

## NOMINATIONS

*Executive nominations received by the Senate January 7, 1926*

## UNITED STATES ATTORNEY

Samuel S. Langley, of Arkansas, to be United States attorney, western district of Arkansas. (A reappointment, his term having expired.)

## UNITED STATES MARSHAL

Daniel F. Breitenstein, of New York, to be United States marshal, northern district of New York. (A reappointment, his term having expired.)

APPOINTMENTS, BY TRANSFER, IN THE REGULAR ARMY  
QUARTERMASTER CORPS

Second Lieut. Richard Brown Thornton, Coast Artillery Corps, with rank as prescribed by the act of June 30, 1922.

## CAVALRY

Second Lieut. Hubert Whitney Ketchum, jr., Air Service, with rank from June 12, 1925.

## PROMOTIONS IN THE REGULAR ARMY

## TO BE LIEUTENANT COLONEL

Maj. Emory Sherwood Adams, Adjutant General's Department, from January 2, 1926.

## TO BE MAJORS

Capt. Selden Brooke Armat, Finance Department, from December 16, 1925.

Capt. George Zinn Eckels, Finance Department, from December 24, 1925.

Capt. Jerome Clark, Finance Department, from December 31, 1925.

Capt. Clarence Maynard Exley, Finance Department, from January 2, 1926.

## TO BE CAPTAINS

First Lieut. Thomas Boroughs Richardson, Infantry, from December 16, 1925.

First Lieut. Samuel Wilber Stephens, Infantry, from December 17, 1925.

First Lieut. Richard Cohron Lowry, Coast Artillery Corps, from December 23, 1925.

First Lieut. Albert Edgar Billing, Field Artillery, from December 24, 1925.

First Lieut. Robert Oney Wright, Cavalry, from December 31, 1925.

First Lieut. Edwin Todd Wheatley, Infantry, from December 31, 1925.

First Lieut. John Winthrop Mott, Infantry, from January 2, 1926.

## TO BE FIRST LIEUTENANTS

Second Lieut. William Dickey Long, Infantry, from December 16, 1925.

Second Lieut. Henry Irving Hodes, Cavalry, from December 17, 1925.

Second Lieut. Harvey Kenneth Greenlaw, Air Service, from December 17, 1925.

Second Lieut. William Joel Tudor Yancey, Infantry, from December 18, 1925.

Second Lieut. Leon Eugene Lichtenwalter, Infantry, from December 19, 1925.

Second Lieut. Sidney Rae Hinds, Infantry, from December 23, 1925.

Second Lieut. Halley Grey Maddox, Cavalry, from December 24, 1925.

Second Lieut. Snowden Ager, Cavalry, from December 31, 1925.

Second Lieut. John English Nelson, Infantry, from December 31, 1925.

Second Lieut. Harold Todd Turnbull, Coast Artillery Corps, from January 2, 1926.

## CONFIRMATIONS

*Executive nominations confirmed by the Senate January 7, 1926*

## FOREIGN SERVICE

Jefferson Caffery to be envoy extraordinary and minister plenipotentiary to Salvador.

## UNCLASSIFIED

Franklin C. Gowen.  
Harold L. Smith.

## VICE CONSUL OF CAREER

Franklin C. Gowen.  
Harold L. Smith.

## POSTMASTERS

## DELAWARE

John W. Goodwin, Felton.

## ILLINOIS

Clarence H. Loveridge, Alexis.  
Henry C. Minton, Alto Pass.  
Albert T. McLane, Arcola.  
Allen W. Cantrall, Athens.  
Frank E. Learned, Benson.  
James H. Boos, Carbondale.  
John E. Humbert, Chadwick.  
Frank S. Vandersloot, Farmington.  
Edwin E. Ellsworth, Libertyville.  
Martin J. Riedy, Lisle.  
Ralph Proctor, McLeansboro.  
Charles A. Pease, Malta.  
William C. Henley, Nashville.  
Charles S. Russell, Neponset.  
Everett L. Buck, Normal.  
George P. Wilson, Orion.  
Mary E. Sullivan, Riverside.  
Aquilla E. Miller, Salem.  
Bertha M. Smith, Savanna.  
Roy A. Gulley, Sesser.  
Edwin Temple, Tampico.  
Leo W. Ruedger, Thawville.  
Thomas V. Eiler, Tower Hill.  
Elmer E. Adams, Winnetka.  
Gilbert R. Huffstodt, Wyanet.

## MASSACHUSETTS

Fred B. Roach, Dover.  
Dennis M. Kelley, Hathorne.  
William H. Winslow, Mattapoisett.  
John H. Valentine, North Chelmsford.  
James E. Williams, North Dighton.  
Charles E. Slate, Northfield.  
Lewis H. Bradford, Shirley.  
Robert H. Lawrence, South Dartmouth.  
Henry B. Sampson, South Lancaster.  
Warren C. Hastings, Southwick.  
William A. Temple, Westboro.

## NEW JERSEY

Harry Harsin, Asbury Park.  
Mary Hanfmann, Cresskill.  
Ada B. Nafew, Eatontown.  
William C. Jordan, Fairview.  
Christian Kuhlthau, Milltown.  
Herbert C. Dodge, Sparta.  
Albert M. Wiggins, Succasunna.  
Jesse W. English, Wenonah.  
Frank K. Ridgway, Woodstown.

## TEXAS

John W. Philp, Dallas.

## HOUSE OF REPRESENTATIVES

THURSDAY, January 7, 1926

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, Thou hast not promised us joy without affliction, calm without storm, nor the sun without a cloud. But blessed be Thy holy name. Thou hast vouchsafed unto us sympathy, strength, and unflinching love. O, then, let Thy wisdom be our guide, Thy service our delight, and Thy peace our richest blessing. To-day direct our words that they may do no harm, and may our heart feel no wrong desires. Let our labors be for our country's good and wise our conduct for the help and encouragement of others. In Thy name. Amen.

The Journal of the proceedings of yesterday was read and approved.

## FARM LEGISLATION

Mr. CANNON. Mr. Speaker, I ask unanimous consent to insert as a part of my remarks a resolution adopted by the American Council of Agriculture on farm legislation.

The SPEAKER. The gentleman from Missouri asks unanimous consent to extend his remarks in the Record by printing a resolution adopted by the American Council of Agriculture. Is there objection?

There was no objection.

Mr. CANNON. Mr. Speaker, various interests opposed to farm legislation have from time to time sought to excuse their opposition by the plea that the farmers themselves are not united on any definite plan for relief. This excuse is being made so frequently and with such emphasis that I desire to call attention to a resolution adopted at a joint session of the Corn Belt committee and the executive committee of the American Council of Agriculture held at Des Moines, Iowa, on December 21 and 22.

These two great committees represent practically every farm organization in the Corn Belt States, with an aggregate constituency of approximately 1,000,000 farmers. They are in a position to speak with authority, and this resolution is the official and unanimous statement of the two committees. It is entitled "The plea of agriculture."

#### Resolutions

The Corn Belt committee having been created for the express purpose of determining the farmers' costs of production in the various Corn Belt States, and these costs having been ascertained with as much accuracy as the available data made possible, we desire to make the following suggestions to our participating organizations, namely, that immediate steps be taken to finance a permanent statistical department to be located in the city of Des Moines, and that one or more men of the highest efficiency be placed in charge of such department. We make this recommendation because we consider it of overwhelming importance not only that the farmers of the Corn Belt should have reliable data as to their general production costs from year to year but also that these facts should be impressed in a powerful way upon the general public. The railroads and all other great interests maintain such statistical departments, and if agriculture expects to protect its just rights it must pursue similar methods. And in order that this vital matter may be placed in definite form we recommend the immediate raising of a fund of \$15,000 to finance such a department during the coming year and that an equitable assessment be made against the different farm organizations in the Corn Belt States to this end.

We desire at this time to point out to the farmers of the Corn Belt, as well as to all farm organization leaders, the menace of the direct buying of livestock by the packers and the building up of independent stockyards, of which the Mistletoe Yards at Kansas City constitute a shining example. In the final analysis all such efforts have but one object, and that is to weaken and finally break down our great terminal livestock markets, which are the only means that livestock producers have at this time of preserving a competitive situation. We trust that our various cooperative commission companies and farm organization leaders may make common cause in these premises, and that it be impressed upon every livestock producer in a powerful way that every time he sells direct to a packer or to an independent yard that he is helping to destroy such competition as exists in our great stockyard centers, which should be preserved at all hazards until, through better organization, we can protect the livestock producers' interests. In the meantime we ask that a special committee be appointed to make a careful study of possible effective action by Congress in these premises.

Sitting in solemn deliberation over the troubled affairs of agriculture in the heart of the Corn Belt on the eve of the holy Christmas time, we send our kindly greetings to the cotton and tobacco growers in the Southland, and to all other farm organizations that are promoting the great cooperative movement upon which the future of agriculture so much depends.

The Corn Belt committee and the executive committee of the American Council of Agriculture representing the farm organizations of the Middle West and West join in making the following statement with reference to the national agricultural situation; and in this connection we repeat the declaration made at the St. Paul conference in 1924, namely, that the agricultural question is fundamentally economic rather than political. Certainly it should not become the football of partisan politics. Republicans, Democrats, and Progressives all included agricultural planks in their platforms, which promised to secure equality for agriculture.

