

Also, a bill (H. R. 9277) granting a pension to Benjamin Garland; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9278) for the relief of Thomas W. Doherty; to the Committee on Claims.

By Mr. LOZIER: A bill (H. R. 9279) granting an increase of pension to Frances C. Evans; to the Committee on Invalid Pensions.

By Mr. McKEOWN: A bill (H. R. 9280) granting a pension to John Cash; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9281) granting an increase of pension to Julia A. McCabe; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9282) granting a pension to Minnie Wolfe; to the Committee on Pensions.

By Mr. MAPES: A bill (H. R. 9283) granting a pension to Bridget Mathews; to the Committee on Invalid Pensions.

By Mr. MERRITT: A bill (H. R. 9284) granting an increase of pension to Delia A. Castle; to the Committee on Invalid Pensions.

Also, a bill (H. R. 9285) granting a pension to Ellen W. Gregory; to the Committee on Invalid Pensions.

By Mr. O'CONNOR of Louisiana: A bill (H. R. 9286) for the relief of E. L. F. Auffurth and others; to the Committee on Claims.

By Mr. REECE: A bill (H. R. 9287) granting an increase of pension to James Lane; to the Committee on Pensions.

By Mr. STRONG of Kansas: A bill (H. R. 9288) granting a pension to Roena J. Vance; to the Committee on Invalid Pensions.

By Mr. TILLMAN: A bill (H. R. 9289) for the relief of Tom Hunter; to the Committee on Claims.

By Mr. TREADWAY: A bill (H. R. 9290) granting an increase of pension to Alice Fern; to the Committee on Invalid Pensions.

By Mr. WILLIAMS of Illinois: A bill (H. R. 9291) granting a pension to Emily Ray; 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:

2774. By the SPEAKER (by request): Petition of Arizona Baptist Convention, favoring the construction of the San Carlos dam project for the benefit of the Pima Indians; to the Committee on Indian Affairs.

2775. By Mr. CORNING: Petition of New York State Legislature, requesting Congress make liberal appropriations for the carrying out of the spirit of the national defense act; to the Committee on Appropriations.

2776. By Mr. BURTNESS: Petition of Trondenes Ladies' Aid Society, of Sharon, N. Dak.; Woman's Christian Temperance Union, of Northwood, N. Dak.; Young People's Branch of Woman's Christian Temperance Union, Fargo, N. Dak.; Lutheran Church, Hunter, N. Dak.; members of Literary Club, Fairmount, N. Dak.; Women's Home Missionary Society, Cando, N. Dak.; Woman's Christian Temperance Union, Hope, N. Dak.; the Women's Club, Hope, N. Dak.; Woman's Christian Temperance Union, Cando, N. Dak.; and Woman's Christian Temperance Union, Amidon, N. Dak., protesting against the modification of the eighteenth amendment and the Volstead act; to the Committee on the Judiciary.

2777. By Mr. GALLIVAN: Petition of Pettingell-Andrews Co., Boston, protesting against House bill 4528; to the Committee on Patents.

2778. Also, petition of Frederick H. Nash, Boston, Mass., recommending early and favorable consideration of Senate bill 2885, which proposes to amend the law authorizing insurance companies to interplead in the Federal courts; to the Committee on the Judiciary.

2779. By Mr. GARBER: Petition of Cherryvale Grange, No. 221, protesting against proposed increases in parcel post rates; to the Committee on the Post Office and Post Roads.

2780. By Mr. KAHN: Petition of United Veterans' Council of San Francisco, Calif., urging prosecution of naturalization frauds; to the Committee on the Judiciary.

2781. Also, petition of Corporal Harold W. Roberts Post, No. 466, Veterans of Foreign Wars of the United States, urging prosecution of naturalization frauds; to the Committee on the Judiciary.

2782. Also, petition of Frederick Funston Camp, No. 61, Department of California, United Spanish War Veterans, urging prosecution of naturalization frauds; to the Committee on the Judiciary.

2783. By Mr. KIBBS: Petition of Association of Shop Employees, Eastern Region, Pennsylvania Railroad system, containing approximately 1,000 names, protesting against the pas-

sage of House bill 7353, known as the Barkley bill; to the Committee on Interstate and Foreign Commerce.

2784. By Mr. KINDRED: Petition of William Eisermann, New York City, N. Y., favoring the game refuge bill; to the Committee on Agriculture.

2785. Also, petition of Hon. John F. Hylan, mayor of the city of New York, opposing House bill 7014; to the Committee on Military Affairs.

2786. By Mr. MORROW: Petition of Dona Ana County Farm Bureau, Las Cruces, N. Mex., favoring the Furnell bill (H. R. 2243, Sixty-seventh Congress); to the Committee on Agriculture.

2787. By Mr. RAKER: Five letters from residents of Tacoma, Wash., relative to changing the name of Mount Rainier to Mount Tacoma; to the Committee on the Public Lands.

2788. Also, petition of Miss Louise E. Schutz, secretary Association of Governmental Labor Officials of the United States and Canada, submitting resolution urging constitutional amendments on child labor; to the Committee on the Judiciary.

2789. Also, petition of William E. Colby, secretary Sierra Club, 402 Mills Building, San Francisco, opposing any change in the name of Mount Tacoma; to the Committee on the Public Lands.

2790. Also, petitions of Coast Banker Publishing Co., San Francisco, Calif., protesting against additional increase in second class matter, and Messrs. Cooper, Tams, and Jespersen, railway mail clerks in Tuolumne and Stockton, Calif., railway post office, urging support of H. R. 9035; to the Committee on the Post Office and Post Roads.

2791. Also, petition of Rev. William F. McDowell, 2107 Wyoming Avenue, Washington, D. C., indorsing Capper-Hull bill providing for adequate number of chaplains for the Army and Navy; to the Committee on Military Affairs.

2792. Also, petitions of Retailers' Credit Association of San Francisco, Calif.; B. P. Oliver, 100 Montgomery Street, San Francisco, Calif.; and James S. Wyatt, 315 Montgomery Street, San Francisco, Calif., in favor of San Carlos Dam bill (S. 966); to the Committee on Indian Affairs.

2793. By Mr. SITES: Petition of 206 employees of the Pennsylvania Railroad system, who are citizens of the nineteenth Pennsylvania congressional district, protesting against the passage of the Barkley bill (H. R. 7358) and setting forth the reasons for such protest; to the Committee on Interstate and Foreign Commerce.

2794. Also, petition of employees of the Pennsylvania Railroad system who are citizens of the nineteenth congressional district of Pennsylvania, protesting against the passage of the Howell-Barkley bill (S. 2646, H. R. 7358) and setting forth the reasons for such protest; to the Committee on Interstate and Foreign Commerce.

2795. Also, petition of employees of the Pennsylvania Railroad system who are citizens of the nineteenth Pennsylvania congressional district, protesting against the passage of the Howell-Barkley bill (S. 2646, H. R. 7358) and setting forth the reasons for such protest; to the Committee on Interstate and Foreign Commerce.

2796. Also, petition of Pride Lodge, No. 60, Ladies Society of the Brotherhood of Locomotive Firemen and Enginemen, Harrisburg, Pa., indorsing the Howell-Barkley bill (S. 2646, H. R. 7358) and praying for its early enactment into law; to the Committee on Interstate and Foreign Commerce.

2797. By Mr. WINTER: Petition of citizens of Green River, Wyo., expressing sentiments on war excise taxes; to the Committee on Ways and Means.

SENATE

SATURDAY, May 17, 1924

(Legislative day of Wednesday, May 14, 1924)

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

MESSAGE FROM THE HOUSE

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

- S. 105. An act for the relief of Arthur Frost;
- S. 129. An act for the relief of the William D. Mullen Co.;
- S. 130. An act for the relief of George T. Tohm & Son;
- S. 210. An act for the relief of Peter C. Keegan and others;
- S. 589. An act for the relief of James Moran;
- S. 1572. An act for the relief of the New Jersey Shipbuilding & Dredging Co., of Bayonne, N. J.; and

S. 1698. An act granting permission to Commander Dorr F. Tozier, United States Coast Guard, retired, to accept a gift from the King of Great Britain.

The message also announced that the House had passed the following bills of the Senate, each with an amendment, in which it requested the concurrence of the Senate:

S. 365. An act for the relief of Ellen B. Walker; and

S. 2922. An act to authorize the President to reconsider the case of Frederic K. Long and to reappoint him a captain in the Regular Army.

The message further announced that the House had passed the following bills of the Senate, each with amendments, in which it requested the concurrence of the Senate:

S. 946. An act for the relief of the family of Lieut. Henry N. Fallon, retired; and

S. 1765. An act for the relief of the heirs of Agnes Ingels, deceased.

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

H. R. 1078. An act for the relief of the Fred E. Jones Dredging Co.;

H. R. 1306. An act for the relief of Henry McGuire;

H. R. 1326. An act for the relief of Clara T. Black;

H. R. 1332. An act for the relief of Dennis Shevlin;

H. R. 1442. An act authorizing issuance of patent to Charles Swanson;

H. R. 2005. An act for the relief of William J. McGee;

H. R. 2313. An act authorizing the issuance of a patent to William Brown;

H. R. 2806. An act for the relief of Emil L. Flaten;

H. R. 2977. An act for the relief of H. E. Kuca and V. J. Koupal;

H. R. 3009. An act for the relief of Robert J. Kirk;

H. R. 3030. An act to allow and credit the accounts of Albert J. Capron, formerly captain, Quartermaster Corps, United States Army, the sum of \$84.52, disallowed by the Comptroller General, United States;

H. R. 3477. An act for the relief of James B. Porter;

H. R. 3748. An act for the relief of Lebanon National Bank;

H. R. 4481. An act authorizing the Secretary of Commerce to exchange land formerly used as a site for the Point of Woods Range Lights, Michigan, for other lands in the vicinity;

H. R. 5448. An act for the relief of Clifford W. Seibel and Frank A. Vestal;

H. R. 6383. An act for the relief of the Maryland Casualty Co., the United States Fidelity & Guaranty Co. of Baltimore, Md., and the National Surety Co.;

H. R. 6737. An act for the relief of James A. Hughes;

H. R. 6972. An act for the relief of William H. Nelson;

H. R. 7052. An act for the relief of Geston P. Hunt;

H. R. 7249. An act for the relief of Forrest J. Kramer;

H. R. 8100. An act for the relief of the estate of Charles L. Freer, deceased; and

H. R. 8209. An act to create the Inland Waterways Corporation for the purpose of carrying out the mandate and purpose of Congress as expressed in sections 201 and 500 of the transportation act, and for other purposes.

WAR DEPARTMENT APPROPRIATIONS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7877) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1925, and for other purposes.

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

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

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

Adams	Fess	McLean	Simmons
Ashurst	Fletcher	McNary	Smith
Bayard	Frazier	Moses	Smoot
Borah	George	Neely	Spencer
Brandegee	Gerry	Norbeck	Stanfield
Brookhart	Gooding	Norris	Stephens
Broussard	Hale	Oddie	Sterling
Bursum	Harris	Overman	Swanson
Cameron	Harrison	Owen	Trammell
Capper	Heflin	Pepper	Wadsworth
Caraway	Johnson, Minn.	Phipps	Walsh, Mass.
Colt	Jones, N. Mex.	Pittman	Walsh, Mont.
Copeland	Jones, Wash.	Ralston	Warren
Cummins	Kendrick	Ransdell	Watson
Curtis	Keyes	Reed, Pa.	Weller
Dale	King	Robinson	Wheeler
Dill	Ladd	Sheppard	Willis
Edwards	Lodge	Shields	
Fernald	McKellar	Shipstead	
Ferris	McKinley	Shortridge	

Mr. SMITH. I wish to announce that my colleague, the junior Senator from South Carolina [Mr. DIAL], is absent on account of illness.

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

Mr. PITTMAN obtained the floor.

Mr. WILLIS and others addressed the Chair.

Mr. PITTMAN. I desire to state that I anticipate several Senators will ask to present some routine matters. I am not going to object to that, and I will yield for that purpose if it does not require any debate or take any time. But we have an understanding that at 1 o'clock to-day the Senator from New York [Mr. WADSWORTH] will make a point of order against the amendment which I have submitted to the pending bill. There may be other points of order made by others after that time. I take it that no one will offer a point of order prior to 1 o'clock, but there is one question upon which a point of order may be presented and may lie, upon which there can be no debate. Rule III expressly provides that the question as to whether an amendment is germane and relevant shall be submitted to the Senate and determined without debate. It therefore is essential that before the point of order is made I shall attempt to explain why I believe such a point of order would not lie. For that reason I desire to have some time between now and 1 o'clock to discuss the particular question, as I will have no opportunity to discuss it afterwards. I hope, if there are any Senators who have not made up their minds on the matter they will give me their attention.

Mr. BORAH. May I ask the Senator from Nevada if there is any unanimous-consent agreement in regard to the matter?

Mr. PITTMAN. No; there is not. Yesterday there was a unanimous-consent agreement merely for the purpose of recessing, but many Senators not being here there was merely an understanding publicly that this procedure would take place.

ALIEN PROPERTY TRADE INVESTMENT CORPORATION

Mr. NORRIS. Mr. President, I want simply to make an announcement. Some time ago the Senate Committee on Agriculture and Forestry reported back to the Senate the joint resolution (S. J. Res. 121) to create a body corporate by the name of the "Alien Property Trade Investment Corporation." It provides for the use of \$150,000,000 of the funds in the hands of the Alien Property Custodian to buy farm products and ship them to Germany and Austria. I simply want to give notice that on Monday, or as soon after that time as I can conveniently be heard, or at least at a very early date and Monday if possible, I shall ask the Senate by motion to take up the joint resolution for consideration. I do not think it will take very long, although it will undoubtedly require some explanation. I merely wanted to give this notice to the Senate.

PETITIONS AND MEMORIALS

Mr. ROBINSON presented telegrams in the nature of petitions from Lucy R. Mason, general secretary Young Women's Christian Association, of Richmond, Va.; the board of managers of the Vocational Service for Juniors; Helen Icelin Henderson, president the Women's City Club, of New York; Mary Garrett Hay, president; O. H. Blackman, associate editor Collier's Weekly; the Federal Council of Churches, Worth M. Tippy, Mrs. David Mitchell, Beatrix Budell, Mrs. E. K. Taft, Mary Dreier, Dr. Helen Montague, Mrs. Arthur Slade, Mrs. Augusta S. Page, Grace H. Childs, and Mrs. DeWitt Gutman, all of New York, N. Y., praying for the prompt passage of the joint resolution (H. J. Res. 184) proposing an amendment to the Constitution of the United States relative to child labor, which were referred to the Committee on the Judiciary.

Mr. NORBECK presented petitions of sundry citizens of Rutland, Hayti, Madison, Wentworth, Nunda, Hartford, Colton, Dell Rapids, Humbolt, Brookings, Sioux Falls, Sherman, Garretson, Parker, Chester, Harrisburg, Oldman, Ellis, Valley Springs, and Brandon, all in the State of South Dakota, and of sundry citizens of Jasper, Luverne, Beaver Creek, and Hills, in the State of Minnesota, praying for the enactment of legislation for the maintenance, encouragement, and protection of open competitive livestock markets in the United States, and prohibiting the diversion of livestock from the markets at stockyards posted by the Secretary of Agriculture under the provisions of the packers and stockyards act of 1921, which were referred to the Committee on Agriculture and Forestry.

Mr. NORBECK. I present a telegram from M. R. Benedict, secretary of the Cooperative Wool Growers of South Dakota, of Brookings, S. Dak., indorsing the McNary-Haugen export corporation bill, which I ask may be read and referred to the Committee on Agriculture and Forestry.

There being no objection, the telegram was read and referred to the Committee on Agriculture and Forestry, as follows:

BROOKINGS, S. DAK., May 19, 1924.

Senator PETER NORBECK,
Washington, D. C.:

Following indorsement may be helpful. That most of the criticisms voiced against the McNary-Haugen agriculture relief measure are without weight, and that the plan should be given a fair trial is the opinion expressed by President Charles W. Pugsley, of South Dakota State College of Agriculture, formerly Assistant Secretary United States Department of Agriculture and one time delegate United States Government to International Institute of Agriculture at Rome. He expresses belief no serious danger as to currency inflation, disorganization of business, etc., as claimed by opponents of bill.

M. R. BENEDICT,

Secretary Cooperative Wool Growers of South Dakota.

Mr. NORBECK. I also present a telegram from E. U. Berdahl, secretary of the Retail Merchants' Association of South Dakota, of Aberdeen, S. Dak., indorsing the McNary-Haugen export corporation bill, which I ask may be printed in the Record and referred to the Committee on Agriculture and Forestry.

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

ABERDEEN, S. DAK., May 15, 1924.

Hon. PETER NORBECK,
United States Senate, Washington, D. C.:

Our association to-day adopted following resolution, which you are urged to pass on to fellow Senators and Members House of Representatives:

Whereas the condition of agriculture at the present time has reached a point where it presents a serious problem not only to the tillers of the soil but to every industry dependent on agriculture for support; and whereas these conditions have prevailed for more than three years and have driven thousands of farmers into bankruptcy, while a great majority of the farmers are merely existing and permitted to operate because of the leniency of their creditors, and whereas we, as retailers and distributors of merchandise in the agriculture communities, come in close touch with farm life and fully realize the deplorable condition in which the farmer has been placed by reason of low prices on agriculture products and the high prices demanded by other industries for commodities the farmer must have, look to Congress for relief in the form of legislation which should be promptly enacted to avert a national calamity, and believing in the practical provisions and economic soundness of the McNary-Haugen bill: Be it therefore

Resolved by the members of the Retail Merchants' Association of South Dakota, in annual convention assembled, That we urge our Representatives in Congress to use all honorable means to secure the passage of the McNary-Haugen bill and that a copy of this resolution be forwarded to the Hon. Calvin Coolidge, President of the United States, and to the Secretary of Agriculture and to members of the Committees of Agriculture of the Senate and House of Representatives.

E. U. BERDAHL,

Secretary Retail Merchants' Association of South Dakota.

REPORTS OF COMMITTEES

Mr. WILLIS, from the Committee on Foreign Relations, to which was referred the bill (S. 2719) to authorize the payment of an indemnity to the British Government on account of losses sustained by the owners of the British steamship *Baron Bervick* as the result of a collision between that vessel and the U. S. S. *Iroquois* (now *Freedom*) and a further collision with the U. S. destroyer *Truston*, reported it with an amendment and submitted a report (No. 559) thereon.

Mr. SHIPSTEAD, from the Committee on Foreign Relations, to which was referred the bill (S. 2718) to authorize the payment of an indemnity to the Government of Norway on account of losses sustained by the owners of the Norwegian steamship *Hassel*, as the result of a collision between that steamship and the American steamship *Ausable*, reported it with an amendment and submitted a report (No. 560) thereon.

Mr. MOSES, from the Committee on Foreign Relations, to which was referred the bill (S. 2458) to authorize the payment of an indemnity to the Swedish Government for the losses sustained by its nationals in the sinking of the Swedish fishing boat *Lilly*, reported it with an amendment and submitted a report (No. 561) thereon.

Mr. STEPHENS, from the Committee on Claims, to which was referred the bill (S. 1725) for the relief of Rubie M. Mosley, reported it with an amendment and submitted a report (No. 562) thereon.

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. BORAH:

A bill (S. 3325) granting an increase of pension to Mary M. Shaeffer; to the Committee on Pensions.

By Mr. SHEPPARD:

A bill (S. 3326) to provide for the establishment of a dairy-ling and livestock experiment station at Dalhart, Tex.; to the Committee on Agriculture and Forestry.

By Mr. SMITH:

A bill (S. 3327) to provide for the cooperative marketing of agricultural commodities; to the Committee on Agriculture and Forestry.

By Mr. HOWELL:

A joint resolution (S. J. Res. 126) to limit the compensation that may be paid under the Federal farm loan act; to the Committee on Banking and Currency.

DEVELOPMENT OF WATER RESOURCES

Mr. RANSDALL. I introduce a bill, accompanied by a brief explanation, which I ask may be printed in the Record as a part of my remarks.

The bill (S. 3328) for the development of water resources for electric power, agriculture, flood control, navigation, and other purposes, was read twice by its title, and referred to the Committee on Commerce.

Mr. RANSDALL. Mr. President, I wish to attach to my remarks without reading a very brief explanation of the bill—

for the development of water resources for electric power, agriculture, flood control, navigation, and other purposes.

This measure authorizes the Federal Power Commission, acting under section 4 of the Federal water power act, to prepare—

a comprehensive plan of development of the water resources of the United States for the purpose of providing electric power for farms, rural communities, cities, and industries, of promoting navigation, of controlling floods, and of securing other beneficial public uses of such resources,—

And so forth.

The commission is authorized to bring into coordination the data and work of all branches and bureaus of the Government that relate in any way to waterways. It shall report to Congress from time to time its conclusions with respect as to how the water resources of the Union may best be regulated, controlled, and utilized for the production of electric power in connection with other sources of power for use in agriculture, transportation, and industry, and how such waters may best be controlled so as to prevent floods and promote navigation, and so forth.

In formulating plans, consideration shall be given to cooperative action between the United States and the several States, municipalities, corporations, and individuals, and so forth.

In order to defray the expenses made necessary under this bill, the commission is authorized to use for any of the purposes described in this act, and in the Federal water power act, all charges collected from licenses under said act, and so forth.

It is believed that the funds derived from these licenses will suffice, and that no demand will be made upon the Federal Treasury hereunder.

The bill is hereto attached and made a part of my remarks. I also attach hereto as part of my remarks a letter received from Mr. O. C. Merrill, executive secretary of the Federal Power Commission, dated the 16th instant:

FEDERAL POWER COMMISSION,

Washington, D. C., May 16, 1924.

Hon. JOSEPH E. RANSDALL,
United States Senate.

DEAR SENATOR RANSDALL: Answering your request for a brief statement concerning the bill which you are proposing to introduce and which would provide for surveys and investigations of the streams of the United States.

Of all our major national resources we know less about our water-power resources than any other. We have made extensive examinations of our coal, oil, and gas fields, have plotted their location and have estimated the total resources available. We have done similarly with respect to other of our important mineral resources. We have made a fairly careful estimate of our total timber resources, both those upon public lands and those upon private lands, and we can

predict fairly closely the extent to which we can use these resources if we are to maintain a continuous supply. With respect to our water resources, the Geological Survey has maintained for many years a series of gauging stations upon our rivers. The records there taken make it possible to estimate the total water supply available at these stations with much the same degree of accuracy as apply to our estimates of minerals and timber, but an estimate of the amount of water flowing in a stream is but one of the factors required in order to know the extent of the power resources of that stream. To make reasonably satisfactory estimates of power we must know the drop in various sections of the stream where dams can be economically located, and in particular the possibilities of storage. On only a few streams in the United States have studies been carried to the point where reasonably complete information is available on which to draw the general plan of river development, not only for purposes of water power but for such other related uses as navigation, irrigation, public water supply, and flood control.

The United States is now conducting on the upper Tennessee River the type of survey which we must have on other streams if we are to get adequate information for planning future development. This survey will cover an area along the river and its tributaries, will locate possible dam sites and particularly storage possibilities. The area of watersheds involved in these surveys is 31,000 square miles, approximately 1 per cent of the total area of the United States. This survey will have taken approximately four years to complete and at an estimated cost of \$535,000.

If surveys of similar scope are to be conducted on other streams of the United States, it is apparent that a considerable period of time and a considerable amount of money are involved. The item most likely to delay carrying out comprehensive surveys on the rivers and river systems of the United States is the question of finance, particularly at a time when endeavors are being made to reduce rather than to increase the scope of Federal expenditure.

Section 4 of the Federal water power act authorizes the commission "to make investigation and to collect and record data concerning the utilization of the water resources of any region to be developed, the water-power industry and its relation to other industries, and to interstate or foreign commerce, and concerning the location, capacity, development costs, and relation to market, of power sites." That is, the commission has the authority to conduct adequate investigations on any stream of the United States where the question of water power is involved. The conduct of such surveys is therefore contemplated as one of the items in the administration of the Federal water power act.

Section 10 (e) of the act provides that licensees shall pay to the United States "reasonable annual charges in an amount to be fixed by the commission for the purpose of reimbursing the United States for the costs of the administration of the act." It is apparent, therefore, that the funds so collected may be made available for the purpose of conducting surveys of the character described above.

The Federal water power act provides for the collection of charges for reimbursing costs of administration in order that operation under the act shall be self-supporting and that the cost, but only the cost, of such operations shall be collected. If the charges which would be collected under rates prescribed by the commission are in excess of the costs of administration, the commission would be required under the provisions of the law to reduce its rates until the aggregate of charges collected corresponded to the total of expenditures. That point has now been reached with respect to its ordinary expenses of administration. Hereafter there will be funds available in excess of the requirements of ordinary administration to engage in surveys of water resources; and while the margin at the present time is not large, it is likely to equal \$200,000 to \$300,000 per annum within five years. Those who are paying charges under the Federal water power act will be willing to continue payment on the present schedule if the funds can be used for river surveys, because the information so secured would be of value to them. It is suggested, therefore, that provision be made, either by amendment to the Federal water power act or by a new bill such as that which you have in mind, to place these charges into a special fund in the Treasury, to be subject to use by the commission, not only for its ordinary purposes of administration but for these special surveys. In my opinion no better means is available for securing the necessary investigations and surveys, and they can be had without drawing in any degree upon the Treasury of the United States if the means which I have suggested be employed.

Very truly yours,

O. C. MERRILL, *Executive Secretary.*

By Mr. RANDELL: A bill (S. 3328) for the development of water resources for electric power, agriculture, flood control, navigation, and other purposes

Be it enacted, etc., That in pursuance of the authority conferred upon it by section 4 of the Federal water power act the Federal Power

Commission is hereby authorized and empowered to prepare a comprehensive plan of development of the water resources of the United States for the purpose of providing electric power for farms, rural communities, cities, and industries, of promoting navigation, of controlling floods, and of securing other beneficial public uses of such resources. In the preparation of such a plan the commission shall utilize all data available in the records of the various departments, bureaus, and other agencies of the Federal, State, and municipal governments or obtainable from other sources or by examinations or surveys.

SEC. 2. The commission is authorized to bring into coordination so far as practicable the data and work of the engineering, scientific, and construction services, bureaus, boards, and commissions of the several governmental departments of the United States that relate to the study, development, or control of rivers and their tributaries, and of lakes, swamps, and other bodies of water, and to utilize the personnel of said services, bureaus, boards, and commissions with a view to unity of method and economy of service in the investigation, development, and control of rivers and river systems in the United States in the interest of navigation and protection from floods, and with particular reference to the most complete and efficient development and use of the waters thereof for hydroelectric power and to the coordinated operation of hydroelectric and fuel-electric plants in interconnected systems of the widest scope that may be found physically and economically practicable.

SEC. 3. The commission shall report to Congress from time to time its conclusions with respect to rivers, river systems, and all waters referred to in section 2 aforesaid, of the United States for which it shall have presented plans and shall indicate how, in its opinion, the water resources may best be regulated, controlled, and utilized for the production of electric power in connection with other sources of power for use in agriculture, in transportation, and in the diffusion of industry, and how such rivers, river systems, and other waters may best be controlled to avoid floods and promote navigation and other beneficial uses of their waters.

SEC. 4. In formulating plans consideration shall be given to cooperative action between the United States and the several States, municipalities, corporations, and individuals within the jurisdiction, powers, and rights of each, respectively, and with a view of assigning to the United States such portion of such development, regulation, and control as should be undertaken by the United States and to the States and others such portions as pertain to their respective rights, duties, and interests; and in furtherance of such action the commission is authorized to receive and use in the performance of its work funds which may be appropriated or donated by such cooperating States, municipalities, corporations, or individuals.

SEC. 5. That in the performance of the duties imposed upon it by this act or otherwise the commission is authorized to employ in the District of Columbia and elsewhere such expert, technical, clerical, and other personnel as may be necessary for the performance of said duties and to make other expenditures requisite and incident thereto. All such expenditures, including rent in the District of Columbia, payment for personal services in the District of Columbia and elsewhere, reimbursement within the discretion of the commission of other Government departments or agencies for salaries or expenses incurred in the performance of work for the commission, necessary printing and binding, purchase of equipment, supplies, law books, books of reference, periodicals, and directories, all necessary expenditures for transportation and subsistence, including, in the discretion of the commission, a per diem of not exceeding \$4 in lieu of subsistence incurred by its employees under its orders, or by employees of other Government departments or agencies engaged upon the work of the commission, in making any investigation or conducting field work, or upon official business outside of the District of Columbia, and away from their designated points of duty, shall be allowed and paid on the presentation of itemized vouchers therefor approved by a member or officer of the commission duly authorized for that purpose.

SEC. 6. In order to defray the expenses made necessary in the performance of the duties placed upon the commission under this act and under the Federal water power act, all charges collected from licenses under said act for the purpose of reimbursing the United States for the costs of administration of said act are hereby reserved and appropriated as a special fund in the Treasury to be expended under the direction of the commission; and the commission is hereby authorized to cause to be transferred on the books of the Treasury from such special fund to "Miscellaneous receipts," or to permanent and indefinite or other departmental appropriations or funds, such amounts as may be required to reimburse salaries or expenses heretofore or hereafter paid or incurred by other Government departments or agencies in the performance of work for the commission.

SEC. 7. Nothing herein contained shall be construed to delay or interfere with the completion of any project or work heretofore or hereafter authorized for the improvement of any of the rivers or harbors of the United States or with legislative action upon reports heretofore or hereafter presented.

TARIFF ON BUTTER

Mr. JOHNSON of Minnesota. I submit a resolution which I ask may be printed and lie on the table until Monday next, when I expect to call it up.

The resolution (S. Res. 226) was ordered to lie on the table, as follows:

Whereas in the general depression from which agriculture has been suffering, particularly in the grain-growing sections of the Nation, some agreeable relief has been experienced from the gradual but marked expansion of the dairy industry; and

Whereas the future of the region hereinabove specifically referred to depends in no small degree upon the growth of that industry to which the soil and climate thereof is peculiarly adapted; and

Whereas with the sanction and approval of the President of the United States, an effort is being made to finance and promote therein the further development of the dairy industry; and

Whereas during the months of January and February, 1924, butter was imported into the United States amounting to 9,500,000 pounds, almost one-half of the total importations for the year 1923, and the highest monthly average ever recorded, resulting in a rapid decline of the price of that commodity on the New York market until it now commands a price little if any above the cost of production: Therefore be it

Resolved, That the United States Tariff Commission be, and it hereby is, requested forthwith to institute an inquiry under the provisions of section 315 of the act approved September 21, 1922, concerning the cost of the production of butter in the United States and in those countries from which our importations thereof come, and to report its findings to the President of the United States with a view to the increase in the duty on imports of butter should such increase be warranted by the facts found.

CLAIM OF THE CITY OF NEW YORK

Mr. COPELAND submitted the following resolution (S. Res. 227), which was referred to the Committee on Claims:

Resolved, That the Comptroller General of the United States be, and he is hereby, authorized and directed to adjust and audit the claim of the city of New York for expenses incurred by said city in aiding to suppress the insurrection against the United States during the years 1861 to 1865, and in making said audit the provision of the act of Congress of July 27, 1861 (12 Stats. p. 276), as interpreted and applied by the Supreme Court of the United States in the case of the State of New York v. The United States, decided January 6, 1896 (160 U. S. Repts. p. 598), shall be applied by the said Comptroller General, and report the amount so ascertained to the Senate for consideration.

HOUSE BILLS REFERRED

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

H. R. 1306. An act for the relief of Henry McGuire; to the Committee on Agriculture and Forestry.

H. R. 8100. An act for the relief of the estate of Charles L. Freer, deceased; to the Committee on Finance.

H. R. 8209. An act to create the inland waterways corporation for the purpose of carrying out the mandate and purpose of Congress as expressed in sections 201 and 500 of the transportation act, and for other purposes; ordered to be placed on the calendar.

H. R. 2977. An act for the relief of H. E. Kuca and V. J. Koupal; and

H. R. 7249. An act for the relief of Forrest J. Kramer; to the Committee on Indian Affairs.

H. R. 1442. An act authorizing issuance of patent to Charles Swanson;

H. R. 2313. An act authorizing the issuance of a patent to William Brown; and

H. R. 4481. An act authorizing the Secretary of Commerce to exchange land formerly used as a site for the Point of Woods Range Lights, Mich., for other lands in the vicinity; to the Committee on Public Lands and Surveys.

H. R. 1332. An act for the relief of Dennis Shevlin;

H. R. 3030. An act to allow and credit the accounts of Albert J. Capron, formerly captain, Quartermaster Corps, United States Army, the sum of \$84.52, disallowed by the Comptroller General, United States;

H. R. 6737. An act for the relief of James A. Hughes; and

H. R. 6972. An act for the relief of William H. Nelson; to the Committee on Military Affairs.

H. R. 1078. An act for the relief of the Fred E. Jones Dredging Co.;

H. R. 1326. An act for the relief of Clara T. Black;

H. R. 2005. An act for the relief of William J. McGee;

H. R. 2806. An act for the relief of Emil L. Flaten;

H. R. 3009. An act for the relief of Robert J. Kirk;

H. R. 3477. An act for the relief of James B. Porter;
H. R. 3748. An act for the relief of Lebanon National Bank;
H. R. 5448. An act for the relief of Clifford W. Seibel and Frank A. Vestal;

H. R. 6383. An act for the relief of the Maryland Casualty Co., the United States Fidelity & Guaranty Co., of Baltimore, Md., and the National Surety Co.; and

H. R. 7052. An act for the relief of Geston P. Hunt; to the Committee on Claims.

FREDERIC K. LONG

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 2922) to authorize the President to reconsider the case of Frederic K. Long and to reappoint him a captain in the Regular Army, which was, on page 1, line 8, to strike out all after the word "trial" down to and including the word "War," in line 10.

Mr. WADSWORTH. I move that the Senate concur in the amendment of the House.

The motion was agreed to.

AGNES INGELS, DECEASED

The PRESIDENT pro tempore laid before the Senate the amendments of the House of Representatives to the bill (S. 1765) for the relief of the heirs of Agnes Ingels, deceased.

Mr. ROBINSON. I move that the Senate disagree to the amendments of the House, request a conference with the House on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. CAPPER, Mr. SPENCER, and Mr. CARAWAY conferees on the part of the Senate.

ELLEN B. WALKER

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the bill (S. 365) for the relief of Ellen B. Walker.

Mr. JONES of New Mexico. I move that the Senate disagree to the amendment of the House, request a conference on the disagreeing votes of the two Houses thereon, and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to; and the President pro tempore appointed Mr. CAPPER, Mr. SPENCER, and Mr. TRAMMELL conferees on the part of the Senate.

DAM IN THE TALLAHATCHIE RIVER, MISS.

Mr. STEPHENS. I ask unanimous consent for the present consideration of Calendar No. 586, the bill (S. 3272) declaring a part of Tallahatchie River, in the State of Mississippi, to be a nonnavigable stream.

The PRESIDENT pro tempore. The Senator from Mississippi asks unanimous consent for the present consideration of the Senate bill 3272. Is there objection?

Mr. PITTMAN. If it leads to no debate and requires no explanation, I have no objection. If it does, I must object.

Mr. STEPHENS. I am sure it will lead to no debate.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Commerce with an amendment to strike out all after the enacting clause and to insert:

That the consent of Congress is hereby granted to the Panola-Quitman Drainage District to construct, maintain, and operate a dam in Tallahatchie River, at or near Porters Ferry, Panola County, Miss.: *Provided*, That the work shall not be commenced until the plans therefor have been submitted to and approved by the Chief of Engineers, United States Army, and by the Secretary of War: *Provided further*, That this act shall not be construed to authorize the use of such dam to develop water power or generate hydroelectric energy.

SEC. 2. That the authority granted by this act shall cease and be null and void unless the actual construction of the dam hereby authorized is commenced within one year and completed within three years from the date of approval of this act: *Provided*, That from and after 30 days' notice from the Federal Power Commission, or other authorized agency of the United States, to said drainage district, or its successor, that desirable water-power development will be interfered with by the existence of said dam, the authority hereby granted to construct, maintain, and operate said dam shall terminate and be at an end; and any grantee or licensee of the United States proposing to develop a power project at or near said dam shall have authority to remove, submerge, or utilize said dam under such conditions as said commission or other agency may determine, but such conditions shall not include compensation for the removal, submergence, or utilization of said dam.

SEC. 3. The right to alter, amend, or repeal this act is hereby expressly reserved.

The amendment was agreed to.

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

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

The title was amended so as to read: "A bill granting the consent of Congress to the Panola-Quitman Drainage District to construct, maintain, and operate a dam in Tallahatchie River."

ADDRESS BY SENATOR WILLIAM J. HARRIS, OF GEORGIA

Mr. GEORGE. I ask unanimous consent to have printed in the RECORD an address by my colleague, the senior Senator from Georgia [Mr. HARRIS], which was delivered before the General Assembly of the State of Georgia on Tuesday, July 25, 1922.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The speech referred to is as follows:

It is an honor to address the General Assembly of Georgia, and I am grateful for the privilege. As a member of this body I began my public service and because of the friends among the members, many of whom were lifelong, it was the most agreeable work of my public career.

As this is the first opportunity to address you since I entered the United States Senate on March 4, 1919, I shall speak only of my efforts in behalf of legislation and measures directly and vitally affecting all of the people of Georgia, as you are familiar with my record on national questions. I shall not make excuses for what I have failed to do, because of a Republican Congress, and a Republican administration, but will relate to you what I have in my humble way accomplished in spite of these obstacles. I shall be disappointed if the results of my efforts have not been felt by those who must labor to support their families.

In all matters I have had the active and helpful cooperation of the Senators and Representatives from Georgia with whom I have served. My relations with them have been cordial, which enables us better to serve our people.

In the organization of the Senate, I am a member of the Committees on Appropriations, Immigration, and Territories and Insular Possessions, and the Vice President has this session appointed me on three special committees. Under the present budget law, and a change in the Senate rules, all appropriation bills are now framed by one Appropriations Committee, making it the most important in Congress. Formerly the Appropriations Committee did not handle appropriations for Agriculture, Post Office, Military Affairs, and Commerce. I am assigned to the following appropriation subcommittees, which directly touch our people: Department of Agriculture; Departments of Commerce and Labor; Department of the Interior; Post Office Department, including good roads; War Department, including rivers and harbors, and legislative establishment. These subcommittees handle three-fourths of the billions Congress appropriates. Of the 12 members of the committee, I am on more subcommittees than any other Senator except one, who has the same number.

It has not been many years since a few small New England States dominated Congress. Senator Aldrich, of Rhode Island, was chairman of the Finance Committee; Senator Frye, of Maine, chairman of the Commerce Committee; Senator Hale, of Maine, chairman of the Naval Affairs Committee; Mr. Dingley, of Maine, chairman of the Ways and Means Committee in the House. Thomas B. Reed was Speaker, and many other able men from that section were in high positions. These men were not orators and did not make long speeches, but they were the most influential men in Congress. They honestly believed in a high tariff for manufacturers of their section, but they could not understand the great injustice this did to those engaged in agriculture, who had to pay high prices for everything they bought and received no protection on the products of the farm which they sold.

The New England States years ago realized the importance of continuing their Senators and Congressmen until they could become chairmen of committees or ranking Members, as a new Senator starts at the bottom of committees. Senator CARTER GLASS, a very able man, who had been in Congress 20 years and Secretary of the Treasury, came to the Senate shortly after my term began, and had to go to the foot on committees. Although I was a new Member I am senior to Senator GLASS on the Appropriations Committee, and will continue to advance on the committee as other Senators above me retire. A ranking Senator on committees has more influence than others less fortunate, as most of the legislation is framed in committees and relatively few changes in their recommendations are made when the bill is before the Senate.

As Georgia receives more appropriations than any State in the South my position on the committee is very important. Within a year after my term began in the Senate, I visited every place in Georgia which receives special appropriations from the Government, among them the river and harbor work of the coast cities, Savannah, Brunswick, Darien, and St. Marys; Fort Benning at Columbus, Fort McPherson, the Federal prison, and the Public Health Hospital at Atlanta, and the arsenal at Augusta.

Georgia is one of the foremost agricultural States. The wealth of the country is created principally by the farmers. When they can not sell their products at a profit all lines of business suffer. Every section of our country is dependent upon the other. That is the situation which brought into existence the so-called "agricultural bloc" in the United States Senate, with which I have been actively identified since its organization. It is composed of Members of the Senate, Republican and Democratic, who are specially interested in legislation that will help agriculture. Since the boll weevil has seriously interfered with the production of cotton, it has been necessary for our farmers to raise other crops. Our marketing system of agricultural products is obsolete and does not meet present conditions. The trouble is due largely to our lack of storage and marketing facilities, unreasonable freight rates, the high rates of interest and insurance.

Criticism, unless constructive, is worse than useless. Legislation alone will not remedy everything, but in order to overcome some of the difficulties mentioned, I introduced measures amending the Federal warehouse act and the Federal reserve system act that will, in my opinion, be most helpful to the farmers and merchants and do much toward remedying the defects in our system. If all farm products are marketed as soon as harvested, the price invariably goes down below the cost of production. It is essential that part of the surplus crop be held in storage in barns or warehouses. If products are shipped in less than carload lots the freight rates are so high that it takes all the profit. By cooperation the farmers can prevent this loss. A warehouse with Federal license gives them lower insurance and interest rates. These warehouse receipts can be used to borrow money at low rates of interest. The Federal reserve banks give preference in rediscounting paper to loans secured on products in Federal warehouses.

The eight amendments to the Federal warehouse act in a bill offered by me have been agreed to by the Senate, and the legislation is pending in the House. It is proposed to broaden the present law, which only allows cotton and tobacco stored in these warehouses, so as to permit the storage of any agricultural product designated by the Secretary of Agriculture, such as cottonseed, peanuts, pecans, skrup, and other products now excluded.

The Federal reserve banks make loans to small member banks at the same rate of interest as the large city banks. About half the State banks of Georgia are not eligible to join the Federal reserve system, because they have capital of less than \$25,000. To remedy this I introduced a bill, and it passed the Senate, which allows the small banks in Georgia to join provided they will increase their capital stock annually an amount equal to 20 per cent of the annual net earnings until the capital meets the present requirements. This will strengthen the system and give the banks more capital to accommodate their customers.

I am a firm supporter of the splendid Federal reserve system. It was created by a Democratic Congress on the recommendation of a Democratic President, who realized that the old banking system, supported by the Republican Party, was a Wall Street system. Except for this change we would have had a panic in this country before and during the war which would have shocked the world's financial foundation. Senator OWEN and I were the first Senators to protest and direct attention to the ruinous deflation policy of the Federal Reserve Board. That policy destroyed values in agriculture and commerce amounting to billions through their unnecessary advance of discount rates and restriction of credit, making it unprofitable or impossible for banks to extend credit to the legitimate business industries of the country. I introduced bills amending the Federal reserve act in reducing the interest rates, making the rates the same in all reserve banks, allowing loans on agricultural paper for 12 months instead of five under the present law, and requiring the consent of Congress to the erection of reserve bank buildings above \$250,000. The Republicans defeated the first three, but the Senate passed the last one. While we were fighting for lower discount rates, the Federal reserve bank building under construction in New York cost over \$20,000,000—more than any two Government buildings in Washington. Such extravagance was inexcusable at any time, especially when they were charging high discount rates. The discount rate in the New York bank is 4 per cent to-day, while the bank in Atlanta and other agricultural sections must pay 4½ per cent. There is no reason for this discrimination.

Two bills introduced by me to make more accurate cotton production estimates and reduce speculating and gambling in cotton have passed the Senate, and a third is pending with a favorable committee recommendation. The first would cause the Census Bureau to gather estimates from the ginners of the amount of cotton remaining in the field to be ginned at the same time they collect statistics on the amount actually ginned. The second bill directs the Department of Agriculture to publish their estimates on the current cotton crop at the same time the Census Bureau announces their ginning figures of the amount of cotton actually ginned. All of these reports, announced on the same dates, would provide a better estimate for the total crop for the year than at present. These figures are vital factors in the market price, and their accuracy will deter the Wall Street gamblers from manipulating the market. A third bill, which has the approval of Secretary

Hoover of the Department of Commerce, provides a world census to determine the amount of low-grade cotton on hand, which is supposed to be large and depressing the price. It would include the number of bales of cotton tenderable under the law on September 1, December 1, and March 1 of each year for the whole world instead of reports for only the United States under the present law.

Last year the cotton-crop estimate of the Agricultural Department was 6,500,000 bales. Before the season was half over the Census Bureau's report of cotton ginned was to be issued; and on account of the unusual warm, dry weather most of the cotton was ginned, and the report would show three-fourths of the estimated crop ginned. The gamblers had expected to run down the price of cotton on this report. I presented the matter to the Secretary of Agriculture and urged both departments to issue a statement with the ginner's report, informing the public that more of the cotton crop had been ginned earlier than ever before, showing their first estimate of a small crop was correct. This was the first time either department ever issued a statement of this kind, and it is said it kept the cotton speculators from depressing the price of cotton at the time.

Until I changed the Census Bureau reports of cotton ginned, while director, and separated the linters from cotton, the reports always showed more cotton on hand than was correct.

The Federal farm loan banks, created under the Wilson administration, loan money to farmers at a cheaper rate of interest and for a longer term than the private loan companies. The private companies were anxious to stop these banks and they went into court to test their legality. It was carried to the United States Supreme Court and for more than a year, while the case was pending, the farm loan banks could not sell their bonds to get money to loan. This worked a great hardship on those who had lost so much in the two years following the war. When the Supreme Court upheld the banks many believed and still feel that the Farm Loan Board was not making loans as fast as they should have done. I conferred with them time and again and urged against delay, as our people were suffering. I took the matter up with the agricultural bloc and we passed resolutions urging haste. I was appointed chairman of a committee to confer with the board. The other members of the committee were Senator FLETCHER, of Florida, the author of the act creating these banks, and Senator Kenyon, chairman of the agricultural bloc. Georgia has received more money from these banks than any State in the Southeast, the total to date being \$11,999,835.

Last year when the banks in agricultural sections could not get sufficient money to save the farmers from bankruptcy and keep the banks open, I was one of many Senators who urged that the War Finance Corporation be revived to accommodate our people by making loans with agricultural products as collateral, direct to farmers' cooperative associations or to banks holding agricultural and livestock paper. Congress had been in session for months, the Republicans had done nothing to relieve the burden of the farmers, and Senator LODGE, the leader of the Republicans in the Senate, moved that the Senate recess for several weeks. I opposed the motion, insisting that we should remain in session and give relief to our people. It was defeated 24 to 27. I voted against the motion, as did my colleague, Senator WATSON. Had we voted for the motion it would have passed 25 to 26, but the vote of the Georgia Senators kept Congress in session and we passed the Norris bill reviving the War Finance Corporation, giving financial relief to the agricultural sections—millions to Georgia. Since its revival the War Finance Corporation has advanced \$6,768,934.88 on agricultural loans to banking and financial institutions in Georgia, and \$5,350,000 to cooperative associations composed of farmers. We also passed the Kenyon-Kendrick bill to protect the hog and cattle raisers from the destruction of the Meat Packers' Trust, a monopoly by which five men in Chicago fix the price of meat—hogs and cattle raised in Georgia and all over the United States. I actively supported the farmers' cooperative marketing bill.

Under the high protective tariff policy a comparatively few men are enriched in the manufacturing centers of the East, while the mass of laborers employed in that section are not benefited proportionately. The agricultural and livestock sections of the South and West are taxed heavily by the tariff and receive little in return. The South especially is discriminated against by the high protective duties, because 60 per cent of our cotton is exported, the price fixed in Liverpool, and our farmers must compete with pauper labor of the world. A tariff of a dollar a pound on cotton would not benefit the farmers of Georgia a cent, as short-staple cotton is not shipped here to compete with us. Under the high protective policy of the Republican Party, the South and West pay a dollar for every 10 cents benefit they receive. The tariff bill now before the Senate was written behind closed doors by the Republican members of the Finance Committee, Democratic members were denied admission to the committee rooms, but the millionaire manufacturers of the East were there; many of them had contributed to the Republican campaign fund and were taxing all the people through the tariff so as to get dividends on their campaign contributions. The Republican Party is sectional.

If any benefit comes to the South from the present tariff bill it would be from a duty on peanuts and vegetable oils, which China produces in large quantities and competes with our peanuts and cottonseed oil. The committee gave little protection to these items, but the Senate voted a fair duty, as no one could defend this discrimination. I voted for a duty on peanuts and cottonseed and vegetable oils.

Under the present tariff bill, as passed by the House, a high protective duty was placed on potash, which is controlled by a German trust and would mean a tax of millions yearly on Georgia farmers. All the Georgia Members opposed this high duty. Most of the potash is used in the South in fertilizers and our farmers would have to pay it. The cotton they produce with this fertilizer gets no protection. I offered an amendment to the House bill, placing potash on the free list, and by a hard fight we have succeeded in getting enough Republicans to help the Democrats put potash on the free list, which will save Georgia farmers millions yearly on their fertilizers.

This tariff bill will greatly increase the cost of living by taxing everything that we must eat and wear and all the necessities of life and place heavier burdens on the poor man and the man with moderate income. When the sixteenth amendment was adopted to authorize an income tax to be collected it was intended to collect taxes only on the large incomes, and those who favored it never dreamed that the Government would take advantage of it so as to thrust the hands of the tax gatherer into the pockets of the farmer, laborer, 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 which they could carry without hardship and without depriving their families of luxuries to say nothing of necessities. As long as I remain in the Senate I shall oppose collecting any income tax from men of small income. No married man should pay an income tax until his income amounts to \$5,000 a year.

As a member of the Immigration Committee I have supported efforts to stop all immigration for five years. The American Legion indorsed that policy, and after my resolution to that effect was defeated, I proposed the amendment to the present law to extend the 3 per cent quota restriction law until June 30, 1924, pending the enactment of permanent restrictive measures. The House passed the bill extending the law only until 1923, when Congress would not be in session, and the steamship companies would have brought over millions before another law could be enacted; but my amendment prevented this.

The Committee on Territories handles all legislation affecting our insular possessions, and in order that I might have information at the source, at my own expense I visited Hawaii and the Philippines. I went from there to China and Japan, where the South exports so much cotton and cotton goods.

Soon after I entered the Senate I learned that the Meat Packers Trust was discriminating against the peanut-fed hog in Georgia and the South. The Senate adopted my resolution to investigate the alleged discrimination, and the Department of Agriculture is continuing an investigation to determine all phases of the relation of the peanut-fed hog to the so-called hard hog. When this investigation first began they were paying from 3 to 7 cents less for peanut-fed hogs than those fed on corn in the North and West, but now the difference is much less. I shall continue until there is no discrimination, and I believe my work has saved the hog raisers of Georgia millions of dollars.

Amendments to the appropriation bills for the Department of Agriculture, which I offered and supported, have made it possible to fight the peach pests by establishing an experiment station at Fort Valley; establish peach, watermelon, and cantaloupe marketing stations at Thomasville and Macon; establish a tobacco experiment station at Tifton; and start pecan experimental work in the Albany section. As a member of the subcommittee framing this legislation, I have supported items to fight the boll weevil, develop the cultivation of peanuts, sweet potatoes, and other crops. The department is now experimenting on Georgia cane sirup to stop the fermentation, which injures the sale and prevents a higher price. At my solicitation the Secretary of Agriculture sent experts to Georgia from the Market Bureau to cooperate with the market bureau of the Georgia Agricultural Department and the State College of Agriculture.

The Esch-Cummins bill, practically guaranteeing the railroads an annual earning of 6 per cent, was passed by a Republican Congress. I voted against the bill. Under that law the Interstate Commerce Commission raised freight rates at a time when agriculture and nearly all industries were at a standstill, and prices so low that the increased rates made shipments prohibitive, which paralyzed all industry. I was the first Senator to protest against the high rates, and I have constantly urged lower freight and passenger rates to help business as well as railroads. When the railroads made a 10 per cent reduction in rates on certain agricultural products some time ago, they did not include watermelons, which, as you know, is a large industry in our State. I took the matter up immediately with the commission and they agreed to include watermelons in the reduction. The railroad rates are still too high. Business and the roads will suffer until the rates are low

enough to allow the farmer, lumberman, and manufacturer a fair profit, which will encourage him to make more shipments, thereby benefiting the producer as well as the railroads.

Since the close of the Civil War the South has been discriminated against in many ways by the Federal Government. Take the matter of freight rates from the Middle West to the southwestern ports, including Savannah and Brunswick. The rates were much higher for the same distance than the rates to New York and the eastern ports for years. I joined with other southern Senators and we had this great injustice remedied, but the eastern ports are now at work trying to bring back the old situation.

The South is discriminated against in the matter of ocean freight rates on cotton and other products. For three years I have cooperated with other southern Senators in an effort to stop this injustice. Ocean freight rates from New York and eastern ports to South America and through the Panama Canal to China and Japan are the same as the rates from Savannah and Brunswick, which are 600 miles nearer. But when we ship cotton, naval stores, and other products to Liverpool and other European ports they charge us more than from New York. This discrimination is inexcusable and should be stopped.

When the Muscle Shoals proposition was before the Senate last year I offered an amendment providing that nitrates made at the plant during peace times should be sold to the farmers at cost and that they should be given the preference in purchasing. In our State alone we have used in one year more than \$50,000,000 of fertilizers. If this plant should be developed as proposed, it would save the farmers of Georgia more than \$12,000,000 a year on the cost of fertilizers, in my judgment, which is equal to the total annual expense of our State government, including Confederate pensions and common schools.

After the Muscle Shoals measure passed the Senate last year it was defeated in the House by a small majority. Every other country has nitrate plants except the United States. Soon after we declared war the German Government protested against Chile furnishing this country with nitrates and tried to prevent her doing so.

The partisan Republicans, because of hatred of a Democratic President, were willing to scrap this great plant and leave the country, in time of war, at the mercy of the Chilean nitrate trust. They were trying to discredit President Wilson by charging that the money spent on Muscle Shoals had been wasted. They did not care about the great saving in getting cheaper fertilizers, and manufacturers in securing cheaper water power, which would develop the South more than anything within a half century. I conferred with the Secretary of War several times and urged that he require all bidders to agree to manufacture fertilizers to sell to the farmers at cost, plus a reasonable interest rate, and that the power should not be leased to power companies in our section controlled by the trusts, which would prevent competition. When the Secretary of War made his report he sent it to the House only. I feared this would delay action until after Congress adjourned, and I immediately urged the Secretary to send his report to the Senate so it could be considered at the same time it was before the House committee. The Secretary granted my request, and when the report was laid before the Senate I made a motion to refer it to the Agricultural Committee, which was friendly to the development of Muscle Shoals, to manufacture fertilizer and sell to the farmers at cost in times of peace. I was a member of the Subcommittee on Appropriations which recommended the appropriation of seven and a half million dollars to begin work on October 1. We shall at least begin the great work which has been opposed by the fertilizer and power trusts with a powerful lobby.

Our southern farmers export 60 per cent of their cotton produced and much of their other products. The southern manufacturers must export their surplus goods. The foreign trade of the South has greatly increased in recent years, but the agricultural and manufacturing section of the South has had no branch office of the Bureau of Foreign and Domestic Commerce until recently, when I secured an appropriation for a branch office in Atlanta.

Last year, when all products were reduced, I had complaints from Georgia farmers and ginners that bagging and ties, which are used in covering cotton, were selling at the old high prices, as when controlled by the trusts. I asked the Federal Trade Commission to make an investigation, and soon a reduction in prices on bagging and ties came.

Several years ago I received letters from people in my State and others calling attention to the fact that the Standard Oil Co. was selling gasoline in Chicago at 5 cents a gallon less than in Georgia, when the difference in transportation was less than 1 cent a gallon. I asked the Federal Trade Commission, of which I was a member, to make an investigation, and we found the charges were true, but they were different companies of the Standard Oil. There are more than a dozen Standard Oil companies, but most of the stock is owned by practically the same people, 51 per cent of the stock of all the companies being owned by 16 people. There was no competition, but it was contended they were not doing anything illegal.

The commission called the attention of Congress to the discrimination and recommended the enactment of laws to correct the evil, but

nothing was done. Soon after I entered the Senate I introduced a measure, which the Senate passed, preventing the Standard Oil Co. from selling gasoline lower in one State than in another.

When the legislation to raise revenue for the support of the Government was before the Senate, it was Republican members of the agricultural bloc, joining with Democrats, who prevented the bill, recommended by the Finance Committee, from becoming a law until they changed many important items intended to relieve the taxes of the wealthy and place the burden on those who toil. Until President Wilson's administration all taxes to support the Government were paid by the consumers of the country through the tariff and other taxes, and the wealth of the country, most able to pay, escaped taxation while receiving the greatest benefits from our Government. During the World War the number of millionaires was more than doubled, and they hoped to escape taxation on their wealth when the Republicans came into power. This would have been done had the Republican members of the bloc not joined with the Democrats and defeated legislation planned by Republican leaders. The Republicans succeeded in repealing the tax imposed upon corporations making excess profits.

While this revenue bill was before the Senate I offered an amendment to the bill cutting in half the tax, after deducting exemptions, on the first few thousand dollars of income earned by those engaged in trades and professions. I took the position that earned income on the first few thousand should not be taxed the same as income from bonds and stocks owned by persons who did not work to earn a livelihood. It was the Republican members of the agricultural bloc and the Democrats who made the surtax on incomes of over \$100,000 50 per cent instead of 35 per cent, as it passed the House and was recommended by the Senate Finance Committee.

I have referred a number of times in the Senate to the great debt of gratitude the country owed the southern cotton farmers. Except for the export of cotton, which brings more gold to this country than any other product, more than both wheat and corn, we would not now have 40 per cent of the gold of the world in our Treasury, making us the richest country on earth.

In 1914, after war was declared in Europe, the West could ship wheat to Europe, and the price more than doubled. Cotton was difficult to handle and almost impossible to ship to countries at war who had always purchased our cotton. The price was less than half what it formerly sold for. The South suffered financially in 1914 and 1915 more than some of the countries at war, all because there was no market for our cotton. Many of our farmers and merchants were ruined because of this condition, while the wheat farmers were comfortable in wealth. When the cotton crop was almost gathered in 1918 and the price had advanced there was a demand from both Republicans and Democrats in the North for President Wilson to fix the price. Mr. Cox, a Democratic Congressman from Indiana, introduced a bill fixing the price of cotton at 15 cents per pound, when it had cost the farmers at least 35 cents that year to raise it. Others urged that the price be fixed at about this price. Had Congress or President Wilson fixed the price at anything like the low price provided by Mr. Cox's bill it would have ruined the South. The movement to fix the price in 1918 was shortly after the primary in which I was nominated for the Senate. When I learned of this movement I went to Washington on the first train to confer with President Wilson, calling his attention to the high cost of producing cotton and other facts I have just enumerated.

When you think of the difference in the price of cotton at 15 cents a pound, which the Republicans and northern Democrats urged President Wilson to fix, and the prices, up to 45 cents a pound, it sold for in a few months, the loss to the South would have been staggering. The difference between 15-cent cotton, which brings \$75 a bale, and 40-cent cotton, bringing \$200 a bale, is \$125. This would be a loss of more than \$200,000,000 on Georgia's nearly 2,000,000 bales which President Wilson saved the farmers of Georgia alone. Most of this cotton was sold in Europe, and the money was sent here. No President of the United States ever had such an opportunity to help or hurt the South. The North, East, and West were demanding that he do this great injustice. I had confidence in the justice of my side of the argument I made against fixing the price of cotton. While this saved the South financially, the Republicans made a campaign issue of it and charged that President Wilson had favored the South by not fixing the price of cotton after they had fixed the price of wheat and other products. It was on this issue principally that the Democrats lost both Houses of Congress in 1918; and for two years this Republican Congress instead of doing constructive work in readjusting great problems left after the war were trying to embarrass and harass President Wilson, often denouncing him when he was hovering near death's door.

When the armistice was signed hundreds of parents, sisters, and wives of soldiers in France begged me to get their loved ones home, some of them to go to school, others to the farms or factories. I decided it was as little as I could do to take these letters and at my own expense go to General Pershing's headquarters in France and urge him to let these men go home. I am glad to say that I was shown

every courtesy, and my request was granted in nearly every instance. I am, so far as I know, the only Senator who went to this expense and performed this service for the soldiers. Except for this work I believe hundreds of Georgia soldiers would have been kept in France many months longer.

As long as I am a Member of the Senate, regardless of criticism, I shall do everything I can to help these young men who served our country. Congress has not done its duty by them. A great injustice was about to be done the veterans of our State and section when a bill passed the House, over the opposition of all the Members from our section, providing for hospitals, and the wording of the bill deprived Georgia and the Southeast from receiving one of these hospitals. When the House bill came to the Senate I started the fight in the Senate to amend the bill, and one of the large hospitals was placed at Augusta, Ga. As the bill came from the House Augusta and the Southeast could not have had one of the large hospitals, and our veterans could not have secured hospital facilities near home and their loved ones.

On account of the high cost of living our Government is now, and has for several years, been paying many thousand civil employees a \$240 annual bonus, but we have done little for the boys who gave up their positions and offered their lives for their country. The bonus to civil employees has amounted to \$1,080. After the war the Government readjusted the payments to railroads and war contractors. Why not the World War veterans? My office is a clearing bureau for claims of all ex-service men, and their claims are never neglected.

I aided in locating Camp Benning at Columbus, which brings several million dollars a year to Georgia. It is the largest Infantry training school not only in the United States but in the world. The present Congress appropriated \$400,000 for buildings alone at Benning. I was with Congressman Wiser and the committee when the Secretary of War assured us he would establish Camp Wheeler at Macon. I aided in getting Camp Hancock at Augusta.

The headquarters of the Army for the Southeast were located at Charleston, S. C. One of the first things I did after entering the Senate was to urge the War Department to move the headquarters to Atlanta, Ga., which every Army officer knew was the logical place because of its location and railroad facilities. The headquarters were moved to Atlanta, and I believe they will continue there. This brings a large amount of money to Georgia.

Henry Lincoln Johnson was appointed by President Harding recorder of deeds for the District of Columbia. Serving in that office are many splendid white women and several from Georgia. When the nomination came before the Senate Senator WATSON and I objected, and he was defeated.

Since the war was over there has been a propaganda in this country urging the cancellation of all debts of foreign countries. The greatest amount was due the United States, amounting to \$9,000,000,000. Some Senators announced in favor of canceling these debts. I offered a resolution, which was the first, declaring it to be the sense of the Senate that none should be canceled by the United States. When the law was passed providing commissioners to confer with European countries and giving them authority to act, the law stated that no part of these debts should be canceled.

There are two great dangers to our Government, the first the election of men to office by the large expenditures of money who will serve the big interests as against the people, and the second is the danger of the demagogue who plays on the prejudice of the people in order to serve his selfish ambition. Because of the \$200,000 spent to elect Senator Newberry I voted to unseat him. When a senatorship can be purchased our Government is in danger.

During the Democratic administration I was consulted in the appointment of all United States judges in Georgia. There is no greater responsibility than the selection of men for these lifetime positions. The names of the men I indorsed need no praise from me; they are known to all of you—Alex C. King, Beverly D. Evans, Wallace Lambdin, Samuel H. Sibley, U. V. Whipple, and William E. Thomas. The last two were nominated, but the Senate refused confirmation because of objections by the Georgia Senators.

When I was made Director of the Census the age limit set by the bureau kept any Confederate soldiers from employment. I immediately raised this age limit and gave preference to Confederate soldiers in my appointments in the South, and I appointed more Confederate soldiers to Federal office than any man in the South.

I am the author of many other bills and resolution in the interest of our people which I shall not have the time to discuss to-day. Among them: Authorizing loan of tents and other equipment to Confederate soldiers; investigation of department handling foreign trade; to build pontoon bridge at West Point after the flood which swept the bridge away; author of bill appropriating \$1,000,000 for eradication of malaria in the South; appropriating \$25,000 for development of peanut industry; resolution requiring Secretary of the Treasury to give Senate data on excess profits during war so as to tax war profiteers; resolution calling on Civil Service Commission to give preference to soldiers in appointments.

I shall oppose the Dyer antilynching bill, which was introduced to play cheap politics with the negro.

I supported the constitutional amendment for Woman suffrage and the legislation to enforce the prohibition amendment. I have always been on the moral side of public questions. I supported the Sheppard-Towner maternity bill and Federal aid to the States for road building, voting for the bill to improve all the roads instead of only the automobile highways. I strongly supported the Borah resolution for naval disarmament by agreement with other governments and voted to ratify the treaties to bring about disarmament.

STATEMENT OF GENERAL SUKHOMLINOFF

Mr. OWEN. Mr. President, I ask to have printed in the Record a statement by General Sukhomlinoff as an addendum to an address which I made in the Senate some time ago.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The statement referred to is as follows:

[From the American Monthly]

SUKHOMLINOFF TELLS HOW THE GRAND DUKE AND POINCARÉ STARTED THE WORLD WAR—THE CZAR'S OWN WAR MINISTER GIVES THE FULL HISTORY OF THOSE FIVE DAYS OF AGONY, JULY 25 TO JULY 30, 1914 (By Gen. Vladimir Alexandrovitch Sukhomlinoff, adjutant general to His Majesty, the late Nicholas II, Czar of all the Russias, and formerly Minister of War at St. Petersburg)

PERSONS IN GENERAL SUKHOMLINOFF'S AMAZING REVELATIONS

Paleologue: French ambassador to the Czar's court and a man with a genius for romance in the style of Monte Cristo. This genius ran away with Paleologue and caused him to mistake his own fantastic inventions for matter-of-fact realities.

Janschkevitch: Chief of the general staff of the Russian Army; a tool of the Grand Duke Nicholas, with whom he plotted on the back stairs and behind drawn curtains.

Nicholas Nicholasievitch: The grand duke with the long legs, who was uncle to the Czar and had the Czar under his thumb.

Nicholas II: Czar of all the Russias, but a henpecked husband, a submissive nephew, a smiling and polite and sweet sovereign without a backbone and incapable of distinguishing good advice from bad.

Poincaré: Then President of the French Republic; he is in the background of events like the ghost of Banquo in Macbeth. Poincaré leaves behind him the trace of a fatal visit to the Czar on the eve of the war.

Hohenlohe: A gloomy Austrian prince.

William II: His telegrams alone figure here.

Bark: Russian Finance Minister with a bite.

Sazonoff: Russian Foreign Minister; sly, sleek, slippery. He enjoyed the confidence of the Czar's uncle, and that proves how deep he must have been.

Goremykin: An aged, aged man more like the senile simpleton in Alice in Wonderland than the Prime Minister of a powerful potentate, which last—alas!—he was.

Pourtales: A count who was German ambassador to Russia. He spent his time in desperate efforts to find out what was transpiring on the back stairs, in the boudoirs, and behind the curtains. When he did learn a thing or two he was assured that he had discovered another mare's nest.

Krivoschein: Minister of Agriculture in the Czar's cabinet; an intense nature, disposed to duels.

Grigorevitch: Minister of Marine; a typical sea dog.

Svverbieieff: Russian ambassador at Berlin with a touching faith in telegrams and a peculiar ignorance of the true state of affairs. He has since passed away, and of the dead we may say what is good—if we wish and if we can. Poor Svverbieieff!

Schtscheglovitoff: Russian Minister of Justice, a perfect professor profoundly versed in history and what we would now call a "high brow," although he might as accurately be described as a walking encyclopaedia that wouldn't walk, preferring an automobile.

Isvolsky: Russian ambassador at Paris, who pulled Poincaré's strings so that Poincaré might pull the Czar's leg.

Time: July 25 to August 2, 1914.

Place: Summer palace of the Czar, Nicholas II.

I. WAR? NO! NO!

It was July, 1914. With my wife, just returned from Egypt, I made one in a gathering at the beautiful country home of the Countess Kleinmichel.

The Austrian-Serbian clash had then attained the loftiest peak of its fire and fury. It was altogether inevitable that the diplomatic and political situation should afford the theme of the talk. This was the more natural, indeed, since—or so everyone assumed—the countess herself, in all that related to Germany, was an eager diplomat whose functions were not exactly limited within the atmosphere of salon conversations.

Among the guests of the countess happened to be a diplomatist who—if my memory serves me faithfully—was not connected with the embassy of a great power. He was of opinion that no serious prospect of war loomed on the horizon of events; that the conflict must settle itself. The great powers had ample facilities, according to him, for putting out the sparks!

The prevailing view among the members of this gay party took on a hopeful tone. There was faith that the matter would really turn out well.

The countess was otherwise impressed.

She deemed it important to emphasize the fact that fire must not be played with; that the strings of the lyre of diplomacy were not to be stretched too taut.

As soon as we had dined a guest suddenly made his appearance with the news—direct from Vienna—that the Hapsburg monarchy was undeniably bent upon a final settlement with Serbia, a trial of strength, perhaps, upon the material plane.

The countess, accordingly, seemed to be in the right.

II. THE CHEERFUL CZAR

The grand climax of the military maneuvers in each recurring season arrived only with the first coming of the Czar, Nicholas II, to Krassnoie Selo. The ceremonies included a round in state of the whole camp, a sounding of "taps" with many a flourish, and a performance in the local theater.

On the appropriate days of that storm-charged summer of 1914 an incredibly pressing throng of the most fashionable people streamed into town. These people utilized the most varied modes of conveyance. Automobiles, jaunting carts with steeds going tandem, stage coaches, horses—all hurried along the closely trimmed paths bordered with grass plots and flower beds. They all arrived by rail from Peterhof, Oranienbaum, Strelina, Ligovo, Zarskoie Selo, Sergieffskaia, and Gatschina.

What a mood of carnival dominated that throng of men from the diplomatic corps, military attachés, courtiers, officers, exalted officials, their uniforms set off by the elegance of the women who pervaded the scene in effects of color no less varied!

The Czar himself arrived from Peterhof in an automobile.

At the summer palace in Kolomenskaja he reviewed the guard of honor, recruited from some crack regiment or other in the St. Petersburg barracks unless, indeed, it came from some military district boasting even finer troops. When the guard had been duly dismissed the Czar mounted a horse and rode, a glittering suite trailing after him, the full length of the columns of soldiers standing erectly in full formation. At Krassnoie Selo were stationed the cavalry, and just beyond, deployed the length of their great camp, were the infantry and the artillery. At the extreme right of this vast encampment, in the zone of operations of the first infantry division, were the imperial headquarters, established in a palatial tent. There, where more than one regimental band was stationed, the Czar got down from his horse. There was a grand flourish of trumpets.

There, too, thronging the space about headquarters, were the great ones of the land, making up the most fashionable and the most magnificent of "publics." The flattest of floors was afforded by the greenest of grass. Conversation was of the liveliest kind—bits of news, bits of gossip, twaddle more or less piquant because it dealt with personalities as well as with politics. The sauce of this talk was derived from the spice of diplomacy and the note everywhere was one of crisis. It was truly all St. Petersburg that thrilled now with the tingling of the sensation of this year of 1914 and caught the sheer exhilaration of it. Of things to talk about there was enough and to spare. The open challenge in the defiant attitude of the Austrians, the sea trip of President Poincaré to St. Petersburg, the journey of the German Emperor, William II, to Norway, and the agitated comments in the newspapers regarding the possibility of war—these things yielded themes for conjectures of every sort.

Speaking metaphorically, the air reeked with gunpowder. Optimism seemed to have vanished. And yet scarcely one of all those present there and then could have surmised that the very last of all the peaceful "taps"—sounded in those circumstances of pomp and parade—was ringing in the ear of an "all-highest" war lord.

There was a fixing of every eye upon the Czar himself, as if to gather from his deportment some hint of the mood of the man. No one seemed to have penetrated his reserve, to have reached the secret of his soul. His Majesty seemed what he was always—friendly, calm, composed. With those immediately about him His Majesty talked in the friendliest fashion, the smile never leaving his countenance.

The only shadow in that pleasing prospect was afforded by the Austrian military attaché, Prince Hohenlohe. My attention was directed to him particularly by Count Apraxin, a gentleman in waiting upon the Czar, or, rather, just then filling the post of chamberlain. The moody, not to say oppressed, aspect of the Austrian drew attention to him at once. In complete abstraction from all that went on under his eyes, he stood apart, a solitary figure in that press of people. He was resting his head against one hand, or, rather, against a clenched fist, and

his elbow rested against a tree. He stepped forward to greet no one. He talked with nobody. His appearance was that of a man taken ill or oppressed by a thought that through its weight of woe had robbed him completely of self-command.

The orchestras meanwhile, undisturbed by the moods or the miseries of their auditors, discoursed the sweetest strains of a magnificent concert program.

Then the captain of the guard on service at that hour made his obeisance to the Czar and besought permission to sound the evening taps. A trumpeter and a bugleman stood forth and gave the signal. There was a moment of breathless silence. The orchestral strains had died away. There was a burst of three great rockets into the heavens. The beating of the "tattoo" proper had begun. The roar of the artillery came across the camp. A rushing din of some hundreds of drummers obliterated every other sound. Then the combined orchestras sent forth the strains of the famous hymn "How Great is the Glory of God Almighty!" Its melody was borne aloft on the waves of sound from the drums. The hurricane symphony lasted several minutes. Then ensued some seconds of absolute silence followed by the abrupt, grim command: "Caps off!" The master of the horns, who had stationed himself in front of the Czar, repeated in a voice loud and clear: "Our Father, Who art in Heaven!"

During this recitation of the Lord's prayer and all through the reverential stillness that prevailed I gazed steadfastly at the Czar. Not for an instant was he conscious—of this I am sure—of being the leader in battle. Never even in a dream did his thought take that turn. Not once did he suspect that this sounding of the retreat to rest and slumber amid such ceremony and with all that careless magnificence was to signify the end of an era.

What invested us then was the calm before the storm.

There was no such thing this time as getting out of the path that led us to war. A whole series of accidents and misunderstandings, explicable in part by the anomalies in the position of the house of Romanoff, brought on a world conflict. The origins of that war lay deeper, indeed, profoundly involved and imbedded in all the given conditions of Europe's political setting.

III. IN THE RUSSIAN WAR MINISTRY

Many able men have beaten their brains in the effort to establish the immediate cause of the outbreak of the war.

After the sincerest efforts on my part to get at the truth regarding the tremendous catastrophe, I must throw up my hands.

Exalted as was my position in the Russia of the Czars, I was able to observe directly and at first hand but a minute and decreasing part of the activity that brought on the war. This part I can outline and this I will describe with no desire to extenuate what is past and with no regard whatever for myself.

In the early months of the year 1914 there was no expectation whatever in the Russian War Ministry of anything in the nature of a clash of arms. In the higher administration of the general staff of the army throughout the winter of 1913-14 all arrangements for the military maneuvers proceeded in the usual way. Some detachments of troops from the remoter districts—among them a few from the western frontier—were to come to the imperial post of Krassnoie Selo. Again, as was quite the usual course, upon the coming of May the troops quitted their barracks and the artillery began gun practice. In July there was a general activity by way of preparation for the maneuvers in contemplation since the previous winter.

In marked contrast with this feeling of peace throughout the army, the newspapers painted the diplomatic horizon in tints ever darker and darker. The slaying of the heir to the Austro-Hungarian throne and the establishment of an Austro-Serbian conflict operated like distant lightning flashes. The trip of the President of the French Republic to St. Petersburg seemed to bring with it a piling of one storm cloud above another over the waters of the Neva. An oppressive, well-nigh intolerable feeling of gloom dominated everyone and prevailed everywhere.

After the departure of Poincaré on the 24th of July—when the Austrian ultimatum to Serbia had become widely known—the military maneuvers at Krassnoie Selo were in full swing. In accordance with plans made in advance, we had, under the command of the Grand Duke Nicholas Nicholalevitch, not only the troops of the guard and those of the St. Petersburg district but a number of crack regiments from other military districts and even some from the frontiers.

IV. A MOMENTOUS GATHERING

Not altogether unexpectedly, although there was an element of surprise in it, too, I received in the course of my summer's labors for the army a command to participate in a crown council on the 25th of July at Krassnoie Selo.

I well remember that while on the trip to the meeting of the council I had not even the least premonition of the impending catastrophe. I was aware of the love of peace that was so characteristic of the Czar's personality. I had received no special or particular communication

with regard to the occasion or the cause of the conference to be held. Hence it was that I attached so little importance to the trip I made to Krassnoie Selo that I went alone without taking the chief of the general staff with me and without even having the adjutants on duty along. The subject of the gathering must be, I assumed, some matter of routine connected with the military district of St. Petersburg or with the exercises of the troops in the field.

In the little summer palace of the Grand Duke Nicholas Nicholasévitch I encountered as soon as I arrived various cabinet ministers who were already on hand, among these the minister for foreign affairs and some exalted personages in the higher ranks of the military establishment.

A goodly number of them seemed to be in total darkness regarding the occasion of the Crown conference soon to be held. The presence of Sazonoff, the minister for foreign affairs, was duly remarked and led to inferences from the diplomatic crisis that some political consideration was responsible for everything.

The Czar entered the hall in which the meeting was to be held, but when he did so he was accompanied by his uncle, Nicholas II were the white summer uniform of his personal bodyguard, the Hussars. Smiling in the friendly fashion that was habitual with him, manifesting no mood of anxiety, he greeted the persons there assembled in a somewhat general bow, and without further ceremony he took his seat. Goremeykin, head of the ministry just then, was on the Czar's right hand and the Grand Duke Nicholas Nicholasévitch was on his left.

The apartment in which we were now assembled was a great dining-room furnished somewhat primitively. Great glass doors led across a terrace or veranda into the park. In the center of this imposingly large room was a dining table laid now with a green cloth, and about this table when the Czar had given the signal we proceeded to sit.

Facing the Czar was Sazonoff. I sat several seats away from Sazonoff on the same side, while next me or very near me, if my memory plays me no trick, was Finance Minister Bark. The minister of marine I saw nowhere at that gathering.

Without any sort of introduction the Czar gave the minister of foreign affairs a signal to speak. He used up something like half an hour in painting a word picture of the international scene as it had developed from a Russian point of view through the Austro-Serbian conflict.

What Sazonoff laid before us as a report or speech was in reality a serious indictment of all Austro-Hungarian diplomacy. His auditors there derived from it all the profound impression that they were concerned now with a deliberate challenge. In the face of this challenge would be found united the powers of the triple alliance—the "entente cordiale"—France and Great Britain standing closely beside Russia if she refused to tolerate any oppression of her Slav brother effected by violence.

Sazonoff achieved a powerful effect in rousing our soldierly sentiments.

He assured us that displays of arrogance, in view of the impotence exhibited by every purely diplomatic agency, could be met only with military measures. He concluded with the suggestion that a case had arisen in which results could be obtained against the powerful and efficient diplomacy of Austria only by means of a partial mobilization. In terms of technical military science this signified that the next step would be to decree the so-called period of preparation for war. Of the probability or even of the possibility of an actual declaration of war nothing at all was said.

The Czar displayed the utmost calmness of demeanor.

It was subsequently established beyond all doubt that on the day preceding this Crown council he had held a long private conference with his uncle, the Grand Duke Nicholas Nicholasévitch.

The latter now sat in grim gravity and silence, smoking his cigarette, beside the Czar. Having had opportunities in the course of long years to observe the relations subsisting between this pair, it became obvious to me that the uncle had already influenced the nephew, the grand duke had already brought over the Czar, when no witnesses other than themselves were by. Hence the elder had no occasion to say a word at the meeting. He had the Czar where he wanted him for a long time now.

Although Austria-Hungary had already crossed the Rubicon, many who took part in this gathering cherished still the hope of an auspicious issue from this crisis. The Czar himself, in a concluding word or two, gave expression to that very hope. He did not, for all that, modify his view that a stern admonition to Austria would be in order. Austria, as Sazonoff had declared, was now so far along her fatal path that she would not deign to reply to our diplomatic representations, the one object of which was the maintenance of peace.

V. TRAP SET FOR THE CZAR

Taking all these considerations into account, the Czar explained to us that in accordance with the suggestions of the diplomatists he would adopt the expedient reserved for such occasions—a partial mobilization.

This would show, the Czar declared, too, that so far as concerned ourselves, no hostile demonstration against Germany was planned at all.

The thing was accordingly determined. For the 26th of July the beginning of the period of preparation for war was ordained.

If, as a consequence of this expedient, negotiation was discernible, there must ensue a second step—partial mobilization against Austria-Hungary.

My own part in these decisions, as I have intimated before, was in reality quite circumscribed.

In my capacity as minister of war faced by such a decision, which was really a move on the chessboard of world politics, I had no right whatever to make any objection, not even if a threat of actual war was being made. Politics was not my business, not my affair. Still less was it my business in my capacity as minister of war to warn the Czar against any war as such. I was a soldier. I had to obey when the army was summoned to the defense of the fatherland. It was not for me to urge considerations one way or the other.

I could have been accused—and with justice—of downright cowardice had I, after enjoying the power and prestige of a minister of war in time of peace, permitted myself to issue warnings against war merely as war. In my opinion, moreover, and according to all human insight, there was no reason whatever why Russian diplomacy should permit itself to be overawed by the proceedings of Austria-Hungary. That had passed in 1909, to be sure.

