFALD. I understood that he had recommended that it be extended for a year.

Mr. McFADDEN. The gentleman is mistaken. He recommended that it be extended as is done in this bill.

Mr. WEFALD. Every Member here has the interest of the farmers at heart, and there is no reason why the Senate should not take this bill as amended here and send it back to the House in two days. I am for the amendment. I believe we need it. It may help to relieve the desperate banking situation and thereby bring some little relief to the farmer.

Mr. BLANTON. Mr. Chairman, I rise in opposition to the pro forma amendment.

Mr. McFADDEN. Does the gentleman want more than five minutes?

Mr. BLANTON. No; five minutes will do.

Mr. McFADDEN. Mr. Chairman, I move that the debate on this amendment close in five minutes.

The CHAIRMAN. The gentleman from Pennsylvania moves that the debate on this amendment close in five minutes. The question is on agreeing to that motion.

The motion was agreed to.

The CHAIRMAN. The gentleman from Texas [Mr. BLANTON] is recognized.

Mr. BLANTON. Mr. Chairman, ordinarily, in a bill coming from the Committee on Banking and Currency with a unanimous report, I would follow the committee, and ordinarily on banking legislation I would follow the position of the gentleman from Arkansas [Mr. WINGO], who is the ranking member of the committee; but I watched closely the argument of the gentleman from Arkansas. I have listened to every word he said in the debate as to why this bill ought to be passed. You will remember that he said this, that there was some bad banking out in the West; bad banking—

Mr. STEAGALL. Mr. Chairman, will the gentleman yield right there?

Mr. BLANTON. Yes.

Mr. STEAGALL. I know the gentleman does not want to misquote the gentleman from Arkansas. The gentleman from Arkansas said they had more banks than banking.

Mr. BLANTON. Yes; he said they had more banks than bankers. And by that he meant there was some bad banking. And then he said this bill would help a few such banks.

Now, this is a war measure; the War Finance Corporation is a war institution. We have extended its life time after time. It is now five years and three months since the armistice was signed. When are we going to quit extending it? I know this bill is going to pass, and I know that everybody, probably, will vote for it, but I am going to cast my vote against every such extension of every war measure from now on. I am going to do it.

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

Mr. BLANTON. Yes.

Mr. McKEOWN. Does the gentleman know that the extension of this War Finance Corporation will give relief to the farmers and cattlemen in the Southwest?

Mr. BLANTON. I know that many of the farmers and cattlemen in the Southwest are writing me that it is not money they want, or additional credit, more than we have already

given them by law. They say: "We have enough credit facilities already. We are in debt; we want to get out. We want better and more dependable markets." And they say: "We want better and cheaper transportation." Whenever they incur a debt they have to pay it back. It is legislation for the promotion of better markets and cheaper transportation that they want us to enact in this country, and not the handing out of additional loans that they can not pay back.

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

Mr. BLANTON. Yes.

Mr. WINGO. I know the gentleman does not want to get the wrong impression. I believe the main thing that I wanted to direct the gentleman's attention to was this, that war powers are not exercised now—if the gentleman will follow my argument—the war powers that they exercised during the war were repealed two or three years ago.

Mr. BLANTON. Yes; I have followed that.

Mr. WINGO. And one of the principal powers we propose to extend now is not the credit-granting power, but the financing of the marketing of the surplus products.

Mr. BLANTON. Does the gentleman from Arkansas really believe that this will be beneficial to the producers of this country more than the saving of a few banks?

Mr. WINGO. I believe that if the War Finance Corporation will discharge its duty as authorized by Congress they will not only save what few banks are left up in the ninth Federal reserve district but I believe it will save the farms of hundreds of farmers in the Northwest.

Mr. BLANTON. If the gentleman believes that, while it will not change the result very much, I will not vote against the bill.

Mr. WINGO. It ought not to be necessary to do this, but for some reason or other, which I have not time now to stop and investigate, the agencies I have referred to have not gone to their relief up there, and when those in authority say they will work through this, and this is the only thing the administration will use, then my sympathy for the farmer makes me say I will not stand in the way of giving them the relief.

Mr. BLANTON. The gentleman from Arkansas knows more about this bill than I do, and I am going to accept his judgment; but this is the last time I am going to vote to extend a war measure.

The CHAIRMAN. The time of the gentleman from Texas has expired. The question is on the amendment offered by the gentleman from South Dakota [Mr. WILLIAMSON].

The question was taken; and on a division (demanded by Mr. WILLIAMSON) there were—ayes 40, noes 30.

Mr. McFADDEN. Mr. Chairman, I ask for tellers.

Tellers were ordered; and the Chairman appointed as tellers Mr. McFADDEN and Mr. WILLIAMSON.

The committee again divided; and the tellers reported ayes 59, noes 61.

So the amendment was rejected.

Mr. McKEOWN. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Oklahoma offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. McKEOWN: Page 2, line 7, after the figures "1924," strike out the period and insert a new paragraph, as follows:

"That all applications for advances to sell notes, drafts, or bills of exchange shall be accompanied by an affidavit of the applicant that said notes, drafts, or bills of exchange do not provide for the collection of any usurious interest under the laws of the States where the same are issued."

Mr. McFADDEN. Mr. Chairman, may we have an understanding about the time for debate?