The President of the United States, in his speech before the American Farm Bureau Federation at Chicago, declared that agriculture is substantially on a free-trade basis in respect of the things it buys. We are surprised to find one ordinarily so cautious of utterance and so little given to adventurism, accepting, apparently without criticism, a superficial analysis of so complex and involved an economic fact as the American protective system. This is a system of long development and studied influence on the economic life of America. Many factors enter into the compounding of the so-called American standard of living, of which our people are justly proud, and which it is agriculture's determination not only to support and perpetuate so long as it is left a choice in the matter, but, indeed, to extend, so that the benefits will become more general and widespread than they now are, so that the third of the population which is engaged in farming may participate equally in them and so that agriculture, which has histori-

cally been the rock and foundation of American political and economic stability, may be saved from decay. Restrictive immigration, the Adamson law, the transportation act, and many others might be cited. Protection is interwoven into the very fabric of American industrialism. Wherever one turns, except in the prices of the great staples of agriculture as they leave the hands of the farmer, the influence of that system is encountered. The farmer, consequently, while himself deriving almost none of the benefits, bears the burden and shares in adverse economic implications of protection to the full.

Accordingly we are obliged to differ from the administration not only in the President's statement at Chicago but also in that portion of his message to Congress of December 8, in which he dealt with agriculture. We protest against such a representation of the movement for equality in which the people of the great staple-growing Empire of America are enlisted with all their hearts. We protest against the abrupt dismissal of a petition in the formulation of which the best intelligence of agriculture has put so many years of devoted and sincere study. We protest respectfully, but none the less with every ounce of our power, that it is incumbent on anyone who comes into the agricultural forum to thwart this constructive and practical program, to have an equally constructive and practical program, to suggest in its place. We submit that, in view of the pitiable conditions existing among men who have spent a lifetime in hewing a destiny from the soil, anything less is a betrayal of faith.

We do not understand the administration to argue that the staples of agriculture receive protection. We wish to call attention to this vital, economic fact. It is equally vital with the complementing fact that in almost every other economic sphere wages of labor, taxation, rent, capitalization, products of industry, transportation, and so on—protection plays a fundamental and permeating influence on price. We once more demand equality.

We do not concede that the existing Fordney-McCumber Act is "of great benefit to agriculture as a whole." On the contrary, the staggering burdens imposed upon the consumers of the country through this act fall as heavily upon the farmer as upon any other class—on the one hand, the farmer pays his full share of the heavy tariff tribute upon practically everything he buys, while on the other hand the price of his great surplus commodities is fixed in the world markets. The living standard of organized industry and labor is the highest and most generous any nation has ever known, while the living standard of the farmer is rapidly becoming that of the world farmer. And, therefore, what virtue has the boasted home market? At this hour this home market is offering the Corn Belt farmer 55 cents and 60 cents per bushel for his corn, when it cost him more than twice this much to produce it. Also we hope we will be pardoned for our skepticism when we refuse to become elated over reference to certain articles that are on the free list, such as farm machinery, binder twine, etc., in which lines our American manufacturers dominate the world markets and therefore control the domestic price.

If the existing tariff is such a boon to agriculture, then how can the fact be explained that, although this tariff has been in operation for five years, agriculture is at this hour staggering on the brink of complete collapse? With all due respect to the President we desire to say that the farmers of this country know the source of their difficulties—they know that on the one hand they are carrying the heavy burdens of the protective system and sustaining the generous wage scales of organized labor, while on the other hand they are meeting world competition which industry and labor refuse to meet; and in these premises we demand of the Sixty-ninth Congress that it enact legislation that will assure the same degree of equality for agriculture that industry and labor have so uncompromisingly demanded and received for themselves. If it is not unsound to fix prices on steel, textiles, and other similar commodities by protective legislation, then why is it unsound to fix them for agriculture by the same process? If it was not unsound to vouchsafe the Adamson law to organized labor, then why be so horrified at specific legislation for the Nation's great basic industry? If it was wise on the part of Congress to stabilize our banking system through the Federal reserve act and our transportation system through the Esch-Cummins Act, then why not indulge the same solicitude for the 40,000,000 people who live upon the farm and whose purchasing power is so vital to our myriad mills and factories?

Finally on this score we desire to say to Congress that the time has come when it must choose between one of two alternatives—if industry insists that it can not exist without the tariff, then Congress must take agriculture in on the deal. And failing to do this, it should not blame the farmers of the United States if they invoke the principle that self-preservation is the first law and if thus they should declare open war upon the protective system. And in saying this we will not forget the real friends of agriculture in Congress in the days to come.

In this connection we desire to remind the farmers of the South that the time has come when corn, wheat, cotton, livestock, and tobacco should make common cause and when we should fight our battles side by side. We do not ask for special privilege or subsidies—we



only that Congress shall assure to the farmer a dollar of the same purchasing power as the dollar it has so freely granted to industry and labor.

And verily the man or set of men who denies this heartfelt plea of agriculture assumes a frightful responsibility. Already hundreds of thousands of farmers have been sold out by the sheriff, while many thousands of others will suffer a similar fate before relief can possibly come. Already more than 2,000 rural banks have been forced to close their doors, while the shadow of insolvency is hovering over hundreds of other banks which only a little while ago were the pride of their communities. Therefore let those who by plausible pretext seek to minimize the troubles of the farmer pause before it is too late—let them have a care lest their attitude not only assure the final and complete collapse of agriculture but also a condition of affairs which in the not distant future will bring distress to every great industrial center.

In this connection, and with a degree of amusement which shows that despite our tragic condition we still have a sense of humor left, we note that the new measure sponsored by Secretary Jardine is to prove a means of salvation to the farmer by supplying him with a new and expert fund of information about the mysteries of cooperative marketing. And in these premises we desire to assure the Secretary that it is not information we need but a fair price. As a matter of fact, we never had so much information in our lives; it is about all we have left. But we wonder if when the Fordney-McCumber Act was under debate in Congress some one had moved to substitute a bureau of information, whether this would have been satisfactory to industrial New England? Also, we wonder whether organized labor would have been content with mere information in lieu of the Adamson law.

Speaking for the united farm organizations of the Middle West and West, which represent not less than 1,000,000 farmers, we hereby desire to say that in the near future we will agree upon a measure which will present the export corporation idea in the simplest form compatible with effectiveness, and which will prove a stimulus to the great cooperative movement; and having agreed upon the terms of this measure, we will ask the farm organizations of the United States to join us in asking for its passage by the Sixty-ninth Congress. And until such time we ask our friends in the House and Senate to postpone consideration of the various agricultural measures which have been offered during recent days or which may be offered in the immediate future.

This conference desires to take cognizance of the enheartening action of the legislatures of 12 Western States which have lent the strength of their indorsement to the demand for a method of making the tariff effective for agriculture. The conference extends the appreciation of the million farmers for whom it is authorized to speak.

We commend the Governor of South Dakota in calling a conference of the Mid West governors, which has resulted in their unqualified adherence to the proposition that the protective system should be extended to include the products of agriculture, of which we produce a surplus, if the protective system is to be retained for industry. The voice of these men is the voice of the great agricultural region for which they speak. We consider that such a pronouncement can not be ignored.

#### FOREIGN DEBT SETTLEMENTS

Mr. CRISP, by direction of the Ways and Means Committee, reported back without amendment, with a favorable report, the following bills:

H. R. 6772. To authorize the settlement of the indebtedness of the Kingdom of Rumania to the United States of America;

H. R. 6774. To authorize the settlement of the indebtedness of the Government of the Kingdom of Belgium to the Government of the United States of America;

H. R. 6775. To authorize the settlement of the indebtedness of the Republic of Esthonia to the United States of America;

H. R. 6776. To authorize the settlement of the indebtedness of the Government of the Republic of Latvia to the Government of the United States of America; and

H. R. 6777. To authorize the settlement of the indebtedness of the Czechoslovak Republic to the United States of America.

Mr. CRISP. I wish to say there is also a favorable report on the bill funding the indebtedness of Italy. I was designated to draw that report, but though I dictated it this morning it will not be ready until later in the evening. My secretary is now transcribing it.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that the gentleman may file the report when it is ready, even though the House is not in session.

The SPEAKER. Is there objection to the request of the gentleman from Illinois?

There was no objection.

Mr. OLDFIELD. Mr. Speaker, I would like to ask the gentleman from Georgia a question. I would like to ask when it is proposed that these bills shall be considered by the House.

Mr. CRISP. I am in this position: My Republican colleagues on the Ways and Means Committee have done me the unusual courtesy of directing me to prepare the report for the committee and take charge of the bills in the House. Of course, I shall defer entirely to the wishes of the responsible leaders of the majority in the House as to when these matters shall be called up and as to the amount of time for debate. I am advised by the chairman of the Ways and Means Committee that it is the intention to call the bill up next Tuesday.

Mr. RAMSEYER. May I ask the gentleman a question?

Mr. CRISP. I will yield.

Mr. RAMSEYER. There were some hearings on this matter before the Ways and Means Committee, were there not?

Mr. CRISP. Yes.

Mr. RAMSEYER. Will the printed copy of the hearings be available to Members soon?

Mr. CRISP. I will say that the hearings before the committee were executive. As far as I am concerned, I hope they will be published and made public. I have no desire whatever that the hearings shall be kept confidential. Personally I would be glad if the committee in its wisdom sees fit to have them printed and made available to the Members of the House and the public.

Mr. RAMSEYER. The gentleman is on the committee and had an opportunity to inform himself, but I think in fairness to the Members of the House who, like myself, have not had the opportunity to become fully informed, that before these bills are called up for consideration in the House we may have an opportunity to get the information that the Ways and Means Committee had as to the wisdom of these settlements.

Mr. CRISP. I am in thorough sympathy with the gentleman and I recognize that each Member of the House has the same responsibility that we have, and I hope the responsible authorities will see that the hearings are available.

Mr. GREEN of Iowa. Let me make a statement before any more time is wasted on this. I want to say that these hearings will all be made public; gentlemen need not worry about that.

Mr. RAMSEYER. What I am interested in is that we may get these hearings in printed form, so that we may not only read but study them before the bills are called up and an effort made to rush them through the House without consideration, as some bills have been.