Besides all these considerations, which did not blind me in the least to the difficulties of the task that lay ahead of us, there was one further impression derived by myself and some of the other ministers from the exposition made us by the competent chief of the European section of the foreign office. According to this there was no other issue from the dilemma but war, and hence any word I spoke against war would have been useless. Through the medium of any protest on the 25th of July I would simply have questioned, or even have rendered difficult the possibility as well as the adoption of, an armed neutrality. In the state of the case as it was put before us the decision of the foreign minister must determine our own.

But he called for a partial mobilization. In harmony with this idea, the line of procedure was determined. Nevertheless I was an opponent of partial mobilization. My views on this subject had never been withheld from anyone or concealed behind a mask. But it was my business to keep the army in readiness for any move on the chessboard of world politics which to Sazonoff seemed expedient, since he was playing the game. Hence in this matter of detail, too, it was for me to obey. It might have been somewhat different if, to repeat, I found myself in 1914 in the situation in which Roediger, former war minister, was placed in 1909.

In the year 1914 the training and the equipment of the army were so far advanced that Russia seemed justified in contemplating a war with equanimity. Never before was Russia better organized for war than she was in 1914. Moreover, the representations of Sazonoff regarding the position and the attitude of both France and England in the conflict were of a kind to justify no want of ardor in ourselves. Even his communications with reference to Italy and Rumania confirmed the other details he laid before us and worked to the same end.

On the basis of the conference held at Krassnoie Selo and in accordance with the order then issued, the "period of preparation for war" began on the day after the gathering—that is to say, on the 26th of July.

The military maneuvers were interrupted. The troops returned to their garrisons or to their barracks.

VI. "PRESSING THE BUTTON"

After this gathering I did not see the Czar again on the 25th of July, nor even on the 26th or the 27th. What happened on those days in the ministry of foreign affairs did not come to my knowledge.

From Sazonoff I did not receive the least bit of information. In consequence of the reports that flew about the city to the effect that our army was to be mobilized, the German ambassador, Count Pourtales, sent the German military attaché, Major von Eggeling, to interview me. I informed him with sufficient accuracy of the immediate posture of affairs. I assured him that a general mobilization had not been ordered and that on the German frontier no preparations for any march into a field of action were under way.

Throughout all the regiments of the garrison at St. Petersburg there now took place inspections of field equipment, inquiries into baggage, examinations of weapons. The Pavlovsky Regiment of the Guard had in pursuance of this program transported its entire campaign equipment to the Field of Mars. A report spread at once that the guard was mutinous. I enjoined Januschkevitch to hold a discreet conference with the military staff of the district and to take steps in concert with them to avoid for the future all demonstrations of a kind to precipitate such rumors. He was to give absolute orders for the suppression of whatever procedures might tend to

alarming misinterpretations and the spread of false reports that a declaration of war was, in fact, already issued.

Januschkevitch at once expressed to me his anxiety lest the Grand Duke Nicholas Nicholasievitch, as supreme commander of the district, might feel himself slighted at such an order or, rather, such interference. He might feel all the more affronted since the measures I was thus objecting to did not exceed the limits of peaceful routine in the usual course of military duty, such as mustering in, inspection of the details of mobilization, and so on. I did not on that account urge him any less eagerly to see to the execution of my order. I have no idea how or in what form it was carried out, for I received no further report respecting it.

Among ourselves the procedure in mobilization was this: The Czar signed the order, which went at once to the senate. With the signatures of the ministers of war, navy, and interior added, telegrams to the various military districts, giving the date of the first mobilization day, were prepared for transmission as soon as the "all-highest" command had been issued. Not until this stage was reached came the so-called pressing of the button.

This whole proceeding was exclusively the function of the supreme administration of the general staff, so far as the technical aspects of the business were involved. It comprised a continuation of policy with military means—a going from words to deeds. The political part of the game was played solely by the minister for foreign affairs. He it was, too, who on the 28th of July transmitted to the chief of the general staff the "all-highest" command to make two orders ready. One of these was for the partial mobilization. The other was for an eventual general mobilization.

All mobilization documents were naturally, as is the case in every army, previously prepared.

According to the development of the diplomatic and "world-political" situation, one or the other of these telegrams or "all-highest" commands, signed by the Czar and countersigned by the war and marine ministers, would, again upon the personal indication of the Czar, be actually issued. This anticipatory order of mobilization was thus by a very special arrangement insured against any evasion by the minister of war.

It was General Januschkevitch who laid these two orders before the Czar for the imperial signature. The orders signed thus by His Majesty had the countersignature of the directing senate by the time they made their way into the portfolio of the general staff. Upon the basis of these orders and in accordance with them were the corresponding telegrams prepared and these were signed likewise by the three ministers.

VII. MOBILIZATION OF ALL THE RUSSIAS

On Tuesday, the 28th of July, I made a final report to the Czar at Peterhof.

From the calmness, or rather from the repose with which the Czar took my exposition of the affairs that were now proceeding, one might have inferred that there was nothing whatever that then threatened the peaceful life of Russia. I was amazed at the reserve and the scant sympathy accorded my report by His Majesty. I could think of no explanation of it all that satisfied me.

After my return to St. Petersburg on this same 28th of July, in the latter portion of the afternoon, Januschkevitch told me that through Sazonoff he had received the "all-highest" command to mobilize the districts of Kieff, Moscow, Kasan, and Odessa—to go forward; that is, to a partial mobilization.

This was the counterstroke to the general mobilization of the Austro-Hungarian forces, already announced to us as complete by our ambassador at Vienna, Schebeko.

This partial mobilization, which we were now to undertake, was in reality unpalatable to the military element. From considerations of a technical nature, it might happen that a partial mobilization would create difficulties and confusions. These must become actually perilous if, immediately after such a step had been taken, it became necessary later to proceed to an actual general mobilization. This was clear to every officer in the ministry of war and to no one was it clearer than to the general staff.

Nevertheless, I was obliged on the 28th of July to press the button for a general mobilization.

VIII. RUSSIA IN THE FRENCH TRAP

On the 30th of July a meeting of the cabinet was held in the palace of Our Lady.

Reflected in our procedure was the agitated mood of the capital. Reflected in it, too, was the tense state of the nerves of the members of that ministry. Upon the turn of a hair seemed to depend whether or not a duel should take place between Maklakoff and Krivoschein.

In the foreground of all discussion at this sitting naturally stood the needs of the armed forces. These had to be met in the event—now apparently highly probable—that diplomacy failed to avoid a war.

From Sazonoff's elucidations at this cabinet conference it grew clear to us all that actual war was now scarcely to be escaped. It certainly could not be avoided if our menace through the medium of

armed neutrality by means of our partial mobilization in the southern districts in reply to the challenging course of the dual monarchy remained without effect.

I made reference, naturally, to the dangerous situation in which we found ourselves as a result of the partial mobilization.

By myself as well as by Admiral Geigorovitch certain details connected with measures of preparation for war were now brought forward. These could not be urged with due prominence before. They entailed also energetic attack and the use of ample funds. With the closing of the frontiers immediate measures must be adopted to provide for the manufacture of munitions and weapons at home. These had hitherto been obtained from abroad. The industrial life of Russia based upon private business establishments and enterprises was not equipped for the task. Its development in this direction, in view of the scant resources placed at the disposal of the war ministry during the period of peace, could not be begun even. In this connection I was reminded by the minister of agriculture, Krivoschein, who sat near me, of the talks and dealings we had in 1910 with the finance minister. At that time Kokovtseff had declared that after a declaration of war the thing needful for the actual campaign was money, money, and mere money yet. I had replied at the time that we could not even after the actual entrance upon a campaign shoot money at the enemy, and that our accumulations of gold would merely fall into the hands of the enemy if we had at home no industrial plants that could manufacture munitions and weapons.

IX. UNDER UNCLE'S THUMB

Even the incorrigible optimists could now no longer deny that we were on the eve of war.

In the general staff a feverish activity prevailed. Thanks to the interference of the grand duke in a fashion that set precedence and order at defiance, the chief of staff now enjoyed direct access to the Czar. The minister for foreign affairs likewise transacted business unknown to me with the chief of staff. It was no wonder that with such irregularities gross blunders were perpetrated.

In the agitating days immediately preceding the breach with Germany zeal was displayed by the German ambassador, Count Pourtales, in frustrating the possibility of a mobilization of our forces. He importuned Sazonoff not to rush into military measures that might prove prejudicial to the work of peace proceeding still in diplomatic circles.

With the solution of the diplomatic problem I was not involved. Nicholas Nicholasievitch had known how to spare the Czar the "presence" of all inconvenient advisers and that signified my "presence" conspicuously. The Czar in those days just prior to the war was entirely under the influence of his uncle.

If it now develops that behind my back General Januschkevitch sought to substitute and set in motion instead of the partial mobilization a general mobilization, I can only say this is news to me—an undertaking that at the time was cleverly concealed from me. Januschkevitch was an able and farseeing man. Of his own motion he could not have formed any plan for this criminal deed. There can be no doubt whatever that he was guided throughout by a person whose influence with the Czar was so great that Januschkevitch himself ran not the slightest risk whatever.

We know now that instead of the partial mobilization determined on the 28th of July, almost a complete mobilization was declared on the 29th of July.

Behind my back some one had evidently undertaken to extract from the Czar authority for a general mobilization. Manifestly, Nicholas Nicholasievitch had constrained the assent of the Czar to this. But His Majesty, after the arrival of the letter from Emperor William, had thereupon once more modified his command.

When he transmitted this ultimate decision of the Czar to the general staff, General Januschkevitch added that the Kaiser (thus in the original. The Czar is meant) took full responsibility upon himself for the partial mobilization.

X. TALKS BY TELEPHONE

After the arrival of the letter from Emperor William the subsequent progress of events took a rapid course.

About midnight of the 29th-30th of July the Czar called me on the telephone from Peterhof and communicated to me the contents of a telegram received from Emperor William. The Kaiser therein implored the Czar to suspend our partial mobilization, but said not a word about the suspension of any mobilization in Austria. Nor did he promise that this power, which had been the first to have recourse to such an expedient, would abandon it.

As I had not myself seen the Czar since the 28th day of July, I was, as may readily be understood, somewhat staggered by this telephone talk. The Czar, it became at once clear to me, must be somewhat shaken in the confidence he had reposed in the advice he received behind the curtains or on the back stairs. If the Czar was now firmly resolved to meet the wishes of the German Emperor, a direct order would have to be given to suspend the mobilization. For any such step the Czar did not find sufficient strength of purpose. In my opinion the reason was that such a step would not accord with the

point of view of his trusted adviser, from whose influence he would indeed gladly have been freed, but whose influence he could not of himself shake off. In his position, between hammer and anvil, the Czar chose a middle course, whereby responsibility, as he thought, was shifted to other shoulders.

"Is it not possible," he asked me, "to stop the mobilization?"

Over the telephone I replied that the mobilization was not a mechanism that at one's mere will could be halted and then set in motion again, like a wagon. As regards the partial mobilization, I deemed it my duty, if a command on this point were to be issued, to say that subsequently much time would be necessary to restore normal conditions for a fresh mobilization throughout the military districts. I begged the Czar for that reason, in view of the importance of the subject, to ask further advice upon it from the chief of the general staff. With that our talk ended.

After some little time, but on this same night, Januschkevitch called me on the telephone and informed me of a talk with the Czar, in the course of which his answer harmonized with that I had likewise given His Majesty.

Thus it transpires that neither Januschkevitch nor myself received any order for a suspension of the partial mobilization. We had not the right to undertake any arrangements of any kind with reference to it; we were still less justified in such a thing from the additional detail that the partial mobilization against Austria was determined not by the Czar alone but by the crown council of the 25th of July. Under such circumstances Nicholas II did not find strength of purpose to countermand his order without the support of the minister for foreign affairs, who had received the mandate from the crown council. The decision of this matter lay in the hands of those who conducted foreign affairs and with those forces which were effective on the back stairs, the control of which was impossible to me.

XI. SNUBBED

On the morning of the 30th of July I begged an audience of the Czar for the sake of making my report to him.

I received no reply.

Can the Czar have been then so busy that in those critical hours he could not receive the minister of war with his report?

Between the hours of 1 and 2 on that same afternoon Januschkevitch informed me by telephone that he had received from Sazonoff the "all-highest" command to publish a general mobilization order for both army and fleet.

This decision had been reached in consequence of the latest intelligence received from Berlin.

When Januschkevitch informed me of this it was already at the latest 2 o'clock in the afternoon. It was subsequently established that the questionable telegram from Berlin of our Ambassador Sverbleff could not have been received until the evening of that 30th of July.

This ambassador died not long ago. It has been granted me to make an examination of some notes left by him. In the course of these records of his he makes mention of the telegram of the 30th of July. It may be of interest to observe what Sverbleff himself said of these things on August 28, 1920, in Athens:

"I was put in a position to inspect some diplomatic documents of the Berlin cabinet (published by M. Kautsky), and among them I found two papers.

"One was a telegram from Herr Bethmann-Hollweg to the Count Pourtales. I no longer recall the date. Another was a dispatch from the Bavarian minister to his Government on July 31. In these I am censured for having at least hastened, if not actually helped along, the outbreak of the war because I am alleged to have sent on to St. Petersburg without previous verification the false news of a German mobilization.

"As for the denial with which I followed up my telegram, that would not, according to the Berlin cabinet, prove sufficient, seeing that I did not decide to confess my error candidly.

"Now, here is an exact account of what happened.

"As I have already narrated elsewhere, the *Lokalanzeiger*, official organ of the Government, had on the day previous, the 29th of July (Sukhomlinoff says the 30th is really meant), through the medium of an extra edition, spread the news that Germany was mobilizing. I was informed of it by telephone by the representative of the St. Petersburg agency at 2.25 p. m. (I remember the hour exactly.) I had barely time to send a telegram when the same agent telephoned me that the editors of the *Lokalanzeiger* denied the news it had previously published. It accounted for the origin of the error with an explanation only slightly plausible.

"Without delay I sent a second telegram to Monsieur Sazonoff, in which I begged him to consider the previous one as null, void, and not received.

"A quarter of an hour later—it was now 2.40 p. m.—the counselor of the embassy, Monsieur Bronevsky, came and told that, besides presenting his apologies, the Secretary of State had asked him over the telephone to tell me the news of the mobilization was

false and that all the issues which had been made ready by the publishers for all eventualities and put in circulation at 1 o'clock in the afternoon were already confiscated.

"Without losing an instant I sent a third telegram giving the purport of the communication from the Secretary of State. Hence all my three telegrams had been sent, and I had every reason to hope that they would reach their destination one after another at short intervals.

"On reaching St. Petersburg I learned that matters had turned out differently. The first was received at about 4 o'clock in the afternoon, while the two others were decidedly delayed. The official denial had not reached its destination until about 9 o'clock in the evening.

"What may have been the reason of this delay, I do not know. I have been told by competent persons who were involved at Berlin in the events preceding the war that the German Government—eager that the denial above mentioned should not be known too soon in St. Petersburg—had held back my last two telegrams.

"Not being able to guarantee the authenticity of this information, I have persisted merely in giving the exact details of the episode that brought down upon me the unjust censure of the Berlin cabinet. (Note by G. Cleinow to the German edition of Sukhomlinoff's memoirs: The actual facts of this matter have since been documentarily established without prejudice one way or the other. The suspicion (that the telegrams were delayed by the Berlin Government) is wholly unfounded. The detail is moreover immaterial, since through the revelation of General Sukhomlinoff, as well as that of Ambassador Sverbleff, it is clear that Sazonoff had put through the general mobilization with the Czar even before the news of any mobilization came in from Berlin. General Sukhomlinoff says plainly: 'It was at the latest 2 p. m.' when Januschkevitch gave out the Czar's order for a general mobilization, whereas Sverbleff's telegram from Berlin 'could have been received only in the evening of July 30.' Sverbleff says specifically, 'the first telegram was received in St. Petersburg toward 4 o'clock in the afternoon.')

"It is due to the editors of the journal (the *Lokalanzeiger*) to say that the Secretary of State explained the mistake to me in this way: On Wednesday, July 28, was held at Potsdam a council of war and it had been expected that the mobilization would then and there be decreed. The *Lokalanzeiger* had accordingly prepared copies for the purpose of giving the news to the public—copies which were circulated in the street by office boys."

XII. THE CZAR ASKED TO STAY AT HOME

My next report to the Czar was to be made personally on the 1st of August.

Meanwhile I was informed from Peterhof that the Czar wished to receive the Minister of War with his report on the 2d of August in the Winter Palace after the court ceremonies.

This "court" took place on a Sunday.

After the church ceremonies the Czar delivered an address to the assembled representatives of the army. To more than 4,000 officers were the inspirational words of imperial greeting then addressed.

When later I was received to make my report, His Majesty was most gracious. He thanked me for the brilliant and orderly execution of all mobilization details, employing the warmest words and embracing me as well.

Our Emperor was not so fortunate as to avoid war. As it was decided, apparently, that he would himself take command of the army in the field, the cabinet meeting, in view of the impending departure of His Majesty for the front, was held in Peterhof at the so-called "Ferma."

To this ministry His Majesty meant to give due powers and authority during his absence from the capital and he was now to signify and verify their nature and extent. The "Ferma" was really a pavilion in the park, a hall with small antechambers of the oddest construction, furnished fantastically. In the middle of the great hall stood a table around which some 20 or 25 persons could find seats. The furniture dated from the reign of Catherine. On the walls were equally ancient etchings, pictures of old castles, hunting scenes, representing the life of the seventeenth century. Portraits of individuals in high pompadour wigs, ruffles, frills, and tremendous encircling collars looked down upon the gathering.

To this "Ferma" the Czar came afoot, with no escort whatever and with no sword, just as if he had to do with an ordinary everyday gathering.

Now, as I set down these lines, nearly nine years after those days, when the critical, history-making question of whether the Czar should head the fighting army, was decided—to-day, when facts are at hand permitting a judgment regarding it all—I can indeed absolve the sovereign from the guilt of failing to show strength of will when he gave up his intention on the ground that I had made the necessary preparations for the war and for the conduct of the armed forces.

Better indeed would it have been if clearness had prevailed on this point before. Then the swapping of horses while crossing a stream would not have been necessary.

XII. HE DID NOT GO

Kicking a dead lion is not a sport I ever liked. Our unfortunate Czar has now to answer before the highest throne of all for his doings. Yet I should like to make clear how guilty I must feel in my own eyes had I not protested energetically against the opinion of all others there gathered for the cabinet conference—had I not affirmed that His Majesty ought not—confronted now, as he was, by the actual catastrophe—to abandon the purpose he had previously formed of personally taking the field with his troops.

During the meeting at the "Ferma" there sat on the right of the Czar, who presided, Goremynkin in his capacity as prime minister. To the left of His Majesty I myself, as minister of war, was established. The declaration of the Czar was that he, before he took the field with the army, wished to confer certain powers upon the cabinet so that decisions could be taken efficiently during his absence without delay and without bureaucratic interference. Thereupon Goremynkin was besought by His Majesty to express an opinion.

The mere framing of this treaty made it apparent to me that on the part of the civil power nothing whatever had been thought out in justification of the original wish of the Czar. The aged prime minister indeed, almost with tears in his eyes, implored the Czar in view of the political situation not to leave the capital. He dwelt upon the peril to the country involved in the absence from its seat of government in Russia's difficult crisis of the official head of the realm. The address was in truth moving and made a tremendous impression upon the Czar.

These representations were warmly indorsed by the minister of agriculture and lands, Krivoschein, who vehemently affirmed that the Czar ought to stay in the administrative center of the vast state machine. He urged his point with such feeling that a powerful impression was produced upon the mind of the Czar. Then spoke up Schtscheglovitoff, the experienced professor. With his calm and quiet exposition, which he enforced by means of historical parallels, bringing in Peter the Great and conditions in the Prussian camp of those days, he persuaded us all that there was good reason why the Czar should remain at the helm of the administration. After Schtscheglovitoff other participants in this meeting spoke to the same effect.

Then it was my turn to speak.

His Majesty turned to me and remarked:

"Now, let us see what our minister of war has to say to this."

"As minister of war," I declared, "I must say that the army would be delighted to see its all-highest commander in its midst—all the more so since I know this to be also the eager desire of your Majesty. Upon this assumption the general staff laid its plans and it has taken it for granted in its scheme of operations in the field. Yet as a member of the ministry I stand alone now in my opinion. In the face of so united a front on the side of my colleagues I have no moral right to stand alone as the only one in opposition."

"This means," concluded the Czar, "that even the minister of war is against me."

He persisted no further in his contemplated departure to the army.

XIV. BEHIND THE CURTAINS

Whoever wishes to be well grounded in the backstage history of the war should give particular attention to the days covering the period in which Poincaré's visit to the Czar occurred as well as to the days of that next series—from, say, the 24th to the 28th of July, 1914.

I am firmly persuaded that during this interval the decision regarding peace or war was made in the light of the understanding arrived at by Grand Duke Nicholas Nicholasievitch, Sazonoff, and Poincaré to frustrate every effort at a peaceful solution under all circumstances.

During and after the visit of Poincaré I was cut off from the Czar until the 2d of August when the war machine had already been set in motion by diplomacy. A stop or a halt was possible only through a breach of the pledge given by the Czar to the ally.

During all those days I was systematically hindered from being alone with the Czar. I was likewise systematically prevented from gaining an insight into the existing political situation.

Sazonoff and the Grand Duke, until the departure of the President of the French Republic, acted behind closed doors or on the back stairs. After the crown council of the 25th of July, sustained by the resolution taken therein and by the mandate from the foreign minister, they acted wholly without contact with the minister of war.

The Grand Duke had then chiefly to play the part of the one who inspired the mood of the Czar with a warlike spirit and to retain him in that state of mind. Sazonoff conducted himself in the fashion and worked in the direction suggested from Paris by Isvolsky, whereby, as may be seen from the treatment accorded Syverbieleff's telegram from Berlin, all information likely to leave an open door for peace was held back.

Sazonoff in all these doings was not the dominant personality. He was indebted for his post as foreign minister chiefly to his family connections and to the harmony between his conceptions of eastern policy with those of Isvolsky, the Grand Duke Nicholas Nicholasievitch, and the two Montenegrin princesses. Without having any fundamental experience in the field of diplomacy, Sazonoff was a man of culture and cleverness above the average, although very dependent upon such of his fellow workers as, like Count Tatistcheff, were more experienced politically than himself. In the sessions of the cabinet he defended the propositions brought forth by his department with energy. In the discussion of questions that concerned only other ministers he took no part.

I never had any difference with the foreign minister. Our rigidly correct intercourse was determined chiefly by the relations established for us through our official posts. The nature of our official intercourse was reflected even in unofficial ways. There were between us no enduring points of contact, since I had little concern with diplomacy, and Sazonoff did not interest himself in military affairs. His plan for the landing on the shores of the Bosphorus showed me how little he understood military matters.

Januschkevitch, the pliant creature of the grand duke, acted under his direct guidance. The extent to which this took place I had no means of controlling. As a result I knew nothing of the fact that the general subordinate to myself was daily with the Czar and reported behind my back. I thought I had arranged with the Czar that the chief of the general staff was to be asked to make reports only in the presence of the minister of war. It seems, however, that the Czar as early as the 25th of July, felt himself to be acting in the capacity of commander in chief, and for that reason believed—quite in the manner of the precedent set by his talks with Kurapatkin during the Japanese War—he could deal directly with the chief of staff by going over the head of the war minister and still not affront the latter. * * *

The grand duke, as well as Sazonoff, knew that I could advance powerful considerations in favor of the maintenance of peace in that summer of 1914. For that very reason they prevented me from advancing them at the most timely moment.

They were only too successful.

XV. A MASTER OF MENBACITY

No worthy representative of his government in St. Petersburg was the French ambassador—Paleologue.

Instead of working earnestly, he gave himself up to teas and empty chatter; he was influenced by gossip, and he did not disdain the acquaintance of even Gregory Rasputin. In his volume of recollections dealing with his stay amongst us, he contrives to tell many a fable. Anyone with even a casual acquaintance with the character of the Czar Nicholas II and his mode of speech would not believe a word of Paleologue's.

APPROPRIATIONS FOR DEPARTMENTS OF STATE, JUSTICE, ETC.

The PRESIDENT pro tempore laid before the Senate the amendment of the House of Representatives to the amendment of the Senate No. 19 to the bill (H. R. 8350) making appropriations for the Departments of State and Justice and for the judiciary, and for the Departments of Commerce and Labor for the fiscal year ending June 30, 1925, and for other purposes, which was, in lieu of the matter proposed to be inserted, to insert the following:

expenses and per diem in lieu of subsistence (and the Secretary of State may allow per diem in lieu of subsistence for foreign travel at not to exceed \$8).

Mr. JONES of Washington. Mr. President, I desire to make a request which I think will take but a minute. In agreeing to the conference report on the appropriation bill for the Departments of State and Justice and Commerce and Labor the House agreed to one amendment with an amendment. I desire to move that the Senate concur in the amendment of the House to the amendment of the Senate.

The PRESIDENT pro tempore. The Senator from Washington moves that the Senate concur in the amendment of the House to the amendment of the Senate. The question is on that motion.

The motion was agreed to.

SETTLEMENT OF INDEBTEDNESS OF HUNGARY

Mr. SMOOT. Will the Senator from Nevada yield to me? I desire to report a bill from the Committee on Finance and to ask for its immediate consideration.

Mr. PITTMAN. I will yield, reserving the right, if debate occurs on the bill, to object.

Mr. SMOOT. If the bill leads to any debate at all, I will withdraw it.

From the Committee on Commerce I report back favorably without amendment the bill (H. R. 8005) to authorize the settlement of the indebtedness of the Kingdom of Hungary

to the United States of America. I ask unanimous consent for the present consideration of the bill.

The PRESIDENT pro tempore. Is there objection?

Mr. SMOOT. I wish to say to the Senate that the settlement that is made with Hungary is exactly the same as the settlement which we have made with England and with Finland.

Mr. WALSH of Montana. Reserving the right to object, I ask that the bill be read.

Mr. PITTMAN. Then I shall have to object, because I can not consent, in view of the circumstances, to have the time taken up now.

Mr. SMOOT. The bill is to settle the debt to us from Hungary in the sum of \$1,939,000.

Mr. PITTMAN. I am sorry that I can not yield.

The PRESIDENT pro tempore. Objection is made by the Senator from Nevada to the consideration of the bill.

WAR DEPARTMENT APPROPRIATIONS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7877) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1925, and for other purposes, the pending question being on Mr. PITTMAN'S amendment, on page 96, after line 6, to insert:

That paragraph (1) of section 4 of the interstate commerce act, as amended, is amended to read as follows:

"(1) That it shall be unlawful for any common carrier subject to the provisions of this act to charge or receive any greater compensation in the aggregate for the transportation of passengers, or of like kind of property, for a shorter than for a longer distance over the same line or route in the same direction, the shorter being included within the longer distance, or to charge any greater compensation as a through rate than the aggregate of the intermediate rates subject to the provisions of this act, but this shall not be construed as authorizing any common carrier within the terms of this act to charge or receive as great compensation for a shorter as for a longer distance: *Provided*, That upon application to the commission a common carrier may, after public hearing, be authorized by the commission to charge less for longer than for shorter distances for the transportation of passengers or property only in a case where the route via the applicant carrier or carriers is longer than via the route of some rail carrier or rail carriers between the same points; but in exercising the authority conferred upon it in this proviso the commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed; and if a circuitous rail line or route is granted authority to meet the charges of a more direct rail line or rail route to or from competitive points and to maintain higher charges to or from intermediate points on its line, the authority shall not include intermediate points as to which the haul of the petitioning line or route is not longer than that of the direct line or route between competitive points: *Provided further*, That the commission may, with or without hearing, upon its own motion or upon application of carrier or shippers, in cases of emergency, such as drought or disaster, authorize during the continuance of said emergency any common carrier or carriers to charge or receive a greater compensation for a shorter than for a longer distance.

"Where any common carrier has, or common carriers have, in effect any rate, fare, or charge which is less for the longer than for the shorter distance between two points (the shorter being included within the longer distance), and which has been authorized by the commission or as to which application was filed with the commission on or before February 17, 1911, and not yet acted upon by it, such rate, fare, or charge shall not become unlawful (except by order of the commission) until after 12 months following the passage of this amendatory act; nor shall such rate, fare, or charge in effect via circuitous rail carrier or rail carriers become unlawful if it shall have been authorized by order of the commission, after public hearings based on no less a showing than that upon which the commission is herein authorized to grant relief: *Provided*, That nothing in this section contained shall prevent the commission from authorizing or approving departures from the provisions of this section in so far as applicable to import or export rates, including rates applicable to traffic coming from or destined to a possession or dependency of the United States, or to a block system of express rates established by order or with the approval of the commission, or permitted by it to be filed."

Paragraph 2 of section 4 of the interstate commerce act, as amended, is hereby repealed.

Mr. PITTMAN. Mr. President, under the rules there may be presented at 1 o'clock—and that is the understanding—two points of order against my amendment. One of those points of order is on the ground that the amendment is not germane and relevant to the subject matter of the bill under consideration. If that point of order be made at 1 o'clock, then it will be the duty of the Chair, under paragraph 3, Rule XVI, to submit

the question without debate. It is therefore very material, in order to have an understanding as to how we are going to vote on the matter, to consider the question whether or not the amendment is germane.

There is another point of order that may be made under the rules, and that is that the amendment is general legislation to a general appropriation bill. I desire to discuss those two questions.

In determining whether the amendment is germane it is necessary, in the first place, to ascertain the purpose of the bill; and, in the second place, to ascertain the purpose of the amendment. The object of the bill—at least, of that portion of it which I seek to amend—is to appropriate money for the improvement of and making navigable our inland waterways and for the improvement of the Panama Canal. The amendment which I offer has for its purpose the prevention of acts by the Interstate Commerce Commission that will make futile those appropriations.

The purpose of the appropriation for harbors and inland waterways and for the Panama Canal is to place them in a condition where they will encourage and make possible transportation by water. If one of the departments of this Government is conducting its affairs contrary to law and in a manner that will make navigation on the inland waterways impossible, then it is certainly germane and relevant to place some safeguards around the appropriation.

At the start I charge that there is no water transportation on inland waterways, and I charge that the evidence discloses that there never can be any transportation on the inland waterways if the construction now given to the law and the practices being followed by the Interstate Commerce Commission shall continue. In other words, unless there is some qualification placed in this bill with regard to the manner of the use of these appropriations, they will be wasted and useless. That is the whole situation.

Now what is the existing law, which I contend that the Interstate Commerce Commission are violating to the destruction of water transportation? It will be found in the transportation act of 1920, commonly known as the Esch-Cummins law.

Section 4 of that act, which has been on the statute books since 1887, provides that no common carrier shall charge more for a short haul than a long haul, or, reversing the language, that the Interstate Commerce Commission shall not grant authority to a railroad to charge less for the long haul than for the short haul. They may charge exactly the same amount; they may charge as much, if they please, under the policy of Congress, to haul freight from New York to St. Louis as they do from New York to San Francisco; that is permissible under the fixed law of this country; but they can not charge more for hauling freight from New York to St. Louis than they charge for hauling it from New York to San Francisco.

Mind you, Mr. President, Congress attempted to relieve from that stringent rule, and how did they attempt to do so? They put a proviso in that act. It was not the first proviso; there have been several of them; but in the act of 1920, when we were trying permanently to regulate the commerce of this country, when Congress desired to treat transportation as a national system, they put in this proviso:

Provided, That upon application to the commission such common carrier may in special cases, after investigation, be authorized by the commission to charge less for longer than for shorter distances for the transportation of passengers or property; and the commission may from time to time prescribe the extent to which such designated common carrier may be relieved of the operation of this section; but in exercising the authority conferred upon it in this proviso the commission shall not permit the establishment of any charge to or from the more distant point that is not reasonably compensatory for the service performed.

Now, let us see what the construction is that is placed upon the act. I will first read the construction which Congress itself placed upon the act. By turning to page 141 of the interstate commerce act we find this language:

SEC. 500. It is hereby declared to be the policy of Congress to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States, and to foster and preserve in full vigor both rail and water transportation.

Congress so declared again in the transportation act of 1920, where the provision is included which I have just read.

When the chairman of the Senate Committee on Interstate Commerce presented to the Senate the transportation act of 1920 he explained to the Congress the meaning of this new provision in section 4 of the interstate commerce act. What did

he say? Remember, Mr. President, he was speaking for the committee and he was speaking as the author of the bill. This is what the Senator from Iowa [Mr. CUMMINS] had to say at that time:

We have said in this bill that the Interstate Commerce Commission can give the authority to charge more for the shorter than the longer haul, but in giving the authority it must find that the rate which is charged by the railway company for the longer distance is a compensatory rate as distinguished from an out-of-pocket cost rate. There is a great difference between those two things.

The Senator from Iowa continued as follows:

A compensatory rate, I assume, means a rate which will enable the railway company charging it to defray the cost of maintenance and operation and that will also bear its just share of the return upon capital.

I wish to say that I am not presenting this question here purely as a perfunctory matter. I consider it one of the most important questions that we have had before the Senate, and I know that a good majority of Senators recognize the outrage that is being perpetrated by the action taken by the Interstate Commerce Commission and desire to change it. There are many Senators here, however, who do not believe that they have a right to consider this amendment by reason of it being offered to an appropriation bill, and that is the question which I am now discussing.

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

Mr. PITTMAN. Yes.

Mr. SPENCER. I am very much interested in what the Senator is saying. I am inclined very much to agree with him, but I should like to ask whether, before he concludes, he intends to discuss the statement he has just made, for it is in that regard that I have my greatest doubt?

Mr. PITTMAN. That is exactly what I am moving to now.

I wish to read again what the Senator from Iowa [Mr. CUMMINS] said in presenting the bill which became the transportation act of 1920:

A compensatory rate, I assume, means a rate which will enable the railway company charging it to defray the cost of maintenance and operation and that will also bear its just share of the return upon capital. I take it that the word "compensatory" is used in that sense. Therefore, in the case put by the Senator from North Carolina, if the charge for the longer distance was not a compensatory charge, the Interstate Commerce Commission would have no authority to grant the right to charge more for transporting the sugar, or whatever it may have been, over the shorter distance than it charged for transporting it over the longer distance. I think this amendment will go very far toward correcting the manifest abuses which have crept into the law. I think that the Interstate Commerce Commission could have prevented very many of those abuses by proper and correct rulings upon the law as it is, although I do not criticize it in that respect, for its work has been very difficult.

Mr. BORAH. Mr. President, I did not understand what the Senator is reading from.

Mr. PITTMAN. I am reading from the speech of the Senator from Iowa [Mr. CUMMINS], the chairman of the Interstate Commerce Commission, at the time he presented to the Senate the transportation act of 1920, and when he was explaining the meaning of the proviso to section 4, which required that where the charge to the more distant point was less than to the intermediate point it, at least, had to be compensatory, and in which he stated that it was different from an out-of-pocket cost; that it had to earn more than that.

Now, let us see, for instance, what Mr. Justice Brewer's opinion was on this very matter. I refer to page 9 of the hearings, in the statement made by Mr. Campbell, of the Interstate Commerce Commission. Here is what Mr. Justice Brewer had to say in the case of the Morgan Grain Co. v. Atlantic Coast Line Railroad Co. (19 I. C. C. 460, p. 470):

Compensation implies three things: Payment of cost of service, interest on bonds, and then some dividend.

The Supreme Court of the United States, in Northern Pacific Railway Co. v. North Dakota (236 U. S. p. 585), quotes that definition of compensation as correct.

Now, let us see what the definition is that is given to this by the Interstate Commerce Commission. Here is the criterion laid down by the Interstate Commerce Commission; and notice how different it is from that laid down by the Supreme Court of the United States and laid down by the Senator from Iowa, the chairman of that great committee, when he presented this amendment. Here is the criterion laid down by the Interstate

Commerce Commission, upon which they decide these applications for departure:

A rate properly so described must (1) cover and more than cover the extra or additional expenses incurred in handling the traffic to which it applies.

There is quite a difference in that; but, mind you, if that language is not sufficiently definite, I want to turn to the testimony of Mr. Hall, the chairman of the Interstate Commerce Commission, who testified before our committee on this very act a few weeks ago. He is speaking for the majority of the commission. He is speaking, in fact, for every member of it except one member, and that is Mr. Campbell, who dissented. Now, remember, it was only a week or two ago that the chairman of the Interstate Commerce Commission gave his construction of "reasonably compensatory"; and what did he say? Here is what he said:

Senator PITTMAN. But right now you are not prepared to say on a shipment of steel, for instance, what part of the compensation is a fair return on those roads, are you?

Commissioner HALL. No; I don't know how you could get at it. Perhaps some of the gentlemen representing the carriers can, but I don't know.

Now, listen to this, Senators:

Senator PITTMAN. How do you get at the question as to whether the charges at the distant point are reasonably compensatory?

Commissioner HALL. I have said to you, sir, that while I am not satisfied with the answer, the nearest I have gotten to an answer in my own mind is that if, as the net result of getting the additional traffic at the lower rate, the carrier has an increased net revenue, then it may be said that that additional traffic has been reasonably compensatory under the circumstances.

Look at the difference between those things. If it pays anything over and above the cost, it is reasonably compensatory; and yet the Supreme Court of the United States says "compensation" means sufficient not only to pay costs and maintenance but to pay interest on bonds and some dividends. That is the same attitude that was taken by the Senator from Iowa when, as chairman of the committee, he presented this very provision. Mind you, it had the construction of Congress before the act was passed, while it was being considered; and in spite of that the Interstate Commerce Commission up until this very hour is refusing to accept that interpretation of it, and continuing to construe "compensation" to mean "out of pocket costs."

Now, let us see what the railroad construction is of this provision.

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

Mr. PITTMAN. I yield.

Mr. OVERMAN. This great contest has been going on here for 15 years. We had a debate on it for two weeks 10 years ago and thought we were arranging this matter so that the people would be protected against unjust discriminations. Then we had it again later on. The Interstate Commerce Commission differed with the intention of Congress, it seemed, and we passed another amendment, and still the law is construed against the will of Congress so as to permit discriminations. If the Senator's amendment should be adopted, what assurance have we that the Interstate Commerce Commission will not construe the law so that the relief the Senator asks for will not be obtained? That has been my experience for 15 years.

Mr. PITTMAN. The Senator is entirely right; and the only way we can possibly remedy the situation is to state that they shall have no discretion whatever in varying from section 4 to meet water competition.

Now let me read to you what the railroad construction of this proviso of section 4 is. I take it from the hearings recently had before our committee at page 426:

The CHAIRMAN. Mr. Spence, in asking for relief, what are the main reasons that prompt that request?

Mr. SPENCE. The sole reason, Mr. Chairman, is that the rail carriers may obtain, or recover, I might say, a share of the traffic that is going by sea or by water.

The CHAIRMAN. Is that tonnage that you desire to recover profitable to your carrying by rails?

Mr. SPENCE. It is profitable in the sense that it yields a return of about what it costs to handle the extra traffic.

The CHAIRMAN. It yields a return above the cost?

Mr. SPENCE. Yes, sir.

That is the railroad construction of it; that is the Interstate Commerce Commission construction of it; and that is diametrically opposed to the construction placed upon the provision by Congress when they were debating it here and by the

Supreme Court of the United States in defining what "compensation" means.

Now, let us see. What do the water shippers of the country have to say about this proposition?

Here is a statement by Mr. Lyon, representing a great number of water shippers, in the hearings before the committee a few weeks ago, when we were discussing this matter. At page 626 he says this:

The granting of the application would practically destroy the water lines, or at least certainly reduce their ships to one-half the number they now have.

Senator GOODING. The granting of this application?

Mr. LYON. Yes; and there is no reason why they should not take all the business if they can do it on a rate which is something over their 40-cent rate, using that to illustrate; if they can get 50 per cent of our business, I see no reason why they should not get 99 per cent of it.

Now, let us see. What hope is there that the Interstate Commerce Commission will change their attitude on this subject? Is there any? As the Senator from North Carolina [Mr. OVERMAN] says, have we not tried it out for 30 years? Has not the chairman of the commission come before the Interstate Commerce Committee in the last few weeks and given his testimony as to how he will continue to construe it? Even though his attention was called to the speech of the Senator from Iowa, he still maintains his position.

Now, I want to see what chance there is to change this matter. I want to read from the testimony of Mr. Campbell, of the Interstate Commerce Commission. He testified before us a few days ago. He is in favor of the construction given by the Senator from Iowa and by the Supreme Court of the United States, and when a case came up on departure he so voted; but he was the only one of the whole commission who voted for that construction. The others voted for the construction given it by Mr. Hall, the chairman of the commission.

Now, listen to what took place:

Senator PITTMAN. I also understand from your statement that it is your opinion, or your view as a commissioner, that the commission has not carried out the intent of Congress in the administration of this act.

Commissioner CAMPBELL. Well, I would not put it that broad. I would say that they have not carried out what I think Congress intended. Of course, the majority think they have, and they may be right.

Senator PITTMAN. But that is your opinion?

Commissioner CAMPBELL. Yes; that is my opinion.

Senator PITTMAN. You have referred to a particular dissenting opinion there. How many members of the commission joined you in that dissenting opinion?

Commissioner CAMPBELL. Which one was that?

Senator PITTMAN. It was in regard to 1922.

Commissioner CAMPBELL. About the reasonably compensatory rates?

Senator PITTMAN. Yes.

Commissioner CAMPBELL. I think none.

Senator PITTMAN. How many of the commissioners were there then and participated in that?

Commissioner CAMPBELL. I think all of the commissioners participated in that.

Senator PITTMAN. That is, there were 11 commissioners, were there not?

Commissioner CAMPBELL. Yes.

Senator PITTMAN. And there were 10 against it?

Commissioner CAMPBELL. I think so.

Senator PITTMAN. Is there any way of changing that policy of those 10 men, in your opinion, if Congress thinks that policy should be changed, except by direct legislation?

Commissioner CAMPBELL. No; I tried my persuasive powers, and I was not successful; so I think it is up to Congress.

Senator PITTMAN. And if Congress should agree with you, then, in your opinion, there is but one way of enforcing that policy on the part of the commission, and that is by mandatory legislation?

Commissioner CAMPBELL. I think so.

So, Mr. President, we have come down to the position where we know definitely what the attitude of the Interstate Commerce Commission is, and will continue to be if we do not enforce the construction of this proviso as intended by Congress what will be the result? The Interstate Commerce Commission must grant the applications now pending by the western roads for an out-of-pocket cost rate in competition with intercoastal water transportation, and subsequent applications to meet water competition on our inland waterways. Is not that true? How can they refuse an application to meet water competition when they have said to the rail carriers: "If it is essential to meet water competition, we will let you

haul goods in competition at cost." That is their rule; that is their interpretation of "reasonably compensatory," so they will continue to do it.

What would be the result of such action? Now, mind you, every western road has made application for departures from the fourth section.

Every western road is asking to have put into effect rates at the seaboard towns that are out-of-pocket cost. What will be the result? We have established a Shipping Board here in this country for the purpose of trying to encourage shipping, and what is said by the Shipping Board? We ought to take the advice of the Shipping Board on some matters, at least, or we ought to abolish it. I have already read the whole resolution adopted by the board, and I will not read it all again, but just a part of it. It is as follows:

Whereas it is believed by the United States Shipping Board that the application of the rail carriers is made in contemplation that it will drive the ocean carriers from this competitive trade through diversion of the commerce now being so carried in fair competition; and

Whereas any destruction of the favorable and economical competitive transportation of commerce from the Pacific to the Atlantic seabards through the Panama Canal would be injurious to the public interest: Now, therefore, be it

Resolved, That the United States Shipping Board convey to the Interstate Commerce Commission the protest of the United States Shipping Board against granting the application designated as fourth section application No. 12436.

What good does that protest do? They have been making that kind of protest for years. You can not protest against a court administering a law under the construction which it has already given to the law. The commission are simply violating the instructions of Congress; and, as Mr. Campbell said, there is no remedy except to take away from them the discretion to allow railroads to charge just the cost of transportation so as to put water carriers out of business.

Let us see what the Merchants' Association of New York has to say about this thing, and I am sorry the junior Senator from New York [Mr. COPELAND] is not here. He was very much interested in the matter the other day. This is what they said:

We believe the rates proposed by the applicants are lower than are necessary to meet legitimate water competition, and if they are permitted to become effective, will eliminate legitimate competition by the water lines. This situation will be most detrimental to New York and shippers in Atlantic seaboard territory, in that they will be deprived of rates, service, and markets to which, by reason of their geographical location, they are lawfully entitled.

To extend this territory of origin and to reduce the rates therefrom so materially as the carrier proposes in this application will create so great a disadvantage to the producers in Atlantic seaboard territory as to preclude their entering the Pacific coast markets in competition with middle western shippers.

For these reasons, therefore, the Merchants' Association of New York protests against granting the rail carriers' application, and respectfully requests that authority to establish the proposed rates be denied.

So this commercial body is opposing these rates, and they have always opposed them. But what good does it do? They know that under the rule established by the Interstate Commerce Commission they must grant them. They should know there is only one way to stop them from granting them, and that is to divest them of their authority to allow railroads to charge these confiscatory rates to put the water competition out of business. That is all this amendment does. This amendment has nothing to do with the regulating of railroads. It has nothing on earth to do with the long-and-short-haul departures as between direct and circuitous rail rates. It does not affect anything of that kind. It affects only these rates which these men are protesting against.

I see the junior Senator from New York has just entered the Chamber. I will say to him that I have just read a protest by the Merchants' Association of New York against this application of the western roads for relief under this provision of section 4. They say that it will destroy coastwise trade. They say that it will be unfair to New York, with its natural location on the water.

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

Mr. PITTMAN. I yield.

Mr. COPELAND. I would like to say to the Senator from Nevada that I am not only a Senator of the United States but I am a Senator from the State of New York, and live in the city. I have had protests that the passage of this amendment would militate against the business of the city of New York; that under the present arrangement we can get rapid railroad

transportation from New York to the Pacific coast, but if this amendment were to be enacted it would mean that the only way the New York merchant could send his stuff to the coast at the low rate would be actually by shipping it by the long water routes, which would involve weeks of time; that if the direct route were to be taken the price would be materially increased. I would like to ask the Senator from Nevada what the answer is to that criticism?

Mr. PITTMAN. I am sorry I have only 10 minutes and can not go over the argument I have just made. I have read what your merchants' association says, that the rates are too low from Chicago west, because they are cost rates; and yet that is in accordance with the rule laid down by the Interstate Commerce Commission, and they will follow it. If they give cost rates from Chicago to the Pacific coast and give cost rates from New York to the Pacific coast, the rates from Chicago will be lower. There is no question about that, because it costs less. If they give cost rates to the coast on all lines, the actual cost of the transportation, which is what their application asks for, Chicago, Toledo, and all points west of New York will have a lower rate to San Francisco, because the cost will be lower for hauling any commodity 2,000 miles than for hauling it 3,000 miles. Your commercial bodies oppose the granting of this relief, and yet they do not understand that it is going to be granted if the power is not taken away from the Interstate Commerce Commission. They think we are dealing with circuitous and direct rail routes. We have nothing to do with them. We deal only with water competition.

Mr. GOODING. Mr. President, may I say to the Senator from New York that there is no violation between New York and Chicago at the present time, and never has been. So your people, as far as that is concerned, are not interested in that feature. The great interests between New York and Chicago would not permit violations. Pittsburgh would not permit a violation. No point in the State of Ohio or any other point, where there are great industries strong enough, would permit violations. The railroads would not ask for them.

Mr. BORAH. Mr. President, the Senator from Nevada has only a few minutes left, as I understand the agreement, and I wish he would dwell somewhat upon the question of the point of order more directly, because that is troubling some more than the other question is troubling them.

Mr. PITTMAN. Very well; I will do that now. I have only gone so far into this matter for the purpose of showing that at least this amendment is germane to the legislation providing these appropriations. There is no question about that. That is why I went into it. It is germane, because the appropriations are futile unless there is some such provision in the law. I wanted to show that there must be a law to change the attitude of these people or they would not change it.

This amendment simply reaffirms existing law, and denies the authority of the Interstate Commerce Commission to violate it.

It simply restates every power the Interstate Commerce Commission was intended to have under section 4.

It simply adds provisions to protect the appropriation and insure the accomplishment of its purpose under existing law.

It is to direct the Interstate Commerce Commission not to obstruct or interfere with the encouragement and development of water transportation, which is provided for in section 500 of the interstate commerce act.

Similar provisions in the Panama Canal act were not only deemed germane but relevant and necessary. I refer to the provisions of that act which prevented the railroad companies from operating ships through the Panama Canal in competition with other ships. It was known that you had to do that or the railroad companies would not permit any privately owned ships to operate through the Panama Canal.

This is just as important to the Panama Canal as was the provision that railroad companies should not operate ships through the canal. It is just as germane, it is just as relevant, it is just as necessary. That shows, beyond question, the germaneness of the matter.

As to the other proposition, that it is general legislation, when there was pending in the Senate recently the celebrated Howard University dispute the junior Senator from Wisconsin [Mr. LENROOT] presented the following amendment to an appropriation bill:

For additional medical school, \$370,000.

A point of order was made against that on the ground that it was general legislation. What was the result? I read from the Record:

The PRESIDING OFFICER (Mr. CURTIS in the chair). The Chair overrules the point of order so far as it relates to general legislation, because the Chair is of the opinion that it is not general legislation. In accordance with the rule, the Chair submits to the Senate the question of whether or not the amendment is germane.

The Senator from Wisconsin, in trying to avoid the argument made by different Senators that it was general legislation, said:

The question often came up whether a given item or given language was general legislation or special legislation, and so the word "new" was used to cover them both, not items of appropriation, necessarily, but whether it was general or special legislation.

In the Howard University matter the amendment authorized the erection of a building for the benefit of a private institution, not a public institution, because the Howard University is not a public institution. If the authorizing of a building not provided for in general existing law was not new legislation, then certainly a reaffirmation of the existing law can not be held to be new legislation. This is nothing but a reaffirmation of existing law. It does not change a single thing in the law as understood by the Senator from Iowa, and as the Supreme Court held it to be. There is not a change in it. It is a reaffirmation of existing law.

If that is any different in principle from legislation authorizing the erection of a building, I do not understand it. As a matter of fact, I took the ground on the floor at that time that the Lenroot amendment was general legislation. I stated at that time that if the Senate sustained the Chair in that proposition, I would accept it as a rule, as I accept the construction of a law by the Supreme Court of the United States, although I may differ from it.

This is the situation: We made a rule. The amendment before us was subject to two constructions. The Senate of the United States construed it in that case. I stand on that construction, that the legislation authorizing the erection of a new building was not, in the interpretation of the rule, general legislation. Why was that ruling made? Because in the past there had been appropriations made for that purpose, and because those appropriation bills were existing law, or something of that kind.

This appropriation bill which comes before us to-day has new legislation in it. The committee amendments have legislation in them. The House has provided in an appropriation bill for the building of a new power plant at the Panama Canal. If it is understood that an appropriation bill is nothing but a supply bill, that it will do nothing but furnish money to carry out existing law, I stand by it, but if an appropriation bill is to be used as the medium of the legislative ideas of appropriation committees, and then the Senate, when it gets the bill before it, can not amend it to protect the appropriations in it, I am against it.

But I say now that the situation as it stands is simply that the Senate has held that it is only a question as to whether the amendment offered is germane and material. They have wiped out that provision of the rule requiring that no legislation shall be offered to an appropriation bill by the ruling in the Howard University case. They passed through this body an appropriation for the erection of a building for a private institution with regard to which there was no former legislation. We can not have a rule that applies to one case and does not apply to another similar case.

There is only one point involved in the proposition. Here is an appropriation to accomplish navigation by water. Here is an amendment that is admittedly essential to make that appropriation available. If we can put a limitation on an appropriation, at the same time we ought to be allowed to put safeguards on the appropriation. If we can not, then the appropriation is perfectly futile. That is my position in the matter. I contend that under the ruling in the Howard University case they wiped out the provision with regard to general legislation and narrowed it down solely to the question of whether or not it was in aid of carrying out a policy contained in a bill, and whether or not, having appropriated money for the university in the past, we could continue where it was necessary to make the formal appropriations available. That is the rule we have come down to, and if we are not going to enforce that rule then we are going to give to appropriation committees the right to use their great power of appropriation not for the purpose of supplying money to carry out existing laws, but for the purpose of using that committee for the purpose of initiating bills that will develop into law.

It seems to me, Mr. President, that the case is on all fours with the Howard University case. It seems to me the supreme court of this body, which is the Senate itself, has given its construction to a rule and it can not go back on the construction. It certainly should not go back on the construction in a case that is as vital as this case.

I have gone into the evidence during the last 15 or 20 minutes to show the absolute necessity for this kind of legislation, and to show that the appropriations are wasted, that they will be unavailing and useless without this kind of legislation. It is not general legislation in the sense that the Senate had in mind. It is not new legislation in the sense that the Senate had in mind. It is legislation which reaffirms existing law, which says to the Interstate Commerce Commission, "We will rewrite this law, although we do not change it from what we originally intended, but we do want to say to you that we grant this appropriation through the rivers and harbors act with the understanding that you shall not make futile these appropriations by a violation of the law." If that can not be done, then we have no method of adequately preventing a constant misconstruction of the law by one of our agents. This is not misconstruction by the courts. It is a misconstruction by the Interstate Commerce Commission, which is an agent of this body. This is special legislation with regard to rivers and harbors and intercoastal waterways. The amendment is not general legislation. It is special in that we are throwing a protection around this particular special subject.

Mr. WADSWORTH obtained the floor.

Mr. WARREN. Mr. President, I think there should be a quorum present before the point of order is made and discussed. Therefore I suggest the absence of a quorum.

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

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

Adams	Fletcher	McKellar	Shipstead
Ashurst	Frazier	McKinley	Shortridge
Bayard	George	McLean	Simmons
Borah	Gerry	McNary	Smith
Brandegee	Gooding	Moses	Smoot
Brookhart	Hale	Neely	Spencer
Broussard	Harrell	Norbeck	Stanfield
Bursum	Harris	Norris	Stephens
Cameron	Harrison	Oddie	Sterling
Capper	Heflin	Overman	Swanson
Caraway	Howell	Owen	Trammell
Coit	Johnson, Calif.	Pepper	Wadsworth
Copeland	Johnson, Minn.	Phipps	Walsh, Mass.
Cummings	Jones, N. Mex.	Pittman	Walsh, Mont.
Curtis	Jones, Wash.	Ralston	Warren
Dale	Kendrick	Ransdell	Watson
Dill	Keyes	Reed, Pa.	Wheeler
Edwards	King	Robinson	Willis
Ferris	Ladd	Sheppard	
Fess	Lodge	Shields	

Mr. SMITH. I wish to announce that my colleague, the junior Senator from South Carolina [Mr. DIAL], is absent on account of illness.

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

Mr. BORAH. Mr. President, will the Senator from Nevada yield to enable me to have something inserted in the RECORD?

Mr. WADSWORTH. I yield for that purpose.

Mr. BORAH. I have a communication from Mr. J. F. Shaughnessy, of Nevada. I do not know whether it has been put in the RECORD or not. May I ask the Senator from Nevada if it has been put in the RECORD?

Mr. PITTMAN. I think not.

Mr. BORAH. I ask permission to insert in the RECORD a statement by Mr. J. F. Shaughnessy, chairman of the Nevada Railroad and Public Service Commission, being a discussion of the merits of the pending amendment.

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

MAY 16, 1924.

Hon. WILLIAM E. BORAH,
United States Senate.

MY DEAR SENATOR: I desire to express appreciation for your kindness in allowing me a few moments out of your busy day and also your consideration in granting me the privilege of confirming by letter the few thoughts I am anxious to leave with you in support of the amendment for the correction of long and short haul rate abuses, which Senator PITTMAN has given notice he will offer to the rivers and harbors appropriation bill.

I am here in the interest of the people of Nevada, as one of their State officers, being the chairman of the Public Service Commission of Nevada, and we, with other Intermountain States, are petitioning the Congress for the aforesaid relief in order that we may have at least an equal opportunity from a transportation standpoint with the heretofore more favored Pacific coast terminal points.

As illustrative of the long and short haul rate situation which I brought to your attention, I beg to set forth the following examples, which you will note are in contravention of the declaration of Congress set forth in section 500 of the transportation act that—

"It is the policy of Congress to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States and to foster and preserve in full vigor both rail and water transportation."

WOOL RATES

For a haul of 3,200 miles from San Francisco to Boston the rate is \$30 per ton, whereas for a haul of 2,800 miles from Battle Mountain, Nev., to Boston (directly intermediate) "the shorter being included within the longer haul," the rate is \$60 per ton.

HIDES

For an average haul of approximately 3,200 miles from San Francisco to New York and Boston the Pacific coast jobber or broker may ship at a rate of \$30 per ton, whereas the actual producer, 800 miles inland, say, from Ogden or Salt Lake City, Utah, to New York City and Boston, the rate is \$40 per ton.

At the present time the transcontinental carriers have an application pending before the Interstate Commerce Commission for authority to establish long-and-short-haul rates on 43 commodities from Chicago to the Pacific coast terminals—San Francisco, San Diego, Los Angeles, Portland, Tacoma, and Seattle—while maintaining higher rates intermediate throughout Western and intermountain States, and the railroads operating south from Chicago likewise have an application before the Interstate Commerce Commission seeking authority to establish long-and-short-haul rates from Chicago to New Orleans, while maintaining higher rates at intermediate points. These discriminations I will illustrate by dry goods on the west bound application and by iron and steel articles on the southbound application.

DRY GOODS

For a haul of 2,300 miles from Chicago to San Francisco, for example, and intermediate Mountain-State points 800 miles inland, the rate is \$31.60 per ton. The railroads propose to maintain this rate at intermountain-State points and reduce the rate to \$22 per ton at the aforesaid Pacific coast terminals.

In this connection it is interesting to note that for a haul of 375 miles from Chicago to Scranton, Iowa, the rate is \$22.20 per ton. This rate the carriers propose to maintain and graduate the rates upward to a peak of \$31.68 per ton at all intermountain-State points, and then abruptly dropping the rate down to \$22 per ton to Pacific coast terminals on the plea of meeting water competition. In this behalf it may be stated, for your information, that the commercial tonnage handled by the intercoastal-water lines from the Atlantic coast to the Pacific coast terminals during the year 1923 was 3,277,000 tons, and the total commercial tonnage both east and west bound, exclusive of oil, was but 5,600,000, compared with which the all-rail tonnage handled by the transcontinental lines reaching the Pacific coast aggregated 248,000,000 tons for the year 1923, which was an increase of 25,500,000 tons over the previous year. In other words, of this all-rail tonnage the westbound intercoastal tonnage through the canal was but 1.3 per cent, and if the total coast to coast tonnage, including Gulf ports, amounting to 5,600,000 tons aforesaid, is contrasted with the all-rail tonnage of 248,000,000 tons, it will be noted that it is less than 2 per cent. There is about 5,500,000 or 6,000,000 tons of domestic traffic which the traffic managers of the transcontinental railroads estimate they can compete for and which if long-and-short-haul rates are granted on the basis of the application aforesaid, will enable them to take half of the tonnage away from the intercoastal transportation lines operating through the canal.

These traffic managers estimate there will be moving through the canal 6,000,000 tons, and that they should therefore secure 3,000,000 tons, but, of course, do not undertake to show, because it can not be done, how much more or less than this amount they may secure. It is admitted by some of them in testimony that they will take it all if they can get it. Others recognize that the reduction of their rail rates to the Pacific coast terminals may precipitate a rate war between the rail and intercoastal carriers which would require very much lower rail rates if they are to get any considerable amount of traffic. (Note how small the water traffic is, relatively.)

In any event the question is not only beset with great and unjustifiable selfishness, but the startling fact remains that the carriers are now attempting to voluntarily throw off a large amount of revenue for the purpose of taking a substantial volume of traffic away from the intercoastal lines, or of destroying them if then can. There are 141 ocean vessels in the canal trade from coast to coast with an investment of \$75,000,000, and the general counsel, Mr. Frank Lyons, of these intercoastal lines, testifying before the Senate Committee on Interstate Commerce, confirms the railroad traffic manager's estimate that the granting of the long-and-short haul rates will take away one-half the traffic and cut down their boats and investment one-half.

IRON AND STEEL ARTICLES

For a haul of 912 miles from Chicago to New Orleans the present rate is \$11.40 per ton, while to Meridian, Miss., for a haul of 712 miles, the rate is \$10.60 per ton, or graduated in proportion to distance. The railroads now propose to reverse this and to maintain said rate of \$10.60 at Meridian for the short haul and reduce the long haul rate at New Orleans to \$8.60 per ton.

As illustrative of their underlying motive here exemplified, Congressman CLEVELAND A. NEWTON of Missouri, testifying before the House Committee on Interstate and Foreign Commerce, February 26, 1924, on House bills 6647 and 8209, to create an inland waterways corporation for the promotion and protection of the Government-owned barge lines on the Mississippi River, and which bills have been favorably reported (see H. Rept. No. 875), shows at page 6 of the printed hearings that—

"The Mississippi barge line rate (between St. Louis and New Orleans) is 80 per cent of the rail rates that parallel the river, but the rail rates that parallel the river are but 58 per cent of the average rail rate of the country, so that the barge rate is not more than 50 per cent of the average rail rates of the whole United States."

Of course, the difference between the 58 per cent rate factor maintained by the railroads paralleling the river and the full 100 per cent rate basis is made up by the railroads charging higher rates at all interior points where river transportation is not available.

The Interstate Commerce Commission, in section 6 of the interstate commerce act as amended, 1920, is given authority to fix the minimum rate or rates at such a level in a case of this kind as to properly preserve and protect water transportation and to see that "both rail and water transportation shall be fostered and preserved in full vigor," as provided in section 500 of the transportation act; but, of course, as long as section 4 confers discretion upon the Interstate Commerce Commission to authorize the railroads to charge long-and-short-haul rates there is such a direct contradiction in terms that said section 500 will doubtless continue to be a dead letter.

Further illustrating, Congressman NEWTON, at page 8 of said printed hearings shows that the first-class rate for a haul of 494 miles from New Orleans to Fort Smith is \$38.80 per ton, while between St. Louis and New Orleans the rate is \$34.60 for a 700-mile haul, and from Dallas, Tex., to New Orleans, for a 515-mile haul, where there is no water transportation, the rate is \$41.70 per ton; that from Portland, Me., to New Orleans, for a haul of 1,085 miles, the rate is \$45.20 per ton on first-class freight, whereas from Kansas City to New Orleans, for a haul of 879 miles, the rate is \$44.50 per ton. Further, from St. Louis to New Orleans the first-class rate is \$35.60 per ton, whereas from St. Louis to Texarkana the rate is \$37.80, and from St. Louis to Dallas the rate is \$44.50.

STRUCTURAL STEEL

Further, the rate on structural steel from Pittsburgh to Galveston or Houston is \$17.50 per ton, whereas from Pittsburgh to Dallas, for a 350-mile less haul, the rate is \$20.40 per ton.

CEMENT

On cement, from St. Louis to Galveston, for a thousand-mile haul, the rate is \$7.40 per ton, whereas for a 350-mile less haul to Dallas the rate is \$9 per ton.

AGRICULTURAL IMPLEMENTS

On agricultural implements from Fort Madison, Iowa, to Houston, for a haul of 1,160 miles, the rate is \$24 per ton, whereas for a 300-mile less haul to Dallas the rate is \$25.60.

MOLASSES

On molasses, from New Orleans to Memphis, for a haul of 400 miles, the rate is \$5 per ton, whereas from New Orleans to Longview, Tex., for a haul of 391 miles, the rate is \$13.40 per ton; for a haul of 458 miles from New Orleans to Little Rock, Ark., the rate is \$9.40 per ton; for a haul of but 183 miles, from New Orleans to Jackson, Miss., the rate is \$5.90 per ton. For a haul of 1,093 miles, from New Orleans to Norfolk, Va., the rate is \$9 per ton, whereas for a haul of 737 miles to Asheville, N. C., the rate is \$12.70, and for a haul of 688 miles to Spartanburg, S. C., the rate is \$11.70 per ton.

This is illustrative of the long-and-short haul rates between water competitive points from the Gulf of Mexico to Norfolk on the Atlantic Ocean, with the higher long-and-short haul rates at intermediate North and South Carolina points. Other points could be named but these are fairly representative of the situation, and if the amendment here under consideration is passed, it will have the effect of correcting the highly preferential rail rates named to these Atlantic coast and Gulf ports, while at the same time preventing the prejudicially higher rates at North and South Carolina points. Likewise, it will correct the present prejudicial rates applied in Mississippi, Louisiana, Texas, Arkansas, and Oklahoma.

The long-and-short haul situation as affecting Louisiana may be illustrated by the table set forth below:

From—	Miles	Agricultural implements, rate per ton	Soap rate, per ton	Packing house products, rate per ton
St. Louis to—				
Alexandria, La.	692	\$16.00	\$12.30	\$15.20
New Orleans	885	12.80	8.55	11.20

FERTILIZER

The injustice of the railroad long-and-short-haul rates may be further illustrated by referring to the movement of fertilizer from Savannah and New Orleans to various points reached by water, compared with the higher rates for shorter hauls to intermediate points that do not have the benefit of water transportation.

On fertilizer for a haul of 678 miles from Savannah to Memphis, Tenn., the rate is \$5.29 per ton, whereas for a haul of 588 miles to Corinth, Miss. (directly intermediate), the rate is \$6.64 per ton; for a haul of 632 miles from Savannah to Vicksburg, Miss., \$4.95 per ton, whereas for a haul of 588 miles from Savannah to Jackson, Miss., the rate is \$5.63 per ton; for a haul of 718 miles from New Orleans to St. Louis the rate is \$5.20 per ton, and likewise for a haul of 776 miles to Louisville, Ky., is \$5.20;—whereas for a haul of 389 miles from New Orleans to Longview, Tex., and for a haul of 471 miles to Little Rock, Ark., the rates are \$5.50 per ton, and for a haul of 523 miles from New Orleans to Bonham, Tex., the rate is \$6.10 per ton.

These illustrations are self-explanatory. Many others could be given; but these will suffice, I believe, to show that the Western and Southern States are vitally interested in having the long-and-short-haul rate situation, now in effect for the purpose of meeting water competition, eliminated for the future. The Railroad Administration refused to authorize long-and-short-haul rates during its existence, and while since 1918, or for the past six years, we have been in a large part free from discrimination, we find the carriers setting the stage for a return to the old indefensible discriminations covering large sections of the country. The bill under way does not undertake to interfere with competition as between rail carriers and will only put a stop to the practice of carrying artificial rates to and from water transportation points, the burden of which must be carried by the intermediate States and communities. Further, by thus stabilizing the rate base, the policy of Congress may be carried out which provides that "both rail and water transportation shall be fostered and preserved in full vigor." It will eliminate the present uncertainty under which the intermediate sections labor at present; it will enable them to establish industries and manufacture raw products, of which the interior abounds; it will prevent the interior from being exploited, as at present, by being compelled to ship raw products long distances, leaving nothing at the point of production in the way of increased population and taxable property; and it will enable the people of the intermediate sections to gather and safely invest their own capital as well as bid for and secure outside capital for investment and development purposes, all of which can not be accomplished under the present plan of operation.

Finally, what the intermediate sections of our country need is a stable rate base before they can go forward in full development of their enormous resources. Under the act as it now stands—authorizing as it does (as shown by the examples herein) the charging of a higher rate for a shorter than for a longer haul, and the rates being subject to change from a uniform or a graduated basis to a long-and-short-haul scheme, there can, of course, be no certainty at intermediate points upon which we can bid for new capital and population, nor can we prevent the railroads from parceling our country into producing and industrial sections in the interest of long and double hauling of traffic. The exercise of such uncalled for power results in the railroads throwing off millions in earnings to the large water ports, not so much on the relatively small scheme of water traffic to be secured but on the large volume of traffic that is already moving to the water ports by rail which, of course, must be made up by higher rates at all intermediate points of the country—thus destroying or neutralizing water competition. On the other hand, we, of the interior, are taxed to build canals and improve rivers and harbors and by this railroad policy we are burdened with an additional tax; or, in other words, double taxation which, of course, is unjust and indefensible.

The National Association of Railroad Commissioners at its annual conventions at Atlanta, Ga., in 1921, and at Miami, Fla., in 1923, adopted resolutions memorializing Congress to amend the fourth section of the interstate commerce act in order to make the rule absolute and to establish a wise and equitable policy for the future. These resolutions were put in evidence before the Senate Committee

on Interstate Commerce on S. 2327 (p. 332 printed hearings) and were read into Senate record by Senator GOODING May 16, 1924.

Respectfully yours,

J. F. SHAUGHNESSY,
Chairman Nevada Railroad and
Public Service Commission.

Mr. WADSWORTH. Mr. President, the point of order which I am about to make against the amendment offered by the Senator from Nevada is based upon certain language contained in Rule XVI. Let me say at the outset—and I shall be exceedingly brief—that I do not intend to raise a point of order against the amendment on the ground that it is not germane or relevant, but upon another and separate ground.

The first sentence of paragraph 3 of Rule XVI reads as follows:

No amendment which proposes general legislation shall be received to any general appropriation bill.

The measure before us is the War Department appropriation bill. It is not a special appropriation bill. It bears no resemblance to appropriations for the settlement of private claims. It is indeed nothing more nor less than a general appropriation bill for the support of the War Department in its military and nonmilitary activities. I think that assertion can not be denied.

It is proposed to insert in this general appropriation bill an amendment, to be inserted on page 96, after line 6, the first sentence of which reads as follows:

That paragraph (1) of section 4 of the interstate commerce act, as amended, is amended to read as follows:

The interstate commerce act is not a special act. It is a general law. The pending amendment is an amendment to a general law of the land. Its provisions affect the whole country with respect to railroad transportation and rates. It is general legislation. There is nothing special or private or limited about it. It is general in every conceivable fashion and way.

The rule forbids the reception of amendments contemplating general legislation on a general appropriation bill; therefore, this being a general appropriation bill and the amendment that is proposed being general legislation, I submit that the amendment is out of order, and I make the point of order against the reception of the amendment on that ground.

Mr. WALSH of Montana. Mr. President, I had hoped the Senator from New York would be constrained not to urge the point of order against the amendment proposed by the Senator from Nevada. The situation is a peculiar one. By virtue of some rules of the House of Representatives and of this body the ordinary rivers and harbors bill becomes a part of the Army appropriation bill, a reprehensible logrolling arrangement under which the ardent supporters of large appropriations for rivers and harbors are constrained to support the Army appropriation bill, whatever it may contain, and the advocates of liberal appropriations for the Army are in a way forced to support unjustifiable appropriations for rivers and harbors. I shall feel obliged to support the point of order made by the Senator from New York if it is pressed.

I regret exceedingly to be driven to this position. I wish to see enacted the legislation embodied in the amendment offered by the Senator from Nevada [Mr. PITTMAN]. The whole intermountain country has been discriminated against for years by the legislation which it is sought to correct, and, as has been shown, every effort to relieve ourselves from the unjust burden that has been imposed upon us has been in some way or other frustrated, contrary to the pronounced views of Congress.

The Senator from New York will accomplish nothing by his point of order, because if it shall be sustained I shall submit another amendment, to which I am confident no objection whatever can be taken, that will accomplish exactly the same result.

So we are going to get a vote on this question regardless of the point of order. If the point of order be sustained, I shall offer the following amendment to the bill: After line 15, on page 95, where the language reads:

RIVERS AND HARBORS

To be immediately available and to be expended under the direction of the Secretary of War and the supervision of the Chief of Engineers.

I shall offer to amend as follows:

Provided, however, That no part of the sum hereby appropriated shall be available until Senate bill 2327 shall have been considered and finally disposed of by the Senate, and, if passed by the Senate, until it shall have been considered and finally disposed of by the House of Representatives.

That amendment will be entirely relevant and germane to the bill, and it will not be general legislation of any character what-

ever. Now, I appeal to the Senator from New York to let us have a vote on this question; let us have a vote on the merits of it. Why should the Senator object to doing so?

Mr. WADSWORTH. Mr. President, my raising the point of order is not due to hostility to the amendment itself.

Mr. WALSH of Montana. I assume as much.

Mr. WADSWORTH. It is due to two reasons: First, the Committee on Appropriations has delegated to me in a sense, as chairman of a subcommittee, the charge of the bill on the floor. In that capacity I assume that it is my duty to protect the bill against infractions of the rules of the Senate.

I am not authorized by the Committee on Appropriations to refrain from raising points of order in one direction and to raise them in others. The Committee on Appropriations will not tolerate for a moment my "playing favorites" in connection with legislative amendments that may be offered.

The second reason, Mr. President, as I have said to the Senator from Nevada and to the Senator from Idaho in the colloquy here the other afternoon, is that I have believed, and still believe, that the process of attempting to put this legislative amendment on the Army appropriation bill will not gain the advantage which its supporters desire for it, even if it be successful here in the Senate, for the simple reason that the House conferees almost invariably have taken the position that when the House has sent an appropriation bill to the Senate and the Senate proceeds, as they term it, to load it up with legislative amendments, they simply will not discuss those amendments.

Mr. JONES of Washington. Mr. President, will the Senator from New York yield?

Mr. WADSWORTH. I yield.

Mr. JONES of Washington. The House of Representatives has a rule which controls them and prevents such action on their part.

Mr. WADSWORTH. Yes; they have a rule which controls them. I anticipate that if an amendment of this sort be placed upon the bill, the Senate conferees will find themselves confronted by three absolutely adamant Members of the House forbidden by their own rules to accept the amendment.

The attitude of the other House, I think I can say, is just this: They object to the Senate, through the channel of a conference report, forcing legislation on the House which the House has had no opportunity to pass upon or even to amend.

Mr. WARREN. Their rules forbid it.

Mr. WADSWORTH. And their rules are especially framed to prevent the Senate dictating legislation on appropriation bills. I believe now, as I said the other day, that the supporters of this measure are taking the poorest course, the most unwise course, if they really wish to attain the object they have in mind.

Mr. BORAH. Mr. President, there seems to be some difference as to whether or not the House has established rules on the subject or whether its conferees simply act under specific instructions with reference to particular matters.

Mr. WADSWORTH. They have rules.

Mr. BORAH. They have rules that cover this matter so that it would have to go back to the House?

Mr. WADSWORTH. Yes; it would. Their conferees are not allowed to accept such amendments. I think I may say that, regardless of its merits, when such a proposal as this comes before the House many Members object to not having any right to perfect or amend the legislation; and I must say I think that, if we are fair about it, we must admit that the House has a good deal of right on its side in making that contention.

Mr. WALSH of Montana. As I understand the Senator, two reasons are urged by him why he ought to press the point of order. The first is that he speaks for the Committee on Appropriations and that he ought not to play favorites, and the second is the difficulty that will be encountered by the conferees on the part of the Senate in considering the matter with the House of Representatives.

In the first place, I do not understand that the Senator in raising this point of order is speaking for the Committee on Appropriations. I understood the point of order was made by the Senator from New York and not for the Committee on Appropriations. Of course, he is acting in his individual capacity with reference to this point of order, and any other Member may raise a point of order against any other amendment, and the Senate will determine whether it ought to go on or ought not to go on.

Mr. WADSWORTH. May I say that before the point of order was raised by me I consulted the members of the Committee on Appropriations who collaborated in the preparation of this bill?

Mr. WALSH of Montana. I dare say the Senator did, but that does not mean that the action is that of the Committee on Appropriations.

Mr. WARREN. Mr. President, I wish to say to the Senator from Montana that the Senator from New York is a member of the Committee on Appropriations under our rules.

Mr. WALSH of Montana. Undoubtedly.

Mr. WARREN. And is charged with the duty of conducting this particular bill on the floor of the Senate.

Mr. WALSH of Montana. I appreciate that the Senator from New York is a member of the Committee on Appropriations under the rules.

Now, Mr. President, as to the attitude of the House of Representatives with respect to this matter, the House of Representatives sends over to this body an Army appropriation bill and has tacked onto it provisions in relation to appropriations for rivers and harbors.

The two have no sort of relation to each other; none whatever. The one, the appropriation for the support of the Army, is made under one provision of the Constitution, while the other, the appropriation for rivers and harbors, is made under an entirely different provision of the Constitution, namely, that which gives to Congress the power to regulate commerce between the several States and with foreign nations. When the House sends over to us a bill containing appropriations of that character, in relation to two entirely separate and distinct subjects, it then says, "You must not put anything else on; we have tied two entirely irrelevant and incongruous things together, but you must not put on a third."

Let me say that, as everybody knows, the only possible connection between the two is that the river and harbor work is conducted under the supervision of the engineers of the War Department.

Mr. FLETCHER. Mr. President, if the Senator will allow me to interrupt him, the bill itself is not merely an Army appropriation bill but it is a bill for the whole War Department, including both the military and the nonmilitary activities of the War Department.

Mr. WALSH of Montana. Oh, yes.

Mr. FLETCHER. And river and harbor expenditures are under the engineers of the War Department.

Mr. WALSH of Montana. The river and harbor expenditures are under the engineers of the War Department, but they have no relation whatever to the national defense. River and harbor appropriations are made for the promotion of commerce, as everybody perfectly understands.

Mr. President, the appropriateness of this proposed amendment to the appropriation for rivers and harbors has been so fully demonstrated by the Senator from Nevada and the Senator from Idaho that there can remain, it seems to me, no doubt in the mind of any Senator that the appropriations for the improvement of rivers and harbors are utterly useless, so far, at least, as the interior of the country is concerned, if the policy at which the amendment is aimed is to continue. As has been said, to make appropriations for the improvement of the Mississippi River is like pouring money into a rat hole so long as we allow the railroads to fix rates to river points that will drive navigation off the river. It is a waste of public funds. The main purpose of the legislation proposed by the amendment is to make useful the enormous appropriation that we make annually, great portions of which are absolutely lost by this policy.

As I have stated, the Senator from New York will avail himself nothing by a point of order, because I shall offer the amendment which I have suggested, and, if the Senate agrees to it, it will accomplish practically the same result as that sought to be accompanied by the amendment of the Senator from Nevada. I feel constrained, however, to support the point, for I can not reconcile myself to the view that the amendment does not propose general legislation on a general appropriation bill.

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

Mr. WALSH of Montana. I yield to the Senator from Nevada.

Mr. PITTMAN. Does the Senator see any difference as regards general legislation between this amendment and the amendment offered by the Senator from Wisconsin [Mr. LENROO] to construct a building for a private institution?

Mr. WALSH of Montana. Yes; I have considered that, and I have not been able to satisfy myself, I will say to the Senator from Nevada, that the Howard University case is a just precedent for this amendment. I wish I could stand with him on that question; but I can not do so.

The PRESIDENT pro tempore. In view of the relations of the Chair to this subject, it may not be improper for him to state that as a Senator he is in favor of the proposed amendment, but as Presiding Officer of the Senate it is his duty to

interpret and apply the rules which the Senate has adopted for its guidance. The Chair has no doubt whatsoever that the amendment submitted by the Senator from Nevada proposes general legislation, and, therefore, the point of order made by the Senator from New York is sustained.

Mr. PITTMAN. Mr. President, as I have contended, I consider the decision recently rendered in the Howard University case as having changed the former understanding of the rule, and in order to have an opportunity of ascertaining whether there are other Senators who take the same view of it that I do, I respectfully appeal from the decision of the Chair.

The PRESIDENT pro tempore. The Senator from Nevada appeals from the decision of the Chair.

Mr. PITTMAN. And on that I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. PITTMAN. Mr. President, a parliamentary inquiry. In what form will the question be put?

The PRESIDENT pro tempore. The question is, Shall the ruling of the Chair stand as the judgment of the Senate? Upon that question the yeas and nays have been ordered, and the Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. FLETCHER (when his name was called). I have a general pair with the Senator from Delaware [Mr. BALL]. He is absent, but I am informed that he would vote as I expect to vote on this question. I vote "yea."

Mr. LODGE (when his name was called). I transfer my pair with the Senator from Alabama [Mr. UNDERWOOD] to the Senator from Vermont [Mr. GREENE] and will vote. I vote "yea."

Mr. McLEAN (when his name was called). I transfer my pair with the Senator from Virginia [Mr. GLASS] to the Senator from New Jersey [Mr. EDGE] and will vote. I vote "yea."

The roll call was concluded.

Mr. PHIPPS. I have a pair with the junior Senator from South Carolina [Mr. DIAL], which I transfer to the senior Senator from Delaware [Mr. BALL], and will vote. I vote "yea."

Mr. SMITH. I desire to state that my colleague [Mr. DIAL] is absent on account of illness. He is paired with the Senator from Colorado [Mr. PHIPPS]. If my colleague were present and voting, he would vote "nay."

Mr. CURTIS. I desire to announce that the junior Senator from Kentucky [Mr. ERNST] is paired with the senior Senator from Kentucky [Mr. STANLEY].

Mr. PITTMAN. I wish to announce that the Senator from Missouri [Mr. REED] is paired with the Senator from Maryland [Mr. BRUCE]. If those Senators were present and voting, the Senator from Missouri would vote "nay," and the Senator from Maryland would vote "yea" on this question.