Mr. McKEOWN. Mr. Chairman, I will not take up very much time myself.

Mr. WINGO. Let me suggest to the gentleman that he ask unanimous consent that all debate on this amendment and all other amendments to this section close in five minutes.

The CHAIRMAN. The gentleman can not make that request until after the gentleman from Oklahoma has finished his speech.

Mr. McKEOWN. I am willing to agree to that.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that all debate on this amendment and on all amendments to this paragraph close in five minutes.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that all debate on this amendment and on all amendments to this section close in five minutes. Is there objection?

There was no objection.

Mr. STEVENSON. Will the gentleman from Oklahoma yield for a question?

Mr. McKEOWN. Yes; for a question.

Mr. STEVENSON. Does not the gentleman understand that is already provided in the law?

Mr. McKEOWN. I do not so understand.

Mr. STEVENSON. Well, that is in the law, as I understand it, and if the gentleman should secure the passage of this amendment will we not be tangled up with the Senate again and delay the passage of this bill?

Mr. McKEOWN. Mr. Chairman, I just want to show to the gentleman the purpose of this amendment. The purpose of this amendment is to do away with something that has been going on in the past. Bankers heretofore have taken advantage of the assistance of the United States Government to relieve farmers by charging borrowers who are in great distress excessive rates of interest, and that ought not to be permitted by the Congress of the United States. The purpose of this amendment is to extend the benefit to the farmers, and we are trying to extend it out there to help the men who can not help themselves. But I have been informed that in the past they have charged as high as 25 and 30 per cent, and if you propose to let them have this money you ought to safeguard it and see that the farmer is not imposed upon, because he is helpless; he can not help himself; he has to take the money at whatever terms they give him. So I say we should throw every safeguard around this bill in order that the farmers may be protected.

Mr. WINGO. I want to assure the gentleman that they can not charge usurious interest. Let me make this suggestion to the gentleman as a lawyer. We can not amend the usury laws of the States. They are not permitted to take anything that is not properly secured, and usurious paper is not properly secured.

Mr. McKEOWN. In reply I will state to the gentleman that they had been taking usurious paper for years in the West. There they have charged men as much as \$20 for \$100 for seven or eight months, and sometimes as much as \$30. You are going to extend this credit, but what safeguards are you going to give to the men who are going to want this money? Are you going to let them go out there and charge these farmers 25 and 30 per cent and bring those notes in and make this enormous profit?

Now, my amendment is simply to safeguard them, so that when a man files an application for a loan he must also file an affidavit showing that no question of usury enters into the matter.

The CHAIRMAN. The time of the gentleman from Oklahoma has expired, and all time has expired. The question is on the amendment offered by the gentleman from Oklahoma.

The question was taken; and on a division (demanded by Mr. McKEOWN) there were—ayes 21, noes 40.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

Sec. 4. That the corporation may from time to time, through renewals, substitutions of new obligations, or otherwise, extend the time of payment of any advance made under authority conferred in section 24 of the War Finance Corporation act, as amended; but the time for the payment of any such advance shall not be extended beyond January 1, 1926, if such advance was originally made on or before January 1, 1923, or beyond three years from the date upon which such advance was originally made, if such advance was originally made after January 1, 1923.

Mr. DICKINSON of Iowa. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Iowa offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. DICKINSON of Iowa: Page 3, line 2, after the period following the figure "3," insert a new paragraph, as follows:

"Sec. 5. That the said War Finance Corporation, under the extension of powers herein given, is hereby authorized to make a survey of the banking conditions in any State in the Union where the banks are found to be in distress; that through its own agency or such agencies as it may select, the corporation may make an examination of any institution making application for relief, and if found that such institution has been efficiently and honestly managed and has nonconvertible real estate and other sound but nonliquid assets and by reason thereof is unable to keep the necessary reserve intact, and that if in its judgment by making advances to such institution for a period not exceeding three years said institution will be able to convert such nonliquid assets into liquid assets, then the said corporation is hereby authorized to extend to such institution such credit upon such terms and security as the condition of the institution may justify."

Mr. McFADDEN. Mr. Chairman, I reserve a point of order. The CHAIRMAN. The gentleman from Pennsylvania reserves the point of order. Does the gentleman from Iowa desire to be heard?

Mr. DICKINSON of Iowa. Mr. Chairman, if there is any excuse existing for an extension of the War Finance Corporation at all it is the banking situation in certain States in the northwestern section of this country. I believe that the marketing situation has been fairly well cared for by the farm-credits act, and the cooperative-marketing concerns are no longer in distress. That phase of the War Finance Corporation has been disposed of, but we find in certain sections of our country that bank assets have so frozen, by reason of deflation in both crop values and land values, that they can no longer continue to carry their reserve intact, and that accounts for the failure of a great many banks in the northwestern section of this country. The War Finance Corporation has done a good work. I do not want to take one item of credit away from them that they are entitled to, but I do not believe they were on the job, and this is simply a suggestion that they ought to go to the rescue of the bank that can no longer carry its reserve intact.

Mr. McFADDEN. Will the gentleman yield?

Mr. DICKINSON of Iowa. I yield.

Mr. McFADDEN. Does not the gentleman realize he is putting a limitation on the operations of the War Finance Corporation by this very amendment?