Mr. MADDEN. Mr. Speaker, I do not think that is a fair statement, that bills have been rushed through the House without consideration.

Mr. RAMSEYER. It may be that I made that statement a little too strong.

Mr. OLDFIELD. I would like to ask the gentleman a question. When does he expect to have the hearings printed?

Mr. GREEN of Iowa. By Saturday at the latest, so that the gentleman can get them at that time.

Mr. CHINDBLOM. That will depend on the diligence of the men who have addressed the committee in revising their remarks.

Mr. CRISP. Mine will be corrected immediately.

Mr. CHINDBLOM. I know that.

Mr. OLDFIELD. What time on Tuesday does the gentleman intend to call the bills up?

Mr. TILSON. Mr. Speaker, in fairness to the House I wish to state what it is hoped to do in the way of procedure. It is hoped to practically finish general debate on the Interior Department bill to-day, so that we may go on with the reading of the bill under the five-minute rule to-morrow. If reasonable progress is made, we ought to finish that bill by Saturday night; and if not, we ought surely to finish it by Monday. On Monday there is one District matter, perhaps two, that it is hoped to dispose of, but they should not take the entire day, so that even if we fail to finish the Interior bill on Saturday we ought to be able to finish it on Monday and dispose of the District matters, too. If so, the decks will be cleared for the consideration of the debt settlements on Tuesday.

Mr. OLDFIELD. And it is expected to take up the debt-settlement bills immediately after the reading of the Journal on Tuesday?

Mr. TILSON. That is our purpose. We hope to finish the Interior Department appropriation bill on Monday in time to go ahead with the debt-settlement proposition on Tuesday morning.

Mr. BLANTON. Mr. Speaker, will the gentleman yield?

Mr. TILSON. Yes.



Mr. BLANTON. There are only two small bills reported out of the District Committee that could come up on Monday, and they ought not to take more than an hour.

Mr. TILSON. I so understand, and that will give us practically all day Monday on the Interior Department appropriation bill.

Mr. GREEN of Iowa. The gentleman does not see any reason now why we should not go forward with the debt settlement bills on Tuesday?

Mr. TILSON. So far as I can see now we should finish the Interior Department appropriation bill by Monday night.

Mr. HASTINGS. Mr. Speaker, I have just come into the Chamber, and may I inquire whether a report has been made by the Committee on Ways and Means on the debt funding bills?

Mr. GREEN of Iowa. Yes.

Mr. HASTINGS. And the hearings, of course, on those bills will be printed immediately?

Mr. GREEN of Iowa. Yes; we will have them ready by Saturday at the latest.

Mr. FAIRCHILD. Is it expected that there will be a vote on the debt funding bills on Tuesday?

Mr. GREEN of Iowa. Yes.

Mr. HASTINGS. Why will not the hearings be available before Saturday?

Mr. GREEN of Iowa. They will be if we can get gentlemen to revise their remarks. Sometimes they are slow about that. It is quite possible that we may have them to-morrow.

Mr. KING. And what formality will be necessary to go through in order to get them from the clerk of the Ways and Means Committee?

Mr. GREEN of Iowa. None whatever.

Mr. KING. I never could get any hearings on House bill No. 1 without a formal request.

Mr. GREEN of Iowa. The trouble was in that case that we did not have enough copies.

Mr. MOORE of Virginia. Is it proposed on Tuesday to take up the Belgian settlement alone or the Italian settlement, or which one is it intended to take up?

Mr. TILSON. That will be determined by the Committee on Ways and Means.

Mr. GREEN of Iowa. It is my intention to take up the Italian debt settlement first.

Mr. CRISP. That is what I hoped. Let us have the fight out on the one that is a real fight.

#### SWEARING IN OF A MEMBER

The SPEAKER. In accordance with House Resolution 70, the Speaker has just administered the oath of office, at his residence, to Hon. JOHN E. RAKER, a Representative from the State of California.

#### INTERIOR DEPARTMENT APPROPRIATION BILL

Mr. CRAMTON. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill (H. R. 6707) making appropriations for the Department of the Interior for the fiscal year ending June 30, 1927, and for other purposes.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the Interior Department appropriation bill, with Mr. BURTON in the chair.

The Clerk read the title of the bill.

Mr. CRAMTON. Mr. Chairman, I yield 30 minutes to the gentleman from Montana [Mr. LEAVITT].

Mr. LEAVITT. Mr. Chairman and members of the committee, let me say at the beginning that I have no intention of making any general attack upon the Secretary of the Interior or the carrying out of the policies of the Reclamation Bureau. Neither do I intend to make this a general defense of the settlers on the reclamation projects of the West. It is my purpose to discuss in what I hope will be a reasonable way some of the conditions surrounding the appropriations made and proposed for Federal projects in the State of Montana.

Originally 40 minutes were given me, but I have yielded back 10 minutes of that time. But for that fact I should discuss the general reclamation situation from a broader standpoint. However, of the 24 reclamation projects now being carried forward by the Federal Government under the Bureau of Reclamation, four are within the State of Montana and within my district, so that if I discuss them I shall be in a general way covering the entire situation.

Going through the Flathead Valley some time ago a friend of mine pointed to the mountains and said that they reminded him of the situation with regard to Federal reclamation. It

was in the spring of the year and there was snow on the mountains. The weather was a little bit cold. He remarked that it would get warm just as soon as the snow went out of the mountains, but that the snow would not go out of the mountains until it got warm. That is the situation with regard to actual progress on some of our reclamation projects. Those within the department and bureau say that until the settlers do certain things, and to some extent also those who are handling this appropriation bill say the same, the Government will not do certain things which must be done before the projects can be made successful. On the other hand, the people on the projects say that until the Government does certain things they can not carry out the activities necessary to make the projects a full success.

One of the difficulties has to do with such provisions as those placed in this bill on page 67. I refer to the Sun River irrigation project, and the same apply to three other projects in the State of Oregon which I do not intend to discuss in any way. One provision is that a district shall be formed and a contract entered into. That is all right. The district on the Sun River project has been formed. The contract that is required before the release of the appropriation has been submitted to the people by the Secretary of the Interior through the officials of the Bureau of Reclamation.

Keep in mind that the appropriation bill was approved by the President on the 5th of June, 1925, and that it was only 12 days thereafter that a proposed contract to meet the provisions of the appropriation was sent in from the field. An irrigation district under the Montana State law was formed. There were negotiations back and forth with regard to the provisions of the contract, but the people on the project were continually showing the utmost good faith. However, it was as late as the 2d of November that a draft prepared by the department was sent back to the field. Note the good faith of the water users. On the 13th of November they acted through their board of directors and sent back a draft which they approved, and just six days later a meeting of the district was called and this draft was approved. The department has not yet acted upon it. All this, however, is conclusive proof of the good faith of the people and of their intention to meet the provisions of the appropriation bill of last year. But meanwhile this appropriations subcommittee now brings in a new bill with new provisions, regardless of the fact that the irrigation district has been formed in accordance with the appropriation bill of last year, and that the people of the project are now negotiating in good faith to enter into the contract required by the Department of the Interior.

The subcommittee bringing this present bill before the House has put into it conditions concerning the appropriation this next year without reference to whether or not these provisions and those of the contract that these people are being asked to enter into, and which they are ready to enter into, conform the one with the other. So if in pursuance of the demand made by Congress last year the people on the land enter into that agreement and the terms are not exactly like those set out in this appropriation bill another considerable delay will be occasioned.

There is also in this bill a provision that before the construction can start the State must do certain things. I am going to read that.

Mr. HUDSPETH. On what page is that?

Mr. LEAVITT. On page 68. I read:

A contract or contracts shall have been executed between the United States and the State or States wherein said projects or divisions are located, whereby such State or States shall assume the duty and responsibility of promoting the development and settlement of the projects or divisions after completion, the securing, selecting, and financing of settlers to enable the purchase of the required livestock, equipment, and supplies, and the improvement of the lands to render them habitable and productive.

Now, that is the end of a sentence. Then, it says further:

In each such case the State, or a corporation duly organized for that purpose, shall provide the funds necessary for this purpose and shall conduct operations in a manner satisfactory to the Secretary of the Interior.

Now, the responsibility in the sentence I first read is definitely fixed upon the State for entering into a contract, and while it is said that a corporation is provided in the next sentence, which may take over the financial burden, still the responsibility itself is left in this bill with the State. But there is in the constitution of the State of Montana a provision, article 13, section 1, which reads as follows:

Neither the State, nor any county, city, town, municipality, nor other subdivision of the State shall ever give or loan its credit in aid



of, or make any donation or grant, or subsidy or otherwise, to any individual, association, or corporation, or become a subscriber to, or shareholder in, any company or corporation or a joint owner with any person, company, or corporation, except as to such ownership as may accrue to the State by operation of the provision of law.

Now, what would be required to change that constitution? What would be involved in making the change that it would be necessary to make before the provisions of this present bill could apply? It would require that the Montana State Legislature, which does not meet for a year, must propose an amendment to the people of Montana. The people would be required to ratify it at the next general election. That is, nothing could be done under the provisions of this bill as it stands to-day until there is a change in the constitution of Montana, and that would require a matter of something over three years.

Now, if this Sun River project were new and one which we were now considering for the first time, and which had not been under construction and operation, there might be some justification for that sort of a provision, although I am not ready to agree that the Government of the United States should make it necessary for States to change their constitutions in order to meet what this Congress thinks those States should do in connection with an established policy of the Federal Government.

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. SIMMONS. Do I understand the gentleman to state that the people on your project are trying to conform with the legislation written in the appropriation bill last year?

Mr. LEAVITT. They have taken every step.

Mr. SIMMONS. And that if now this legislation in the appropriation bill goes through, it will be three years before they can comply with it?