The result was announced—yeas 49, nays 25, as follows:

YEAS—49

Adams	Hale	Owen	Stephens
Bayard	Harrell	Pepper	Sterling
Brandegee	Harris	Phipps	Swanson
Cameron	Harrison	Ralston	Trammell
Capper	Jones, Wash.	Ransdell	Wadsworth
Coff	Keyes	Reed, Pa.	Walsh, Mass.
Curtis	Lodge	Sheppard	Walsh, Mont.
Dale	McKellar	Shields	Warren
Edwards	McKinley	Shortridge	Watson
Fernald	McLean	Simmons	Willis
Fess	McNary	Smoot	
Fletcher	Moses	Spencer	
George	Overman	Stanfield	

NAYS—25

Ashurst	Ferris	Jones, N. Mex.	Robinson
Borah	Frazier	Kendrick	Shipstead
Brookhart	Gooding	King	Smith
Broussard	Heflin	Ladd	Wheeler
Bursum	Howell	Neely	
Caraway	Johnson, Calif.	Oddie	
Dill	Johnson, Minn.	Pittman	

NOT VOTING—22

Ball	Edge	La Follette	Reed, Mo.
Bruce	Elkins	Lenroot	Stanley
Copeland	Ernst	McCormick	Underwood
Couzens	Gerry	Mayfield	Weller
Cummings	Glass	Norbeck	
Dial	Greene	Norris	

So the Senate decided that the decision of the Chair should stand as the judgment of the Senate.

The PRESIDENT pro tempore. The point of order is sustained.

Mr. GOODING. Mr. President, I give notice that as soon as the bill which is now before the Senate is disposed of, I shall move to take up Senate bill 2327.

Mr. WALSH of Montana. Mr. President, I desire to offer an amendment. After line 15, on page 95, I move to insert:

Provided, however, That no part of the sum hereby appropriated shall be available until Senate bill 2327 shall have been considered and

finally disposed of by the Senate, and, if passed by the Senate, until it shall have been considered and finally disposed of by the House of Representatives.

The PRESIDENT pro tempore. The Secretary will state the proposed amendment.

The READING CLERK. On page 95, after line 15, it is proposed to insert the following proviso:

Provided, however, That no part of the sum hereby appropriated shall be available until Senate bill 2327 shall have been considered and finally disposed of by the Senate, and, if passed by the Senate, until it shall have been considered and finally disposed of by the House of Representatives.

Mr. WALSH of Montana. Mr. President, I was very glad to hear the Senator from New York say a few days ago, in the course of this debate, that he would be glad to aid in securing consideration for Senate bill 2327, introduced by the Senator from Idaho [Mr. GOODING], and in substance like the amendment now offered by the Senator from Nevada [Mr. PITTMAN]. I think it eminently advisable that before any part of this appropriation for the improvement of rivers and harbors shall become available at all the Congress shall declare its policy with reference to this subject of the long-and-short-haul clause, which is so intimately and so vitally connected with the appropriations for the improvement of rivers and harbors.

Mr. BORAH. Mr. President, this is a limitation upon the appropriation with reference to rivers and harbors alone?

Mr. WALSH of Montana. Yes; it applies only to the appropriation for rivers and harbors. As I said a little while ago, it has been demonstrated beyond controversy in the debate upon the amendment offered by the Senator from Nevada [Mr. PITTMAN] that to a very large extent the appropriations for the improvement of our interior rivers at least are entirely wasted if the policy of giving rates to river points lower than to interior points a less distance from the point of shipment is tolerated at all. No other factor and no other agency is so potent in the destruction of river carriage as that policy.

Mr. OVERMAN. Mr. President, I am heartily in favor of this amendment to this bill, as the Senator knows; but the Senator from Idaho [Mr. GOODING] has given notice that when this bill is disposed of he is going to call up his bill, and I think two-thirds of the Senate are for it. Why can we not legislate in the regular way upon that bill, instead of putting an amendment on this appropriation bill?

Mr. WALSH of Montana. That is what I ask. My amendment does not affect the appropriation at all. It simply provides that we shall not do any more of the wasteful expenditure of money that we have been doing in the past.

Mr. OVERMAN. I agree with the Senator, and I think that bill ought to pass and will pass; but why hamper this bill and send it to conference and never get it heard over in the House of Representatives by a threat of this kind to hold it up? Let us pass the other bill in the regular way and send it to the House, and they will pass it. We can notify the House that we will pass none of their bills unless they pass that bill. I am willing to do that; but to put it on an appropriation bill as an amendment is not the way to legislate.

Mr. WALSH of Montana. Mr. President, I take an entirely different view of the matter from the Senator. This is not anything in the nature of a threat, either to this body or to the House of Representatives. It is a declaration on the part of those who so believe that we will appropriate no money for the improvement of our interior rivers and allow no money to be expended so long as that policy is pursued.

Mr. President, I said that that is the view, I think, of the Senate; but some feeble voices have been heard in favor of this policy. Very well.

If it is the policy of Congress to allow discrimination of that character, and to build up the terminal points at the expense of the interior of the country, we can make appropriations for the improvement of rivers and harbors in view of that policy; but to go on in this way seems to me entirely useless, if not senseless. Accordingly, I think this amendment should be agreed to.

Mr. SWANSON. To what appropriations in the bill does the limitation offered by the Senator from Montana apply?

Mr. WALSH of Montana. It affects nothing except the appropriations for rivers and harbors.

Mr. SWANSON. Harbors, too?

Mr. WALSH of Montana. Yes; because it is impossible to make it any other way, as the appropriation is in a lump sum, \$37,250,000.

Mr. SWANSON. Under the Senator's amendment that would apply entirely to the policy in reference to freight rates and passenger rates throughout the country.

Mr. WALSH of Montana. Not necessarily. The appropriation is made, as a matter of course, for the harbors at the terminal points, as well as for the improvement of the interior rivers. The policy, of course, affects all of them, both the interior rivers and the coast points.

Mr. BROUSSARD. Mr. President—

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

Mr. WALSH of Montana. I yield.

Mr. BROUSSARD. Does not the Senator understand that the policy of all the transcontinental railways, and all of the railways at the water points, is to develop the harbors, in which case they disagree with the Senator from Montana; but, on the other hand, that they are aggressively opposed to the development of the river navigation in this country, and as the amendment of the Senator, if adopted, would have the effect of preventing the development of such streams as the Ohio, a project which is nearly completed, and the development of the Mississippi and other great river systems, to that extent the railroads thoroughly agree with the Senator from Montana?

The harbors themselves have been properly looked after, but we are just now beginning to see the coming of the time when we may have river competition with the railroads, and the result of it will be that the people whom the Senator from Montana and other Senators on this floor represent, people living in the interior of the country, will agree exactly with the views of the railroad systems that want to prevent water competition.

Mr. FLETCHER. May I suggest to the Senator that the only effect, of course, would not be, as the Senator from Louisiana has said, to play into the hands of the railroads. It would amuse the railroads very much if Congress should say that it will do nothing further in the way of improving and developing the rivers and harbors of the country; but the effect would be to tie up all operations now going on, to tie up the Government plants. This work is continually going on upon projects which are under way, and it would just stop all improvements unless both Houses should happen to pass the bill. If they should fail to pass the bill which the Senator desires to have passed, then all work of this nature under way now, under contract, or ready to be let to contract, would be discontinued, because there would be no money to pay for the work.

Mr. WALSH of Montana. The Senator has not understood the amendment. It would not suspend the work until the bill was passed. It would simply suspend it until the Congress declared its policy, either one way or the other; that is all. If the bill should be defeated in the Senate, that would end the limitation, and all of the money would be available. If it should pass the Senate and go to the House, and pass the House, then the limitation would be ended. If it went to the House and was considered in the House and defeated in the House, then the limitation would cease and all the money would be available. The only purpose is to provide that it shall not be available until the Congress shall have passed on this other question, that is all, and it seems to me that is eminently fair and just.

Mr. WADSWORTH. Mr. President, I confess this amendment now offered by the Senator from Montana is of a new kind if it is to be classed among amendments placing restrictions or limitations upon appropriations. It proposes that this appropriation shall not become available until the Congress legislates in a certain fashion. I assume that in its essence it is still legislation, although the Senate has upon occasion taken a very broad view of its powers under the rules to restrict or limit appropriations. But before making any further observation let me point out one or two things which will happen if this amendment is adopted.

The appropriation on which it is supposed to be a limitation provides, among other things, for the maintenance of all the river and harbor work thus far completed. If this amendment goes through, the Army engineers will be forbidden, in effect, to maintain any channel in a river or harbor until the Congress takes certain action with respect to legislation now pending. Certainly no Senator wants to tie up the maintenance work. There are some projects completed years since which require certain expenses for maintenance every year. If those expenses are not met and that maintenance work not carried on the channels will become useless.

Mr. WALSH of Montana. I suppose we made an appropriation last year that was intended to carry the work over until the end of the present fiscal year, June 30?

Mr. WADSWORTH. Yes.

Mr. WALSH of Montana. That will all be available, will it not?

Mr. WADSWORTH. Yes; but this amendment will not terminate in its effect, as I read it, on the adjournment of this session of Congress. If the legislation urged by the Senator from Idaho does not go through both Houses at this session, the money appropriated for rivers and harbors for next year can not be used. And all through the next session of this Congress, during which the Gooding bill will have life, nothing can be done by the Army engineers in carrying on new projects or maintaining old ones. I think I am right in that if I read this correctly.

Mr. BROUSSARD. Mr. President, are they not continuing contracts which go beyond this period?

Mr. WADSWORTH. Oh, yes.

Mr. BROUSSARD. Which must be cared for?

Mr. WADSWORTH. Yes.

Mr. BROUSSARD. What will become of them if we adopt this amendment?

Mr. WADSWORTH. They would be canceled, and the Government would lose millions of dollars by having to enter into new contracts at some future time after the contractors' equipment had been taken off the field and dispersed.

Mr. WALSH of Montana. I say to the Senator that that is the very purpose of this amendment, so that not a dollar shall be spent for the present current year—

Mr. WADSWORTH. The present current year?

Mr. WALSH of Montana. That is the purpose of this amendment—that not a dollar shall be spent until Congress declares its policy with respect to this matter, either one way or the other.

Mr. WADSWORTH. Does the Senator contend that we should not even maintain what we have?

Mr. WALSH of Montana. No; we should get a declaration from Congress about the matter.

Mr. WADSWORTH. I notice that while by this amendment a certain notice is served upon the House of Representatives, the Senator has not served notice on the President of the United States, who is part of the legislative machinery in that without his signature the new legislation under discussion can not become a law.

Mr. WALSH of Montana. That signifies the extent of our confidence in the good judgment and wisdom of the President of the United States.

Mr. WADSWORTH. The absence, however, of notice to the President, who must sign this measure, is significant.

Mr. President, it seems to me to be so utterly impracticable and likely to inflict such severe injury on public works already long since completed, and the continuance of public works which the Congress has authorized by statute, that I can not conceive that the Senate will put such a limitation upon this appropriation. I confess I am somewhat puzzled as to whether it is a proper limitation or an improper one. At least it is an extraordinary one.

Mr. SWANSON. Mr. President, I desire to make a point of order against this amendment. I do not think it is a limitation on an expenditure. It makes an appropriation available upon the occurrence of certain events, and I think there is a difference between a limitation and a provision making an appropriation available provided certain things occur. I make the point of order that this is not a limitation directing how this money shall be spent. It simply is to make it available on the happening of certain conditions.

Mr. WALSH of Montana. Mr. President, I have a precedent before me which seems to indicate that the question now raised by the Senator from Virginia has already been passed upon by the Senate. It is found in volume 2 of Gilfray's Precedents.

The PRESIDING OFFICER (Mr. JONES of Washington in the chair). The Chair will say to the Senator from Montana that it is ready to rule.

The Chair remembers that the Senate has taken different positions with reference to limitations on appropriations, but that the later attitude of the Senate has been to hold such limitations in order. Therefore the Chair overrules the point of order.

Mr. TRAMMELL. Mr. President, regardless of the question of whether this amendment is in order or not, it occurs to me that it is a most extraordinary amendment to be proposed to any bill, and that the adoption of such an amendment would

be setting a precedent which would plague the Senate for the remainder of time. If one Senator or any group of Senators succeed in having an amendment of this character agreed to, which would force legislation dealing with some other subject on any measure, then any other Senator or any other group of Senators could do likewise, and we would possibly have this kind of practice to contend with in all the future, because I dare say that Senators who are not able to get certain measures to which they were favorable called up in the regular order will not sit supinely by and allow others to go ahead with their legislation, when the Senate has once established a precedent that limitations may be placed upon some measure that is being considered which will force subsequent action upon the measure which they are favoring.

That is what this means. It is not only an attempt to force the Senate at this time in considering this measure to agree to act upon another measure, but it also attempts to force the House also to consider the measure.

Mr. PITTMAN. Mr. President—

Mr. TRAMMELL. I yield.

Mr. PITTMAN. The Senate could not force any limitation on it unless a majority of Senators were in favor of it, and if a majority were in favor of it, they could defeat it just as well as limit it.

Mr. TRAMMELL. That is very true, and for that reason I am voicing my opposition to any such action as the one proposed, just as the proponents of the amendment are voicing their sentiment in favor of it. I say that, regardless of the question of the merits of the bill which this contemplates bringing before the Senate, it sets a bad precedent, and a precedent that will rise to plague the Senate in the future, if adopted, regardless of the merits of the bill the Senators are seeking to force upon the Senate and force upon the House in an irregular way, although it may be in order under parliamentary rules.

Mr. BROOKHART. Mr. President—

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

Mr. TRAMMELL. Certainly.

Mr. BROOKHART. I would like to ask the Senator if the provision on page 82 in reference to the stop-watch business is not of exactly the same character as the amendment proposed by the Senator from Montana?

Mr. TRAMMELL. I have not the bill before me, and I do not know exactly what that provision is.

Mr. WADSWORTH. May I answer the Senator from Iowa?

Mr. TRAMMELL. I yield to the Senator from New York.

Mr. WADSWORTH. That legislation was inserted by the House and not by the Senate. We have no jurisdiction over it, so far as our parliamentary rules are concerned.

Mr. BROOKHART. That matter could be decided on a point of order.

Mr. WADSWORTH. It was inserted by the House.

Mr. BROOKHART. The question now is as to the character of the amendment offered by the Senator from Montana, and there is a provision in the bill of identically the same character, which was passed without objection in either House.

Mr. WADSWORTH. A point of order against House language does not lie in the Senate.

Mr. WALSH of Montana. I wish to inquire of the Senator from New York if he takes the position that the House may put any kind of a limitation upon an appropriation which it sees fit to put, but that the Senate can not do it?

Mr. WADSWORTH. No, Mr. President, I took no such position.

Mr. WALSH of Montana. But in answer to the Senator from Iowa the Senator from New York said, "Oh, but that limitation was put on by the House."

Mr. WADSWORTH. I made that observation—

Mr. WALSH of Montana. Therefore, though the House puts a limitation upon an appropriation which it makes, it is the position of the Senator that the Senate can not do the same thing.

Mr. WADSWORTH. No; I did not take any such attitude. I am quite sure the Senator misunderstood me.

Mr. WALSH of Montana. I certainly misunderstood the Senator then.

Mr. WADSWORTH. I made my statement with respect to the so-called "stop-watch" provision which appears in the bill as it was agreed to in the House, and therefore is not subject to a point of order in the Senate.

Mr. WALSH of Montana. Certainly, but the Senator from Florida, as I understand, is not raising a point of order.

Mr. WADSWORTH. I was answering the Senator from Iowa.

Mr. WALSH of Montana. And the Senator from Iowa was commenting upon the remarks of the Senator from Florida. Now, that part of the bill reads as follows:

No part of the appropriations made in this act shall be available for the salary or pay of any officer, manager, superintendent, foreman, or other person having charge of the work of any employee of the United States Government while making or causing to be made with a stop watch—

And so forth.

The House put that kind of limitation on its appropriation. Why should not the Senate put this limitation upon another appropriation?

Mr. TRAMMELL. That, it seems to me, is much more pertinent as a limitation than an attempt to write into the pending bill a provision that we must first consider another certain measure and that the House must consider that measure if it passes the Senate before the provisions of this bill will become operative so far as the appropriations are concerned for rivers and harbors. I never heard of such procedure in all of my observation and experience in connection with legislative bodies, covering a period of probably 20 years. Perhaps some Senator who has served here for 25 or 30 years, or even with an experience of half a century, may have heard of such procedure, but I fancy no such effort was ever before recorded. I do not like the idea of trying to write into a law that the provisions of that law shall not become operative until the Senate takes up and considers some other measure. If we are going to establish that kind of precedent, then every time that any other Senator may have some measure which he may not have been able to bring before the Senate in an orderly way, all we will have to do will be to try to tack it on as an amendment to an appropriation bill, and if it is not adopted as an amendment we can have a prolonged debate for two or three or four days trying to tack it on under this kind of procedure, and we would have that process followed daily or weekly. I think the amendment ought to be defeated as a matter of the orderly conduct of the business of the Senate, if for no other reason.

Mr. SWANSON. Mr. President, I would suggest to our friends who favor the McNary-Haugen bill that possibly they could offer as an amendment to this bill a provision that no appropriation in the bill shall be available until the McNary-Haugen bill is considered and passed. I would suggest that every Senator who has any legislation pending might offer it as an amendment to an appropriation bill, and, failing in that, offer an amendment providing that none of the money appropriated in the bill shall be available until that certain legislation in which the Senator is interested shall have been acted upon.

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

Mr. SWANSON. Certainly.

Mr. FESS. If there are those who would like to defeat all the appropriations for rivers and harbors, that would be a pretty good way to do it, would it not?

Mr. SWANSON. It would be a fine way. The time has come when the Committee on Rules must report an amendment with regard to the limitation of appropriations which are to continue from year to year. I am not criticizing the Senator from Montana [Mr. WALSH]. Since the rule has been adopted by which any kind of legislation in the world is not permissible on a general appropriation bill, but can be put on an appropriation bill covering a period of only one year and then continued from year to year, that seems to be the favorite method of getting legislation enacted. But this is the first time it has ever been attempted in the history of the Senate to make money appropriated unavailable until certain legislation has been enacted.

I believe that President Coolidge, when he was Vice President, concurred in a decision rendered by Vice President Marshall which was not identical with this, but the Senate overruled him in that decision. I have not had an opportunity to look it up, but I have the impression that Vice President Coolidge made a ruling similar to this, and the Senate overruled him. However, I may be mistaken. This would mean that all the harbors of the country could not be improved if the House should get impatient and adjourn without considering a certain measure; that the rivers and improvements now in operation must cease unless the House and the Senate shall consider certain legislation. If they consider it at this session, that is not fixing a policy. They could change it next year or they could change it the year afterwards.

Mr. KING. Mr. President—

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

Mr. SWANSON. I yield.

Mr. KING. What is the good of improving rivers and harbors and spending the \$40,000,000 or \$50,000,000 appropriated in this bill, plus any appropriation still unexpended, if we are going to pursue a policy which in the end must be destructive of rivers and harbors as freight carriers?

Mr. SWANSON. I think the Senator and those who are cooperating with him in the support of this amendment were frightened when they ought not to have been frightened. Do not Senators want the entrances to all these harbors, which have cost millions and millions of dollars, not to be dredged, to be kept open, to let foreign and other ships enter and leave? What would be the condition of our agriculture if that situation arose? A great many of the harbors of the United States must be dredged annually, and there must be expenditures made for that purpose. We can not stop dredging a few months without increasing, doubling, and trebling the expenditures that would have to be made thereafter. Is it the idea that if the long-and-short haul principle prevails one way or the other, we do not need harbors to export wheat and other grain, and to bring in goods? The mere statement of the fact shows the folly of it, whether we have high freight rates or low freight rates. At the ports of entry and export it means a great deal in the matter of the importing and exporting business of this country.

If I understand it aright, a vast majority of the appropriations are used for harbor improvements rather than river improvements, but we must keep the harbors in condition whether we have high or low freight rates. Whether we have competition of one harbor with another harbor in the United States, we are bound to have import and export business. This proposition would hamper the entire river and harbor improvement of the United States. It seems to me it is a bad policy to start, and I regret that the Chair did not hold that the amendment was subject to a point of order.

Mr. WADSWORTH. Mr. President, an incident very much like this occurred on January 23, 1923. At that time the District of Columbia appropriation bill was before the Senate and the Senator from Tennessee [Mr. McKellar] offered an amendment to an item of the appropriation bill which appropriated money for the salaries of the Public Utility Commissioners of the District of Columbia. His amendment and the subsequent proceedings read as follows:

Provided, That the appropriation in this section shall not become available until the Public Utilities Commission shall fix rates of fare for the street-railway companies in the District of Columbia at rates not in excess of the rates of fare fixed in existing charters or contracts heretofore entered into between said companies and the Congress—

And so forth.

The question being on the point of order yesterday made by Mr. PHIPPS that the amendment proposed general legislation to a general appropriation bill.

The Vice President overruled the question of order and held the amendment to be in order.

From the decision of the Chair Mr. WADSWORTH appealed to the Senate.

The Vice President stated the question to be, Shall the decision of the Chair stand as the judgment of the Senate?

It was determined in the negative—yeas 32, nays 36.

So the Senate has already created a precedent almost exactly on all fours with the situation confronting us to-day.

The PRESIDING OFFICER. The present occupant of the chair has a very distinct recollection with reference to different rulings on the proposition by the Senate. The present occupant of the chair himself has made a point of order against limitations, and they have been held in order. The personal opinion of the present occupant of the chair is in accordance with the latter ruling; but in view of the fact that the Senate has taken a different attitude with reference to the matter the Chair overruled the point of order.

Mr. ROBINSON. Mr. President, of course the question raising the point of order has been determined, and there is no occasion for a further discussion of it. I take this opportunity, however, to say that the Senate has nullified its own rule by the interpretation placed upon it by a vote of the Senate. I recall that on one occasion an amendment was submitted to a general appropriation bill—I think the Senator from Nevada [Mr. PITTMAN] referred to the distance—which was plainly out of order under the rule which has been invoked to-day. The point of order was submitted to the Senate; and the Senate, because

it favored the legislative provision involved in the amendment, placed an interpretation on the rule which it reversed just a few minutes ago.

I thought the ruling in the Howard University case was clearly wrong, but I followed the precedent set by the Senate in my vote upon the point of order raised to the amendment proposed by the Senator from Nevada [Mr. PITTMAN]. The Senate saw fit to reverse its decision in the Howard University case just a few minutes ago on the amendment submitted by the Senator from Nevada, so that the effect of the rule is to restrain the Senate from legislating on general appropriation bills when the Senate is willing to be restrained and to accomplish nothing whatever when the Senate wants to violate its own rules. That is a plain statement of the effect of the precedent which the Senate itself has written on this general rule.

But with respect to the amendment I feel it my duty to make a statement in explanation of my vote. I am in sympathy with the proposal of the Senator from Nevada and feel that an opportunity should be afforded to vote on his proposal. I can not, however, support the pending amendment for the reasons stated by the Senator from Florida [Mr. TRAMMELL] and suggestions made by the Senator from Virginia [Mr. SWANSON], and for other reasons.

We hear occasionally in the Senate references to the practice of logrolling, which of course means the process of trading votes and influence. This is usually censured and justly censured. I do not know of a precedent which would be better calculated to invite logrolling in legislation than the adoption of the pending amendment. It declares that the appropriation for rivers and harbors shall not be available until Senate bill 2327 shall have been finally disposed of in the Senate and, if the Senate passes it, until it shall have been finally disposed of in the House of Representatives, which means, if it means anything, if it is adopted that all who favor river and harbor improvement will be expected to get behind Senate bill 2327 and help secure its passage in order to secure their desires in connection with river and harbor improvements.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

Mr. ROBINSON. I yield.

Mr. WALSH of Montana. Admitting that the idea is sound, and I do admit it, does not the Senator find exactly the same vice in the bill as it comes to us with the appropriation for the improvement of rivers and harbors tacked on to the bill making appropriations for the War Department?

Mr. ROBINSON. Oh, no. Under the rule of the Senate the War Department appropriation bill properly incorporates appropriations for rivers and harbors.

Mr. WALSH of Montana. I do not controvert that it is in accordance with the rule, but I want to go back of that.

Is it not a fact that combining these two, those who are not interested in the appropriations for the Army at all but are very deeply interested in the appropriation for rivers and harbors will be constrained or in a measure induced to support the appropriations for the Army, and those who are not interested in river and harbors appropriations but are interested in the appropriations for the Army will be induced to support the other? In other words, is it not a logrolling bill, to start with?

Mr. ROBINSON. I think not. I do not think such a statement is justified. The Senate has determined that certain general appropriation bills shall embrace appropriations to carry out authorizations by the Congress; and, in pursuance to its decision upon that question, the appropriations for rivers and harbors are carried in the Army appropriation bill, probably for the reason that the Army engineers have jurisdiction of certain investigations and reports upon which the appropriations are based. It is perfectly proper under those circumstances to embrace river and harbor appropriations in the Army appropriation bill, because they can not otherwise be provided for under the rules of the Senate as they now exist. That, however, is a very different thing, both in theory and in practice, from adopting an amendment which prevents an appropriation from being expended until affirmative legislation relating to another subject has been disposed of by both Houses of Congress. I can not conceive of a worse parliamentary procedure than that contemplated in the pending amendment, according to my view of it. Everything that the Senator from Florida has said regarding it is justified.

I make this statement in order to explain why I shall vote against the amendment. It is unfortunate for the proposal which has been advanced here, touching the subject of the long and short haul and the rates applicable thereto, that it should be coupled with an attempt to establish a precedent of this character. I should like to support the amendment of the Senator from Nevada, but I can not support the proposal

in the form in which it is presented by my friend, the Senator from Montana.

Mr. NORRIS. Mr. President, it is, of course, desirable that any legislative body should proceed in matters of legislation in an orderly way. The rule that prohibits legislation on an appropriation bill, while it has two sides to it, I think is justified. We must remember, however, that desperate conditions warrant desperate remedies. Our forefathers confronted such a condition when they rebelled against the mother country. It was not because they wanted to isolate themselves, but the desperate remedy of revolution was resorted to in order to protect their own liberties and their own rights.

It will be observed that the amendment suggested by the Senator from Montana does not require the passage of the bill therein referred to, either by the Senate or by the other House; but merely provides that the bill must be disposed of, and, if in such disposition it shall be passed by the Senate, then it must be disposed of by the other House before the appropriation for rivers and harbors shall become effective.

If that bill were defeated in the Senate, the money would immediately be available so far as this amendment is concerned. If it were passed by the Senate and defeated in the House, again it would be true that the money provided for in the bill for river and harbor appropriations would at once be available.

I wish that the Senator from Montana had not included the entire appropriation, but that he had included only the portion of the appropriation providing for the improvement of rivers. That would entirely meet the argument made by the Senator from Virginia [Mr. SWANSON] that our ports must be kept open in order that products may come in and go out.

Mr. President, why should the money appropriated for rivers be held back until some provision similar to that now proposed shall be enacted into law? The money which we appropriate for rivers is practically thrown away so long as we permit the railroads to put out of business the boats that would ply up and down upon the rivers after we shall have spent the money to provide for their dredging and improvement. So there is an intimate connection between the limitation in the amendment and the appropriation itself. Unless some such amendment shall be adopted we might just as well throw the money away. That is the principal reason why the river and harbor bill in the past has met with so much opposition in the Senate and in the House of Representatives, and has been so often condemned by the people of the country. We spend a hundred million dollars of the people's money dredging the rivers and then permit the railroads to drive all of the boats out of business as soon as they are put on the river which has thus been improved, and when the boats are driven off then up go the rates. That has been going on for 25 years. Is it any wonder that Members of Congress and people generally are getting tired of that kind of a misuse of the money of the taxpayers?

But that is not all; by virtue of the law permitting the railroads to charge a greater amount for a short haul than for a long haul when the short haul is included within the long haul, the people in the interior of the country are taxed in two ways: They are directly taxed by law to improve the rivers that do nobody any good, and, second, they are taxed by the railroad companies by means of higher rates in order to build up cities on the coast or at other points known technically as competitive points. They are getting tired of that kind of fleecing, and it is no wonder that a spirit, as it were, of revolution is growing up in the minds of men who have been paying taxes for 25 years to pay for the upbuilding of communities a thousand miles away from where they live, and who have been compelled to pay freight charges higher than other people must pay a thousand miles farther away from market. That injustice has been going on for generations. Time and time again it was supposed that it had been remedied by law, but some joker or some method of administration has always interfered, and relief has never come.

I want to tell you, Mr. President, I think we are justified in attaching to this bill, if we have the votes to do it, a limitation against the improvement of rivers until we have regulated the traffic both on the rivers and on the railroads so that our money will not be wasted and thrown away. I want to say to the Members of the Senate who are particularly interested in the improvement of the rivers that I believe I feel as deep an interest in their improvement as they do, but I am not so enthusiastic that I want to improve them when it will do nobody any good. I am willing that Senators should take public money with which to improve the rivers if the people in return may derive some benefit from lower freight rates, but the people are not getting such benefit now; we know they are not getting

it; and this bill will not give it to them. It is proposed to appropriate \$37,000,000 more of public funds to be thrown away on the improvement of rivers without bringing any return to the people who must toll to produce the money thus expended. If this proposed step surprises and annoys some Senators and makes them feel that the people are becoming revolutionary, just keep up the practice long enough, keep pushing down those who must pay taxes in the interior of the country to build up particularly favored cities and localities, and they will get a taste of something that is worse than this, and it will come naturally. I make no threat, Mr. President; I have no feeling of ill will against anyone, but a system is being perpetuated here that, carried to its logical limit, must result at some time in those who are already over-burdened with taxation refusing to pay money to build up rival localities.

We ask nothing unfair; we are not asking that we be favored; we are not asking even that the charge for the short haul shall be less than the charge for the long haul. We are willing that those who have the long haul shall have their rates cut down as low as the rates of those who have only the short haul, but we are not willing to pay more for the short haul than for the long haul. We have been doing that for a lifetime, but we have come to a place where we feel that the injustice ought to end and we should be given some relief from that kind of a condition.

Talk about passing the bill as a separate measure! We have done that before, but it has not accomplished any good. Somewhere, at some place, somehow, somebody sidetracks it, pigeon-holes it, and no relief is afforded. What good does it do to spend millions of dollars every year on our rivers if we are not going to use the rivers? We are not justified in taking public funds out of the Treasury to improve and dredge the rivers and let them fill up in the natural course of events without boats plying on them. We are willing to appropriate public funds to dredge the rivers and to improve the harbors if there may be coupled with such appropriation a provision under which somebody will get some good out of it in addition to those who receive the money for doing the dredging.

We are not asking anything unreasonable or anything unfair, and there is no injustice in the proposal. We ought to have what is now demanded. We ought to provide before we spend a single dollar to dredge any river that boats when put upon it shall not be driven out of business by competition that is unfair and unjust, which always results in the rail rates going up immediately the boats are driven off. We in the interior ought not to be expected either to continue to toll and to pay taxes to build up rival cities and favored communities in some other localities. It seems to me, therefore, Mr. President, that if the amendment shall be modified as I have suggested there can be no injustice in it and it ought to be adopted.

GOVERNMENT INTEREST RATES

Mr. SHIPSTEAD addressed the Senate on Government interest rates.

After having spoken for some time, Mr. ROBINSON. Mr. President, will the Senator from Minnesota be good enough to yield until an effort is made to effect an arrangement about voting on the bonus bill?

Mr. SHIPSTEAD. Yes; I yield.

Mr. CURTIS. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from Kansas?

Mr. SHIPSTEAD. If it will not cause discussion I shall be delighted to yield.

Mr. CURTIS. The bonus bill has passed the House over the President's veto and will be presented here very soon.

Mr. ROBINSON. It is here now.

The PRESIDENT pro tempore. The Senate will receive a message from the House of Representatives.

MESSAGE FROM THE HOUSE

A message from the House of Representatives, by Mr. Page, its Clerk, announced that the President of the United States having returned to the House of Representatives, in which it originated, the bill (H. R. 7959) to provide adjusted compensation for veterans of the World War, and for other purposes, with his objections thereto, the House proceeded, in pursuance of the Constitution, to reconsider the same; and

Resolved, That the bill pass, two-thirds of the House of Representatives agreeing to pass the same.

ADJUSTED COMPENSATION—VETO MESSAGE

Mr. CURTIS. Mr. President, some of the Senators on the other side desire to leave the city, and I desire to know if we can not reach an understanding as to when we will have a final vote upon this measure. So far as I am concerned, I am

ready to proceed now or on Monday or on any other day that is satisfactory to the different Senators.

Mr. NORRIS. Mr. President, it seems to me that Senators take an extraordinary course here, to break in right in the middle of a Senator's argument to take up something else.

Mr. ROBINSON. Mr. President, I suggest to the Senator from Nebraska that the Senator from Minnesota was good enough to yield.

Mr. NORRIS. I know he was, but—

Mr. ROBINSON. A number of Senators on both sides of the Chamber—some four or five on the other side and three on this side—have expressed a desire to leave the city. Many of them are leaving for the purpose of attending political conventions in their respective States. My impression is that if the arrangements can be effected a vote may be had next Monday. If that is not done, it may be necessary to defer the vote for several days.

I ask unanimous consent that immediately upon convening next Monday the Senate proceed to the consideration of the veto message, and that before the expiration of the calendar day of Monday the Senate vote finally upon it.

Mr. McKELLAR. That is day after to-morrow?

Mr. ROBINSON. Yes.

Mr. REED of Pennsylvania. Mr. President, I shall have to object to that, for the same reason that my friends on the other side object to making it two days later, Wednesday, as was suggested. We have in Pennsylvania a State committee meeting and a meeting of all our delegates to the Republican convention fixed for Tuesday morning, and it will be necessary for both my colleague [Mr. PEPPER] and myself to leave here early Monday in preparation for that. Then there will be some debate on the matter of overriding the veto, and for that reason, it seems to me, that to fix a vote for Monday is a little too soon. I suggest to the Senator that he make it Wednesday or Thursday of next week.

Mr. ROBINSON. The difficulty about that, as the Senator knows, and as already stated, is that a number of Senators are leaving here Tuesday to be gone all the week, and the Senator from Indiana is leaving this afternoon.

Mr. REED of Pennsylvania. Then I suggest to the Senator that he make it a week from Monday—that would enable all of the absent Senators to get back—or next Saturday, a week from to-day, if that is preferable.

Mr. CURTIS. Why not a week from to-day?

Mr. McKELLAR. Mr. President, I have my doubts about whether we can get back. Our convention takes place on next Thursday, and we would have to leave early Thursday evening in order to get back here by Saturday morning.

Mr. REED of Pennsylvania. Would Monday be satisfactory to the Senator from Tennessee?

Mr. SHIELDS. Monday week? That would be only one day later than Saturday.

Mr. McKELLAR. That would be entirely satisfactory to me.

Mr. ROBINSON. I ask unanimous consent, then, that the Senate, on convening next Monday week, proceed to the consideration of the veto message on the adjusted compensation bill, and that not later than 10 o'clock p. m. of said day the Senate proceed to vote.

Mr. CURTIS. Mr. President, as the Senator having charge of the bill, I have no objection to that.

Mr. ROBINSON. That is May 26.

Mr. NORRIS. It will be necessary to have a roll call.

Mr. ROBINSON. We shall have to have a roll call, and, Mr. President, if no Senator who is present objects, I shall suggest the absence of a quorum.

Mr. SHIPSTEAD. Mr. President, I object to a roll call being had at the present time. When I yielded the floor—

Mr. ROBINSON. Will the Senator pardon me for another interruption? The Senator was good enough to yield for the purpose of submitting this request, and unless an arrangement is effected this afternoon for a final vote it will occasion considerable inconvenience to a number of Senators. I hope the Senator will be kind enough to permit this arrangement to be entered into now, and in order to do that it is necessary to have a roll call. If the Senator would prefer—

Mr. REED of Pennsylvania. Mr. President, I suggest that by unanimous consent these remarks about an agreement for a vote on the bonus bill be directed to appear in the RECORD apart from the remarks of the Senator from Minnesota, so as not to interrupt the sequence of his remarks as they will appear in the RECORD.

Mr. ROBINSON. Certainly. All proceedings on this subject. I think that is entirely proper.

The PRESIDENT pro tempore. Is there objection to the last request with respect to the continuity of the address of

the Senator from Minnesota? The Chair hears none, and it is so ordered.

Mr. McKELLAR. Mr. President—

The PRESIDENT pro tempore. The Senator from Arkansas suggests the absence of a quorum in order to submit a request for unanimous consent.

Mr. SHIPSTEAD. Mr. President, I will say to the Senator from Arkansas that when I yielded—

Mr. ROBINSON. There is no intention of taking the Senator from Minnesota off the floor.

Mr. SHIPSTEAD. I am aware of that. I will say to the Senator that when I yielded the floor I did so with the understanding that there was to be no debate, and certainly I did not understand that there was to be a roll call or a vote; but in view of the fact that that is necessary now, since we have been interrupted so long, and in view of the fact that so many Senators want to leave the city, I will agree.

Mr. ROBINSON. I thank the Senator from Minnesota. That is very courteous of him.

Mr. McKELLAR. Mr. President, just one moment. I stated a while ago that I was willing to have a vote next Monday. Of course I should like to see this matter voted on at the earliest possible moment, and I am perfectly willing to vote to-day, if possible. I think the sooner we vote on it, the better.

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

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

Adams	Fess	Lodge	Sheppard
Asburst	Fletcher	McKellar	Shields
Bayard	Frazier	McKinley	Shipstead
Borah	George	McLean	Simmons
Brandege	Gerry	McNary	Smith
Brookhart	Gooding	Moses	Smoot
Broussard	Hale	Neely	Stanfield
Bursum	Harris	Norbeck	Stephens
Cameron	Harrison	Norris	Sterling
Capper	Heflin	Oddie	Swanson
Caraway	Howell	Overman	Trammell
Colt	Johnson, Minn.	Pepper	Wadsworth
Copeland	Jones, N. Mex.	Phipps	Walsh, Mass.
Cummins	Jones, Wash.	Pittman	Walsh, Mont.
Curtis	Kendrick	Ralston	Warren
Edwards	Keyes	Ransdell	Watson
Fernald	King	Reed, Pa.	Weller
Ferris	Ladd	Robinson	Willis

The PRESIDENT pro tempore. Seventy-two Senators having answered to the roll call, there is a quorum present.

The Secretary will state the proposed unanimous-consent agreement.

The reading clerk read as follows:

I ask unanimous consent that the Senate, on convening next Monday a week, May 26, 1924, proceed to the reconsideration of the adjusted compensation bill, and that at not later than 10 o'clock p. m. on said day the Senate proceed to vote thereon.

Mr. ROBINSON. Mr. President, for the benefit of Senators who have come into the Chamber since the discussion that preceded the request for unanimous consent occurred, I desire to say that a number of Senators find it necessary to leave the city to attend political conventions in their home States. Some of them are leaving to-day, others will leave Monday, and still others upon days following:

I asked unanimous consent at first that the vote upon the reconsideration of the adjusted compensation bill be had next Monday. It developed that that agreement could not be secured, and that during the remainder of next week there would be absent a number of Senators who desire to be recorded upon the bill.

I therefore submitted the request for the earliest day when it appeared all Senators might be able to be present, namely, next Monday a week. I should like to see the vote had at an earlier time; I should like to see it had very promptly; but it does not appear possible to effect that arrangement, and Senators do not desire to leave with the question unsettled as to when the vote on the reconsideration of the bill will be had. I am merely submitting the request for the convenience of Senators on both sides of the Chamber who have advised that they are compelled to leave the city to attend political conventions.

The PRESIDENT pro tempore. Is there objection?

Mr. JONES of Washington. Mr. President, I desire to suggest that after a certain hour on that day the speeches be limited in time. Under this unanimous-consent agreement three or four Senators could take all the time.

Mr. ROBINSON. I have no objection to modifying the request in any particular with respect to a limitation of debate which the Senator desires to suggest.

Mr. JONES of Washington. I suggest that after the hour of 6 o'clock p. m. speeches be limited to 10 minutes.

Mr. ROBINSON. I have no objection to that modification. Indeed, I think it improves the agreement.

Mr. CURTIS. I have no objection to it.

The PRESIDENT pro tempore. Is there objection to the request as modified?

Mr. NEELY. Mr. President, reserving the right to object, I wish to announce that it will be impossible for me to be present on Monday, the 26th day of May, for the reason that our primary election is to be held in West Virginia on May 27. I desire to vote on this question, and purpose voting to pass the adjusted compensation bill over the President's veto. Unless the unanimous-consent agreement is modified so as to provide for the taking of the vote on some day other than the 26th or 27th of May, I shall be compelled to object to the request.

Mr. ROBINSON. I modify the request so as to make it a week from to-day, next Saturday, which would be the 24th, and I will move up the hour for the final vote, if no Senator objects, to 6 o'clock.

The PRESIDENT pro tempore. Is there objection to the request as now modified?

Mr. JONES of Washington. If that brings the final vote at 6 o'clock, we should modify the request so as to make the 10-minute limitation apply at 4 o'clock.

Mr. ROBINSON. Very well; let that be done.

The PRESIDENT pro tempore. Is there objection?

Mr. GEORGE. Mr. President, I am willing to vote on this matter this afternoon or any day early next week; but I can not possibly be here on next Saturday, and that is the situation of some other Senators, the Senator from Colorado [Mr. ADAMS] among others, on account of conditions similar to those in which the Senator from West Virginia [Mr. NEELY] finds himself.

Mr. ROBINSON. Mr. President, I have demonstrated that it is impossible to fix upon a day upon which every Senator will find it convenient to be present. Unless Senators want to be obstinate about the matter, and occasion great inconvenience to other Senators, I think some date ought to be fixed and notice given. Otherwise I shall move to proceed to the reconsideration of the bill next Monday upon the convening of the Senate. It is privileged, and I can do that.

Mr. CURTIS. The Senator ought to leave that to the Senator in charge of the bill. That Senator was going to serve the same kind of a notice.

Mr. ROBINSON. If the Senator will serve that notice, I will withdraw mine.

Mr. CURTIS. I am perfectly willing to handle the measure.

Mr. ROBINSON. I assure the Senator from Kansas that I have no intention of usurping his jurisdiction.

Mr. CURTIS. When I first made my statement I said to the Senate that I was willing to go on now, or to go on Monday, or at any time; but I am willing to consult the convenience of other Senators by having a day fixed.

Mr. BROOKHART. Is there any reason why we can not go on right now?

Mr. CURTIS. We could not go on now, with the Senator from Minnesota entitled to the floor, and Senators who are not here want to be heard.

The PRESIDENT pro tempore. The Chair understands that objection has been made.

SEVERAL SENATORS. No! No!

The PRESIDENT pro tempore. The Senator from Georgia [Mr. GEORGE] made an objection.

Mr. GEORGE. Mr. President, I did not make a formal objection, but it is simply a question of not wanting the Senate to decide on a day when I could not be here.

Mr. WATSON. I ask unanimous consent that we proceed to vote immediately upon the subject.

Mr. REED of Pennsylvania. I object, Mr. President.

Mr. CURTIS. Mr. President, I serve notice that upon Monday, immediately after the convening of the Senate, I will move that the Senate proceed with this privileged matter.

Mr. SHEPPARD. Mr. President, I call for the regular order.

Mr. CURTIS. Under the rule, until 2 o'clock on Monday the calendar will be the order. So I change my notice. I will call the adjusted compensation bill up immediately after 2 o'clock next Monday.

Mr. SHIPSTEAD. Mr. President, I will say this to the Senator, that if an agreement can be made to vote this afternoon I shall be willing to go on on Monday by unanimous consent, if it is agreeable that I continue my remarks on Monday. I shall not do anything to interfere with the Senate acting now, if the Senate will agree to act now. The fact that I have the floor need not stop the Senate from transacting this busi-

ness if the Senate will agree to do it now. I am willing to yield the floor for that purpose.

Mr. SMOOT. Mr. President, there are a number of Senators out of the city, and some will be leaving at 4 o'clock with the idea that we were not going to vote to-day. It would be unfair to them to take the matter up, and therefore I shall object.

Mr. SHIPSTEAD. If no agreement can be made, I shall refuse to yield the floor.

NAVAL APPROPRIATIONS—CONFERENCE REPORT (S. DOC. NO. 112)

Mr. HALE. Mr. President, I submit a conference report on the naval appropriation bill, and ask that it lie on the table and be printed. I give notice that I shall call it up at the earliest possible moment.

The report was ordered to lie on the table and to be printed, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 6820) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1925, and for other purposes, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 9, 10, 18, 21, 32, 41, 46, 47, 49, and 64.

That the House recede from its disagreement to the amendments of the Senate numbered 1, 3, 4, 5, 7, 12, 13, 14, 15, 16, 17, 23, 26, 27, 33, 34, 35, 37, 38, 39, 42, and 61, and agree to the same.

Amendment numbered 2: That the House recede from its disagreement to the amendment of the Senate numbered 2, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "2,550,000"; and the Senate agree to the same.

Amendment numbered 6: That the House recede from its disagreement to the amendment of the Senate numbered 6, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "\$3,409,826; for aviation material, equipment, fuel, and rental of hangars, \$320,174; in all, \$3,900,000, not more than \$1,242,289 of"; and the Senate agree to the same.

Amendment numbered 11: That the House recede from its disagreement to the amendment of the Senate numbered 11, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$62,500"; and the Senate agree to the same.

Amendment numbered 19: That the House recede from its disagreement to the amendment of the Senate numbered 19, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$17,550,000"; and the Senate agree to the same.

Amendment numbered 20: That the House recede from its disagreement to the amendment of the Senate numbered 20, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$2,100,000"; and the Senate agree to the same.

Amendment numbered 22: That the House recede from its disagreement to the amendment of the Senate numbered 22, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "Provided further, That no part of this or any other appropriation contained in this act shall be available for maintaining in commission, exclusive of vessels of other types, more than four cargo ships, two transports, and one ammunition ship, unless, in case of emergency, the President should otherwise direct. Nothing in this proviso shall be construed to hinder the return of any vessel to the port where it will be decommissioned"; and the Senate agree to the same.

Amendment numbered 24: That the House recede from its disagreement to the amendment of the Senate numbered 24, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "plant appliances as now defined by the 'Navy classification of accounts';"; and the Senate agree to the same.

Amendment numbered 29: That the House recede from its disagreement to the amendment of the Senate numbered 29, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "And provided further, That in computing for any purpose the length of service of any officer of the Navy, of the Marine Corps, of the Coast Guard, of the Coast and Geodetic Survey, or of the Public Health Service, who was appointed to the United States Naval Academy or to the United States Military

Academy after March 4, 1913, the time spent at either academy shall not be counted"; and the Senate agree to the same.

Amendment numbered 36: That the House recede from its disagreement to the amendment of the Senate numbered 36, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "in all, \$50,000"; and the Senate agree to the same.

Amendment numbered 56: That the House recede from its disagreement to the amendment of the Senate numbered 56, and agree to the same with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "No officer of the Navy or Marine Corps, while on leave of absence engaged in a service other than that of the Government of the United States, shall be entitled to any pay or allowances for a period in excess of that for which he is entitled to full pay, unless the President otherwise directs"; and the Senate agree to the same.

Amendment numbered 57: That the House recede from its disagreement to the amendment of the Senate numbered 57, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$1,385,000"; and the Senate agree to the same.

Amendment numbered 58: That the House recede from its disagreement to the amendment of the Senate numbered 58, and agree to the same with an amendment as follows: In lieu of the sum proposed insert "\$8,911,800"; and the Senate agree to the same.

Amendment numbered 62: That the House recede from its disagreement to the amendment of the Senate numbered 62, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and limiting the number of officers and enlisted men"; and the Senate agree to the same.

Amendment numbered 63: That the House recede from its disagreement to the amendment of the Senate numbered 63, and agree to the same with an amendment as follows: In lieu of the matter inserted by said amendment insert the following: "and that no part of the moneys herein appropriated for the Naval Establishment or herein made available therefor shall be used or expended under contracts hereafter made for the repair, purchase, or acquirement, by or from any private contractor, of any naval vessel, machinery, article or articles that at the time of the proposed repair, purchase, or acquirement can be repaired, manufactured, or produced in each or any of the Government navy yards or arsenals of the United States, when time and facilities permit, and when, in the judgment of the Secretary of the Navy, such repair, purchase, acquirement, or production would not involve an appreciable increase in cost to the Government"; and the Senate agree to the same.

The committee of conference have not agreed on amendments numbered 8, 25, 28, 30, 31, 40, 43, 44, 45, 48, 50, 51, 52, 53, 54, 55, 59, and 60.

FREDERICK HALE,
LAWRENCE C. PHIPPS,
CLAUDE A. SWANSON

(With exception of Senate amendment
No. 64, which I insist upon),
Managers on the part of the Senate.

BURTON L. FRENCH,
GUY U. HARDY,
JOHN TABER,
JAMES F. BYRNES

(Not in agreement on amendment No. 64),

W. B. OLIVER

(Not in agreement on amendment No. 64),

Managers on the part of the House.

Mr. SHIPSTEAD resumed and concluded his speech, which is entire as follows:

GOVERNMENT INTEREST RATES

Mr. SHIPSTEAD. Mr. President, the Senator from Nebraska [Mr. NORRIS] said something about being taxed for the purpose of raising funds to develop harbors and then being taxed again to pay railroad rates. There are more ways of taxing the people than by simply passing a tax bill requiring the citizen to go to the county treasurer, pay his county taxes and his State taxes, and pay his income and excise taxes to the Federal Government.

It is interesting to note that while we have been discussing the Army appropriation bill the President has vetoed the bill calling for adjusted compensation to the service men of the last war. For doing so he gives various reasons, the chief among which is his desire to lower taxes.

Mr. President, because the Senate, through various sources, has been led to believe and the country has been led to believe that the Secretary of the Treasury has been the chief financial adviser of the administration, and because of the fact that I myself and other Senators have been deluged with letters and telegrams asking the Congress to sign on the dotted line when it comes to passing tax measures or when it comes to acting upon questions of public finance that are proposed by the Secretary of the Treasury as the chief financial adviser of the administration, I want to discuss the conduct of the Government financing by the Secretary of the Treasury, and I want to discuss him as chief financial adviser of the administration; and I want to say that I do not intend to do it in a controversial spirit. I do not intend to do it in a partisan spirit. I want to confine myself to the facts, to the statements of the Secretary of the Treasury, and to the statements of his friends.

Mr. President, the President has vetoed the bonus bill. His message tells us that he has been actuated by various motives, chief among which is his desire for lower taxes and therefore easier economic burdens for the American people. A desire for lower taxation is a commendable one, upon which there can be no difference of opinion. I am firmly of the opinion, however, that the President is ill advised when he places the burden and cost of reducing taxes upon the soldiers. There are other ways whereby the burden of the people can be lightened and the taxes reduced without taking it out of the pockets of those who risked their lives at the request of the Government during the World War. There are many ways of placing unnecessary burdens upon the backs of the people, but the most universal manner is that of taxation. It is an axiom that "The power to tax is the power to destroy." It is also a recognized fact that the power to fix the interest rates is the power to tax, and therefore the power to destroy.

On February 1, during this session of Congress, I tried to impress upon the Senate the fact that this power had been so used and that it had resulted in an exorbitant rate of interest being charged on borrowings of all kinds in the United States to such an extent that it is conservative to say that the American people were paying an exorbitant interest charge of at least 1 per cent on borrowings of all kinds. That as a result of this exorbitant interest charge the American people were obliged to pay directly an unnecessary interest charge totaling \$1,000,000,000 per year, based on a total indebtedness, public and private, of \$100,000,000,000, which I know to be a very conservative estimate of the indebtedness of the people of the United States. At that time I also pointed out the law of economics—that each unnecessary cent that goes into the cost of production is multiplied five times when the article produced reaches the ultimate consumer, and that therefore, in accordance with that law, an exorbitant interest charge of \$1,000,000,000 entered into the cost of production of American products has been multiplied into \$5,000,000,000 when the products reach the ultimate consumer. I charge that this unnecessary burden of \$5,000,000,000 annually is the result of the extraordinary high interest rate paid by the Government, by commerce, public and private corporations, and private individuals. My remarks to the Senate on February 1 state that this high rate of interest was due to the high interest paid by the Federal Government upon its securities issued by the Secretary of the Treasury, the interest rate on which is fixed by the Secretary of the Treasury, and by the high rediscount rates of the Federal reserve banks; that these high rates serve as a peg on the money market of the United States and set the pace for high interest rates being charged on borrowings of all kinds. I called attention at that time to the fact that the Secretary of the Treasury is chairman of the Federal Reserve Board as well as Secretary of the Treasury, and therefore was to a large extent to blame for the high interest rates paid by the Government and high rate of discount charged by Federal reserve banks, and therefore for the high rate of interest being charged upon debts of all kinds in the United States.

Three months have passed by, and the matters I have referred to have been discussed in the financial journals all over the country, by bankers' conventions, and the Secretary of the Treasury has replied thereto in the public press in the April issue of the American Bankers' Association Journal, answering my remarks to the Senate of February 1.

Mr. President, I am sending to the desk a copy of that letter of the Secretary of the Treasury.

The PRESIDING OFFICER (Mr. Fess in the chair). Does the Senator desire to have it read?

Mr. SHIPSTEAD. I will not take the time to have it read. I ask unanimous consent to have it printed in the Record with my remarks, without being read.

The PRESIDING OFFICER. Without objection the request will be granted.

The letter is as follows:

MARCH 17, 1924.

DEAR SIR: I received your letter of March 10, 1923, commenting on the address of Senator SHIPSTEAD of Minnesota on the floor of the Senate, February 1, 1924, in which he charged that the people of the United States are paying about 1 per cent too much interest on the public debt, and requesting a statement as to how the Treasury fixes the rate of interest on its borrowings.

The factors which the Treasury must always take into consideration in floating a new issue of securities are practically the same as those which must be considered by any investment banker in floating new issues for his clients. All Government offerings are made on a strict investment basis. The Treasury always aims to sell its securities at the lowest possible interest rate consistent with their successful distribution among investors, and with this in view it always gives close attention and consideration, in connection with the determination of the amount and terms of each issue, to the market quotations on outstanding securities and to prevailing money-market conditions. No one realizes better than the Treasury that the burden of paying the interest on the public debt falls on the country's taxpayers, and I can assure you that every effort is made to minimize this burden. On the other hand, it is necessary to meet market conditions in carrying on refunding operations and in securing funds to meet current activities. If Treasury certificates and notes should be offered at rates of interest lower than market conditions warrant, they would not prove sufficiently attractive to investors and the funds necessary to carry on the Government's activities would not be available. The Government can no longer appeal to the public to purchase its securities at less than market rates on grounds of patriotism.

In the Government financing which took place on December 15, 1923, the Treasury required, to meet maturing obligations and to carry it over the period to March 15, 1924, about \$350,000,000. One-third of this could be thrown into June 15, 1924, maturities, when maturing obligations were somewhat lower than expected receipts, and two-thirds placed in December 15, 1924, maturities, on which date there were no other maturing obligations. A summary of the market situation December 10, 1923, when the December 15 financing was announced, with the maturity dates, the amount of short-term issues then outstanding, and their return based on the market price, follows:

Maturity	Amount outstanding	Return
Mar. 15, 1924	\$770,946,500	3.85
June 15, 1924	311,088,600	4.04
Sept. 15, 1924	377,081,100	4.20
Dec. 15, 1924		
Mar. 15, 1925	598,355,900	4.39

Obviously the above market situation called for an interest rate of 4 per cent on the six months' certificates maturing June 15, 1924, and 4½ per cent on the certificates maturing December 15, 1924. That in spite of oversubscriptions the interest rate was correctly fixed is shown by the fact that in the week succeeding their issuance large amounts of the new issue of each series changed hands at par.

The March 15 certificates were offered Monday morning, March 10, and the previous Saturday the price of Government short-term obligations indicated the following returns on the maturity dates:

June 15, 1924	3.60
September 15, 1924	3.83
December 15, 1924	3.85
March 15, 1925	4.00
June 15, 1925	4.13
December 15, 1925	4.14

Faced with this market situation, a 3½ per cent rate was too low for a nine months' certificate. To have made this 3½ would have been to adopt an inconvenient rate. It was determined, therefore, to issue 12 months' certificates on a 4 per cent basis, which exactly hit the market.

It is possible, of course, that the Treasury might at times have issued its securities at a somewhat lower rate and have appealed to the Federal reserve banks to support the market through heavy purchases of such securities in case the proper distribution should not be effected. To pursue such a course in peacetime, however, would seem to me to be inexcusable. It would create an artificial situation in the investment and money markets and tend to produce inflation. It may be noted in this connection that the Treasury has succeeded in borrowing on its certificates of indebtedness at a lower rate than even States and cities have been able to borrow on their fully tax-exempt short-term bills, though in substance the Treasury certificates are exempt only from the normal income tax. During the whole of February, for example, the city of New York paid 4½ and 4¼ per cent on its short-term bills, while the Treasury is now offering one-year certificates at 4 per cent. Moreover, the Treasury's long-term bonds not wholly tax exempt do not bear higher rates than the average on municipal bonds issued during and since the war, which are wholly tax exempt. The Treasury's wholly tax-exempt securities bear a rate

nearly 1 per cent lower than municipal tax-exempt securities. A glance at the public-debt statement will show that the great bulk of the outstanding public debt bears 4½ per cent or less. During the heavy refunding operations of 1921 and the early part of 1922, when the money market was tight and interest rates high, it was necessary, of course, to issue securities at somewhat higher rates, but it will be noted that none of these issues have long maturities. They all mature within the next few years and can soon be replaced by issues at lower rates according to the conditions of the market. In fact the two series of notes which bear the highest rates mature during the current calendar year and will be paid off or refunded at the market rates.

The principal evidence in support of the contention that the Treasury is paying too high rates seems to be that the various offerings were oversubscribed, but if one will take the trouble to examine the market it will be found that there are comparatively few successful offerings of securities of any kind which are not oversubscribed. In fact, if they are undersubscribed, the offering is in part a failure and reflects on the judgment of those who made it. The investment market is an exceedingly delicate affair, and a very small difference in rate will mean the difference between success and failure of the offering. Reference was made to the Treasury notes of January 15, 1923, bearing 4½ per cent and the notes of May 15, 1923, bearing 4¼ per cent. The daily quotations, which are, of course, the best index of what the market will take, show that soon after the issue of the 4½ per cent notes in January they dropped below par, and by May, when the next issue was due, they were selling at a yield of over 4.60. The May issue was an unusually large one, amounting to nearly \$700,000,000, and I do not believe anyone familiar with the market would contend that the issue would have been successful at a lower rate. You will recall the violent criticisms which were directed against the Treasury after the war when the Liberty bonds sold below par on the ground that the rates on the loans were too low.

In comparing the rates on acceptances with the various types of Government securities the differences in the nature of the issues in maturity dates, size of issues, changing market conditions, and other fundamental factors were wholly ignored. Rates on acceptances are for 90-day bills, and it might be noted that in December, 1923, the Treasury issued six-month securities at 4 per cent, and is now offering an issue of 12-month securities at 4 per cent, while the market rate on bills was 4½ to 4¼ on the former date and is now 4½. A compilation of interest rates shows that the rate on 6-month certificates has conformed fairly closely to the rate on 90-day bills since 1921, and that the rate on commercial paper has run approximately three-quarters to 1 per cent higher.

Much of the criticism of the Treasury and the Federal reserve banks clearly betrays a lack of understanding of the fundamental economic principles which determine interest rates. The impression seems to prevail that conditions in the money market are due entirely to the rates paid on Government securities and to the discount rates of Federal reserve banks, and that these rates can be fixed arbitrarily at a higher or lower level, thus determining market conditions at will. On the contrary, both the rates paid on Government securities and the discount rates of Federal reserve banks reflect conditions in the money market rather than cause them. Fundamentally, interest rates are determined by the demand for and supply of capital. The comparatively high money rates which continue to prevail are the result of economic conditions which exist throughout the world.

The demand for capital everywhere following the destruction of the war is so great that high rates must be paid by those who wish to secure the limited supply. The return to normal rates must necessarily be a gradual process depending upon the rapidity with which the supply of capital is replenished. A scarcity of capital is something beyond the power of the Treasury or banks to prevent. It is a persistent fallacy that financial and credit institutions can create capital or make it cheap. They can manufacture credit, but only in a limited sense can credit take the place of capital. Capital can be created only by increased productivity and increased savings.

With reference to the effect of the Federal reserve bank rate on conditions in the Northwest, statistics show that in the Minneapolis district the average rate charged by member banks to customers on paper which they in turn rediscounted rose from 7.65 per cent in December, 1921, to 7.99 per cent in December, 1923, although the discount rate of the Federal Reserve Bank of Minneapolis declined from 5½ to 4½ per cent. On the latter date the spread between the discount rate and the rate charged by member banks to their customers was 3½ per cent. This would hardly bear out the contention that the plight of the banks in that district is due to the discount rate of the Federal reserve bank. A similar situation prevails in some of the other districts, particularly in the agricultural districts. Many banks have long been accustomed to charge the maximum rate allowed by the usury laws of the State, especially on the smaller loans. In some sections of the country these rates range from 6 to 10 per cent, and are still paid by many borrowers in spite of the discount rate of 4½ per cent. In many agricultural sections, moreover, a great majority of the commercial banks are not members of the Federal reserve system,

and under such conditions it would be difficult for the Federal reserve banks to exercise any great influence over the higher level of interest rates for these districts. In fact, the discount rates of none of the Federal reserve banks can be said to be effective at the present time in the sense that they are a controlling factor in the general level of interest rates. It should be noted in this connection that discount rates of Federal reserve banks are not fixed with the idea of enabling member banks to make a profit. Commercial banks are not primarily borrowing institutions; they are lenders, and for them to borrow in order to lend at a profit is universally recognized as unsound practice. The primary purpose of reserve institutions is to assist commercial banks in times of unusual or emergency demands rather than to extend a permanent line of credit on which member banks can make a profit. In connection with this whole question of discount rates and the function of reserve institutions, it is significant that in England and other European countries the bank rate is almost constantly higher than market rates on discountable paper. Since the entrance of the United States into the World War in 1917, however, the rates of Federal reserve banks have been lower than rates charged by member banks on practically all paper rediscounted.

While the Treasury welcomes any public discussion or suggestion with reference to its policies, I realize that much harm has been done by charges against the Federal reserve system by those who are neither familiar with the facts nor the fundamental economic principles involved. These charges have inflamed the minds of the public in certain sections with wholly imaginary evils and injustices, and any contribution that you can make toward the better understanding of our banking and financial systems will be a public service.

I fully appreciate the conditions in certain agricultural districts, but in my opinion the farmer's greatest enemies to-day are those who, posing as his champions, lead him into the belief that his ills can be cured by political measures rather than through the necessary economic adjustments, and who seek to divert him from facing the facts in the case by indiscriminate attacks on existing institutions. What the farmer needs above all else at this time is sound constructive statesmanship.

Very truly yours,

A. W. MELLON,
Secretary of the Treasury.

Mr. JAMES E. CLARK,
Editor American Bankers' Association Journal,
110 East Forty-second Street, New York City.

Mr. SHIPSTEAD. Mr. President, in this letter the Secretary of the Treasury does not deny that the Treasury, through the Federal reserve banks, is outbidding banks for bank deposits on their savings certificates, paying a higher rate of interest than banks can afford to pay on savings. He does not deny my charge that there is an exorbitant rate of interest being charged on borrowings of all kinds. He does not say that the Treasury is not paying too high a rate of interest on several billion dollars of floating indebtedness. He does not deny that the rediscount rates of the Federal reserve banks are too high, but he says that the Secretary of the Treasury and Federal reserve banks are not to blame. He says that the high rate paid by the Secretary of the Treasury on Government issues and the high rediscount rate of the Federal reserve banks reflect the condition of the money market instead of causing those high rates.

In the article published in the American Bankers' Association Journal Secretary Mellon states:

Much of the criticism of the Treasury and the Federal reserve banks clearly betrays a lack of understanding of the fundamental economic principles which determine interest rates. The impression seems to prevail that conditions in the money market are due entirely to the rates paid on Government securities and to the discount rates of the Federal reserve banks, and that these rates can be fixed arbitrarily at a higher or lower level, thus determining market conditions at will. On the contrary, both the rates paid on Government securities and the discount rates of the Federal reserve banks reflect conditions in the money market rather than cause them. Fundamentally interest rates are determined by the demand for and supply of capital. The comparatively high money rates which continue to prevail are the result of economic conditions which exist throughout the world.

Then he goes on to say:

No one realizes better than the Treasury that the burden of paying the interest on the public debt falls on the country's taxpayers.

So he recognizes that fact.

Now I will quote another statement from a document bearing the name of the Secretary of the Treasury, in which he takes an entirely opposite point of view. This is from a document issued by the Federal Reserve Board, of which the Secretary of the Treasury is the chairman. This report is dated February 15. I believe it was not available until the first week in April,

which is the week in which his letter to the American Bankers' Association Journal was published.

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

Mr. SHIPSTEAD. I yield.

Mr. KING. Before proceeding to a consideration of the matter to which the Senator has just adverted, may I inquire if it is not a fact that the Secretary of the Treasury, in his borrowings, went into a number of the agricultural States—into Ohio and Illinois and Indiana and Iowa—and obtained from those States considerable money for these short-time certificates at a higher rate of interest than was then current in those respective localities?

Mr. SHIPSTEAD. Oh, yes.

Mr. KING. So that that would be a refutation of the statement which is contained in the letter which the Senator has just read.

Mr. SHIPSTEAD. Oh, yes. That drive was made for the sale of savings certificates drawing $4\frac{1}{2}$ per cent interest, compounded semiannually. I will say, however, that the newspapers record that on the 1st day of February that sale of savings certificates was stopped in the Northwest States.

I want to quote from this other document bearing the name of the Secretary of the Treasury. Here he gives an entirely different point of view on the question of whether or not the Federal reserve bank discount rate has anything to do with the rate of interest being charged on borrowings of all kinds. On page 10 he says:

The experience of the Federal reserve banks, notwithstanding that the brief period of their active operation on a considerable scale has been one of disturbed economic and financial conditions, is demonstrating that there is a sufficiently close connection between changes in Federal reserve bank rates and changes in interest rates charged their customers by member banks on a sufficiently large volume of customers' borrowings to make Federal reserve rates an important and at times a leading influence in money centers. In that sense the Federal reserve bank rates may be said to be effective. Its effectiveness and the range of its influence have been promoted in no inconsiderable degree in recent years by the increasing fluidity of the American credit system; that is, by the ease with which credit flows between the larger financial centers and the interior of the country.

Member bank customer rates have shown a tendency to move with Federal reserve bank rates. * * *

Are not these two statements entirely opposite and contradictory? In the first statement, Secretary Mellon states that the Federal reserve bank rates reflect conditions in the money market rather than cause them, but in the second statement he claims that there is a sufficiently close connection between changes in the Federal reserve bank rates and changes in rates charged their customers by member banks to make Federal reserve rates an important and at times a leading influence in money centers.

Which of the above statements is true? The letter to the American Bankers' Association Journal was written in reply to my address to the Senate of February 1, in which I charged that the Federal reserve rate kept up the interest rate on commercial borrowings, and Secretary Mellon's letter was not written until March 17, plenty of time for due deliberation. The report for 1923 by the Federal Reserve Board was made public the latter part of March or first part of April, so that the letter and report can be said to be simultaneous expressions from the Treasury Department.

There we have Mr. Mellon's view on the question of whether or not the high rate of interest being charged on borrowings of all kinds in the United States is caused by the Secretary of the Treasury setting the pace by offering an unnecessarily high rate of interest on Government securities, and rediscount rates charged by the Federal reserve banks. That seems to be the question in controversy.

The Secretary of the Treasury takes the position that the Federal reserve bank rediscount rates reflect the condition of the money market, and are not the cause of the high rate of interest. He admits that interest rates are high.

Since these statements were made some very interesting things have happened, because on the 1st day of May the Federal Reserve Bank of New York reduced its rediscount rate from $4\frac{1}{2}$ per cent to 4 per cent.

I want to call to the attention of the Senate the fact that on April 30, the day before that interest rate was reduced, call money on the New York market closed at $4\frac{1}{2}$ per cent.

I have an editorial from the Wall Street Journal which I send to the desk, and part of which I want to have printed. I do not care to have the whole editorial printed, but just enough to indicate the fact that the call-money rate at the close on April 29 was $4\frac{1}{2}$ per cent.

The PRESIDING OFFICER. Is there objection to the request of the Senator from Minnesota?

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

[From the Wall Street Journal, May 1, 1924]

MONEY DEMAND IS SLOWING UP—RESERVE REDISCOUNT RATE REDUCED TO 4 PER CENT—BROKERS BORROWING LIGHTLY—COMMERCIAL PAPER STEADY

New York Federal Reserve Bank announced reduction on the rediscount rate from $4\frac{1}{2}$ per cent to 4 per cent Wednesday.

Last time the rediscount rate was changed was on February 23, 1923, when it was increased from 4 per cent to $4\frac{1}{2}$ per cent, when the Federal reserve banks of New York, Boston, and San Francisco all acted at once, so the same rate, $4\frac{1}{2}$ per cent, prevailed throughout the system.

It is believed that some of the stronger reserve banks, with high ratios, may follow the lead of the New York bank now. Each Federal reserve bank is free to take independent action on rediscount rate, subject to approval of the Federal Reserve Board.

Money market continues quiet. Tuesday's closing rate of $4\frac{1}{2}$ per cent brought a flood of out-of-town money to swell the already large local surplus so that the rate opened at $4\frac{1}{2}$ per cent.

Mr. SHIPSTEAD. Another editorial from the Wall Street Journal of April 30 read as follows:

Call money renewed at $3\frac{3}{4}$ per cent and gradually rose to $4\frac{1}{2}$ per cent in the afternoon without any particular demand for loans in the stock market or elsewhere.

The news that the New York Federal Reserve Bank had reduced its rate was not made known in the money market until after the close of business on May 1 of this year, and here we find in the editorial of the Wall Street Journal for May 1 this statement:

Money market continues quiet. Tuesday's closing rate of $4\frac{1}{2}$ per cent brought a flood of out-of-town money to swell the already large local surplus, so that the rate opened at $4\frac{1}{2}$.

Here is another editorial from the Wall Street Journal of May 1:

Liberty loans rally on rumors that Federal reserve rediscount rate will be cut.

When there was only a rumor in the money market that the Federal reserve bank intended to reduce its rediscount rate, Liberty loan bonds and other Government securities started to go up.

Rumors in the street yesterday to the effect that the Federal reserve bank would reduce the rediscount rate influenced activity in United States Government bonds and after early slight recessions most issues rallied above Tuesday's closing level. News of the cut in the bank rate did not come until after the close of the bond market so that the full effect of that constructive action was not reflected in yesterday's prices. Most of the surplus funds of banks and insurance has been placed lately in United States Government bonds and high-grade railroad issues. From now on, high-yielding bonds of the second grade should do better.

So we find that when it was only rumored that the Federal reserve rediscount rate would go down, bonds, and particularly Government issues, started to rise.

Mr. BROOKHART. Mr. President, I would like to ask the Senator if, conversely, at the time of the deflation in 1920, when the rediscount rates were raised, the prices of Government bonds were not depressed?

Mr. SHIPSTEAD. Certainly.

Mr. BROOKHART. And people who had bought those bonds for war purposes were forced to sell them at below par?

Mr. SHIPSTEAD. We know by bitter experience that that is true.

Mr. BROOKHART. Perhaps it might be reasoned from that that one of the big objects of deflation as talked at that secret meeting of May 18, 1920, was to depress the bonds and buy them in at the lower rates.

Mr. SHIPSTEAD. I do not see how any sane man can doubt that.

Mr. President, I have here an editorial from the Wall Street Journal of May 2, the day after the Federal Reserve Bank of New York lowered its rediscount rate, and I find this in large headlines:

United States 4's at record high. Reduction in Federal reserve rediscount rate and the decline of call loans to $3\frac{1}{2}$ per cent stimulates Government issues.

I want to call attention to the fact that the day after the Federal Reserve Bank of New York lowered its rediscount

rate from $4\frac{1}{2}$ per cent to 4 per cent, call money dropped to $3\frac{1}{2}$, and has never gone above that to this day. As a matter of fact, this morning's Wall Street Journal said that the money market last night closed at 3 per cent.

Here is what the Wall Street Journal said editorially as the effect of the reduction of the Federal reserve bank rediscount rate upon the money market:

Responding to the cut in the New York Federal Reserve Bank rediscount rate from $4\frac{1}{2}$ to 4 per cent and continued easy-call loans, which receded to $3\frac{1}{2}$ per cent in the afternoon, the bond market developed activity yesterday with attention centered chiefly on United States Government and other high-grade investment bonds. United States Treasury 4½'s established a record price of 102, and all the Liberty loan issues reached the highest prices for the year.

On May 2 there appeared in the North American of Philadelphia a communication from their correspondent in New York, which appears on page 23, in which he said:

Although bankers generally agree that the lowering of the local Federal reserve rate will result in easier money, its only effect to-day was in the call money market, which opened at $4\frac{1}{2}$ per cent, and then dropped successively to 4, $3\frac{1}{2}$, and $3\frac{1}{4}$.

Sharp rallies in Liberty bonds, which mounted in unusually active trading to the highest levels of the year, to-day measured the bond market's response to the reduction in the New York Federal Reserve Bank's rediscount rate. For the first time this year all active issues sold at par or higher, while the Treasury certificates reached a new price of 102, the highest ever recorded.

Mr. HEFLIN. Mr. President—

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

Mr. SHIPSTEAD. I yield.

Mr. HEFLIN. There is a Federal reserve bank also at Philadelphia. Does the Senator know the difference between the rediscount rate of the New York bank and of the bank at Philadelphia?

Mr. SHIPSTEAD. I will say to the Senator that up until May 1, when the New York Federal Reserve Bank lowered its rediscount rate to 4 per cent, the Federal reserve bank rediscount rates were uniform in all banks throughout the United States. Whether the Philadelphia bank has followed the action taken by the New York bank I do not know. I am quite sure it had not been done up to yesterday. But it is expected that it may be done. Whether they will do it or not we can not tell.

Mr. SMITH. Mr. President, I have not heard all of the Senator's speech; but has the contention been made that the rediscount rate at the regional or reserve banks has not affected the flow of money or the rates that were exacted in the member banks, and in the ordinary commercial and national banks?

Mr. SHIPSTEAD. I will say to the Senator that I made the charge on the floor of the Senate last winter that it affected borrowings of all kinds.

The Secretary of the Treasury, in a letter written to the American Bankers' Association Journal on March 17, and published in the April issue, made the statement that the Federal reserve discount rates reflected a condition in the money market and the interest rate in America instead of being the cause of those high rates. Does that answer the Senator's question?

Mr. SMITH. I was just wondering if, under an amendment offered on the floor of the Senate by the Senator from Connecticut [Mr. McLEAN], chairman of the Committee on Banking and Currency, and adopted by the Senate, which was known as an amendment to provide a progressive and graduated rate when the borrowings of the bank had reached a certain base line and above it, they were to be foreclosed by the progressive and graduated rates that were incorporated in the Federal reserve act.

Mr. SHIPSTEAD. That is correct.

Mr. SMITH. I have a statement from officials of the Federal reserve bank that under the operation of that amendment in some places the discount charges were 16 per cent, and in one case in Alabama 87½ per cent was charged, not because the security was not ample or perhaps was not safe, but simply because they wished to reduce operations and to bring about deflation, which they did amply succeed in doing.

Mr. SHIPSTEAD. I will say to the Senator that I think he is absolutely correct. It may seem presumptuous to take up the time of the Senate this afternoon with a discussion of a question so rudimentary as that, but because of the fact that the Secretary of the Treasury has not recognized the power of the Federal reserve bank through the control of the rediscount rate to control the interest rates, the high rates of interest being charged all over the country, and because of the fact

that the Senate and the people of America are asked to accept him as their official infallible adviser on questions of public finance, I am taking up the time of the Senate this afternoon to show what has actually taken place in the money market since the Federal Reserve Bank of New York reduced its rediscount rate on the 1st of May.

Mr. SIMMONS. Mr. President—

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

Mr. SHIPSTEAD. I yield.

Mr. SIMMONS. Am I to understand the Senator to say that the Secretary of the Treasury has stated that the Federal reserve system did not fix the rate of interest but, rather, followed the commercial rate? I was under the impression that one of the chief objects and purposes of the Congress in the establishment of the Federal reserve system was that it might act as a regulator, so to speak, of the interest charges made in ordinary commercial transactions, just as the Bank of England has always been supposed to regulate the interest charge prevailing in the Kingdom of Great Britain. It is news to me and rather a startling statement to come from the Secretary of the Treasury that the Federal reserve system is not performing that function at all but simply following in the wake of commercial enterprises and commercial investments in commercial enterprises.

Mr. SHIPSTEAD. I will say to the Senator that before he came into the Chamber I quoted the Secretary's point of view on that question contained in a letter to the American Bankers' Association Journal and published in their issue for April. For the benefit of the Senator and other Senators who were not in the Chamber when I quoted the Secretary previously, and because I do not want to misstate what he said, I will read the direct quotation again.

Mr. SIMMONS. I would like very much to hear it.

Mr. SHIPSTEAD. He said:

Much of the criticism of the Treasury and the Federal reserve banks clearly betrays a lack of understanding of the fundamental economic principles which determine interest rates. The impression seems to prevail that conditions in the money market are due entirely to the rates paid on Government securities and to the discount rates of Federal reserve banks, and that these rates can be fixed arbitrarily at a higher or lower level, thus determining market conditions at will. On the contrary, both the rates paid on Government securities and the discount rates of Federal reserve banks reflect conditions in the money market rather than cause them. Fundamentally, interest rates are determined by the demand for and supply of capital. The comparatively high money rates which continue to prevail are the result of economic conditions which exist throughout the world.

Mr. SIMMONS. Does the Senator understand that to mean that the Federal reserve banks can not in any way affect the rate of interest charged in the country, either to reduce that rate or to pursue a policy which would necessarily force down the rate?

Mr. SHIPSTEAD. I think the language is very plain when he says that those rates reflect conditions in the money market rather than cause them.

Mr. HEFLIN. Mr. President, will the Senator permit me to interrupt him?

Mr. SHIPSTEAD. Certainly.

Mr. HEFLIN. It was the purpose or one of the purposes in creating the Federal reserve system to control just such situations as he talks about, but those who are now in control are saying that conditions in the money market fix the rediscount rates and not the Federal Reserve Board.

Mr. SHIPSTEAD. That is what the Secretary said. I will say to the Senator from North Carolina that the Federal Reserve Board issued a report dated February 15, in which they took the opposite point of view, and because the Senator was not in the Chamber when I read it I will read it again.

The experience of Federal reserve banks, notwithstanding that the brief period of their active operations on a considerable scale has been one of disturbed economic and financial conditions, has demonstrated that there is a sufficiently close connection between changes in Federal reserve bank rates and changes in rates charged their customers by member banks on a sufficiently large volume of customers' borrowings to make the Federal reserve rates an important and at times leading influence in the money markets. In that sense the Federal reserve rate may be said to be effective.

Mr. SIMMONS. I never supposed the Federal reserve banks could absolutely fix the rate of interest in the United States, but I did suppose the Federal reserve banks might exercise a largely determining influence in the fixing of the rates of interest throughout the country. I thought that was the pur-

pose of the inauguration of the system. When the deflation policy was first inaugurated it was very well understood at that time that the Federal Reserve Board, in fixing the rate at that time, was fixing it for the purpose not only of influencing but to a very large extent controlling the rates of interest throughout the country.

Mr. SHIPSTEAD. Certainly.

Mr. FLETCHER. Mr. President—

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

Mr. SHIPSTEAD. I yield.

Mr. FLETCHER. The Secretary seems to claim that the ample supply of capital—and by that he means the supply of money deposited in the banks, savings accounts, and elsewhere—has an influence in the matter of fixing the rediscount rates. In a statement issued by the Federal Reserve Board on April 30, 1924, it appears that in the various Federal reserve districts the savings deposited in the Federal reserve districts amounted on April 1, 1924, to \$7,307,062,000, as against \$6,740,410,000 on April 1, 1923. It appears also that the time deposits in all the national banks exceeded \$6,000,000,000. So we have savings deposits of over \$7,000,000,000 and time deposits of over \$6,000,000,000 in the banks. There would seem to be a supply of capital.

Mr. SHIPSTEAD. I have here an editorial from the Wall Street Journal of May 8, in which it is said:

Business has not receded nearly so far as some opinions indicate. Loans are still in demand, and liquidation of old business is hardly sufficient to keep down total loans outstanding. Total loans of reporting member banks in leading cities stood at \$12,062,136,000 on April 16. They were at \$12,066,813,000 on January 2, which was the high point since deflation in 1921.

This report is only from about one-third of the money markets of the United States, showing that there is a tremendous demand for capital, that capital is not unemployed, that there is plenty of capital in the country, and that there are more bank borrowings now than there have been since 1921.

Of course during the deflation period of 1920 the Federal reserve banks annihilated the credit which they had created during several years prior to the time when they put in that period of deflation by restricting the circulating medium of the country and thereby breaking the prices of agricultural products, causing the Liberty loan bonds to come out from the people who had bought them at par, and compelling them to sell at 80 and 85. It is very significant that they did not come back until after the revenue act of 1921 was passed putting them on the tax-exempt list when held by corporations.