Mr. DICKINSON of Iowa. I am not putting on a limitation. I am extending their policies because I know that their policies have not been in accordance with the provisions of this resolution.

Mr. ROACH. Will the gentleman yield?

Mr. DICKINSON of Iowa. I yield.

Mr. ROACH. I may not have correctly caught the purport of the intent of the gentleman's amendment, but it seems to me that it would extend the operation of the War Finance Corporation for a period of three years and perhaps put the Government into the banking business.

Mr. DICKINSON of Iowa. Oh, no; the War Finance Corporation has a settling period whereby they can make adjustments of all their loans for a period of three years after the expiration date. The expiration date simply limits the time when they can accept new loans. Then they have a three-year settlement period, and if a bank can reliquidate itself in the three-year period, and they find it has been honestly and efficiently managed, then under this amendment they can go in and accept nonliquid security as collateral and help that institution on its feet.

Mr. ROACH. Would not the fact that they had gone in and financed these banks for a period of three years be grounds upon which the provisions of the act itself could be continued for that length of time.

Mr. DICKINSON of Iowa. Oh, no; that is merely the settling period.

Mr. ROACH. Would not the business of the War Finance Corporation be continued with the corporation having loans extending over a period of three years until those loans were repaid?

Mr. DICKINSON of Iowa. They are making loans now for a period way beyond the expiration of their right to handle new business.

Mr. ROACH. What I am trying to arrive at is whether or not this would actually continue the War Finance Corporation for a period of three years.

Mr. DICKINSON of Iowa. Not at all.

Mr. ROACH. I am afraid the gentleman is mistaken about that.

Mr. DICKINSON of Iowa. The situation that confronts the northwestern banker now is the fact that his assets have frozen up on him to where he can not carry his reserve intact. I do not care whether you call it poor banking or what you call it.

Mr. BLANTON. Mr. Chairman, I make a point of order against the amendment as not being germane and as an extension of powers and not authorized.

The CHAIRMAN. The gentleman from Texas makes a point of order.

Mr. BLANTON. It is neither germane to the bill nor to the section to which it is offered, for even though offered as a new paragraph, it still must be germane to the section preceding, and it is clearly an extension of powers now existing under the law.

Mr. BLACK of Texas. Mr. Chairman, I make the point of order that the point of order comes too late, because debate has been proceeding.

The CHAIRMAN. No; a point of order had been reserved.

Mr. McFADDEN. I reserved a point of order.

Mr. BLANTON. I simply do this to hasten consideration.

The CHAIRMAN. Does the gentleman from Iowa [Mr. DICKINSON] want to be heard?

Mr. DICKINSON of Iowa. I contend that when you are renewing an institution like the War Finance Corporation you are renewing it for all its purposes, and one of the purposes is to make loans, and that involves the whole subject matter, and certainly it is germane to put in a section which extends its authority and increases or decreases the kind of collateral it may accept.

Mr. WINGO. Mr. Chairman, I wish to suggest to the Chair, without any regard to the merits of the proposition, I think the gentleman will admit that his amendment is already the law. They now have the power to do the very thing provided by his amendment. I think the gentleman will admit that. He simply wants to emphasize something they are already authorized to do.

Mr. DICKINSON of Iowa. The facts are, if this amendment is adopted, it will change the policy they have been following with reference to the acceptance of securities upon which they can make loans.

Mr. WINGO. That is just what I say. What the gentleman wants to do is to reiterate the law in another form in order to get them to change their policy, their present policy being that they do not exercise this power, although they have now that power under the law. He wants to urge them to change their policy and go to exercising the power they now have.

The CHAIRMAN. The Chair is ready to rule. The law is clear on this subject:

SEC. 7. That the corporation shall be empowered and authorized to make advances, upon such terms, not inconsistent herewith, as it may prescribe, for periods not exceeding five years from the respective dates of such advances—

(1) To any bank, banker, or trust company in the United States which shall have made, after April 6, 1917, and which shall have outstanding any loan or loans to any person, firm, corporation, or association, conducting an established and going business in the United States, whose operations shall be necessary or contributory to the prosecution of the war, and evidenced by a note or notes; but no such advance shall exceed 75 per cent of the face value of such loan or loans.

It appears that the law already extends the authority sought to be conveyed by the amendment of the gentleman.

Mr. BLANTON. The amendment involves real-estate holdings.

Mr. DICKINSON of Iowa. Oh, no.

Mr. WINGO. Mr. Chairman, for the purpose of the record, I feel I should direct the Chair's attention to the fact that the law the Chair has just read is not the law now being extended. That is the war-time provision.

The CHAIRMAN. But the same provision is carried in the act, as amended; so, after all, it is the law.

Mr. WINGO. Sections 21, 22, 23, and 24, which were enacted after that, are the sections we are extending; but the facts would be the same if the Chair read the other law.

The CHAIRMAN. That is what I say. This provision is in the law as it exists to-day, so that the amendment the gentleman has pending simply seeks to instruct the War Finance Corporation to conduct its business in a certain way. I do not think it is subject to a point of order.

Mr. BLANTON. It is an interference with their discretionary powers, Mr. Chairman. Clearly, on that ground, it is subject to a point of order. You can not interfere with the discretionary powers of an executive where his duties are clearly defined by law.