Mr. LEAVITT. Yes. It will practically nullify all that has been done toward construction of the necessary storage on this project.

It was in 1902 that the reclamation act was passed, and the settlement on the project began in 1906, so that it has been almost 20 years since the beginning of settlement on that project. The settlers have come there not from Montana entirely but over half from your States—from the States of you gentlemen who represent many States of this Union. This project began there under advertisements of the Government of the United States.

People have been there now for years, so that the project is not a new one. Yet this bill is trying to write into the conditions something new that was not thought of at the time the project was started, and it undertakes to say that if the State will not now go to the extent of changing its constitution and doing an almost impossible thing necessary construction on that project can not go forward.

Mr. HUDSPETH. Mr. Chairman, will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. HUDSPETH. I understand the gentleman to state that the reclamation people said to the water users on your project, "If you will not do certain things, we will not extend to you the benefits of the reclamation fund." And they did that, and now the reclamation people come in and demand another contract?

Mr. LEAVITT. They make new demands by this bill.

Last year the appropriation bill reported out by this committee, as it was finally passed, carried this provision:

That no part of the sum hereby appropriated shall be expended for the construction of new canals or for the extension of the present canal system for the irrigation of the lands outside of the 40,000 acres for the irrigation of which a canal system is now provided until a contract or contracts shall have been executed between the United States and the State of Montana, whereby the State shall assume the duty and responsibility of promoting the development and settlement of the project after completion, securing, selecting, and financing of settlers to enable the purchase of the required livestock, equipment, and supplies and the improvement of the lands to render them habitable and productive. The State shall provide the funds necessary for this purpose and shall conduct operations in a manner satisfactory to the Secretary.

However, with regard to the construction of the Beaver Creek Reservoir, in connection with which this provision was introduced, absolutely the only thing required was that an irrigation district be formed under the State law of Montana, and that that irrigation district should enter into a contract or contracts with the Secretary of the Interior before construction should begin.

Those were the only conditions attached to the beginning of the construction of the Beaver Creek Reservoir. The provision does say—and I wish to be fair in this—that there should not

be an extension of the laterals to an additional 40,000 acres not yet settled until these certain conditions had been met by the State of Montana, but that could have no immediate application until the dam itself was built.

The gentleman from Michigan [Mr. CRAMTON], who is chairman of this subcommittee, made a speech in my home city of Great Falls with regard to this very problem on the 26th of last July, in which, after reading to the assembly this provision in the bill of last year, he said:

That provision was put in. But that provision has nothing to do with the construction of the dam, nothing to do with the existing project, and was only intended to apply to the additional 40,000 or 60,000 acres hereafter to be developed.

So there is no misunderstanding on the part of the committee with regard to the provision of the bill as it was passed last year.

But I wish to repeat now that this present new bill, however, does contain language which will make it impossible to begin the construction of the dam provided for by this Congress last year until the State of Montana has done certain things which its constitution makes it impossible for it to do.

You ask what is the necessity of this dam on Beaver Creek? It would supply the storage water that this irrigation project was planned to have in the beginning.

At present there are some 13,000 acres under actual irrigation on the Greenfields division of the Sun River irrigation project, and the statement is made in the hearings before this subcommittee by the Commissioner of Reclamation that because there is not a sufficient storage supply the remainder of even the present 40,000 acres, to which laterals have already been carried, can not be irrigated, and that in order to do so there is contemplated the construction of this Beaver Creek Dam. He also acknowledges, in a statement on page 621 of the hearings, after Mr. CRAMTON states:

I have had the idea myself that a provision broad enough so that a contract could be made between the department and the State by which the State would agree that such an activity—

Speaking now of a finance corporation that I will later discuss—

would be carried on by a certain kind of local organization, and I am willing to admit that there may be a question about that, whether I am right or not; but if the department feels that it is not wise, I do not believe the present statute requires that proceeding.

And then Doctor Mead, the Commissioner of Reclamation, said:

Well, it does not on the Beaver Creek Dam. It does not require any corporation or State aid at all.

So there is no misunderstanding on the part either of the subcommittee or the Commissioner of Reclamation. The law passed last year provided the beginning of construction of that dam just as soon as a contract has been entered into between the people and the Secretary of the Interior; and the people have already shown their willingness to do that.

Mr. EVANS. Will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. EVANS. Will the gentleman tell the House how much money has been expended on this project and how much it is contemplated will be necessary to complete the project so we may know where we are financially?

Mr. LEAVITT. I think something like \$1,500,000 has been spent, and it will require \$3,000,000 or \$3,500,000 to complete the project, but when the total amount of money is spent it will bring under water over 80,000 acres of land, whereas at the present time only 13,000 acres on the Greenfields division, which will be especially helped, can be irrigated, because this dam is not built, and the present water supply runs out about the 1st of July.

Now, the Commissioner of Reclamation raises the question that the people on that project are not carrying on entirely irrigated agriculture; that they should go into something else, the raising of sugar beets, and so on. That is true, and they are doing it, but how can they do so fully when their water supply runs out on the 1st of July? And they can not have an adequate water supply until this Beaver Creek Reservoir is constructed, as provided for in the appropriation by this Congress last year.

The point I wish to make is this: That it is the Commissioner of Reclamation and the Secretary of the Interior—I want to place the responsibility exactly where it belongs, and it does not rest with the people on that project—who have so far refused or failed to carry out the express will of this Congress providing for the construction of that reservoir. It has been by not proceeding with due diligence and by attaching require-



ments not provided by the law, and making such requirements restrictions upon the release of the appropriation.

They do not state definitely what form of State or local financing they will require, so that an answer can be given, and meanwhile there stands the constitution of the State of Montana, which, regardless of what we would like to do, we can not change.

I presented a proposal, and I took it up while I was in Montana with a man who has formed and headed a successful corporation there for the handling of the needs of the livestock industry in Montana, Mr. Sam Stephenson, of Great Falls, the president of the First National Bank and one of the leading attorneys of the State of Montana. He made a sound proposition, and I will read what he says:

I think that you will find Governor Erickson has his mind pretty well made up on this matter. He made this subject the theme of a public address in Great Falls recently, and I take it that he is committed to the position of opposing State aid to any irrigation project.

I am going to read in a moment a letter from Governor Erickson also which will show you why he takes the position that the constitution of the State does not allow it. Mr. Stephenson continues:

In view of the provision of our constitution which specifically prohibits a State from lending aid or credit to any private individual or corporation, I do not see where there is any room to argue with the governor upon this point, so that the only suggestion that I have to offer at the present time is that private individuals undertake to organize a corporation, the purpose of which would be to finance settlers upon the Sun River irrigation project and to furnish them capital at a rate not to exceed 6 per cent, taking notes and securities from them to secure the advancement that would be acceptable to the Intermediate Credit Bank of Spokane.

If the Secretary would be agreeable to some proposition of that kind and is ready to proceed with the construction of the storage reservoir when such a corporation is organized and responsible men have committed themselves to him that it will be carried forward, I am willing to undertake to carry out the proposal.

Now, there is a very definite proposition which I have placed before the Secretary and before the commissioner. But keep this in mind, gentlemen: Not even such a corporation as that is required by the law that this Congress passed last year, but the people of Montana are willing to throw that in for extra measure to show their good faith.

Mr. STEVENSON. Will the gentleman yield for a question?

Mr. LEAVITT. I yield to the gentleman.

Mr. STEVENSON. The State of Montana can undoubtedly provide for some exemption from taxation on these projects, can it not? I want to call the gentleman's attention to this fact: The farm land banks have had to practically withdraw from making any loans upon any property in almost all of these reclamation projects, for the reason that the taxes and assessments within three years usually consume the value of the property, and they have found that they had better in some instances absolutely cancel their loans than to undertake to take care of the taxes that are allowed to accrue and which the settlers decline to pay once they get the loan from the farm land bank. That has been one of the great difficulties, and the Spokane bank has been through a cataclysm of that sort of thing in Montana, and especially in northern Montana.

Mr. LEAVITT. That statement is not complete. The fact is that on some of these reclamation lands there is so much of a lien by the Federal Government that there is not enough ownership in the settlers themselves, in many cases, to make good bankable bases for sufficient loans.

Mr. STEVENSON. Yes, sir.

Mr. LEAVITT. Just a moment, please. But this man in Montana who is making this proposal is one who understands all these things and who headed up a similar corporation to handle a very difficult situation for the livestock industry of the State, and is one who has analyzed and who is in touch with all these things, his bank being close to the Sun River irrigation project, and he having made many loans to the settlers there and knowing just exactly what the risks are.

Mr. STEVENSON. I think the gentleman is correct in one respect, that the Government's claims are very large against these projects.

Mr. LEAVITT. Yes.

Mr. STEVENSON. But the State has heavy taxes also. If the gentleman will permit me to complete my statement, the taxes and assessments on the reclamation projects in the district in which there is the Berkeley Bank average \$41 an acre for every acre in the reclamation projects of the whole district, which includes Utah, Nevada, California, and Arizona, and that stands ahead of the lien of anybody who takes a mortgage on the land.

Mr. LEATHERWOOD. Will the gentleman yield?

Mr. LEAVITT. That is true; but it is a little outside of the discussion of the point I am making that the people of Montana or of that locality are ready to meet what was required by this Congress and are even willing to form such a corporation as this, even though the Congress did not require it in connection with the beginning of the construction of this dam; but still the Secretary and the Commissioner of Reclamation refuse to release the appropriation.

Mr. LEATHERWOOD. In answer to the gentleman's question just a moment ago—

Mr. LEAVITT. I can not yield for a discussion of that matter in my time.

Mr. LEATHERWOOD. I simply wanted to ask the gentleman a question.