It was not only the Liberty loan bonds that were shaken out of the hands and pockets of the American people during that period of deflation. The American people during that period were, by this power of the control of the money and credit and discount of interest rates, deflated out of many billions of dollars. The Secretary of Agriculture has said that the American farmer alone was deflated or dispossessed at \$18,000,000,000 in property. I had never claimed that he had been deflated out of more than \$12,000,000,000, but the Secretary of Agriculture claimed he was dispossessed of \$18,000,000,000. The Manufacturers' Journal, of Baltimore, makes the statement that the American farmer was dispossessed of \$32,000,000,000 of property. That is a very conservative journal and therefore very respectable, so I hope the Senate will take under consideration the statement which I have just quoted.

Mr. BROOKHART. Is it not true that this control of interest rate also has an effect upon prices?

Mr. SHIPSTEAD. From the editorials which I have read from financial journals that I have been quoting this afternoon it is evident that immediately upon the drop in the rediscount rate by the Federal Reserve Bank of New York on May 1 the market prices of all kinds of securities were affected and Government issues that the Secretary of the Treasury sold March 15, 1924, to yield 4 per cent, are now sold on the open market to yield about 3.59.

Mr. BROOKHART. Is it not then true that the greatest economic power in our country, and therefore the greatest in the world, is located in the administration of the Federal reserve system?

Mr. SHIPSTEAD. Oh, certainly. It controls all industries.

Mr. BROOKHART. Does it not behoove the Congress to find out and know more about how that institution is controlled?

Mr. SHIPSTEAD. I think Congress should. Here I have an editorial from the Wall Street Journal of May 14, wherein the editor said:

Commercial paper always shows a tendency to rule at one-half of 1 per cent above the reserve bank rediscount, and when shaded below this figure hardly represents the market. In any event, the rediscount rate practically "pegs" the rate at 4½ per cent as minimum.

Here we have the editor of the Wall Street Journal admitting that the Federal reserve bank rediscount rate "pegs" the money market at 4½ per cent on the open market.

The Wall Street Journal for May 16, speaking editorially, states:

Money market, while quiet, is remarkably steady at the new level recognized by the reduction in the New York Federal Reserve Bank rediscount rate on May 1. Call money rate has not moved from 3½ per cent since the close of the market on that day. It is as if pegged. Time money is extremely dull and readily available at 4 per cent for most dates.

In my address of February 1, I quoted from Wall Street Journal of January 25, 1924, the following:

Federal reserve rediscount rate serves as a peg, insuring paper from going lower.

In Wall Street Journal of April 26, 1924, the following statement appears:

Bankers do not look for any further softness in commercial paper while the Federal bank rediscount rate holds at 4½ per cent.

I quote further from the same issue of the Wall Street Journal, May 16, 1924:

Country banks show no inclination to loan their funds at anywhere near the present market. They are finding more profitable use for their money nearer home or turning to such short-term securities as Treasury certificates and notes, bankers' acceptances and commercial paper. In any event, brokers' borrowings are so light that no considerable amount of interior money could be absorbed even though it were offered.

So we find that as a result of the lowering of the rediscount rate of the Federal Reserve Bank of New York money is beginning to flow back into the country to finance the business of the interior of the country.

I have here the editorial page of the Literary Digest for May 17; that is to-day. I send it to the desk and ask that the two paragraphs marked in ink be printed in the RECORD.

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

The matter referred to is as follows:

For a year past the bank rate has been 4½ per cent for all the Federal reserve districts. Now that New York has lowered it to 4 per cent, other eastern reserve banks are expected to follow suit; and, of course, interest rates on loans and deposits will be correspondingly cut down.

For money has of late been cheap in New York, call money being quoted at 4½ per cent at the end of April. We are reminded in the New York Times that 4 per cent is the lowest rate that the reserve banks have fixed at any time since the system was established in 1914.

Mr. BROOKHART. Mr. President—

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

Mr. SHIPSTEAD. I yield.

Mr. BROOKHART. I should like to remind the Senator from Minnesota of a fact that I ascertained in reference to the cooperative banking system of England. In the panic of 1908 over there the Bank of England was forced for a while to raise its discount rate, as I remember, from 3½ to 7 per cent. At the same time the cooperative system, which was then a very large system, was able to go through, and did go through, that period with an interest rate of 3½ per cent, without change or modification. Is not that an indication that the cooperative idea of banking is sounder and safer and better in every way than is the competitive idea which we in this country follow?

Mr. SHIPSTEAD. I think the Senator from Iowa is correct; but I maintain that a comparison between the banking system of England and the banking system of the United States is not a fair comparison, because the Bank of England is controlled by the merchants who borrow the money and who are interested in a lower rate of interest on money with which to finance their business, while the banking system of the United States is in control of the bankers, who are interested in a high rate of interest.

Mr. BROOKHART. But the cooperative banking system of England is controlled by the cooperative merchants, and it is fair to compare the two systems in England. I do not mean

to compare the English system with that of the United States, but to compare the two systems in the same country.

Mr. SHIPSTEAD. Oh, yes.

Mr. BROOKHART. On that basis I think the comparison is fair.

Mr. SHIPSTEAD. A cooperative system of banking in the United States, if it were of such a character that it could control the volume of loans, I am confident would cut the interest rates on commercial borrowings.

Mr. BROOKHART. As well as on agricultural loans.

Mr. SHIPSTEAD. Absolutely. English commerce pays a much smaller rate of interest than does American commerce. The British Government sells its short-term treasury bills for 3 per cent and less, and sells them at competitive bidding to the highest bidder. The United States gives the power to fix the interest rate on Government securities to the Secretary of the Treasury.

Mr. HEFLIN. Mr. President, I should like to ask the Senator from Minnesota if the Bank of England has not recently reduced its interest rate?

Mr. SHIPSTEAD. That I can not tell the Senator.

Mr. HEFLIN. It has.

Mr. SHIPSTEAD. I have, however, heard rumors to the effect that it was going to raise its discount rate in the near future.

Mr. HEFLIN. I noticed some time ago—I think a month or more ago—that the Bank of England had reduced its discount or interest rate, and my recollection is that it was about half of what the discount rate is in the United States.

Mr. SHIPSTEAD. As to that, I can not inform the Senator. I know that the Bank of England operates in a different manner than does the Federal reserve banking system of the United States. The Federal reserve banks of the United States were copied after the German Reichsbank system, which was controlled by the bankers of Germany. The Bank of England is not controlled by the bankers of England, but is controlled by the merchants and they use the bank for the purpose of keeping the interest rate, so far as commerce is concerned, as low as possible because they are interested in having a low rate of interest.

Mr. HEFLIN. The Federal reserve system was intended to be controlled by a board appointed by the President and confirmed by the Senate that had no connection whatever with any bank in the country. I agree with the Senator that now the influence of the bankers of the country seems to be controlling the board.

Mr. SHIPSTEAD. I do not know what the intention was, but I do know what we were told was the intention when that system was established by law. We were told it was to be a money system that would give us an elastic currency that would expand and contract with the natural flow of commerce, and that it would always furnish plenty of money to business and commerce, so that there should never be a panic due to a scarcity of money and there should never be hard times due to a scarcity of money, because the Federal reserve banks could issue money based upon credit, and so long as anyone who was entitled to credit wanted to use that credit he could have it and the Federal reserve banks would see that that credit was extended to him.

Mr. HEFLIN. Absolutely; and President Wilson referred to the Federal reserve law as having established a democracy of credit so that any man who had a going business and who needed money could get money whenever he needed it.

Mr. SHIPSTEAD. He found out in the fall of 1920 that he could not get it.

Mr. HEFLIN. Absolutely; and that is when Wall Street got control of the board.

Mr. JOHNSON of Minnesota. Mr. President, if the Senator will yield, let me ask was not the trouble that they loaned out too much money for two or three years during the time of inflation? That was the main trouble. Anybody could get money with which to speculate, but he had to stop sooner or later.

Mr. HEFLIN. I agree with the Senator that they let them have too much with which to speculate.

Mr. JOHNSON of Minnesota. And the Federal reserve banks are to blame for it.

Mr. HEFLIN. But if they had stood with the West and with the South on their loans and had not forced them to sell their products, I do not think we would have had a panic.

Mr. BROOKHART. Is it not true that the powers granted and the system of administration adopted enabled those in control of the Federal reserve banks to produce a panic in agri-

culture? For four years they have been able to sustain every other line of business and prevent it from suffering a panic, while the panic in agriculture continues to be quite as serious as it was in the beginning.

Mr. SHIPSTEAD. Mr. President, I wish to digress from the main tenor of my remarks to answer the statement which has been made that the panic was caused because there was too much money loaned. I admit that there was too much credit extended, for instance, for speculative purposes. Credit should never be extended for speculation. That is a matter of good judgment in banking; but I maintain that in 1920 credit was not denied to the speculator but it was denied to the productive industries of the country. The farmer, who was entitled to credit and who had plenty of property with which to back up his loans with security, could not get any credit; the man who was engaged in legitimate business and had plenty of property could not use his credit in the fall of 1920 and the winter of 1921.

I do not wish to take up unnecessarily the time of the Senate to go into the history of that period, but I know of a case at Lehigh, Pa., for instance, which I think is quite typical. A man in Lehigh, Pa., had a small steel plant. He had assets of about \$700,000; he had \$200,000 cash in the bank; he had orders amounting to \$1,500,000, upon which he expected to make a profit of \$400,000; but in order to pay his labor and in order to discount his bills he had to make use of his credit. If there was anyone who was entitled to credit it should be an individual with a business in that condition. He went to his bank in the local town and with them made arrangements that they should secure for him a credit of \$200,000 at the Girard National Bank in Philadelphia. He did not need that money at once, but he made arrangements so that when he did need it, it would be available. However, when the time came when he needed that credit for the purpose of finishing his contracts and keep his plant going, his banker came with a letter from the bank in Philadelphia which had agreed to extend the credit and said, "We know that we promised to take care of that manufacturer, but conditions have now changed and we are unable to do so." What was the result? That man was forced into receivership. As I have said, when he made the arrangements for the credit he had assets of \$700,000 and \$200,000 cash in bank and he had running liabilities of \$180,000. He tells me he was sold out last winter by the receivers for \$47,000. According to Dun and Bradstreet 50,000 concerns have been forced into bankruptcy since the fall of 1920.

Mr. NORBECK. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Minnesota yield to the Senator from South Dakota?

Mr. SHIPSTEAD. I yield.

Mr. NORBECK. I have listened with a great deal of interest to this discussion, and I think the able Senator is on the right track.

Mr. SHIPSTEAD. I hope so.

Mr. NORBECK. Deflation was carried to the point where it did unnecessary injury. It is easy now to say to the farmers and the business men, "You should not have gone so far"; but the fact is that the bankers, even the Federal reserve bankers, encouraged the extension of credit and almost begged people to take money; in other words, asked them to get out on a limb and then sawed them off afterwards.

Mr. SHIPSTEAD. Yes.

Mr. NORBECK. I think one of the heaviest drains upon productive industry is the high interest rate. I remember very clearly when Secretary Wallace advocated the intermediate credit system the chief argument in support of it at that time was that it would reduce interest rates one-half of 1 per cent, and that if that were done it would be equal to a 20 per cent reduction in freight rates on agricultural products.

Mr. SHIPSTEAD. I think the Secretary is right.

Mr. NORBECK. If that is the case, the question of interest rates is a very far-reaching one.

Mr. SHIPSTEAD. I think the Senator from South Dakota is absolutely correct. High interest rates, which are multiplied, according to established and recognized laws of economics, five times by the time the product reaches the ultimate consumer, place a tremendous and unnecessary burden upon the American people amounting to at least five billions of dollars a year.

Mr. NORBECK. But we could not get the reduction in freight rates, we were told; and we did not get the one-half of 1 per cent reduction in interest rates which would have been its equivalent, so that the problem is still before us to be dealt with.

Mr. SHIPSTEAD. Oh, yes.

Mr. President, I have here an editorial from the Wall Street Journal for May 17, 1924. I will read the headline and one paragraph. It is headed:

Money market breaks again.

The money market broke yesterday.

Call money renewed for over the week end at 3½ per cent and after an hour dropped to 3 per cent. This renewal rate spoiled the flat picture of 3½ per cent, which, as stated, ruled uninterruptedly since May 1, so that the average renewal rate for the week works out 3.45 per cent, compared with 3½ per cent the week before.

In his letter to Chairman GREEN, dated November 10, 1923, Secretary Mellon states:

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.

Secretary Mellon made this statement in connection with his plea for reduction of surtaxes. He did not state what productive business was lacking capital, except he stated that taxpayers subject to the higher taxes can not afford to invest in American railroads or industries or embark upon new enterprises. He certainly did not advocate that more people should engage in the production of agricultural products, for the reason that when farmers ask for relief from the present deplorable condition they are met with the charge that their difficulties are due to overproduction. I have been unable to find any line of business in which production is not sufficient to meet the demands of the people. I have read financial journals very carefully since last December and have often found headlines to the effect that money was plentiful; that there was a "plethora of money"; that railroad bonds and other industrial bonds have found a ready market; and by examining the reports of large business enterprises I find that they have a large amount of cash and investments in securities. Secretary Mellon states in his letter:

There are comparatively few successful offerings of securities of any kind which are not oversubscribed.

It may be asked, "How about the small concerns?" There are very few small concerns left. They were forced out of business during the deflation of a few years ago, when over 50,000 business concerns were forced to the wall by the deflation policy of the Federal reserve banks.

[At this point Mr. SHIPSTEAD yielded that a time might be fixed for voting on the President's veto message.]

Mr. SHIPSTEAD. Mr. President, I shall refuse to yield any further. I shall finish as hurriedly as I can, and I ask the indulgence of the Senate not to be interrupted.

We are constantly met with the threat that unless we reduce the surtaxes capital will be kept out of production in business. I will read from the Good Book, Luke xvi, 19:

There was a certain rich man, which was clothed in purple and fine linen, and fared sumptuously every day.

And there was a certain beggar named Lazarus, which was laid at his gate, full of sores.

And desiring to be fed with the crumbs which fell from the rich man's table.

Mr. COPELAND. Mr. President, may we have order in the Chamber? We are anxious to hear the quotation.

The PRESIDENT pro tempore. The Senate will come to order.

Mr. SHIPSTEAD. I will say to the Senator from New York that the quotation was from Luke xvi, 19, and reads as follows:

There was a certain rich man, which was clothed in purple and fine linen, and fared sumptuously every day.

And there was a certain beggar named Lazarus, which was laid at his gate, full of sores.

And desiring to be fed with the crumbs which fell from the rich man's table.

I will read no further. The words quoted describe an economic condition. Did you ever stop to think of what would have happened to Lazarus if the rich man had voluntarily desisted from letting any crumbs fall from his table? But that is exactly what we are threatened with now. I have received a letter in which the writer purports to set forth a copy of a telegram he sent to Representative JOHN N. GARNER, from which I quote the following:

In continuing the high surtax you and your colleagues are striking a very hard blow at all higher educational institutions of America, which are entirely supported by voluntary contributions from the income of patriotic citizens.

This looks to me as a threat that if we do not cut the surtax rates there will be no crumbs for our higher educational institutions. And it has occurred to me, if these institutions are supported by "crumbs," have these institutions not also the threat hanging over them that if they teach anything, no matter how true it may be, that will in any way interfere with the business of these donors there will be no more crumbs falling? Are we not simply fed on "crumbs" of truth from some of these large institutions?

But my attention has also been called to another important document that has been issued by the Treasury Department during the last month. I refer to an article in Public Affairs for May, 1924, signed by "Garrard E. Winston, Undersecretary of the Treasury":

[From Public Affairs, May, 1924]

SPEAKING OUT IN MEETING

To the Editor of Public Affairs:

I note that you have given publicity, in the April issue of Public Affairs, to the speech of Senator SHIPSTEAD with reference to interest rates on the public debt. In making his comparisons the Senator has wholly ignored the differences in the nature of issues, maturity dates, changes in market conditions, size of issues, and other fundamental factors involved in determining the rates on securities sold to the public. He devotes much space, for example, to the difference in rates on pre-war securities and those which are being floated at the present time, apparently oblivious of the fact that billions of dollars' worth of the world's capital was destroyed in the Great War, thereby increasing the price of capital universally. Much labored effort was made to show that the circulation privilege was not an important factor in determining the rates on pre-war bonds and the proof seems to be that there are about \$42,000,000 out of about \$800,000,000 of such securities which are not deposited with the Treasury as security for national-bank circulation. In other words, about 95 per cent of the bonds available to secure circulation are deposited with the Treasury for that purpose, but this is not sufficient in the Senator's mind to show that the privilege enhanced the value of those securities. Moreover, no mention was made of the fact that pre-war bonds are wholly tax exempt.

The best index of what the market will take is, of course, current daily quotations, and instead of referring to the rates on pre-war wholly tax-exempt securities bearing the circulation privilege, would it not be better to apply as a test to determine rates on an offering quotations on similar securities outstanding? As you doubtless know, most of the Government 4½ per cent bonds have been selling below par ever since they were issued, and you will recall the violent criticisms which were directed against the Treasury after the war on the ground that the rates on these loans were too low. Particular reference was made in the Senator's address to the Treasury notes of January 15, 1923, bearing 4½ per cent interest and the notes of May 15, 1923, bearing 4½ per cent interest. Daily quotations show that soon after the issue of the 4½ per cent notes in January they dropped below par, and by May, when the next issue was due, were selling at a yield of over 4.60. The May issue was an unusually large one, amounting to nearly \$700,000,000, and I do not believe anyone familiar with the market would contend that the issue would have been successful at a lower rate. In emphasizing the rates paid during 1923 no reference was made to the fact that the Treasury was able to sell four issues during 1922 at less than 4 per cent, clearly indicating changing market conditions in 1923 which the Treasury had to meet.

You may be interested in a concrete example of how the rates on securities are determined. The March 15, 1924, certificates were offered Monday morning, March 10, and the previous Saturday the price of Government short-term obligations indicated the following returns on the maturity dates:

June 15, 1924	\$3.60
September 15, 1924	3.83
December 15, 1924	3.85
March 15, 1925	4.00
June 15, 1925	4.13
December 15, 1925	4.14

Faced with this market situation, a 3½ per cent rate was too low for a nine-months certificate. To have made this 3½ would have been to adopt an inconvenient rate. It was determined, therefore, to issue 12-months certificates on a 4 per cent basis, which exactly hit the market.

It may be noted in this connection that the Treasury has succeeded in borrowing on its certificates of indebtedness at a lower rate than even States and cities have been able to borrow on their fully tax-exempt short-term bills, though in substance the Treasury certificates are exempt only from the normal income tax. During the whole of February, for example, the city of New York paid 4½ and 4½ per cent on its short-term bills, while the Treasury is now offering one-year certificates at 4 per cent. Moreover, the Treasury's long-term bonds not wholly tax exempt do not bear higher rates than the average on

municipal bonds issued during and since the war which are wholly tax exempt. The Treasury's wholly tax-exempt securities bear a rate nearly 1 per cent lower than municipal tax-exempt securities.

Reference was also made to the Treasury savings certificates yielding $4\frac{1}{2}$ per cent. It should be noted that they yield $4\frac{1}{2}$ per cent only if held to maturity, but if redeemed before maturity the yield is only $3\frac{1}{2}$ per cent. The interest, moreover, is not collectible every six months as on bank deposits or other forms of investment, but accumulates and is payable only at maturity or whenever redeemed, and if redeemed before maturity the rate will be only $3\frac{1}{2}$ per cent as noted. I am sending you as of possible interest in this connection a Treasury press release on United States Treasury savings certificates.

While these subjects are not simple enough to be easily grasped by the general public, the facts are all available to those who are interested in getting at the truth of the matter, and I think you will agree with me that no public service is rendered by a dissemination of half truths and false impressions.

GARRARD B. WINSTON,
Undersecretary of the Treasury.

The closing words of the article are:

I think you will agree with me that no public service is rendered by a dissemination of half truths and false impressions.

I thoroughly agree with this statement, and I greatly deplore the fact that the article written by this high official of the Treasury Department contains so many half truths, and some statements that do not come within 99 per cent of being true.

This article was also written in reply to my address of February 1, and as certain portions of this article in Public Affairs, and the article referred to in the American Bankers' Association Journal are identical, I will discuss both articles at the same time.

Both articles claim that municipal bonds are wholly tax exempt. This is not true, and I called attention to this fact in my former address, namely, that if a citizen of one State holds municipal bonds of another State these bonds are subject to the tax laws of the State where he resides. I am greatly indebted to the Senator from New York [Mr. COPELAND] for the following telegram:

ALBANY, N. Y., April 14.

HON. ROYAL S. COPELAND,
Washington, D. C.

Income derived from Minnesota State bonds taxable in New York.
JOHN F. GILCHRIST,
President State Tax Commission.

This shows that the State of New York, which is the greatest market in the United States for the purchase of all State and municipal bonds from all over the United States, taxes its citizens upon the income of bonds of other States and municipalities outside of the State of New York, owned by citizens of New York. This ought to be common knowledge to the high officials of the Treasury Department, but still they insist on calling State and municipal bonds wholly and fully tax exempt.

In discussing the Treasury savings certificates that are being sold, the Undersecretary forgets to state that the interest—a little better than $4\frac{1}{2}$ per cent—is compounded semi-annually. One would get the impression from his article that these certificates draw only $4\frac{1}{2}$ per cent simple interest if held for five years.

In both articles it is stated that the Treasury is now offering 12-months certificates at 4 per cent. If the Treasury is now selling 12-months certificates drawing 4 per cent interest at par, an investor could make a nice sum of money by investing a few millions, as, according to the Wall Street Journal of May 16, 1924, United States securities due March 15, 1925, were selling above par and would yield the purchaser only 3.59 per cent.

It is very interesting to note how Secretary Mellon and the Undersecretary of the Treasury explain the method by which the Treasury Department determines the rate of United States securities ranging in issues from two hundred millions to seven hundred millions. Both claim that the best way to determine this is to base it upon the current rate of similar issues outstanding, and they justify the rate paid on these large issues upon the rate at which comparatively small amounts of such securities are sold on the stock market from day to day. These sales seem to run at a million or two a day, which is a very small amount when we consider that there are about twenty-two billions of Government securities outstanding, and is a small amount of sales upon which to base the rate on an issue of from two hundred to seven hundred millions. The Treasury does not offer these bonds at competitive bidding; all that is done, as shown by the report of the Secretary of the Treasury for 1923, pages 51 to 56, is to send a circular to the Federal reserve banks asking for subscriptions to the intended issue at par, and these letters are sent out only a few days—

from four to eight days—before the date of issue. No competitive bids are asked for. Rates are already fixed by the department. To use a crude illustration: The Government wants to buy a lot of money and to pay for the same in Government securities, and the rate of interest paid represents the price. When the Government wants to buy from \$200,000,000 to \$700,000,000 at one time, it is buying in wholesale lots; the small amounts of securities changing hands in the open market are simply retail sales. Now the Government, under the administration of Secretary Mellon, buys money in wholesale quantities, but is paying retail prices and sometimes a higher price therefor. What I claim is this—that when the Government or any State or municipality offers a large issue of securities at one time, this is more attractive to investors than a small issue, and the money can be secured at lower rates. The practice is generally followed by States and municipalities to advertise their bonds or securities and sell them to competitive bidders.

I will say that the British treasury issues three-month treasury bills and the rate of interest is determined by bids. Last summer they sold their short-time treasury bills to yield 3.16 and as low as 2.78, while the United States Treasury paid from 4 to $4\frac{1}{2}$ per cent.

Both articles referred to claim that the Treasury has succeeded in borrowing on its certificates of indebtedness at a lower rate than even States and cities have been able to borrow on their what the Treasury officials call "fully tax-exempt short term bills." Let us examine into this matter. If you examine the different issues of Treasury securities issued during the last year and a half you will find that the longer the time, the larger the rate of interest. For example, in the issue of December, 1922, the rate of certificates and notes issued by the Treasury was as follows:

	Per cent
Three months	3 $\frac{1}{2}$
One year	4
Two and one-half years	4 $\frac{1}{2}$

As I have stated before, both the Secretary and Undersecretary of the Treasury claim that the Treasury is now selling certificates due in 12 months at 4 per cent, and according to their previous practice if they sold long-term securities the rate would be a great deal higher.

Now let us see what States and municipalities are paying. Commerce and Finance for April 16, 1924, states:

On February 20 last, Massachusetts sold \$1,096,000 on a 3.90 per cent basis.

In the same issue of Commerce and Finance we find an account of the sale by New York State of \$45,000,000 of State soldiers' bonus bonds. These were sold to bankers at a premium, which would make the interest cost to the State 4.09 per cent annually. The banks in turn sold these bonds to investors to yield 4 per cent. These bonds mature from 1925 to 1949. Bonds were all taken by investors in two days.

Wall Street Journal of February 12, reports a sale of \$200,000 Brookline, Mass., bonds due November 6, at 3.89 per cent discount.

Wall Street Journal of April 28 reports sale of city of Boston \$2,000,000 notes to Colonial Trust Co. at par, plus \$24.75 premium, notes to bear interest at 3.85 per cent on interest-to-follow basis. Due November 1.

Wall Street Journal of April 28 reports a sale of city of Pittsburgh \$990,000 30-year bonds at $4\frac{1}{2}$ per cent to the Mellon National Bank at a premium of \$2,128. National City Bank of New York bid \$990,728.

And still the Secretary of the Treasury says that the Treasury has been able to borrow at a lower rate than States and cities.

The Secretary of the Treasury and the Undersecretary claim that the rates of interest paid on Government securities is based upon the market situation; that is, upon the prices at which Government securities of same maturities already issued are sold in the open market. They cite some market quotations to substantiate this statement.

I will cite a few quotations that I have taken from the Journal of Commerce and Commercial Bulletin, and from New York Commercial, which ought to be reliable sources of information.

On the issue of tax certificates, six months, of March 15, 1924, the Government paid $4\frac{1}{2}$ per cent interest, while the market quotations on Government securities due in six months was 4.05 on March 8, the date of the offering.

Issue of May 15, 1923, the Government paid $4\frac{1}{2}$ per cent interest on Treasury notes due March 15, 1927, while the market

quotations for Government securities due September, 1923, was 4.63, and due December, 1927, 4.59.

On the issue of June 11, 1923, six months, the Government paid 4 per cent, while the market quotations for that day on securities of the Government due in six months was 3.96.

On the issue of September 15, 1923, for six months, the Government paid 4½ per cent interest, while the market quotations on September 10, 1923, the day they were ordered issued, on securities due March, 1924, was 4.01.

From the foregoing it will appear that on these wholesale issues the Government paid a higher rate than was paid on the retail issues sold in the open market, and in one instance twenty-four one-hundredths of 1 per cent higher.

I will cite a couple of reasons why these Treasury certificates and notes are an attractive investment to banks.

In the American Bankers' Association Journal for April, 1924, I find the following (p. 619):

Senator SHIPSTEAD did not touch upon one phase of the flotation of Federal issues that has made them an attractive investment for banks.

The United States, like other great corporations, must have on hand a considerable working balance. Its financial operations are conducted so that it can meet its maturing obligations and have enough capital to tide over the next quarter. Under the present system of selling Federal securities it permits the bank to retain as a Government deposit the amount of its subscription for the certificates and notes. The bank is required to pay 2 per cent interest on the daily balance, but receives interest on the money it has invested at the rate the issue bears. As the Government requires funds the bank is directed to deposit with the nearest Federal reserve bank.

The Government receives interest on its balance, but the bank, while paying out 2 per cent, gains a 4 per cent return on its capital.

All the banks have to do is to subscribe for certificates or notes, keep the money by paying 2 per cent on daily balances, but receive 4 per cent or whatever rate the securities subscribed for bears. This is certainly a very attractive feature.

But there is another very attractive feature for large banks and corporations in connection with these Government securities. The income therefrom is wholly tax exempt when held by corporations, but these certificates and notes are acceptable in payment of income taxes at maturity dates, and these certificates and notes mature on a quarterly tax-paying date, and certain Treasury notes may, under decision of Commissioner of Internal Revenue, approved by the Secretary of the Treasury, be accepted in payment of income tax at or within six months of their maturity. It appears to be the practice of large corporations to set aside at the close of a fiscal year a reserve fund for the payment of taxes during the following fiscal year. As the United States income taxes are payable quarterly, large corporations find it very profitable in investing this reserve in Treasury certificates and notes. This reserve for taxes will then give them an income, wholly tax exempt, of 4 per cent or better, and when the quarterly tax-paying date comes just turn in some of these certificates in payment of the tax and collect the interest that their tax reserve has earned.

Would it not be a much better plan, in selling these certificates, for the Treasury Department to advertise the sale thereof to competitive bidders? The issues may be too large to sell in one block, and it would not be advisable to offer them in one block as many of the purchasers who could take advantage of these special phases would no doubt make a much better bid than the regular market prices for a suitable block for their tax reserve, and banks would no doubt cut their profits between the rate on the bonds subscribed for and the interest they pay on the daily balances rather than take chances on losing out entirely on this snap arrangement.

Mr. President, I have taken the time of the Senate by going into this system of financing the Government, in order to show that the Secretary of the Treasury is not a safe adviser on the question of public finances. There has been an attempt to create the impression that his advice on the question of public finance and taxes is infallible. It is generally conceded that he is the President's main adviser on the question of taxation and public finance. I believe the President is ill advised. In arriving at this conclusion, I will say that the wish has not been the father of the thought. The question of public finance and taxation concerns the public welfare, and the discussion of this question should not be tainted with partisanship, and so I have based my argument on the report of the Secretary of the Treasury, the report of the Federal Reserve Board, of which he is chairman, his own letter to the American Bankers' Association Journal, the editors of the Wall Street Journal, the editors of the Journal of Commerce and Finance, and other financial writers, who apparently unanimously uphold my contention that the high interest rates are caused by the high rates of dis-

count by the Federal reserve banks and the high rate of interest paid on Government securities by the Secretary of the Treasury; this high interest rate resulting in an unnecessary burden on the backs of the American people, amounting to \$5,000,000,000 a year.

Out of this unnecessary burden on the people in one year could be paid the bonus to the ex-service men and leave a surplus of two and a half billion dollars, without costing the American taxpayer one extra cent. So if it is true, as we are led to believe, that the President relies for his economic and financial advice upon the Secretary of the Treasury, he is ill advised. I find myself in perfect agreement, however, with at least two statements made by the Secretary of the Treasury in his letter to the American Bankers' Association Journal. He says, for instance, that in his opinion "the farmer's greatest enemies to-day are those who pose as his champions, who lead him into the belief that his ills can be cured by political measures." I agree with the Secretary that the American farmer has been bunched by those who pose as his friends. I am fully aware that in the last 20 years there have been men in public life posing as the friend of the farmer and have enacted legislation which they said would help the farmer, and this form of legislation has been used by the railroads, the Federal reserve banks, trusts, and monopolies to help the farmer, and they have helped him to such an extent that they have helped him out of almost everything that he ever had. The Secretary of the Treasury makes another statement with which I am in full accord. He says that what the farmer needs above all else at this time is sound, constructive statesmanship. I agree with the Secretary of the Treasury that the farmer at this time needs sound, constructive statesmanship, but I go further than the Secretary of the Treasury; I would go as far as to say that it is not only the farmer who needs sound, constructive statesmanship but the business man needs it, the taxpayer needs it, the whole country needs it, and above all else the President needs sound and constructive statesmanship in the Treasury of the United States.

I send to the desk a copy of Commerce and Finance for April 9, 1924, and ask that the paragraph marked in ink be printed as a part of my remarks.

The PRESIDENT pro tempore. Without objection, it is so ordered.

The matter referred to is as follows:

[From Commerce and Finance, April 9, 1924]

It will be noticed that the Federal Reserve Board admits that "member bank customer rates have shown a tendency to move with changes in the Federal reserve bank rates," and that "the leadership of the Federal reserve banks when rates are advancing appears to be more promptly recognized than when rates are declining."

This admission that the control of the money market rests with the Federal reserve banks, and that it is easier to raise than to reduce the cost of credit to borrowers is coupled with the statement that "it seems clear that if business is undergoing a rapid expansion and is in danger of developing an unhealthy or speculative boom, it should not be assisted by too easy credit conditions," and it is added that "in such circumstances the creation of additional credit by rediscounting at Federal reserve banks should be discouraged by increasing the cost of that credit; that is, by raising the discount rate."

Here, again, we find set forth the doctrine that it is the right and duty of the Federal Reserve Board to determine whether the expansion of business is healthy or "unhealthy" and to assist or check it by raising or lowering the discount rate.

It remains to be seen whether the people of this country will be willing to intrust this tremendous power to any man or group of men, however well informed or intelligent they may be.

We can not find anything in the Federal reserve act that justifies the Federal Reserve Board in thus constituting itself a *deus ex machina* of American business, and it is greatly to be feared that it invites the destruction of the Federal reserve system in assuming that it is empowered to say whether conditions are healthy or "unhealthy" and vindicate its conclusions by raising or lowering the discount rate.

It did this in 1920-21 and awakened a storm of resentment that has not yet subsided. Another such experience and, valuable as it is, the Federal reserve system may be wiped out of existence.

On page 32 of the report that has called forth the foregoing we read: "No statistical mechanism alone, however carefully contrived, can furnish an adequate guide to credit administration. Credit is an intensely human institution, and as such reflects the moods and impulses of the community—its hopes, its fears, its expectations. The business and credit situation at any particular time is weighted and charged with these invisible factors. They are elusive and can not be fitted into any mechanical formula, but the fact that they are refractory to methods of the statistical laboratory makes them neither nonexistent nor nonimportant. They are factors

which must always patiently and skillfully be evaluated as best they may and dealt with in any banking administration that is animated by a desire to secure to the community the results of an efficient credit system. In its ultimate analysis credit administration is not a matter of mechanical rules, but is and must be a matter of judgment, of judgment concerning each specific credit situation at the particular moment of time when it has arisen or is developing."

Here, again, we find the Federal Reserve Board trying to justify the substitution of its own judgment for the provisions of the Federal reserve act, which prescribe that when the reserve ratio falls below certain specified minima the discount rate shall be automatically advanced. This is the law. It may be defective, but if it is to be changed the change should be made by Congress rather than by a board whose function is purely administrative and does not include the right to fix prices through the control of the discount rate, which is, in the last analysis, exactly what the Federal Reserve Board attempts to justify itself in undertaking at its discretion.

SETTLEMENT OF INDEBTEDNESS OF HUNGARY

Mr. SMOOT. Mr. President, I ask unanimous consent for the present consideration of the bill (H. R. 8905) to authorize the settlement of the indebtedness of the Kingdom of Hungary to the United States. I will say to the Senator from New York [Mr. WADSWORTH] that if it leads to any discussion at all I shall withdraw my request.

Mr. WADSWORTH. With that understanding I do not object.

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

Mr. GOODING. What is the bill? Will the Senator kindly state again?

Mr. SMOOT. It is a bill to authorize settlement of the indebtedness of the Kingdom of Hungary to the United States. It is in the form that was submitted to the Senator from Arkansas [Mr. ROBINSON]. It is the same form of settlement as that made with England and Finland.

Mr. ROBINSON. The Senator means the basis of the settlement agreed upon is the same as that which operated in the bill relating to Great Britain?

Mr. SMOOT. Yes.

Mr. ROBINSON. I have no objection to the present consideration of the bill.

Mr. SMOOT. I will simply say that the amount of the indebtedness is \$1,685,835.61 and they are to pay up to date 5 per cent interest, just the same as England and Finland did, the interest being \$233,164.39.

Mr. ROBINSON. As I understand, payments are to be distributed over about 60 years?

Mr. SMOOT. They are distributed over a period of 62 years.

Mr. ROBINSON. Very well. So far as I am concerned, we may take a vote.

The PRESIDENT pro tempore. The question is on agreeing to the request of the Senator from Utah [Mr. SMOOT] for unanimous consent for the consideration of the bill. There being no objection, the Senate, as a Committee of the Whole, proceeded to consider the bill, which was read, as follows:

Be it enacted, etc., That the settlement of the indebtedness of the Kingdom of Hungary to the United States of America, made by the World War Foreign Debt Commission and approved by the President upon the following terms, is hereby approved and authorized:

Principal amount of obligation to be funded, \$1,685,835.61; interest accrued thereon to December 15, 1923, at the rate of 4½ per cent per annum, \$253,917.43; total principal and interest accrued and unpaid as of December 15, 1923, \$1,939,753.04; less payment in cash by Hungary on April 25, 1924, \$753.04; total indebtedness to be funded into bonds, \$1,939,000.

The principal of the bonds shall be paid in annual installments on the 15th day of December, up to and including December 15, 1985, on a fixed schedule, subject to the right of the Government of Hungary to make these payments in three-year periods; the amount of the first year's installment shall be \$9,600, the installments to increase with due regularity until, in the sixty-second year, the amount of the installment shall be \$75,000, the aggregate installments being equal to the total principal of the debt.

The Government of Hungary shall have the right to pay off additional amounts of the principal of the bonds on any interest date upon 90 days' notice.

Interest shall be payable upon the unpaid balances at the following rates, on December 15 and June 15 of each year:

At the rate of 3 per cent per annum, payable semiannually, from December 15, 1923, to December 15, 1933, and thereafter at the rate of 3½ per cent per annum, payable semiannually until final payment.

The Government of Hungary shall have the right to pay up to one-half of any interest accruing between December 15, 1923, and December

15, 1928, on the \$1,939,000 principal amount of the bonds first to be issued in bonds of Hungary dated as of the respective dates when the interest to be paid thereby becomes due, payable as to principal on the 15th day of December in each succeeding year, up to and including December 15, 1985, on a fixed schedule, in annual installments, increasing with due regularity in proportion to and in the manner provided for payments to be made on account of principal of the original issue of bonds, bearing the same rates of interest and being similar in other respects to such original issue of bonds.

Any payment of interest or of principal shall be made in United States gold coin of the present standard of value or at the option of the Government of Hungary, in any United States Government obligations issued after April 6, 1917, such obligations to be taken at par and accrued interest.

The payment of the principal and interest of the bonds shall be secured in the same manner and to the same extent as the obligation of Hungary which is to be funded: *Provided, however*, That all or any part of such security may be released by the Secretary of the Treasury on such terms and conditions as he may deem necessary or appropriate in order that the United States may cooperate in any program whereby Hungary may be able to finance its immediate needs by the flotation of a loan for reconstruction purposes, if and when substantially all other creditor nations holding obligations similar to that held by the United States which is to be funded, to wit, Denmark, France, Great Britain, Holland, Norway, Sweden, and Switzerland, shall release to a similar extent the security enjoyed by such obligations.

The Secretary of the Treasury shall be authorized to decide when this action has been substantially taken.

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

WAR DEPARTMENT APPROPRIATIONS

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 7877) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1925, and for other purposes.

The PRESIDENT pro tempore. The question is upon the amendment proposed by the Senator from Montana [Mr. WALSH].

Mr. WALSH of Montana. Mr. President, I wish to say just a further word in relation to the amendment, chiefly for the purpose of dispelling the concern expressed by my esteemed friend from Florida [Mr. TRAMMELL] and my friend from Virginia [Mr. SWANSON] that the adoption of the amendment would set a bad precedent.

As has been pointed out, it would be impossible to incorporate legislation of this character on any pending bill except a majority of the Senate desired it to be done. So far as giving rise to discussion irrelevant to the matter under inquiry is concerned, if amendments of this character are entertained at all, everyone knows that discussion is not limited by any means to the subject which is under consideration by the Senate. Any Senator is at liberty to speak on a subject whether it forms the basis of an amendment or has any relation to the bill under consideration or not.

The Senator from West Virginia suggested that the advocates of the McNary-Haugen bill might take notice of this method of getting consideration for that measure. Well, Mr. President, as I have stated, it takes a majority of the Senate to put an amendment of this character or any character on any bill, and I suppose very likely whenever an amendment is proposed to a bill Senators will take into consideration the question as to whether or not the amendment has any bearing whatever upon the subject with which the bill deals, and the advisability of confining any measure to the particular subject is recognized by everyone for the purpose of avoiding what is known as logrolling legislation. Therefore, it is always a question which addresses itself to the individual Senator, first, as to whether he favors the amendment at all and, second, whether it bears any such relation to the subject of the bill in question as that it ought to form a part of it.

We have undertaken to make it perfectly clear that the measure referred to in the amendment has a most direct and intimate relation to the subject matter of the bill that is before the Senate at the present time, and particularly to that paragraph in the bill to which it is immediately directed. It may be that the McNary-Haugen bill does have some relation to the subject of the improvement of our rivers and harbors. It is intended to promote the export of agricultural products from this country to foreign countries, and, as pointed out by the Senator from Virginia, if the harbors are not kept free from debris and other accumulations, navigation would be interrupted and thus importation and exportation would be impeded; but the relation is rather remote in that case.

In the cases suggested by other Senators there would apparently be no relation whatever to the main subject, and that would be a good reason for not following the precedent established by this amendment, if it should become a precedent.

However, Mr. President, if an effort were made at any time to submit an amendment on a subject which was entirely irrelevant to the general subject of a pending bill, it would be sufficient to say that this case affords no precedent whatever, because in it a very direct connection and relation is set up. We are simply seeking by this amendment to prevent the further expenditure of public money for the purpose of bringing navigation to our interior rivers while a policy is pursued otherwise that effectually blocks that end, making the expenditure entirely useless.

Mr. SWANSON. Mr. President, will the Senator permit an interruption?

Mr. WALSH of Montana. I yield to the Senator from Virginia.

Mr. SWANSON. Out of the \$37,250,000 of appropriation I think about \$25,000,000 are for harbors and \$12,000,000 for rivers. That is my understanding.

Mr. WALSH of Montana. Would the Senator give me his support if I should restrict the amendment to river improvements?

Mr. SWANSON. I would not; I think it would be bad policy.

Mr. WALSH of Montana. If the Senator would give me his support, I should be disposed to ask leave to perfect my amendment in that way.

Mr. SWANSON. No; I wish to show from the Senator's own contention that the portion of the appropriation which applies to harbors is not affected by either high or low rates. We are compelled to have harbors for ships in the foreign trade carrying imports and exports. So \$25,000,000 of the appropriation does not need to await any adjustment of railway rates.

Mr. WALSH of Montana. As I said to the Senator, if the appropriations were differentiated, and a certain amount were devoted to the improvement of harbors and a certain other amount devoted to the improvement of rivers, I should have directed the amendment only to that portion which was for the improvement of rivers. Unfortunately, however, for the Senator, and possibly for myself, the whole appropriation is embodied in one total item of \$37,250,000.

Mr. SWANSON. The Senator covers more territory than he had intended to cover.

Mr. WALSH of Montana. That is because of the manner in which the bill is drawn.

Mr. SWANSON. No; the Senator should confine his amendment to the appropriation for rivers.

Mr. WALSH of Montana. I say I should be disposed to do so if I thought the Senator would aid me in getting the amendment through.

Mr. CARAWAY. Mr. President, I have seldom listened to such a bald attempt to induce Senators to vote against appropriations for river improvements as that of the Senator from Montana [Mr. WALSH]. He proposes to enter into a trade with the Senator from Virginia* [Mr. SWANSON] upon the floor to secure votes for his measure, and then denounces log-rolling. He does that without any consistency at all.

I voted against the rule that now ties the hands of the Senate, for I rather imagined that a situation would develop such as has now developed and that we would find ourselves unable to legislate. However, the Senate did not agree with me and others and adopted the rule in the Senate. A moment ago, in order that I might be helpful to those who sought lower freight rates, I voted to have the Senate overturn the ruling of the Chair, but I was not able to accomplish that object.

The amendment here, Mr. President, is not a good-faith amendment. It is an attempt by certain Senators who have always fought river improvements to defeat appropriations for that purpose. It is an effort to do by indirection what they have been unable to do directly; and it strikes me that it comes with poor grace from that section of the country that has enjoyed more governmental favors than all other portions of the country combined. Whenever an appropriation is proposed for something for the West no one ever heard the Senator from Nebraska or the Senator from Montana object to it. Their scruples against wasting public funds always stop this side of their own particular section of the country. If the appropriation is for a reclamation project or anything of that kind it is a wise expenditure of public money, although during the 11 years I have been in the House and in the Senate I do

not think the reclamation projects have ever paid interest on the public funds invested in them.

Mr. WALSH of Montana. Mr. President, will the Senator yield?

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

Mr. WALSH of Montana. I think the Senator will search the RECORD in vain for any remarks from the Senator from Montana in opposition to any river and harbor improvement.

Mr. CARAWAY. I do not have to search the RECORD. I heard the Senator just a moment ago trying to trade with the Senator from Virginia so that he might strike down all river improvements.

Mr. WALSH of Montana. I referred to the statement made by the Senator that the advocacy of the amendment comes from persons who have always been opposed to river and harbor appropriations.

Mr. CARAWAY. The RECORD can stand as a whole; I have no disposition to correct it; I will let it stand for what it is worth. I do not need to go any further than the Senator's attempt right here on the floor to enter into a combination to strike down river improvements.

I have always been inclined to the opinion that there was more than one section of this country. I have not thought that any particular section was entitled to all the favors that the Government had to bestow or ought to carry all the burdens incident to government; and it strikes me that it comes with poor grace for the Senator from Montana and those who advocate his course to seek particularly to strike down that section of the country which is more or less dependent upon river improvements. I have been willing to support their measure; I have expected to do so, but I did not expect to do so under any such trade as has been suggested. If it is a question here of reprisal, and we must stand and deliver or else have stricken down something that is essential to our very industrial life, I am perfectly willing to meet that issue right here and now.

There never has been a time and there never will be a time so long as I have a seat in this body when any section of this country can compel me to vote for some measure in order that my own particular section may not be stricken. I have never legislated in that way, and, so help me Almighty God, I do not intend ever to do it.

I have been willing to listen to reason; I have been persuaded that they are suffering from a great natural handicap; I have been willing to go to their relief at any time that it was possible. As I said a moment ago, I voted to override the ruling of the Chair on the point of order, and I voted against the rule when it was adopted in the Senate which has caused this situation to arise. I protested, but nobody heeded, and now the rule is fixed upon the Senate. It would be very much better and very much wiser to repeal the rule than to seek to hold up a particular section of the country and say, "Unless you vote with us you shall suffer."

I do not know what the Senator from Nebraska and the Senator from Montana think about what constitutes waste upon river and harbor improvements; I have no means of gauging their idea of a wise expenditure beyond one certain point, and that is that it is never unwise if the money is going to be appropriated for their particular sections of the country. As an illustration of what river improvement does—

Mr. BROOKHART rose.

Mr. CARAWAY. Does the Senator wish to interrupt me?

Mr. BROOKHART. I should like to ask the Senator a question.

Mr. CARAWAY. I yield.

Mr. BROOKHART. It seems to me that the Senator from Arkansas is unfair to both of the Senators he mentions. They want to do two things for river improvement, namely, to give river points rail rates that will be helpful and to insure that the appropriation for river improvement shall not be wasted.

Mr. CARAWAY. Yes; they want to do something that resembles the act of sending flowers to a funeral. Nobody mistakes the desire to be helpful that they manifest.

Mr. BROOKHART. Is the Senator himself in favor of both propositions?

Mr. CARAWAY. Of what—sending flowers to a funeral? It depends on whose funeral it is.

Mr. BROOKHART. The long-and-short-haul proposition—

Mr. CARAWAY. Oh, I have announced that. If the Senator was present he knows what I said about that. I said that I had voted to override the President's ruling on that question, and that I had wanted to support the proposition under the theory that they were suffering from a discrimination.

Mr. BROOKHART. The Senator from Montana [Mr. WALSH], I think, has no notion that his amendment will pre-

vent the river and harbor appropriation. It will do the opposite thing; it will get us action on the long-and-short-haul matter.

Mr. CARAWAY. Oh, the Senator knows that if you have votes enough to pass a measure you can do it as an independent measure. It was not with the expectation of getting it through that the amendment was offered; it was to hope to rally the people who wanted to strike down river improvement.

I started to say, though I do not suppose it will be of any interest to anybody, that river improvement is not wholly wasted. The great valley of the Mississippi—and that was the principal item in this bill which the Senator from Montana was trying to enter into an agreement with the Senator from Virginia to strike down—drains the flood waters from 31 States; the rivers of the State represented in part by the Senator from Iowa drain down that way, and it destroys the country.

I remember one time when I used to live down on the Mississippi River, right on the bank of it, that in one county in my State—I have said this before, but I hope I may be permitted to repeat it—I do not think there was an acre of land that would have sold for \$40 an acre. There was not 10 per cent of it in cultivation; and that was less than 25 years ago. With river improvement and levee improvement, which goes with it, that county in 1922 produced more than 1 per cent of all the cotton that was grown in America. It produced one-fifth as much cotton as the great State of South Carolina, one-seventh as much as the State of Mississippi, and paid in income taxes to this Government more money than it ever received for river improvement; and yet before it had the river improvement 90 per cent of it was a swamp, absolutely uninhabited, producing no wealth, adding absolutely nothing to the wealth that tends to feed and clothe the people of this country.

Yet, Mr. President, some people say, "Of course, money spent for river improvement is wasted." It is not wasted if it is reclaiming lands out West, and yet it has cost ten times as much per acre to reclaim that land as it has to reclaim lands along improved rivers. If that were an important item at all, it would be at least some refutation of the statement that river and harbor improvements are wholly wasted. I do not take that for granted; but I do know, as everybody else knows who has ever watched river improvement at all, that under the annual appropriations—and they have always defeated any continuous-appropriation contracts—the process is necessarily slow, and you do not get results until it is completed; but on the Mississippi River now they are carrying how many hundreds of thousands of tons of freight? Does the Senator from Tennessee recall?

Mr. McKELLAR. I do not recall the exact number.

Mr. CARAWAY. Anyway, it is an enormous tonnage of freight. They could carry three or four times as much—it is available now—if we just had a little appropriation to provide all-the-year-around navigation.

Mr. BROOKHART. Mr. President—

The PRESIDENT pro tempore. Does the Senator from Arkansas yield to the Senator from Iowa?

Mr. CARAWAY. I yield to the Senator.

Mr. BROOKHART. There is nothing that would increase that freight tonnage so much as this long-and-short-haul legislation.

Mr. CARAWAY. I have tried to say to the Senator that I am perfectly willing to help put through his bill; but that is not the thing.

Mr. BROOKHART. The fact that Senators have different methods of getting a result does not mean that they are against it.

Mr. CARAWAY. Oh, this method of putting a pistol to somebody's head and saying, "Unless you stand and deliver we are going to blow out your brains," may get results somewhere; I do not know; but it never got any with me. If I absolutely knew from this day that there never would be another dollar appropriated for river improvements, I would not be driven by a threat that such appropriations would be defeated unless we came across and let something else be done. Although such a course would destroy the very source of what little prosperity we used to have, and have not now, I would let it go.

I want to be perfectly fair with every other section of the country. I would love to see the Senator's proposition go through; but there are some things that are obtained at too high a price. If it is to be stated here by one Senator to another, "If you will just strike down the interior river appropriations I shall be glad to join with you," trying to make a trade here on the floor of the Senate to strike down all interior river improvements so that he might have a vote for his proposition, I do not think such a policy will prevail. I hope the Senator's proposition in the proper way will succeed; but I do not think it is likely to succeed in that way.

Mr. SWANSON. Mr. President, if the Senator will pardon me, he will recall that I stated that I would not vote for the amendment even if the Senator from Montana should exclude harbors and limit it to rivers.

Mr. CARAWAY. I knew the Senator would not, and everybody that knew him knew he would not. The Senator from Montana evidently had not studied the character of the Senator from Virginia when he made that statement.

Mr. WALSH of Montana. Mr. President, we all admire the ability of the Senator from Arkansas [Mr. CARAWAY] in caustic discussion. I am sure he appreciates, as everybody else on the floor did, that the passage between the Senator from Virginia and myself was mere badinage; but I merely desire to say that the amendment offered by me was offered in no spirit of hostility whatever to river improvement.

I took occasion, when the Senator was talking, to correct a statement he made, a sweeping characterization of those who are in favor of this amendment as being among those who are opposed to all river and harbor improvement, and who have consistently opposed appropriations for that purpose. As I stated to the Senator, the RECORD will be searched in vain for any remark from me at any time in opposition to river and harbor improvement. I have voted more times in favor of liberal appropriations for river and harbor improvement than I have voted against them, and I appreciate that there is the closest kind of a connection and relationship between the appropriations for river and harbor improvement in the lower courses of the Mississippi River and the appropriations for reclamation work along its upper courses.

As intimated by the Senator from Iowa [Mr. BROOKHART], the real spirit of the amendment offered by me is to promote river navigation, not to place any obstacles in its way. If the Senator from Arkansas takes another view of the matter, of course he has a perfect right to do that; but he ought not, it seems to me, to indulge in such freedom of criticism upon the motives which impel this amendment, nor to charge it with being a threat. I took occasion to say that it was not a threat, either to any Member of this body or to the House of Representatives. It is intended to be the expression of a policy that the long-and-short-haul clause ought to be strictly and literally enforced in order to promote river navigation so that the appropriations made for the purpose of improving the rivers shall be to some purpose and to some end. Nor would I undertake to say that there will not be some carriage by our rivers even if the long-and-short-haul clause is not enforced. It argues nothing at all that there is a large commerce upon the Mississippi and the Ohio and the other great rivers, notwithstanding the handicap of the present policy. We hope that it will be very largely increased by the observance of the policy for which this amendment stands.

Mr. CARAWAY. Mr. President, I will just make this statement in answer to the Senator from Montana:

Of course I do not know what a threat is. I did not know heretofore that you had to label this as a threat before it was a threat. The Senator is thoroughly conscious of the fact that should his amendment be added to this bill the House would not legislate under that sort of a threat; that it would simply mean the striking out from this bill of every dollar for river and harbor improvement, because the bill would go through, and the House would not act on the other matter. Unless the House has thrown away every bit of its self-respect, and has changed wholly from the kind of a House it was when I had the honor to serve in it, it would simply mean that every dollar for river and harbor improvement would be stricken out. It would not mean the enactment of the long-and-short-haul bill. If there are votes enough for the long-and-short-haul bill—and I rather imagine there are—why not let the matter be taken up in pursuance of the motion that the Senator from Idaho [Mr. GOODING] gave notice that he was going to make? I shall vote for his motion. It is the right way to legislate, but it is the height of folly simply to strike out of this bill all appropriations for river and harbor improvement when everybody knows that that would not get you the long-and-short-haul legislation.

While I shall credit the Senator from Montana with entire purity of motive, it is difficult for me to think that anybody who knows anything about legislation would believe that he was getting the long-and-short-haul legislation in that way. He would know that the thing he was getting was the elimination from the Army appropriation bill of all appropriations for rivers and harbors and nothing else. Therefore it did not strike me as very much of a stretch of my imagination to say that the real motive was to kill river and harbor improvement, and not to get the long-and-short-haul legislation, because I took it for granted that everybody knew that the House could not be driven into legislating in that way, so that if we put this

amendment on this bill it would kill river and harbor improvement and not get the long-and-short-haul legislation.

Mr. RANDELL. Mr. President, I shall detain the Senate only a moment.

I am very strongly in favor of the enactment of the long-and-short-haul clause. I spoke for an hour and a quarter in favor of it yesterday. We have heard so much about the matter here that it is not necessary for me to rehash it. I can not help agreeing, however, with those Senators who think that the wrong means have been adopted in trying to force this amendment on the pending bill.

I sincerely hope the Senator who offered this amendment will withdraw it. I am so strongly in favor of the enactment of the principles of the Gooding bill and the Pittman amendment that I certainly shall vote to take up the measure if the Senator from Idaho makes the motion, as he said he would. I shall not only vote to take it up, but I shall vote to assist him in getting as quick action as possible on it; but I do think, Senators, that it is improper legislation to force a measure of this kind on a big appropriation bill. I do think it would be setting a terrible precedent for us, as was so eloquently stated by the Senator from Florida [Mr. TRAMMELL].

I hope the amendment will be withdrawn, and if it is not withdrawn I sincerely hope it will be overwhelmingly defeated, as I believe it will be, because the vast majority of the Members of this body are strongly interested, through their constituents, either in appropriations for some of the rivers of this mighty country or in appropriations for some of the harbors, and under the amendment all appropriations for both rivers and harbors will be held up until action has been taken upon this other measure; and it may not be taken, Senators. We are all hopeful that we are going to get away from here soon. The effect of the adoption of this amendment may be to destroy completely and absolutely any appropriation whatsoever for the rivers and harbors of the country; so I hope the amendment will be either withdrawn or overwhelmingly defeated.

Mr. HARRISON. Mr. President, I shall detain the Senate but a moment.

When the Howard University item was inserted in an appropriation bill I did not think it was in order, and I voted to sustain the Chair. I did not think to-day that this amendment was in order, and I voted to sustain the Chair.

I do not think the amendment that is now before the Senate is proper legislation at this time. Even the speeches in behalf of it show the fallacy of the policy of tying up the appropriations for rivers and harbors through a threat that this other bill has to be passed by the House of Representatives and the Senate.

I sincerely hope the amendment will be voted down.

The PRESIDENT pro tempore. The question is on the amendment offered by the Senator from Montana [Mr. WALSH].

The amendment was rejected.

Mr. PITTMAN. Mr. President, I desire to submit an amendment.

The PRESIDENT pro tempore. The Senator from Nevada offers an amendment, which the Secretary will report.

The READING CLERK. At the end of line 3, page 107, before the period, insert a colon and the following proviso:

Provided, That it being the intent of Congress and the policy of our Government, as expressed in the transportation act of 1920, "to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States and to foster and preserve in full vigor both rail and water transportation," and to prevent departures from the fourth section of the interstate commerce act for the purpose of permitting common carriers under said act to meet competition of water carriers not under the jurisdiction of the Interstate Commerce Commission, the appropriations herein made for the construction of a new power plant at Miraflores, Panama Canal, shall not be available or used for such purposes after the date that the Interstate Commerce Commission shall hereafter grant relief from the provisions of section 4 of the interstate commerce act, as amended, to any common carrier by railroad or by rail and water subject to the provisions of such act, upon any domestic traffic which now is or hereafter may be competed for by intercoastal water carriers operating through the Panama Canal.

Mr. PITTMAN. Mr. President, permit me to explain this amendment. It does not interfere in any way whatever with any appropriation for rivers or harbors. It does not place any strings on any appropriation for rivers or harbors. It does not limit any appropriation with regard to any rivers or harbors. It deals solely with the Panama Canal. It simply restates the policy of Congress as set forth in the transportation act of 1920. I quote the language:

That it being the intent of Congress and the policy of our Government, as expressed in the transportation act of 1920, "to promote—

I am now quoting the exact language of the act, in section 500—

to promote, encourage, and develop water transportation, service, and facilities in connection with the commerce of the United States and to foster and preserve in full vigor both rail and water transportation," and to prevent departures from the fourth section of the interstate commerce act for the purpose of permitting common carriers under said act to meet competition of water carriers not under the jurisdiction of the Interstate Commerce Commission, the appropriations herein made for the construction of a new power plant at Miraflores, Panama Canal, shall not be available or used for such purposes after the date that the Interstate Commerce Commission shall hereafter grant relief from the provisions of section 4 of the interstate commerce act, as amended, to any common carrier by railroad or by rail and water subject to the provisions of such act, upon any domestic traffic which now is or hereafter may be competed for by intercoastal water carriers operating through the Panama Canal.

The amendment deals with nothing except intercoastal waterways handling domestic traffic through the Panama Canal. It simply states that hereafter if any departure is authorized by the Interstate Commerce Commission to grant relief to meet that competition going through the Panama Canal, from that day on the appropriation for building the power plant at Miraflores shall cease to be available.

It is natural that the question should be asked, Why should we make it unavailable? By reason of the absurdity of the rules of the Senate and of the Congress; that is all. It has been held time and time again that you can place a limitation upon the use of an appropriation, but that you can not affirmatively do anything to bring about the same result. Therefore I have been compelled to look around to seek the smallest appropriation in the bill, so as to find a way of reasserting the policy of the Government and of Congress with regard to the enforcement of our laws by the Interstate Commerce Commission.

Mr. MCKELLAR. Mr. President—

Mr. PITTMAN. I yield.

Mr. MCKELLAR. In the event that the Interstate Commerce Commission proceeded to grant the relief asked for on the transcontinental lines, there would be no inhibition against them doing it. It would merely declare a policy, and would stop the work at Miraflores.

Mr. PITTMAN. The Senator is entirely correct. If they disobeyed it the only result would be to stop the work at Miraflores. But, mind you, the chairman of the Interstate Commerce Commission has recently appeared before our committee, and when we constantly cross-examined him with regard to his violation of this provision, he said, "If the Senate of the United States means what you gentlemen think it means—if it means that this relief shall not be given from section 4 for the purpose of meeting water competition—why do you not say so?" That is what he asked us. I say now that if we say so here, he is bound to understand it, and he would not dare violate it, and if he did violate it, it would be ground for the Congress of the United States to remove every one of those commissioners from office.

Heretofore the Interstate Commerce Commission has closed its ears to the debates in Congress. The debates have been called to their attention. The construction I read this morning, given by the chairman of the committee at the time that provision was inserted, was read to them, but that is not law to the Interstate Commerce Commission. If we agree to this amendment, which provides that it is the intent of Congress and the policy of the Government that they shall not grant any relief from the fourth section for the purpose of permitting the railroads to meet water competition, then there is a positive, direct provision by this Congress, and the excuse these commissioners now use, that "if Congress means that why do they not say that," will be answered. That is what I mean.

Mr. MCKELLAR. The Senator's amendment applies only to transportation over transcontinental lines?

Mr. PITTMAN. That is all it could possibly apply to, because it deals only with the domestic trade through the Panama Canal.

I have simply taken the smallest appropriation directly in point that I could find, not for the purpose of stopping that appropriation but solely for getting a parliamentary means of answering the Interstate Commerce Commission when they say, "If you mean that, why do you not say it?" That is what they said before the committee.

We do mean that, and by this amendment we do say that. I want to state now that I am satisfied that it is not the intention of the Senator from Montana [Mr. WALSH] to hold up appro-

priation bills, but I can readily see how it might be construed even as the Senator from Arkansas has construed it, and for that very reason, in preparing an amendment, and in anticipation that my original amendment might be subject to a point of order, I did not let it apply to the appropriations for rivers and harbors or inland waterways, but I picked out the smallest appropriation I could find in this bill in point, simply for the purpose of supporting a declaration.

The bill itself provides, "and including \$1,000,000 for the construction of a new power plant at Miraflores." If the Interstate Commerce Commission should disobey this express pronouncement of Congress, there would be no other result than that this new power plant would not be built.

However, the appropriation even of that \$1,000,000 would not be interfered with until the order was made in spite of this provision. It is inconceivable that the Interstate Commerce Commission, which is the agency created by Congress to carry out our transportation acts, will contend for one moment that they can continue these violations if Congress expressly declares that if they do so the appropriations with regard to the Panama Canal must cease.

I have asserted in my amendment the policy of our Government. I have asserted that it is the intent of Congress, that it is the policy of the Government, that they shall not utilize the provisions of the fourth section of the interstate commerce act to grant relief to common carriers to meet water competition. That is the declaration, positive and frank, and if that declaration is not made somewhere they will continue to use the excuse they have used, which is, "If you meant that, why did you not ever say that?"

This would not interfere with the passage of the bill of the Senator from Idaho in the slightest. It is a protection pending the time of the passage of his bill, as a pronouncement of the intention of Congress. It is a continuing protection in the event the House should finally defeat his bill. It is in aid of passing the Senator's bill, because it declares the policy. It is in support of his bill. It does not go as far as the Senator's bill goes, because it deals solely with transportation through the Panama Canal.

I do not think any of the objections to this matter can be urged which were urged to the amendment of the Senator from Montana. I think it is the last chance we will have at this session of announcing positively and directly the policy of this Government with regard to transportation through the Panama Canal. I sincerely hope the Senate will agree to this amendment.

Mr. WADSWORTH. Mr. President, I think it well that the Senate know something about the project for the new power plant at the Miraflores Lock before it votes on this extraordinary amendment.

The War Department appropriation bill for the current year carries an appropriation of \$850,000 to commence the construction of the new power plant which is to operate the gates at the Miraflores Lock on the Panama Canal. The Panama Canal administration for some years has been faced with the possibility of a breakdown in the operation of these gates, especially during a dry season, when they desire to keep the water level as high as possible. Commencing with last year they asked authority to begin the construction of a modern auxiliary power house which would develop the same amount of power and swing the gates during a dry season or other emergency.

The amendment of the Senator from Nevada [Mr. PITTMAN] proposes that a contract which is already in process of completion be stopped at any time that an utterly unrelated branch of the Government, the Interstate Commerce Commission, issues a decision on a certain railroad question in the State of Nevada or Wyoming or somewhere else.

The PRESIDENT pro tempore. The question is on agreeing to the amendment submitted by the Senator from Nevada [Mr. PITTMAN].

Mr. ASHURST and Mr. PITTMAN. Let us have the yeas and nays.

The yeas and nays were not ordered.

The amendment was rejected.

The PRESIDENT pro tempore. If there be no further amendments to be proposed as in Committee of the Whole, the bill will be reported to the Senate.

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

Mr. KING. Mr. President, I had intended to offer a number of amendments dealing with the question of waterways, but in view of the protracted discussion which has taken place I shall not offer them.

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

The bill was read the third time and passed.

Mr. WADSWORTH. I ask unanimous consent that the clerks be authorized to correct the totals in the bill.

The PRESIDENT pro tempore. Without objection, it is so ordered.

AMENDMENT OF INTERSTATE COMMERCE ACT

Mr. GOODING. Mr. President, I move that the Senate proceed to the consideration of the bill (S. 2327) to amend section 4 of the interstate commerce act.

The motion was agreed to, and the Senate, as in Committee of the Whole, proceeded to consider the bill, which had been reported from the Committee on Interstate Commerce with amendments.

Mr. GOODING. Mr. President, I offer the amendment which I send to the desk. The purpose is to clarify the language of the bill and to give the commission a full year in which to readjust violations of the fourth section, provided the bill becomes a law.

The PRESIDENT pro tempore. The amendment will be stated.

The READING CLERK. Strike out on page 3, all after line 15, and all on page 4, and insert in lieu thereof the following:

Where any common carrier has or common carriers have in effect any rate, fare, or charge which is less for the longer than for the shorter distance between two points (the shorter being included within the longer distance), and which has been authorized by the commission or as to which application was filed with the commission on or before February 17, 1911, and not yet acted upon by it, such rate, fare, or charge shall not become unlawful (except by order of the commission) until after 12 months following the passage of this amendatory act; nor shall such rate, fare, or charge in effect via a circuitous rail carrier or rail carriers become unlawful if it shall have been authorized by order of the commission, after public hearing, based on no less a showing than that upon which the commission is herein authorized to grant relief: *And provided further*, That nothing in this section contained shall prevent the commission from authorizing or approving departures from the provisions of this section in so far as applicable to import or export rates, including rates applicable to traffic coming from or destined to a possession or dependency of the United States, or to a block system of express rates established by order or with the approval of the commission, or permitted by it to be filed.

Paragraph 2 of section 4 is hereby repealed.

Mr. JONES of Washington. Mr. President, I think I shall favor the bill under consideration, but it seems to me that this is a very important amendment to be agreed to without any discussion. The bill now becomes the unfinished business, and I suggest that it go over until next week. The amendment has not been printed and Senators have had no opportunity to consider it.

Mr. FLETCHER. It seems to me that that is the wise course to follow.

Mr. JONES of Washington. It would seem so. As I said, I think I shall vote for the bill, but I want to have an opportunity to consider the amendment.

Mr. NORRIS. I think the Senator's request is a reasonable one. The importance of the amendment at this time is undoubted.

Mr. GOODING. I accept the suggestion of the Senator from Washington.

Mr. MOSES. The Senator from Idaho has secured his chief desire, which was to have the bill made the unfinished business.

Mr. GOODING. It is the unfinished business, and I am willing that it shall go over until next week.

EXECUTIVE SESSION

Mr. MOSES. 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 15 minutes spent in executive session the doors were reopened, and the Senate (at 5 o'clock and 20 minutes p. m.) adjourned until Monday, May 19, 1924, at 12 o'clock meridian.

NOMINATIONS

Executive nominations received by the Senate May 17 (legislative day of May 14) 1924

MEMBER OF THE FEDERAL RESERVE BOARD

A. C. Miller, of California, to be a member of the Federal Reserve Board for a term of 10 years. (A reappointment, his term expiring August 8, 1924.)

MEMBER OF THE UNITED STATES SHIPPING BOARD

Edward C. Plummer, of Maine, to be a member of the United States Shipping Board for a term of six years. (A reappointment, his term expiring June 9, 1924.)

DIRECTOR OF THE WAR FINANCE CORPORATION

George R. Cooksey, of the District of Columbia, to be a director of the War Finance Corporation. (A reappointment, his term expiring May 18, 1924.)

CHIEF JUSTICE COURT OF APPEALS OF THE DISTRICT OF COLUMBIA

George E. Martin, of the District of Columbia, to be chief justice of the Court of Appeals, District of Columbia, vice C. J. Smyth, deceased.

UNITED STATES MARSHAL

Arthur Rogers, of Tennessee, to be United States marshal, western district of Tennessee, vice William F. Appleby, deceased.

PROMOTIONS IN THE REGULAR ARMY

To be major

Capt. Joseph May Swing, Field Artillery, from May 7, 1924.

To be captains

First Lieut. Rodney Campbell Jones, Coast Artillery Corps, from May 1, 1924.

First Lieut. William Aloysius Murphy, Infantry, from May 2, 1924.

First Lieut. Harold H. Elarth, Infantry, from May 3, 1924.

First Lieut. Lester Joslyn Harris, Infantry, from May 4, 1924.

First Lieut. Howard Foster Clark, Corps of Engineers, from May 7, 1924.

First Lieut. Howard Clay Brenizer, Field Artillery, from May 9, 1924.

To be first lieutenants

Second Lieut. Dwight Lyman Adams, Infantry, from May 1, 1924.

Second Lieut. Thomas Gordon Cranford, jr., Coast Artillery Corps, from May 2, 1924, subject to examination required by law.

Second Lieut. Lester George Degnan, Infantry, from May 3, 1924.

Second Lieut. Henry Bennett Sheets, Infantry, from May 4, 1924.

Second Lieut. Archie William Cooley, Infantry, from May 7, 1924.

Second Lieut. William Robert McMaster, Infantry, from May 9, 1924, subject to examination required by law.

Second Lieut. Cornelius Emmett O'Connor, Air Service, from May 13, 1924.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY

ORDNANCE DEPARTMENT

First Lieut. Jonathan Lane Holman, Field Artillery, with rank from October 15, 1919.

COAST ARTILLERY CORPS

Capt. Archibald Donald Fisker, Field Artillery, effective June 15, 1924, with rank from July 1, 1920.

Second Lieut. Bernard Henry Sullivan, Air Service, with rank from June 12, 1923.

AIR SERVICE

Capt. Roland Winfred Wittman, Infantry (detailed in Air Service), with rank from July 1, 1920.

APPOINTMENT IN THE ARMY

Arthur Cecil Ramsey, of Kansas, to be second lieutenant of Infantry in the Regular Army of the United States, with rank from May 10, 1924.

POSTMASTERS

ARKANSAS

Douglas O. Dover to be postmaster at Cove, Ark., in place of I. R. Silvey, removed.

William H. Tucker to be postmaster at Casa, Ark., in place of A. F. Hunter, resigned.

ALASKA

Charles A. Sheldon to be postmaster at Seward, Alaska, in place of W. E. Root. Incumbent's commission expires June 4, 1924.

CALIFORNIA

Ernest R. Rhymes to be postmaster at Sanitarium, Calif., in place of E. R. Rhymes. Incumbent's commission expires June 4, 1924.

COLORADO

Cora M. Northrup to be postmaster at Fountain, Colo., in place of N. E. Pyles. Incumbent's commission expires June 4, 1924.

FLORIDA

John B. Carlin to be postmaster at St. Cloud, Fla., in place of J. J. Johnston. Incumbent's commission expired February 14, 1924.

Jefferson Gaines to be postmaster at Boca Grande, Fla., in place of Jefferson Gaines. Incumbent's commission expired February 14, 1924.

HAWAII

Joseph Herrscher to be postmaster at Hana, Hawaii, in place of Joseph Herrscher. Office became third class April 1, 1924.

ILLINOIS

Olive G. Woods to be postmaster at Hennepin, Ill., in place of E. G. Paxson. Office became third class October 1, 1923.

Fay L. Quilter to be postmaster at Walnut, Ill., in place of F. L. Quilter. Incumbent's commission expires June 5, 1924.

Kate M. Weis to be postmaster at Teutopolis, Ill., in place of K. M. Weis. Incumbent's commission expires June 5, 1924.

Edward P. Devine to be postmaster at Somonauk, Ill., in place of E. P. Devine. Incumbent's commission expires June 5, 1924.

Elizabeth R. Grant to be postmaster at Shabbona, Ill., in place of Sarah McGinnis. Incumbent's commission expires June 5, 1924.

John N. Taffee to be postmaster at Pinckneyville, Ill., in place of T. L. Wallace. Incumbent's commission expired March 9, 1924.

Herman C. Hoefler to be postmaster at Park Ridge, Ill., in place of Charles Stade. Incumbent's commission expired August 29, 1923.

Elliott O. Andrews to be postmaster at Belvidere, Ill., in place of John Dooley. Incumbent's commission expires June 5, 1924.

INDIANA

Iva D. Myers to be postmaster at Millersburg, Ind., in place of Charles Boomershine. Office became third class January 1, 1924.

IOWA

William M. Young to be postmaster at Defiance, Iowa, in place of W. M. Young. Office became third class April 1, 1924.

Frank T. Best to be postmaster at Pomeroy, Iowa, in place of F. J. Oehmke. Incumbent's commission expired March 22, 1924.

Howard B. Gillespie to be postmaster at Guthrie Center, Iowa, in place of J. S. McLuen. Incumbent's commission expired March 22, 1924.

Clyde C. Sheaffer to be postmaster at Alden, Iowa, in place of H. E. Button. Incumbent's commission expires June 5, 1924.

KANSAS

Susie J. Gibbons to be postmaster at St. Paul, Kans., in place of G. A. Pierce. Incumbent's commission expires June 4, 1924.

Ulysses G. Stewart to be postmaster at Rossville, Kans., in place of C. E. Van Vleck. Incumbent's commission expires June 4, 1924.

Henry M. Highland to be postmaster at McCune, Kans., in place of G. W. Harley. Incumbent's commission expired May 6, 1924.

KENTUCKY

Leona R. Meador to be postmaster at Kingswood, Ky., in place of L. R. Meador. Office became third class October 1, 1923.

MAINE

Frank G. Thompson to be postmaster at Milo, Me., in place of D. L. Brown. Incumbent's commission expires June 5, 1924.

Perley M. Hansen to be postmaster at East Millinocket, Me., in place of O. J. Toussaint. Incumbent's commission expired February 11, 1924.

Fred E. Jones to be postmaster at Brownville, Me., in place of E. A. Sampson. Incumbent's commission expires June 5, 1924.

MARYLAND

Clare N. Payne to be postmaster at Preston, Md., in place of J. W. Payne, deceased.

MASSACHUSETTS

John A. Bell to be postmaster at Leicester, Mass., in place of J. A. Bell. Incumbent's commission expires June 4, 1924.

James E. Sullivan to be postmaster at Gilbertville, Mass., in place of J. E. Sullivan. Incumbent's commission expires June 4, 1924.

William P. Lovejoy to be postmaster at Barnstable, Mass., in place of W. P. Lovejoy. Incumbent's commission expires June 4, 1924.

MICHIGAN

Ralph M. Powers to be postmaster at Jonesville, Mich., in place of W. B. Howlett. Incumbent's commission expires June 5, 1924.

John H. Ter Avest to be postmaster at Coopersville, Mich., in place of J. S. Walling. Incumbent's commission expires June 4, 1924.

Earl Brown to be postmaster at Brighton, Mich., in place of C. S. Case. Incumbent's commission expires June 4, 1924.

MINNESOTA

Henry O. Halverson to be postmaster at Gonvick, Minn., in place of H. O. Halverson. Incumbent's commission expired February 18, 1924.

NEBRASKA

Minnie L. Smith to be postmaster at Blue Springs, Nebr., in place of J. W. Henthorn, resigned.

Archie L. Smith to be postmaster at Imperial, Nebr., in place of A. L. Smith. Incumbent's commission expires May 21, 1924.

Frank W. Fuhlrodt to be postmaster at Fremont, Nebr., in place of F. W. Fuhlrodt. Incumbent's commission expired May 11, 1924.

Henry V. Ingram to be postmaster at Exeter, Nebr., in place of H. V. Ingram. Incumbent's commission expired May 11, 1924.

Oscar M. Fenstermacher to be postmaster at Cedar Bluffs, Nebr., in place of W. F. Nick. Incumbent's commission expires June 4, 1924.

Jesse R. Teagarden to be postmaster at Bethany, Nebr., in place of C. L. Demarest. Incumbent's commission expires June 4, 1924.

NEW JERSEY

John E. MacIlwain to be postmaster at Magnolia, N. J., in place of J. E. MacIlwain. Office became third class April 1, 1924.

NEW YORK

E. DeLancy Walters to be postmaster at Bolivar, N. Y., in place of E. D. Walters. Incumbent's commission expired May 6, 1924.

Arthur J. Lytle to be postmaster at Angelica, N. Y., in place of G. O. Hinman. Incumbent's commission expires May 28, 1924.

NORTH CAROLINA

Thomas A. Kennedy to be postmaster at Troutmans, N. C., in place of Worth Williamson. Office became third class January 1, 1924.

John E. Corbitt to be postmaster at Sunbury, N. C., in place of J. E. Corbitt. Office became third class April 1, 1924.

John M. Sharpe to be postmaster at Statesville, N. C., in place of R. R. Clark. Incumbent's commission expired February 18, 1924.

PENNSYLVANIA

Robert T. Barton to be postmaster at Meadowbrook, Pa., in place of R. T. Barton. Office became third class April 1, 1924.

TENNESSEE

James M. Gresham to be postmaster at Smyrna, Tenn., in place of J. M. Gresham. Incumbent's commission expired September 5, 1923.

TEXAS

James A. Morgan to be postmaster at Vega, Tex., in place of J. A. Morgan. Office became third class April 1, 1924.

Minerva M. F. Cowart to be postmaster at Turkey, Tex., in place of M. M. F. Cowart. Office became third class April 1, 1924.

VIRGINIA

James O. Fant to be postmaster at Brandy (late Brandy Station), Va., in place of J. O. Fant. Office became third class April 1, 1924.

WASHINGTON

James R. Patterson to be postmaster at Malden, Wash., in place of G. R. Patterson. Incumbent's commission expired March 11, 1924.

WEST VIRGINIA

Millard M. Mason to be postmaster at Seth, W. Va., in place of M. M. Mason. Office became third class April 1, 1924.

WYOMING

Frank G. Brown to be postmaster at Fort Laramie, Wyo., in place of F. G. Brown. Office became third class April 1, 1924.

Neletta P. Howard to be postmaster at Manville, Wyo., in place of E. R. Spragg. Incumbent's commission expires June 5, 1924.

CONFIRMATIONS

Executive nominations confirmed by the Senate May 17 (legislative day of May 14), 1924

UNITED STATES ATTORNEYS

Ross R. Mowry to be United States attorney, southern district of Iowa.

Allen Curry to be United States attorney, eastern district of Missouri.

POSTMASTERS

ALABAMA

Anna H. Kinney, Elberta.

ARIZONA

Charles E. Hand, Winkelman.

ARKANSAS

John N. Phillips, Jasper.

ILLINOIS

Louis W. Richter, Melrose Park.

INDIANA

Clara I. Boesen, Griffith.

IOWA

Charlie C. Clifton, Thompson.

NEBRASKA

Hillery D. Bartley, Crookston.

NORTH CAROLINA

Sue M. Vick, Bailey.

Joseph S. Mitchell, Draper.

OHIO

Melroy C. Johns, Caldwell.

Guy G. Patchen, Columbiana.

Robert E. Friel, Lore City.

Don B. Stanley, Lowell.

Ben J. Filkins, Wakeman.

OKLAHOMA

Henry F. Harwell, Bryant.

PENNSYLVANIA

Joseph S. Gillingham, Lincoln University.

SOUTH DAKOTA

C. Albert Zeitner, Mission.

Lewis W. Ford, Wakonda.

Will C. Bromwell, Wessington Springs.

WYOMING

Epsie L. Winn, Superior.

HOUSE OF REPRESENTATIVES

SATURDAY, May 17, 1924

The House met at 12 o'clock noon.

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

O God, our heavenly Father, around about us are always Thy everlasting arms. A mighty fortress is our God, a refuge never failing. To Thee we yield ourselves, acknowledge our dependence, and confess our sins. Enlarge and extend the range of our understanding, and we always have the deepest concern for others and for the welfare of our country. In Thy light may we see light and strive for the best possible work by being the best possible men. In the name of Jesus our Savior. Amen.

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

ELECTION TO COMMITTEES

Mr. GARNER of Texas. Mr. Speaker, I offer the resolution (H. Res. 316), which I send to the Clerk's desk.