The CHAIRMAN. The Chair thinks it is germane to the subject matter before the House. The question is on the amendment offered by the gentleman from Iowa.

The question was taken; and on a division (demanded by Mr. DICKINSON of Iowa) there were 11 ayes and 45 noes.

So the amendment was rejected.

Mr. McFADDEN. Mr. Chairman, I move that the committee do now rise and report the bill without amendment to the House, with the recommendation that the bill pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MADDEN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill (S. 2249) to extend for nine months the power of the War Finance Corporation to make advances under the provisions of the War Finance Corporation act, as amended, and for other purposes,

and had directed him to report the same back without amendment with the recommendation that the bill do pass.

Mr. McFADDEN. Mr. Speaker, I move the previous question on the bill to final passage.

The motion was agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time and was read the third time.

The SPEAKER. The question is on the passage of the bill.

The question was taken; and there were 141 ayes and no noes. So the bill was passed.

On motion of Mr. McFADDEN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. ROSENBLOOM, from the Committee on Enrolled Bills, reports that this day they had presented to the President of the United States for his approval the following bills:

H. R. 4306. An act granting the consent of Congress to the Great Northern Railway Co., a corporation, to maintain and operate or reconstruct, maintain, and operate a bridge across the Mississippi River;

H. R. 4498. An act to authorize the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Fox River, in the county of Kendall and State of Illinois;

H. R. 5273. An act granting the consent of Congress to the Chicago, Milwaukee & St. Paul Railway Co. to construct a bridge over the Mississippi River between St. Paul and Minneapolis, Minn.; and

H. R. 4499. An act granting the consent of Congress to the State of Illinois to construct, maintain, and operate a bridge and approaches thereto across the Rock River, in the county of Winnebago, State of Illinois, in section 24, township 46 north, range 1 east of the third principal meridian.

SWEARING IN OF A MEMBER.

Mr. FRANK PARK, a Representative from the second district of Georgia, appeared at the bar of the House and took the oath of office prescribed by law.

LEAVE OF ABSENCE.

By unanimous consent the following leave of absence was granted:

To Mr. UPSHAW, for an indefinite period, on account of death in the family.

To Mr. DREWRY, for five days, on account of sickness.

STATUE OF GENERAL SAN MARTIN (S. DOC. NO. 43).

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with accompanying papers, referred to the Committee on the Library:

To the Congress of the United States:

I transmit herewith, for the consideration of Congress, a copy of a letter from the Secretary of State informing me of the gift by the people of Argentina to the United States of an equestrian statue of General San Martin and requesting that I submit to the Senate and House of Representatives a joint resolution authorizing the erection of this statue in the city of Washington.

To the recommendation of the Secretary of State I give my hearty approval, and I trust that Congress will view the matter favorably and will make timely provision for the erection of the San Martin statue in this city.

CALVIN COOLIDGE.

THE WHITE HOUSE, February 13, 1924.

THIRD WORLD'S POULTRY CONGRESS, 1927 (S. DOC. NO. 45).

The SPEAKER laid before the House the following message from the President of the United States, which was read and, with accompanying papers, referred to the Committee on Agriculture:

To the Congress of the United States:

I transmit herewith a report by the Secretary of State, with an accompanying copy of a letter to him from the Secretary of Agriculture, favoring legislation by Congress that will give governmental sanction to the holding of the Third World's Poultry Congress in the United States in 1927, and will authorize the Executive to invite participation therein by foreign governments.

I invite the attention of Congress to the reasons presented by the Secretary of Agriculture why the holding of this congress in the United States would be advantageous to the

important poultry industry of the country, and I ask for the matter the favorable consideration of the Congress.

It will be observed that no appropriation is asked for at this time, but that, if found necessary, the poultry representatives, who are planning to raise a fund for the proposed congress, may take steps later to obtain a small appropriation.

It will be further observed that it is desired by the Secretary of Agriculture that the invitation to hold the third congress in the United States be extended at the meeting of the Second World's Poultry Congress to be held at Barcelona, Spain, May 10 to 16, 1924. To enable this to be done prompt consideration of the request is important.

CALVIN COOLIDGE.

THE WHITE HOUSE, February 13, 1924.

COMMITTEE ON PATENTS.

Mr. LONGWORTH. Mr. Speaker, there are two vacancies existing on the majority side in the Committee on Patents. I move that the gentleman from Missouri, Mr. FAUST, and the gentleman from Illinois, Mr. REID, be elected to those vacancies.

The question was taken, and the motion was agreed to.

ADJOURNMENT.

Mr. LONGWORTH. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 4 o'clock and 8 minutes p. m.) the House adjourned until to-morrow, Thursday, February 14, 1924, at 12 o'clock noon.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. PARKS of Arkansas: Committee on Interstate and Foreign Commerce. S. 625. A bill to extend the time for the construction of a bridge across the White River at or near Batesville, Ark.; without amendment (Rept. No. 189). Referred to the House Calendar.