Mr. LEAVITT. I will yield for a brief question, but I am not going to give up my time for a discussion of something else when the one who is asking the question may not be entirely in sympathy with what I am trying to develop, and I do not want to get into a controversy about another matter.

Mr. LEATHERWOOD. The gentleman is entirely in error. I was trying to clear up that point. Is it not a fact that under existing law the bank has priority for its loan over the Government?

Mr. LEAVITT. That is probably so.

Mr. LEATHERWOOD. I think that is the existing law.

Mr. LEAVITT. I understand that is true.

Mr. SIMMONS. Will the gentleman yield?

Mr. LEAVITT. Yes.

Mr. SIMMONS. When the farm loan banks make these loans they deduct the amount of the reclamation charges from the loan so that no matter what may accrue they have already taken that out.

Mr. LEAVITT. Yes. The situation which the gentleman from South Carolina [Mr. STEVENSON] raised is not a thing which would stand in the way of the success of this corporation which would in itself take over this responsibility.

Mr. STEVENSON. No; and I think the gentleman's suggestion is a very admirable one because it shows the determination of your people to get behind the thing themselves instead of looking to Uncle Sam and the farm land banks.

Mr. LEAVITT. That is exactly the point I make. The good faith of the people on that project has been shown as well as their willingness to meet every requirement which was placed before them last year, and also to add to that by the formation of this corporation.

Now, I want to say to this subcommittee that I do not wish to fight this proposition when the bill is before the House for a vote. I do not think that is going to be necessary. I do not believe any member of the subcommittee has known what was in the Montana constitution. I made the statement before the subcommittee that I thought there was some doubt about the ability of the State to meet certain conditions, but I did not have the bill itself before me at that time to see just exactly what was written into it. Surely, just as soon as this committee understands that they have written into this bill a provision that the State of Montana can not meet under its constitution, and just as soon as they understand that the people there are now negotiating with the Secretary, and have already agreed practically to sign a contract prepared by the Secretary himself, in accordance with the provisions of the bill we passed last year, they will not wish to leave legislation in this bill to surround the appropriation with new conditions or conditions in conflict with those of the contract these people have now negotiated and have agreed to through their board. Surely they will not wish to go beyond the requirement that some sort of finance corporation that will be acceptable to the Secretary of the Interior shall be formed to meet this financial problem.

Mr. CRAMTON. Mr. Chairman, if the gentleman will yield, it should be understood definitely, in view of the suggestion of the gentleman, that there is not one requirement in the bill as recommended by the committee with reference to the Sun River project, particularly in the provision the gentleman from Montana is now discussing, but what has the approval of the Secretary of the Interior as expressed to us.

Mr. LEAVITT. That does not change my opinion at all regarding the situation. The Secretary of the Interior has shown an inclination to make requirements on a number of these projects that can not be met without a change in Montana in the constitution of the State.

Mr. CRAMTON. I only suggest it because the gentleman has just suggested that the Secretary of the Interior was ready to make a contract different from what the bill called for.

Mr. LEAVITT. The Secretary of the Interior will have also to approve the contract that these people are ready to sign,



but the point I am making is there is no need to have legislation in the appropriation bill this year, when last year the bill required the entering into a contract between the Secretary and the people, and the people have taken the steps necessary. The delay is on the part of the Secretary at this time in not approving it.

Mr. CRAMTON. The language in the bill before the House is more moderate than the language in the current appropriation as to that.

Mr. LEAVITT. No.

Mr. CRAMTON. It was the intention of the committee to make it clear that the financial obligation could be placed on the local corporation instead of resting on the State. The current-year provision was held by some—I did not agree to it—that the financial obligation only rests on the State. The bill before us expressly states that the financial obligation may be assumed by a corporation and not by the State.

Mr. LEAVITT. Under the supervision of the State, the State accepting the responsibility for that corporation.

Mr. CRAMTON. There is no necessity for any supervision of the corporation by the State, and there should be none.

The CHAIRMAN. The time of the gentleman from Montana has expired.

Mr. CRAMTON. I yield to the gentleman five minutes more.

Mr. LEAVITT. On that point I am glad to have the statement of the gentleman from Michigan, and I would also like to have the language clarified in the bill so that my people will understand that that is the situation. I would like to have it changed, because this language on page 68 says:

A contract or contracts shall have been executed between the United States and the State or States wherein said projects or divisions are located, whereby such State or States shall assume the duty and responsibility of promoting the development and settlement of the projects or divisions after completion, the securing, selecting, and financing of settlers to enable the purchase of the required livestock, equipment, and supplies, and the improvement of the lands to render them habitable and productive.

Mr. CRAMTON. Please proceed with the reading.

Mr. LEAVITT. I have read the other sentence before.

In each such case the State, or a corporation duly organized for that purpose, shall provide the funds necessary for this purpose and shall conduct operations in a manner satisfactory to the Secretary of the Interior.

It is true that the providing of the funds may be by a corporation, but the bill places the financial responsibility on the State.

Mr. CRAMTON. In my judgment, there is nothing in the provision but what the State of Montana under the situation can undertake, nothing but what it should undertake.

Mr. LEAVITT. There is a difference of opinion there, but I am glad to have that statement. I am sorry that I can not fully agree with the committee, because the statement of the governor, upon whom we would have to depend, in a letter to the commissioner, dated December 21, 1925, says:

STATE OF MONTANA,  
OFFICE OF THE GOVERNOR,  
Helena, December 21, 1925.

Dr. ELWOOD MEAD,

Bureau of Reclamation, Washington, D. C.

MY DEAR DOCTOR MEAD: I have your letter of December 11, in regard to the Sun River project, and have carefully noted its contents. I note that you request an expression of my views concerning what the State would do in regard to securing, selecting, and financing new settlers to enable them to purchase the required livestock, equipment, and to complete the development of their farms.

In regard to this matter, I am not in a position at this time to say what the State can do. In any event, of course, we would have to wait for a meeting of the legislature, and I doubt very much if the legislature would look with favor upon an enterprise of this kind. Careful lawyers have frequently expressed the opinion that a proposition to extend aid along these lines is prohibited by the State constitution. Further, the State's financial condition is such that I doubt very much if it could afford at this time to undertake to provide the means to finance these farmers, so I don't want to hold out to you any encouragement in securing financial aid from the State. I think we discussed this matter last summer when you were on your inspection trip.

Yours very sincerely,

J. E. ERICKSON, Governor.

In closing, I want to call attention to the fact that even if you are going to make such provisions with regard to reclamation projects in the future, or even if it would have been wise when this one was started 20 years ago, it is now too late and unfair to people who have put all they have into

making their homes there for Congress to come in with a provision that will postpone its completion and success even for one year, and perhaps three or four years would be required.

I consulted the present chief justice of our State supreme court, Hon. L. L. Callaway, and asked him as to the provision of the Montana constitution which would prohibit State participation. He called attention to the provision which I have read. So it is not only my opinion, but that of the governor and the chief justice. From a practical standpoint, this Congress is proposing to put itself in the position of coercing the State of Montana to change its constitution, and is changing the form of an understanding under which the people were brought onto this irrigation project 15 or 20 years ago.

Now, gentlemen, I hope that the committee instead of considering this as a personal contest of one opinion against another will recognize the actual situation and so amend this provision that nothing else will be necessary in connection with it. [Applause.]

Mr. SINNOTT. Will not the gentleman from Michigan yield to the gentleman from Montana so that this matter can be cleared up? I want to ask him a question.

Mr. CRAMTON. I yield to the gentleman two minutes more.

Mr. SINNOTT. If the gentleman will yield to me, I would like to put a question to the chairman of the committee. On page 68, line 9, is the following language:

In each such case the State, or a corporation duly organized for that purpose, shall provide the funds necessary for this purpose, and shall conduct operations.

And so forth.

Is it the view of the chairman of the subcommittee that the State itself is not obligated to supply the funds?

Mr. CRAMTON. The money can be furnished either by the State or a local corporation, and, as a matter of fact, on the Kittitas project, in the State of Washington, where the language only provided for a contract by the State, a contract has been entered into by which the money is furnished by local corporations. The purpose of the committee has been to make it clear that in just such a case as has been set forth, where the State constitution might be in conflict, for a local corporation to furnish the money and have all of the financial liability. But I wish my friend from Oregon would not invite me into a long discussion on that point.

Mr. SINNOTT. I just wanted to get the gentleman's idea.

Mr. CRAMTON. I expect to discuss that more at length later.

Mr. SINNOTT. The language is in the alternative; the State or a corporation, either one or the other, may put up the money. Who decides which one furnishes the funds?

Mr. CRAMTON. I expect to discuss that question.

Mr. SINNOTT. I wish the gentleman could clear that up.

Mr. CRAMTON. I shall discuss that when I have the time.

The CHAIRMAN. The time of the gentleman from Montana has expired.

Mr. CARTER of Oklahoma. Mr. Chairman, I yield 20 minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES. Mr. Chairman, yesterday when the gentleman from Arkansas [Mr. TILLMAN] made reference to the tariff while discussing the subject of farm relief, some five or six members on the Republican side of the aisle "jumped up" and called his attention to the fact that the price of wheat is at present higher in the United States than it is in Canada. During the last few days the Republicans have seized every opportunity to claim that this condition is due to the beneficent workings of the Fordney-McCumber tariff bill.