The SPEAKER. The Clerk will report the resolution.

The Clerk read as follows:

Resolved, That J. ZACH SPREARING of Louisiana be, and he is hereby, elected a member of the standing committees of the House on Coinage, Weights, and Measures and Railways and Canals.

The question was taken, and the resolution was agreed to.

WASHINGTON MONUMENT GUIDE BOOK

Mr. GIBSON. Mr. Speaker, day before yesterday the gentleman from Tennessee [Mr. GARRETT], the minority leader, extended some remarks in the RECORD in relation to the Washington Monument Guide Book. In order to complete the record and for the information of the House, I ask permission to extend some brief remarks in relation to the same subject matter.

[The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. GIBSON. Mr. Speaker, I rise in opposition to the conference report on the independent offices appropriation bill, Senate amendment 15, to restore the right of sale at the Washington Monument of the guidebook authorized by the Congress in 1909, should be adopted.

The discontinuance of the Washington Monument Guide Book, which was prepared by Miss Ina C. Emery, a native of Bethel, Vt., is a gross injustice to her. She has had the book at the Monument approximately 20 years with the unanimous approval of Members of both Houses of Congress, of the succeeding Secretaries of War and Chiefs of Engineers, of the public, including heads of patriotic organizations, until it remained for one man, an Army officer, to stop it on July 1, 1923, and to replace it a month later with a book copyrighted by a private organization—the Society of American Military Engineers, Mills Building, Washington—of which he is a member.

MISS EMERY'S BOOK APPROVED

I ask permission at this time to insert as part of my remarks a letter of Chairman MADDEN, of the House Appropriations Committee, to the Secretary of War, on July 2, 1923, citing the law governing the matter, pointing out that Miss Emery's book at the Monument, in pursuance of that law, had given satisfaction to the public and asking the Secretary of War to restore to Miss Emery that right to sale of her guidebook at the Monument.

I also ask permission to insert as part of my remarks a copy of the hearing of Miss Emery, on January 14, 1909, on the urgent deficiency appropriation bill of 1909. That hearing was before the House appropriations subcommittee, consisting of Representative James A. Tawney, of Minnesota (chairman of the full committee); Edward B. Vreeland, of New York; J. Warren Keifer, of Ohio, who had been Speaker of the House; S. Brundidge, jr., of Arkansas, and Leonidas L. Livingston, of Georgia, who were in charge of deficiencies for the fiscal year 1909. There were also present at that time Representative Graff, of Illinois, and Representative Rodenberg, of Illinois.

SECRETARY WEAKE'S APPROVED IT IN 1922

It was Mr. Rodenberg who arranged for Miss Emery's hearing before the committee in 1909. Many years later, on or about June 1, 1922, Mr. Rodenberg, familiar with all the facts about the Washington Monument Guide Book, accompanied Miss Emery to the Secretary of War when a subordinate Army officer had threatened to take away Miss Emery's right to have the book at the monument. When the conversation, including the threat, was repeated to the Secretary of War, the latter stated to Mr. Rodenberg, Miss Emery, and her brother:

Miss Emery, I am thoroughly familiar with your guide book. I have no criticism to make of its price or criticism of it in any way. So far as I am concerned, I see no reason why it should not be there for 20 years to come if you want it.

Yet the subordinate officer succeeded in having the book discontinued, as he had threatened to do, and he stated before a House subcommittee (on the War Department appropriation bill) on February 14, 1924, that it was on his recommendation that the book was discontinued. He did not state that the book he put in its place is copyrighted by a private organization of which he is a member (the Society of American Military Engineers), nor did he say that his book is made up largely of the same material as in Miss Emery's book, some of it practically verbatim, nor that the book he put there bore a notice advising the public that additional copies may be obtained by sending 20 cents a copy to the Mills Building office of the private organization, of which he is a member.

The letter of Chairman MADDEN in favor of Miss Emery's book follows:

CHAIRMAN MADDEN'S LETTER

COMMITTEE ON APPROPRIATIONS,

SIXTY-SEVENTH CONGRESS,

Washington, D. C., July 2, 1923.

MY DEAR MR. SECRETARY: In Statutes at Large, volume 35, page 615, will be found the following: "That hereafter no advertisement of any kind shall be displayed and no articles of any kind, except a guidebook to the Monument, shall be sold in or around the Washington Monument."

Then, later, in Statutes at Large, volume 35, page 997, there appears the following: "That hereafter no advertising of any kind shall be displayed and no articles of any kind shall be sold in or around the Monument, except upon the written authority of the Secretary of War."

In pursuance of this authority Miss Emery has been selling a guidebook to the Monument, which she has prepared at her own expense. The sale of this book involves no expenditure of public money, and she has paid the Government \$75 per annum for the privilege. Recently you have ordered the sale of the book discontinued. It seems to me that in view of the expense incurred by Miss Emery in the preparation of the book and the satisfaction which its sale has given all these years to the visiting public she should be permitted to continue its sale.

I shall consider it a personal favor if you can find it consistent to withdraw the order recently issued by you and reinstate Miss Emery's right to the sale of the book at the Monument.

MISS EMERY'S HEARING IN 1909

The hearing of Miss Emery in 1909, referred to in Senate amendment 15 to the independent offices bill, shows textually that it was the purpose of the committee, without specifically mentioning her name, to authorize the sale of Miss Emery's guidebook to the Monument. Her book was the only one under consideration, and later when the provision the committee reported was before the House and the Senate copies of Miss Emery's book were before the membership of the two Houses. This provision and the subsequent one relating to the subject, both in 1909, are set forth in Mr. MADDEN's letter to the Secretary of War. The first provision authorized her guidebook; the second provision provided how it should be placed on sale. The present Senate amendment is in no way in conflict with the existing law.

The hearing, from the printed record of the House Appropriations Committee hearings on deficiency bills in 1909, is as follows:

WASHINGTON MONUMENT, SALE OF ARTICLES IN

STATEMENT OF MISS INA C. EMERY

The CHAIRMAN. Miss Emery, you have called our attention to a provision in the sundry civil law for the current fiscal year in connection with the Washington Monument, asking that it may be abrogated. It reads as follows:

"Provided, That no advertisement of any kind shall be displayed and no articles of any kind shall be sold in or around the Monument."

That is the Washington Monument, here in the city? MISS EMERY. Yes.

The CHAIRMAN. What reason have you for asking that this provision be abrogated, for wanting this law changed?

MISS EMERY. It is because I have a book, the only book that has ever been published, containing all the inscriptions, the history, and a description of the construction of the Washington Monument. It is the only one that has ever been prepared, and it has cost me over \$1,600 to prepare the book, and it has been there for nearly six years, without a single adverse criticism from anywhere. On the contrary, I have had letters from all over the country, and even from Europe, telling me what a pleasure it has been to the writers to read an inscription on a tablet that an aunt or an uncle or some one had placed there, and it is the only book of the kind ever published.

The CHAIRMAN. Were you selling this book at the time that the Superintendent of Public Buildings and Grounds recommended to the committee the adoption of this paragraph?

MISS EMERY. Yes, sir.

The CHAIRMAN. Did you know about the paragraph at the time of its adoption?

MISS EMERY. No, sir; I had no intimation of it.

Mr. KEIFER. When was that passed?

The CHAIRMAN. At the last session of Congress.

Mr. LIVINGSTON. What objection have you to advertisements that do not affect your book?

MISS EMERY. I have no objection. I only want my book placed back there.

Mr. VREELAND. She wants the right to sell her book there. The right has been taken away.

Mr. RODENBERG. They construed that provision in such a way as to exclude her book.

Mr. LIVINGSTON. Suppose the law is changed so that it will not exclude the selling of your book?

Miss EMERY. That is all I ask.

Mr. VREELAND. She is not seeking to exclude anybody else.

Miss EMERY. No. I only ask that my book may be sold there, as it is a benefit to the public, and I think that Mr. Tawney knows of the various persons who have interested themselves in it who know the book and know what it has done.

Mr. LIVINGSTON. Can anyone tell why that law was passed?

The CHAIRMAN. Yes. It was enacted at the last session of Congress on the recommendation of the Superintendent of Public Buildings and Grounds. It was placed as a provision on the sundry civil bill.

Mr. LIVINGSTON. I was not here at the time and did not get a chance to hear a thing about it. What reason did he give?

The CHAIRMAN. He wanted to shut out the vending of anything at that place, because, as he said, if you will allow one you would have to license others.

Mr. GRAFF. There is no book vended there except this book, is there, Mr. Chairman?

The CHAIRMAN. I do not recall the testimony now. My recollection, however, is that there were applications for permission for the vending of all sorts of articles—postal cards, souvenir postal cards, and souvenirs of all kinds.

Mr. GRAFF. But there is no history of the Monument except this one?

The CHAIRMAN. Not that I know anything about.

Mr. VREELAND. We could amend the provision by excepting books describing the Monument, or views of the Monument.

The CHAIRMAN. This is a guide to the Monument?

Miss EMERY. It is a guide to the Monument. There is nothing in it except a guide to the Monument.

The CHAIRMAN. Then if we were to amend this provision so as to read that no advertisements of any kind should be displayed or any articles should be sold except this book, that would be satisfactory to you?

Miss EMERY. Yes, sir; that is all I ask.

Mr. LIVINGSTON. I do not see why they should prohibit anybody.

The CHAIRMAN. There was reason for this legislation. Of course, the committee did not know anything about this book at the time, but if you allow these people to go there indiscriminately you would have a crowd of people selling things there, especially during the week of inauguration and perhaps weeks afterwards.

Mr. VREELAND. It is a great convenience for the people to go there and buy it. I want to look at it myself.

The CHAIRMAN. This is of benefit to visitors, in that it will enable them to understand the history of the Monument and the history of the inscriptions inside of it?

Miss EMERY. Yes, sir.

Mr. KEIFER. I think we can amend that in a way to be satisfactory to you.

Mr. VREELAND. I wish you would send up two or three copies of that book. When it comes up in the House we would like to show just what it is.

Miss EMERY. I have already sent a copy to each member of the committee. I thank you, gentlemen, very much.

EXTENSION OF REMARKS

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to insert in the RECORD a short editorial from the Boston Transcript, nationally known as a conservative Republican newspaper, asking the Congress to pass the adjusted compensation bill over the President's veto.

The SPEAKER. Is there objection?

Mr. SPROUL of Illinois. I object.

HAUGEN-M'NARY BILL

Mr. SNELL. Mr. Speaker, I present a report (H. Res. 317, Rept. No. 775) from the Committee on Rules.

The SPEAKER. The gentleman from New York presents a report from the Committee on Rules on a bill, the title of which the Clerk will report.

The Clerk read as follows:

A bill (H. R. 9033) entitled "A bill declaring an emergency in respect to certain agricultural commodities, to promote equality between agricultural commodities and other commodities, and for other purposes."

The SPEAKER. Referred to the House Calendar.

MESSAGE FROM THE SENATE

A message from the Senate, by Mr. Craven, its chief clerk, announced that the Senate had further insisted upon its amendment to the amendment of the House to the amendment of the Senate No. 47 to 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, had asked for a still further conference with the House on the disagreeing votes of the two Houses thereon and had appointed Mr. Smoot, Mr. Curtis, and Mr. Harris as the conferees on the part of the Senate.

The message also announced that the Senate had passed without amendment the bill (H. R. 6298) to authorize the leasing for oil and gas mining purposes of unallotted lands on Indian reservations affected by the proviso to section 3 of the act of February 28, 1891.

The message also announced that the Senate had passed with amendments the bill (H. R. 6357) for the reorganization and improvement of the foreign service of the United States, and for other purposes.

The message also announced that the Senate had passed bills of the following titles; in which the concurrence of the House of Representatives was requested:

S. 698. An act for the relief of the Great Lakes Engineering Works;

S. 1174. An act authorizing the Secretary of the Interior to consider, ascertain, adjust, and determine claims of certain members of the Sioux Nation of Indians for damages occasioned by the destruction of their horses;

S. 1975. An act for the relief of the Commercial Union Assurance Co. (Ltd.), Federal Insurance Co., American & Foreign Marine Insurance Co., Queen Insurance Co. of America, Fireman's Fund Insurance Co., United States Lloyds, and the St. Paul Fire & Marine Insurance Co.;

S. 2052. An act to carry out the decree of the United States District Court for the Eastern District of Pennsylvania in the case of United States of America, owner of the steam dredge *Delaware*, against the steamship *A. A. Raven*, American Transportation Co., claimant, and to pay the amount decreed to be due said company;

S. 2138. An act for the relief of First Lieut. Harry L. Rogers, jr.;

S. 2397. An act to provide for refunds to veterans of the World War of certain amounts paid by them under Federal irrigation projects;

S. 2448. An act to amend the organic act of Porto Rico approved March 2, 1917;

S. 2455. An act to authorize the payment of an indemnity to the Government of Nicaragua on account of damages alleged to have been done to the property of Salvador Bultrago Diaz by United States marines on February 6, 1921;

S. 2526. An act providing for an allotment of land from the Kiowa, Comanche, and Apache Indian Reservation, Okla., to James F. Rowell, an intermarried and enrolled member of the Kiowa Tribe;

S. 2457. An act to authorize the payment of an indemnity to the Government of Nicaragua on account of the killing or wounding of Nicaraguans in encounters with the United States marines;

S. 2593. An act for the extension of Rittenhouse Street in the District of Columbia;

S. 2669. An act for the relief of J. R. King;

S. 2975. An act validating certain applications for, and entries of, public lands and for other purposes;

S. 2693. An act in reference to writs of error;

S. 2826. An act for the relief of the Italian Government;

S. 2905. An act to amend section 25 (a) of the act approved December 23, 1913, known as the Federal reserve act;

S. 2919. An act to extend the provisions of the national bank act to the Virgin Islands of the United States;

S. 2928. An act authorizing the Secretary of the Navy to accept certain lands in the vicinity of Pensacola, Fla., to assure a suitable water supply for the United States naval air station at Pensacola;

S. 2949. An act authorizing the Secretary of War to sell a portion of the Carlisle Barracks Reservation;

S. 3025. An act to authorize the construction of a bridge across the Oostanaula River in Gordon County, Ga.; and

S. 3211. An act authorizing the sale of Gasparilla Island Military Reservation.

VETO MESSAGE—ADJUSTED COMPENSATION BILL

The SPEAKER. The business before the House is, Will the House on reconsideration pass the adjusted compensation bill, the objections of the President to the contrary notwithstanding?

Mr. LONGWORTH. Mr. Speaker—

The SPEAKER. The gentleman from Ohio.

Mr. LONGWORTH. Mr. Speaker, it seems to me that the large attendance to-day justifies the wisdom and propriety of the motion I made on Thursday to give Members an opportunity to be here and vote upon this most momentous question. However, I feel that the House does not desire to hear prolonged

debate on this question, so therefore I shall very shortly move the previous question. I now yield five minutes to the gentleman from Illinois [Mr. MADDEN]. [Applause.]

Mr. MADDEN. Mr. Speaker, the President is the Nation's leader. The people of the United States look to him for guidance. They admire his courage and his wisdom. They are willing to follow him, and I know of no reason why I should not follow him. [Applause.] I have always favored a bonus and voted for it, but I think that the present financial condition of the country justifies a change of opinion on my part, and I shall therefore vote to sustain the veto of the President. [Applause.] The State of Illinois has voted a bonus to the men of that State, \$55,000,000. I paid my share of that. I am proud to pay my share of anything that is justified for the ex-service men.

The Nation since the war has done wonders to stabilize the world and put our own finances on a sound basis. As chairman of the Committee on Appropriations I think I would be unworthy to stand in my place day by day and advocate economy in every other direction and then vote to override the veto of the President. [Applause.]

I am assuming the responsibility here which the chairmanship of the Committee on Appropriations imposes upon me, and I do so gladly. I believe that in doing that I am doing what the Nation as a whole would have me do. The tax-reduction bill pending wipes out any surplus that might have existed in the 1925 program of receipts and expenditures, and it is possible that the bill itself will result in a deficit. Proposals for additional expenditures for the fiscal year 1925, pending in legislation, if approved by the President, would call for appropriations of nearly \$400,000,000 more for the fiscal year 1925 over and above what the Budget for 1925 asked. No revenues are provided to meet these unusual expenditures. In other words, all these large pending proposals for expenditures would either effectively destroy tax reduction or, if tax reduction should accompany their enactment, they would result in a large deficit in the next fiscal year's running expenses of the Government.

The public debt has been reduced in the last five years approximately \$4,500,000,000. Any bonus proposal for which no revenue is provided would serve to start the public debt on an upward climb, because borrowing would have to be resorted to to meet it.

Appropriations to meet the bonus would cost in 20 years \$2,280,000,000. The appropriation for the fiscal year 1925, under the bonus, would amount to \$152,500,000. The face value of the bonds to retire these policies plus the interest reinvested will equal the maturity value of the insurance policies, aggregating at the lowest estimate \$3,145,000,000. Appropriations for compensation, insurance, vocational training, hospital construction and hospital treatment to June 30, 1925, will amount in the net to \$2,750,000,000. Appropriations for the next fiscal year for these purposes alone will aggregate \$349,065,000. Legislation pending to liberalize compensation and other features and provide additional hospitals aggregates \$46,500,000 and if enacted will bring the total for next year to approximately \$400,000,000.

So that it can not be said by the ex-service men of the Nation that we have been undmindful of the services they have rendered. There is nothing that appropriations could supply that has not been supplied to every man who needed attention, and I am sure that the Nation is proud to have been enabled to supply these needs; and to the extent that it can supply the needs of the men who came back with armless sleeves and sightless eyes and other deformities as the result of their services to the Nation I am sure that every man and woman everywhere from end to end of the Nation will be proud to do their duty. [Applause.]

Mr. LONGWORTH. Mr. Speaker, I yield five minutes to the gentleman from South Dakota [Mr. JOHNSON].

The SPEAKER. The gentleman from South Dakota is recognized for five minutes.

Mr. JOHNSON of South Dakota. Mr. Speaker, it has been my duty and pleasure to have drawn each of the three caucus or conference calls which have in the past presented the matter of adjusted compensation to the Republican conference. In all of these years this will be my first, only, and last speech on adjusted compensation in the Congress, because within five days the law will have passed both the House and Senate and be an accepted law. [Applause.] I approach it without any feeling of rancor, because it is a question upon which men may logically and fairly and honestly disagree, and I respected the men who have opposed adjusted compensation because of their manifest courage—men of the type of the gentleman who preceded me [Mr. MADDEN], the distinguished chairman of the

Committee on Appropriations. He, like so many others, votes his convictions on the floor of this House, regardless of the effect upon his political fortunes.

Mr. GARNER of Texas. Mr. Speaker, will the gentleman yield?

Mr. JOHNSON of South Dakota. I will say to the gentleman that I have only five minutes. This is the only speech on this subject that I have ever made on the floor of the House, and I do not have the time to yield.

It is not a political question. Each President of the United States that we have had since the war opposed the granting of adjusted compensation—President Wilson, President Harding, and President Coolidge. Each of the Secretaries of the Treasury of both parties has disapproved adjusted compensation, the distinguished Secretary under the Democratic administration just as much as the distinguished Secretary under a Republican administration. The question of party politics can not come in it. It is a question purely of right and justice.

What we should have done in this Congress in 1919 was to have given a sufficient appropriation to have furnished each of these men who returned from the service a suit of clothes, a pair of shoes, a hat, and an overcoat, and this question would have been settled at that time if men had had that viewpoint. But Congress did not have it, and has not come to this viewpoint until after there has been much discussion of the question throughout the country.

The question of insurance comes into the veto. I do not think it properly belongs there. No man who secured insurance under the war risk insurance act but who pays for everything that he has received, and he could have purchased insurance in the open market as well as he could have secured it from the Government, the actual war risk expected.

I am firmly convinced that the passage of this act—and it will be passed—will do much to avoid the issuance of pensions to well, sound men. No service man in this House has ever introduced a pension bill for able-bodied veterans, and I hope the time will not come in my lifetime when pensions for fit and sound men will be presented. The fact that men will be able to get this insurance policy and pass insurance to their families ought to be sufficient for men who are able-bodied.

I do not like the statement that adjusted compensation is capitalizing patriotism. There was no question of capitalizing patriotism when these men were in the trenches. [Applause.] I can recognize the fact that men can divide fairly and honestly on the question, but I think that the burden of proof is on those who say it is a capitalization of patriotism. George Washington did not capitalize his patriotism when he received adjusted compensation from the Government. Abraham Lincoln did not capitalize his patriotism when he secured his land grant from the Government. Grant and Lee did not capitalize their patriotism when application was made or when they received something from the Government for their services, and that is the only part of the argument that to me does not appeal as being exactly fair. I hope that this question will be settled, that it will never come before this Congress again, and that it will be settled right by enacting finally the adjusted compensation law. [Applause.]

Mr. LONGWORTH. Mr. Speaker, I yield five minutes to the gentleman from Tennessee [Mr. GARRETT].

The SPEAKER. The gentleman from Tennessee is recognized for five minutes.

Mr. GARRETT of Tennessee. Mr. Speaker, I shall vote against the motion to pass this bill, the objection of the President notwithstanding, and I shall do so not because of but despite the message which the President sent. In so doing, whether right or wrong, I am consistent in my position.

My reason for opposing the so-called bonus bill has been stated on the floor of the House upon different occasions when the subject matter has been before it, and more important than that, perhaps, they have been stated before my constituents in a spirited campaign in which that constituted the principal issue.

I can not fail to take advantage of this opportunity to condole with my distinguished friend from Illinois [Mr. MADDEN], and possibly may have to condole with the leader of the majority [Mr. LONGWORTH], although I do not know, as yet. [Laughter.]

What the gentleman from Illinois has stated as his reason for now voting was known to me at the time we voted on the passage of the bill. It was known to me in the last Congress when we voted on the passage of the bill, and in the Congress before that time I thought I knew. I congratulate the gentleman from Illinois that he lives and learns as he lives. [Applause.]

I was opposing the bonus when the present President of the United States, then Governor of Massachusetts, was signing a bonus bill. [Applause.]

Mr. LONGWORTH. Mr. Speaker, I yield five minutes to the gentleman from New York [Mr. FISH].

The SPEAKER. The gentleman from New York is recognized for five minutes.

Mr. FISH. Mr. Speaker, as the sponsor of the 20-year endowment insurance bill—I believe I was the only one to introduce a 20-year endowment measure—I wish to protest against the objections raised on the ground of poverty.

Here we are, five years after the armistice, pleading poverty to escape an obligation that has been recognized and fulfilled by every one of the Allies during the World War and partly with money we loaned them.

This bill was changed from the previous cash bill to the endowment-insurance feature in order to harmonize with the financial condition of the Treasury. The gentleman from Illinois [Mr. MADDEN], the chairman of the Committee on Appropriations, now comes before the House and says that we are not in a financial position to pass a 20-year endowment measure requiring an appropriation of approximately \$100,000,000 annually for the next 20 years. I submit that such an appropriation will in no way harm the economic stability of our country or affect the price of Liberty bonds or hamper in any way the business conditions of the country at this time or for the next 20 years.

Both parties have pledged adjusted compensation to the veterans of the World War. Former President Harding in a speech prior to his election stated that he was for adjusted compensation, and he vetoed the Fordney-McCumber bill for a reason which proved to be a false reason. He was informed by Secretary Mellon that there would be a deficit of \$600,000,000 in the Treasury on June 30, 1923, but it turned out instead that there was a surplus of \$329,000,000. On June 30, 1924, there will be a further surplus of \$370,000,000 in the Treasury; and now the statement is made on the floor of the House that the Treasury is not in a position to finance this particular bill. That is the main issue I want you to consider in voting on the bill. Is there sufficient money at the present time, and will there be sufficient money in the future to finance an appropriation of \$100,000,000 to pay adjusted compensation by means of endowment insurance policies to veterans of the World War? This bill is based on sound business and insurance principles and without hampering business fulfills a pledge given during and after the war by the American people. It is nothing but a simple act of justice and recognition of the services of these men during the war. It is not a complete adjustment of compensation based on the difference of wages paid back home and the pay of the soldiers, as that would amount to thirty billions. This bill will cost eventually about two billions, or about half the cost of the Fordney-McCumber measure, which President Harding vetoed.

It carries out a continuous policy from Revolutionary days.

We adjusted the compensation of Washington, of LaFayette, of Steuben, and of all the soldiers and officers. It is an American policy; it is a sound policy; and it is a policy to which we have pledged ourselves individually and collectively.

We adjusted the payments of the war contractors, the railroads, and the munition makers and in one day passed the Dent bill appropriating \$4,000,000,000 for the adjustment of business claims. I do not propose to discriminate in favor of everyone as against the soldiers, nor do I propose on this question to march up the hill and then down again. When will we meet the issue unless we meet it now? The whole trouble is that we did not meet it when we should have, five years ago, and given \$300 to every soldier that was honorably discharged. We are now simply doing what we should have done five years ago by giving them partial adjusted compensation as the grateful act of a grateful Republic and the consummation of a debt of honor. [Applause.]

Mr. LONGWORTH. Mr. Speaker, I yield five minutes to the gentleman from North Carolina [Mr. POU].

Mr. POU. Mr. Speaker, when the Congress immediately after the war voted a bonus of \$240 to every employee of the Government who remained at home and was never exposed to any danger or suffered any discomfort; it was all right; * * * when we treated the railroads liberally and poured millions into their coffers, that was all right; when we guaranteed the earnings of the railroads, that was all right. It is only wrong when we propose in a small way to recognize the services of the men who saved the civilization of the world. [Applause.]

Five years ago, standing at this desk, I urged my colleagues on this floor to treat the ex-service men exactly as they had

treated the army of officeholders at home, to wit, to give each sailor and soldier \$240; and if that had been done, I think the adjustment would have been reasonably satisfactory. But it was not done. When the great naval and military figures of the world are given money enough to make them comfortable for life, it is all right; the large donations are a proper recognition of successful, patriotic service; but when the buck privates and the sergeants and lieutenants, who led them from the front trenches forward in no man's land in the face of deadly fire of the enemy—when we propose to give these men a little pittance, it is capitalizing patriotism. [Applause.]

I respect the President of the United States, Mr. Speaker, and I am sincere when I say it was with profound regret that I heard his message read. I shall, of course, vote to pass this bill over his veto, and I want to say here once again in the moment I have that this agitation for adjusted compensation can not be properly charged to the ex-service men. It was started on this floor and in the other Chamber. In some small degree I am myself responsible, and to my dying day I shall feel proud of the part I have taken.

I regret that I can not vote for a better bill than this. It would only be partial justice if we treated every ex-service man as we have treated the war workers for a single year. But, Mr. Speaker, for my own self-respect, feeling that my position is absolutely just, I must hurl back to the President the insinuation that there is any effort to capitalize patriotism when we proceed to pass this eminently just but unsatisfactory bill. In face of all the benefits which the Government has bestowed upon others who, exposed to no danger, aided in winning the World War, I am utterly amazed that anyone should suggest sordid capitalizing of patriotism when we pass such a bill as this.

It is said that the wealth of this Nation increased from the time we entered the World War until now from \$50,000,000,000 to \$100,000,000,000. Nobody knows accurately, of course, but we do know that during and after the war millions sprang up all over this Nation, like the teeth of Cadmus, overnight; and now, because we propose to pass this eminently just measure which takes but a little pittance of the wealth that has been poured into this country from every quarter of the globe, because we would do that the charge must be hurled in the face of Congress and the ex-service men that it is an effort to capitalize patriotism. God have mercy upon the man who honestly feels that is so; for that man is groping in the dark. [Applause.] Surely he must have forgotten five years of recent history. [Applause.]

Mr. LONGWORTH. Mr. Speaker, I yield five minutes to the gentleman from Mississippi [Mr. RANKIN].

Mr. RANKIN. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

Mr. MADDEN. Mr. Speaker, I make the same request.

Mr. JOHNSON of South Dakota. Mr. Speaker, I make the same request.

Mr. FISH. Mr. Speaker, I make the same request.

Mr. KINDRED. Mr. Speaker, I make the same request.

The SPEAKER. The gentleman from New York has no remarks to revise and extend.

Mr. KINDRED. But I wish to formulate some.

The SPEAKER. Is there objection to these requests? [After a pause.] The Chair hears none.

Mr. RANKIN. Mr. Speaker, if the President of the United States had contented himself merely with vetoing the adjusted compensation bill, I should have had no quarrel with him. I voted for the adjusted compensation bill because I believe the soldier boys are entitled to it, and I expect to vote to pass it over his veto; but I have no quarrel with the President because of his views on economic questions. I have no right to quarrel with any man because we happen to differ on political or economic issues.

But, Mr. Speaker, I must resent, as I feel every other American citizen should resent, that bitter veto message in which he went out of his way, as I said a few days ago, to gratuitously insult those ex-service men who are asking for adjusted compensation.

This message is no ordinary document. If it were an editorial in a local paper, or if it were an article in some transitory publication, I would not even take the time to refer to it here; but this message will not only go down in the crystallized archives of this Republic for future generations to read how the President of the United States, in a solemn document, reflected upon the ex-service men and referred to them as capitalizing their patriotism, but it will go on down to future generations to be read perhaps "in states unborn and in accents yet unknown" as a manifestation of the President's gratitude, or ingratitude, for the services rendered and the

sacrifices made by our soldiers in the World War. [Applause.] The gentleman from South Dakota [Mr. JOHNSON] has said that other Presidents have vetoed adjusted compensation measures, but no other President has ever referred to these men in the terms employed by the present Chief Executive in this harsh and unusual document.

Listen to what he says:

We must either abandon our theory of patriotism or abandon this bill. Patriotism which is bought and paid for is not patriotism.

What does he mean by that expression? There can be but one answer, and that is that those who favor this measure have abandoned their patriotism. Ah, what a pitiless rebuff to those legions of ex-service men who went through the grime and dirt and fire and danger and misery of the World War for the pitiful compensation of \$30 a month—"deducting twenty-nine" for insurance, allotments, and other necessities—and who are now asking for this adjusted compensation!

Cold, indeed, must those words fall upon the aching hearts of the saddened mothers, whose heroes died in Flanders Field, when they come to receive this small pittance, which is offered them in this bill, to adjust the compensation of their boys who gave their lives in the Nation's cause! [Applause.]

The President says:

This bill would condemn those who are weak to turn over a part of their earnings to those who are strong.

What a horrible spectacle it would be to see these strong ex-service men holding up and robbing those weak and friendless profiteers who made their fortunes out of the war—those cold-blooded grasping individuals who coined their millions out of the blood and tears of the suffering men, women, and children of the world during that great conflict, and who are now abusing the ex-service men for asking for this slight recognition; those consciousnessless ingrates who have either placed their ill-gotten gains beyond the pale of taxation, or who are demanding that this measure be defeated in order that they may realize a greater tax reduction on their own swollen fortunes!

In concluding his unfortunate message, the President says, in referring to this measure, that "there is no moral justification for it." In other words, that those men and women who are asking for this adjusted compensation, in addition to abandoning their patriotism, are guilty of espousing an immoral cause. Thank God, that is not the view of the American people, or that of the American Congress! In asking for the passage of this legislation the ex-service men of the country feel that they are merely demanding what is justly due them; and in responding to their requests and in supporting this measure, we are not encouraging them to "abandon their patriotism" or abetting them in the commission of an immoral act. We are simply endeavoring to render justice to those brave men who support the Nation in times of peace, and who fought its battles in times of war. [Applause.]

Mr. LONGWORTH. Mr. Speaker, I yield five minutes to the gentleman from Minnesota [Mr. NEWTON].

Mr. NEWTON of Minnesota. Mr. Speaker, I had not planned on saying anything to-day and would not have uttered a word upon the floor here had it not been for the statements that have just been made by the gentleman from Mississippi [Mr. RANKIN].

Neither during the Sixty-sixth Congress, the Sixty-seventh Congress, nor this Congress have I been in accord with the majority of my colleagues on the question of the bonus or adjusted compensation. However, in these various discussions, whether upon the floor or upon the stump, I have respected the views of those who differed with me and who now differ with me. They have accorded me the same privilege. I also think that they should respect the President of the United States in the expression of his views. [Applause.]

I do not care whether I look to the right or to the left, to men who agree with me or to men who disagree with me, there is not a man here who does not in his heart acknowledge and admire the courage of the President of the United States. [Applause.]

Mr. Speaker, it ill behooves the members of the minority to criticize the President for his veto. He is the Chief Executive of our Nation and as such responsible to all of the people. In his first message to Congress he voiced the sentiments of the Nation in calling upon Congress for tax reduction. We went to work upon his recommendations. You, my Democratic friends, did your utmost to obstruct and prevent the adoption of this program by unsound proposals. You succeeded in part by making changes which would result in the creating of a deficit. The bill then went over to the other end of the Cap-

itol, where members of the minority party so mutilated it as to create an annual deficit of over \$250,000,000. The passage of this bill would increase this deficit over \$100,000,000. Yet you who are responsible for creating this situation criticize him for doing the only thing he could do.

But, Mr. Speaker, they have not stopped at this. The effort has been made here to misrepresent the attitude of the President by adroitly extracting sentences and phrases out of their context and to make them mean what they do not mean. Some of them have been quoted here and I say have been given a meaning that was never intended. The President said:

The first duty of every citizen is to the Nation.

Who will deny that?

The veterans of the World War performed this first duty.

Did they not do so?

He then went on to say:

To confer upon them a cash consideration or its equivalent for performing this first duty, is unjustified. It is not justified when considered in the interests of the whole people; it is not justified when considered alone on its merits. The gratitude of the Nation to these veterans can not be expressed in dollars and cents.

[Applause.]

This is the President of the United States speaking. Is there anyone here who will deny the truth of that statement?

I quote further:

No way exists by which we can either equalize the burdens or give adequate financial reward to those who served the Nation in both civil and military capacities in time of war. The respect and honor of their country will rightfully be theirs for evermore.

That is the tribute of the President to the ex-service men, whom the gentleman from Mississippi said—

Mr. WATKINS. Will the gentleman yield?

Mr. NEWTON of Minnesota. I can not yield. I quote further:

But patriotism can neither be bought nor sold. It is not hire and salary. It is not material but spiritual. It is one of the finest and highest of human virtues.

Does the gentleman from Mississippi disagree with those sentiments? [Applause.] No; we know the gentleman from Mississippi too well. He agrees with every sentiment there as announced by the President of the United States.

Mr. RANKIN. I deny that. I do not agree with the message of the President.

The SPEAKER. The time of the gentleman from Minnesota has expired.

Mr. LONGWORTH. I yield the gentleman two minutes more.

Mr. RANKIN. Will the gentleman yield?

Mr. NEWTON of Minnesota. I can not be interrupted. Let me say this, that it was the politician, not the service man, who initiated this movement. It has seemed to me as the discussion for the bonus has gone on through the several years that the effect has been to take the emphasis from duty and obligation to country and to place it upon other grounds. Its effect upon many has been to create a false conception of citizenship. Its effect has been to build up the idea that it is the business of the Government to support the people rather than that of the people to support the Government. It would be a great misfortune if any such idea should become prevalent. It would mean the death knell of our institutions. I grant you this has not been intended. It is, however, the natural result of some of the arguments that have been made in its behalf. I imagine that the President had something of this in mind when he uttered these sentiments.

Mr. Speaker, let me say that President Coolidge in his message uttered the same sentiments that were uttered by President Harding in his veto message on the bonus some two years ago. It is different only in words. I quote from President Harding's message:

It is sometimes thoughtlessly urged that it is a simple thing for the rich Republic to add four billions to its indebtedness. This impression comes from the readiness of the public response to the Government's appeal for funds amid the stress of war. It is to be remembered that in the war everybody was ready to give his all. Let us not recall the comparatively few exceptions. Citizens of every degree of competence loaned and sacrificed precisely in the same spirit that our armed forces went out for service. The war spirit impelled. To a war necessity there was but one answer; but a peace bestowal on the ex-service men, as though the supreme offering could be paid for with cash, is a perversion of public funds, a reversal of the policy which ex-

alted patriotic service in the past, and suggests that future defense is to be inspired by compensation rather than consciousness of duty to flag and country.

So spoke President Harding. So far as I can recall there was no criticism of him or his language by anyone, on the floor of this House. In substance it is no different than the message of President Coolidge. But then we were not on the eve of a presidential election.

Mr. RANKIN. Will the gentleman yield?
Mr. NEWTON of Minnesota. No; I can not yield. Let us determine this question without rancor, without partisanship, without misrepresentation of what the President has said, strictly in accordance with the way we individually believe in reference to this question. [Applause.]

Mr. LONGWORTH. Mr. Speaker, how much time have I remaining?

The SPEAKER. The gentleman has 23 minutes.
Mr. LONGWORTH. Mr. Speaker, I yield three minutes to the gentleman from Iowa [Mr. GREEN].

Mr. GREEN of Iowa. Mr. Speaker, when the preparation of this bill was referred to the Ways and Means Committee it was the duty of that committee to take into consideration not only what we owed to the soldier but what we owed to the rest of the country. The Ways and Means Committee did so. It made up a bill consistent with the financial program. I can not, of course, give all the details now and all the calculations and estimates which were necessary to bear in mind with reference to what the country could raise in the way of taxes and what the bill would cost, but we fully considered them at that time. As a result we reported a bill with which I had considerable to do, which was, as everybody ought to agree, an extremely moderate measure, if any action whatever was taken. It was one which I thought at the time was, as far as financial matters were concerned, so reasonable that nobody could take exception to it.

Mr. Speaker, nations like Canada and Australia several years ago paid their soldiers in cash more than we propose to pay by this bill. Even when we make every allowance for the greater number of soldiers in this country, we are so much superior in natural resources and wealth that there can be no comparison; and yet they say we can not afford to pay the sum carried by this bill. Mr. Speaker, I say that it is idle to make such a contention. The amount we save every year is estimated by good authorities at \$3,000,000,000. Only a little over one-quarter of this amount is to be paid under this bill, and that we propose to distribute over 20 years. Do you tell me that the country can not afford to make that payment? How little sacrifice that is. It seems to me unworthy to say that so great, so rich, so powerful, so prosperous a Nation is unable to pay this sum, and I think it ought to be done without question. [Applause.]

The SPEAKER. The time of the gentleman from Iowa has expired.

Mr. FISH. I ask unanimous consent that the gentleman be given half a minute more.

Mr. LONGWORTH. I yield half a minute to the gentleman.
Mr. FISH. I would like to ask the chairman of the Ways and Means Committee if it is not a fact that the primary cost of the Fordney-McCumber bill is about \$4,000,000,000 and the primary cost of this is about \$2,000,000,000?

Mr. GREEN of Iowa. That is correct, only this bill will cost a little over \$2,000,000,000, and that is distributed over 20 years. [Applause.]

Mr. LONGWORTH. Mr. Speaker, I yield three minutes to the gentleman from Ohio [Mr. BRAND].

Mr. BRAND of Ohio. Mr. Speaker and Members of the House, I want to say to the gentleman from Mississippi that the President of the United States has not insulted his own conscience. He has not been willing to open the doors of the Treasury to anybody, to any voter, in order to please that voter, when he did not believe in the principle involved. The President is right and has refrained from fully stating the case. The issue is greater than the bonus problem, and the time has come to meet it. In the discussion of the old bonus measure, vetoed by President Harding, in the last Congress I said publicly, "More people are suffering from the burdens of present taxation than there are those suffering from the lack of the bonus," but the terms of the bonus were so changed that tax reduction and the bonus were both practical and possible had a program of economy been otherwise followed and, right or wrong, I voted for it.

However, I did not then realize the temper of Congress which has since been revealed to me. Extravagance runs wild. Since the bonus was passed Congress has passed or will pass new expenditure after new expenditure until the

surplus in the Treasury is consumed and tax reduction is a myth.

I have talked with the ranking members of the Appropriations Committee and the chairman of the Finance Committee of the Senate, and I am convinced that we are planning to spend, in addition to the grand total of three billion plus anticipated by the Budget, the following:

Bonus annually	\$114,000,000
Post-office employees	80,000,000
Reclassification Government employees	15,000,000
Roads	10,000,000
Veterans' Bureau	32,000,000
Rivers and harbors	31,000,000
Deficiency bills	10,000,000
Hospitalization of World War veterans	6,500,000
Hospitalization of Civil War veterans	1,500,000
Cape Cod Canal	11,500,000
District of Columbia extra expenditure	4,000,000
Reforestation	2,000,000
Miscellaneous items	10,000,000
Total new expenditures	\$27,500,000

In addition, we have a right to face the following items which are understood now to be sure of favorable consideration in the near future:

Naval program	\$110,000,000
Public-building program	300,000,000
Total	410,000,000
The tax reduction bill exceeds the surplus in the Treasury by	166,000,000
New expenditures	\$27,500,000
Grand total deficiency	903,500,000

The bonus is but a part of the problem. All the above either have passed or will pass Congress with a whoop. No one save the President can subtract from these new expenditures. Shall his veto fail?

The picture in my mind has changed radically since I voted for the bonus early in the session. I did not then realize the temper of Congress.

There is not much between us and the confiscation of property and men's earnings for taxation purposes when you include the inclination in the States, except the President's veto. Shall it fail? If so, we must face increased taxation.

Every hand held out, especially if it has the power to strike, bids fair to be filled. To please, to grant a demand, or satisfy a plea, to protect one's own interest by opening the doors of the Treasury—this is the evil and the wickedness directly facing us. We must sacrifice ourselves and accept the opposition that develops.

The bonus is but a part of the problem. I yield my wish to recognize the patriotism and services of the World War Veterans, and join the President completely in the bigger issue, of saving the public from tax destruction.

I will vote to sustain his veto. [Applause.]
Mr. LONGWORTH. Mr. Speaker, I yield three minutes to the gentleman from New York [Mr. LaGuardia].

Mr. LaGuardia. Mr. Speaker, I shall not ask to extend my remarks in the Record. I am hurt; I am offended; I am saddened. I simply want to protest in the name of my comrades in the service of their country during the World War against the unwarranted insult contained in the message of the President of the United States. In that message, Mr. Speaker, the President has placed a question mark on the honorable discharge granted to 4,000,000 gallant American soldiers. [Applause.]

In the crucial moment of the war when the last offensive was started, the commander in chief of the allied forces sent a message to the commander of the First Division to retire, to withdraw his troops for strategic reasons, but the gallant American general replied that he could not retire, that he could not retreat, because he would not be able to explain a retreat to his soldiers. My colleagues, if you retreat now, you will never be able to explain it to the American people. [Applause.]

I might state, Mr. Speaker, that some of the reasoning contained in the message was based on a false premise. I read from it the following statement:

This bill would condemn those who are weak to turn over a part of their earnings to those who are strong.

Perhaps the President had in mind the Mellon tax bill; but that also has been changed by this Congress. In conclusion I will say that if there is anything spiritual in this whole problem it is not the opposition to this measure. No; the opposition is not spiritual; it is sordidly material. [Applause.]

Mr. LONGWORTH. Mr. Speaker, I yield three minutes to the gentleman from Vermont [Mr. Gibson].

Mr. GIBSON. Mr. Speaker, yesterday the gentleman from Massachusetts [Mr. CONNERY], and to-day the gentleman from Mississippi [Mr. RANKIN] and the gentleman from New York [Mr. LA GUARDIA], have suggested that the message of the President is an insult to the soldiers who served in the Great War. I know that the gentleman from Massachusetts served in one of the best divisions that ever wore the khaki. I think he feels that he states the views of the soldiers. I, too, served in the war for two years, recruited 1,200 men, many of whom sleep under the poppies of France. I refer to this not in the way of a boast of service, but to show that I, too, may speak for the service men. I read that message, and after the remarks of the gentleman from Massachusetts I studied it, and I confess that I could not find a word that indicated any insult, open or implied, to the men who served under the Stars and Stripes. [Applause.] I may be rather old-fashioned, but it strikes me that the heart of every citizen ought to be filled with pride that we have a Chief Executive who stands courageously for what he believes to be right.

Mr. WATKINS. Mr. Speaker, will the gentleman yield?

Mr. GIBSON. No; I have not the time. The message is a fearless statement of an honest Executive trying to do his duty without regard to the soldier vote or the vote of any other group, and I say that, notwithstanding the fact that I shall vote to pass the bill over the President's veto.

What is there about that message, pray you, that indicates an insult? The gentleman from Minnesota [Mr. NEWTON] has called attention to some of it. Is it where the President says that patriotism is not to be bought or sold? Oh, my comrades, I ask you if you would part with the experience that you went through and the sacrifice that you made for dollars and cents? No; your service is something higher, something more spiritual than all that. The gentleman from Minnesota has referred to this matter as not being a partisan question. It is not, and you can not make it so, because Calvin Coolidge has so won the confidence and the respect of the American people that he is going to be triumphantly elected in November. [Applause.]

[By unanimous consent Mr. GIBSON was granted leave to extend his remarks in the Record.]

Mr. LONGWORTH. Mr. Speaker, I yield half a minute to the gentleman from Maryland [Mr. HILL].

Mr. HILL of Maryland. Mr. Speaker and gentlemen of the House, the President said that "we must either abandon our theory of patriotism or abandon this bill," and that "patriotism which is bought and paid for is not patriotism." I am one of the few Members of this House who voted with the President on his Japanese immigration policy, but I can not follow this veto. I shall vote to pay adjusted compensation to the men of the last war.

I saw Maryland men of the One hundred and fifteenth Infantry working as carpenters at Camp McClellan in Alabama in 1917 at soldiers' pay, while across the road men not in the service got \$10 a day for doing exactly the same sort of work.

I saw American soldiers in France in 1918 breaking stone on the roads at soldiers' pay, while at home in the United States others lived softly and worked in munitions factories at \$10 a day or in Government departments in Washington with a bonus of \$240 a year.

You can not buy patriotism! But this adjusted compensation bill dares not and does not attempt to buy patriotism. It is a just attempt to settle an economic debt, a debt far below and far removed from the battle risk that all war service either actually or potentially involved.

I am for this bill. I shall vote to pass it over the President's veto. I know it will pass, because it is just. [Applause.]

Mr. LONGWORTH. Mr. Speaker, I yield three minutes to the gentleman from North Carolina [Mr. BULWINKLE].

Mr. BULWINKLE. Mr. Speaker, if the President of the United States had been content with vetoing this bill and not casting an aspersion on the 4,500,000 men who lately composed the American Army, I would not have risen to-day, but when the President of the United States goes out of his way to say that the men who were in the service are now attempting to sell their patriotism, I for one, and on behalf of these men, must deny it and condemn the statement. [Applause.]

Mr. Speaker, in the 10 divisions that our Artillery supported there were men from Massachusetts, the President's own State, and men to whom he later, as Governor of Massachusetts, granted a bonus. Did they sell their patriotism when they received that bonus, or when they asked for it? Surely not. I say to the gentleman from Illinois [Mr. MADDEN] that my artillery supported a division from his State, and there were in that division men whom I know intimately, men who are asking that this adjusted compensation bill be passed, and not

one of those men would be guilty of selling his patriotism. But this is not all.

The President, in the last paragraph of his veto message, says:

America entered the World War with a higher purpose than to secure material gain. Not greed but duty was the impelling motive. Our veterans as a whole responded to that motive.

Does the President mean that because these organizations and these men are asking for adjusted compensation that they are actuated by the spirit of greed, and that they were part of that minority who did not respond to the highest motive? This is the construction that I place upon his remarks.

I wish to say this, Mr. Speaker, that no matter whether adjusted compensation is ever granted to the ex-service men, or not; no matter how long they may live, they will be as patriotic and as loyal to America as they have been in the past, and if the occasion should ever arise again, while they have the strength that God Almighty gives them, they will go into battle for their country with the same spirit they displayed in the World War. [Applause.]

Every Member here has received letters from the organization called the Ex-Service Men's Anti-Bonus League. Every Member here has received letters and propaganda from the United States Chamber of Commerce. Both of these organizations have repeatedly stated that they were willing to "do and to give everything for the disabled, but nothing for the able." Yet, during the six weeks the Committee on Veterans' Legislation had hearings on relief for the disabled veteran, no representative from either organization came before the committee. No single member of either organization wrote even a letter to the committee asking for any legislation for the disabled. At the same time we were having hearings for the disabled, representatives of these organizations were appearing before the Ways and Means Committee protesting against adjusted compensation.

I voted for adjusted compensation before, and I shall vote to override the President's veto. [Applause.]

Mr. Speaker, I ask unanimous consent to extend my remarks in the Record.

The SPEAKER. Is there objection?

There was no objection.

Mr. LONGWORTH. Mr. Speaker, before moving the previous question, I have just this to say: Some three and a half years ago, seated on the same platform with the Republican candidate in my home city, on the Saturday before the presidential election, I heard him commit himself definitely to the policy of paying compensation to able-bodied ex-service men. Some few months after that my State, my congressional district, by substantial majorities confirmed that principle by granting a bonus to its citizen soldiers. At that time I felt myself bound by what I regarded as not only a party mandate but a popular mandate, and so I actively participated in the drafting of a bill to provide compensation for the World War veterans.

I voted for that bill. During this session of Congress necessarily, being no longer a member of the Ways and Means Committee, I did not participate in the drafting of the bill presented by it, but I voted for it. If I change my position now I am perfectly well aware that my friend from Tennessee may have ground to criticize me for lack of consistency and to condole with me as well as with the gentleman from Illinois, for which condolence I am very grateful. However, Mr. Speaker, after a most careful consideration of circumstances and conditions to-day as I see them, I can not bring myself to vote to override the veto of the President. I shall vote to sustain the President. [Applause.] I move the previous question.

The previous question was ordered.

The SPEAKER. The question is, Will the House on reconsideration pass the bill, the objections of the President to the contrary notwithstanding? A yea-and-nay vote is provided by the Constitution.

The question was taken; and there were—yeas 313, nays 78, answered "present" 3, not voting 39, as follows:

YEAS—313

Abernethy	Bell	Bulwinkle	Cleary
Allen	Berger	Burness	Cole, Iowa
Allgood	Black, N. Y.	Bushy	Collins
Almon	Black, Tex.	Byrnes, S. C.	Colton
Andrew	Blanton	Cable	Connally, Tex.
Anthony	Bloom	Campbell	Connery
Arnold	Bowling	Canfield	Connolly, Pa.
Aswell	Boylan	Cannon	Cook
Ayres	Brand, Ga.	Carew	Cooper, Ohio
Bacharach	Briggs	Carter	Cooper, Wis.
Barbour	Browne, Wis.	Casey	Cranston
Barkley	Browning	Chapman	Crisp
Beck	Brunni	Christopherson	Croll
Beedy	Buchanan	Clague	Crosser
	Buckley	Clancy	Crowth

Cullen	James	Minahan	Simmons
Cummings	Jeffers	Mooney	Sinclair
Davey	Johnson, Ky.	Moore, Ga.	Sinnott.
Davis, Minn.	Johnson, S. Dak.	Moore, Ohio	Sites
Denison	Johnson, Tex.	Morehead	Smith
Dickinson, Iowa	Johnson, Wash.	Morgan	Smithwick
Dickinson, Mo.	Johnson, W. Va.	Morin	Speaks
Dickstein	Jones	Morrow	Sproul, Kans.
Doughton	Kearns	Mudd	Steagall
Dowell	Keller	Murphy	Stedman
Driver	Kelly	Nelson, Wis.	Stevens
Eagan	Kendall	Nolan	Stevenson
Elliott	Kent	O'Connell, N. Y.	Strong, Kans.
Evans, Iowa	Kerr	O'Connell, R. I.	Strong, Pa.
Evans, Mont.	Ketcham	O'Connor, La.	Sullivan
Fairchild	Kincheloe	O'Connor, N. Y.	Summers, Wash.
Fairfield	Kindred	O'Sullivan	Summers, Tex.
Faust	King	Oldfield	Swank
Favrot	Knutson	Oliver, Ala.	Swing
Fish	Kopp	Oliver, N. Y.	Swoope
Fisher	Kunz	Parks, Ark.	Tague
Fitzgerald	Kurtz	Patterson	Taylor, Colo.
Foster	LaGuardia	Peery	Taylor, Tenn.
Frear	Lampert	Perlman	Taylor, W. Va.
Free	Lankford	Porter	Thatcher
French	Larsen, Ga.	Pou	Thomas, Ky.
Trothingham	Larsen, Minn.	Prall	Thomas, Okla.
Fulbright	Lazaro	Purnell	Thompson
Fuller	Lea, Calif.	Quayle	Tillman
Fulmer	Leatherwood	Quin	Timberlake
Funk	Lee, Ga.	Ragon	Tincher
Garber	Lindsay	Rainey	Tydings
Gardner, Ind.	Lineberger	Raker	Underwood
Garner, Tex.	Linthicum	Ramseyer	Upshaw
Gasque	Little	Rankin	Valle
Geran	Logan	Ransley	Vare
Gibson	Lowrey	Rathbone	Vestal
Glattfelder	Lozier	Rayburn	Vincent, Mich.
Goldsborough	Lyon	Reece	Vinson, Ga.
Green, Iowa	McClintic	Reed, Ark.	Vinson, Ky.
Greene, Mass.	McDuffie	Reed, N. Y.	Volgt
Greenwood	McKenzie	Reid, Ill.	Watkins
Griest	McKeown	Richards	Weaver
Griffin	McLaughlin, Mich.	Roach	Wefald
Hadley	McLaughlin, Nebr.	Robinson, Iowa	Weller
Hammer	McLeod	Robison, Ky.	White, Kans.
Hardy	McNulty	Rogers, Mass.	Williams, Ill.
Harrison	McReynolds	Romjue	Williamson
Hastings	McSwain	Rouse	Wilson, Ind.
Haugen	McSweeney	Rubey	Wilson, La.
Hawley	MacGregor	Sabath	Wilson, Miss.
Hayden	MacLafferty	Salmon	Wingo
Hersey	Major, Ill.	Sanders, Ind.	Wolf
Hickey	Major, Mo.	Sanders, N. Y.	Woodruff
Hill, Ala.	Manlove	Sanders, Tex.	Wright
Hill, Md.	Mansfield	Sandlin	Wurzbach
Hill, Wash.	Mapes	Schafer	Wyant
Hoch	Martin	Schall	Yates
Holiday	Mead	Schneider	Young
Howard, Nebr.	Michaelson	Sears, Fla.	Zihlman
Hudspeth	Michener	Sears, Nebr.	
Hull, Iowa	Miller, Ill.	Shallenberger	
Hull, William E.	Miller, Wash.	Sherwood	
Jacobstein	Milligan	Shreve	

NAYS—78

Ackerman	Dempsey	Longworth	Sproul, Ill.
Aldrich	Dominick	Madden	Stalker
Bacon	Drewry	Magee, N. Y.	Sweet
Beers	Edmonds	Magee, Pa.	Taber
Bixler	Fenn	Merritt	Temple
Bland	Fleetwood	Mills	Tilson
Box	Fredericks	Moore, Ill.	Tinkham
Boyce	Freeman	Moore, Va.	Treadway
Brand, Ohio	Garrett, Tenn.	Moore, Ind.	Tucker
Britten	Garrett, Tex.	Nelson, Me.	Underhill
Browne, N. J.	Graham, Ill.	Newton, Minn.	Wainwright
Burton	Graham, Pa.	Newton, Mo.	Watres
Butler	Hawes	Paige	Watson
Chindblom	Hooker	Parker	Welsh
Clarke, N. Y.	Hudson	Perkins	Wertz
Collier	Hull, Morton D.	Phillips	Williams, Mich.
Corning	Humphreys	Scott	Winslow
Darrow	Jost	Seeger	Woodrum
Davis, Tenn.	Lanham	Snell	
Deal	Lehbach	Spearing	

ANSWERED "PRESENT"—3

Byrns, Tenn.	Gifford	Montague
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NOT VOTING—39

Anderson	Dyer	Leavitt	Rosenbloom
Bankhead	Gallivan	Lilly	Snyder
Boies	Gilbert	Luce	Stengle
Burdick	Howard, Okla.	McFadden	Ward, N. Y.
Clark, Fla.	Huddleston	Morris	Ward, N. C.
Cole, Ohio	Hull, Tenn.	O'Brien	Wason
Curry	Kahn	Park, Ga.	White, Me.
Dallinger	Kiess	Peavey	Williams, Tex.
Doyle	Kvale	Reed, W. Va.	Winter
Drane	Langley	Rogers, N. H.	

So, two-thirds having voted in favor thereof, the bill was passed.

The Clerk announced the following pairs:

Soldiers' bonus:

- Mr. Boies and Mr. O'Brien (for) with Mr. Montague (against).
- Mr. Burdick and Mr. Howard of Oklahoma (for) with Mr. Snyder (against).
- Mr. Leavitt and Mr. Peavey (for) with Mr. Luce (against).
- Mr. Dallinger and Mr. Dyer (for) with Mr. Gifford (against).
- Mr. Hull of Tennessee and Mr. Stengle (for) with Mr. Byrns of Tennessee (against).

- Mr. Morris and Mr. Rogers of New Hampshire (for) with Mr. Wason (against).
- Mr. Curry and Mr. Winter (for) with Mr. McFadden (against).
- Mr. Kvale and Mr. Doyle (for) with Mr. Ward of New York (against).
- Mr. Bankhead and Mr. Drane (for) with Mr. Williams of Texas (against).

General pairs:

- Mr. Kahn with Mr. Clark of Florida.
- Mr. Anderson with Mr. Huddleston.
- Mr. Reed of West Virginia with Mr. Lilly.
- Mr. Kiess with Mr. Gallivan.
- Mr. Cole of Ohio with Mr. Park of Georgia.
- Mr. Rosenbloom with Mr. Ward of North Carolina.
- Mr. White of Maine with Mr. Gilbert.

Mr. BYRNS of Tennessee. Mr. Speaker, I voted "no." I am paired with the gentleman from Tennessee, Mr. HULL, and the gentleman from New York, Mr. STENGLE, who are unavoidably absent, and who would have voted "aye" if they had been present. I therefore wish to withdraw my vote of "no" and ask to be recorded as "present."

Mr. MONTAGUE. Mr. Speaker, I voted "no." I am paired with the gentleman from Iowa, Mr. BOIES, and with the gentleman from New Jersey, Mr. O'BRIEN. I desire to recall my vote. If those gentlemen were present, they would vote "aye" and I would vote "no."

Mr. GIFFORD. Mr. Speaker, I voted "no." I am paired with the gentleman from Massachusetts, Mr. DALLINGER, and with the gentleman from Missouri, Mr. DYER. If they were present, they would have voted "aye" and I would have voted "no."

Mr. WEFALD. Mr. Speaker, my colleague, Mr. KYALE, is unavoidably absent. If he were here, he would vote "aye."

The result of the vote was announced as above recorded.

AGRICULTURAL CONDITIONS

Mr. GARBER. Mr. Speaker, I ask unanimous consent to extend my remarks on the subject of agricultural relief.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. GARBER. Mr. Speaker and gentlemen of the House, chiseled in granite over the portals of the Union Station in our Nation's Capital, so that all who enter may read, is the fitting inscription:

The farm—The best home of the family—Source of national wealth—Foundation of civilized society—The natural providence.

Such has been and such always should be the recognized important relationship of agriculture to the wealth and general prosperity of the country, and the farm as the abode of the unit of society essential to self-government. The family on the farm is the Government's most valuable and substantial asset. From such source the Nation gets its political oxygen purifying its blood; its courage and confidence to maintain its independence; its leaders and statesmen to solve the perplexing problems of to-morrow.

In his address of February 12, 1924, before the National Republican Club in New York City, President Coolidge well said:

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.

THE MOST IMPORTANT PROBLEM BEFORE THE NATION TO-DAY

What is the problem to which the President referred? It is the problem of the rehabilitation of agriculture, its restoration to that plane of equality and prosperity enjoyed by the industries of commerce and labor. It is the most important problem before this Nation to-day. With the exception of providing the essential revenues to keep the Government itself in operation, it is of far higher importance and outweighs the necessity of all other proposed legislation. Of more importance than transportation, of greater necessity than manufacturing, of higher consequence than mining, is agriculture, with the family on the farm. Tax reduction is important. Restricted immigration is necessary. The child labor amendment is essential. Likewise the tax exempt security amendment. But they are as nothing compared to the importance and necessity of relieving our basic industry from its present deplorable condition and restoring prosperity to the farm.

AGRICULTURE IS OUR GREATEST NATIONAL ASSET

Agriculture is not only the basic industry but the largest industry as well. It is a \$75,000,000,000 concern, in which are directly interested not less than 30,000,000 people living and working on the farms. They constitute 40 per cent of the home market, which in turn consumes 90 per cent of our home products. At one time agriculture furnished 50 per cent of the Nation's bank deposits. With the exception of the railroads, it is the largest consumer of steel and iron products. It consumes 50 per cent of the timber products. It is the largest purchaser of leather and textile goods and motor vehicles. It is the greatest single asset of the Nation, and when prosperous furnishes steady employment to more people than any other industry. Whatever contributes to its prosperity and well-being unquestionably benefits all other lines of industry. When the farmers are prosperous the merchant, the banker, the laborer, the mechanic, the professional man, and all lines of legitimate business are prosperous. Legislation, therefore, in the interest of agriculture is not class legislation, but basic and general. It is in the interest of all.

OPPOSITION TO LEGISLATIVE RELIEF

But when we ask for legislative relief we are confronted with the answer that the low prices for farm products are caused by overproduction and the demoralized condition of the world markets; that the problem is not legislative but economic; that farming should be conducted on a business basis; that the farmers should organize, curtail production, diversify, and market in an orderly manner; that as existing conditions gradually change the price levels will adjust themselves to their economic relations; that we are opposed to price fixing, inflation, legislative interference with economic law; and that you can not legislate prosperity—you must dig it out of its natural sources.

In the school of economics under ordinary conditions such objections might be sufficient, but in the forum of equity they are not sufficient; they are not brought in "with clean hands."

SURPLUS PRODUCTION NECESSARY FOR PROTECTION OF CONSUMING PUBLIC

Because of the uncertainties of yield, effects of the elements, or pestilences, which may so easily produce crop shortage and food famines, and because it is impracticable to regulate production, as in the industries, a surplus is a necessary element of the agricultural system and an economic necessity for the protection of the consuming public. Any loss by reason of having to sell such surplus for a lower price in the world markets is a proper economic charge against the consumer of the home product because it is produced for his protection. Beyond that necessary protective degree of production only can surplus be charged as an unnecessary burden of agriculture.

Such overproduction is but the continuing result of the Government's demands for increased production during the war. It is impossible for unorganized agriculture to curtail production like organized industry. It requires time and money to change wheat land into alfalfa, dairy, hogs, or beef. And even though these changes could have been effected it would only have added to the heavy losses already sustained by the producers, as even the prices for these products have been below the cost of production.

THE GOVERNMENT'S WAR DEMANDS INCREASED PRODUCTION ABOVE CONSUMPTION

In 1916 we produced only 636,518,000 bushels of wheat, and in 1917 636,655,000 bushels. July 1, 1917, we had only 62,000,000 bushels of wheat on hand, an amount sufficient to run our mills for only one month. Our consumption of wheat per capita at that time was 5.3 bushels, or an aggregate consumption of 556,000,000 bushels for food and 80,000,000 bushels for seed—making a total consumption of 645,000,000 bushels for home use. In answer to the insistent appeals of the Government the wheat acreage was increased from 47,000,000 before the war to 75,000,000 acres in 1919. The yield was increased from 636,655,000 bushels in 1917 to 967,979,000 bushels in 1919.

GOOD PRICES FOR FARM PRODUCTS

In May, 1917, wheat was selling on the Chicago market for \$3.45. The average wholesale price of spring-wheat flour at Minneapolis during the same month was \$14.88 per barrel, and at one time went as high as \$16.75. No overproduction then! No lack of diversification! For the first time in many years farm prices were sufficiently high to warrant the hope of accumulation and independence ordinarily entertained by those engaged in business, manufacturing, or professional lines. At last we can make money on the farm, pay off our

indebtedness, reestablish our financial independence, was the joyful anticipation of the farmers as they viewed the substantial prospect of good prices.

CONSUMERS DEMAND GOVERNMENT PROTECTION AGAINST PRICES OF FARM PRODUCTS

Was such prospect permitted to materialize? No! It was not. The consuming public would not stand for it. Whoever heard tell of a farmer becoming wealthy and independent on the profits of his farm products? He is not entitled to do so.

Such was the opposing mental conception of the possibilities of agriculture. Gradually it had become so depressed by economic law and organized industry that it was no longer looked upon as being entitled to produce wealth for the producers like other lines of business. Those who engaged in farming must leave such hope behind.

When confronted with such prices for foodstuffs the consuming public squealed like a stuck hog. It exclaimed: "Just see what the prices of farm products are in comparison to ours; we can not pay even our living expenses; such outrageous prices are unconscionable; they should be prohibited by law; the farmers should be compelled to increase their production; prices are all out of proportion; there is but one of two things to do—you will have to lower the prices of farm products to our level or raise our prices up to theirs."

FARMERS PREVENTED FROM MAKING PROFITS BY GOVERNMENT'S INTERVENTION

In the midst of all this clamor the Government was faced with the necessity of feeding our Army and voluntarily assumed the task of feeding those of the Allies. On August 10, 1917, the food control act was approved for the purpose of "encouraging production, conserving the supply, and controlling the distribution of food products and fuel." It especially provided in section 14 that—

Whenever the President shall find that an emergency exists requiring stimulation of the production of wheat, and that it is essential that the producers of wheat produced within the United States shall have the benefits of the guaranty provided for in this section, he is authorized from time to time, seasonably and as far in advance of seeding time as practicable, to determine and fix and give public notice of what, under specified conditions, is a reasonable guaranteed price for wheat, in order to assure such producers a reasonable profit.

On August 10, 1917, under the authority of the act, by Executive order the President created the Food Administration and appointed Herbert Hoover as United States Food Administrator. On August 14, 1917, by Executive order the President, under the authority of the act, also created the Grain Corporation and appointed Julius Barnes president of the corporation. On that date he also appointed a fair price committee, consisting of 11 men, representing all interests, to fix a price for the wheat crop of 1917. On August 30, 1917, the committee presented its report to the President, recommending that the price of No. 1 northern spring wheat or its equivalent at Chicago be \$2.20 per bushel. This recommendation was adopted and the amount per bushel declared to be the minimum price by law; but the Grain Corporation and the Food Administration immediately made it the maximum price by their administration of the law. They gathered within their assumed jurisdiction all the leading grain buyers, elevators, millers, traders, jobbers, and bakers in the country.

The Grain Corporation entered into written contracts with grain dealers, elevators, and millers not to pay more than \$2.20 per bushel for the wheat known as No. 1 northern at the primary markets. It prohibited the export of wheat and the storage of wheat for more than 30 days; also the storage of flour; prohibited all hoarding of either, so that it kept wheat and flour on the move. It closed down the exchanges, prohibited speculation, and successfully kept the price down to the minimum, notwithstanding the fact that the law simply authorized it to keep the price up to that amount.

When the fair price committee found that \$2.20 was a fair price for a bushel of wheat delivered at the primary markets, August 30, 1917, wheat was then selling for \$2.72 per bushel. On September 1, 1917, the day the President issued his proclamation fixing the maximum price of wheat at \$2.20, the price fell 52 cents a bushel at all the primary markets. In describing the effect of its administration, the Grain Corporation claimed credit in the following language, which is quoted from its own report:

The high prices of flour and bread led to bread riots in New York and other eastern cities. The United States was a hot bed of incipient strikes and labor disorders in the summer of 1917 growing out

of high prices and high living costs. If there had been no prospect of lower food prices, no curb upon speculation, the temper of the industrial population might easily have broken out in an upheaval which would have paralyzed the whole national effort in prosecuting the war. It was positively necessary that some relief be given to our people if the public morale was to be sustained and a united front presented to the enemy.

Had wheat been permitted to rise in price at an equal rate with all commodities during the three years of control, to wit, from August, 1917, to February, 1920, the prices would have undoubtedly fluctuated between \$3 and \$5 per bushel instead of being held down from \$2.20 to \$2.26. The index of all commodities rose from 100 in 1914 to 210 in 1919. It is reliably estimated that the fixed and maintained price of the Government was not less than \$1 per bushel below what the farmers would have received without such interference, making the total aggregate loss to the farmers on their wheat for such period, \$2,094,918,000, in which amount the consuming public and the Government received full benefit in the reduced prices.

LEGISLATIVE RELIEF WAS THE ONLY SOUND REMEDY THEN

Thus a limitation was placed on the price of the farmer's wheat. But no limitation was placed on the prices of the things he had to buy. This very objection was emphatically made at the time without avail. No squeamishness then about price fixing; no learned platitudes about the necessity of permitting the price values to adjust themselves without interference; no sage reminder that it was an economic, not a legislative problem; no familiar protesting resolutions from chambers of commerce. No, indeed! Schoolroom economics could go hang. It was clearly an emergency, demanding immediate emergency relief.

UNJUST DISCRIMINATION AGAINST AGRICULTURE

On the 1st of September, 1917, when the President issued his proclamation fixing the price of a bushel of wheat at \$2.20 at the primary markets, the average compensation per hour for all labor including general and division officers upon all class A railroads in the United States was 32 cents per hour. On December 28, 1917, Mr. William G. McAdoo, Secretary of the Treasury, was appointed Director General of Railroads. He had hardly got his seat warm until he began to play politics, and on January 1, 1918, he issued what is known as General Order No. 27, which, together with other supplementary orders issued by him in 1918 and 1919, increased the average compensation of labor on the railroads in the United States in 1919 to 56.5 cents per hour, an increase of 76 per cent over the wages paid for labor on our railroads when the fair price committee found that \$2.20 per bushel was a fair price for a bushel of wheat. Such total increase of wage was 104 per cent above the price paid for labor in 1916 before the passage of the Adamson law.

On July 20, 1920, the Railroad Labor Board issued its decision No. 2, effective retroactively as of May 1, 1920. It increased the average compensation of our railroads for all labor including general and division officers to 67.6 cents per hour, an increase of 121 per cent over 1917, when the President issued his proclamation fixing the price of a bushel of wheat at \$2.20, and 146 per cent above the price paid for labor on our railroads on January 1, 1917, before the Adamson law became effective.

In 1921 the Labor Board made a small reduction in the price of labor upon our railroads. For that year the average compensation was 66.7 cents per hour. In 1922 the Labor Board made further reduction, and for that year the average compensation per hour was 61.3 cents. The price of labor on our railroads to-day is 127 per cent above the price paid for labor upon our railroads on January 1, 1917, before the Adamson law became effective.

Up to January 1, 1917, there had been no increase in the price of labor in our shipyards, but in that year the Government increased it 10 per cent. In 1918 the Government increased the price of labor in our shipyards 81 per cent, and in 1919 granted another increase until the total amount was 122 per cent above the pre-war price. In 1921 and 1922 there were some reductions in wages in our shipyards amounting to about 10 per cent, so that the price paid for labor in our shipyards to-day is 110 per cent above the price paid for labor before the war, and 100 per cent above the price paid for labor when the President fixed the price of the farmer's wheat at \$2.20 per bushel.

On September 1, 1917, when the Government fixed the price of a bushel of wheat at \$2.20 at the primary markets the price of farm labor was 25 per cent above the pre-war price; in 1918 it was 75 per cent above the pre-war price; in 1919 it was 100 per cent above the pre-war price; and in 1920, 130 per

cent above the pre-war price. Now, it is 70 per cent above the pre-war price.

In 1917, when the price of wheat was fixed at \$2.20, farm machinery of all kinds was 31 per cent above the pre-war price; in 1918 it was 78 per cent above the pre-war price; and in 1920 it was 96 per cent above the pre-war price.

On June 24, 1918, William G. McAdoo, Director General of Railroads, having increased the wages of his employees, made a horizontal increase in all freight rates of 25 per cent, excepting that the increase on freight rates on wheat should not be increased more than 6 cents per hundred.

On July 1, 1918, the President ordered an increase of 6 cents per bushel in the price of wheat at the primary markets, which was the only increase given the farmers during the period of the war. While such increase might compensate the farmers for the 25 per cent increase on freight rates on wheat, yet it did not compensate them for the increase on their farm machinery, building material, binding twine, barbed wire, and everything else the farmer had to buy.

During such period the Government handed out its 10 per cent plus contracts to unconscionable profiteers without any limitation of expenditure. It guaranteed the railroads against loss and a reasonable return on their investment. But the farmers were limited to a price for their wheat far below the world-market price and wholly out of proportion to the enormous prices of the products they had to buy and the high wages they had to pay. In other words, the Government, through its agencies, hog-tied the farmers down to \$2.20 for their wheat and let the prices of other products soar sky-high.

HEAVY FARM LOSSES

When the farmers were at the peak of production, producing with implements purchased at war prices and labor employed at war wages, in May, 1920, the deflation policy of the Federal reserve banks and the depressed foreign markets shrunk the value of their products alone in excess of \$8,000,000,000 in two years, leaving them stranded high upon the rocks of bankruptcy, with their increased indebtedness contracted under high prices unpaid and with the purchasing power of their products shrunken 35 per cent. In 1919 the total tonnage production of crops was approximately 255,000,000, valued at \$15,423,000,000. In 1921 the total production was still approximately 255,000,000 tons, but the value had shrunk to \$6,934,000,000, a loss in value on crops alone in two years of \$8,489,000,000.

INCREASE IN FARM INDEBTEDNESS

The increase in farm indebtedness prior to 1920 is shown by the last Federal census, a very considerable part of which was contracted within the four or five years just preceding 1920, when prices of farm products were relatively high, and the American farmer was encouraged to enlarge the scale of farm operations and expenditures to meet the war and post-war demands for food supplies. In 1910 the average owner-operated farm debt was \$1,715 per farm. By 1920 the average debt per farm had increased to \$3,356. In addition to farm mortgages farmers carry a large volume of debt represented by short-term cash loans from bankers and individuals, as well as credit accounts with merchants of all kinds. With these items included the total farm debt as of January 1, 1920, was estimated to be \$13,000,000,000.

AVERAGE FARM INCOME

The average size of an American farm is about 148 acres. Its average value is estimated at about \$8,500. The average mortgage debt is about \$3,400 per farm. The average personal debt is over \$800 per farm. The average annual interest charges are about \$315 per farm. The average annual taxes are about \$105 per farm. Hence interest and taxes alone take, roughly, \$425 per annum from the farmer's income. The average income per farm family in 1919 has been estimated, roughly, at \$1,774. The average in 1920 had fallen to \$964. Estimates for 1921, though not on a wholly comparable basis, were \$1,075. Estimates for 1922, though also on a different basis, indicate a return of \$917 on the average to the owner-operator of over 6,000 representative farms included in a survey made by the Department of Agriculture. Although the foregoing figures of income are not wholly comparable they indicate the low rate of income per farm family in the United States.

TAXES AND INTEREST CHARGES

In his annual report for 1923 the Secretary of Agriculture estimates the property taxes and interest combined, paid by agriculture in 1920, at about \$1,457,000,000; in 1921 at about \$1,684,000,000; and in 1922 at \$1,749,000,000. We quote further from this report:

In 1920 practically the entire value of the wheat and tobacco crops, or about two-thirds of the wheat and cotton crops, were required to pay property taxes and interest charges. This was during the period of high prices and lagging charges for taxes and interest.

In 1921 property taxes and interest were equal to the entire value of the wheat, oats, potato, and tobacco crops. The wheat and cotton crops combined would pay but five-sixths of the taxes and interest. This was during the period of low prices and rising charges for taxes and interest.

In 1922 the value of the wheat, oats, and tobacco crops, and one-half of the potato crop were required to pay taxes and interest. In that year, although cotton was very high in price, taxes and interest charges were equivalent to the entire value of the cotton crop plus two-thirds of the wheat crop. Property taxes increased from \$532,000,000 in 1920 to \$797,000,000 in 1922.

Unfortunately reliable estimates of taxes and interest charges are not available for the pre-war years. It is estimated, however, that property taxes alone in 1914 aggregated about \$344,000,000, which was equivalent to less than two-fifths of the 1914 wheat crop, while in 1922 taxes totaled \$797,000,000, which was approximately equivalent to the total value of the 1921 or the 1922 wheat crops. The wheat crop is approximately equal to the pre-war value, but taxes have more than doubled. It should be kept in mind that the increase in taxes is due to local and State governments, not Federal.

Under such a situation farmers who are out of debt can get along fairly well, but those who are heavily in debt, and especially those young farmers who have not become thoroughly established, are having great difficulty in meeting interest and principal on public and private debts.

THE PRICE LEVELS HAVE NOT RETURNED

Each year we have been waiting and hoping for the price levels to adjust themselves and for the purchasing power of agricultural products to raise to that of labor and industry. And each year we have been confronted with a market offering but from 75 to 80 cents per bushel for wheat, and prices for other farm products in proportion.

The price levels remain the same. The purchasing power of the farmers' products continues out of all proportion. In February, 1924, a bushel of wheat would exchange on the average for 71 per cent as much of commodities in general as it would before the war, 1910-1914; a bushel of corn, 82 per cent; beef cattle, 69 per cent; hogs, 59 per cent.

The following table shows these purchasing power indexes for each February in the last four years:

Purchasing power

[Index of average price received by farmers divided by index of wholesale prices of all commodities]

[1910-1914=100]

Date	Wheat	Corn	Beef cattle	Swine
February, 1921	102	64	72	74
1922	83	58	69	81
1923	73	76	68	67
1924	71	82	69	69

DEPRECIATION IN PURCHASING POWER OF HOGS

To show the tremendous depreciation of hogs in their purchasing power the following comparison of the number of pounds needed to purchase certain farm implements in 1913 and 1923 is given:

	Cost, 1913	Cost, 1923	Pork needed		Increase
			1913	1923	
Walking plow, 14-inch, general purpose	\$11.75	\$21.25	157	332	111
Gang plow, 14-inch	53.25	90.00	744	1,549	108
Disk harrow, 7-foot, 16-inch	23.00	47.50	321	743	131
Corn planter, 2-row	31.75	64.50	443	1,009	128
Grain drill, 22-7	106.00	190.00	1,481	2,973	101

Farm prices, hogs, per 100 pounds: 1913, \$7.16; 1923, \$6.39.

DEPRECIATION IN PURCHASING POWER OF WHEAT

In order that the relative situation as between wheat and pork may be clearly understood the following comparison is given of the number of bushels of wheat needed to purchase certain farm implements in 1913 and 1923:

	Cost, 1913	Cost, 1923	Wheat needed		Bushel increase
			1913	1923	
Walking plow, 14-inch, general purpose	\$11.75	\$21.25	15	23	53
Gang plow, 14-inch	53.25	90.00	67	107	60
Disk harrow, 7-foot, 16-inch	23.00	47.50	29	51	76
Corn planter, 2-row	31.75	64.50	40	70	75
Grain drill, 22-6	106.00	190.00	132	206	56

Farm price of wheat per bushel:
 1913..... \$0.793
 1923..... .923

Per cent

In terms of pork, a 14-inch walking plow had increased in cost..... 111
 In terms of wheat, a 14-inch walking plow had increased in cost... 53
 In terms of pork, a 14-inch gang plow had increased in cost..... 108
 In terms of wheat, a 14-inch gang plow had increased in cost..... 60
 In terms of pork, a 7-foot disk harrow had increased in cost..... 131
 In terms of wheat, a 7-foot disk harrow had increased in cost..... 76
 In terms of pork, a 2-row corn planter had increased in cost..... 128
 In terms of wheat, a 2-row corn planter had increased in cost..... 75
 In terms of pork, a 22-6 grain drill had increased in cost..... 101
 In terms of wheat, a 22-6 grain drill had increased in cost..... 56

and so on, through practically all of the farm implements that the producer must buy, and through every other commodity.

It is astonishing to know that a gang plow that in 1913 cost 744 pounds of pork cost 1,549 pounds in 1923, and that a grain drill that cost 1,481 pounds in 1913 cost 2,973 pounds in 1923.

The farmer buys other commodities with his commodities. The money into which he first exchanges his commodities is a mere convenience of trade. His suffering is due to the fact that when converted into money and then converted into other commodities his products are so deficient in purchasing power that he is being crushed under an economic weight from which he can not escape of his own effort.

Thus we see the farmer's dollar to-day in its purchasing power is substantially 70 per cent of its pre-war value.

THE FARMER ONLY RECEIVES 37 CENTS OUT OF THE CONSUMER'S DOLLAR

Between the farmer and the consumer is a vast army of middlemen. The unorganized condition of the farmers is such that 19,000,000 middlemen are permitted to make their living out of the exchange of farm products. Why should it be necessary for the 6,500,000 farmers to feed and support such an army? It accounts for the enormous spread of \$15,000,000,000 between the farmers and the consumer. Out of the \$22,500,000,000 paid by the consumers for farm products the farmers only receive \$7,500,000,000. Who gets the \$15,000,000,000 difference? Some of it, of course, is for legitimate and necessary purposes, essential to the change of the raw material into the finished product; its necessary transportation and distribution. But the amount is out of all proportion to what the farmers who produce the products receive. They get only 37 cents out of the dollar paid by the ultimate consumer, when they ought to be receiving at least 60 cents, which amount they would receive if properly organized to market their products direct; if they were organized as business is organized, as labor is organized, to market their products. But such degree of efficient organization will require years to effect. The farmers must have relief now.