Mr. DENISON: Committee on Interstate and Foreign Commerce. H. R. 6925. A bill granting the consent of Congress to the city of Chicago to construct a bridge across the Calumet River at or near One hundred and thirtieth Street in the city of Chicago, county of Cook, State of Illinois; without amendment (Rept. No. 190). Referred to the House Calendar.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. S. 2014. An act to authorize the Park-Wood Lumber Co. to construct two bridges across the United States Canal which connects Apalachicola River and St. Andrews Bay, Fla.; without amendment (Rept. No. 191). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. FULLER: Committee on Invalid Pensions. H. R. 6941. A bill granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; without amendment (Rept. No. 188). Referred to the Committee of the Whole House.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII the Committee on the Post Office and Post Roads was discharged from the consideration of the bill (H. R. 2124) for the relief of Alfred Mason, and the same was referred to the Committee on Claims.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. FULLER: A bill (H. R. 6941) granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; to the Committee of the Whole House on the state of the Union.

By Mr. LAGUARDIA: A bill (H. R. 6942) establishing transmission and carrying of mail by airplanes and flying machines; to the Committee on the Post Office and Post Roads.

By Mr. WAINWRIGHT: A bill (H. R. 6943) granting the consent of Congress to the village of Port Chester, N. Y., and the town of Greenwich, Conn., or either of them, to construct, maintain, and operate a dam across the Byram River; to the Committee on Interstate and Foreign Commerce.

By Mr. STEVENSON: A bill (H. R. 6944) to amend section 1, chapter 1, Title I, of the Judicial Code; to the Committee on the Judiciary.

By Mr. HILL of Alabama: A bill (H. R. 6945) to recognize the services of certain officers and enlisted men of the National Guard or Organized Militia of the several States and Territories and the District of Columbia during the war with Spain; to the Committee on Military Affairs.

By Mr. WOLFF: A bill (H. R. 6946) for the purchase of a post-office site at Fredericktown, Mo.; to the Committee on Public Buildings and Grounds.

By Mr. SUTHERLAND: A bill (H. R. 6947) to make the offices of governor and secretary of the Territory of Alaska elective, and for other purposes; to the Committee on the Territories.

By Mr. WAINWRIGHT: A bill (H. R. 6948) to amend section 4 of the act entitled "An act to incorporate the National Society of the Sons of the American Revolution," approved June 9, 1906; to the Committee on the Judiciary.

By Mr. RATHBONE: A bill (H. R. 6949) to establish a board of parole for the District of Columbia and to determine its functions, and for other purposes; to the Committee on the District of Columbia.

By Mr. SUTHERLAND: A bill (H. R. 6950) to authorize the incorporated town of Cordova, Alaska, to issue bonds not to exceed \$100,000 for the purpose of constructing and equipping a public school building in said town of Cordova, Alaska; to the Committee on the Territories.

By Mr. BOX: A bill (H. R. 6951) for the acquisition of a site and the erection thereon of a public building at Jacksonville, Tex.; to the Committee on Public Buildings and Grounds.

By Mr. WOLFF: A bill (H. R. 6952) for the purchase of a post-office site at Ste. Genevieve, Mo.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 6953) for the purchase of a post-office site at Festus, Mo.; to the Committee on Public Buildings and Grounds.

By Mr. ZIHLMAN: A bill (H. R. 6954) to provide for the rebuilding and restoration of the Washington Monument on South Mountain, Md.; to the Committee on the Library.

By Mr. WILLIAMSON: A bill (H. R. 6955) granting the consent of Congress to the State of South Dakota for the construction of a bridge across the Missouri River between Potter County and Dewey County, S. Dak.; to the Committee on Interstate and Foreign Commerce.

Also, a bill (H. R. 6956) granting the consent of Congress to the State of South Dakota for the construction of a bridge across the Missouri River between Hughes County and Stanley County, S. Dak.; to the Committee on Interstate and Foreign Commerce.

By Mr. FOSTER: Joint resolution (H. J. Res. 184) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. KING: Resolution (H. Res. 181) authorizing and directing the Committee on Banking and Currency of the House to investigate the administration, action, and conduct of the Treasury Department and the Department of Justice and their respective bureaus relating to Government securities, together with any investigations or activities by them or either of them with reference to duplication of securities, and for other purposes," to the Committee on Rules.

By Mr. CROWTHER: Memorial of the Legislature of the State of New York, petitioning Congress to enact legislation to provide for a substantial increase in the salaries of letter carriers, postal clerks, and post-office employees generally, with a view to granting them compensation which will provide amply for their maintenance; to the Committee on the Post Office and Post Roads.

By Mr. CLEARY: Memorial of the Legislature of the State of New York, favoring an increase of compensation being granted to postal employees; to the Committee on the Post Office and Post Roads.

By Mr. CULLEN: Memorial of the Legislature of the State of New York, petitioning Congress to enact legislation to provide for a substantial increase in salaries of letter carriers, postal clerks, and post-office employees generally, with a view to granting them compensation which will provide amply for their maintenance; to the Committee on the Post Office and Post Roads.

By Mr. O'CONNELL of New York: Memorial of the Legislature of the State of New York, favoring a substantial increase in the salaries of letter carriers, postal clerks, and post-office employees generally; to the Committee on the Post Office and Post Roads.

By the SPEAKER: Memorial of the Legislature of the State of Montana, asking for appropriations to continue construction work on the Flathead irrigation project, and on all the other Federal irrigation projects in the State of Montana; to the Committee on Irrigation and Reclamation.