Inasmuch as we produce annually in this country an average of about 800,000,000 bushels of wheat and consume only 600,000,000 or 650,000,000 bushels, it seemed strange to me that the price of wheat in this country should be materially raised or affected by the tariff for any sustained period. Consequently I looked up the prices of wheat in Canada and in the United States during the last three years, that is, since the enactment of the Fordney-McCumber Act. A general proposition can not be proved by the price of wheat on one particular day. Let us get what the price of wheat has been at different times over a period. The Fordney-McCumber Tariff Act was passed in September, 1922. On July 10, 1923, the price of wheat in Winnipeg was 11½ cents higher than in Chicago. This was nearly a year after the present tariff law became effective. In July, 1924, the price of wheat in Chicago was \$1.16 and in Canada \$1.23. Two years after the tariff went into effect, it was 7 cents higher in Canada, although there was a 30-cent tariff on wheat. In September of the same year, 1924, after this glorious tariff act was in force for two years, the price of wheat in Chicago and in different parts



of the United States was \$1.17 and in Winnipeg \$1.23—6 cents higher in Canada. In December, 1924, the price of wheat in Chicago was \$1.20 and in Winnipeg \$1.18%. So much for the record in 1924. In July, 1925, the price of wheat in Chicago was \$1.43, and the price of wheat in Winnipeg \$1.56%, 12 cents higher in Canada than it was in the United States. If it is to be claimed by the Republican Members of the House that the slightly higher price of wheat in the United States just now is due to the tariff act, is it not just as logical to claim that during those three years the law has been in force that the tariff reduced the price in this country and made it less than it was over there?

FIGURES FROM NORTHWESTERN MILLER

All these figures are taken from a publication known as the Northwestern Miller, which gives the wheat reports as they come in.

Those are some of the prices for the three years of the operations of the Fordney-McCumber Act. What were the prices during 1922, before the Fordney-McCumber Act became effective? Bear in mind that the Fordney-McCumber Act went into effect in September, 1922. In January, 1922, the price of wheat was from \$1.28 to \$1.31 in Minneapolis, and in Winnipeg it was \$1.08. In other words, wheat was 20 cents higher in January, 1922, in the United States than it was in Canada. In April, 1922, before the present tariff went into effect, the price of wheat in Minneapolis ranged from \$1.29 to \$1.52, while in Winnipeg it was \$1.20. Thus it was from 9 to 30 cents higher in this country in April, 1922, before the Fordney-McCumber Act went into effect.

In July, 1922, the price ranged from 20 to 35 cents higher in this country than it did in Canada, and almost immediately after the act went into effect, as shown by the reports of the Northwestern Miller, the price in this country became less than it was in Canada.

I do not cite this to show you or to undertake to prove to you that the Fordney-McCumber Tariff Act reduced the price of wheat. What I mean to do is to demonstrate that it has practically no effect whatever on the wheat market, and for every day that you can show me that the price of wheat in Canada has been less than it has been in the United States, I can show you two days on which it has been more in Canada than in the United States, since the enactment of the Fordney-McCumber Tariff Act. [Applause.]

Now, that is true. Why is it true? It is true because the United States of America produces a surplus of wheat. The United States of America produces a surplus of cotton. The United States of America produces a surplus of corn and produces a surplus of practically every staple farm commodity.

Mr. BROWNING. Mr. Chairman, will the gentleman yield?

Mr. JONES. In a moment.

You might just as well attempt to dam the Mississippi River with toothpicks as to undertake to lift the price of farm products generally through the medium of a tariff.

Mr. BROWNING. Is it not a fact that corn is now higher in Canada than in Iowa?

Mr. JONES. I have not looked up the statistics lately. But the point is this: An effort has been made to satisfy the western farmer. The President went out with his retinue and took with him also his warmth of personality and an air of bland confidence gained by rubbing shoulders with big business men. He went to Chicago. I can imagine him saying to himself, "I will go out and tell these farmers that they do not need anything. I will tell them of the wealth of this wonderful country. I will tell them they are just as prosperous as the Aluminum Trust. I will wave the magic wand, and everything will be lovely." They had been fed on that line of dope so much, however, that they did not fall for it this time. He told them that the tariff does not do them any harm; that they do not pay more than 2 or 3 per cent on what they purchase.

THOUSANDS OF ARTICLES COVERED BY THE TARIFF

That would seem strange in view of the fact that here are thousands of articles in the tariff law, covering practically everything that the farmer eats and wears and everything that goes into the making of the machinery he uses, although technically farm machinery is on the free list. Practically everything has a tariff duty of from 10 to 100 per cent on it. It would seem that a man would be insulting the intelligence of any people to tell them they are paying only 2 per cent or 3 per cent when they are paying from 10 per cent to 100 per cent. Some one evidently furnished the President those figures, and in the press of other matters he did not have time to properly analyze them. Perhaps he was too busy preparing his speech to the big business men of New York to give much time

to his farmer speech. The trouble with the situation is that practically everything that the farmer has to buy has been placed on the protected list, and the farmer must buy in a protected market. He must sell in a market where his surplus falls into the lap of the world market and the price is governed largely by the world market.

I want simply to add a word in this connection about the way the Fordney-McCumber tariff bill affects the farmer. I want to call your attention to this provision of the law which the Republicans claim puts the farmer's machinery on the free list. Here is paragraph 1504 of the Fordney-McCumber Tariff Act, which placed plows, harrows, and so forth on the free list but leaves the component parts of those articles on the protected list. Therefore the farmer gets practically no benefit from it. It is only necessary to call the attention of the farmer to the fact that he pays two or three times as much for his farm machinery now as he did a few years ago before we had this famous free list.

The stock reply to the proposition that the farmer is injured by the tariff is, "We have put farm machinery on the free list." But in that free list provision there is another joker. It names certain articles that go on the free list, but winds up with this proviso:

*Provided, That no article specified by name under Title I shall be free of duty under this paragraph.*

Now, Title I contains the whole list of tariff-covered articles, including practically everything that the farmer uses. In other words, they put the articles on the free list unless they are on the dutiable list, and they are practically all on the dutiable list. Some articles are placed on the free list without restrictions. Included in these are mosses, sea weeds, turtles, Chinese joss sticks, and human skeletons. The farmer may purchase any of these without paying any tariff whatever to the manufacturer.

NOT A FREE TRADER

I am not a free trader. I believe in a reasonable tariff. I believe that a tariff for revenue should be levied on every article coming into the customhouse from which revenue may be derived, on basic or raw products, as well as the finished article. Whatever tariff is levied should be uniform. No favorites should be played. However, when a tariff of 11 cents per pound plus 55 cents is placed on aluminum, which is used in the manufacture of hospital utensils and kitchen utensils, and in practically all of the machinery and in almost everything made of metal in the American home, although the labor cost is shown to be but a very small percentage of that amount, do you think that that tariff schedule is too high?

When the President speaks, with all the power with which his great office is clothed, his utterances naturally receive respectful consideration and much attention. I like to think that there is something about the Presidency of the United States that will sober a man into responsibility and will cause him to say, "My country first, no matter what the effect may be upon my party."

THE PRESIDENT HAS THE ONLY NATIONAL VOICE

I like to believe that when we call a man to the responsibilities of the greatest office in the world, the one carrying more prestige and power than that of any king that ever reigned in regal splendor, that he will rise to the dignity of the finest type of Americanism and act from motives of pure patriotism. The President has the only national voice. He always commands the front page. Out in the great open spaces are silent, toiling millions who have no way of making themselves heard. What a great opportunity and a great responsibility are his! But when the President goes out to Chicago and tells those people that they pay only 2 or 3 per cent, one is surprised—surprised that the President could be led into making such a statement.

What are the real rates on some of these articles in the tariff act? I find that on saddles there is a duty of 35 per cent, on baling wire 30 per cent, on chains 30 per cent, on saws 30 per cent, on shovels 30 per cent, on scythes 30 per cent, on hardware and harness 35 per cent, on copper and brass 48 per cent, on aluminum kitchen utensils about 70 per cent, cutlery from 40 to 60 per cent, on furniture from 25 to 50 per cent, and on buttons 25 per cent. His statement therefore appears remarkable. You know they put a duty of 25 per cent on buttons, and if the "one-gallus man" tries to beat it by using nails for buttons they get him again, for they put a duty of 20 per cent on nails.

Mr. CONNALLY of Texas. Mr. Chairman, will my colleague yield?

Mr. JONES. Yes.

Mr. CONNALLY of Texas. The gentleman has spoken of the tariff on buttons. Is it not a fact that the tariff on pearl but-



tons was passed a few years ago for the benefit of only one county in Iowa, and that all the rest of Iowa is made the victim for the benefit of that one county?

Mr. JONES. Yes; and all the States surrounding Iowa are made the victims as well.

Mr. HUDSPETH. Will the gentleman state whether there is any tariff on hides and what that tariff is?

Mr. JONES. I wish to say to my friend from Texas that there is no tariff on hides. Perhaps it is because that is something the farmer grows.

Mr. SIMMONS. Will the gentleman yield?

Mr. JONES. Yes.

Mr. SIMMONS. I would ask the gentleman to insert in his statement what the President said in Chicago and not what the gentleman construes he said.

Mr. JONES. I think I have stated the substance of what the President said, and that is bad enough. I would not care to encumber the Record with as many misleading conclusions as were in that speech, at least not in connection with my own speech, since I am trying to give the real facts. However, I am perfectly willing to have it go into the Record if the gentleman wants to place it there. I am sorry the President's statement was so careless with his figures.

Mr. JOHNSON of Texas. Will my colleague yield?

Mr. JONES. Yes.

Mr. JOHNSON of Texas. Is my colleague informed as to whether or not the President, in his speech at Chicago, undertook to show that living expenses had decreased during his administration, and to sustain same quoted, as he did in his New York speech, wholesale prices rather than retail prices?

Mr. JONES. I think not, for the New York World took him severely to task for doing so. The World showed clearly that while the President by using wholesale figures had attempted to prove that living costs had gone down during his administration, that if he had used retail figures it would have shown gradual advances. As the World says, the average consumer purchases at retail, not at wholesale.