THE WORLD'S PRICE FOR SURPLUS FIXES THE PRICE OF PRODUCT FOR DOMESTIC CONSUMPTION

While benefited by a protective tariff to the extent of largely preventing all imports of farm products, the farmers must necessarily produce a surplus, which makes them sell their whole crop in a free-trade market on the basis of the world's price, in competition with the cheap lands and labor and low standards of living of foreign countries, at a purchasing price much lower than that of the high standard of American living prices, which they are required to pay for everything they have to buy.

It is frequently claimed that the farmer is robbed by the tariff, and that the only remedy is by a repeal of our present protective tariff law and the enactment of a substitute providing for tariff for revenue only or free trade. Nearly all the articles consumed by the farmers are on the free list, the high prices of which are not caused by the tariff but by the high wages of labor and the intensive organization of industry being able to fix their prices, adding all costs, and passing them on to the consumer. In order that there might be no mistake about this contention, the following commodities principally used by the farmers are on the free list:

Lumber, shingles, fence posts, barbed wire, netting wire, farming machinery of all kinds—excepting cream separators—binding twine, leather, harness, saddles, boots and shoes, gasoline, and coal oil.

The farmers are not asking that the walls be leveled, that the gates be opened, so that our home markets may be exploited by the cheap labor of the world, although it would enable them to buy at cheaper prices in proportion to the purchasing power of the prices they receive. They know that free trade or tariff for revenue only in effect would be more devastating and destructive than the ravages of war. They know too well the disastrous results of such a policy. They have experienced this. They know that every purchase abroad would curtail employment just that much here; that such curtailment of employment would result in a gradual discharge of labor; in an army of unemployed, in closed factories, idle mills, abandoned mines, Cockey's armies, and discontent threatening the Government itself.

The crops of which the farmers have an exportable surplus are not sheltered by protection. The post-war world conditions fixed the prices of their surplus, and consequently of their entire production.

Before the war the effect of this was not so marked and noticeable because there was not so much difference between the markets. As a result of the war the markets of the world have been demoralized, depressed, and largely destroyed by unstable values, inflated currency, enormous indebtedness, high taxes, and labor reduced to a lower condition than ever before, bordering on a state of peasantry in some countries and starvation in others.

LABOR AND INDUSTRY FULLY PROTECTED

The industrial interests are protected from peasant labor and the low standards of living of foreign countries. Behind a tariff wall of protection they are permitted to enjoy our home market, which is greater than all the markets of the world combined. The manufacturing, railroad, and mining interests of the country have been giving steady employment to American labor at high wages because of their ability to fix the prices for their products, add all additional charges to the cost, and pass them on to the ultimate consumer. Building programs halted by the war's interference have furnished steady employment to labor at good wages. Labor is protected by a restricted immigration law which wisely keeps out the millions who would come here and lower the American standards of wages and living and of Government.

The Adamson law in effect gave to the 2,000,000 railroad employes an 8-hour day with the same rate of pay they had been receiving for 10 hours. Through intensive organization and collective bargaining, labor has been able to exact a high wage scale, an 8-hour day, and working conditions sufficient to maintain their high standards of living.

THE FARMERS MUST PAY THE HIGH PRICES

These high wages are all reflected in the high freight rates which the farmers are compelled to pay both ways. And such rates in turn are protected by the constitutional guaranty of a reasonable return upon the investment. Rates are fixed sufficiently high to cover all costs, pay the high wages of labor, and yield a net return to the stockholders. This the railroads have been doing for the last several years.

The United States Steel Corporation controls its output and markets its products in such an orderly way through its efficient organization as to yield annual dividends of 6 to 7 per cent to its stockholders. It does not permit the prices of its surplus in foreign countries to fix the prices of its product for domestic consumption. It separates and segregates that surplus and sells it abroad, and then is in a position to fix the prices for domestic consumption, adding the high wages and passing them along to the consumer.

THE FARMERS CAN NOT FIX THEIR PRICES

The farmers are not sufficiently organized to exact the high wages of organized labor. They are not in a position to exact a constitutional guaranty of a reasonable return like the railroads. They can not segregate and sell their surplus abroad so that the prices for their products for home consumption will be proportionate to the prices they have to pay. They can not fix the prices of their products. They can not pass the high prices for implements and high wages on to the consumer. Producing the most important and most essential of all products, they are compelled to take whatever is offered.

THE INEVITABLE RESULT

The temporary prosperity now existing has been exacted from the credit and credit momentum of the farmers given to them by increased credit facilities of recent legislation, but such

increased credit facilities have almost been exhausted. While they have been furnishing 40 per cent of the home market, which in turn consumes 90 per cent of all our products, they can not do it any longer. Their purchasing power has been exhausted. The indebtedness contracted by them during the high prices, in response to the appeal of the Government for increased production, remains unpaid. They are no longer able to meet the daily exactions of the high cost of living and high industrial prices, the annual demands of high taxes, and interest charges. They have ceased buying farm implements or making farm improvements or necessary repairs. Even now they are drawing on their last reserve—their remaining equity in their land.

Another year of ruinous prices and the farm will be sacrificed. His farm—"the best home of the family"—will be sold at sheriff's sale and the ancient independence of our once proud agriculture will be gone. What will be the result when 40 per cent of the purchasing power of our home market is gone? Can there be any doubt as to what the result will be? Curtail industrial production 40 per cent and what will you have? You will have closed mines, closed factories, silent mills. You will have millions out of employment, hungry women and children, bread lines, and widespread dissatisfaction and discontent.

WE MUST RAISE FARM PRICES OR LOWER INDUSTRIAL PRICES

Organized labor has seen the result and requested immediate agricultural relief. Will cautious capital see the impending peril and do likewise; or, having eyes, will it see not? Having ears, will it refuse to listen?

From admitted existing agricultural conditions there is but one conclusion. We are confronted with the alternative of either lifting agriculture up to the industrial conditions of trade and commerce, or depressing industrial conditions down to those of agriculture. We will have to resort to either one of the two remedies. There can be no escape.

It is probably true that in the course of time conditions will finally right themselves and the price levels again return to proportionate values, but in the meantime the farming interests of the country would be reduced to a state of peonage and peasantry. Already we have waited four years for this restoration of equality in purchasing power, during which period thousands of farm mortgages have been foreclosed and the farms sold at sheriff's sales, and many voluntarily abandoned by their owners.

In his November 30, 1923, report Henry C. Wallace, Secretary of Agriculture, said:

Reports were secured from 15 States covering a period from January, 1920, to March, 1923. Out of over 68,000 owner-operated farms included in this survey, 4 per cent lost their farms through foreclosure or bankruptcy. Four and five-tenths per cent lost their farms without legal proceedings and a little over 15 per cent had been spared such loss only because of the leniency of their creditors.

Describing the economic situation in the wheat-growing sections of the Northwest in his message to Congress December 6, 1923, President Coolidge stated:

The distress is most acute among those wholly dependent upon one crop. Wheat acreage was greatly expanded and has not yet been sufficiently reduced. A large amount is raised for export, which has to meet the competition in the world market of large amounts raised on land much cheaper and much more productive.

In his message of January 23, 1924, the President stated:

Great numbers of individual farmers are so involved in debt both on mortgages and to merchants and banks that they are unable to preserve the equity of their properties. They are unable to undertake the diversification of farming that is fundamentally necessary for sound agricultural reconstruction of the area. They are unable to meet their obligations, and thereby has been involved the entire mercantile and banking fabric of these regions. Not only have there been large numbers of foreclosures on actual farms but there are great numbers of farmers who are continuing in possession of sufferance from their creditors. There have been large and increasing bank failures.

In his address of February 12, 1924, President Coolidge, urging the imperative need of immediate agriculture relief, again stated:

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 fair share. 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 fore-

closure 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.

REMEDIAL RELIEF NEEDED

The ills of the farmers are fundamental, demanding immediate relief. This can only be furnished by governmental aid and assistance. Equitable treatment demands that the Government, through an appropriate agency, help them to dispose of the surplus that it caused them to create, charging any losses sustained back against the producer receiving the benefits. This would curtail production to home consumption and, when supplemented by prohibitive tariffs on farm products, would raise the prices proportionate to those of industry and labor.

If protection to the consuming public from the alleged high prices of farm products during the years 1918 and 1919 was a sufficient emergency for the Government to step in and fix the prices of the farmers' wheat far below the world market price, why is not the present emergency sufficient for the Government to step in and protect the consuming farmers from the high industrial prices now? If through its Grain Corporation it could control prices then, why, through an export corporation with similar powers, can it not establish and maintain proportionate purchasing prices for farm products now? And do this for a sufficient length of time to enable the farmers to organize, establish their marketing agencies, curtail production, diversify, and become strong enough to carry the load themselves. It has done as much for industry, labor, and transportation; why should it not do as much for agriculture until it extricates itself from its present condition?

When such assistance is rendered agriculture, prosperity will be diffused and prevail, your mines will continue to operate and produce their output, your mills will continue to run full time, your factories will continue to hum with industry and happiness, your building campaign will enlarge and gather momentum and go forward, your cities will build and further extend, confidence in business and in the Government will be restored, and the Nation will again be in the enjoyment of a world's peace and prosperity—a prosperity which will be basic and fundamental in its quality and character and lasting and permanent in its effect.

THE NATION'S HONORED HEAD

Mr. GARBNER. Mr. Speaker—

Can storied urn, or animated bust,
Back to its mansion call the fleeting breath?
Can honor's voice provoke the silent dust,
Or flattery soothe the dull, cold ear of death?

Woodrow Wilson has passed on. His troubled spirit is at rest. No more will his soul be tortured by the limitations of a man. He voiced the idealism of the world—at least a hundred years in advance of his time—in advance of the capacity of nations to execute. He was a crusader with as knightly and chivalrous a mein and as lofty a purpose as ever set out on a perilous journey to the Holy Land. His was to keep the way open for the poor and downtrodden of the earth in their upward climb for equality and liberty. His idealism framed the issue of our entrance into the world's great war—"We must make the world safe for democracy."

By virtue of his office he became Commander in Chief of the greatest army ever raised up in the championship of any cause in the history of the world. The greatest in its numbers, in its loyalty to country, in its intelligence, and most deadly efficiency upon the field of actual conflict. When all seemed lost and the Allies stood with their backs to the wall—in position occupied, in morale or fighting force, in necessary finances—the American Army turned the tide and saved the day for self-government in the world. From Commander in Chief of this great and victorious Army, Woodrow Wilson became the world's champion for peace. Rescued from the deadly menace of invasion and exploitation, his countrymen could not visualize the practical execution of his peace program for the prevention of future wars. It was then he entered the forum of discussion, and in his efforts to overcome the opposition, to persuade and educate the people up to the required degree for its adoption, he sacrificed his life for peace and against war. He therefore became a war and peace casualty.

It is the law of mankind that the living, however great and good, shall not be permitted to enjoy to the full the merited appreciation they deserve. And since the death of Woodrow Wilson millions mourn. With his looming greatness uncertainty increases as to his most fitting resting place. This should not be. Let it be beside the Unknown Soldier, whose commander he was, in his own democratic simplicity, side by side, so that all future generations may see the humility of the

great and the greatness of the humble typically representing equality and democracy, side by side.

EXTENSION OF REMARKS

Mr. HILL of Maryland. Mr. Speaker, I ask unanimous consent to revise and extend my remarks.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. TAGUE. Mr. Speaker, I ask unanimous consent to extend my remarks on the veto message.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. CONNERY. Mr. Speaker, I ask unanimous consent to revise and extend my remarks on adjusted compensation.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. SABATH. Mr. Speaker, I ask unanimous consent to extend my remarks.

Mr. SNELL. Mr. Speaker, reserving the right to object to these extensions, I suppose it is confined entirely to gentlemen's own remarks?

Mr. SABATH. Yes, sir.

The SPEAKER. The gentleman from New York makes the reservation that extension shall be confined to Members' own remarks.

Mr. YATES. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection? [After a pause.] The Chair hears none.

Mr. SNELL. I am willing to allow a man to extend his own remarks, but not to insert editorials from various papers.

VETO MESSAGE—ADJUSTED COMPENSATION BILL

Mr. TAGUE. Mr. Speaker, in voting for this bill when it was passed by the House of Representatives some time ago I stated that I was doing so because I had been requested to do so by National Commander Quinn, State Commander General Edwards, and representatives of other veterans' organizations in the United States and in my home State. I wish to reiterate that statement in connection with my vote to override the President's veto.

As a member of the House Committee on Ways and Means, which had to do with drafting this legislation, I had hoped consideration of adjusted compensation would be raised above the level of petty partisan politics. Adjusted compensation has been an issue in Republican and Democratic National Conventions for the past five years, and is the child of no particular party. Accordingly it was reasonable for me to expect that my committee would proceed to the consideration of adjusted compensation without any resort to party politics, and I entered the hearings on the bills with that expectation. To the discredit of the Republican members of that committee, however, adjusted compensation was made a political football, and Democratic members of the committee were denied any part in the framing of a bill. Further than that, representatives of veterans' organizations were led to believe that the efforts of Democratic members of the Committee on Ways and Means to have drafted a genuine adjusted compensation bill were sinister designs against the success of any bill. This insidious campaign had its effect in the subsequent indorsement of the present bill by authorized representatives of the veterans' organizations—indorsement secured by duress and implied threats that no other adjusted compensation legislation could be enacted. If the Republican Party in the United States can stoop to such shallow methods in fulfilling its pledges as it has in the instance of this legislation, the day is at hand when the Republican Party will be taught, as was the German Emperor by the World War veterans, that a solemn pledge is just as sacred as a treaty between governments.

I would like the opportunity of voting for an adjusted compensation bill which would hit the bull's-eye of the wishes of the people of the United States and properly dispose of this important question. By steam-roller methods the Republican Party has denied me this opportunity. I have no other course but to surrender my individuality in order to record myself consistently as in favor of adjusted compensation for World War veterans. In this I am fortified in the present instance by an editorial appearing Thursday, May 15, 1924, in the Boston Evening Transcript, a leading Republican newspaper, published in the same State in which Governor Coolidge signed a State soldier bonus.

THE DUTY OF THE CONGRESS

The House of Representatives we are told received "with absolute silence" the reading of the President's message which accompanied his veto of the bill providing the veterans of the war and their dependents with a modest amount of paid-up insurance. If they expected him to

refer to the solemn promise of his predecessor and his party in the campaign of 1920 to write upon the statute books some such law, the Members of the House were doomed to disappointment. For President Coolidge was careful to avoid any reference to this moral and highly pertinent aspect of the case. Here was a campaign pledge concerning the keeping of which he maintained an "absolute silence." Instead of condemning his predecessor and his party for making such a promise and soliciting votes four years ago upon the assumption that if elected to power the promise would be kept, President Coolidge addressed the argument in his message to the economic features of the bill and reserved all of his condemnation for the veterans of the war and their dependents who have advocated the passage of the bill, which originated not with the American Legion but with the leaders in Congress of Mr. Coolidge's own party.

Under all the circumstances, therefore, we think the House of Representatives is to be commended for the dignity and self-restraint and the respect for the exalted office of the Presidency which was shown by Members on both sides of the aisle in receiving such a message from the White House "with absolute silence." Perhaps even the friends of the President found themselves wishing that he had modeled his message on the statesmanlike speech of Senator BORAH against the same bill several weeks ago instead of leaning so heavily upon his inherited Cabinet for counsel.

But the duty of the Senate and the House of Representatives is alike plain and alike imperative. Pass this bill promptly over the veto of the President by the largest vote that can be mustered to its support, regardless of the pressure which may be exerted from any source upon individual Members of either House of Congress, whether in the form of "fear of punishment or hope of reward." For to keep faith with the electorate of an honorable Nation by keeping campaign promises and to deal fairly with the defenders of a rich and mighty Nation and their dependents, regardless of the cost, are aspirations dearer, as we believe, to the hearts of the plain people of the land of Washington and Lincoln and Roosevelt than to pass a hundred tax bills or to elect any President or either party to power. Here and now is the opportunity for the Congress respectfully to remind the President, his people, and their press that "he serves his party best" who "keeps the faith."

Mr. YATES. Mr. Speaker, I remember certain solemn words:

And when you come back, you shall have what is left.

Gentlemen, who uttered those words? The answer is: I did; and you did, nearly all of you.

When were they uttered? Why, they were uttered throughout the year 1917 and the year 1918, in all parts of my State, and of all States.

In my State, great, wonderful, honest, square, truthful Illinois, I uttered such words at every Red Cross rally, every Liberty loan meeting, and every going-away occasion that I could get to.

Looking into the eyes, the big honest, questioning eyes of thousands of young men about to leave for the camp, thence to go across the ocean, and then to the march and field of battle—yes, looking into those eyes and feeling upon me the eyes of fathers and mothers and wives and sweethearts who trusted me and showed it—I said such things as this:

THE PLEDGE

"The people of America, 110,000,000 strong, give you the pledge that they—we will build a bridge of sympathy and support all the way from Yankeealand to No Man's Land and back again, until you are the best fed, the best clothed, the best armed, and the best equipped sailors and soldiers—and the best—the world ever saw, and when you come back you can have what is left."

Of course, there is no use in talking; you all know that that pledge, or its equivalent, was given—given to unnumbered thousands of our bravest and our best—given in the presence of their mothers, their fathers, their wives, or their sweethearts; denial would be idle.

There is only one question, and this is, "Is there or can there be any excuse whatever for failing to keep the pledge?"

All our lives we have talked about pledges and obligations and covenants and promises and vows and oaths of fidelity and loyalty and devotion and consecration, and have been talked to by the hour about such things. And now here is a real obligation. Shall we hesitate? I for one will not. If there ever was a sacred, solemn, binding obligation it is this one, and in the fear of God I intend to keep it.

The only objection seems to be that the Nation can not afford the bonus, or rather that the Nation now owes too much money in the effort to support all our Government activities and bureaus and boards and commissions in addition to the effort to finance Belgium, France, England, and the world.

THE DEBT

Of course, some men say that the soldier ought not to have any bonus—he ought to be thankful to go without any compensation or gift—if he managed to escape, unhurt and unharmed, the bullets fired at him by 2,000,000 Germans every five minutes—say 240 bullets for say 500 days—2,000,000 Germans firing in 500 days two hundred and forty times 2,000,000, that is 480,000,000 bullets.

Very few soldiers say such a thing except those independent and well-to-do. As for the men, fat and suave, who sit back in their soft seats in the smokers and sneer at mercenary patriotism and say the country owes no debt to the soldier—I am in favor of a law right now to put right into the Army the very minute the next war begins every man over 31. Why not? The boys went this time, why not the rest of us next time?

Of course, it is all nonsense to assert the soldier has no moral claim. Disabled or not, mutilated or not, wounded or not, destitute or not, he it was who stood between this Nation and this Government and this people on the one hand and the attack of a crowned kaiser on the other who boasted he would ride down Pennsylvania Avenue in the sight of a conquered American people—he it was—our boy! "The kid has gone to the colors. And we don't know what to say." And he it was who from April 6, 1917, to November 11, 1918—one year and seven months and five days—opened and closed every day with the thought that he had a "rendezvous with death."

And he it was who had about 500 valuable and irrecoverable days taken right out of his young life by law, while his caustic critic of to-day did not sacrifice anything.

Thank heaven Congressmen are not frightened by such critics' cries or by the faces they make.

THE VETO

I do not agree with the words used by the President in his veto message that—

We must either abandon our theory of patriotism or abandon this bill.

I regret that he made such a statement. I can not think he meant it. There must surely be some explanation. I feel sure that the country at large does not concur or approve. I can not believe that the President regards as unpatriotic the 313 of us Representatives here in this House at this moment who are going to vote for this bill over and above the President's veto. I consider myself a patriot, and I so consider my 16 colleagues from Illinois—Mr. Rathbone, of Chicago; Mr. Denison, of Marion; Mr. Hull, of Peoria; Mr. McKenzie, of Galena; Mr. Miller, of East St. Louis; Mr. Fuller, of Belvidere; Mr. King, of Galesburg; Mr. Major, of Hillsboro; Mr. Rainey, of Carrollton; Mr. Funk, of Bloomington; Mr. Kunz, of Chicago; Mr. Michaelson, of Chicago; Mr. Reid, of Aurora; Mr. Arnold, of Robinson; Mr. Sabath, of Chicago; and Mr. Williams, of Flora. Including myself, 17 of the 27 Illinois Congressmen voted against the veto. Nor do I believe that we are excelled in patriotism by Mr. Chindblom and Mr. Graham and Mr. Moore, of Monticello; by Mr. Sproul and Mr. Madden and Mr. Britten and Mr. Hull, of Chicago, all of whom I respect most highly.

And I regard as highly patriotic men such Representatives as:

Mr. Andrew, of Massachusetts; also Connery, Frothingham, Greene, Rogers, and Tague.

Mr. Anthony, of Kansas; also White, and Hoch, and Tincer, and Sproul, and Little, and Ayres, and Strong.

Mr. Barkley, of Kentucky; also Thatcher, and Johnson, and Robison, and Thomas, and Kincheloe.

Mr. Blanton, of Texas; also Connally, and Garner, and Black, and Sanders, and Mansfield, and Sumners, and Rayburn, and Wurzbach.

Mr. Browne, of Wisconsin; also Cooper, Frear, and Nelson, and Lampert.

Mr. Burtness, of North Dakota; also Young and Sinclair.

Mr. Byrnes, of South Carolina; also McSwain and Stevenson.

Mr. Cannon, of Missouri; also Major and Manlove, Rubey, and Roach.

Mr. Christopherson, of Minnesota; also Larson and Schall.

Mr. Cole, of Iowa; also Green and Dickinson.

Mr. Cooper, of Ohio; also Foster, and General Sherwood, Murphy, and Speaks, Cable, and Thompson.

Mr. Cramton, of Michigan; also Ketcham, and McLeod, and Mapes, and Hudson, and McLaughlin.

Mr. Crisp, of Georgia; also Lee and Upshaw.

Mr. Elliott, of Indiana; also Purnell, and Vestal, Hickey, and Wood, Fairfield, and Sanders.

Mr. Fish, of New York; also LaGuardia, and O'Connell, Perlman, and Crowther, A. D. Sanders, and Reed.

Mr. French, of Idaho; also Smith.

Mr. Gibson, of Vermont.

Major Stedman, of North Carolina.

Mr. Hastings, of Oklahoma; also McKeown, Howard, and Carter, and Hastings, and McClintic, and Swank.

Mr. Morrow, of New Mexico.

Mr. Hawley, of Oregon, also Mr. Sinnott.

Mr. Hadley, of Washington, also Mr. Summers and Mr. Hill.

Mr. Hersey, of Maine, also Mr. Beedy and Mr. White.

Mr. Hill, of Maryland, veteran.

Mr. Bulwinkle, of North Carolina, veteran.

Mr. Johnson, of South Dakota, veteran.

Mr. Reece, of Tennessee, veteran.

Mr. Jeffers, of Alabama, veteran.

Mr. Connery, of Massachusetts, veteran.

Mr. Speaks, of Ohio, veteran.

Mr. Lineberger, of California, veteran.

Mr. Howard, of Nebraska.

Mr. Sanders, of Indiana.

Mr. Sanders, of New York.

Mr. Sanders, of Texas.

Mr. Reed, of Arkansas.

Mr. Reed, of New York.

Mr. Reid, of Illinois.

Mr. Johnson, of Kentucky.

Mr. Johnson, of South Dakota.

Mr. Johnson, of Texas.

Mr. Johnson, of Washington.

Mr. Johnson, of West Virginia.

Mr. Campbell, of Pennsylvania, also Mr. Wyant, Mr. Kelly, Mr. Vare, and Mr. Porter.

Mr. Lazaro, of Louisiana.

Mr. Lea, of California, also Mr. MacLafferty.

Mr. Smithwick, of Florida.

Mr. O'Connell, of New York.

Mr. O'Connell, of Rhode Island.

Mr. O'Connor, of Louisiana.

Mr. O'Connor, of New York.

And I know that there are no men more patriotic than the Senators—59 in number—who are voting to pass this bill over the veto.

"REASONS"

There are numerous reasons for this bill and accordingly reasons for riding over the veto. Among those which appeal to me are the following:

I

1. A debt is owing the ex-soldier and ex-sailor: The war was not won by the uniformed service alone. Capital and labor performed services universally recognized to be as patriotic and necessary to victory as the services of soldiers. Men were legally exempt from military duty on that assumption, and were assured that they rendered the greater service to their country, by remaining apart from the armed forces, as members of the great industrial army which supported the fighting forces.

2. Equal service was not equally rewarded: There was a great discrepancy in pay between those in uniform and the civilian war worker and war contractor—between the members of the fighting forces and those of the industrial forces. This disproportionate payment increased the cost of the war by several billion dollars. To pay this cost a national debt has been incurred.

3. The returned soldier is bearing his share of the burden of paying off this debt, which was contracted for the prosecution of a war, which yielded enormous sums in increased wages and profits to those who stayed at home, but imposed a distinct economic handicap on the soldier.

4. The soldier asks no reward for his services while in uniform. But returning home he asks that, in providing for himself and his family and in bearing his share of the national debt, he be given economic equality with the man who stayed at home. The soldier has not had this equality, because of the superior economic position attained during the war by those who did not go to war, and because they did not go.

5. Therefore a debt is owing, and some adjustment of compensation—or equalization of economic values—is due the soldier to balance the scale in the daily economic struggle between him and his competitor who did not fight and by reason of that fact was able to improve his economic position at the expense of those who did fight.

II

This debt has been acknowledged by the country, and payment has been promised to the veteran.

1. In the national elections of 1920 and of 1922 a majority of the candidates of all parties for national legislative offices campaigned and were elected on platforms which contained the statement that an adjustment of compensation was due the veterans and should be paid. The late President Harding, as a candidate, placed himself explicitly on record as favoring the passage of the adjusted compensation bill. Candidates who declined to go thus on record in nearly every instance were defeated at the polls.

III

The country wants this debt paid.

1. The people of 20 States at general elections have voted in favor of adjusted compensation.

2. The legislatures of 23 States have petitioned Congress to enact the Federal adjusted compensation bill.

3. The governors of 33 States called on the President to sign the adjusted compensation bill when it was before him.

4. The legislatures of 22 States have acted favorably on State legislation of a similar nature.

5. The House of Representatives has passed the adjusted compensation bill three times, the last vote being 333 to 70.

6. The United States Senate, through its Finance Committee, has approved of this bill three times, the Senate as a whole passing it once by a vote of 47 to 22, in 1922. The vote in the Senate this time, May 19, 1924, is 59 to 26.

7. The Chamber of Commerce of the United States, a national organization which has been a consistent and active opponent of compensation, polled local chambers of commerce throughout the country on the four options of the bill. The result was 4,116 votes for and 2,657 against adjusted compensation.

8. The American Federation of Labor and many other organizations of large membership have indorsed the bill.

9. In addition to the American Legion, every recognized national organization of war veterans, from the Civil War down, has indorsed the bill and urged its enactment.

IV

The country can afford to pay this debt; the funds are available.

1. In 1921 and again in 1922, though a majority of the American people and a majority of their Representatives in Congress favored the adjusted compensation bill, the measure failed of enactment because of the plea of the Secretary of the Treasury that the finances of the country were not equal to the obligation. If this were the state of affairs in 1921 and 1922, it can not be the state of affairs to-day. The Treasury reported a surplus of \$300,000,000 for the fiscal year ending June 30, 1923. In his last communication to Congress on the subject the Secretary declared that the surplus for 1924 would be so great as to permit of a reduction of income taxes in the amount of \$323,000,000.

2. The officially estimated cost of adjusted compensation is approximately \$80,000,000 a year for the first three years. Therefore the Treasury surplus of free funds for 1924 will be enough to pay that year's installment on the Nation's debt to the veterans four times over. Compensation can be paid and taxes reduced \$243,000,000 in 1924.

V

1. The bill now before Congress arranged for the payment of this debt in ways which would benefit not only the individuals compensated but the country as a whole.

The veteran who is entitled by reason of his length of service to more than \$50 must take his compensation in one of these three ways:

(a) A 20-year endowment paid-up life insurance policy; or

(b) A contribution toward building or paying for a home or a farm or for improvements on a farm; or

(c) A contribution toward a vocational or industrial education; or

(d) If he is entitled to \$50 or less, he must accept compensation in cash.

2. The options (a), (b), and (c), which would apply to the preponderant majority of the veterans, represent investments which would make for a better, more stable, and more prosperous citizenship among the 4,000,000 who would benefit by them. They offer no chance by which these values, which represent money that is owing the soldier and which the country desires shall be paid to him, may be dissipated by unwise or uneconomic use or investment. Life insurance, homes, farms, education—the money must go into these things. No sounder investments could be suggested.

3. In the transactions comparatively little actual money will change hands. Credits simply will move from the Treasury

into 4,000,000 individual investments in discharge of an actual and acknowledged debt which the Nation owes to 4,000,000 men who bore arms in the World War, and as a consequence suffered an economic disability which can be and should be made good in part without further delay.

VI

1. The United States is not in the habit of repudiating its war obligations. It is an established American custom to adjust the compensation of individuals and economic groups which have sustained financial losses by reason of participation in a war effort. In the last war this custom was observed except in the single instance of the soldiers.

After the Revolutionary War President Washington asked Congress to adjust the compensation of the soldiers, and this was done. President Lincoln did the same after the Civil War. Mr. Lincoln previously had applied for and received his compensation following the Black Hawk War, in which he served as an Infantry captain.

2. During or since the World War an adjustment of compensation, in addition to their regular pay, was paid to Federal civilian employees totaling \$225,000,000, and to the civilian employees of the Army and Navy totaling \$100,000,000.

3. The Government drafted the railroads during the war and guaranteed them satisfactory profits, and to this end in 1922 settled upon them an adjustment of compensation totaling \$764,271,000.

4. War contractors were guaranteed and paid profits which were always fair, frequently liberal, and sometimes exorbitant. Since the war contractors have been paid an additional \$700,000,000 in adjusted compensation and these payments are still going on.

5. The returned soldier, despite his economic handicap, is now paying and for four years has been paying his share of the foregoing in addition to the other expenses of the war. All other war debts having been liquidated, and with a surplus in the Treasury, the soldier, who has waited four years, merely asks that what is owing to him be paid now.

CONCLUSION

There has been in some quarters some contention to the effect that this bill raises the question whether party men are going to uphold and stand by their President. I think it is wrong to put the matter in that way. I do not think that there is involved in this situation any question of standing by the President on the one hand or rebuking him upon the other for the sake of party. There is no question of party loyalty or party disloyalty. This bill is not a Republican Party measure. It is being voted for to-day by almost as large a percentage of Democrats as the percentage of Republicans. I think the opponents of the bill are going a long way, and in fact going entirely too far, when they, directly or indirectly, charge that a Republican must vote to sustain the veto or be guilty of disloyalty to his party.

Mr. Speaker, I do not admit that any man in this House is a more loyal Republican than I. I drummed a little drum in 1868 for Grant and Colfax whenever I could get out of my home. In 1872 I drummed a bigger drum for Grant and Wilson. In 1876 I marched in a real drum corps for Hayes and Wheeler, and in 1880, for Garfield and Arthur, I carried my first torch in the beautiful torch-light processions of that year, and in 1884 I was the proud young chairman of a proud young Republican county committee that followed to undeserved defeat James G. Blaine, the plumed knight, and John A. Logan, the black eagle. God bless them. I am for them yet.

And from that day to this no nights have been too dark, no road has been too rough, and no lane has been too long to prevent me from going up and down the State of Illinois from end to end and from side to side advocating the sublime principles of the Republican Party. I believed then, and I believe now, that it is the best party for you and the best party for me and the best party for the American people. I believe that this is so because it is the best business party and the best labor party and the most patriotic party. Whenever the Democratic Party is in power the country is confronted by continued menace. At times the menace has been a threat of free trade; at other times a threat of unsound money. In 1920 the menace took the form of lack of employment for 5,000,000 men. Again and again under Democratic administration we have had the soup house in the city and the tramp army in the country and famine at the fireside, and no one grew any richer but the rich and no help came to the poor. When the Republican Party is in power every furnace fire is burning and every factory wheel is turning and the people are again learning the important lesson that when the Republican Party is in power

the American people eat more bread, wear more clothes, own more homes, and have more happiness. I am not deserting that great organization, the Republican Party, when I vote for this soldiers' bonus against the veto of the President. On the contrary, I consider that when I vote for the adjusted compensation I am voting in accordance with the Republican Party, its history of glory, and its bright prospects of renown.

I want it said at the end of my life that this one life, although short and full of shortcomings, was full of loyalty to this old party of Lincoln and Logan; of Sumner, Seward, and Grant; Garfield, Arthur, and Blaine; McKinley, Roosevelt, and Taft; yes, and Harding and Coolidge and Dawes.

So far as loyalty to country is concerned, I am willing that the chief witness in my behalf be the American Legion. I am in receipt of a letter from the officers of that Legion, and there is nothing which could be said by any executive, even the highest, which I will cherish and treasure more than this letter of praise and confidence from the American Legion by John Thomas Taylor, national legislative committee, as follows:

MY DEAR CONGRESSMAN: Now that Congress has adjourned, I wish to take this opportunity, on behalf of the American Legion and the ex-service men and women of the World War, to thank you for the splendid manner in which you supported the legislative program in which we were vitally interested.

The present Congress enacted into law the adjusted compensation bill which had been pending for more than four years; the Reed-Johnson bill, extending the benefits of the war risk insurance act to thousands of disabled veterans; and the Fernald-Langley bill, providing sufficient money to complete the hospital building program. These were, of course, all matters of major legislation.

We appreciate the fact that you cast your vote for the adjusted compensation bill when it was before the House, but more particularly do we appreciate the fact that you supported this legislation after it had been vetoed by the President, and in the name of the service men and women of America I wish to thank you for your undeviating adherence to the cause of the veteran. The great mass of the citizens of America desired you to take this action and they now approve it. This has been clearly demonstrated in every instance where the people have voted upon the question.

The progress of human rights in America is the history of clashes of administrative authority with the forward-looking ideas of the chosen representatives of the people. Ever since the election of the House of Burgess at Jamestown in 1619, when the right of taxation by consent of the people alone was established as a fundamental American principle, the representatives of the people have enlarged the scope of human rights only over the protests of administrative authority.

But in spite of the desires of those who would retard progress, the representatives of the people have slowly but surely made additional gains for the right of the constituents whom they represent and to whom they are responsible.

The unfairness in the methods employed by the opposition to this legislation made the task of Congress a difficult one. The avenues of publicity available to them were closed to the advocates of the measure, and the editorial comment often misleading regarding questions of fact and the motives actuating the Congress. The members of the American Legion and the veterans of the World War, understanding these facts, appreciate more deeply the sincere manner in which you supported this legislation.

The Legion will never forget its friends.

CONFERENCE REPORT—NAVAL APPROPRIATION BILL

Mr. FRENCH. Mr. Speaker, I present a conference report on the naval appropriation bill for printing under the rule.

The SPEAKER. The gentleman from Idaho presents a conference report on the naval appropriation bill, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 6820) making appropriations for the Navy Department and the naval service for the fiscal year ending June 30, 1925, and for other purposes.

Mr. GARRETT of Tennessee. May I ask the gentleman from Idaho if that is a complete agreement?

Mr. FRENCH. It is a complete agreement; yes.

The SPEAKER. Ordered printed under the rule.

REORGANIZATION OF THE FOREIGN SERVICE OF THE UNITED STATES

Mr. ROGERS of Massachusetts. Mr. Speaker, I ask the Speaker to lay before the House the bill H. R. 6357, with Senate amendments, and on those amendments I desire to move to concur.

The SPEAKER. The gentleman from Massachusetts calls up a House bill with Senate amendments, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 6357) for the reorganization and improvement of the foreign service of the United States, and for other purposes.

The SPEAKER. The Clerk will report the amendments.
The Clerk read as follows:

Senate amendment No. 1: Page 3, line 5, after the word "appointment," strike out all down to and including "minister" in line 6 and insert, "to some other position in the Government service."

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

Mr. ROGERS of Massachusetts. I suggest the Senate amendments be reported.

Mr. BLANTON. On an important matter, I would like to ask the gentleman a question.

Mr. ROGERS of Massachusetts. I think the Senate amendments should be reported.

Mr. BLANTON. Does not the gentleman think—

Mr. SNELL. Will the gentleman allow the reporting of the amendments?

Mr. BLANTON. I would like to ask the gentleman this: This bill has been just brought in here, and it has been contested in the House, and we do not know what amendments the Senate has placed on it. Does the gentleman not think he ought to give us time—

Mr. ROGERS of Massachusetts. It has been printed in the Record for two days.

Mr. BLANTON. Has it not just been brought in from the Senate?

Mr. ROGERS of Massachusetts. It has.

Mr. BLANTON. Are there additional amendments put on it?

Mr. ROGERS of Massachusetts. I think there are probably four or five minor amendments as to which I have consulted gentlemen—

Mr. BLANTON. Has the gentleman from Texas [Mr. CONNALLY] agreed to it?

Mr. ROGERS of Massachusetts. I do not know about the gentleman from Texas, but I consulted with gentlemen on that side, Mr. LINTHICUM, the gentleman from Virginia [Mr. MOORE], and the gentleman from Tennessee [Mr. GARRETT].

The SPEAKER. Does the gentleman from Massachusetts wish to make a motion?

Mr. ROGERS of Massachusetts. Yes; I move to concur in the Senate amendment just read.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Massachusetts.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Senate amendment No. 2: Page 8, line 16, after "gathering" insert: "Provided further, That the Secretary of State is authorized to prescribe a per diem allowance not exceeding \$6, in lieu of subsistence for foreign service officers on special duty, or foreign service inspectors."

Mr. ROGERS of Massachusetts. Mr. Speaker, I move to concur in the Senate amendment.

The SPEAKER. The question is on agreeing to the motion of the gentleman from Massachusetts.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Senate amendment No. 3: Page 14, line 15, strike out "fifty" and insert "seventy-five."

Mr. ROGERS of Massachusetts. Mr. Speaker, I move to concur in the Senate amendment.

The SPEAKER. The question is on agreeing to the motion to concur.

The motion was agreed to.

The SPEAKER. The Clerk will report the next Senate amendment.

The Clerk read as follows:

Senate amendment No. 4: Page 17, after line 8, insert: "Sec. 22. The titles Second Assistant Secretary of State and Third Assistant Secretary of State shall hereafter be known as Assistant Secretary of State without numerical distinction of rank; but the change of title shall in no way impair the commissions, salaries, and duties of the present incumbents.

"There is hereby established in the Department of State an additional Assistant Secretary of State who shall be appointed by the President by and with the advice and consent of the Senate, and shall be entitled to compensation at the rate of \$7,500 per annum.

"The position of Director of the Consular Service is abolished, and the salary provided for that office is hereby made available for the salary of the additional Assistant Secretary of State herein authorized."

Mr. ROGERS of Massachusetts. Mr. Speaker, I move to concur in the Senate amendment.

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

Mr. ROGERS of Massachusetts. Yes.

Mr. BLANTON. What is the effect of that amendment No. 3, to strike out the "25" and insert "50"?

Mr. ROGERS of Massachusetts. It strikes out "50" and inserts "75." When the bill passed the House it provided that contributions made by foreign service officers who retired voluntarily should be returned to them, 50 per cent, without interest. The Senate provision provides that 75 per cent shall be returned, without interest. That amendment was sponsored by the gentleman from Ohio [Mr. BEGG] and I have conferred with him, and I think I am authorized to state that he is satisfied with the compromise.

Mr. Speaker, I move that the amendment just read be concurred in.

Mr. WINGO. Mr. Speaker, there has been considerable confusion in the Chamber. This seems to be an amendment creating a new position. I would like to have an explanation of it. I think the temper of the House is against creating new positions unless they are necessary.

Mr. ROGERS of Massachusetts. This does not create a new position and it creates no new salary. As the gentleman knows, for many years the Director of the Consular Service has been Mr. Wilbur F. Carr. He has been treated as on a level with the Assistant Secretary of State, and he has always had the same salary as the Assistant Secretary of State, namely, \$4,500. It gives him the other title and does not increase his salary.

Mr. WINGO. As I heard it read at the desk, I thought it was \$7,500. I will ask the gentleman if that is not so?

Mr. ROGERS of Massachusetts. It provides for a salary of \$7,500 after July 1, with the understanding that this will take effect if the reorganization bill or reclassification goes through. The other Assistant Secretaries of State are to receive \$7,500.

Mr. WINGO. The net result is a change of title of the man who has been discharging these duties, and makes him an Assistant Secretary, and after July 1 the salary will be \$7,500, whereas it is \$4,500 now?

Mr. ROGERS of Massachusetts. Yes; provided the classification law goes through.

Mr. WINGO. It will be a change of title and a change of salary from \$4,500 to \$7,500 a year. That is the net effect, is it not?

Mr. ROGERS of Massachusetts. That is the net effect.

Mr. CONNALLY of Texas. Mr. Speaker, will the gentleman yield?

Mr. ROGERS of Massachusetts. Yes.

Mr. CONNALLY of Texas. Did the gentleman from Massachusetts call attention to the fact that a member of the minority had concurred in this?

Mr. ROGERS of Massachusetts. The gentleman from Maryland [Mr. LINTHICUM] and the gentleman from Virginia [Mr. MOORE] and the gentleman from Tennessee [Mr. GARRETT] were conferred with.

Mr. CONNALLY of Texas. I am glad to hear that. I had no knowledge of it, although I have been on the floor all the morning.

Mr. ROGERS of Massachusetts. I would have consulted with the gentleman from Texas if I had seen him.

Mr. CONNALLY of Texas. It seems to me that the gentleman from Massachusetts, in conferring with the gentleman from Virginia and the gentleman from Maryland, has conferred with gentlemen who entertain the same view with himself, but the gentleman from Texas does not entertain the same view. Does the gentleman from Massachusetts think that is fair?

Mr. ROGERS of Massachusetts. I am sorry that I did not see the gentleman.

Mr. CONNALLY of Texas. Does the gentleman from Massachusetts think the gentleman from Texas should keep himself bodily before the eyes of the gentleman from Massachusetts in anticipation of having Senate amendments to a bill brought on this floor?

Mr. ROGERS of Massachusetts. I did not think there were any Senate amendments in relation to which the gentleman from Texas had any opposition. The amendments were printed in the Record two days and were available to the gentleman.

Mr. SABATH. The bill came back only to-day, did it not?

Mr. ROGERS of Massachusetts. Yes. I tried to be more than fair with the gentlemen on the minority side.

Mr. CONNALLY of Texas. When was the bill messaged back from the Senate?

Mr. ROGERS of Massachusetts. This morning, within a few minutes.

Mr. CONNALLY of Texas. I have been in attendance here and have been out of the Chamber only about 20 minutes. I had no knowledge that this matter would be taken up. It may be all right, but as matters stand I can not act intelligently on the subject.

Mr. SABATH. Mr. Speaker, I have no objection to the amendment referring to Mr. Carr. I consider him as a very capable and deserving gentleman. I understand that the statement of the gentleman from Massachusetts [Mr. ROGERS] is right when he states that this amendment does not increase Mr. Carr's salary. The amendment, as I heard it read, states that it shall be changed from \$4,500 to \$7,500.

Mr. ROGERS of Massachusetts. This is the only salary that is affected by this bill—Mr. Carr's salary.

Mr. SABATH. But it would be increased from \$4,500 to \$7,500?

Mr. ROGERS of Massachusetts. Yes.

Mr. SABATH. So that he will be placed on a par with the other Assistant Secretaries?

Mr. ROGERS of Massachusetts. Yes.

Mr. SABATH. I think he is the best man, anyway.

Mr. ROGERS of Massachusetts. I think the Members of the House understand that Mr. Carr is a most efficient and hard-working gentleman.

Mr. BLANTON. I would like to be heard on this amendment for a moment, Mr. Speaker.

This amendment is going to determine the question of policy of the House, in a small way, with respect to economy. This man is now rendering good service for \$4,500 a year. His duties are not to be changed by this amendment. He would still perform the same duties, but by it he will have his salary increased from \$4,500 to \$7,500.

Mr. COLE of Iowa. May I ask the gentleman from Texas where he will get such a man who will continue in the service at such a salary?

Mr. BLANTON. He is performing the service now for \$4,500, and on the 1st of July this amendment increases that salary by \$3,000 to \$7,500. The House ought to go on record on this question. I hope the gentleman will have a roll call on this amendment, and let us determine now whether you are going to carry out the President's so-called policy of economy; whether you are going to stop this raising of salaries, and whether you are going to adopt this amendment increasing this man's salary by \$3,000. It is an amendment put on in the Senate and the bill came back to the House just about five minutes ago, was called up immediately and you are now asked to pass it without anybody knowing anything about it. I think we ought to go on record on this amendment, and I intend to force a record vote on it.

Mr. TINCHER. But the forcing of a roll call on this would not help it.

Mr. BLANTON. But it would let the people of the country know who are voting to raise this salary from \$4,500 to \$7,500.

Mr. COLE of Iowa. Who voted for the bonus?

Mr. BLANTON. I did and I am not ashamed of it, but I voted against the \$11,500,000 Cape Cod bill; I voted against giving our \$100,000,000 Muscle Shoals away—

Mr. COLE of Iowa. So did I.

Mr. BLANTON. And I voted against the bill for \$10,000,000 German relief, as well as other extravagant propositions.

Mr. CONNALLY of Texas. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. CONNALLY of Texas. How did this matter get before the House—by unanimous consent?

The SPEAKER. No; it is a House bill with Senate amendments.

Mr. CONNALLY of Texas. In the regular course ought not these amendments go to the committee?

The SPEAKER. No.

Mr. CONNALLY of Texas. Is not that the regular parliamentary procedure?

The SPEAKER. No; this is a House bill with Senate amendments and it can be called up at any time.

Mr. WINGO. Mr. Speaker, I want to get some time. I believe the gentleman from Massachusetts [Mr. ROGERS] has the floor and I ask the gentleman to yield me five minutes.

Mr. ROGERS of Massachusetts. I yield the gentleman five minutes.

Mr. WINGO. Mr. Speaker, I do not know whether this amendment should be agreed to or not. I understand that this man is possibly the best man in the State Department, but, gentlemen, here is the situation you are facing: We are now coming to the close of this session, and I have seen this thing happen for 11 years, and you are going to get in trouble if you continue the policy that is represented by the procedure on this bill. We just had a very interesting measure up for consideration, the veto of the President of the bonus bill. There was a great deal of confusion and Members got up and left to go to lunch and a lot of them had already gone out. Amidst that confusion the gentleman from Massachusetts [Mr. ROGERS]—who, necessarily, by reason of his character and his service, commands the respect of the House—gets up and calls up this bill. No one opposed it being called up, and, as I recall, under the rules he had the right to do it though the impression was he was calling up a conference report. But the bill on which the gentleman wants action and on which we are now acting, so far as the amendments of the Senate are concerned, has just been presented to the House. Amidst the confusion of Members leaving after the roll call on the bonus bill, a message from the Senate comes in with multitudinous measures messaged over from the Senate and among the group was this bill with certain Senate amendments. The gentleman from Massachusetts immediately called it up. I contend that is not conducive to orderly legislation. If I had time to consider this matter, and the members of the committee who say they are opposed to this kind of legislation had had an opportunity to consider it and discuss it, it may be that I should vote for it. But, gentlemen, I am not going to vote for amendments which are brought up on the spur of the moment, with the ranking member of the committee, who holds contrary views to the gentleman who brings it up, absent from the Hall and not having had an opportunity to consider it and advise with those who agree with his views and his judgment on the bill. That does not look to orderly discussion and procedure by this House. It brings confusion, and if it is attempted on some other bill, however unpopular such action may be, I shall resort to every parliamentary tactic and filibuster to prevent such hasty consideration of a measure. I shall not do it now, but I shall content myself with expressing my doubt by simply voting no, although I might on consideration—and I am inclined to think I should—agree that it is a meritorious proposition.

There are a lot of men in the service, good men, who ought to have their salaries raised but they ought not to be raised by a rider put on in the Senate, one man at a time and piecemeal.

We have attempted to reclassify, and I suspect the reclassification will cover this.

Mr. COLE of Iowa. It does.

Mr. WINGO. I do not know. But the Senate, instead of picking out one favorite man and saying, "We are going to jump his salary from \$4,500 to \$7,500," should do it in an orderly way, so that those public servants who are less popular by reason of their not being in touch with Members of the House can get their just demands for adequate compensation considered by the House, and all of them placed on an equality. That is the way to treat these deserving public servants who are underpaid—consider all of them and not consider just a few favored ones by piecemeal amendments of the Senate.

Mr. CONNALLY of Texas. Mr. Speaker, I make a point of order. I understand this first amendment raises Mr. Carr's salary.

Mr. ROGERS of Massachusetts. Yes.

Mr. CONNALLY of Texas. I make the point of order, Mr. Speaker, that this amendment properly goes to the Committee of the Whole, because it increases salaries and therefore is a charge on the Treasury. I cite subdivision 2, Rule XXIV.

The SPEAKER. The Chair will state that when the gentleman from Massachusetts rose the Chair had no knowledge of what his purpose was in getting the floor. The gentleman had not notified the Chair in advance and the Chair recognized him, and then he called this bill up. The Chair thinks it is now too late to make that point of order.

Mr. CONNALLY of Texas. If the Chair will permit the gentleman from Texas to make the observation, the Chair must have been more considerate of the gentleman from Massachusetts than other gentlemen, because usually he inquires for what purpose does the gentleman rise, and I recall that only several days ago when the gentleman from Mississippi rose and the Chair courteously gave him the floor and then found out that the gentleman was making a request the Chair did not think proper, the Chair then withdrew the recognition and said that the gentleman must first consult the Chair before making such request, and in all fairness, I suggest it might be well for the Chair—

The SPEAKER. The Chair assumed the gentleman from Massachusetts had arranged with the gentleman from New York [Mr. SNELL], who was entitled to recognition, to bring the matter up.

Mr. SNELL. If the Chair will allow me to make the observation, I understood it was a regular conference report and that I could not object. I object to anything else coming up except the regular unfinished business.

Mr. WINGO. Mr. Speaker, a parliamentary inquiry.

The SPEAKER. The gentleman will state it.

Mr. WINGO. I may be wrong, but it occurs to me that the Speaker is in error when he says it is now too late.

The SPEAKER. The Chair is not sure.

Mr. WINGO. I want to refresh the Chair's mind. I may be in error, but I think it is too important a matter to pass by in this way.

The SPEAKER. The Chair thinks so.

Mr. WINGO. The customary procedure when a matter comes up, if it is a matter that requires consideration in the Committee of the Whole, is to ask unanimous consent that it be considered in the House as in Committee of the Whole. I want to suggest to the Chair that I think it would be a very unwise precedent to establish, if it has not been already established, especially with the confusion that obtained, and while I am not criticizing the gentleman from Massachusetts, yet in the confusion that existed here the chairman of the Rules Committee really thought this was a conference report.

Mr. SNELL. That is what I thought.

Mr. WINGO. I thought that, too. If I had not thought it was a conference report, there would have been some question on my part in the absence of the gentleman from Tennessee [Mr. GARRETT] on this side. I think the Chair ought to rule now that the point can be raised at any time in reference to a bill that makes a charge on the Federal Treasury, and that it is not too late now. We have just started its consideration, and I do not think it is too late now to say that this is a charge upon the Treasury, and the House has to go into Committee of the Whole to consider it.

The SPEAKER. The parliamentary clerk is looking up the precedents.

Mr. CONNALLY of Texas. Mr. Speaker, I had not finished my citation.

The SPEAKER. Will the gentleman allow the Chair to state the way this came about? The Chair did not know what was coming up, and assumed that the gentleman from Massachusetts had arranged with the gentleman from New York, who was beside him and whom the Chair had expected to recognize, to bring up this bill; and when the gentleman from Texas asked the Chair the question the Chair supposed it was a matter that did not require consideration in the Committee of the Whole. The question now is whether, once consideration has begun, it is too late. The Chair will be glad to hear the gentleman from Texas.

Mr. CONNALLY of Texas. This is what the rule says—

Mr. ROGERS of Massachusetts. May I interrupt the gentleman? Perhaps I can simplify this procedure. I frankly, Mr. Speaker, intended to do only what I thought would be the will of the House. If I have inadvertently erred in any respect, I am extremely sorry. If it is in order, I should be glad to ask unanimous consent that action upon this amendment be postponed until such time next week as it would clearly be in order under the rules of the House.

The SPEAKER. It might not be in order at that time without unanimous consent.

Mr. ROGERS of Massachusetts. It is a House bill with Senate amendments. Is not that in order after the reading of the Journal?

The SPEAKER. Not if the amendment must be considered in the Committee of the Whole.

Mr. ROGERS of Massachusetts. I took this Senate amendment to be an authorization and not an appropriation. I assumed it was privileged, but I do not wish to have any Member of this House think I am trying to crowd this matter unfairly. I ask unanimous consent, in deference to the apparent preferences of several Members, that I may be permitted to withdraw this temporarily.

Mr. BLANTON. With the understanding, Mr. Speaker, that action on the other two amendments is to be vacated?

The SPEAKER. The other two amendments have been adopted, and the Chair does not know what the purpose of the gentleman is.

Mr. BLANTON. Mr. Speaker, if a bill comes back from the Senate that has objectionable matter with reference to the House, it ought to go into Committee of the Whole on all the

amendments, and the gentleman ought to ask to vacate action on those two amendments.

The SPEAKER. That is for the gentleman from Massachusetts to determine.

Mr. ROGERS of Massachusetts. I do not think there is any occasion to vacate the action, although if the gentleman from Texas wishes it I will ask that also.

Mr. CONNALLY of Texas. I will say this, Mr. Speaker, in all deference to the gentleman from Massachusetts, what I have said and done was not meant as any reflection on the gentleman's intention to put anything by speedily, intentionally, or willfully. I only attribute that to his zeal in the cause. What I have said and done has been to maintain the right of the minority to be consulted about legislation on the floor of this House, and it does not make any difference whether that minority is one or one dozen, and I am referring to those who have minority views on a bill.

Mr. ROGERS of Massachusetts. May I interrupt to ask if the gentleman desires that the whole proceeding be vacated?

Mr. CONNALLY of Texas. I think it would be better in order not to set a bad precedent.

Mr. ROGERS of Massachusetts. Mr. Speaker, I ask unanimous consent that the entire proceedings on the Senate amendments be vacated.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent that the entire proceedings be vacated. Is there objection? [After a pause.] The Chair hears none.

ADDITIONAL JUDGES, SOUTHERN DISTRICT OF NEW YORK

Mr. SNELL. Mr. Speaker, the unfinished business is House bill 3318, a bill to provide for the appointment of two additional judges of the district court of the United States for the southern district of New York.

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

The SPEAKER. It is clear there is not a quorum present.

Mr. SNELL. Mr. Speaker, I move a call of the House.

The motion was agreed to.

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

Anderson	Faust	Lee, Ga.	Schall
Anthony	Penn	Linthicum	Scott
Bankhead	Fleetwood	Little	Sites
Barkley	Frear	Luce	Smith
Bell	Gallivan	McFadden	Smithwick
Bixler	Garrett, Tex.	McKenzie	Snyder
Boies	Gilbert	McLaughlin, Nebr.	Sproul, Kans.
Britten	Glatfelter	Mead	Stengle
Browne, Wis.	Hardy	Michaelson	Swoope
Buckley	Hawes	Miller, Ill.	Taylor, Colo.
Burdick	Howard, Okla.	Minahan	Vare
Clague	Huddleston	Moore, Ill.	Ward, N. Y.
Clark, Fla.	Hudson	Morgan	Ward, N. C.
Cole, Ohio	Hull, Tenn.	Morris	Wason
Connolly, Pa.	Hull, William E.	Nelson, Wis.	Wefald
Cooper, Ohio	Humphreys	Nolan	White, Me.
Corning	Johnson, Ky.	O'Brien	Williams, Tex.
Cramton	Kahn	Park, Ga.	Winslow
Croll	Kendall	Peavey	Winter
Curry	Kerr	Porter	Wolf
Dallinger	Kiess	Purnell	Wood
Davis, Minn.	Knutson	Quayle	Wyant
Dominick	Kvale	Ransley	Zihman
Doyle	Langley	Reed, W. Va.	
Drane	Leatherwood	Rogers, N. H.	
Dyer	Leavitt	Rosenbloom	

The SPEAKER pro tempore (Mr. TREADWAY). On this call 332 Members have answered to their names. A quorum is present.

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

The motion was agreed to.

The doors were reopened.

PRESIDENT'S VETO OF ADJUSTED COMPENSATION BILL

Mr. JOST. Mr. Speaker, I ask unanimous consent to insert in the Record some remarks in relation to the President's veto and my vote in support thereof.

The SPEAKER pro tempore. The gentleman from Missouri asks unanimous consent to extend his remarks in the Record by inserting a statement in regard to his support of the President's veto. Is there objection?

Mr. SNELL. I have no objection if they are the gentlemen's own remarks.

Mr. JOST. They are my own remarks.

There was no objection.

Mr. JOST. Mr. Speaker, following the passage of this measure by the House and as soon as I was permitted so to do, I placed of record the reasons which moved me to vote for it. Those who may be interested to the point of referring to that statement will there learn that I regarded the measure not as a

bonus but in the nature of a preliminary pension, and I voted for it on that theory. Sooner or later pensions on a huge scale will be paid to veterans of the late war and their dependents. Whether the task of meeting that inevitable obligation should be begun now by some such measure as the one in hand or postponed until the existing financial burdens of the Government shall have been lightened is the question of the moment for me to answer with my vote.

From my viewpoint, the immediate solution of the problem is not of such overruling importance as to preclude me from voting to sustain the President's veto, and I shall so vote. While my vote is in agreement with the result sought by the veto, I certainly and most vigorously dissent from the statements therein with reference to the ex-service men and their relationship to the Government during and since the war. It seems to me that the language of the veto in that respect is unnecessarily harsh.

The responsibility of running this Government just now is with the Republican Party, of which the President of the United States is the titular head. He has solemnly declared that the instant measure is wrong, that ex-service men as a whole do not want it, that those who do, do not deserve it, and that the country can not afford to pay the cost which the bill will entail. To overrule his veto and thrust this measure on the Government against his protest is to furnish an excuse and cover for the failure of his administration to relieve the people and business from the heavy and distressing taxes which afflict the Nation.

The President speaks for his party. It is now certain he will be the candidate of the Republican Party at the next general election. He has declared positively and unequivocally against a soldiers' adjusted compensation measure in any form. In doing so he made an important and far-reaching decision. The responsibility is his. By sustaining his veto, this presidential policy would become the policy of his party and the subject of a solemn referendum at the next general election. In my humble judgment it is neither good business nor good politics to overrule this veto.

NANCY HANKS LINCOLN

Mr. WILSON of Indiana. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record by inserting an address I delivered at the dedication of a memorial tree transplanted from the grave of the mother of Abraham Lincoln in Spencer County, Ind., to the Lincoln Memorial grounds, Washington, D. C.

The SPEAKER pro tempore. The gentleman from Indiana asks unanimous consent to extend his remarks in the Record in the manner indicated. Is there objection?

There was no objection.

Mr. WILSON of Indiana. Mr. Speaker, under leave granted to extend my remarks, I insert a revised address I delivered April 21, 1924, at the dedication of a memorial tree transplanted from the grave of the mother of Abraham Lincoln, in Spencer County, Ind., to the Lincoln Memorial Grounds, Washington, D. C., as follows:

We are gathered here to-day to perpetuate the memory of a mother, Nancy Hanks Lincoln, a woman whose brave, honest, and kindly spirit gave cheer to many struggling pioneers who were making inroads into the wilderness of Kentucky and Indiana.

Here in the shadow of the great Lincoln Memorial, dedicated to her martyred son, we are planting a living memorial to the beloved mother.

The cooperation and enthusiasm exhibited by so many people interested in the transplanting of this tree, has been very gratifying. Let us extend our thanks to Lieut. Col. C. O. Sherrill; Mr. F. E. Peters, editor of the Evansville Press; the Boy Scouts of Evansville, Ind., and of Washington, D. C., and their executives; Mr. Noah Spurluck, custodian of the Nancy Hanks Lincoln Memorial Park, at Lincoln City, Ind.; and the school children of southwestern Indiana, for their assistance in the undertaking. It demonstrates their willingness to aid the promotion of any worthy civic or patriotic enterprise.

I have long thought that the people of my district, who have a strong claim to the fame of Abraham Lincoln because he spent several years molding into manhood in Spencer County, Ind., should donate something to the grounds of the Lincoln Memorial, which has become an international shrine, visited daily by hundreds of people from all over the world. This great memorial is not complete without something to remind the traveler and sightseer of Lincoln's mother, who contributed so much to the great President's success and of whom he himself said, "All that I am or hope to be I owe to my sainted mother." Trees have about them something beautiful and attractive to everybody. Hence I could think of nothing that would be more appropriate than this white oak tree from the Nancy Hanks Lincoln Memorial Park, in which Lincoln's mother and sister are buried and of which all Hoosiers

are justly proud. Here this tree will grow and expand into a mighty oak as a living memorial to the great American's youthful days spent with his mother in the backwoods of Spencer County, Ind. Only a short distance from the thriving little village of Lincoln City is the final resting place of Nancy Hanks Lincoln.

There the State set aside and maintains a beautiful park dedicated to her memory.

Every time I look at this great monument, unequaled by any in the world, costing thousands and thousands of dollars, erected to the memory of a man whose public life exhibited such brilliant talents and who has become one of the greatest characters in history, it takes me back to the quiet little park resting among the hills of Spencer County. In that vicinity Lincoln spent some of his most trying days, enduring the hardships of the rugged pioneer, endeavoring to obtain an education under the most difficult circumstances, and molding his mind and character so that in later years he was able to deal successfully with the great questions which involved the destiny of the Nation.

Let us briefly review here the history of the Hanks family and the life of Nancy Hanks herself. It seems that all the different branches of the Hanks family come from the old town of Malsbury in Wiltshire, 96 miles from London. In the year 878, Alfred the Great defeated the Danes, who had overrun the whole Kingdom of the West Saxons. All of the Malsbury men who fought in this battle under King Alfred were rewarded with 500 acres of land. Among these so-called "commoners" were two brothers named Hanks, whose descendants still hold the "commoner's rights" in Malsbury, each succeeding king having given them a charter to the land.

A descendant, Thomas Hanks, moved from Malsbury to Step-on-the-wold, married and had three children. One, Thomas, jr., married and had a son named Thomas 3d, who is said to have been a soldier under Oliver Cromwell. He had one son, Joseph, who married; and one of the latter's sons, Benjamin, married and came to America, landing at Plymouth, Mass., in 1699.

Interwoven in the annals of New England, we find that members of the Hanks family are remarkably inventive and that it is a "family of founders."

Suffice it to say, that the mother of Abraham Lincoln belonged to a family which has given to America some of her finest minds and most heroic hearts.

One son of Benjamin Hanks, named William, migrated to Virginia. William's son, Joseph, then moved to Amelia County, Va., where Nancy Hanks was born on the 5th of February, 1784. Here she lived until she was five years of age, when her parents decided to find a new home in Kentucky, becoming thus a part of the great migration to that State—the migration which began when Daniel Boone and James Harrod founded Harrodsburg and Boonsborough in 1774-75, and which reached its height during the last 20 years of the eighteenth century.

The journeys were practically all made via the Virginia Valley, through Cumberland Gap, and thence by what was known as Wilderness Road to the Ohio River at Louisville. The Hanks family settled on a farm of 150 acres near Elizabethtown, in what is now Nelson County, Ky. The Indians were still disputing the rights of the white people to Kentucky, and it was necessary for settlers to live in stockades. Shortly after her father's death in 1793 Nancy's mother died, and Nancy went to live with her aunt, Mrs. Richard Berry.

On June 12, 1806, when Nancy Hanks was 22 years old, she was married to Thomas Lincoln, a cousin, in a log cabin in Beechland, Washington County, near the town of Springfield, Ky., by Jesse Head, a Methodist minister of Springfield. After their marriage they went to Elizabethtown, where a child was born, named Sarah, in 1807. They then moved to Buffalo, Ky., where a son was born to them, whom they named Abraham, a name common in both the Hanks and Lincoln families.

Thomas Lincoln, like his son after him, had a notion that fortunes could be made by trips to New Orleans on flatboats. It was probably about 1815 that he built a flatboat, which, because of an idea which he had about making water crafts speedy, was high and narrow and very unsuccessful at the time because of lack of ballast. He loaded this boat with a cargo of whatever he could gather from his farm, and also of deer, bear, and buffalo furs, and floated down Salt River into the Ohio, which was flushed from recent rains and full of whirlpools and snags. Before he reached the Mississippi River, however, his boat upset. He was able to save his tool chest and part of his cargo only because he was near the Indiana shore. He stored what he had saved under the bark and went home afoot, and in debt to the neighbors who had helped him. In those days, though, people never pressed a man who had lost by Indians or by water. Later Mr. Lincoln made a trip into Indiana, prospecting for new land, and returned home to sell and move to that State.

His son wrote in later years, "This removal was partly on account of slavery but chiefly on account of difficulty in land titles in Kentucky." It might be stated here that Thomas Lincoln had advanced ideas about slavery.

In the year 1816 the family prepared to leave Kentucky. They packed their household furniture and farm tools into a wagon. What-

ever of stock they owned was driven behind, and the procession started. The first part of their journey probably was not difficult, for it is claimed that the road to the Ohio was good. After crossing the river and entering Indiana their pilgrimage, no doubt, became troublesome. They then had to literally cut their way through the forests to the land which Thomas Lincoln had taken up for himself and his family.

This land lay in what is now Spencer County, Ind., on Little Pigeon Creek, about 15 miles north of the Ohio River, about 35 miles east of Evansville, Ind., and 1½ miles east of Gentryville, Ind. The hardships of the Lincoln family began after Indiana was reached and their camp in the wilderness, which was to be their shelter, was built.

Their first home was what was called "a half-faced camp"—a kind of log lean-to without doors or windows.

The winters of 1816 and 1817 were spent in this camp. The next year Thomas Lincoln built a crude cabin which was sufficient shelter. The family began to find new friends and neighbors in that far-distant country. They joined the Pigeon Creek Baptist Church and gradually became associated in whatever interested the neighborhood.

Several of Nancy's friends and relatives moved to Indiana, and the new home became more interesting as it became more habitable.

History tells us that Nancy Hanks was bright, scintillating, noted for her keen wit and repartee, and withal a great, loving heart. Her gentleness and brightness she left everywhere she went, like a ray of sunshine. Such a woman, who can face and surmount difficulties with a smile and be ever willing to lend others a helping hand, is the kind which gives us our sturdy Americans and gives power and vitality to our race.

On October 5, 1818, after an illness of a few days, she died from an intensified form of malaria. Death in the home was a peculiarly intimate thing for those early settlers; for the body lay in the room where they ate and slept, and it was necessary for the family to make all the preparations for the funeral as well as to make the coffin itself. It was customary for people of the community to attend the funeral of one of their numbers; but at this time an epidemic of malaria was raging through all of southern Indiana, and people did not dare to congregate. So the little woman was laid to rest without a funeral service under the golden autumn leaves in a lonely and yet enchanted spot on top of a hill near what is now Lincoln City—there where Nancy Hanks Lincoln and her boy had often sat together and watched the gorgeous colors of the glorious sunset far over the distant hills.

Although she gave her life as a victim to the same grinding poverty in which Abraham Lincoln grew from boyhood to manhood, and although it was, no doubt, her early influence which made of Abraham Lincoln the great man that he was, no monument has been erected in Washington to Nancy Hanks Lincoln.

The appropriateness of such a monument is obvious. And what could be more fitting than this memorial oak transplanted from that hallowed soil in Indiana to this position beside the massive monument in memory of her martyred son?

While only the eve of her life was lived in Indiana, yet the story of the inroads made into the wilderness of that State by Nancy Hanks and her little family will live to eternity.

With these things in mind plans were formulated and permission was granted by the War Department for the transplanting of this tree. Mr. Peters, of the Evansville Press, proposed to secure the tree and sought the cooperation of Mr. Zion, the Scout executive. Representatives of 14 Boy Scout troops were gathered, and they started from Evansville on Friday, April 4, 1924, at 4 p. m. They reached Tennyson, Ind., without mishap, but after that they not only walked a good portion of the way from Tennyson to Lincoln City, which is 12 miles, but pushed the two cars they had taken with them. The lights on one of the cars failed and a flash light was used.

Three miles out of Lincoln City the automobiles had to be abandoned, and the party plodded through the mud on foot the rest of the trip. Lincoln's spirit must have smiled kindly upon the courage of these boys, trudging the last long miles of an arduous journey to his old home to help perpetuate the memory of the mother whom he loved so well. The muddy and tired, but cheerful, party of 14 boys and 2 men had been invited to bunk in Mr. Wayne Hevron's barn, and there they slept soundly during the remainder of the night.

Mr. Noah Spurlock, custodian of the Nancy Hanks Lincoln Park, had the tree ready for its journey to the Capital. Working in shifts, the boys started back, hoping that they would be able by the light of day to make the journey back to Tennyson without having to walk and push. The party arrived in Evansville late in the afternoon of April 5, and the tree was shipped immediately to Washington, arriving on Tuesday, April 8, where it was received by Mr. Henlock, the superintendent of the Propagating Gardens, and the Washington Boy Scouts, under the supervision of their executive, Mr. E. D. Shaw.

To-day we plant this 10-year-old white oak tree in memory of the noble woman, the products of whose hardships and perils are commemorated by this magnificent memorial dedicated to her great son.

We have taken this tree from the soil hallowed by the possession of her mortal remains, and are transplanting it on memorial grounds

established for the sole purpose of bringing mankind into the great nature of her martyred son.

May this memorial oak in future years become beautiful in its majestic grandeur. May it send out its branches to the heavens and rival its ancestors which grew on the Lincoln farm in Indiana. May it become an important addition to these grounds, beneath whose shade future tourists may stop and be reminded of the woman whose strong but gentle influence played such an important part in molding the character of one of our greatest Americans.

I now christen you Nancy Hanks Lincoln Memorial Oak.

A PLAN TO PREVENT WAR

Mr. THOMAS of Oklahoma. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in explanation of a joint resolution I have introduced proposing an amendment to the Constitution of the United States.

The SPEAKER pro tempore. The gentleman from Oklahoma asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. SNELL. I have no objection if they are the gentleman's own remarks.

Mr. THOMAS of Oklahoma. They are my own remarks. There was no objection.

Mr. THOMAS of Oklahoma. Mr. Speaker, I have just introduced a joint resolution (H. J. Res. 266) proposing an amendment to the Constitution of the United States in the following language:

Amendment —

SECTION 1. The Congress shall have power to declare war, provided three-fourths of the Members elected to and constituting each House shall concur.

SEC. 2. After a declaration of war and prior to the reestablishment of peace the Congress shall have power to enact legislation for the prosecution of such war, notwithstanding existing contracts made after ratification of this amendment.

The proposed amendment has for its purpose the prevention of war. This greatly desired end is to be accomplished by mobilizing the forces in America in an effort to prevent war rather than in the preparation for war.

The amendment, if adopted, will accomplish the following:

1. Will make it more difficult to draft war;
2. Will give Congress power to draft property and material as well as men; and
3. Will make it possible to prevent any man or interest from making profit out of war.

4. With this amendment adopted, all contracts will be made subject to "acts of God" and "declarations of war by the Congress of the United States."

At this time the majority of a quorum in each House can declare war. Under the proposed amendment such a declaration can be made only by the vote of three-fourths of the total membership elected to and constituting each House of Congress.

Congress now has power to draft and force into war boys, men, and even women; but it is not certain that Congress has the power to enact laws to provide that all the profits of war can be used in defraying the expenses of war.

Powerful interests, such as shipbuilders, armor plate and munition makers, and manufacturers of war supplies, and all who thrive on war, will oppose this amendment; but in the event of its adoption all peoples and institutions which prosper in peace and are injured by war will join in an effort to stop war throughout the earth.

With the amendment in force and in the event a defensive war is necessary, the whole resources of the country—men, money, material, and property—will be subject to mobilization by Congress to repel such invasion.

With profits withdrawn from war; with property subject to draft and mobilization the same as men; with contracts which interfere with the prosecution of war abrogated, suspended, or annulled; and with the possibility of a general moratorium being declared, warfare will be so terrible and so costly to the interests which bring about armed conflicts that war will soon become a memory of barbaric activity.

At present the United States, along with other Nations, is getting ready for the next war. We are spending hundreds of millions annually in preparation for the next "carnival of slaughter." The next war will not be confined to battles between armed and trained soldiers, but instead will be a war of destruction of property and of extermination of people, including noncombatants, women, and children.

I have introduced this proposed amendment in the hope that the attention of the people may be diverted from the preparation for war to the prevention of war, and unless this

can be accomplished, this generation, without regard to sex or age, may see a conflict the horribleness of which the human mind can not now comprehend.

ADDITIONAL JUDGES FOR SOUTHERN DISTRICT OF NEW YORK

Mr. PERLMAN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 3318) to provide for the appointment of two additional judges for the district court in the southern district of New York.

The SPEAKER pro tempore. The gentleman from New York moves that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 3318) to provide for the appointment of two additional Federal judges for the district court of New York.

The question was taken; and on a division (demanded by Mr. CAREW) there were 44 ayes and 55 noes.

Mr. PERLMAN. Mr. Speaker, I object to the vote on the ground that no quorum is present.

The SPEAKER pro tempore. The gentleman from New York makes the point that no quorum is present. Evidently there is no quorum present. The Doorkeeper will close the doors, the Sergeant at Arms will bring in absent Members, and the Clerk will call the roll. All those in favor of going into Committee of the Whole will answer "aye" and all those opposed will answer "no."

The question was taken; and there were—yeas 161, nays 158, not voting 114, as follows:

YEAS—161

Ackerman	Fredericks	Magee, N. Y.	Sinclair
Aldrich	Free	Manlove	Smith
Andrew	Freeman	Mapes	Snell
Bacharach	French	Merritt	Speaks
Bacon	Frothingham	Michaelson	Sproul, Ill.
Barbour	Fuller	Michener	Sproul, Kans.
Beedy	Graham, Ill.	Miller, Wash.	Stalker
Beers	Graham, Pa.	Mills	Stephens
Begg	Green, Iowa	Moore, Ohio	Strong, Kans.
Berger	Greene, Mass.	Moore, Ind.	Strong, Pa.
Bixler	Griest	Morgan	Summers, Wash.
Britten	Hadley	Morin	Swing
Brown, Wis.	Hardy	Murphy	Taber
Brunn	Hawley	Nelson, Me.	Taylor, Tenn.
Burton	Hersey	Nelson, Wis.	Taylor, W. Va.
Butler	Hicker	Newton, Minn.	Temple
Cable	Hill, Md.	Newton, Mo.	Thatcher
Campbell	Hoch	Nolan	Thompson
Chindblom	Holaday	Paige	Tilson
Christopherson	Hudson	Parker	Timberlake
Clarke	Hull, Iowa	Patterson	Timber
Cole, Iowa	Hull, William E.	Perkins	Tinkham
Colton	James	Perlman	Treadway
Cooper, Ohio	Kearns	Phillips	Vaile
Cooper, Wis.	Keller	Porter	Vestal
Darrow	Kelly	Rathbone	Vincent, Mich.
Davis, Minn.	Kendall	Reece	Voigt
Dempsey	Kotcham	Reed, N. Y.	Wainwright
Denison	King	Reid, Ill.	Watson
Dickinson, Iowa	Knutson	Roach	Wefald
Edmonds	Kopp	Robinson, Iowa	Wertz
Elliott	Kurtz	Robson, Ky.	White, Kans.
Evans, Iowa	LaGuardia	Rogers, Mass.	Williamson
Fairchild	Larson, Minn.	Sanders, Ind.	Winslow
Fairfield	Lehbach	Sanders, N. Y.	Woodruff
Faust	Lineberger	Schaefer	Wurzbach
Fenn	Longworth	Schneider	Wyant
Fish	McLaughlin, Mich.	Sears, Nebr.	Young
Fitzgerald	McLeod	Seeger	
Foster	MacGregor	Shrove	
	MacLafferty	Simmons	

NAYS—158

Abernethy	Celler	Griffin	McKeown
Allen	Clancy	Hammer	McNulty
Allgood	Clery	Harrison	McReynolds
Almon	Collier	Hastings	McSwain
Arnold	Connery	Hawes	McSweeney
Aswell	Cook	Hill, Ala.	Major, Ill.
Barkley	Crisp	Hill, Wash.	Major, Mo.
Beck	Crosser	Hooker	Mansfield
Black, N. Y.	Cullen	Howard, Nebr.	Martin
Black, Tex.	Cummings	Hudspeth	Mead
Brand	Davis, Tenn.	Jacobstein	Milligan
Blanton	Deal	Johnson, Tex.	Mooney
Bloom	Dickinson, Mo.	Johnson, W. Va.	Moore, Ga.
Bowling	Dickstein	Jones	Moore, Va.
Box	Doughton	Keat	Morehead
Boyer	Drewry	Kincheloe	Morrow
Brand, Ga.	Driver	Kindred	O'Connell, N. Y.
Briggs	Eagan	Kunz	O'Connell, R. I.
Browning	Evans, Mont.	Lanham	O'Connor, La.
Buchanan	Favrot	Lankford	O'Connor, N. Y.
Bulwinkle	Fisher	Larsen, Ga.	O'Sullivan
Bushy	Fulbright	Lazaro	Oldfield
Byrnes, S. C.	Fulmer	Lee, Ga.	Oliver, N. Y.
Byrnes, Tenn.	Gardner, Ind.	Lilly	Parks, Ark.
Canfield	Garner, Tex.	Lindsay	Peary
Cannon	Garrett, Tenn.	Logan	Pon
Carew	Garrett, Tex.	Lowrey	Prall
Carter	Gasque	Lozier	Quin
Casey	Geran	McClintic	Ragon
	Greenwood	McDuffie	Rainey

Raker	Sanders, Tex.	Summers, Tex.	Watkins
Rankin	Sandlin	Swank	Weaver
Rayburn	Sears, Fla.	Tague	Weller
Reed, Ark.	Shallenberger	Thomas, Ky.	Wilson, Ind.
Richards	Sherwood	Thomas, Okla.	Wilson, La.
Ronjue	Sites	Tillman	Wilson, Miss.
Rouse	Smithwick	Tucker	Woodrum
Rubey	Stengall	Underwood	Wright
Sabath	Stedman	Upshaw	
Salmou	Stevenson	Vinson, Ky.	

NOT VOTING—114

Anderson	Frear	Leavitt	Sinott
Anthony	Funk	Linthicum	Snyder
Ayres	Gallivan	Little	Spearing
Bankhead	Garber	Luce	Stengle
Bell	Gibson	Lyon	Sullivan
Boies	Gifford	McFadden	Sweet
Brand, Ohio	Gilbert	McKenzie	Swoope
Browne, N. J.	Glatfelter	McLaughlin, Nebr.	Taylor, Colo.
Buckley	Goldsborough	Madden	Tydings
Burdick	Haugen	Magee, Pa.	Underhill
Burtness	Hayden	Miller, Ill.	Vare
Clark, Fla.	Howard, Okla.	Minahan	Vinson, Ga.
Cole, Ohio	Huddleston	Montague	Ward, N. Y.
Collins	Hull, Morton D.	Moore, Ill.	Ward, N. C.
Connally, Tex.	Hull, Tenn.	Morris	Wason
Connolly, Pa.	Humphreys	Mudd	Watres
Corning	Jeffers	O'Brien	Welsh
Cramton	Johnson, Ky.	Oliver, Ala.	White, Me.
Croll	Johnson, S. Dak.	Park, Ga.	Williams, Ill.
Crowther	Johnson, Wash.	Peavey	Williams, Mich.
Curry	Jost	Purnell	Williams, Tex.
Dallinger	Kahn	Quayle	Wingo
Davey	Kerr	Ramseyer	Wintor
Dominick	Kless	Ransley	Wolf
Dowell	Kvale	Reed, W. Va.	Wood
Doyle	Lampert	Rogers, N. H.	Yates
Drane	Langley	Rosenbloom	Zihlman
Dyer	Lea, Calif.	Schall	
Fleetwood	Leatherwood	Scott	

So the motion was agreed to.