By Mr. MacGREGOR: Memorial of the Legislature of the State of New York, petitioning Congress to enact legislation providing an increase in the salaries of postal employees; to the Committee on the Post Office and Post Roads.

By Mr. GALLIVAN: Memorial of the Legislature of the State of Massachusetts, expressing disapproval of the Johnson immigration bill; to the Committee on Immigration and Naturalization.

By Mr. CARTER: Memorial of the Legislature of the State of Oklahoma, urging Congress to acquire for Federal use the Oklahoma Soldiers' Memorial Hospital, located at Muskogee, Okla.; to the Committee on World War Veterans' Legislation.

#### PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. COLE of Iowa: A bill (H. R. 6957) granting a pension to John Feiereisen; to the Committee on Pensions.

By Mr. FULBRIGHT: A bill (H. R. 6958) granting a pension to Rebecca Ellen Fowler; to the Committee on Invalid Pensions.

By Mr. HOLADAY: A bill (H. R. 6959) granting an increase of pension to Albert W. Cox; to the Committee on Pensions.

By Mr. MORTON D. HULL: A bill (H. R. 6960) for the relief of Ignatius Shoen; to the Committee on Claims.

By Mr. KETCHAM: A bill (H. R. 6961) granting a pension to Lydia J. Austin; to the Committee on Invalid Pensions.

By Mr. McNULTY: A bill (H. R. 6962) authorizing the Secretary of War to donate to the borough of East Newark, State of New Jersey, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6963) authorizing the Secretary of War to donate to the town of Harrison, State of New Jersey, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6964) authorizing the Secretary of War to donate to the town of Kearny, State of New Jersey, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6965) authorizing the Secretary of War to donate to the town of Nutley, State of New Jersey, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 6966) authorizing the Secretary of War to donate to the city of Bayonne, State of New Jersey, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. McREYNOLDS: A bill (H. R. 6967) authorizing the Secretary of the Treasury to pay the sum of \$180 to W. F. Jones, administrator of the estate of J. J. Jones, for war-savings stamps destroyed by fire on August 3, 1918; to the Committee on Claims.

By Mr. MAJOR of Illinois: A bill (H. R. 6968) granting an increase of pension to Sarah J. Flanagan; to the Committee on Invalid Pensions.

By Mr. NELSON of Maine: A bill (H. R. 6969) granting a pension to Flora L. Gammon; to the Committee on Invalid Pensions.

Also, a bill (H. R. 6970) granting a pension to Frances J. Whitten; to the Committee on Invalid Pensions.

By Mr. PURNELL: A bill (H. R. 6971) granting an increase of pension to Savannah Huffmire; to the Committee on Invalid Pensions.

By Mr. REECE: A bill (H. R. 6972) for the relief of William H. Nelson; to the Committee on Military Affairs.

Also, a bill (H. R. 6973) granting a pension to Kinzia S. Drinnon; to the Committee on Pensions.

Also, a bill (H. R. 6974) granting a pension to Maggie Wilson; to the Committee on Invalid Pensions.

By Mr. ROGERS of New Hampshire: A bill (H. R. 6975) granting a pension to Patrick Barrett; to the Committee on Pensions.

Also, a bill (H. R. 6976) granting a pension to Elizabeth A. Weston; to the Committee on Invalid Pensions.

By Mr. VINCENT of Michigan: A bill (H. R. 6977) granting an increase of pension to Leona G. Howe; 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:

1046. By Mr. ALDRICH: Petition of Lodge Iolanda Margherita, No. 342, Order Sons of Italy, of Westerly, R. I., protesting

against the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1047. Also, petition of M. S. Grazzanise Society, of Natick, R. I., against passage of the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1048. Also, petition of Rhode Island U. B. A., protesting against passage of Johnson immigration bill; to the Committee on Immigration and Naturalization.

1049. By Mr. BLOOM: Petition of the board of directors of the Harlem Board of Commerce, New York, N. Y., indorsing the Edge-Kelly bill providing increase in salary of all postal employees; to the Committee on the Post Office and Post Roads.

1050. By Mr. BRIGGS: Petition of J. R. McKelvey and others, in regard to the transportation act of 1920; to the Committee on Interstate and Foreign Commerce.

1051. By Mr. CROWTHER: Petition of Katherine Taylor and other residents of Schenectady, N. Y., indorsing the proposed Mellon plan of tax revision; to the Committee on Ways and Means.

1052. By Mr. FROTHINGHAM: Petition of citizens of Brockton, Mass., urging that Senate bill 742 and House bill 2702 be enacted into law; to the Committee on Naval Affairs.

1053. By Mr. GALLIVAN: Petition of Associated Jewish Organizations of Massachusetts, Boston, Mass., protesting against passage of Johnson immigration bill; to the Committee on Immigration and Naturalization.

1054. By Mr. MORROW: Petition of Roswell Chamber of Commerce, expressing objections to Senate bill 1661; to the Committee on the Judiciary.

1055. Also, petition of New Mexico Wool Growers' Association, indorsing the work done by the Biological Survey and recommending the continuation of its work; to the Committee on Agriculture.

1056. Also, petition of New Mexico Wool Growers' Association, that lands along the east side of the Navajo Treaty Reservation in San Juan and McKinley Counties, heretofore withdrawn by presidential order, and adjacent lands subject to reclamation under projects now in contemplation, be restored for development under such projects, in order to increase the taxable wealth of this State, and on which reclaimed lands can be produced feed beneficial to the wool growers of New Mexico; to the Committee on Indian Affairs.