How any man whether he is President of the United States or whether he is a plain citizen, with articles paying rates from 10 to 100 per cent, can hope to carry conviction with the statement that a man pays only  $1\frac{1}{2}$  to 3 per cent under such levies, is more than I can fathom. Any man who attempts to do that pays little tribute to the intelligence of the American farmers. [Applause.]

Mr. CARTER of Oklahoma. Will the gentleman yield?

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CARTER of Oklahoma. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. JONES. I will yield to the gentleman from Oklahoma.

Mr. CARTER of Oklahoma. I do not think the gentleman from Texas should show so much surprise at these conflicting statements by leading Republicans as to the benefit the tariff gives to the farmer, and if he will permit me in his time I would like to read a statement I put in the Record several years ago when this question was a real issue and being discussed:

In 1910 the Republicans, through a special Senate committee, were forced to admit the fraud and deception they had practiced on the farmers by a tariff on agricultural products in their report and through their campaign textbook, as follows: "The tariff on the farmers' products, such as wheat, corn, rye, barley, cattle, and other livestock, did not and could not in any way affect the prices of these products." On this committee was Chairman Gallinger; Senator Lodge, of Massachusetts; Crawford, of South Dakota; Smoot, of Utah; and McCumber, of North Dakota. Their report on the effect of the tariff on agricultural products was unanimous.

On the 22d of June, 1909, in answer to the question whether he believed that the duty on wheat affected the price of wheat, Mr. CUMMINS, Republican, of Iowa, said: "I do not; and it is idle for even an enthusiast to assert that the price of these products is directly affected by the protective tariff."

On the 2d of August, 1909, Mr. Bristow, Republican, of Kansas, said: "We raise far more wheat, corn, cattle, and hogs than we consume, and the result is that the farmer can not be protected by a tariff, because the price of his produce is fixed by the world market."

Senator McCumber, whose name the Fordney-McCumber tariff bill of 1922 bears, and which carries a tariff on wheat of 30 cents per bushel, said, on June 22, 1909: "The wheat acreage of to-day is producing a surplus of wheat, which must be thrown into the world's market, thereby keeping down the price of the home product, tariff or no tariff."

Now comes Senator GOODING, Republican, of Idaho, in the CONGRESSIONAL RECORD, page 4220, February 22, 1923, trying to fool the farmer again in the face of the figures given out by the Department of Agriculture under Secretary Wallace, as shown in the above table. He says: "Some branches of agriculture have been materially benefited through

a protective tariff. The emergency tariff bill was a godsend to them; it was a life-saver. The permanent tariff bill has also been a mighty factor in helping some branches of agriculture. Even the wheat grower has been materially benefited, for he has received anywhere from 20 to 30 cents a bushel more for his wheat since the emergency tariff bill was passed than the Canadian farmer has received."

So the gentleman will see that Republicans do not agree on the benefits which go to the farmers under the tariff, and he will see also that their statements are so conflicting that sometimes they both can not be the truth. [Applause.]

Mr. JONES. I thank the gentleman, and I compliment him on catching even a part of those Republicans telling the truth for once.

Now, I just want to say that I have here some statements from Senator CAPPER, of Kansas, which "let the cat out of the bag." The administration has fooled the farmer just about as long as they can fool him, and these Republicans from the farming sections must get some other excuse. Senator CAPPER, than whom there is no more stalwart and regular Republican and one whom, I am told, stands close to the throne, gives utterance to the following:

Unless he [the farmer] is enabled to put his price up it will not be long before he will be demanding a reduction of the protective tariff, which keeps up the price of the manufactured articles he consumes.

This statement appeared under date of November 29, 1925, while this fine tariff was in effect. He goes on to say:

As a seller he—the farmer—must compete in world markets; as a buyer he must buy in a protected home market. As a seller he must take the world price; as a buyer he must pay the American protected price. It is absurd to assume that the farmer will long remain content at such a disadvantage. He demands readjustment.

This is dated November 29, 1925, while this fine, new tariff law is in effect. If he has such a great advantage and such fine and rosy prosperity as Calvin Coolidge, President of the United States, depicted in his Chicago speech, then Senator CAPPER, who represents the great farming Commonwealth of Kansas, does not know what he is talking about.

The CHAIRMAN. The time of the gentleman from Texas has expired.

Mr. CARTER of Oklahoma. Mr. Chairman, I yield four additional minutes to the gentleman.

Mr. JONES. I have a clipping to the same effect from a speech of the gentleman from Iowa [Mr. BOES], who also registers a threat as to what the farmer is going to do if they do not quit wiping their feet on him. All of these men, and all of them stalwart Republicans, will tell you that they have been trampling on the farmer and are doing it to-day, and they also state that he buys in a protected market and must sell in a free market and that conditions have become almost unbearable.

The farmers generally are beginning to realize this. Recently the Corn Belt and executive committees of the American Council of Agriculture in joint session passed a resolution which included the following:

We do not concede that the existing Fordney-McCumber Act is of great benefit to agriculture as a whole. \* \* \* On the contrary, the staggering burdens imposed upon the consumers of the country through this act fall as heavily upon the farmer as upon any other class; on the one hand, the farmer pays his full share of the heavy tariff tribute upon practically everything he buys, while, on the other hand, the price of his great surplus commodities is fixed in the world markets. \* \* \* If the existing tariff is such a boon to agriculture, then how can the fact be explained that, although the tariff has been in operation for five years, agriculture is at this hour straggling on the brink of complete collapse?

Inasmuch as this meeting was held soon after the President's speech, it is evidently made in reply to that speech.

Why, when the farmer gets up in the morning—and while I say the farmer, it is also true of every consumer—he puts on his clothes and finds that his clothing, his underwear, his shirt, his buttons, his socks, and his pocketknife are taxed by the tariff law. He sits down to the table, and he finds that the knives and forks which he uses have a levy of 16 cents apiece, and that the dishes he uses, the table itself, and the chair in which he sits have been increased in price by the tariff. Then the bread knife, the cake knife, and everything that is used around the kitchen are increased in the same way. The furniture and the linens and all of the things that are essential around the home are taxed. He goes out to his barn, and he finds his harness and various items that enter into farm machinery and practically everything he uses on the farm have a levy from 10 to 80 per cent. Everything from the alarm clock that awakens him in the morning to the covering that



he pulls over him at night is thus increased in price, while the prices of his own products remain below the cost of production.

#### A REASON FOR TARIFF LEVIES

There must have been some reason for those levies. If they do not raise the price, then they have no purpose. If a 50 per cent tariff does not enable the American manufacturer to get a higher price for his products, then why put it 50 per cent, why not put it 10 per cent or 15 per cent, or why not abolish it altogether?

Is it not absurd for a man, even for a President, to go out and talk to a bunch of farmers and say, "Boys, we have levied a tariff here that contains several thousand different items that you use, tariff schedules ranging from 10 per cent to 100 per cent and above, but, boys, on the things that you use, it will not cost you over 2 per cent." In fact, he figured around and juggled figures until he finally told them it might cost them not more than 1½ per cent.

The President made a two-hour speech, but no one of his party has had the temerity to have it inserted in the CONGRESSIONAL RECORD, or if it has been done I do not know of it. They do not seem to be very proud of that speech. Almost always when a President goes out and makes a set speech some one of his partisan followers rises in his place and with pride swelling in his breast says, "I ask unanimous consent that the President's address be inserted in the RECORD for the information of the country." But that has not been done at this time.

Immediately after the President made this speech they had a contest for the presidency of the American farm organization, and what action did they take? They elected by 2 to 1 a man who was opposed to the policies outlined by the President of the United States, showing they did not approve of the kind of speech he made there. [Applause.] They evidently did not believe his figures.

The CHAIRMAN. The time of the gentleman from Texas has again expired.

Mr. CARTER of Oklahoma. Mr. Chairman, I yield 10 minutes to the gentleman from New York [Mr. BLACK].

Mr. BLACK of New York. Mr. Chairman and gentlemen of the committee, the preceding gentleman was too decent to tell you the reason for the extortionate tariff on the farmer. It is a very simple proposition. It comes around on election day and it is known as the Republican National Committee campaign fund. [Laughter.]

This is a big-business administration, neither pure nor simple. The old reactionary battle cry was "Keep politics out of business," and now we find big business in politics with both feet and all hands.

Profits piled on profits form its political creed. International accord and domestic comfort must make way for dividends.

Here are the expanding tire companies sacking the faithful Hoover on the British lion just when they are about to inflate prices. They want an alibi to gouge the public, so they bark at the East India rubber planter, whose Empire protects him better than the Napoleonic sphinx of the White House who campaigned on the back of a cow protects our farmers. [Laughter and applause.]

Hoover is the right man in the right place, a go-getter, a calliope, and a limelight rolled in one. In 1923 he issued a misleading bulletin concerning the sugar supply and the sugar profiteers made money out of the pennies of American families. As a magazine writer once said, "The pennies of the millions make the millions of the few." That is unadulterated stand-pat Republicanism.

The British Government put on the Stevenson restriction plan to conserve the supply of rubber and to save their planters from bankruptcy. It was not done to gouge American manufacturers, for British manufacturers as well were affected by it.

Let us see how badly some American manufacturers have suffered by it. The Goodyear Tire Co. in 1920, before restriction, faced a \$34,000,000 deficit. In 1924, after two years of restriction, it made \$17,000,000 in six months.

The Firestone Rubber Co. in 1921 reported a profit of \$1,250,000 and in 1925 a profit of \$13,000,000.

Mr. Harvey Firestone ought to send some complimentary balloon tires to the British colonial office instead of firing a couple of congressional popguns at it.