The Clerk announced the following additional pairs: Until further notice:

Mr. McFadden with Mr. Minahan.
 Mr. Curry with Mr. Quayle.
 Mr. Fleetwood with Mr. Bell.
 Mr. Barbour with Mr. Wolf.
 Mr. Mudd with Mr. Lea of California.
 Mr. Gifford with Mr. Ayres.
 Mr. Dallinger with Mr. Collins.
 Mr. Johnson of Washington with Mr. Morris.
 Mr. Burdick with Mr. Drane.
 Mr. Scott with Mr. O'Brien.
 Mr. Dowell with Mr. Browne of New Jersey.
 Mr. Boies with Mr. Hayden.
 Mr. Vore with Mr. Spearing.
 Mr. Wood with Mr. Bankhead.
 Mr. Leavitt with Mr. Oliver of Alabama.
 Mr. Wason with Mr. Tydings.
 Mr. Luce with Mr. Linthicum.
 Mr. Winter with Mr. Geidsborough.
 Mr. Madden with Mr. Connally of Texas.
 Mr. Welsh with Mr. Hull of Tennessee.
 Mr. Magee of Pennsylvania with Mr. Kvale.
 Mr. Purnell with Mr. Williams of Texas.
 Mr. Connolly of Pennsylvania with Mr. Montague.
 Mr. Ramseyer with Mr. Buckley.
 Mr. Cramton with Mr. Glatfelter.
 Mr. Johnson of South Dakota with Mr. Jeffers.
 Mr. Lampert with Mr. Stengle.
 Mr. Williams of Illinois with Mr. Vinson of Georgia.
 Mr. Ransley with Mr. Croll.
 Mr. Sweet with Mr. Wingo.
 Mr. Watres with Mr. Dominick.
 Mr. Frear with Mr. Howard of Oklahoma.
 Mr. Swoope with Mr. Taylor of Colorado.
 Mr. Dyer with Mr. Davey.
 Mr. Crowther with Mr. Lyon.
 Mr. McLaughlin of Nebraska with Mr. Corning.
 Mr. Anthony with Mr. Sullivan.
 Mr. Miller of Illinois with Mr. Rogers of New Hampshire.
 Mr. Leatherwood with Mr. Jost.
 Mr. Morton D. Hull with Mr. Doyle.
 Mr. Sinnott with Mr. Johnson of Kentucky.
 Mr. Funk with Mr. Kerr.
 Mr. Yates with Mr. Humphreys.
 Mr. Brand of Ohio with Mr. Cannon.

The doors were reopened. Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 3318, with Mr. LEHBACH in the chair.

The CHAIRMAN. The Clerk will report the bill. The Clerk read as follows:

Be it enacted, etc., That the President of the United States, by and with the advice and consent of the Senate, shall appoint two additional judges of the District Court of the United States for the Southern District of New York, who shall reside in said district and who shall possess the same powers, perform the same duties, and receive the same compensation as the present district judges of said district.

Mr. PERLMAN. Mr. Chairman and gentlemen of the committee, the southern district of New York comprises the counties of New York, Westchester, Columbia, Dutchess, Greene, Orange, Putnam, Rockland, Sullivan, and Ulster. The population of this district, according to the census of 1920, is 3,801,364,

and the population of this district has increased considerably since the taking of the 1920 census.

The United States District Court for the Southern District of New York has six permanent judges. This bill proposes that two additional permanent judges shall be appointed for this judicial district.

At the close of June 30, 1923, there were pending in this court 24,724 civil and criminal cases.

The following is a statement of business transacted in the United States district court, southern district of New York, during the fiscal year ending on June 30, 1923:

Cases	Com- menced during year	Termi- nated during year	Pending June 30, 1923
Civil suits to which United States is not a party:			
Equity.....	545	477	1,151
Law.....	648	596	2,184
Admiralty.....	787	819	3,518
Civil suits to which United States is a party.....	1,189	750	3,773
Bankruptcy proceedings.....	2,471	1,615	5,262
Total civil suits and proceedings.....	5,610	4,227	15,883
Criminal cases.....	2,919	2,559	8,836
Total civil and criminal cases.....	8,529	6,785	24,724

In addition there were on the motion calendar of this court during this fiscal year 15,084 motions, divided as follows:

General motions.....	4,117
Motions in bankruptcy cases.....	5,306
Final hearings in naturalization.....	5,661

During the six months from July 1 to December 31, 1923, the net increase in the cases awaiting trial, exclusive of prohibition and bankruptcy cases, was as follows: (This was the net increase in cases added to the general calendar from cases disposed of during that period):

Equity.....	70
Law.....	88
Admiralty.....	324
Criminal.....	482

I am reliably informed that a case on the equity calendar in this court is reached in not less than 18 months; a case on the law calendar, two years and four months; a case on the admiralty calendar, two years and six months. Many criminal cases have been on the calendar more than two years. The jury, admiralty, and equity calendars are about two years behind and on account of increased litigation the situation is daily growing worse. This congestion amounts to a denial of justice.

There was a hearing on this bill before the Committee on the Judiciary on February 13, 1924. At this hearing Mr. Henry D. Williams, representing the New York Patent Law Association, appeared and spoke in favor of the bill. Mr. Williams informed the committee that because of the congestion many patent cases are not brought in the southern district court, for it is impossible to get the amount of care and thought and attention that such patent cases require, and that citizens residing in this district are compelled to bring the patent cases in Chicago, Pittsburgh, and sometimes in San Francisco. You can appreciate that the expense incident to the bringing of witnesses from New York to Chicago, to Pittsburgh and San Francisco, makes this litigation unnecessarily expensive. This additional expense to the litigants is of no benefit to anyone and is an inexcusable waste of money.

Hon. Henry Wade Rogers, senior United States circuit judge, second judicial district, wrote to Representative OGDEN L. MILLS, the introducer of this bill, as follows:

I am writing you in reference to a bill now pending either in the House of Representatives or before the Judiciary Committee of the House which relates to the appointment of two additional Federal judges in the southern district of New York.

The situation in the southern district is one of the matters which came before the judicial conference at its meeting in Washington in September, 1923. The judicial conference, as you know, is composed of the Chief Justice of the Supreme Court and the senior circuit judge in each of the nine circuits of the United States.

After a full consideration the conference voted in favor of the appointment of two additional judges for the southern district and two additional circuit judges for the eighth circuit. This action was taken by a unanimous vote.

In the southern district of New York the situation is most serious. On the 1st of July, 1923, there were 25,000 cases on the docket. This means that a case is on the docket for two years before it can be heard. We have been doing everything in our power to relieve that congested condition and brought in during the preceding year such

district judges from other districts as we could find free to come. With all our efforts in that year, instead of reducing the number of cases on the docket, there were a thousand additional cases at the beginning of the next year.

That being the condition, it is evident that in many cases a situation exists which amounts to a denial of justice.

This is a condition which ought not to be permitted to continue. Perhaps better than any other person, I know the difficulties of bringing in additional judges, and I am entirely satisfied that there is no way out to remedy the existing situation except through the appointment of at least two additional district judges in the southern district of New York.

Col. William Hayward, United States attorney for the southern district of New York, recently wrote as follows:

There is no question that the two judges asked for in this district is a most modest request. We are two or three years behind on our calendars, and although the chief justice has tried to get us additional judges to help out from other districts, they are few and far between. We have so many mail-fraud cases awaiting trial that I despair of ever reaching them. Each case takes several weeks, sometimes as much as six weeks, consuming the entire time of judge and jury. The Sherman Act cases are equally long. The prosecution of the Cement Trust, which resulted in a disagreement, took seven weeks. We ordinarily have one or at best two of the Federal judges assigned for criminal work. Judge Mack, who has been of great help to us, I understand is going to Cincinnati. We could use four times the number of judges suggested for the next two years and then only catch up with our calendars. I think Judge Hand, who makes the assignment of the judges, has done the best for me he can without neglecting or interfering with the very important work of the judges. Of course, you know of the burden of admiralty, patent, and other civil litigation they have. On the question of additional judges I feel like yelling, "Help, more help, and still more help."

There are now sitting in this district 10 Federal judges. Next month we are to have 11 judges.

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

Mr. PERLMAN. Yes.

Mr. LAGUARDIA. The four extra judges come from other districts?

Mr. PERLMAN. Yes.

Mr. LAGUARDIA. And they are allowed additional compensation?

Mr. PERLMAN. Yes.

Since January 1, 13 judges from outside of the southern district of New York were assigned to the southern district of New York. Each received, in addition to his salary, \$10 per day computed from the day the judge left his home to the day he returned to his home, and railroad and Pullman fares. The judge takes with him his stenographer, who, in addition to his salary, receives \$4 per day, plus railroad and Pullman fares.

Now, in respect to the cost of the two additional judges the salaries of these two judges will be \$15,000, and the salaries of their stenographers will be \$3,680, making a total of \$18,680 per year.

In this connection permit me to read a statement of the cost of the assignment of outside judges to this district, submitted to the Judiciary Committee by Mr. George E. Strong, chief clerk of the Department of Justice. It is as follows:

From January 1, 1921, to June 4, 1923, expense of travel and per diem for judges assigned to the southern district of New York from without the second circuit, under the provisions of the act of October 3, 1913 (38 Stat. 302), is \$17,088.12; expense of stenographers to judges is \$8,104.23; total, \$25,192.35; in addition, there are stenographic assistants and incidental expenses which it is impossible to compute. There is also an item of expense due to loss of time on the part of judges when travelling to and from New York City.

The expense for the other assignments which are authorized by the act of September 14, 1922, is not available at the present time, as same would require a search of records by the marshals of the several districts.

The estimated expense for two additional judges in the southern district of New York is as follows: Salaries of judges (\$7,500 each), \$15,000; salaries of stenographers (\$1,840 each), \$3,680; total, \$18,680.

It is only fair to add that in view of the general congestion throughout the United States it is most difficult to secure an available judge, and often delays occur pending the consent of the senior circuit judge and the district judge; furthermore, whenever the congestion is of a permanent nature same should be cared for by the creation of additional judges, and the provisions for assignment from one circuit to another should only be utilized to relieve congestion of a temporary character, where the general business of the district would not be sufficient to occupy all the time of an additional judge. However, if it were not for these assignments the congestion in the southern district of New York would be even more serious than exists at present.

Mr. O'CONNOR of New York. Is it not a fact that in addition to the judges' salaries we will have to get them court rooms and various attendants?

Mr. PERLMAN. No. The court rooms are there now. Last year for five months the Department of Justice paid to the outside judges and their stenographers for their per diem allowance the sum of \$25,192.35, and in addition their Pullman and railroad fare. At that rate it cost the Government nearly \$70,000 a year, while the cost of these two additional judges, including stenographic service, will be \$18,680 per year.

Yesterday the gentleman from New York [Mr. CELLER] spoke in opposition to this bill, stating that there was no need for any additional judges in this district. The gentleman's district is not in the southern district of New York. The gentleman lives in and represents a district in the eastern district of New York, where there is no congestion. Permit me to read to the gentleman from New York [Mr. CELLER] and to the other Democrats from New York, all of whom are opposing this bill, the testimony of one of their colleagues [Mr. WELLER], who is a member of the Judiciary Committee.

Mr. WELLER is an attorney and has practiced extensively in the southern district court. Until yesterday he advocated the passage of this bill. To-day he is not participating in the debate, and I believe he will vote against the bill. I wonder who changed his mind. Permit me to read his testimony at the hearings before the Judiciary Committee on February 13, 1924:

Mr. WELLER. I only want to supplement, Mr. Chairman, the remarks of Mr. Williams in reference to the condition of business and to indicate that in communications in writing from all our judges in the southern district, including the circuit judges, we have letters from all the judges approving additional judges, and up in my office I have possibly more than 150 letters from members of the bar who, like myself, practice especially in the Federal courts.

On December 31, 1923, there were approximately 25,000 actions pending in the southern district, of which 7,000 are matters which we call *ex parte* matters, or matters which can be threshed out by the lawyers before referees in bankruptcy, and all kinds of patent cases in which a sitting court is not required, there being 13,143 cases on the docket on December 31, divided into 561 equity cases, 1,647 law cases, 1,803 admiralty cases, 6,495 criminal cases, exclusive of prohibition cases, cases under the prohibition law, 2,610, making a total of 13,143.

The condition of the calendar is little short of a scandal.

Mr. MICHENER. Those 6,000 plus criminal cases—are many of those cases—which have been on the calendar a long time and are carried along?

Mr. WELLER. I dare say 25 per cent have been on the calendar for five years.

Mr. MICHENER. Those will not be tried, will they, the criminal cases?

Mr. WELLER. In all probability, no. Many of those cases consist of what we call mail-fraud cases, and the average time it takes to try a mail-fraud case is over two weeks and as long as eight months, and those cases have been piling up, and I might say we have tried, the Chief Justice has tried, and the senior circuit judge of our district, Judge Rogers, has tried to get out-of-town judges from other States to come and dispose of the so-called fraud calendar. Inasmuch as they are prolonged cases there is no disposition, I might say, for out-of-town judges to come and take up that calendar. Not only is there no disposition on the part of the judge, but on the part of the senior circuit judge of the court of which he is a member, to permit him to sit there any length of time.

The matters that are attended to by judges, especially bankruptcy hearings and the motion calendar, keep a judge busy practically all day and all night. I am not stressing the statement when I say—and I think my colleague, Mr. PERLMAN, will concur in what I say—that on the motion call in room 231 of the Post Office Building it is almost impossible to get to the door, let alone to get inside of the door. The people who are in the court at that time are not litigants; they are lawyers and lawyers' clerks who have come up to answer matters ready for argument, and time is fixed during the day when certain parts of the calendar may be taken up and lawyers able to get to a point before the bar where they can be heard by the judge.

I am not going to take up any further time. Mr. MILLS's bill has the recommendation of the Chief Justice, the President of the United States, the Attorney General, the district attorney, and all of the circuit judges of our district.

I would like to file in the record, Mr. Chairman, just a few letters—one from Judge Rogers, one from Judge Goddard, and one from Mr. I. Maurice Wormser, who is the editor in chief of the New York Law Journal and professor of law, and then the letter of the district attorney, Colonel Hayward.

I think that on the merits of this question the Democrats from New York ought to be guided by the testimony of the gentleman from New York [Mr. WELLER], a member of the Judi-

ciary Committee, rather than by what has been said by the gentleman from New York [Mr. CELLER].

It occurs to me that the Democrats who are opposed to this bill, especially those from the city of New York, are not concerned about the congestion in this court and the denial of justice. I think that they are opposed to this bill because if it is enacted into law President Coolidge will appoint the two judges. I am certain that the people of the United States and the people of New York have confidence in President Coolidge and are satisfied that he will appoint conscientious, honest, and competent judges.

I believe that it will be of interest to you to know the comparison of the business of the southern district court with that of the district courts having the next largest amount of business:

Business of United States district courts

[Statement showing business pending in United States district courts, year ending June 30, 1923, of districts having the largest amount of business]

	Present judges	United States civil	Criminal, including prohibition	Admiralty	All other civil	Bank	Total
New York, southern district	6	3,773	8,836	3,518	3,335	5,262	24,724
New Jersey	4	523	12,023	264	652	1,419	14,881
New York, eastern district	3	633	2,283	2,449	3,586	1,815	10,766
Massachusetts	3	261	5,914	128	933	1,818	9,054
Pennsylvania, western district	3	226	320	180	1,972	2,267	4,965
Illinois, northern district	3	852	1,184	20	1,055	2,191	5,302
Pennsylvania, eastern district	3	547	539	374	1,879	1,524	4,863
California, northern district	3	385	1,598	809	595	1,440	4,827

Since June 30, 1923, the calendar of prohibition cases in this court has been greatly increased. This particularly is due to the fact that prior to that day the New York State Legislature repealed the Mullen-Gage law, which was New York State's prohibition enforcement act. The repeal of this law transferred to the United States district court all prohibition cases. The following is a telegram which I have just received from the chief clerk of the southern district court:

Replying to your second telegram, 511 prohibition and 106 other criminal cases on calendar Monday, May 12. On Monday, May 19, we will have 611 prohibition cases and 97 other criminal cases on calendar in court room 331.

Recently the naturalization service in New York County was reorganized, and since May 12, 1924, nearly all naturalization cases are heard by the United States district court judges of the southern district of New York. This has added considerably to the work of the judges of this court. I recently wrote to Mr. Charles M. Weiser, deputy clerk of the United States District Court of the Southern District of New York, to ascertain the volume of naturalization work of this court. Mr. Weiser replied to me as follows:

Final hearings in naturalization are conducted once a week and the calendars are increasing in length as the months progress. Since talking with you on Saturday it has developed that the local bureau of naturalization contemplates confining naturalization activities at this point to United States courts, which will mean naturalization calendars of 400 cases each final-hearing day. The demand this will impose on the time of the judiciary is apparent.

It has always been possible to keep the naturalization calendars precisely up to date in this court, whereas in the State courts in this county and Kings they are a year and two years, respectively, in arrears. With our present complement of judges, under the conditions the contemplated changes will bring about, this court will soon reach the condition of chaos which now obtains in the several State courts.

Mr. HARDY. And will the employment of these two judges help to enforce the prohibition law?

Mr. PERLMAN. If we do not have these two additional judges, it will be difficult to speedily try all cases.

The gentleman from New York [Mr. CELLER] said that if there was a willingness to work on the part of some of the judges of this court that the equity docket would be cleared quickly. I am very much surprised that the gentleman makes this statement, for he ought to know that the judges of this court are the hardest-worked judges in the United States. Every one of them is either in his chambers or in a court room from about 9 o'clock in the morning until late in the evening. All of them have at all times done more than their share of the work of this court. I have no doubt that the outside judges

will substantiate my statement, for they, too, when sitting in this district, are at work from early morning to late in the evening. The business in this court is so great that six judges working continuously every day from 9 in the morning until 6 in the evening could not keep the calendars up to date. That is why I urge the enactment of this bill.

WHO WILL BENEFIT BY THE DEFEAT OF THIS BILL?

The confidence men, who have been indicted and are awaiting trial for using the mails to defraud the people of millions of dollars by selling fake stocks and bonds; the postal thieves, who are pilfering your mail and my mail, who have been indicted and are now awaiting trial; all other criminals who have been indicted for violating Federal statutes—they favor the congestion in this court, because the congestion means delay. They know that delay will give them time to intimidate and spirit away Government witnesses. They know that delay gives them an opportunity to continue violating the law while they are out on bail. Others who benefit by the defeat of this measure are the thousands who are the defendants in civil suits brought against them by the United States Government. They do not want speedy trials, for delay means much to them, and they know that less judges than are necessary means more congestion and more delay before they can be brought to pay their debts to the Government. Defendants in civil actions brought by individual citizens also favor the defeat of this measure, for in most cases they have nothing to gain by a speedy trial and most of the time considerable to gain by delay.

WHO FAVOR THIS BILL?

President Coolidge, who, in his first message to Congress, recommended the enactment of this legislation.

Chief Justice Taft and the judicial council, who adopted a resolution recommending this legislation.

The Attorney General, who is anxious that there be speedy trials in all criminal prosecutions and all actions in which the Government is a party.

The judges of this district, who want and need help to clear the calendars of this court.

The United States attorney for the southern district of New York.

The Bar Association of the State of New York, the New York County Lawyer's Association, the New York Patent Law Association, and all the lawyers in this district.

The people of the United States are in favor of this bill, for without sufficient judges the laws of the United States can not be enforced and the people can not get the justice which is guaranteed by our Constitution.

I appeal to you to vote for this bill, for justice should not be sacrificed and slaughtered at the altar of partisanship.

Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. McCREENER].

Mr. MICHENER. Mr. Chairman and gentlemen of the committee, something has been said by the last speaker about the prohibition question in New York. On yesterday our friend from New York [Mr. CELLER] had something to say along that line, and, inasmuch as that matter has been brought up, I am going to read what Mr. CELLER said. In assigning one of the principal reasons why we should not have additional judges in New York he said:

We read in the record given by some of the proponents of the bill that the criminal cases have flooded the courts, and that they have so many criminal cases as a result of prohibition violations that it was utterly impossible to get any cases disposed of; but I will tell you something, my good friends, about that. The judges themselves in the southern district have only themselves to blame for this condition; and why? They have passed a resolution, the six of them, in concert with one, I believe, of the judges of the Circuit Court of Appeals, that they will not fine first offenders for violation of the prohibition law. What has been the result of that particular position which they have assumed? We find that none of the attorneys who represent these offenders in the prohibition cases will file pleas of guilty when assured of jail sentences only for their clients—

And so forth.

In other words, he tells us that these judges up there, six judges, are attempting to enforce the prohibition law, and he tells us that these judges will not promise to let men off with fines, but tells us that they passed a resolution providing that a man who violates the prohibition law will be sent to jail. He goes further and tells us that in order to get around jail sentences they are bringing into New York outside judges, and when those judges come in they exercise more leniency and let these men off with fines. He favors this system. I am

quoting the substance of the speech of the gentleman made on the floor yesterday, and in concluding his thought along this line he said:

I say, my good friends, they have no right in New York, considering the public opinion of New York's population, to impose imprisonment in cases of first offenders when in most parts of the country the Federal judges refuse to imprison and only fine; and I will say that if they will be more lenient in their attitude concerning prohibition cases, perhaps they would not have so many violations of the prohibition law.

Now, gentlemen, this should not be a question of politics or prohibition. This is simply a question of having enough suitable judges to enforce the law. Then, again, yesterday, when a gentleman was on the floor discussing this measure, something was said about the trouble in selecting a judge to fill the last vacancy and the time it took. Gentlemen, I am ready, and I believe the country is ready, to say to the President of the United States, "You may take all the time that is necessary, but you must select a judge in New York who believes in enforcing the law. You must select a man who will stand up and enforce the law." Now, it is a well-known fact—and I defy my good Tammany friends to deny it—that some of your judges in the New York State courts were elected on a wet and dry issue—

Mr. O'CONNOR of New York. Does not the gentleman know that such questions do not come up in our State courts?

Mr. MICHENER. I know they do not come up at this time and that you have repealed your prohibition enforcement law, but some judges were elected on that platform.

Mr. CELLER. Will the gentleman yield for a question?

Mr. MICHENER. I can not. In answer to that question, I want to go a step further. This gentleman from New York tells us that because of the attitude in New York the law should not be enforced. I appreciate that there is a strong sentiment along that line in New York, and I appreciate that within the last year the chief executive of that great State signed the repealing act giving expression to that sentiment by saying that he would sign any law that brought back the foam on the glass and the brass rail.

Mr. DICKSTEIN. Will the gentleman yield for one question? Did the gentleman read the opinion of the governor on the repeal of the act?

Mr. MICHENER. No; I am quoting what the governor said in his explanation of the signing of the bill. If this is the attitude in New York to-day with reference to this question of having more judges to enforce the law, it seems to me that it is our duty to supply sufficient judges to enforce the law. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. SUMNERS of Texas. I yield five minutes to the gentleman from New York [Mr. GRIFFIN]. [Applause.]

Mr. GRIFFIN. Mr. Chairman and gentlemen of the committee, at first I was strongly inclined to support this bill. It seemed to me to be a respectable measure, having for its purpose the enlargement of a very important court for the facilitation of public business. But the longer I have listened to the arguments in its support the more convinced I am of the lack of good faith behind it. I see in it now nothing but a sordidly partisan attempt to gather under the wings of the Republican organization in New York City the district court of the United States.

Mr. SNELL. Will the gentleman yield right there?

Mr. GRIFFIN. Pardon me, not now; a little later.

The CHAIRMAN. The gentleman declines to yield.

Mr. GRIFFIN. You can gather almost any argument you need from statistics, or philosophy, or history in support of a bad measure. The cloven hoof is disclosed in the speech of the last speaker when, to support a sordid patronage grab, he rails against Tammany Hall. Now the best test is the opinion of the people of New York City, who regard the Republican organization in New York City as without conscience—corrupt and venal—and having so lost the confidence of the people that at the last election they beat it by over 200,000 votes.

The real animus behind this bill is no longer a secret. It is confessed on page 3 of the report, in this language:

It has developed that the local bureau of naturalization contemplates confining naturalization activities at this point to United States courts.

Now, if the district court in the southern district of New York is so far behind in its business, as the sponsors of this bill would have us believe, why are they so anxious to saddle this naturalization work upon it, a work that has been done and

done satisfactorily by the local county clerks through the New York State Supreme Court?

Is it not manifest that they do not need the judges so much to do the naturalization work as they need them to furnish an excuse to take the naturalization work from the State courts? In other words, to build up another patronage nest in the naturalization bureau in the city of New York they planned to enlarge the office of the local naturalization examiner, take the naturalization cases out of the New York Supreme Court, and send them into the United States district court. And the fact that the United States court already had its hands full did not deter them even from attempting to inaugurate the change this year.

They had progressed so far as to have made commitments for additional floor space and other outlays to carry out the scheme, when it was blocked in the Committee on Appropriations by the prompt and manly, straightforward stand of the chairman of our subcommittee, the gentleman from Pennsylvania [Mr. SHREVE]. He saw through the scheme and, without a thought of partisanship, but acting wholly in the public interest, he put his foot down on the brazen, partisan patronage adventure. Of course, it was not known at that time that the next step in the campaign was to be an appeal to Congress to enlarge the district court to take care of the increased naturalization cases. That feature was kept in the background. In fact, when, in the hearings, some doubt was expressed as to the ability of the United States district court to take care of the business, Mr. Crist, the naturalization commissioner, quite confidently assured us the court was fully competent to handle the increased business.

I quote from page 107 of the hearings of the Committee on Appropriations before the Subcommittee on Labor. Mr. Crist, Commissioner of Naturalization, was testifying:

Mr. GRIFFIN. Then, how do you account for the congestion in the Federal courts?

Mr. CRIST. I do not know that there is any.

Mr. OLIVER. Let me ask at this point, if they confine themselves to naturalization cases alone, what will become of the regular cases on the calendar, which is entirely congested, in so far as the southern district of New York is concerned? It is so much congested that they are seeking new judges, and are asking Congress to give them new judges down there to help them in their work so that they may keep their calendars clear.

Mr. SHREVE. It is very necessary that we differentiate between these two lines of activities so that we know what is being done by the department over here. If I grasp your thought, the situation is this: The court is so congested with legal business that it is your contention that they would possibly be handicapped and not be able to handle naturalization business.

Mr. CULLEN. Yes.

Mr. CRIST. As to that, I can only say this: The three judges in New York, or the United States judges for the southern district of New York, Mr. Sturges, the chief naturalization examiner, and the special deputy clerk of the court having charge of naturalization work had a conference, and as a result of that conference, and of the presentation of the plans of the Bureau of Naturalization to the judges, the judges said, "We will take care of all the cases that arise in Manhattan in our jurisdiction."

From that is the inference unreasonable that the enlargement of the naturalization office in New York and the increase of the United States district judges were both essential inter-related parts of one deep-laid scheme to build up a large local patronage machine?

Now, I take it that the Members of this House will consider the local situation and what the people of the city of New York want, instead of what a patronage-hunting machine may want. The Republican organization there does not stand for the principles of the Republican Party at large throughout the United States.

Furthermore, the people of New York are opposed to this bill because they do not want to see the district court of the United States enlarged until there is some improvement in its personnel and procedure. How pleased do you imagine the people of New York will be to learn that this bill is passed granting an increase of two more judges who will doubtless be of the same type as those who are already on the bench of the district court—men who come from the bosom of reactionary social strata—

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

Mr. GRIFFIN. Men whose sympathies are invariably with the corporate interests of the city, the railroads, and other public-utility corporations; men whose reputation throughout the country among members of the bar is that they are domi-

nated by the corporations? An eminent lawyer in New York, one of the ablest men practicing in the United States courts, the author of a valuable Federal practice work, once told me in the presence of witnesses that it was a well-known fact then—three years ago—that the District Court of the United States for the Southern District of New York was practically owned by the railroads and the big corporations.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. GRIFFIN. I need five minutes. May I proceed for five additional minutes?

The CHAIRMAN. The gentleman from New York asks unanimous consent to proceed for five additional minutes. Is there objection?

There was no objection.

Mr. GRIFFIN. He said that whenever there was a judge to be appointed for the southern district of New York either the Pennsylvania Railroad, the New York Central Railroad, or some local public-utility corporation was sure to dictate the appointment.

Take the New York Times of to-day. Here we find a judge of this particular district asked to lend his support to the granting of an injunction designed to put the burden of an increased tax on the people of New York in increased telephone charges.

The New York Telephone Co. makes an application to the district court for an interlocutory injunction restraining the public service commission of the State of New York from interfering with its increase of telephone rates. Attorney General Carl Sherman, representing the State, said in his brief that the proceedings of the telephone company were practically an invitation to the Federal courts to usurp the functions of a State body. He continues further:

"Never before has there been a case," he said, "where a matter was pending before a State body that the Federal judges had been asked to prevent the State officers from even making a decision in a matter pending before them. Heretofore public utilities have had the good grace to wait until either a temporary or final order had been made by the State officers before appealing to the United States courts."

The administration of receiverships in the southern and eastern districts of New York has long been a public scandal, and if a citizen, or even a public officer, dares to open his mouth in protest he is fined or slapped into jail for contempt. You remember the case of Comptroller Craig. He made a criticism of a certain judge that every fair-minded citizen in New York knew to have been absolutely true. He was haled before the court and actually punished with a jail sentence, and it required the intervention of the President with an Executive pardon to keep this high-minded, public-spirited official out of prison. The only saving circumstance in the whole ridiculous travesty was that the Hon. Martin Manton, a judge of real sterling merit, ability, and courage, intervened at one stage in the proceedings to prevent the fall of the judicial ax.

The New York World some time ago made an exhaustive study of the receivership scandal in connection with the United States district courts. Frank L. Hopkins and Henry F. Pringle, of the World staff, made an analysis of 233 separate cases.

They found that the courts of the southern district of New York in the last seven years have been carrying on various businesses through receiverships, involving a turnover of about \$60,000,000 and having nominal assets of over \$750,000,000. The patronage in all of this has been enormous—receivers, special masters, auctioneers, engineers, accountants, all designated by the court.

The fees paid to all of these have been prodigious; \$7,695,498.46 of payments authorized have been analyzed as follows:

Compensation to receivers.....	\$3,405,086.96
Paid to attorneys for receivers.....	2,610,636.83
Paid to other attorneys.....	883,780.82
Paid to special masters.....	151,731.49
Paid to appraisers, auctioneers, accountants, engineers, and others for special services.....	644,262.36
Total.....	7,695,498.46

It appears also from this analysis that out of the 233 concerns taken over by the court only 35 reorganized or will be able to reorganize. The practical, net result of the court's intervention, owing largely to the red tape and the heavy mulcting of the concerns for exorbitant fees, has been the liquidation of most of the concerns that are intrusted to the tender mercy of "judicial" supervision.

Dickens in Bleak House, has been equaled, if not outdone, Dickens in "Bleak House," has been equaled, if not outdone, in the United States district court; and well might the warning be put above the door:

Abandon hope all ye who enter here.

The aim of everyone connected with these receiverships seems to be to prolong the proceedings as far as possible and to get as much as possible out of the "assets," even if the creditors never get a cent. Only too often the lawyers get the oyster and the creditors are left the pleasure of drawing lots for the two parts of the shell.

For instance, in the cases analyzed by Messrs. Hopkins and Pringle, where the creditors got nothing, the receivers and their counsel collected allowances and fees of \$234,000.

Here are some of the fees paid in cases where something has been realized or where it is hoped something will be realized:

In the Aetna Explosives Co. case:	
Governor Odell and former Judge George C. Holt received.....	\$609,000
Winthrop & Stimson.....	347,500
Stanchfield & Levy Ingraham, Sheehan & Moran, and Thornadyke, Palmer & Dodge.....	185,000
Other lawyers.....	89,700
Total.....	1,231,200

All of these men appear as drawing large fees in many other receiverships. They are all, or have been, active in politics. Benjamin B. Odell was former governor of New York State. Henry L. Stimson served as United States Attorney for the southern district of New York from 1906 to 1909, and ran unsuccessfully for governor in 1910. Later he went into the Cabinet of President Taft as Secretary of War. The records show that while they may have been politicians, they are by no means pikers. They seem to have got the cream.

The receiverships of the Brooklyn Rapid Transit Co. and the New York Railways furnish another example of the liberal patronage dispensed by this court:

Receiver Lindley M. Garrison and his counsel, Carl M. Owen, received as fees.....	\$475,000.00
And as expenses to Owen.....	12,622.00
Larkin, Rathbone & Perry, fees.....	75,000.00
Larkin, Rathbone & Perry, expenses.....	21,831.78
E. Henry Lacombe, special master.....	52,500.00
P. J. McCook, special master.....	15,000.00
Job E. Hedges, receiver.....	125,709.68
Winthrop & Stimson, attorneys for receiver.....	245,100.00
Winthrop & Stimson, expenses.....	12,985.66

In addition to this were big allowances to engineers, certified accountants, and more special masters, and so forth, too numerous and too tedious to mention.

I do not blame a single judge in distributing this patronage, nor a single man who received it. They were simply cogs in the wheels of an obsolete legal machine which ought to be abolished.

The moral of my story is that they should be content with the patronage and power they have for the brief time, I hope, they will have it. They ought not to be reaching out to take naturalization matters out of the control of the State courts as an excuse to come to Congress asking for an increase of judges in their court. The judges of the New York Supreme Court are not complaining of the work. They are willing to do it and are doing it ably and satisfactorily. They ought to be permitted to continue in this and the United States district court ought to be satisfied with the judges, the jurisdiction, and the powers that it has.

This is a measure affecting the city of New York, and I ask you gentlemen who come from the farming districts of the West and South to consider our needs as you ask us to consider yours, and not give ear to specious arguments for the enlargement of a court, the main purpose of which is the aggrandizement of political interests which are largely hostile to the welfare of our city. [Applause.]

Mr. SUMNERS of Texas. Does the gentleman from New York [Mr. PERLMAN] desire to use any more of his time at this time?

Mr. PERLMAN. Not at this time.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen of the committee, the question very clearly is whether or not there should be added two judges to the southern district of New York. I desire to direct the attention of the committee to some statistics with regard to the condition of business in that district as shown from the hearing before the Judiciary Committee on this bill.

On June 30, 1923, there were pending 1,151 cases in equity. On December 31, 1923, six months thereafter, there were pending 561 cases in equity.

On June 30, 1923, there were pending 2,184 law cases.

On December 31, 1923, there were pending 1,647 law cases.

On June 30, 1923, there were pending 3,518 admiralty cases.

On December 31, 1923, there were pending 1,830 admiralty cases.

The records of this court further show that during the year 1922 there were filed 607 equity cases, and during 1923 only 545 equity cases.

In 1922, 1,002 law cases were filed; in 1923, 648 law cases.

In 1922, 1,386 admiralty cases were filed; in 1923, 787 admiralty cases.

It is to be borne in mind also that a vacancy in the list of judges, exclusive of those provided for in the omnibus bill of September 14, 1923, had obtained from October 5, 1921, to March 2, 1923. In other words, there had been only three regular judges in this district during that period, and the two additional judges provided for by the act of September 14, 1922, were not appointed until the first part of the year 1923, so that these three new judges were sitting somewhat less than six months during the year 1923, through which period this reduction in pending business is shown.

That district which from October, 1921, to March, 1923, only had three regular judges now has six regular judges.

It is said there is a row on between the organized Republicans of New York and the organized Democrats of New York as to these judgeships. But the question for us to decide is, What shall the House of Representatives do in regard to putting two additional judges upon the pay roll in New York for life and for the lives of their successors? The people of the United States have got to pay the taxes. This bill proposes to give that district two additional permanent judgeships. Gentlemen, we have enough Federal judges. It is claimed now they are not properly placed. They say now that outside judges ought not to be sent in from districts where they are not needed to clean up this district. Nothing will do now but two more permanent resident judges, they say. Gentlemen, there are some things we all must stand for, and one of those things is the Federal judiciary shall be kept, as nearly as we can keep it, free from the influence of partisan politics. [Applause.]

When this administration came into power there were 106 district judgeships. That is correct, approximately. In one bill this administration—in an omnibus bill that no administration ought ever to pass, whether Democratic or Republican—added 22 district judges. I opposed that bill then, and you gentlemen will recall that in the discussion of that bill here it was shown beyond doubt that there were judgeships being provided for districts where the business would not justify their appointment. They were not needed there. It was a pork-barrel judgeship bill.

It was then argued on the floor of this House that those judges appointed in the districts where the business would not justify their appointment would be shifted to take care of just such conditions as obtain now in the southern district of New York. That is the fact. That is the record. That is what was argued until these 22 judges were safely attached to the pay roll for life. That was bad business. That sort of business does not help to hold public confidence in the Federal judiciary. If it is evident that politics enters into the creation of a position it is not possible to convince the public that political considerations end short of the appointment. And now when the facts show that a goodly number of these judges are not needed in their respective districts, and that they might be moved into the southern district of New York, the whole argument is reversed. The contention is now made that such a use of these judges is not desirable; that such a use is expensive, and so forth. Nothing will do, we are now told, except to add two new judges. In other words, having stuffed the Federal judiciary from one end and provided 22 jobs at one time for the faithful on the theory that those not needed in the districts where they reside could be used abroad, it is now proposed to stuff the judiciary from the other end on the theory that it is not desirable to so use these idle judges, and we must have some new resident judges.

We gave a new judge to the northern district of Texas because we had a congested docket. I read this clipping from a paper published in my home city which came in just the other day. It states that Judge Atwell is being assigned to the southern district of New York, and this is the concluding part of the statement:

Judge Atwell came on the bench from the northern district of Texas with a congested docket and within the 12 months' period he had brought the docket up to date.

I doubt not, gentlemen, that what is true of this docket is happening with regard to dockets in other sections of the country. I know it is happening in these courts where the judges work as does Judge Atwell.

In considering this matter of congestion in the Federal courts you gentlemen should bear in mind that after you got control

of both branches of the Congress during the last two years of Mr. Wilson's administration you permitted very few judgeship bills to pass. You did not even permit the filling of vacancies which occurred in districts.

You permitted congestion to increase through a failure to provide the judges required by law and required by the business of the country in order, I think it a fair assumption, that a Republican President might fill these places after the next election. Maybe you can justify that procedure, but unquestionably it added to the congestion and it helped this administration to make a record for appointing Federal judges unequalled, unapproached in the history of this country. In addition to the 22 district judges provided for in the omnibus bill, this administration in three years has appointed 26 district judges, making a total of 47, approximately one-half of the total number authorized by law on September 1, 1922, and now you want the opportunity to appoint two more in a district which already has six regular judges and into which you can send a half dozen or a dozen of these omnibus judges, at least some of whom you knew at the time they were appointed were not needed in the districts where they were appointed. I do not like to make these statements, but they are facts. I tried to keep you from doing what you did at the time. You acted with your eyes open.

Besides this, of these 22 judges provided for September 14, 1922, in the omnibus bill, it is shown by the records of the Department of Justice that all the political kinks had not been straightened out when the list of judges was published the last of January of this year; there were two appointments yet to be made. But they have all been made now, and for the balance of their lives they are safely and permanently attached to the Federal pay roll.

What are you going to do with them if you are not going to use them to help clean up the docket of the southern district of New York? Of course, you will have to pay their traveling expenses and \$10 per day in addition to their salaries when they are out of their districts. But you knew that when you created their jobs and when they were appointed.

Mr. HUDSPETH. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. HUDSPETH. We also provided a judge for the State of New Mexico and for the State of Arizona among the 22, did we not?

Mr. SUMNERS of Texas. Yes.

Mr. HUDSPETH. And the record shows that Judge Duval West, of the San Antonio district of the western district of Texas, tried more cases last year than those four judges down there.

Mr. SUMNERS of Texas. I suppose there is no doubt about it. And these are not the only districts where unnecessary judges were located. Gentlemen, I do not care whether it is a Democratic administration or a Republican administration; I say to you as one man who believes that he is a patriot as you believe you are patriots that you can not afford to juggle and play politics with the Federal judiciary of this country.

You can not afford to come in here and create judgeships for districts like New Mexico and justify your attempt to do it in the first instance by saying that you will shift them to districts where congestion obtains, and then when the judges in New Mexico, Arizona, the eastern district of Illinois, and in a number of other districts which could be enumerated, are not needed, you propose to give jobs to two more judges in the southern district of New York on the plea that these other judges can not be satisfactorily shifted.

Mr. SNELL. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. SNELL. I was influenced by the statement made by Chief Justice Taft when he said that the southern district of New York is absolutely congested in its business, which really results in a denial of justice. That statement by Chief Justice Taft influenced me in bringing this proposition to the floor of the House, and further, I was definitely informed that there was actual need for these judges. I never heard anything about the political proposition until yesterday afternoon. I want to make my position absolutely plain to the Members of this House.

Mr. SUMNERS of Texas. We understand the position of the chairman of the Rules Committee. There is not a Member of this House for whom I entertain a higher regard. Now, gentlemen, we put a man in New Mexico where there was already a Federal judge who had tried in the preceding year but 44 cases, criminal and civil. With all respect to the Chief Justice of the United States, he came before the Judiciary Committee when this omnibus bill was pending, and recommended 18 judges who should be moved around over the United

States in order to clean up exactly such conditions as obtain in the southern district of New York.

Mr. MICHENER. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. MICHENER. Was New Mexico included in the 18?

Mr. SUMNERS of Texas. No.

Mr. MICHENER. And Arizona was not included in the eighteen?

Mr. SUMNERS of Texas. No.

Mr. MICHENER. Those two were put on by the Senate, and the recommendation for the two did not come from the Judiciary Committee?

Mr. SUMNERS of Texas. New Mexico was put in in the Senate, and over my protest the House agreed to accept.

Mr. MICHENER. And they did not have Chief Justice Taft's recommendation?

Mr. SUMNERS of Texas. No; but the point I make is that Chief Justice Taft advocated 18 judges who should be moved over the States in order to take care of congested conditions in particular districts.

I want to call your attention to this particular district. I am not going to charge, gentlemen, that this situation has been juggled with. I am going to state the facts and let them speak for themselves. It is a fact that a vacancy was held open there for one year and a half—I mean of one of the four regular judges—while they were trying to straighten out the kinks in the Republican organization in New York, and no man on the floor will contradict that.

Mr. BLACK of New York. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. BLACK of New York. I wonder whether the gentleman has any suspicion as to whether or not this bill came in here to help solve the problem that was then presented to them.

Mr. SUMNERS of Texas. I do not know. I do not like to deal in suspicions when we have so many plain facts.

Mr. TINCHER. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. TINCHER. What was the trouble? Could they not find a judge up there who would enforce the prohibition legislation?

Mr. SUMNERS of Texas. No; I will tell you what was the trouble. There were three or four Republicans who wanted jobs and you had but one job created by the elevation of one of the judges to the circuit bench, and you held that job open, while congestion increased, until you stuffed two more men into the omnibus bill, which gave you three jobs, and then you were able to straighten out the kinks with three judgeships when you could not handle them with one. That is the absolute fact about it. [Applause.]

Now, gentlemen, it seems to me that these 22 new judgeships in less than three years ought to be about all that any group of Republicans solicited for the record of their party with reference to the Federal judiciary ought to be willing to stand for. They were provided for in September of 1922, and when the good year 1924 rolled around they had not yet all been appointed. They had a vacancy in the southern district of California, only recently filled. I see my friend from California smiling. They had one in Oklahoma, and they juggled around with important Republican politicians until very recently before that place could be filled. But the question is: What are we going to do this afternoon with regard to attaching two additional Federal judges upon the pay roll of this country, when many of these 22 judges have nothing to do—at least a number of them?

Mr. DEMPSEY. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. DEMPSEY. Is there any dispute about these two facts: First, that it will take two years and a half to reach certain classes of cases in the southern district of New York, and second, that it costs \$70,000 a year to reduce the calendar, as the gentleman has described, by importing these outside judges, whereas it can be reduced in the same way at an expense of \$18,000 by adding these two judges?

Mr. SUMNERS of Texas. I want to answer the gentleman, and this is my idea about it: If the statement of gentlemen favoring this bill is correct, you need in New York to move into that territory a number of these omnibus judges put on in 1922, that have nothing on earth requiring their presence in their respective districts except to try to entertain their associate judges in their districts. [Laughter.]

You ought to move them in there and put them to work and clean up that docket and then the judges now there—six of them—should keep it clean.

I want to say, gentlemen, the time has about come when we have got to let some of these Federal judges, who think that their chief business is to attach themselves from now on to the

Federal pay roll—I do not know about these men up here—know they must work if they are to hold their jobs. Nobody has a right to draw money from the Treasury under the false pretense that he is earning his salary. The judge of my district works.

What are you going to do with these extra judges out in New Mexico and Arizona and other districts now supplied by the omnibus bill? They have nothing else to do. What are you going to do about that? Let them stay at home and do nothing, and appoint other permanent judges to clean up the temporary congestion?

Mr. DEMPSEY. Will the gentleman yield further?

Mr. SUMNERS of Texas. Yes.

Mr. DEMPSEY. It does seem to me that you ought to do it in a businesslike way, and if it is going to cost four times as much to import these judges as it will cost to appoint two additional judges, you ought not to get your remedy by paying \$4 where \$1 will answer the purpose.

Mr. SUMNERS of Texas. I agree with the gentleman.

Mr. DEMPSEY. Will the gentleman yield just one moment further?

Mr. SUMNERS of Texas. Yes.

Mr. DEMPSEY. I think you ought to pass a measure to lessen the number of judges where you do not need their services, but you ought not to deny relief in the city of New York where you need the additional judges.

Mr. SUMNERS of Texas. You gentlemen ought to have acted on that policy when I plead with you to do it in 1922, but we are not denying them where they are needed. We have all sorts of district judges that will be getting rusty. They have got to keep in practice because once in a while they will get a case in their district and must know how to handle it. And you must bear in mind that for a year and a half you had but three judges in this district of New York, where you now have six, and bear in mind also that when you passed the bill in September, 1922, you were not able to straighten out your kinks in New York until the next year when you put the other two judges on and also filled the protracted vacancy. You had three vacancies from September, 1922, until January, 1923, one of which vacancies had extended from 1921.

Mr. DEMPSEY. Of course, during all that time, if the gentleman pleases, the business was piling up in New York.

Mr. SUMNERS of Texas. Yes.

Mr. CELLER. If the gentleman will yield, the difficulty, if any, existing in New York now is only temporary and yet you are providing here a permanent remedy and when the situation clears up you will still have the judges appointed who will be doing nothing.

Mr. PERLMAN. Will the gentleman yield for a question?

Mr. SUMNERS of Texas. For a very brief one.

Mr. PERLMAN. I call the gentleman's attention to the fact, as a matter of information, that not only have the number of cases increased, but the naturalization work now has to be done in the Federal courts.

Mr. SUMNERS of Texas. The gentleman will yield me such time as he consumes of my time?

Mr. PERLMAN. I will yield the gentleman as much time as I take. I want to call the gentleman's attention to the fact that the naturalization work in New York has been transferred to the Federal court because the Supreme Court of New York that had the work was 10,000 cases, or over two years, behind. This is additional work on the Federal court which they did not have before and should require at least one judge in daily attendance all the time in order to handle the naturalization work in New York.

Mr. SUMNERS of Texas. Does not the gentleman think that the new naturalization bill will relieve them somewhat of that work?

Mr. PERLMAN. No.

Mr. BLACK of New York. Does not the gentleman think we ought to be a little charitable? This is about the only thing the President asked for in his message that he is likely to get from that side. [Laughter.]

Mr. LOWREY. Will the gentleman yield just a minute?

Mr. SUMNERS of Texas. Yes; I yield.

Mr. LOWREY. I just want to say that the gentleman is at least consistent, because I have approached him twice about a new judge in my State, and he has answered me positively that he will not favor it in the committee, because he is not willing to be piling up new judges for life when temporary judges can go in and relieve the dockets, and that he will not favor the appointment of new judges for a lifetime under such condition.

Mr. SUMNERS of Texas. Gentlemen, seriously, I do not think this bill can be justified. I do not think it can be justified by anybody under the present circumstances.

You have these six judges there now. The statistics show a decrease in the filings in that district; and no gentleman will stand in his place on this floor and say that there are not enough idle district judges now in the United States to move into the southern district of New York and clean up that business.

I say that no gentleman will stand in his place now and make that statement because he would not be justified. With that situation, gentlemen, confronting you, with the heavy public expense, with the record already that you have added 22 new judges by one bill, increasing by 20 per cent the existing number of Federal judges, with these idle judges, how can you gentlemen face your constituencies demanding reduced expenses? What can you offer in excuse except that you are trying to give jobs to somebody? It is not true in your heart that you want to do that; you are not built that way. You have enough to face in the omnibus Federal judiciary bill.

Now, I do not want to take any further time.

Mr. TINCHER. Will the gentleman yield?

Mr. SUMNERS of Texas. Yes.

Mr. TINCHER. Does the gentleman think that the Democrats are fighting this bill because they want Al Smith to make the appointments?

Mr. SUMNERS of Texas. Here is what I think about it. I will be candid with the gentleman. I do not speak for Tammany—Tammany might not fight the bill if out of the two one Democrat could be appointed.

Mr. TINCHER. I understand that is the proposition.

Mr. SUMNERS of Texas. That might be so. I assume from their position, if that is true, that it is understood that no Democrat is to be appointed if the bill passes. I am assuming that.

Mr. TINCHER. I do not know.

Mr. SUMNERS of Texas. I am assuming that. I do not speak for Tammany. I speak for myself and in a sense for this side of the House. I give the gentleman my own views. There are already four Republicans on the bench of that district. I understand there are two Democrats—I do not know how much democracy they have in their systems. But as between the contention of the two New York political organizations, the Republican and the Democratic, which is correct if you are going to undertake to preserve any semblance of nonpartisanship in your judiciary?

I say that there ought to be in that court not more than two to one of any political party. That is what I think about it. [Applause.]

The CHAIRMAN. The Clerk will read.

The Clerk, proceeding with the reading of the bill, read as follows:

Be it enacted, etc., That the President of the United States, by and with the advice and consent of the Senate, shall appoint two additional judges of the District Court of the United States for the Southern District of New York, who shall reside in said district and who shall possess the same powers, perform the same duties, and receive the same compensation as the present district judges of said district.

Mr. CELLER. Mr. Chairman, I move to strike out the last word. Mr. Chairman, while I was in the lobby I believe the gentleman from New York stated that probably I did not know much about the situation, because I did not happen to be a resident of that part of the judicial district covered by this bill to create two additional judgeships for the United States District Court for the Southern District of New York. I live just across the river from that district in Brooklyn, and I do know something about the district court for the southern district of New York, because I have practiced in that court for the last 10 years. I know something about the complexion of its judges, the character of the judges, and the particular kind of judicial procedure in that court. I believe it was rather in bad taste on the part of my good friend from Michigan [Mr. MICHENER] to use Governor Smith's remarks on prohibition as a stalking horse for the logic and argument. It is unfair to bring in the governor and his attitude toward prohibition and thereby raise dust to becloud the issue. Governor Smith, one of the finest executives of the Nation, is not an issue in this bill.

The question is whether there is a necessity for the two judges and whether this Congress shall approve some wretched practices obtaining in that court. Yesterday I pointed out that the calendar of that court was not as congested as the proponents of this bill would have us believe. But furthermore there is the rotten system that now exists in this particular court with reference to equity receiverships. I believe you should know something about it. If you will take the trouble to examine carefully into the equity receiverships in that court and the

practices of the judges now resident in that court apropos thereof, you will not put the seal of approval on those practices by voting for these two judges, so that you might thereby have two more judges to augment and continue the practice. I know for example that there is one particular judge on that bench who has been a flagrant offender in this regard, although every one of the six judges of that court are not without guilt.

Mr. PERLMAN. A point of order, Mr. Chairman; the gentleman is not speaking to the bill.

Mr. BLANTON. Oh yes he is.

The CHAIRMAN. The point of order is overruled.

Mr. CELLER. We find that it costs the people of the city of New York millions of dollars that have gone into the pockets of certain attorneys and certain receivers and certain custodians and certain auctioneers, and all the many other attachés of receiverships who have only been dyed-in-the-wool Republicans, and just because they happen to be on the Republican side of the political fence receive emoluments far in excess of what their labors entitle them to. Governor Odell was the receiver in two cases and received \$373,500. The judge who appointed him had some years ago received from Odell a State nomination in New York. The receivership plums were the redemption of the political debt. There is no man living who could really earn \$375,500 in any two receiverships. The whole business, as is said in Hamlet, "smells to heaven."

Former District Judge Holt acted as receiver in one case and received \$304,500, and the law firm of Winthrop & Stimson, the latter of whom was the Republican Secretary of War, received as attorney's fees for a receiver in one case \$593,450. Gentlemen, are you going to countenance that kind of practice? I could go on and on and on and show you situations which really constitute a menace. Until this menace is destroyed let us not appoint any more judges who are bound to be selected from the political party that thrives upon these rotten equity receiverships.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CELLER. Mr. Chairman, I ask unanimous consent to extend my remarks in the Record.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CELLER. Under such leave I desire to insert extracts from a very illuminating and instructive article upon these equity receiverships written by Mr. Frank L. Hopkins, under the auspices of that liberal and forward-looking newspaper, the World, of New York. The World has rendered a splendid service in inducing the writing and publishing of these articles:

INTRODUCTION

In an effort to ascertain the extent to which the Federal courts have been engaging in business through receiverships, the World has made careful investigation of the entire subject, 233 separate cases having been analyzed by Frank L. Hopkins and Henry F. Pringle, of the World staff.

The articles setting forth the results of their inquiry, republished herewith after their appearance in the World had provoked wide and approving interest, have no other purpose than to present the facts concerning the system which the Federal judges are called upon to administer. Whether the system is good or bad is a question which can best be determined by a study of the conditions which have arisen since it came into operation.

UNITED STATES COURTS IN BIG BUSINESS HAVE ANNUAL TURNOVER OF \$60,000,000

This is the story of equity receiverships in New York City; the story of the Federal courts going into big business.

It is the story not so much of individuals as of a system to which eight Federal judges in New York City and scores of others throughout the country are compelled by existing laws to bow. Some of the judges approve the system. Some do not. Many of them find the work that is involved, embracing as it does business administration more than law, distasteful.

Under the procedure, as it has been dictated by Congress, the courts of the southern district of New York for the last seven years have been carrying on businesses through receivers with an aggregate annual turnover of approximately \$60,000,000—as large as that of the Lehigh Valley Railroad.

One judge alone has supervised commercial dealings as large as those ordinarily handled by the administrative officers of a city of 600,000 people—and this in addition to the ordinary run of other court business.

The patronage that is involved, as is freely conceded by the judges themselves, is enormous. There are receivers to be appointed, attorneys for receivers, special masters, auctioneers, engineers, accountants, all subject to designation by the court. There are fees and frequently very large fees, which it is the province of the court to award to each

of these participants in the conduct or liquidation of the commercial concerns.

There is a touch of romance in the story. In the gloomy chambers of the old post-office building sits a judge to whom is paid what many regard as a pittance of \$7,500 a year. Yet with one hand he may be touching the wires which pull the copper out of Mexican mountains, direct the operations of ships on the seven seas, or control the work of negroes on southern sugar plantations, while the other runs a street railroad or two in New York City, and a dozen or so miscellaneous manufacturing enterprises.

All this is made possible because the courts, under the law as it exists to-day, are called on to do what ordinarily successful business men acknowledge they can not do—take a failing business and revive it. A friendly creditor or a group of friendly creditors complains that the X. Y. Z. Co. can't pay its debts, although its books show assets in excess of its liabilities, and that diversity of State citizenship between the corporation and one or all of the creditors makes it necessary to seek the jurisdiction of the United States court. The X. Y. Z. Co. acknowledges these allegations are true.

The concern may be in fact bankrupt. The judge may believe it to be bankrupt. But unless one of the creditors will make an affidavit that such is the case, thereby involving liability to himself if he has guessed wrong, the court has virtually no other course than to appoint an equity receiver to take over and operate the X. Y. Z. Co. In practice, the only accepted justification for refusing is a suspicion of attempted fraud or on the ground that the allegations of the complaint do not themselves set forth a cause of action.

RECEIVER MERELY AN ASSISTANT

Having appointed a receiver the judge occupies a position not dissimilar to that of the president of a large company. The receiver is the assistant to the president—sometimes also the business manager. It is with the success or failure of this system in operation, the patronage, the character of the appointments, the awards for services, that the World inquiry has dealt. Among the chief facts disclosed are these:

1. That between January 1, 1917, and December 1, 1923, the Federal courts of the southern district of New York have taken over 233 separate business enterprises, with nominal assets in excess of \$750,000,000. These figures have not included unimportant ancillary receiverships.

RECEIVER PAYMENTS AUTHORIZED

2. That through receivers the judges have carried on a business for which, based on the receipts from operations, a minimum of \$428,000,000 can be fixed. This does not include the completed transactions of several receiverships concerning which up to date reports were lacking in the files.

3. That in connection with their operations eight judges have authorized payments of which clear record was found either in judicial orders or receivers' reports of \$7,695,498.46, divided approximately as follows: \$3,405,086.96 as compensation to receivers; \$2,310,536.83 as allowances to attorneys for receivers; \$688,760.82 to other attorneys, including those for the petitioning creditors; \$154,781.49 to special masters; \$644,262.38 to appraisers, auctioneers, accountants, engineers, and others called on to perform services. A negligible proportion of these payments included reimbursement for expenses.

4. That the great majority of the receiverships have resulted not in saving the business but in liquidation, and that of the 233, only 85 reorganized or will reorganize on a basis to give the general creditors nominal payment in full.

5. That even where there has been nominal payment in full, it has almost invariably been not in cash but in stock or notes, the value of which has depended on the future success of the reorganized company.

6. That there has been the repeated appointment of certain lawyers to positions as receivers, attorneys for receivers or special masters, out of which the recipients have made large and in a few instances enormous incomes.

7. That receivers frequently have conducted operations for the court at a loss, thus further depleting the assets which on the records at the inception of the receivership are available for distribution to creditors. It is contended in justification for this practice that such operation, even at a loss, is frequently advantageous to the creditors, since it sometimes makes possible the sale of a business as a going concern instead of at junk value.

8. That in some of the liquidations there have been allowances to receivers and attorneys which, taken with the other expenses of the receivership, have exhausted from 50 to 100 per cent of the funds that otherwise would have been available for the unsecured creditors.

9. That receivers' certificates, issued under the stamp of approval of the Federal court, have been dishonored because when the receiver got through with his operations there was not enough left to pay them.

NEW CREDITORS CREATED

10. That in several instances receivers have incurred obligations in the conduct of the business which they were unable to meet, thereby adding to the first group of creditors, who got nothing, a second group who got next to nothing. In seven shipping cases the receiver was

able to pay only 1 per cent of his own liabilities, amounting to many thousand dollars, although the attorneys who figured in the cases had large compensation, as did one receiver.

11. That there is in the mind of at least one of the judges a belief that the system is bad and should be changed, and that in the minds of several there is a feeling that the whole big question of overhauling the Federal receivership law merits earnest consideration.

In considering the significance of the above statements it should be remembered that they set forth only the conditions that actually have been found in the southern district of New York. But what has been going on in New York is being repeated—probably in lesser scale—in judicial districts from the Atlantic to the Pacific. In fact, the World found a record of one receiver to whom a judge in a western district made an allowance of \$240,000 a year.

In the aggregate the business of the Federal courts of the United States is reaching into undreamed millions; their direct patronage, as indicated by the results of the survey in this district, probably being greater than that of all the governors of all the States in the Union, with a few mayors and sheriffs added.

In considering the question of patronage it is necessary to distinguish between the various classes of allowances. The receivers are appointed directly by the court, and their fees are fixed by the court. Sometimes a man connected with the business or an individual selected by the creditors is put in as receiver. Often the judge places a receiver of his own selection in sole charge of a business. Often he takes one man suggested by the creditors and adds one of his own appointees as coreceiver, giving to each an equal fee. There has been wide variation of the practice of the different judges in this matter.

The attorney for the receiver also is subject to direct appointment by the court. It is the practice for the receiver a few days after his appointment or on the same day to submit an application for permission to employ a certain law firm as counsel, together with an order to be signed by the judge confirming the appointment. Although attorneys for the petitioning creditors sometimes are taken, it is well understood that certain judges occasionally suggest the lawyers who are to be employed.

The judge does not himself ordinarily appoint lawyers other than those of the receiver, although he does fix the amount of compensation they are to receive. Special masters, appraisers, special accountants, auctioneers, and others usually are appointed by the court.

MORE JOBS FOR LAWYERS

In a large proportion of the cases the receivers are lawyers, but, no matter how small the receivership may be, it appears that the lawyer-receiver is virtually never able to handle the legal end of it. About his first step is to get another man on the pay roll by asking the judge to appoint an attorney. Next in order come the special accountants and special masters and finally the appraiser, who is called in to view the corpse before it is consigned to the auctioneer.

On going through the papers in a good many cases where the assets are small one wonders just what there is left for the receiver to do after he has hired the various assistants. Cases are on record of the appointment of two firms of lawyers for one receiver in one day.

Incomplete returns in the Federal files have made it impossible to determine exactly how much the creditors have received in comparison with the \$7,700,000 allowances for service made to the other important figures in the receiverships. It is, however, possible to present an approximately accurate picture of what has happened to the creditors in each of the 233 cases which were studied.

Because he is the outsider, whose claim is not protected by any sort of a mortgage or other lien giving him a prior claim on the assets of the estate, the general creditor has been taken as a standard. It is found that in 26 out of the 233 cases the general creditor has received nothing, and the indications from the reports are that he will receive nothing. Twenty-eight additional cases ended in an adjudication of bankruptcy, which means generally that the general creditor's chance of recovering any substantial portion of his claim is slight.

CREDITOR'S CHANCE SLIM

There were 42 cases where a study indicated that the general creditor will not receive more than 75 per cent of his claim as allowed—in most of them very much less than this, the prospective or actual payments running as low as 1 per cent. In 24 cases the reports indicate the general creditor will get something in excess of 25 per cent and less than 100 per cent, while in 29 others he had not been paid in full and there seemed no prospect of his being paid in full on the records available, the available data being insufficient to warrant even a guess at the exact amount.

In 49 cases not the slightest indication was found in the papers of what is going to happen to the creditor, while there were 35 receiverships in which the general creditor nominally was paid in full or the promise was made he would be paid in full. What he actually received in nearly all of these cases was a small percentage of his claim in cash and a gamble on the future prospects of a reorganized company through issuance to him of stock or notes in the new company for the balance of his claim. Actual cash payments in full have taken place only in an insignificant number of cases.

In the receiverships where the general creditors got nothing the allowances to receivers and counsel have amounted to approximately \$234,000.

SOLVENCY ALWAYS CLAIMED

In order to understand the significance of the above figures it is necessary to know that almost invariably the judge appointed a receiver only after an allegation had been made to him that the person or corporation going into receivership was solvent. Frequently the order of appointment referring to the defendant company notes that the company appears to be solvent. The company itself in consenting to the receivership has filed a sworn statement in effect claiming solvency.

And yet in only about 15 per cent of the cases are the general creditors of nominally solvent companies getting payment in full in either cash or the promises of a reorganized company. Company after company is being operated by the receiver for a few weeks or a few months and then liquidated for a small percentage of the assets claimed when the receiver was appointed.

Thus it appears that one of two things must be true in the majority of the cases: Either the courts are appointing equity receivers for companies which are bankrupt at the time of the appointment or the receivers' operations are on the whole a miserable failure.

No ordinary business man has the advantages of carrying on business which fall to the lot of the court. The creditors who may be pressing for the collection of sums long due them are blocked. The order of appointment carries with it an injunction forbidding any creditor to begin any action at law against the receiver to collect the amount which is past due.

HARD TO COLLECT JUDGMENT

It is true that the receiver himself may be sued in any court for damages which the receiver may have caused in the operation of the business. But even if a judgment is obtained in such a suit, collection may be difficult, since the appointing judge himself may decide, in case of doubt, whether any funds in the possession of the receiver are subject to prior liens on the estate or whether they are available for the new claims. Thus the court in business has a distinct advantage over its corporation rivals. Instances where creditors have been hung up for some three to four years before getting anything have not been unusual.

The essential facts which have been set forth above have been presented to each of eight judges, who have managed all but three of the receiverships. Their answer is that almost invariably they have been acting in accordance with the wishes of the creditors, emphatically expressed to them, in appointing the receivers, in continuing the failing businesses, and that where a receivership has not turned out well it is the fault of the creditors themselves in not seeking speedy liquidation through bankruptcy proceedings.

JULIUS M. MAYER, AS JUDGE AT \$8,500 A YEAR, EDNS ENTERPRISES OF \$300,000,000

Judge Julius M. Mayer, now a circuit judge, but none the less active in handling the big receiverships started while he was a district judge, is the "big business" man of the Federal courts.

Through receivers he is shown in the compilations that have been made in the course of the world survey to have carried on a business extending from the Atlantic to the Pacific, from Canada to Mexico, and including some of the islands of the Atlantic, for which a minimum can be fixed of \$298,000,000. In view of the business done since the filing of the receivers' reports from which the records were taken, it is certain the total business was well in excess of \$300,000,000.

MILLIONS TO COURT OFFICERS

In view of the magnitude of the operations carried on under Judge Mayer's direction, it is only natural that his allowances to those who assisted him were far in excess of those of any other judge. His own salary as circuit judge is \$8,500 a year. There have been dispensed in allowances to receivers, receivers' attorneys, special masters, and other attorneys in cases over which Judge Mayer had control, a total of \$3,519,254.04, of which \$107,500 was in the preferred stock of a reorganized company or notes.

Special accountants, engineers, and other special appointees approved by the court received \$442,490.50, making total payments found in Judge Mayer's receiverships of \$3,962,744.54. A few of these allowances have been specified as covering expenses. The amount so specified is not a large item in the total.

HOW FEES ARE DISTRIBUTED

Here is approximately the way they have been divided:

To receivers appointed by Judge Mayer, \$1,619,733.33, including the preferred stock and note allowance noted above.

To attorneys for receivers appointed by Judge Mayer, \$1,241,694.89.

To other attorneys who have figured in the cases over which Judge Mayer (in the receivership cases only), \$95,400.

To appraisers, \$3,500.

These were the payments authorization for which either was found in court orders or which were shown by receivers' reports to have been made. The figures of the payments to receivers and their own attorneys are subject to readjustment, inasmuch as in one or two instances the order merely specified the amount to be paid to the two individuals, without stating how it was to be divided.

O. K.'S THE WORLD'S FIGURES

It may be stated that Judge Mayer himself has seen the records of the World compilations, and without referring to his own records has conceded that they are substantially correct. In one instance allowances which came not from the estate but from the reorganization managers were included.

Here are some of the allowances made by Judge Mayer:

To former Gov. Benjamin B. Odell, who acted as Judge Mayer's receiver in two cases, \$373,500.

To former District Judge George C. Holt, who acted as receiver in one case, \$304,500.

To the law firm of Winthrop & Stimson, who have been appointed regular attorneys in two cases and for special service in one receivership, \$593,450 up to September, 1923.

In fairness it should be stated that these men all performed continuous, extensive, and extremely important services, for which their allowances were in remuneration.

AETNA CASE EXPENSIVE

In one of Judge Mayer's receiverships, that of the Aetna Explosives Co., there was allowed for a period of approximately four years \$1,244,200, of which \$609,000 went to Messrs. Holt and Odell, and \$347,500 to Winthrop & Stimson. Orders were found on file making allowances of \$185,000 to be divided among three other law firms—Stanchfield & Levy; Ingraham, Sheehan & Moran; and Thorndyke, Palmer & Dodge. Numerous other lawyers who figured in the reorganization of the company got allowances of \$89,700.

Twenty years ago, when Odell was governor and the big Republican boss of the State, Judge Mayer was an active figure in city and State politics. In 1904, when Odell backed Senator Platt off the map by nominating Higgins to succeed Odell as governor, the Odell convention nominated Mayer for attorney general and the latter was elected.

One of the members of the firm of Winthrop & Stimson is Henry L. Stimson, who also was an active political figure when Mayer was in the ring, having served as United States attorney for the southern district of New York from 1906 to 1909, and made an unsuccessful run for governor in 1910, later going into the Cabinet of President Taft as Secretary of War. The other members of his firm, which is acknowledged to be one of the best in the city, include Bronson Winthrop and Edgerton L. Winthrop, Jr.

ODELL'S SECRETARY A RECEIVER

Nor is ex-Governor Odell the only man from Newburgh on whom Judge Mayer has called for service. James G. Graham, who was Odell's secretary, and who was later appointed by Mayer as a deputy attorney general, was picked as receiver in a series of shipping cases, out of which he got an allowance of \$25,000. It is interesting to note in this connection that records are on file showing that in the Brooklyn Union Gas Rate case—in no way related to equity receiverships—Mayer ordered an allowance of \$42,500 to Graham, taxed against the public, for acting as special master.

Ex-Governor Odell had an almost continuous job as receiver in two big cases from April, 1917, to March, 1923. His final report in the Aetna Explosives case was dated May 22, 1920, although the final order in the case was not issued until sometime later. On March 16, 1921, Odell was appointed as receiver of Gaston-Williams & Wigmore (Inc.), a big exporting house, for liquidating which the ex-governor got allowances of \$69,000, the last of which came in the order to pay himself \$36,500 in February, 1923.

In addition to their allowances in the Aetna case, Winthrop & Stimson got a playune \$850 for some special services rendered the receiver of the D. & C. Co., a flour concern, and \$245,000 in the New York Railways receivership, which will be treated in another story.

NOMINAL ASSETS \$30,000,000

No story is more illustrative of the immense scope of the business undertakings of the Federal court than is that of the Aetna Explosives Co. When this company got into difficulties seven years ago it had nominal assets of \$30,000,000 and controlled or directly operated munition and explosive plants in 16 cities. When the receivers took charge there was not sufficient money to meet the current pay rolls, and creditors on all sides were pressing for payment of their bills.

In 23 other court districts ancillary receivers were appointed by other judges to take over the various properties and stave off legal actions in these States. By virtue of their position here Holt and Odell themselves were appointed ancillary receivers in most of the other districts. In their final report to Judge Mayer the only comment made on the fees in the other districts is the following:

"The accounts of all the ancillary receivers have been passed, their compensation paid, and they have all been discharged and their bonds canceled."

Thus Judge Mayer began the operation of one of the largest explosive concerns in the country. Plants which had been wrecked were rebuilt. A new TNT plant was erected by the receivers at Mount Union, Pa. A war was on. The sale of explosives was easy. The receivers, with the approval of Judge Mayer, made 30 separate con-

tracts with the United States Government and France for delivery of picric acid, TNT, smokeless powder, gun-cotton, and benzol. In their final report the receivers' record they did a total of more than \$82,000,000 in business. It was done at a profit.

MANY CLAIMS CONTESTED

Meanwhile an attack was opened on the claims against the company. In this connection it should be stated there are three ways in which the justice of a claim against a company in receivership may be adjudicated. It may be settled by negotiation between the receiver and the creditor. Or if no adjustment is reached, it may be decided directly by the judge having charge of the receivership, or a special master who is himself an appointee of the judge and whose findings are subject to review by the judge.

Except on an appeal to the circuit court or by the express permission of a Federal judge court the creditor can put his claim before no other tribunal. Nor can he get a trial by jury unless the court directing the receivership assents. Many believe that these considerations give a receiver a tremendous advantage in negotiating with claimants.

Messrs. Holt and Odell record in their report that they adjusted claims of \$4,600,000 for \$137,000. Another claim of \$3,000,000 was settled for \$900,000. Other claims were adjusted for new contracts, and finally when the reorganization of the company came the allowed claims were all paid in full with interest. From the standpoint of the acknowledged creditors it was undoubtedly one of the few completely successful receiverships. Judge Mayer is known to be immensely proud of it and the big business which he directed.

FEES DECLARED JUSTIFIED

The extent of the business itself has been advanced to the World representative as a complete justification for the size of the awards. It is explained that such a large business naturally involved an immense amount of litigation and that the Winthrop and Stimson record of their services is itself a volume of two or three thousand pages. The other lawyers were said to have conducted successfully litigation which saved the company several times the amount of their fees.

It has been pointed out to the World that in bankruptcy cases where more than \$10,000 is involved a receiver is entitled to a fee of 1 per cent on everything that he collects. A similar fee goes to the trustee in bankruptcy who follows the receiver; and if they carry on the business, they are each entitled to a fee of 2 per cent. A referee before whom a bankruptcy estate is administered is entitled to from one-half to 1 per cent on the amount that is paid to creditors. The total allowances made to receivers and lawyers in the Aetna case amounted to approximately 1½ per cent of the actual business done.

But this was not the only receivership that Judge Mayer was running in 1917 and 1918. In addition to some which had their inception prior to 1917, he also ran the D. & C. Co., whose receiver did \$1,000,000 in business, made money, and then lost all his profits; the Batavia Rubber Co., whose receiver recorded sales of \$472,000 from June to September, 1918, and a few lesser operations.

BIG EXPORT HOUSE TAKEN OVER

The second receivership in which Odell figured was started in 1921, and its outcome was far different from that in the Aetna case, although the receivers and their attorneys got fees of \$132,000. Gaston, Williams & Wigmore (Inc.) was a big exporting house whose books showed assets of \$16,000,000 when they went to the wall.

But the receiver found that the real value of the assets was only \$4,680,000, of which more than \$3,000,000 were pledged. After making other deductions and settlements the receiver reported the total assets at the time of the receivership were \$633,145, plus certain contingent claims against the United States and Russian Governments on which little appears to have been realized.

On the basis of this figure the allowances amounted to about 20 per cent of the assets, although the amount actually passing through the hands of the receivers was much more than this. Up to November 9, 1921, they had taken in \$904,000 and disbursed \$508,000.

By way of business in this case, the receivers carried out some old contracts. Their report of October 8, 1921, showed receipts from liquidation of \$225,000 and receipts from sales of merchandise of \$230,908. As against this there was an operating expense of \$201,000 and \$202,000 for the cost of the merchandise sold. Of the expenditures \$137,000 had been for salaries, although these were said to have been greatly reduced.

CREDITORS GET 25 PER CENT

In the final order of Judge Mayer creditors' claims of \$2,226,000 were ordered transferred to Wilbur L. Ball, as nominee of the Guaranty Trust Co., on the payment of the receiver of \$66,000, thus releasing the receiver. The general creditors got 25 per cent on allowed claims. The sum of \$793 in preferred claims was paid in full. Oscar A. Lewis, the attorney, received allowances of \$41,500.

February 19, 1923, there were payments to the receiver and his counsel in this receivership of \$56,500 out of total allowances of \$132,000. The 25 per cent dividend to general creditors which was paid about the same time, amounted to \$53,334. The balance in

the receivers' hands just before the payments amounted to \$292,070.55, the difference going in the payment of the \$66,750 on the claims transferred to Ball and in various other adjustments under the settlement.

Judge Mayer is said to regard this as a very successful receivership on the ground that at its inception it looked as if the general creditors would get almost nothing, and it was only through the hard work and good business judgment of ex-Governor Odell and Mr. Lewis that they received as much as 25 per cent. The settlement undoubtedly involved a large amount of executive and legal work. Mr. Odell is said to have given virtually all his time to the case for many months.

RECEIVERSHIPS COST CITY TRANSIT LINES \$1,700,000, CHIEFLY "SPECIAL SERVICES"

As a result of its inquiry into equity receiverships the World is able to disclose to-day some of the things that have taken place while the receivers of the Brooklyn Rapid Transit Co. and the New York Railways have dragged their slow way toward the reorganization of these corporations.

These two receiverships have, according to the accounting standards set up by the transit commission, cost to date more than \$1,700,000, of which \$1,499,000 was in payment of some form of special service. Included in these items is \$444,000 for engineers and accountants, questioned by some of the auditors as being a distinct receivership expense.

Among the facts brought to light are these:

That from the inception of the receivership until his death in September, 1919, the late Theodore P. Shonts was carried on the pay roll of Job E. Hedges, receiver of the New York Railways Co., at a salary rate first of \$30,000 and later of \$20,000 a year.

HEDLEY ALSO ON PAY ROLL

That Frank Hedley, who has a big job on his hands as president and general manager of the Interborough Rapid Transit Co., is still continued general manager of the New York Railways in receivership at \$12,000.

That although Receiver Hedges has employed regular counsel at an expense of \$266,000 to November 30, James L. Quackenbush, chief attorney of the Interborough Rapid Transit Co., has been receiving \$15,700 a year additional from the receiver, his special function being to direct the legal work of the bankrupt railroad as distinguished from the litigation arising particularly out of the receivership.

Some of the payments made by the receivers of these two lines are: Brooklyn Rapid Transit Co.:

To Receiver Lindley M. Garrison and his counsel, Carl M. Owen, \$475,000, in addition to expenses of Owen of \$12,622.68.

To Larkin, Rathbone & Perry, allowance of \$75,000, and in addition expenses of \$21,831.78.

To E. Henry Lacombe, special master, \$52,500 allowance.

To P. J. McCook, special master, \$15,000 allowance.

APPRAISAL COST \$140,627

To Stone & Webster, engineers, who made an appraisal of the property, \$140,627 (shown in an accounting independent of the court records).

To Price, Waterhouse & Co., certified public accountants, \$51,968.41 (also shown in an independent accounting).

For printing, \$80,783.09.

New York Railways Co. (to September 30, 1923):

Job E. Hedges, receiver, \$125,769.68.

Winthrop & Stimson, attorneys for the receiver, \$245,100, in monthly payments and allowances under court order, and \$12,985.66 for expenses.

Price, Waterhouse & Co., \$23,750.

Stone & Webster, \$229,485.43.

Francis M. Scott, special master, \$1,000.

E. Henry Lacombe, special master, \$2,200.

Guaranty Trust Co. as trustee, \$3,500 for services and \$96,105.82 for covering expenses.

The Hecla Press for printing, \$30,230.94.

Nor do these items represent the total expense to be attributed to the receiverships. Receiver Garrison and Receiver Hedges and their attorneys have not yet received their final allowances. These may be substantial. And the matter of reorganization may prove more expensive than the receiverships themselves.

REORGANIZATION PLAN EXPENSIVE

The B. R. T. reorganization plan contains an item of \$6,484,119 to adjust claims and liabilities of the receivership not otherwise provided for, to provide for past-due taxes in litigation, to pay expenses of foreclosures and sales and cash expenses of reorganization, including compensation and expenses of committees, allowances, counsel fees, court costs, master's and referee's fees, services of experts, commissions of underwriters and syndicates, costs and taxes on incorporation and reorganization, disbursements, and miscellaneous requirements, "any balance to go to the new company for working capital."

One of the lawyers informed the World that the amount turned over for working capital would be \$2,000,000. The three banking houses underwriting the reorganized company will receive approximately \$1,300,000 for their services. Other allowances will be fixed by Judge Mayer after the work has been completed.

But it is not alone on the basis of expense that objection is made to Federal equity receivers for rapid transit and street railroad companies. A receiver in bankruptcy may not, under the law, be appointed for such corporations. The business must be kept running in the interest of the public.

STATE LAWS MADE INOPERATIVE

Objection is made, however, that by going to the Federal courts for the appointment of such receivers the companies avoid the operation of State laws, which would still be binding were the receiver to be appointed by the State court. Corporation Counsel Nicholson has pointed out, for instance, that without the permission of the Federal judge the city may not bring suit to revoke a franchise with the terms of which the receiver fails to comply.

It is largely to deal with this situation that a bill already has been introduced in Congress forbidding such companies or their creditors to go to the United States courts until the resources of the State court have been exhausted.

It will be noted that the two receivers, Stone and Webster, for their appraisal work have had total payments in excess of \$370,000. It is also recalled that Winthrop & Stimson, who received \$245,000 for services to Receiver Hedges, were also awarded \$347,500 by Judge Mayer for their services to the receiver of the Aetna Explosives Co.

The Aetna Explosives Co. (Inc.) went into the hands of Receivers Benjamin B. Odell and George C. Holt in 1917, and the final report of the receivers was not rendered until May, 1920, their actual discharge coming in June, 1921. It thus will be seen that over a considerable period Winthrop & Stimson were serving both companies. The year 1920 appears to have been their most profitable year, since the records indicate them to have received in that period \$53,200 from Mr. Hedges, in addition to nearly \$200,000 from Messrs. Odell and Holt, receivers of the Aetna.

MANAGES COMPETING LINES

The retention of Mr. Hedley as a general manager is all the more interesting in view of the fact that at certain points the New York Railways and the Interborough are competitors for the short-haul traffic.

The payments to Mr. Shonts will no doubt be a surprise even to the city administration, which thought it had made a careful examination of the transit situation. When Hedges became receiver Mr. Shonts started on the pay roll at \$30,000. This lasted for about two months. In May, 1919, Shonts received a payment of \$2,083.33, which is at the rate of \$25,000, and the following month it was dropped to \$20,000. There it remained until Mr. Shonts' death in the following September. The total payments recorded to him amount to \$13,194.42.

It is interesting to compare these payments with the fate of the general creditors in the case of the reorganized B. R. T.—now the B. M. T.—and their probable fate in the case of the New York Railways. The former road illustrates well the fallacy of the theory that creditors are paid in full when they get back stock in a reorganized company.

When the reorganization plan of the B. R. T. came out last March everybody was shown exactly what he was going to get except the general creditors. Opposite their names appeared an estimate of \$1,600,000, as the amount of their allowed claims, and after that a series of blanks. Elsewhere it was explained that they might turn in their claims if they assented to the plan of reorganization and provision would be made for them.

OPERATING CLAIMS PREFERRED

Later they were divided into two classes. First, were the operating claims—put forward by those who had sold materials to the road shortly before the receivership and who were in a sense preferred. They got an option of 100 per cent cash, or 87 per cent cash and 40 per cent preferred stock, the last to cover 13 per cent of the claim and interest which had been piling up for four and one-half years. Most of them took cash.

The general creditors, however—those who had no preference—got 25 per cent in cash and 102 per cent preferred stock. On the face of it, this looked like a fine adjustment. The preferred stock, however, on January 12 was quoted at 50¢, which means that the general creditor who had a claim of \$1,000 and is still holding his stock has, after his long wait, \$250 in cash and stock worth approximately \$516.