1057. Also, petition of Chaves County Farm Bureau, Roswell, N. Mex., approving the offer of Mr. Henry Ford to take over and operate Muscle Shoals under the terms of his proposal submitted to the War Department, and urging their Senators and Congressman to vote for the acceptance of this offer; to the Committee on Military Affairs.

1058. By Mr. O'CONNELL of Rhode Island: Petition of the members of the R. I. U. B. A. of Providence, R. I., opposing the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1059. Also, petition of the members of Lodge Iolanda Margherita, No. 342, Order Sons of Italy in America, of Westerly, R. I., opposing the Johnson immigration bill; to the Committee on Immigration and Naturalization.

1060. By Mr. STRONG of Pennsylvania: Petition of members of the Kiwanis Club, Reynoldsville, Pa., urging an early and satisfactory reduction in Federal taxes; to the Committee on Ways and Means.

1061. Also, petition of voters and residents of Reynoldsville, Pa., and vicinity, favoring a reduction or removal of nuisance and war taxes; to the Committee on Ways and Means.

1062. Also, petition of Savoia Lodge, No. 570, Order of Sons of Italy, Homer City, Pa., in reference to the restrictive immigration bill; to the Committee on Immigration and Naturalization.

1063. By Mr. TAGUE: Petition of American citizens of Polish birth of Greater Boston at a mass meeting held at Boston, Sunday, February 10, protesting against and condemning the failure of the German ambassador to the United States to display his standard at half-mast during the exercises in connection with the death of the late ex-President Woodrow Wilson; to the Committee on Foreign Affairs.

1064. By Mr. TREADWAY: Petition of the city council of Westfield, Mass., on February 7, 1924, and approved by the mayor of Westfield, Mass., on February 9, 1924, in support of legislation to revise and reclassify salaries of all postal employees; to the Committee on the Post Office and Post Roads.

1065. Also, petition of Henry Sweeney and other citizens and voters of Adams, Mass., in support of the bill (H. R. 4123) having to do with increased pay to postal employees; to the Committee on the Post Office and Post Roads.

1066. By Mr. YOUNG: Petitions of 45 citizens of Belfield, N. Dak.; E. A. Mickelsen and 50 other citizens of Kathryn, N. Dak.; Thomas A. White and 20 other citizens of Gardena, N. Dak.; A. B. Rieder and 30 other citizens of Berwick, N. Dak.; M. A. Bonhard and 33 other citizens of Esmond, N. Dak.; A. T. Felland and 70 other citizens of Maddock, N. Dak.; Charles Bennett and 27 other citizens of Edmunds, N. Dak.; and O. M. Ness and 27 other citizens of Mylo, N. Dak., all urging an increase in the duty on wheat from 30 to 60 cents per bushel, the repeal of the drawback provision and the milling-in-bond privilege of the Fordney-McCumber Tariff Act; also urging the passage of the Wallace plan for the marketing of wheat; to the Committee on Ways and Means.

1067. Also, petitions of 73 citizens of Minnewaukan, N. Dak.; 11 citizens of Tappen, N. Dak.; F. M. Mathison and other citizens of Bismarck, N. Dak.; and T. J. Arsheim and other citizens of Thorne, N. Dak., all urging the passage of the Norris-Sinclair bill; to the Committee on Agriculture.

1068. Also, petitions of K. F. Siegele and other citizens of Denhoff, N. Dak.; J. J. Jollie and other citizens of Belcourt, N. Dak.; J. S. Cown and other citizens of Rolla, N. Dak.; Lawrence Haas and other citizens of Hamar, N. Dak.; John A. Gentz and other citizens of Fullerton, N. Dak.; A. L. Buchholz and other citizens of Gardena, N. Dak.; and John Zumbaum and other citizens of Baker, N. Dak., all urging the passage of the Norris-Sinclair bill; to the Committee on Agriculture.

## SENATE.

THURSDAY, February 14, 1924.

(Legislative day of Wednesday, February 13, 1924.)

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

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

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

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

Ashurst	Fletcher	McKinley	Shortridge
Ball	Frazier	McLean	Smith
Bayard	Glass	McNary	Smoot
Borah	Gooding	Mayfield	Spencer
Brandegee	Greene	Moses	Stanley
Bruce	Hale	Norbeck	Stephens
Bursum	Harrell	Oddie	Swanson
Capper	Harris	Overman	Trammell
Colt	Harrison	Pepper	Wadsworth
Copeland	Heflin	Phipps	Walsh, Mass.
Couzens	Howell	Pittman	Warren
Cummins	Johnson, Minn.	Ransdell	Watson
Curtis	Jones, N. Mex.	Reed, Mo.	Weller
Dale	Jones, Wash.	Reed, Pa.	Wheeler
Dial	Keyes	Robinson	Willis
Edwards	King	Sheppard	
Ferris	Lodge	Shields	
Fess	McKellar	Shipstead	

Mr. CAPPER. I wish to announce that the Senator from Nebraska [Mr. NORRIS] is engaged in a hearing before the Committee on Agriculture and Forestry.

Mr. CURTIS. I desire to announce that the Senator from Wisconsin [Mr. LENROOT], the Senator from North Dakota [Mr. LADD], the Senator from Arizona [Mr. CAMERON], the Senator from Wyoming [Mr. KENDRICK], the Senator from Montana [Mr. WALSH], the Senator from Colorado [Mr. ADAMS], and the Senator from Washington [Mr. DILL], are detained at a hearing before the Committee on Public Lands and Surveys.

The PRESIDENT pro tempore. Sixty-nine Senators having answered to their names, there is a quorum present.

REPORT OF DAUGHTERS OF AMERICAN REVOLUTION (S. DOC. NO. 47.)

Mr. MOSES. Mr. President, out of order, I ask unanimous consent to present a report from the Committee on Printing.

The PRESIDENT pro tempore. Is there objection? The Chair hears none, and the report will be received.

Mr. MOSES. I ask further unanimous consent for the present consideration of the resolution.

Mr. HEFLIN. How long does the Senator think it will take?

Mr. MOSES. One minute.

The PRESIDENT pro tempore. The Senator from New Hampshire asks unanimous consent for the present consideration of a resolution, which will be read.

The resolution (S. Res. 159) was read, considered by unanimous consent, and agreed to, as follows:

Resolved, That the report of the Daughters of the American Revolution for the year ended March 1, 1923, be printed with illustrations, as a Senate document.

STATEMENT BY BISHOP CANDLER ON PENDING LEGISLATION.

Mr. OVERMAN. Mr. President, I ask unanimous consent to have printed in the RECORD an argument by Bishop Warren A. Candler, one of the greatest pulpit orators in the country and a great statesman, in regard to legislation now pending before Congress. I think it would be of interest to Senators, and I therefore ask to have it printed in the RECORD.

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

MISLEADING LEADERS AND MISLED PEOPLE.

(By Bishop Warren A. Candler.)

The American people are very much addicted to the convention habit. Every interest and vocation is organized, and the number of associations, conventions, and congresses is almost beyond computation.

Very many of these bodies are directed and dominated by small groups of persons, who pull the wires behind the scenes and make the other members move at will, as skillful showmen make puppets perform. These makers and managers of convention machinery are called "the leaders," and they generally compose "the committee on resolutions," to which all motions introduced are instantly referred on their introduction.

When this committee of "leaders" make their report (always during the closing hours of the convention), their "findings" are generally adopted with little or no discussion, and adopted without adequate consideration. Indeed, it is considered bad form, if not disloyalty to the body, when any member presumes to express dissent from their conclusions. Moreover, dissent is futile; for the voting, as well as the report, has been "fixed" by "the leaders" whose business it is to manipulate the meeting from start to finish.

On the adjournment of the session "the cut and dried" report of these manipulators is published as the matured convictions of all the members, although most of them know little about it and care less.

This method of the convention mechanics to promote their ambitious schemes and dangerous devices is a most pernicious form of personal propaganda. It is no more trustworthy than the prospectus of "a wildcat oil company," whose "gushers" do not exist outside of gushing advertisements.

Religious and educational conventions constitute the special preserve—"the happy hunting ground" of these "machine gunmen." They find particular delight in bringing down religious workers and school-teachers, who, in their unsuspecting goodness, are easy game for these marksmen of the committee room and the platform.

A case in point was staged at the recent meeting of the student volunteers at Indianapolis. That body is composed of college students who are supposed to be volunteers for foreign mission work, although most of them will probably never go to the foreign field. But the meeting drew together several thousand of these pious young people, and the word was sent forth that they all had approved enthusiastically the doctrines of pacifism and social equality. Many of them have denied that any such action was taken by them. If they had done so, what has a convention of school boys and girls, met to consider foreign missions, to do with such matters? What qualifications have callow youths for passing on such issues?

Another instance of "machine-made" wisdom was the attempt of the managers of the North Carolina Education Association to constrain the Senators and Representatives of that great State in the Federal Congress to support the mischievous measure known as "the Towner-Sterling bill." The manipulators of the association secured the adoption of resolutions favoring the passage of the bill and the secretary of the body, in sending copies of this action to the Members of Congress from North Carolina, stated that it expressed the sentiment of 15,000 white school-teachers in the State, although it may be doubted that as many as 1,000 of them know, or care, anything about it.

That able and patriotic Senator, Hon. LEE S. OVERMAN, made a candid and courteous reply to the secretary of the association, which answer, fortunately, has been published. It is a clear and cogent exposition of this dangerous bill and it deserves the widest circulation and the most careful consideration.

The admirable reply of Senator OVERMAN to the communication of the secretary was as follows:

"I thank you for sending this resolution to me, and assure you I shall be glad to give it due consideration, etc.

"I feel, however, that the teachers of North Carolina are making a grave mistake when they ask the Federal Government to interfere with our schools in North Carolina. This Towner-Sterling bill will take away the State supervision of our schools and give it to the Federal Government. It does not appear so on the face of the bill, but that will be an easy matter when the Federal Government once enters into this sort of administration. When it takes control the teachers will have to submit to the dictates of the Federal Government. I also fear the negro question and mixed schools if this matter is given over to the Federal Government. We have to meet these questions every day, and they would be absolutely forced upon us if this bill passes and becomes a law.