The tort claimants—those with claims for damages against the railroad, including the relatives of the victims of the Malbone Street wreck—were placed in a class by themselves. The 3,106 tort claims were filed with the receiver for a total of \$21,013,828.25. Of those 2,950 were reduced and settled for \$2,030,775. After waiting four and one-half years for the reorganization they were paid in full in cash without interest.

Yet the manner of dealing with the tort claimants is declared to have been particularly liberal. They were given a chance, should they desire, of bringing a suit in the State courts to fix the amounts, with the alternative of settling them either by negotiation or before a special master. Most of them chose either negotiation or a hearing before

Phillip H. McCook, the special master assigned particularly to this work. His findings were subject to review on appeal before Judge Mayer or the circuit court of appeals.

FEDERAL OFFICIAL SQUEEZED

Much worse was the fate of some of the stockholders. The World representative was told of one important Federal official who held Brooklyn Rapid Transit stock that had cost him \$1,200. He held on to it throughout the period of the receivership because he feared that its sale might be misinterpreted. He was offered the opportunity of going into the reorganization if he would put up \$35 a share in cash. He didn't have the \$600 which would be required. The result was that he took the stock to a broker and sold it for \$17.50.

In view of the fact that the city has a vital interest in the B. R. T. receivership expense by virtue of its relation to contract No. 4, under which the city hopes some time to get a return on its huge investment in subways, the World made efforts to learn just what decreases there had been in company salaries to offset the big increase brought about by the receivership.

Those in a position to know reported there had been one decrease in the pay roll, brought about by dropping as president Timothy S. Williams, with his salary of \$75,000 a year. As against this the allowance to receivers and lawyers, excluding the engineers as an expense which might possibly have been incurred anyway in connection with the transit commission proposal to take over the lines, have amounted to well over \$125,000 a year.

TEN LAWYERS ON LIST

There has been no public allotment as between Mr. Garrison and Mr. Owen of the \$475,000 already paid them, but the surmise is it will be divided about equally. But, as in the case of the New York Railways, this has not been the only legal expense of the railroad in receivership. Its ordinary legal business has been looked after by a staff of lawyers in the Brooklyn office. Last May, before the receivership ended, there were, the World is informed by those in a position to know, 10 lawyers in that office on a pay roll amounting to about \$90,000 a year.

Early in the receivership an effort was made to tax the entire expense of the B. R. T. receivership against operating expenses, which would have meant that it would have militated against the time when the city would get a return. The transit commission objected to this form of accounting and arbitrators have been selected to determine how much of the receivership bill will be charged against operating cost.

It is generally agreed that from the standpoint of the B. R. T. security holders Mr. Garrison handled the road in masterful fashion. He made many improvements, costing millions, expanded the powerhouse facilities, purchased additional cars, improved the operating methods, and the operating revenues from increased passenger traffic steadily increased in volume, so that on April 30, 1923, he showed a net corporate income of \$25,000,000 from rapid-transit and street-car operation.

COMPANIES PREFER MAYER

It has been rumored from time to time that many lawyers and executives of the big companies have preferred to have the receiverships administered before Judge Mayer. In the case of the B. R. T., the World is reliably informed that a distinct move was made to get the receivership before him.

From a reliable source it was learned that late in December, 1918, some of those who were contemplating the receivership went to Judge Learned Hand, who it appeared might be sitting in the motion term when the matter came up, and asked him if he had any objection if the matter were presented to Judge Mayer. Judge Hand is described as being somewhat surprised at the attempt to dodge him. He, nevertheless, gave his consent and the matter was presented to Judge Mayer, who ordered the receivership on December 31, 1918, the papers not being filed in the clerk's office until after the New Year's holiday.

One thing which made the examination of the New York Railways receivership difficult was that many payments to counsel had been made without the usual allowance orders being on file in the records. It was learned subsequently from Special Master Lacombe that authorization for monthly payments to counsel was contained in a letter written by Judge Mayer to the receiver in July, 1919. Since that date Winthrop & Stimson have had a regular salary of \$3,600 a month—more than \$100 a day—in addition to special allowance of \$61,500. Mr. Hedges has received \$2,000 a month plus three extra orders totaling \$17,000.

DECLARES PROPERTIES IMPROVING

Is the property of the New York Railways Co. depreciating or improving under receivership? Are conditions better than they were on the date of the receivership? Receiver Hedges presents convincing figures that they are. His reports to the transit commission to November 30, 1923, show deficit in his receivership operations of \$1,118,270.03, and in the estate account, which includes all the unpaid interest on securities, of \$13,244,267. But in these figures is included a reserve set up for maintenance and depreciation of \$5,979,258.52.

Excluding this reserve and including \$3,200,000 interest payments on underlying obligations authorized by the court to prevent foreclosures, Mr. Hedges shows a net income from March 21, 1919, to date of \$1,538,811.

At the same time the latest report shows the receiver has spent nearly \$5,000,000 on the maintenance of way and structures and a similar amount on maintenance of equipment. Although a preliminary plan has been put forward for reorganizing the New York Railways, it is yet too soon to say when and how much water is actually to be squeezed out of the securities and how soon the receivership will end. The plan does, however, call for the wiping out of the present stockholders. Outside the various classes of bondholders, the creditors' claims against the New York Railways amount to about \$1,800,000.

Mr. CAREW. Mr. Chairman, I ask unanimous consent that my colleague [Mr. GRIFFIN], who spoke heretofore on this bill, may have permission to extend his remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. PERLMAN. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. SUMNERS of Texas. Mr. Chairman, I make the same request.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. STEVENSON. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. STEVENSON: Page 1, line 6, after the word "shall," insert the words "be residents of the district when appointed and shall thereafter."

Mr. PERLMAN. Mr. Chairman, there is no objection to that amendment.

Mr. STEVENSON. Very well; I shall waste no time upon it.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from South Carolina.

The amendment was agreed to.

Mr. MOORE of Virginia. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment by Mr. MOORE of Virginia: Line 4, strike out the word "two" and insert the word "one," and in line 5, strike out the word "judges" and insert "judge."

Mr. MOORE of Virginia. Mr. Chairman, of course I believe in equipping the courts sufficiently to enable them to transact business, and in the proper administration of all of the laws within the jurisdiction of the courts. I am not concerned about any political controversy in the city of New York, or about any controversy that may exist between the two party organizations that function there. But here is a proposition to appoint two new judges forthwith, and I do not think that any harm, so far as I have been able to analyze the statistics and understand the arguments, can come from limiting the number to one at this time and delaying the appointment of the other, if it should become really necessary to appoint another, until a little later on. We can not rely too implicitly upon the alleged facts, as our experience shows. At least I can not feel the same certainty that my friend from New York [Mr. MILLS] has expressed. In 1922, what was the situation? The committee and Congress then dealt with the entire country so far as the matter of appointing additional judges was concerned. It rested its conclusions largely upon the views of the Chief Justice and the Attorney General, Mr. Daugherty; and now the views of those gentlemen are presented as a reason for adding to the number of judges then apparently deemed sufficient. At that time the southern district of New York was given two additional judges, and now two more are proposed. To show how much at fault opinion as to these matters may be, I recall that it was assumed in 1922 at the outset that in the eastern district of Virginia, where I live, there should be an additional judge. I took the matter up at once with the judge there—he does not belong to my political party, but he is a man whom I hold in the very highest esteem and honor—and he informed me that it was absurd to think that the condition of business in that court necessitated another judge, and the suggestion was abandoned. We were told at the time of the enactment of the law of September, 1922, that we might look forward into the future and assume that for a considerable time it would not be necessary to provide any new judges. Two years have not elapsed, and we are now advised that there is the most urgent necessity existing in a certain district, notwithstanding there is authority

now to make use in that district of judges appointed for other districts and for other courts, and which we were told was going to operate materially to take care of all of the necessities. The President has just appointed, or is just about to appoint, our friend from Illinois, Mr. GRAHAM, a judge of the Customs Court of Appeals, and under the express terms of the law of 1922 Mr. GRAHAM will be eligible to be sent to New York to handle the business in the southern district, and many other judges not remote from New York will be eligible. I think the House should pause and consider whether the taking of one step at a time is not best, selecting one additional judge instead of two, if there is to be any increase.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Virginia.

The question was taken; and on a division (demanded by Mr. MOORE of Virginia) there were—ayes 78, noes 88.

Mr. O'CONNOR of New York. Mr. Chairman, on that I demand tellers.

Tellers were ordered, and the Chair appointed Mr. PERLMAN and Mr. MOORE of Virginia to act as tellers.

The committee again divided; and the tellers reported—ayes 103, noes 91.

So the amendment was agreed to.

Mr. REECE. Mr. Chairman, I move to strike out the last word. I do this for the purpose of speaking out of order, if I may have permission to do so, for about two minutes, because I shall have to leave the Hall before I have another opportunity to do so.

There is no more conscientious and hard-working committee in the House than the Committee on World War Veterans' Legislation.

In reporting the Johnson bill the Committee on World War Veterans' Legislation has done a splendid piece of work. The members of this committee are to be congratulated upon the efforts which they have put forth to conserve the interests of our disabled ex-service men. I hoped that the bill which has been reported might be passed by the House at the earliest possible moment. A similar bill has already passed the Senate. There is one provision in the Senate bill which has not been included in the House bill to which I wish to call the attention of the House in the hope that when the bill goes to conference that the House conferees may agree to accept it, and that is section 202, paragraph 2, Senate bill 2257, providing:

Where a tubercular disease is diagnosed as other than that of complete arrest compensation shall be on a permanent and total basis, which shall not be changed until one year after such ex-service man has reached an arrested stage, at which time a permanent rating for life shall be granted, which shall not be below \$50 per month during the remainder of his life.

This is the provision in which I am particularly interested, and unless such a provision is adopted our Government, in my opinion, will not have met its obligation to our disabled veterans who have this unfortunate disease. I am not a doctor, but I have devoted considerable study to the tubercular ex-service men, as there is in my district one of the largest sanatoriums in the country. Experts are agreed that there is no permanent cure for tuberculosis, the disease being diagnosed as either active or arrested. By arrested is meant the germ is temporarily inactive, but will become active upon the slightest provocation. The degree of resistance of each tubercular determines the period of life. Those with a great degree of resistance naturally survive the longest. The handling of this class of ex-service men has been very unsatisfactory, due to inadequate laws, which the above provision, in my judgment, will tend to correct.

The conditions under which the tubercular patient may live, together with the resulting mental ease or mental disquietude, largely affect his power of resistance. If, when the patient's tubercular condition is marked arrested his compensation is cut, he is forced again to begin to work to support himself and family. He knows also that at best his life has been shortened and consequently worries about making suitable provision for his wife and children after his death. The result is that the tuberculosis though once arrested soon becomes again active and the veteran must again be hospitalized. A majority of the patients in the National Sanatorium are readmissions, that is, men who were once marked with arrested cases again became active and who had to be readmitted. A recent contact made for approximately 1,000 ex-service men shows that over 75 per cent of the men contacted had been forced to return to hospitals from two to eight times. These men had been either in training and broke down, or had been given arrested cases and returned to civil life, compensation cut, and on account of having to return to strenuous work, to pro-

vide for themselves and families, had become active tuberculars. If these men had been given a permanent rating by the Veterans' Bureau so that they could have lived in peace and quiet without worry of the future, doubtless most of them would not have again become active. The Director of the Veterans' Bureau has submitted the following letter, estimating the cost of this provision:

MAY 16, 1924.

Hon. B. CARROLL REECE,

House of Representatives, Washington, D. C.

MY DEAR MR. REECE: In accordance with your request of this morning for an estimate of the cost of provisions under S. 2257, affecting ex-service men suffering from tuberculosis, you are advised that it has been estimated that the cost for the first year of extending the presumptive period from three years to five years for automatic service connection, would involve an expenditure approximating \$11,880,000.

The additional amendment included under section 202, paragraph 2, providing for a permanent rating where tuberculosis disease is diagnosed as other than a complete arrest, and a rating of not less than \$50 a month for the remainder of his life where tuberculosis has reached an arrested stage, is estimated to cost for the first year as applied to cases rated under existing legislation, \$10,468,500, and when further applied to the cases estimated to come under the five-year presumption, assuming that the distribution of these cases will be on the same basis as are the total tuberculosis cases at the present time, it would increase the estimate of cost for this presumptive period by \$3,900,000. The total estimated cost therefore of S. 2257 as applied to tuberculosis cases is approximately \$25,748,500 for the first year of award.

In this connection it is to be borne in mind that there is no experience other than the recorded experience of the Veterans' Bureau to determine the probable development on many of these proposed changes, and it is further true that the recorded experience, while accurately showing the trend of certain activities of the Veterans' Bureau in the past, can only in a general way be used to determine what may be the result with relation to future claims. However, it is possible to apply certain broad general assumptions based upon past experience and existing records and the above cost figures are a result of this application and are considered indicative of probable future cost.

Very truly yours,

FRANK T. HINES, Director.

This shows the yearly cost of providing a permanent rating of compensation to these men to be around \$14,000,000 yearly, but when the expense of training is deducted from the cost and when mortality is figured, it will be seen that there will be no cost, but will result in a saving, if such things can be figured in the life of a veteran.

A system of permanent rating for the tuberculars must be adopted if their problem is to be solved and I hope that it may be included in the pending bill. [Applause.]

Mr. PERLMAN. Mr. Speaker, I move that the committee do now rise and report the bill to the House with the amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. LEHLBACH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill H. R. 3318, had directed him to report the same back with amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. PERLMAN. Mr. Speaker, I move the previous question.

The SPEAKER. The previous question was ordered by the rule. Is a separate vote demanded on either amendment?

Mr. PERLMAN. Mr. Speaker, I demand a separate vote on the Moore amendment.

The SPEAKER. The first vote is on the amendment which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. MOORE of Virginia: In line 4, strike out the word "two" and insert "one" and in line 5 strike out the word "judges" and insert "judge."

Mr. LEHLBACH. Mr. Speaker, there is another amendment adopted previous to the Moore amendment, an amendment offered by the gentleman from South Carolina [Mr. STEVENSON] that has to be voted on by the House. It is a separate amendment.

Mr. BEGG. There are three amendments.

The SPEAKER. The Chair is informed there are only two as two are of the same substance. The question is on agreeing to the amendment just reported by the Clerk.

Mr. PERLMAN. Mr. Speaker, I ask for a yea-and-nay vote on this.

The SPEAKER. The gentleman from New York demands the yeas and nays.

The yeas and nays were ordered.

The SPEAKER. Those in favor of the passage of the bill will, when their names are called, answer "yea"; those opposed will answer "nay."

The question was taken; and there were—yeas 150, nays 160, answered "present" 2, not voting 121, as follows:

YEAS—150

Ackerman	Fuller	Magee, N. Y.	Sinnott
Aldrich	Funk	Mapes	Smith
Andrew	Garber	Merritt	Snell
Bacon	Graham, Ill.	Michaelson	Speaks
Beedy	Green, Iowa	Michener	Sproul, Ill.
Beers	Greene, Mass.	Mills	Sproul, Kans.
Begg	Hadley	Montague	Stalker
Berger	Hardy	Moore, Ill.	Stephens
Bixler	Haugen	Moore, Ohio	Strong, Kans.
Brand, Ohio	Hawley	Moore, Ind.	Strong, Pa.
Browne, Wis.	Hersey	Morgan	Summers, Wash.
Brumm	Hickey	Morin	Swing
Burtson	Hill, Md.	Murphy	Taber
Burton	Hoch	Nelson, Wis.	Taylor, Tenn.
Campbell	Hudson	Newton, Minn.	Temple
Chindblom	Hull, Morton D.	Newton, Mo.	Hatcher
Christopherson	Hull, William E.	Paige	Tilson
Clague	Hull, Iowa	Parker	Tincher
Cole, Iowa	James	Patterson	Tinkham
Colton	Johnson, Wash.	Perkins	Treadway
Cooper, Ohio	Kearns	Perlman	Vaile
Darrow	Keller	Phillips	Vincent, Mich.
Davis, Minn.	Kendall	Rathbone	Voigt
Dempsey	Ketcham	Reese	Wainwright
Dickinson, Iowa	King	Reed, N. Y.	Watres
Dowell	Kopp	Reid, Ill.	Watson
Edmonds	Kurtz	Robinson, Iowa	Wertz
Elliot	LaGuardia	Robison, Ky.	White, Kans.
Evans, Iowa	Lampert	Sanders, Ind.	Williams, Ill.
Fairchild	Larson, Minn.	Sanders, N. Y.	Williams, Mich.
Faust	Leatherwood	Schafer	Williamson
Fenn	Lehlbach	Schneider	Winslow
Fish	Lineberger	Scott	Woodruff
Fitzgerald	Longworth	Shreve	Wursbach
Fredericks	McLaughlin, Mich.	Simmons	Wyant
Free	McLeod	Sinclair	Young
French	MacGregor		
	Madden		

NAYS—160

Abernethy	Davis, Tenn.	Lanham	Reed, Ark.
Allen	Deal	Lankford	Richards
Allgood	Dickinson, Mo.	Larsen, Ga.	Romjue
Almon	Dickstein	Lazaro	Rouse
Arnold	Doughton	Lee, Ga.	Rubey
Aswell	Drewry	Lilly	Sabath
Ayres	Driver	Lindsay	Salmon
Barkley	Eagan	Logan	Sanders, Tex.
Black, N. Y.	Evans, Mont.	Lowrey	Sandlin
Black, Tex.	Favrot	Lozier	Sears, Fla.
Bland	Fisher	Lyon	Shallenberger
Blanton	Fulbright	McDuffie	Sherwood
Bloom	Fulmer	McKeown	Smithwick
Box	Gardner, Ind.	McNulty	Spearing
Boyce	Garner, Tex.	McReynolds	Steagall
Boylan	Garrett, Tenn.	McSwain	Stedman
Brand, Ga.	Garrett, Tex.	McSweeney	Stevenson
Briggs	Gasque	Major, Ill.	Summers, Tex.
Browning	Geran	Major, Mo.	Swank
Bulwinkle	Goldsborough	Mansfield	Tague
Busby	Griffin	Martin	Taylor, W. Va.
Byrnes, S. C.	Hammer	Mead	Thomas, Ky.
Byrns, Tenn.	Harrison	Mooney	Thomas, Okla.
Canfield	Hastings	Moore, Ga.	Tillman
Cannon	Hawes	Moore, Va.	Tucker
Carew	Hill, Ala.	Morehead	Tydings
Casey	Hill, Wash.	Morrow	Underwood
Celler	Fooker	O'Connell, N. Y.	Upshaw
Clancy	Howard, Nebr.	O'Connell, R. I.	Vestal
Cleary	Hudspeth	O'Connor, Ia.	Vinson, Ga.
Collfer	Jacobstein	O'Connor, N. Y.	Vinson, Ky.
Collins	Jeffers	Oldfield	Watkins
Connally, Tex.	Johnson, Tex.	Oliver, N. Y.	Weaver
Cook	Johnson, W. Va.	Peery	Weller
Corning	Jones	Prall	Wilson, Ind.
Crisp	Jost	Quin	Wilson, La.
Crosser	Kent	Rainey	Wingo
Cullen	Kerr	Raker	Wolf
Cummings	Kincheloe	Rankin	Woodrum
Davey	Kindred	Rayburn	Wright

ANSWERED "PRESENT"—2
Carter Connery

NOT VOTING—121

Anderson	Butler	Drane	Greenwood
Anthony	Cable	Dyer	Griest
Bacharach	Clark, Fla.	Fairfield	Hayden
Bankhead	Clarke, N. Y.	Fleetwood	Holiday
Barbour	Cole, Ohio	Foster	Howard, Okla.
Beck	Connolly, Pa.	Frear	Huddleston
Bell	Cooper, Wis.	Freeman	Hull, Tenn.
Boles	Cramton	Frothingham	Humphreys
Bowling	Croll	Gallivan	Johnson, Ky.
Britten	Crowther	Gibson	Johnson, S. Dak.
Browne, N. J.	Curry	Gifford	Kahn
Buchanan	Dallinger	Gilbert	Kelly
Buckley	Domink	Glatfelter	Kjess
Burdick	Doyle	Graham, Pa.	Knutson

Kunz	Milligan	Ramsayer	Underhill
Kvale	Minahan	Ransley	Vare
Langley	Morris	Reed, W. Va.	Ward, N. Y.
Lea, Calif.	Mudd	Rogers, Mass.	Ward, N. C.
Leavitt	Nelson, Me.	Rogers, N. H.	Wason
Linthicum	Nolan	Rosebloom	Wefald
Little	O'Brien	Schall	Welsh
Luce	O'Sullivan	Sears, Nebr.	White, Me.
McClintic	Oliver, Ala.	Sites	Williams, Tex.
McFadden	Park, Ga.	Snyder	Wilson, Miss.
McKenzie	Parks, Ark.	Stengle	Winter
McLaughlin, Nebr.	Peavey	Sullivan	Wood
MacLafferty	Porter	Sweet	Yates
Magee, Pa.	Pou	Swoope	Zihlman
Manlove	Purnell	Taylor, Colo.	
Miller, Ill.	Quayle	Thompson	
Miller, Wash.	Ragon	Timberlake	

The bill was refused passage.

The Clerk announced the following additional pairs:

On this vote:

- Mr. McFadden (for) with Mr. Minahan (against).
- Mr. Curry (for) with Mr. Quayle (against).
- Mr. Fleetwood (for) with Mr. Bell (against).
- Mr. Cramton (for) with Mr. Parks of Arkansas (against).
- Vare (for) with Mr. Morris (against).
- Mr. Connolly of Pennsylvania (for) with Mr. Parks of Georgia (against).
- Mr. Gibson (for) with Mr. Williams of Texas (against).
- Mr. MacLafferty (for) with Mr. Croll (against).
- Mr. Cooper of Wisconsin (for) with Mr. Carter (against).
- Mr. Barbour (for) with Mr. Stengle (against).
- Mrs. Nolan (for) with Mr. Connerly (against).
- Mr. Johnson of South Dakota (for) with Mr. Buchanan (against).
- Mr. Thompson (for) with Mr. Pou (against).
- Mr. Miller of Washington (for) with Mr. Bowling (against).
- Mr. Underhill (for) with Mr. Ragon (against).
- Mr. Manlove (for) with Mr. Sites (against).
- Mr. Knutson (for) with Mr. Milligan (against).
- Mr. Porter (for) with Mr. Byrnes of South Carolina (against).
- Mr. Gallivan (for) with Mr. O'Sullivan (against).

Mr. CONNERY. Mr. Speaker, I voted "nay." I have a pair with the lady from California, Mrs. NOLAN. I wish to withdraw my vote and vote "present."

The result of the vote was announced as above recorded.

Mr. LONGWORTH. Mr. Speaker, I move that the House do now adjourn.

Mr. GARRETT of Tennessee. Mr. Speaker, I move to reconsider the vote.

The SPEAKER. A motion to adjourn is a preferential one. Mr. BEGG. Mr. Speaker, I ask for a division.

The question was taken; and on a division (demanded by Mr. BEGG) there were—ayes 111, noes 146.

So the motion to adjourn was rejected.

Mr. GARRETT of Tennessee. Mr. Speaker, I move to reconsider the vote by which the bill was defeated and to lay that motion on the table.

The SPEAKER. Without objection it is so ordered.

There was no objection.

ADDITIONAL COPIES OF HEARINGS BEFORE THE COMMITTEE ON AGRICULTURE

Mr. JOHNSON of Washington. Mr. Speaker, I call up the privileged report from the Committee on Printing.

The SPEAKER. The gentleman from Washington offers a privileged report, which the Clerk will report.

The Clerk read as follows:

House Resolution 820

Resolved, That in accordance with paragraph 3 of section 1 of the printing act approved March 1, 1907, the Committee on Agriculture of the House of Representatives be, and is hereby, authorized and empowered to have printed 900 additional copies of the hearings before said committee of the Sixty-eighth Congress, first session, on bills relating to the McNary-Haugen bill.

The SPEAKER. The question is on agreeing to the resolution.

The resolution was agreed to.

EXTENSION OF REMARKS

Mr. KINDRED. Mr. Speaker, I ask unanimous consent to revise and extend my remarks in the RECORD.

Mr. UPSHAW. Mr. Speaker, I make the same request.

Mr. GRAHAM of Illinois. Mr. Speaker, I make the same request.

Mr. PERLMAN. Mr. Speaker, I make the same request.

Mr. BACON. Mr. Speaker, I make the same request.

Mr. CHINDBLOM. Mr. Speaker, I make the same request.

The SPEAKER. Is there objection to these requests? [After a pause.] The Chair hears none.

ADJUSTED COMPENSATION

Mr. UPSHAW. Mr. Speaker and gentlemen, under the privilege granted me by the House, I wish to say without equivocation or apology to any man or corporation, I declare my ex-

quisite pleasure in canceling my most important speaking engagement of the year, before the Southern Baptist Convention, 8,000 strong, in Atlanta, and rushing all the way to Washington to help "spank" the President for going back on his own party promises concerning the soldier bonus. It is not so much the worthiness of redeeming this long-delayed pledge for which I have voted three times that brought me, but a vigorous protest against five years of acrobatic evasion and partisan duplicity. I have seen it at close range, and here is the proof: With ample majority to do the thing, the Republicans waited until the 20th of May, three days before the Sixty-sixth Congress adjourned, before passing the bonus bill in the House, when they knew it was legislatively impossible to carry it through the Senate. On this tardy House action they went successfully after the soldier vote, saying, "See what we have done for the defenders of our country; we will complete the job for you when Congress convenes in December."

But President Harding, who had declared himself in favor of "adjusted compensation for the ex-service man," acting on the advice of Secretary Mellon and his doleful tale of a Treasury deficit of \$800,000,000, came before the Senate and urged postponement—not defeat, mind you, but postponement of action. And then when a new bonus bill was brought out, the President demanded by veto that it should pay for itself through a discredited revenue plan which his own party dared not bring on the floor for action. Broken pledge No. 2. And now behold President Coolidge, who declared before high heaven that he was going to "carry out the Harding policies," vetoes even a "tombstone tip" to the ex-service man to whom his predecessor had pledged "adjusted compensation," and does it with a non-chalant, standpat, "big business" bravado that flatly declares the soldier deserves no bonus.

Shades of Frank Mondell, Phil Campbell, and Frank Murphy! The first two, with all their fervid hair-raising eloquence in behalf of "the soldier defenders of the flag," have been gathered, alas, to the limbo of all naughty Republicans, while FRANK MURPHY, who bravely fought and filibustered for the American doughboy, lives yet in the House to testify that I have told the incontestable truth about his vanishing reactionary comrades.

Let it be remembered that when Secretary Mellon, sitting on his throne of hundreds of millions—much of it made distilling and selling liquor—wanted to defeat the bonus to the soldiers who had made his fabulous fortune secure, he declared a deficit of eight hundred millions, but when he wanted to show how smart his administration had been with the Treasury he showed a surplus of three hundred millions. This is my indictment: If the bonus was right, it ought to have been passed five years ago when it would have been a godsend to the vast majority of returning soldiers who found their former business shot to pieces; if it was wrong, it should have been promptly repudiated and not used as a vote getter in two congressional elections before this final climax of presidential repudiation by the reactionary representative of big business in Pittsburgh, Wall Street, and Boston.

INTEMPERATE, UNFORTUNATE WORDS

I honor our President personally, but I marvel at the following intemperate, unfortunate words:

We must either abandon our theory of patriotism or abandon this bill. Patriotism which is bought and paid for is not patriotism.
* * * There is no moral justification for it.

In other words, in common parlance, the President tells party pledges and the ex-service men to "go where it doesn't snow."

Take this—and no man will dare deny; everybody knows that the whole country would have applauded if Uncle Sam had met every soldier at the ship when he came back with a handclasp of benediction containing a crisp \$500 bill, saying: "My boy, I am not paying you for your patriotism—I am just reaching out to you the hand of good fellowship to help you get on your feet. Civilian employees have drawn many times as much as you, and millionaires have become billionaires while you protected them. You stood amid the mud and misery, the ice and lice, the dearth and death, the horror and hell of war for them and for me, and with this check—not notes and anthems and cheers and tears—but with this check I help you to start life again in the land you have defended by every inch and atom of your loyal arms."

Ah, fellow Americans, you know that such a practical deed by Uncle Sam to his heroic defenders would have brought more than a hundred million Americans to their feet with a continent of ringing, singing approval.

If it would have been right to do it then, who dares to say—except a few reactionary administration defenders—that five years of pitiful double-dealing has canceled this grateful

obligation? It is a peer brand of personal or national honor that hides behind "the statute of limitation."

All honor to the brave young fellow who nobly says, "I do not want any compensation for my patriotism"; but he and his friends must not indict the patriotism of his comrades who feel the need of help and the sting of neglect. One equation is certain; Republican leadership, through its five years of evasion, equivocation, and final repudiation of party pledges, has forfeited all right to the soldier vote in America.

Mr. GIBSON. Mr. Speaker, an early study of the adjusted-compensation proposal convinced me that it was a measure extending justice to the men who served and sacrificed. One of the reasons for this conclusion was the fact that during the late war the Government paid a bonus to practically every civil employee, and most of these bonus payments have been continued to the present day. Every employee in the classified service with a salary of \$2,500 or less receives a bonus. Thus, prohibition agents, customs employees, janitors of public buildings, clerks of all kinds in Washington and throughout the country come under the bonus provision of the law. During the past six years we have paid over \$250,000,000 as a bonus in addition to regular salaries; \$30,000,000 of this went to the civilian personnel of the Army and Navy.

In fact, a bonus was paid to nearly every employee during the war except the fighting man of the Army and Navy, the man who left gainful employment, who suffered untold hardships, who went into places of danger carrying proudly the flag of his country that we might continue to exist as a nation and civilization be saved. I felt that this great Nation might well treat these men who were willing to sacrifice all as well as the civilian employees were treated in the matter of adjusting compensation. These civilian employees were doing their duty and no criticism attaches to them.

Feeling the justice of the proposal, it was made one of the issues of my campaign for nomination as Representative. The issue was discussed at practically every meeting, and I endeavored to make my position clear. What I said was in the nature of a promise of action, if elected, and was made before the attitude of the President was known.

My vote on this question has given me more concern than any other since I have been a Member of the House. Personal friends and supporters have urged me to vote to sustain the veto. My great desire is to follow the lead of the President, but I can not bring myself to disregard my pledges made in good faith. Common honesty requires the carrying out of campaign promises. Failure to do so justly sacrifices the confidence of friends and forfeits self-respect.

It was my privilege to serve in the World War at home and abroad. I entered the service before the declaration of war, leaving a business and my wife and children to serve my country to the best of my ability. My State, with commendable pride, desired to send a regiment of its own across the seas and in furtherance of that purpose I traveled its hills and its valleys seeking volunteers. As a result some twelve hundred joined the colors voluntarily. I knew them, their families, their ancestry. It was my endeavor as an officer to keep close to these men and to be of help to them in every way. Twenty-five hundred of the men of the regiment in which I went overseas were from the State of Tennessee, and I came to know them and to appreciate the sterling quality of the patriotism of these men of the South. I think I can speak for service men quite as well as some of the gentlemen who have addressed the House on the question now before us.

Speaking for them, I am not in sympathy, Mr. Speaker, with the criticisms of the veto message that have been uttered in this debate. It has been charged by able men, some of them my personal friends for whom I have the highest regard, that the message is an insult to the service men. These statements made for the purpose of partisan advantage are not substantiated by the text of the message. It is not a challenge. It is rather the honest statement of the objections of a courageous Executive in the faithful execution of the duties of his office.

Service men appreciate and honor a man with courage. They may differ with him in his conclusions, but if they are true to honest impulses they admire the man who stands out in the open and in an upstanding manner states his case. That is just what the President did.

A careful study of the message shows it to be a splendid appreciation of the high motives that brought millions of the best of our manhood to the service. The very highest tribute is paid when the President says, "The first duty of every citizen is to the Nation." The veterans of the World War performed this first duty. And again, "No way exists by which we can equalize the burdens or give adequate financial reward to those who served the Nation both in civil and military capacities in time

of war. The respect and honor of their country will be rightfully theirs for evermore." When he stated "patriotism can not be bought nor sold. It is not hire and salary. It is not material but spiritual. It is one of the finest and highest of human virtues," he expressed truths to which every human heart responds.

In the message the President speaks for all the people in accordance with his duty as he sees it. No service man will criticize the performance of duty. The courageous statement of objections without regard to political effect should commend the message to every man and woman who served the Nation.

The President came from a people who put duty and patriotism above all other things. His forbears after service in the Revolution became pioneers in that undeveloped land of the Green Mountains, where the settlers were battling for independent existence. These forbears joined the men of valor who had fought against Canada and Great Britain, and were then defying the Continental Congress and all the other colonies. They established their own independence and maintained it against all the world for 13 years, and until the Union would accept admission as a sovereign State.

These pioneers were silent, God-fearing men, who made plain duty the test of citizenship. They labored with a stubborn soil, eked out a scanty existence, all the time molding character, until they wrought out of the wilderness a wonderful little State and peopled it with men and women who have been the strength of our Nation. You are all familiar with the work and service of Edmunds, Morrill, Proctor, Morton, Arthur, Hayes, Taft, and scores of other national figures whose forbears are of the common heritage of our President.

The characteristics of these pioneers have come down the generations. They have furnished the defense of the principles of the fathers at every crisis of our history. They wrote into the law that memorable resolution of 1799, the guiding principle that made possible the continued existence of this Republic. They repelled foreign invasion. They stood firm as the rock against the assaults of the brave men of the South at Gettysburg. They helped swing open the gates of the Orient to the civilization of the West. One in twenty of the population of Vermont served in the World War, 75 per cent being volunteers. These pioneers and their descendants have written a record of service unmatched by achievements of other men in this country.

Calvin Coolidge is of these men. Born and reared amid humble surroundings, he knows the meaning of work, hard work on the farm, because he has done all of it. He knows the full meaning of earning an education, because he had a struggle to gain one. He knows what it means to earn money with which to pay taxes, because he has helped dig it out of the soil. He knows the value of honest service, because he has always rendered it. He has experienced the worries and faced the problems of the common people, because he is one of them. He speaks their language and gives voice to their ideals. The message is their call to a higher standard of patriotism.

We are passing through a period filled with great dangers. We need a President of calm judgment and fearless action, a man who will not turn from the straight pathway for personal advancement or cater to any group for political power. Such a man is now at the head of this Nation. No man better fitted by training, temperament, or experience ever occupied that position.

Born and reared where men do the day's work and live within their means, he has brought to the office a plain integrity and honesty of purpose which the people understand and embrace. His sense of duty, his patriotic zeal gives them a singular sense of security in their country and its institutions. They feel safe with him at the helm. The outstanding points of his character have won him the confidence of the American people to an extent that makes it one of the most striking things in all American political history.

In his native State, where he is known as a man is known by his friends and neighbors, he will have the support of the service men, both Democrats and Republicans. They accept the message as that of an honest Executive, standing courageously for what he believes to be right, and doing his duty without regard to its effect on the vote of any group.

When all this tumult has subsided and a proper appraisal can be made of this day there is one figure that will stand out in bold relief typifying the honesty of the people, the honor and conscience of the Nation, and that is our President, Calvin Coolidge.

BEER OF 2.75 PER CENT ALCOHOLIC STRENGTH

Mr. KINDRED. Mr. Speaker, the question of the control of alcoholic beverages is a very old one in the United States and in other countries. I wish to state, in the first place, that my own personal attitude as a physician and law-abiding citizen

with regard to the use of strong alcoholic liquors, meaning whisky, brandy, and other stronger alcoholic liquors, is and has been that they should be used with great moderation and in proper quantities and under proper conditions. I wish further to emphasize that any argument and statement that has been or will be made by me on this whole subject is made from the viewpoint of a law-abiding citizen who has been and always intends to be a sober man with respect to indulgence in alcoholic intoxicating liquors, and also from the viewpoint of a physician of long experience in the special study and treatment of the diseases known as alcoholism and insanity and other diseases complicated with excesses in the use of intoxicating liquors.

While I am, of course, aware that during the age-long discussion of the evils of excessive alcoholic indulgence a great moral question has been injected—and very properly so—into this whole question by well-meaning reformers and professional temperance advocates, I shall not, for the purposes of a purely medical presentation of this whole matter, discuss or refer to any moral or political aspects of this question, so important in its moral, sociological, economic, and health aspects. I shall confine my statement to the naked question of the leading medical facts, and particularly to the question of whether or not ordinary, well-brewed beer made of hops, barley, and malt, and containing 2.75 per cent alcoholic strength, is in fact intoxicating from a strictly medical and legal standpoint.

As to the medical use of the so-called stronger alcoholic liquors, like proof whisky, brandy, and so forth, I wish to refer to the fact that the eighteenth amendment to the Constitution of the United States specifically provides that "no intoxicating liquors shall be manufactured, transported, or sold, except for medicinal and sacramental purposes." Under the ruling of former Attorney General Palmer there existed no prohibition against the use for medicinal purposes in reasonable quantities of spirituous or intoxicating liquors—that is, whisky and brandy and wine and beer or other malt liquors of sufficient alcoholic content to be intoxicating—if in the good and honest judgment of the attending physician they should be used in the treatment of disease. This contention of the medical profession has been since upheld in two different decisions of the United States district courts, and the question will be finally settled, it is to be hoped in the near future, by the United States Supreme Court as to whether physicians shall be permitted, within the spirit of the eighteenth amendment, to prescribe such intoxicating liquors without any regulation of the prohibition enforcement and other departments of the United States Government. It is obvious that if physicians can legally prescribe and furnish, as they may do under the Volstead law, to any one patient in any period of 10 days as much as one-quarter of a gallon of vinous liquor—that is, wine of 24 per cent alcoholic content by volume—and can also furnish or prescribe for any one person within the same period of time any liquor that contains as much as 1 pint of intoxicating liquors, such as the strongest whisky or brandy, there would be no violation of the spirit of the prohibition amendment if physicians were permitted—as they are not permitted under the Volstead law—to prescribe beer and malt liquors of much less alcoholic content.

The leading medical authorities in the United States and Europe indorse the use, in all their textbooks and teachings for physicians and medical students from time immemorial, of beer, stout, porter, and ale as types of malt liquors to be used in the successful treatment of various diseases.

Prof. Hobart Amory Hare, professor of therapeutics and materia medica at the Jefferson Medical College, Philadelphia, in his textbook of Practical Therapeutics, seventeenth edition, 1918, says on page 82:

Stout and porter and well-brewed beer are of value in wasting diseases and in convalescence from acute diseases and for nursing women. Most of the beer in America contains about 4 to 6 per cent of alcohol.

George Butler, A. M., M. D., and so forth, professor of therapeutics and pharmacology, Chicago College of Medicine and Surgery, and so forth, in his textbook of Materia Medica, Pharmacology, and Therapeutics, sixth edition, says:

Alcohol in the form of beer or ale, taken before or during meals, is an efficient stomachic [meaning a good medicine and tonic for the stomach]; a tonic for dyspepsia and weakened digestion attendant on or upon convalescence from acute diseases. Convalescents are often greatly benefited by some form of alcohol as it is contained in beer and ale. When the digestion becomes impaired as the result of physical or mental exhaustion the drug (alcohol in the form of beer and ale) serves a useful purpose as a tonic.

Prof. Oliver T. Osborne, department of medicine, Yale University, is also authority for the following statement:

Strenuous exercise and hard labor will allow a man to take more alcohol without harm than can be used by a man of sedentary habits.

There is no doubt alcohol can be used as a substitute for food in the place of sugar and starch. In emergencies it may thus sustain and give life.

This particularly applies to the use of malt liquors, beer, ale, stout, and porter, and it also proves that alcohol, particularly the small percentage contained in malt liquors, is a food as well as a reconstructive tonic, stimulant, and tissue builder in wasting and other diseases.

Prof. Otis Larch, medical department, Tulane University, at New Orleans, in his standard textbook on Medical Diagnosis, page 39, says:

Malt beer is rich in carbohydrates and is frequently prescribed.

Sir Victor Horsley, M. D., and Doctor Sturge, the authors of the well-known book "Alcohol and the Human Body," and who violently oppose the use of intoxicating beverages and whose book was written solely against the use of strong alcoholic drinks as beverages, in discussing the effect of malt liquors on the human digestion, page 212, state:

These beverages (malt liquors) contain only from 4 to 6 per cent of alcohol, so that the alcohol contained in them could scarcely ever on its own account produce any bad effect.

Note that the claim is made by this most widely read and extensively quoted medical authority on the effects of alcohol on the human body that the effect of malt liquors, which include beer, porter, and stout, of the small alcoholic content of from 4 to 6 per cent, could scarcely ever on its own account produce any bad effect, except through the effects of large quantities of such beverages, if taken with meals, causing dilution of the food in the process of digestion.

Everyone knows that too much water, coffee, tea, and so forth, taken with meals would retard digestion in the same way, and also that digestion is not only not interfered with but that it is aided by reasonable quantities of good malt liquor, beer, ale, porter, or stout. The existing Volstead law permits regularly licensed physicians to legally prescribe for their patients whisky, brandy, wines, beer, and malt liquors of such alcoholic strength as to be intoxicating. But with the excuse of preventing the abuse of prescribing beer, by a very small percentage of physicians, the pending measure (H. R. 7294) proposes arbitrarily and without reason to prohibit physicians from prescribing beer and malt liquors of standard alcoholic strength of 3 to 6 per cent. This bill, notwithstanding this prohibition as regards the prescribing of such beer, permits physicians to legally prescribe for medical purposes spirituous and vinous liquors—wines—that contain not more than 24 per cent of alcohol by volume, provided that not more than one-fourth of a gallon of such vinous liquor is prescribed or furnished for use for any one person within any period of 10 days, and also so permits the prescribing or furnishing by the physician of any liquor that contains as much as one-half pint of alcohol—grain alcohol—for the use of any one person within a period of 10 days.

Both the existing Volstead law and the amendments to it now proposed constitute a grave interference with the rights of both the physician and his patients, for whom he should at all times have the right to prescribe any drug or agent which, in his honest and good judgment, is really needed. Under the Harrison narcotic drug law and under all of the laws of the respective States intended to regulate the prescribing of dangerous narcotic and other drugs, the physician is permitted to prescribe most poisonous narcotic drugs, under proper regulations, but he can not under the pending measure prescribe any beer of the weak alcoholic strength of from 3 to 6 per cent. How inconsistent and absurd. It is also a matter of fact, from the medical point of view, that this proposed law will not meet the needs of the physician and his patients in respect to the alcoholic and vinous liquor which the physician may legally prescribe or furnish. I as a physician practicing for over 30 years in the specialty of treating alcoholic and drug addicts, know of my own knowledge and experience that many alcoholic and other cases require for the most scientific treatment of their diseases, particularly in the so-called tapering treatment of alcoholism and delirium tremens cases, from 2 to 3 fluid ounces of proof whisky, diluted, every three or four hours, one patient thus requiring more whisky in 24 hours than the physician is allowed to legally prescribe in any period of 10 days.

This amount would be actually necessary in many such cases to save a valuable life or to prevent an outright attack

of insanity. The only way, legally, the physician could obtain a greater amount of spirituous liquor—that is, the equivalent to about 1 pint of proof whisky or brandy which he could prescribe in a 10-day period—would be for him to prove to the Commissioner of Internal Revenue that the circumstances in a given case would constitute an extraordinary reason. This would mean, according to the experience of many physicians who may have dozens of such cases under treatment, that either the physician would incur a risk of a prison term in a Federal prison if he took the law into his own hands in order to save the life of his patient, or if he obeyed this unjust law, allow his patient to die because of the lack of proper medical treatment.

These restrictions are all the more unjust because they not only allow the prescribing of too small quantities of liquors, as just pointed out, but because they limit the physician to 100 prescriptions in 90 days, although a busy physician might have honest and urgent reason to use many more than this number of prescriptions in this period of time.

After a study of this whole question from the viewpoint of the ultimate welfare of our country, I believe that the deplorable conditions as regards increasing drug addictions and bootlegging, and the increasing contempt for the laws that are causing these conditions, could be rapidly relieved if the Congress would pass reasonably liberal laws for the enforcement of the prohibition amendment; if, instead of fixing arbitrarily one-half of 1 per cent of alcoholic content for beer, an alcoholic content were fixed sufficient to make decent beer—to prevent the fermentation of the vegetable ingredients contained in the beer, this would satisfy the masses of people and bring about more real temperance and more respect for law and order. If respect for law and order is not restored in this country, it would be difficult to predict the consequences.

As a protest against these conditions and against the enactment of new blue laws of repression and oppression, the people of the district I have the honor to represent here, the borough of Queens, New York, will parade, to the number of many thousands, made up of law-abiding citizens of all classes, to-morrow night.

I hope my esteemed colleagues, particularly those of the majority party who control the committees which have reported this un-American, unreasonable, unjust, and repressive measure, will agree that I have made out the case, at least from the medical side, as to the usefulness of beer and malt liquor in the practice of medicine, and that is strictly the issue drawn in the most important section—section 2—of the pending bill.

Appended are the scientific opinions of Noble P. Barnes, M. D., chairman of the council of the American Therapeutic Society, Arlington Hotel, Washington, D. C., and also resolutions of the American Therapeutic Society:

THE ARLINGTON,
Washington, D. C., Saturday, June 25, 1921.

MR. J. J. KINDRED, M. D.,

House of Representatives of the United States,
Washington, D. C.

MY DEAR MR. KINDRED: The secretary of the American Therapeutic Society, Dr. Lewis Taylor, is not in the city, but will return to Washington Monday morning. I have left instructions for him to get into communication with you at once upon his return.

The mental note I have of the resolution of the American Therapeutic Society is as follows: "That physicians and surgeons should have the unimpaired right of prescribing this drug (alcohol) without any foolish restrictions."

The society does not approve of liquor-prescribing doctors, the society does not wish to interfere with or violate the eighteenth amendment, but the society does want to go on record as maintaining that no legislative body or enforcement authority should limit or hamper a doctor of medicine in the legitimate exercise of his functions as a physician.

Alcohol, per se, is a drug, and should be classed as such. It has a definite physiological action and a wide range of therapeutic application. It is not only useful but absolutely necessary in the treatment of certain conditions and in the manufacture of other drugs.

The restrictions, regulations, and taxation placed about and upon this drug to-day makes an enormous cost to the sick, who are usually poor. The limit in quantity—e. g., a pint of whisky every two weeks—and other regulations that are effected by ignorant if well-meaning clerks and Government officials are little short of insults to the honest, scientific members of the medical profession.

Alcoholic products constituting the so-called intoxicating liquors should likewise be classed as drugs. Just here I will add that the proper persons to determine the toxicity of drugs are recognized scientific physicians, chemists, and physiologists.

There are many conditions where light wines, beer, ale, stout, porter, etc., are needed, and if the articles contain an intoxicating amount of

alcohol they, too, should be classed as drugs, and the physician should be given the privilege to practice his profession with as little red tape as possible. An active scientific physician with his mind occupied in important problems does not want to be annoyed by excessive clerical detail.

I am inclosing a published letter written by Dr. C. B. de M. Sajous. Doctor Sajous is a member of the council of the American Therapeutic Society and one of the recognized leaders in the American medical profession. His deductions are well worth serious consideration.

Thanking you for your courtesy to me and your interest in matters pertinent to the medical profession, I am, with every good wish,
Yours fraternally,

N. P. BARNES, M. D.,
Chairman of the Council of the American Therapeutic Society.

AMERICAN THERAPEUTIC SOCIETY,
June 27, 1921.

Hon. JOHN J. KINDRED.

DEAR MR. KINDRED: At the request of Dr. Noble P. Barnes, I am sending you the resolution adopted by the American Therapeutic Society at its last annual meeting, which is as follows:

"Whereas the use of ethyl alcohol and its preparations for medicinal and surgical purposes is not only justified but also indicated by observations made by laboratory investigations and clinical experience: Be it

"Resolved by the members of the American Therapeutic Society in convention assembled, That alcohol has a proper place in the treatment of disease; and be it further

"Resolved, That the least possible restrictions in the use of this drug compatible with the enforcement of the eighteenth amendment be imposed on the members of the medical profession; and be it further

"Resolved, That a copy of these resolutions be sent to the proper authorities."

Very truly yours,

LEWIS H. TAYLOR,
Secretary American Therapeutic Society.

According to my own personal experiments as a practicing physician of more than 30 years' experience, and also in accordance with the experience of many other physicians in this and other countries who have studied the question from a purely scientific point of view, beer made of hops, malt, and barley of 2.75 per cent alcoholic content, have concluded that such beer of such alcoholic content is not intoxicating, either in a legal, scientific, or other sense.

What do we mean by intoxication?
There are first, second, and third degrees of intoxication.

The first stage of intoxication from alcohol would cause the same symptoms or signs as would the exhilaration that is caused by strong tea or coffee in a person of average susceptibility to either one of these agents. The symptoms of the first stages are a slight acceleration or increase of the heart action, a slight increase in breathing, or respiration, and a subjective feeling of well-being or mild exhilaration.

These symptoms of the first stage of intoxication, which is not intoxication at all in a scientific sense or in a legal sense, would be exactly the same whether they were caused by one or two pints or a stomach full of beer or by one or two cups of strong coffee or tea.

The second and third stages of intoxication or poisoning by alcohol, such as the mental symptoms of hallucination and other mental disturbances, like extreme mental exhilaration, deepening into more or less stupor and coma, and the physical symptoms, such as muscular relaxation, weak and falling heart action, cool, moist skin, noisy breathing, livid lips, are scientifically and legally intoxication.

It is absurd and entirely unfounded both from a legal and scientific standpoint to claim that the full capacity of the human stomach, which would amount to about two pints, or a quart, of 2.75 per cent beer under the ordinary condition of the stomach, could cause intoxication in a scientific sense or in a legal sense.

This brings us to the all-important questions of the percentage of alcoholic strength in a given alcoholic beverage that will cause intoxication as defined by the eighteenth amendment to the Constitution of the United States and by medical science.

I have made actual personal experiments with myself and my friends which conclusively prove that beer of 2.75 per cent alcoholic content consumed by us to the full capacity of the stomach would not and could not cause intoxication.

Two pints of beer, which is about the capacity of the stomach under its ordinary condition, meaning about six modern beer glasses full of beer, contain not enough alcoholic content or anywhere near enough to cause intoxication.

Two pints of beer, meaning 32 fluid ounces, would contain, in the strength of 2.75 per cent alcoholic content, only about 8½ dessert teaspoonfuls, or less, of ethyl alcohol or grain alcohol, which is certainly not enough to intoxicate any normal adult.

As to whether or not this amount of beer or any other amount of beer which the human stomach is capable of taking would intoxicate must be considered both from a legal and medical standpoint of the susceptibility or immunity of the average, normal human being under normal conditions of life in a state of civilized society.

The observations and experiments to which I have referred in my verbal statement before the Judiciary Committee and which statement here follows are fully borne out by the sworn medical statements of such eminent physicians as Dr. Amory Hobart Hare, for many years past the distinguished professor of materia medica in the Jefferson Medical College, of Philadelphia; and also of Dr. Smith Ely Jelliffe, a distinguished specialist and professor of materia medica in the College of Physicians and Surgeons—Columbia University—city of New York; and also of Dr. A. A. Brill, a distinguished specialist in mental and nervous diseases, of the city of New York.

STATEMENT OF HON. JOHN J. KINDRED, A REPRESENTATIVE IN CONGRESS FROM THE STATE OF NEW YORK, SECOND CONGRESSIONAL DISTRICT, BEFORE THE JUDICIARY COMMITTEE OF THE HOUSE OF REPRESENTATIVES, JUNE 4, 1924

MR. KINDRED. Mr. Chairman and gentlemen of the committee, I desire to discuss the naked fact as to the intoxicability of beer containing 2.75 per cent of alcohol. My conclusions are founded upon extensive reading and investigation of the whole subject of the physiological effects of alcohol and the various concoctions or beverages containing alcohol.

My observations and conclusions are particularly founded on personal observations, personal experiences of myself as a sober man, and on others as to the actual effects of beer containing 2.75 per cent alcohol, with a view to observing whether it were possible that any quantity of beer of this alcoholic content that could be contained in the average human stomach could cause intoxication in any sense of the word.

In discussing the question of alcoholic intoxication we must, of course, be guided by what may be called both a medical and legal definition of intoxication.

MR. DYER. Doctor, will you allow an interruption for a moment?

MR. KINDRED. Certainly, Judge DYER.

MR. DYER. Mr. Chairman, the members of the committee will be needed on the floor in these closing days of Congress, and I think we should be there. I ask that the witness, my colleague, and such other men as have statements file them with the committee.

MR. KINDRED. I can conclude very quickly.

THE CHAIRMAN. Doctor, as your statement is a scientific statement, would it not be possible, as well as proper, that you submit it in writing and let it be added to the record?

MR. KINDRED. I readily agree. If you will allow me to make in conclusion just one or two remarks, I should like to do so.

My conclusion, based on medical facts to be herewith filed with your committee, is that beer of 2.75 per cent alcoholic content is not intoxicating, based on experiments with myself as a sober man and as an average normal being, in which experiments I included many other normal men who tried their best to get drunk on 2.75 per cent beer. Their stomachs were not capable of containing enough beer of that two and three quarters of 1 per cent alcoholic content to produce even the first stage of intoxication as defined by medical science.

No more effects could be produced from that quantity of 2.75 per cent beer than are produced constantly by one or two cups of strong coffee or tea.

With that statement I shall be glad to file my further statement.

MR. PERLMAN. How many drinks were taken in, say, five hours?

MR. KINDRED. About six or seven or eight modern beer glasses, which would contain, speaking more accurately, about 32 fluid ounces, and 32 fluid ounces of beer with 2.75 per cent of alcoholic strength could contain about seven small teaspoonfuls of ethyl alcohol or grain alcohol, which would not make any normal being drunk, especially in such diluted form as 2.75 beer. This would be absorbed so slowly by the stomach and circulation that it would not have even the intoxicating effects of that amount of alcohol taken in undiluted form, as I will show by the testimony of reliable medical authorities.

THE CHAIRMAN. The hearings are now closed, except that all statements of Members of Congress which they desire to file may be submitted to the committee for addition to the record.

MR. DYER. I ask an amendment to that, that Mr. Volstead may be permitted to file a statement.

THE CHAIRMAN. There is no objection to that. I think it is magnifying an incident as to the recollection of what was said at that time, and it does not require a statement, because he explains it in his testimony afterwards.

Mr. DYER. As a courtesy to a former chairman of the committee, I should like to ask that.

The CHAIRMAN. As a courtesy to a former chairman, we will permit it, although I think it is utterly irrelevant.

Mr. DYER. I move we adjourn.

Professor Hare, in a sworn statement on this subject, deposes as follows:

IV. It is not generally known that there is produced in the human body every day certain quantities of alcohol, not infinitesimal, but in very definite amount, and for this reason alcohol can not be considered a foreign substance, and therefore can be considered as being practically at all times present in the human body. This alcohol is produced principally, if not entirely, by fermentation processes in the intestinal tube; it is absorbed and is contained in the fluids and tissues of the body in general.

It appears, therefore, that the body is accustomed daily to the utilization or oxidation of a certain percentage of alcohol, which is utilized or oxidized in exactly the same manner as alcohol which is produced outside the body and then swallowed in ordinary quantity. For these reasons alcohol can not be considered as a foreign substance to which the tissues are entirely unaccustomed, and the effects which it produces are governed entirely by the quantity ingested and by the ability of the body to deal with a substance with which it is qualified to deal. If taken in such quantities as to be beyond the power of the body to utilize it or oxidize it, it, like every other substance capable of being swallowed, is capable of producing evil effects. This is true, for example, of water and ordinary table salt. In other words, the question of the power or influence of a given substance introduced into the body is determined by the quantity and concentration of that substance. In general terms the greater the quantity and the greater the concentration the greater the effect, and, conversely, the smaller the quantity and the greater the dilution the less the effect. Salt, if taken in strong solution, irritates the stomach and causes vomiting or, if not vomited, causes such an outpouring of liquid from the tissues of the body into the stomach and intestines as to cause diarrhea. So, too, it is generally known that a considerable quantity of 50 per cent solution of alcohol when taken undiluted may, by its irritant action on the stomach, produce injury, or by its rapid absorption into the blood may produce a condition which is commonly called drunkenness. On the other hand, it is generally recognized that the same quantity of alcohol when diluted with water, so that the alcohol content by per cent is low, is absorbed so slowly as to be deprived of its power or influence in direct ratio with the degree of its dilution. This is due to the fact that the dilution results in a greater volume of fluid having to be absorbed, with a consequent slow or delayed entrance of the alcohol into the blood, so that there is at no time a very large quantity in that fluid. During the time of this slow absorption the system is busily engaged in oxidizing or destroying the alcohol as it enters in comparatively small quantities, with the result that the total quantity of alcohol present in the blood at a given moment is comparatively small. In one instance the alcohol may be said to be toxic, because it overwhelms the ability of the body to deal with it, just as water may be toxic when taken in such quantity that the body can not deal with it. On the other hand, if alcohol is taken so that the body can deal with and destroy it, minute by minute, there is never a time at which it can act as alcohol and, therefore, can not exercise any intoxicating properties.

It follows from the foregoing that if a man drinks a considerable quantity of alcohol of such concentration as to equal 50 per cent it will enter his blood more rapidly than if it is in dilute form and therefore more rapidly than he can deal with it, whereas if he drinks a liquid containing a comparatively small percentage of alcohol, or, in other words, alcohol in a highly diluted form, it may be delivered to those parts of the body which utilize or oxidize the alcohol so slowly that it will never be present in sufficient quantity to produce any of the definite effects caused by alcohol which has escaped oxidation. The rapidity with which an alcoholic fluid is swallowed and the degree of its dilution to a large extent determines its effects, or, in other words, a man in one or two swallows, or one drink, of a 50 per cent solution would take as much alcohol as would a man who ingested about 1 pint of beer. The dilution in the pint of beer results in so slow an absorption of the alcohol content present as to give the body an opportunity to deal with or oxidize it as it is absorbed.

As illustrative of the delaying effect of dilution upon the absorption of alcohol, attention may be called to the well-known fact that all the strong alcoholic beverages commonly used produce their effect much more mildly if food is taken with them than if they are taken without food.

These deductions are supported by the following practical observations:

1. I have in times past taken as much as 1 quart of beer in one hour without any manifestations of intoxication, the said beer containing a higher percentage of alcohol than 2.75 per cent, by weight, although I am not an habitual user of beer or other alcoholic beverages.

2. I have frequently observed many other persons do likewise.

3. I have given whisky and brandy containing amounts of alcohol far in excess of the quantity of alcohol contained in 2.75 per cent beer in a quantity that a person can ordinarily drink several times a day without noticing symptoms of intoxication.

4. A careful study of the report of the Central Control Board of Great Britain (liquor traffic), published in 1918, which board was composed in part of men recognized the world over as authorities upon the influence of drugs or medicines upon the living body, confirms the opinions reached by me from personal experience and observation.

From these personal experiences and observations and considerations of the literature on the subject I am of the opinion that beer containing not to exceed 2.75 per cent of alcohol by weight is not intoxicating under the legal definition of that term.

Dr. Smith Ely Jelleffe also says:

III. I first became interested in the action of alcohol while I was an instructor at Columbia University. I made special experimental studies for four or five years, psychological investigations, as well with students and animals, and made a number of extensive experimental studies with animals and men on changes in the nervous tissues due to acute and chronic poisoning, alcoholic and otherwise, some of the results of which have been incorporated in some of the articles referred to, especially studies on multiple neuritis and Korsakow psychosis, and the mentality of the alcoholic, morphine, heroin, alcohol, and other drug addicts. In addition I have seen thousands of acute and chronic alcoholic cases in the wards of the City Hospital, Bellevue, Bloomingdale Hospital, the Government Hospital for the Insane, Binghamton State Hospital, Hospital of La Salpetriere in Paris, and the Charity Hospital in Berlin, and to a great extent I have made psychological investigation in private practice of patients addicted to the various grades of alcoholism.

IV. Practically all of the older data relative to the subject of alcoholism and the taking of beer or light wines pertain to solutions of from 4 to 12 per cent of alcohol, and there are practically no available data that can be said to be scientific or medically reliable on beers containing less than 4 or 5 per cent of alcohol by weight.

V. A very wide investigation of the literature of the subject reveals that nearly all of the statistics concerning beer drinking dealt with beers of from 6 to 10 per cent in strength. The extensive psychological and neuro-muscular experiments of Kraepelin were conducted on beers and alcoholic beverages of far greater alcoholic strength than 2.75 per cent by weight. In some of these cases the alcoholic percentage was not stated and the results of these experiments are thereby entirely vitiated.

VI. From my personal experience and investigation and from observations made upon others, as well as from my study of the experiences, investigations, and experiments recorded by others in the scientific literature of many countries, I am of the opinion that beer or any beverage which contains not to exceed 2.75 per cent of alcohol by weight, when consumed by an ordinary man or woman in such quantities as the human stomach can ordinarily hold, is not intoxicating.

Dr. A. A. Brill makes a sworn statement, as follows:

V. I have for many years taken a keen interest in the subject of inebriety, especially in its psychological aspects, and have examined a great number of persons suffering from various manifestations of alcoholism.

VI. I am acquainted with the substance now known and sold as "war beer," both from my own consumption of the same and from being in company of others who have drunk it; which substance, I am informed and verily believe, has an alcoholic content not to exceed 2.75 per cent by weight; and from my experience and observation I am of the opinion that such beer which is now made and sold would not tend to cause inebriation or alcoholism in any average, normal adult drinking the same; but, on the contrary, it exerts a very beneficial effect, and in my opinion it would be impossible for any such person to drink a sufficient quantity of this substance to cause drunkenness.

From both the medical and legal viewpoints, therefore, it will be evident to any person who is possessed of good common sense and who is without prejudice that well-brewed beer of 2.75 per cent alcoholic strength is not intoxicating within the meaning of the eighteenth amendment to the Constitution of the United States, and that therefore a pure wholesome beer of 2.75 per cent alcoholic strength should be permitted, under the provisions of the eighteenth amendment, to be manufactured, transported, and sold as a matter of constitutional right.

COMPARISON OF LABOR PROVISIONS OF THE TRANSPORTATION ACT WITH THOSE OF THE BARKLEY-HOWELL BILL

Mr. NEWTON of Minnesota. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Barkley-Howell bill by printing in parallel columns a synopsis of the

present provisions of the transportation act and corresponding provisions in the Barkley-Howell bill.

The SPEAKER. The gentleman from Minnesota asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection? [After a pause.] The Chair hears none.

Mr. NEWTON of Minnesota. Mr. Speaker, under leave to extend my remarks I am inserting a brief analysis and comparison in parallel columns of the labor provisions of the transportation act of 1920 with the provisions of the bill prepared by representatives of the railway brotherhoods and known as the Barkley-Howell bill:

COMPARISON IN GENERAL OF PROVISIONS OF LABOR PROVISIONS IN TRANSPORTATION ACT WITH THOSE IN BARKLEY-HOWELL BILL

<p>TRANSPORTATION ACT</p> <p>SEC. 300. The term "carrier" includes:</p> <p>(a) Any express company.</p> <p>(b) Any sleeping-car company.</p> <p>(c) Any carrier by railroad subject to the interstate commerce act, except a street, interurban, or suburban electric railway not operating as a part of a general steam railroad system of transportation.</p>	<p>BARKLEY BILL</p> <p>SECTION 1. The term "carrier" is enlarged to include the provisions of section 300, but also the following:</p> <p>(a) Interurban and suburban electric railways operating as independent units.</p> <p>(b) Bureaus, associations, committees, and institutions, etc., in furtherance of interest of carriers.</p> <p>(c) Barges, boats, tugs, bridges, ferries.</p> <p>(d) Other transportation facilities, whether electric, gas, or steam.</p>
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SEC. 301. Duty upon carriers and employees to settle: "It shall be the duty of all carriers and their officers, employees, and agents to exert every reasonable effort and adopt every available means to avoid any interruption to the operation of any carrier growing out of any dispute between the carrier and the employees or subordinate officials thereof."

SEC. 301. Disputes first decided in conference: "All such disputes shall be considered and, if possible, decided in conference between representatives designated and authorized so to confer by the carriers or the employees or subordinate officials thereof, directly interested in the dispute. If any dispute is not decided in such conference, it shall be referred by the parties thereto to the board which under the provisions of this title is authorized to hear and decide such dispute."

SEC. 302. Boards of adjustment are permissive and the representatives are paid by their own group, not out of the public Treasury.

"Railroad boards of labor adjustment may be established by agreement between any carrier, group of carriers, or the carriers as a whole, and any employees or subordinate officials of carriers, or organization or group of organizations thereof."

SEC. 2. General duty: "It shall be the duty of all carriers and all officers, agents, employees, and subordinate officials to exert every reasonable effort to make and maintain agreements concerning rates of pay, rules, and working conditions, and to settle all disputes arising out of the application of said agreements in order to avoid any interruption to the operation of any carrier growing out of any dispute between the carrier and the employees or subordinate officials thereof."

SEC. 3. (A) (1) The provision is substantially the same as in the transportation act: "All disputes arising out of (a) grievances, or the application of all agreements concerning rates of pay, rules, or working conditions, or (b) proposed changes in rates of pay, rules, or working conditions between a carrier and its employees or subordinate officials shall be considered and, if possible, decided, with all expedition, in conference between representatives designated and authorized so to confer, respectively, by the carriers and by the employees or subordinate officials thereof interested in the dispute."

(This provision is followed by provisions relating to the designation of representatives, time, and places of meeting which are not in existing law.)

SEC. 3 (B) There are established four adjustment boards, as follows:

No. 1. Consists of 14 members, 7 from carriers and 7 from employees, from engineers, firemen, conductors, and other operating employees.

No. 2. Consists of 14 members, 7 from carriers and 7 from shop employees, such as boiler-makers, other mechanics, and helpers.

No. 3. Consists of 6 members, 3 from carriers and 3 from clerks, station workers, laborers, etc.

TRANSPORTATION ACT—CON.

Appointed by employees and management as they agree.

Salaries of members and employees to be met by the parties, not the public.

No specific provision as to powers.

ADJUSTMENT BOARDS

SEC. 303. Jurisdiction applies only to disputes involving grievances, rules, or working conditions.

Provision is made as to instituting proceedings before adjustment boards, including petitions by unorganized employees.

SEC. 304. Establishes a Railroad Labor Board, composed of nine members, as follows:

- (a) Three from labor group.
 - (b) Three from management group.
 - (c) Three from public generally.
- All are appointed by President. Salary, \$10,000.

Subject to civil service; has power to appoint and remove employees.

SEC. 307. Has appellate jurisdiction as to grievances, rules, and working conditions from adjustment boards.

Has original jurisdiction as (1) to above if adjustment boards not organized; (2) as to wages not agreed to in conference upon request of either side or on own motion if likely to substantially interrupt commerce.

(3) May suspend agreements in conference if agreement for increased wages likely to necessitate a substantial readjustment of rates. Take testimony. As to this latter decision, one of public must concur.

Decisions and reasons to be published as required.

BARKLEY BILL—CON.

No. 4. Consists of 6 members, 3 from carriers and 3 from marine workers, such as masters, pilots, longshoremen, marine engineers, etc.

Appointed by President from nominees by employee organizations and managements. Only "nationally organized crafts" of employees can send in nominations.

Salaries \$7,000 per year, payable out of Public Treasury. "Can employ and fix salaries of such employees as may be necessary."

Are given extensive powers as to conducting hearings, including right to require access to all books and papers.

ADJUSTMENT BOARDS

SEC. 4. (A) "Has jurisdiction only as to grievances or application of agreements concerning rates of pay, rules, and working conditions."

No mention of how proceedings are to be commenced.

Repeals provision as to Labor Board.

Establishes Board of Mediation and Conciliation, composed of five. Salary, \$12,000.

All appointed by the President. No member can, while an active member or officer in employee organization, or an officer of or peculiarly interested in a carrier, shall be eligible. Salary, \$12,000.

Can employ as see fit and fix salaries.

SEC. 5. Has appellate jurisdiction as to grievances or out of application of agreement relating to rates of pay, rules, or working conditions.

Has original jurisdiction to mediate only as to (1) changes in rates of pay, rules, or working conditions when not agreed on in conference when request for amicable adjustment is made by either party.

(2) No jurisdiction whatever if parties agree. No power of suspension. Confined merely to mediation and conciliation.

No power of decision.

In event of failure to get parties to agree, only recourse is to request voluntary arbitration. Expressly made not illegal to refuse to arbitrate. Board names arbitrators if parties unable to agree. One of its members on request may sit in and observe.

Award of arbitrators made final and conclusive as to the facts and as the merits of controversy and that both shall faithfully perform. This is qualified as to employees as follows:

TRANSPORTATION ACT—CON.

... (8) Nothing in this act shall be construed to require an individual employee or subordinate official to render labor or service without his consent...

BARKLEY BILL—CON.

“(8) Nothing in this act shall be construed to require an individual employee or subordinate official to render labor or service without his consent...

In other words, the award binds the carrier but not the employees, who have voluntarily agreed to arbitrate.

In the meantime the carrier is prohibited from changing rates of pay, rules, or working conditions prior to final action or without notice.

“(B) Any attempted change of rates of pay, rules, or working conditions by the carrier without notice, or prior to final action as heretofore provided, shall be void, and the offender shall be liable in damages to each and every party aggrieved to the amount of double any loss occasioned by such unlawful action. Such damages shall be recoverable by appropriate proceedings in the United States district court for the district wherein the offense was committed, which proceeding may be brought by individuals or by representatives of classes of individuals aggrieved.”

LEAVE OF ABSENCE

By unanimous consent, leave of absence was granted as follows: To Mr. GALLIVAN, for 3 days, on account of illness. To Mr. DYER, for 3 days, on account of very important business. To Mr. FLEETWOOD, for 10 days, on account of business. To Mr. GIBSON, for 7 days, on account of business.

EXTENSION OF REMARKS

Mr. BAKER. Mr. Speaker, I ask unanimous consent to extend my remarks in the Record on the immigration bill. The SPEAKER. The gentleman from California asks unanimous consent to extend his remarks in the Record on the immigration bill. Is there objection? Mr. LAGUARDIA. Mr. Speaker, reserving the right to object, are they the gentleman's own remarks? Mr. BAKER. Well, public records and matters which I have gathered together.

ADJOURNMENT

Mr. LONGWORTH. Mr. Speaker, I move that the House do now adjourn. The motion was agreed to; accordingly (at 5 o'clock and 2 minutes p. m.) the House adjourned until Monday, May 19, 1924, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows: 490. A communication from the President of the United States, transmitting a communication from the Treasury Department under date of May 5, 1924, submitting claim of Rev. S. T. Matthews in the sum of \$97.85, which has been adjusted and which requires an appropriation for its payment (H. Doc. No. 291); to the Committee on Appropriations and ordered to be printed. 491. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department for the fiscal year 1924, \$45,000, and for the fiscal year 1925, \$8,330,100; in all \$8,375,500; also, a proposed authorization to use an existing appropriation (H. Doc.

No. 292); to the Committee on Appropriations and ordered to be printed.

492. A communication from the President of the United States, transmitting two communications from the Postmaster General, submitting an estimate of appropriation in the sum of \$3,023.72, to pay claims for damages to or losses of privately-owned property, which he has adjusted and which require an appropriation for their payment (H. Doc. No. 293); to the Committee on Appropriations and ordered to be printed.

493. A letter from the Secretary of War, transmitting, with a letter from the Chief of Engineers, reports on preliminary examination and survey of Green Bay Harbor and Fox River, Wis., from Oshkosh to its mouth (H. Doc. No. 294); to the Committee on Rivers and Harbors and ordered to be printed, with three illustrations.

494. A letter from the Secretary of the Navy, transmitting a draft of proposed legislation "to authorize the appointment of Machinist Henry F. Mulloy, United States Navy, as an ensign in the regular Navy"; to the Committee on Naval Affairs.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII, Mr. SNEEL, Committee on Rules. H. Res. 317. A resolution providing for the consideration of H. R. 9083, a bill declaring an emergency to exist in agricultural commodities, etc.; without amendment (Rept. No. 775). Referred to the House Calendar.

Mr. FISHER, Committee on Military Affairs. H. R. 7909. A bill granting the consent of Congress to the construction, maintenance, and operation by the Denver & Rio Grande Western Railroad Co., its successors and assigns, of a line of railroad across the southwesterly portion of the Fort Logan Military Reservation in the State of Colorado; without amendment (Rept. No. 777). Referred to the House Calendar.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII, Mr. LITTLE, Committee on Claims. S. 1253. An act to reimburse J. B. Glanville and others for losses and damages sustained by them through the negligent dipping of tick-infested cattle by the Bureau of Animal Industry, Department of Agriculture; without amendment (Rept. No. 778). Referred to the Committee of the Whole House.

Mr. PATTERSON, Committee on Naval Affairs. H. R. 7018. A bill for the relief of Joy Bright Little; without amendment (Rept. No. 779). Referred to the Committee of the Whole House.

Mr. EDMONDS, Committee on Claims. H. R. 9080. A bill for the relief of Christina Conniff; without amendment (Rept. No. 780). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. JACOBSTEIN (by request): A bill (H. R. 9292) to prohibit the collection of a surcharge for the transportation of persons or baggage in connection with the payment of parlor or sleeping car accommodations; to the Committee on Interstate and Foreign Commerce.

By Mr. GIBSON (by request): A bill (H. R. 9293) to extend the commerce of the United States by creating the world commerce corporation and authorizing the establishment of foreign trade zones; to the Committee on the Judiciary.

By Mr. CASEY: A bill (H. R. 9294) providing for the purchase of a site and the erection thereon of a public building at Nanticoke, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 9295) providing for the purchase of a site and the erection thereon of a public building at Plymouth, Pa.; to the Committee on Public Buildings and Grounds.

By Mr. RICHARDS: A bill (H. R. 9296) to provide for the acquisition of a site and the erection thereon of a Federal building at Las Vegas, Nev.; to the Committee on Public Buildings and Grounds.

By Mr. PORTER: A bill (H. R. 9297) to authorize the payment of an indemnity to the Government of the Dominican Republic on account of the death of Juan Soriano, a Dominican subject, resulting from the landing of an airplane belonging to the United States Marine Corps at Guerra, Dominican Republic; to the Committee on Foreign Affairs.

By Mr. COOPER of Ohio: A bill (H. R. 9298) to abolish the Railroad Labor Board, to provide for the settlement, mediation, conciliation, and arbitration of railway labor disputes between carriers and their employees and subordinate officials, and for other purposes; to the Committee on Interstate and Foreign Commerce.

By Mr. LAGUARDIA: Joint resolution (H. J. Res. 265) for the purpose of outlawing war and to establish permanent peace in the world; to the Committee on Foreign Affairs.

By Mr. THOMAS of Oklahoma: Joint resolution (H. J. Res. 266) proposing an amendment to the Constitution of the United States; to the Committee on the Judiciary.

By Mr. JACOBSTEIN: Resolution (H. Res. 318) providing for an inquiry into the policy and methods of the Post Office Department in leasing private property for public purposes, and specifically the leasing of the Fitzhugh Street property in Rochester, N. Y., for a new parcel-post station; to the Committee on Rules.

By Mr. COOPER of Ohio: Resolution (H. Res. 319) for the consideration of H. R. 8578, to amend the act to promote the safety of employees and travelers upon railroads, etc.; to the Committee on Rules.

By Mr. O'CONNELL of New York: Memorial of the Legislature of the State of New York for liberal appropriations for the National Guard and the Organized Reserves; to the Committee on Military Affairs.

By Mr. GRIFFIN: Memorial of the Legislature of the State of New York urging Congress to provide a liberal appropriation for carrying out the spirit of the national defense act; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BLACK of Texas: A bill (H. R. 9299) for the relief of John W. King; to the Committee on Claims.

By Mr. BURDICK: A bill (H. R. 9300) granting an increase of pension to Mary A. Winsor; to the Committee on Invalid Pensions.

By Mr. DICKINSON of Missouri: A bill (H. R. 9301) for the relief of W. J. Laffoon; to the Committee on Claims.

By Mr. GIBSON: A bill (H. R. 9302) granting an increase of pension to Emma F. Niles; to the Committee on Invalid Pensions.

By Mr. HILL of Washington: A bill (H. R. 9303) for the relief of C. H. Reynolds, assignee of the Bitu-Mass Paving Co., of Spokane, Wash.; to the Committee on War Claims.

By Mr. KURTZ: A bill (H. R. 9304) granting an increase of pension to Mary A. Schroeder; to the Committee on Invalid Pensions.

By Mr. MANLOVE: A bill (H. R. 9305) granting an increase of pension to I. J. Howard; to the Committee on Pensions.

By Mr. PERLMAN: A bill (H. R. 9306) granting a pension to Philippine Steize; to the Committee on Invalid Pensions.

By Mr. ROBSION of Kentucky: A bill (H. R. 9307) granting a pension to Alonzo L. Hansel; to the Committee on Pensions.

By Mr. STEPHENS: A bill (H. R. 9308) to authorize the appointment of Machinist Henry F. Mulloy, United States Navy, as an ensign in the regular Navy; to the Committee on Naval Affairs.

By Mr. THOMPSON: A bill (H. R. 9309) granting a pension to Harry Bayless; to the Committee on Pensions.

By Mr. WEFALD: A bill (H. R. 9310) granting an increase of pension to Frank C. Myrick; to the Committee on Invalid Pensions.

By Mr. WELLER (by request): A bill (H. R. 9311) for the relief of Anti Merihelmi; to the Committee on Claims.

Also, a bill (H. R. 9312) for the relief of Agnes De Jardins; to the Committee on Claims.

By Mr. WINTER: A bill (H. R. 9313) granting an increase of pension to Martha E. Moore; 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:

2798. By the SPEAKER (by request): Petition of Woman's Club of Casagrande and the city commission of the city of Phoenix, Ariz., favoring the passage of Senate bill 966; to the Committee on Indian Affairs.

2799. Also (by request), petition of conference of delegates from several States in the Mississippi Valley, meeting at St.

Paul, Minn., asking for favorable action on House bill 8914; to the Committee on Rivers and Harbors.

2800. Also (by request), petition of Voorhees Rubber Manufacturing Co., opposing the passage of the Barkley bill; to the Committee on Interstate and Foreign Commerce.

2801. By Mr. EVANS of Iowa: Petition of farmers of Page County, Iowa, favoring the passage of the McNary-Haugen bill; to the Committee on Agriculture.

2802. By Mr. GALLIVAN: Petition of employees of Boston & Maine Railroad, Boston, Mass., recommending passage of the Howell-Barkley bill; to the Committee on Interstate and Foreign Commerce.

2803. Also, petition of C. F. & G. W. Eddy (Inc.), Boston, Mass., protesting against passage of the McNary-Haugen bill; to the Committee on Agriculture.

2804. By Mr. KIESS: Petition of citizens of Renovo, Pa., favoring the Howell-Barkley bill; to the Committee on Interstate and Foreign Commerce.

2805. By Mr. O'CONNELL of New York: Petition from the Board of Aldermen, city of New York, favoring the passage of House bill (H. R. 9035) for the increase in salaries for postal employees; to the Committee on the Post Office and Post Roads.

SENATE

MONDAY, May 19, 1924

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

O Thou who inhabitest eternity, we bless Thee that Thou art pleased to dwell with him of an humble and contrite heart. We beseech of Thee that such may be our qualifications that each of us may have Thee enthroned in our being, directing our every movement, influencing every decision and helping us to realize constantly that Thou art the judge of all things in human estate and destiny. Hear us, we beseech of Thee. Bless our land and all who have to do with its administration for the highest interests and holiest welfare. We ask in Jesus Christ's name. Amen.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Wednesday, May 14, 1924, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL

Mr. WALSH of Montana. Mr. President, I suggest the absence of a quorum.

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

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

Adams	Edwards	Kendrick	Reed, Pa.
Ashurst	Elkins	Keyes	Robinson
Ball	Ernst	King	Sheppard
Bayard	Fernald	Ladd	Shields
Borah	Ferris	Lodge	Shipstead
Brandegee	Fess	McKellar	Shortridge
Brookhart	Fletcher	McKinley	Simmons
Broussard	Frazier	McLean	Smith
Bruce	George	McNary	Smoot
Bursum	Gerry	Mayfield	Stanfield
Cameron	Glass	Moses	Stephens
Capper	Gooding	Neely	Sterling
Caraway	Hale	Norbeck	Swanson
Colt	Harreld	Norris	Trammell
Copeland	Harris	Oddie	Trammell
Cunmins	Harrison	Overman	Wadsworth
Curtis	Heflin	Pepper	Walsh, Mont.
Dale	Howell	Phelps	Warren
Dial	Johnson, Calif.	Pittman	Weller
Dill	Johnson, Minn.	Ralston	Wheeler
Edge	Jones, Wash.	Ransdell	Willis

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

PETITIONS AND MEMORIALS

Mr. WARREN presented a resolution adopted by Lodge No. 686, Maintenance of Way Organization, of Cheyenne, Wyo., favoring the passage of the so-called Howell-Barkley railway labor bill, which was referred to the Committee on Interstate Commerce.

Mr. LODGE presented resolutions adopted by the convention of the diocese of Massachusetts, favoring the participation of the United States in the Permanent Court of International Justice and also the passage of the proposed child labor amendment to the Constitution, which were referred to the Committee on Foreign Relations.