This last blast of Hoover's is propaganda, plus. On the front page he attacks Great Britain, and on the financial pages the trade writes solemnly of increased prices. On the cover is the propaganda; on the inside are the works. The whole automobile trade expects higher prices. The tire companies intend to take from the consumer what they would otherwise save by tax reduction.

The price of crude rubber has little to do with the increase except to furnish an excuse for extortion. A tire that cost \$23 before restriction and had \$2 worth of rubber in it now costs \$40 with \$5 worth of rubber in it.

The House investigating committee will cry "Stop thief" at the British while our own business leaders do their pilfering undisturbed. Why try to legislate for Great Britain when we can not legislate for ourselves. [Laughter and applause.]

Congress, instead of going into the neighboring State of Pennsylvania to force the coal people to do something for the consumers, is using a long-distance telescope to investigate the rubber plantations of the East Indies. [Laughter and applause.]

Anyway, the British restriction scheme ends February 1, and then comes the newly organized New York rubber exchange with an artificial gambling control of rubber. That is one trouble with us—the gambler in commodities who plays the middle against both ends. Let Hoover curb him. [Laughter.]

It may be that this committee is to get data together so that Frank B. Kellogg, Secretary of State, representing the United States, may file a bill of complaint in the World Court against Great Britain because of the British rubber restriction plan, and then Great Britain, with Sir Robert Horn as counsel, will file a counter claim against our tariff. You can imagine who will get the judgement and how much it will be.

If we men from the city and you from the country would get together and protect the producer and the consumer from the speculator, we would serve our country better than by fighting about moral issues that have only a very remote effect on the hereafter. [Applause.]

Mr. CARTER of Oklahoma. Mr. Chairman, I yield to the gentleman from New York [Mr. GRIFFIN] 15 minutes.

Mr. GRIFFIN. Mr. Chairman, it will surprise many to learn that the French tariff act of 1922 contains a most drastic provision which is extremely harassing and offensive to American manufacturers. This impertinent law requires American manufacturers and producers, shippers and consignors to throw their books open to the agents of the French Treasury Department and permit an inspection of books, papers, records, accounts, documents, or correspondence pertaining to the market value or classification of merchandise exported to France, and further provides that if any such manufacturer or producer, shipper, or consignor refuses to permit such inspection of private papers by the hirelings of a foreign Government, the secretary of the French Treasury is authorized to prohibit the importation of such American manufactures and products.

You can easily imagine how offensive to national self-respect such a law must be. But the iniquity does not end there. You will be surprised to learn that the French Government has authorized its consuls to address an elaborate questionnaire to business houses in their respective districts as a further check upon the data collected by its inquisitors.

Not only that, but you will be surprised to learn that extensive advertising space is purchased and taken up in our large city dailies and even in country newspapers inviting the employees of houses engaged in foreign export to betray the secrets of their masters—all ostensibly done to prevent smuggling or undervaluations.

It seems like a dream that red-blooded American manufacturers and producers should put up with this sort of espionage and violation of our autonomy as a Nation.

Well, it is a dream! They do not have to put up with such espionage for a single day. They do not have to endure this supreme test of their patience and self-respect for a single hour, for such a law does not exist in the French statutes.

In all that I have said I have simply been paraphrasing one of our own laws. Sad to relate, we ourselves are the offenders. The Fordney-McCumber tariff law of 1922 is the law I refer to. In all I have said I only substituted France for the United States as the offender and hope in doing so I have aroused your resentment sufficiently to make you realize the painful effect of "putting the shoe on the other foot."

While France is the sufferer from this iniquitous statute other nations likewise endure the impertinence under protest. The fifth congress of Scandinavian nations, composed of merchants of Denmark, Sweden, and Norway, unanimously adopted a resolution protesting against the appointment of American Treasury agents to inspect their books for the purpose of ascertaining the prices they received for their goods and their methods of production.

A law such as this not only tends to make us hated and despised but prompts reprisal and endangers our cordial relations with the civilized nations of the world.

Our consuls and diplomatic agents are doing the best they can to apologize for this offensive legislation. They may hold



off reprisals, but eventually the patience of our customers will be exhausted. It is not a proper subject for diplomatic settlement. It is up to Congress.

This absurd statute, so offensive to other nations, is also a burden upon ourselves. It is expensive to enforce and entails a heavy raid upon our Treasury in maintaining an army of Treasury agents to carry out a complicated system of worldwide espionage. A decent respect for the opinions of mankind and an intelligent concern for our own best interests require that this impertinent statute should be repealed. [Applause.]

Mr. CARTER of Oklahoma. Mr. Chairman, I yield one minute to the gentleman from Virginia [Mr. TUCKER].

Mr. TUCKER. Mr. Chairman, I rise to ask unanimous consent to print in the RECORD an article by Bentley W. Warren on the subject of amendments to the Constitution. The matter was under discussion the other day, and I think this article would be useful.

Mr. CRAMTON. Would it not be agreeable to the gentleman to make his request in the House. I shall be obliged to object to it in committee. If the gentleman makes it in the House, personally I will have no objection.

Mr. TUCKER. The gentleman puts me in a hole, and I recognize it. I will withdraw the request, Mr. Chairman.

Mr. AYRES. Mr. Chairman, I yield 15 minutes to the gentleman from Texas [Mr. BLACK].

Mr. BLACK of Texas. Mr. Chairman, I listened with a great deal of interest to the speech this afternoon of my colleague [Mr. JONES] in which he points out the fallacy of the contention that the high tariff rates in the Fordney-McCumber tariff law afford any relief to the farmers. When this act was under consideration in the House in 1922 I made a few remarks under the head of "Welding the wooden handle to the silver spoon." The subject and title were suggested to me by witnessing the way that the Representatives of the industrial East pulled the wool over the eyes of the Representatives from the West and secured outrageously high rates on manufactured goods by deluding them with a high tariff on agricultural products.

In that speech I made this observation:

At the present time it must be admitted that the leaders of the Republican Party are under the impression, and perhaps correctly so, that the western farmers have embraced the doctrine of high protection more strongly than ever before. It must be confessed that they seem to have forgotten for the moment, at least, the iniquities of the Payne-Aldrich tariff bill, and therefore some Representatives from the Western States, such as our amiable and genial friend from Kansas [Mr. TINCER], appear to be willing to stand for almost any rate of high protection on manufactured goods provided they can get certain farm products protected. During the speech of Mr. TINCER last Saturday the following colloquy occurred between him and the gentleman from Massachusetts [Mr. TREADWAY]:

"Mr. TREADWAY. Will the gentleman yield?"

"Mr. TINCER. I will be glad to yield, because I think you are one of the gentlemen I want to yield to."

"Mr. TREADWAY. In view of the gentleman's information as to the need of a duty on hides, does he go to the extent of a compensatory duty on manufactures?"

"Mr. TINCER. Absolutely; and I will say the gentleman has gone to the extent of a duty on manufactured products, and that is the reason I am a protectionist. But you can not go too far with a westerner."

Well, the West was pretty well united in 1912 in its opinion that the Payne-Aldrich bill went entirely too far, and I am of the opinion that when they begin to realize fully the iniquities of this bill, its monopoly fostering features, its solicitude for big corporations, we will see whether a westerner can go too far in burdening the backs of his people with high protection.

And then the colloquy continued further:

"Mr. TREADWAY. I want to interrupt the gentleman in order to congratulate him on his fairness."

"Mr. TINCER. And I will say to the gentleman that I want, if he votes for a duty on hides, to congratulate him on his fairness."

There we have it, a regular Gaston-Alphonse performance, a complete agreement between New England and Kansas. And I imagine when we take up the hide amendment Mr. TINCER will arise and say, "You go first, my dear Mr. TREADWAY, with your duty on shoes, and be sure you make it high enough." And then Mr. TREADWAY will say, "Oh, no, my dear Mr. TINCER, I wait your distinguished consideration; you go first with your duty on hides."

But, gentlemen of the House, I do not believe that this honeymoon between the big manufacturing interests of the East and the farmers of the West will long continue. I do not believe this welding of the wooden handle to the silver spoon will work. The western farmer is

bound to find out, before very many months have passed, that he is not benefited by high and unreasonable tariff duties on manufactured products.

And it seems my prediction has come true.

There was a conference out in Iowa a few days ago in which I think was very clearly expressed the fact that the farmers of Iowa have found out and realize and admit that they were not benefited by those unreasonable rates in the Fordney-McCumber law. Let us see who attended that convention, and see whether or not it was representative. I received this morning a copy of the resolutions adopted at that convention, and the document starts out by telling us who it was who composed the conference and for the information of the House I shall read it:

On December 21 and 22 the Corn Belt committee and the executive committee of the American Council of Agriculture held a joint session at Des Moines, Iowa. These committees represent every farm organization of consequence in the great Corn Belt States, with an aggregate membership of approximately a million farmers. At the conclusion of the two-day session the following resolutions were unanimously adopted.

Then follow the resolutions in detail.

They are rather long and I am not going to undertake at this time to read them all because to do so would occupy more time than has been yielded me, but I do want to read one or two of the prominent paragraphs in those resolutions. It is interesting reading, I assure you.

Here is one:

We do not concede that the existing Fordney-McCumber Act is of great benefit to agriculture as a whole.

That is in direct reply to the contention made by President Coolidge in a speech to the Farm Bureau Federation meeting which was held in Chicago early in last December. Then the resolution goes on—

On the contrary, the staggering burdens imposed upon the consumers of the country through this act fall as heavily upon the farmer as upon any other class; on the one hand, the farmer pays his full share of the heavy tariff tribute upon practically everything he buys, while, on the other hand, the price of his great surplus commodities is fixed in the world markets.

\* \* \* \* \*

If the existing tariff is such a boon to agriculture, then how can the fact be explained, that, although the tariff has been in operation for five years, agriculture is at this hour straggling on the brink of complete collapse.

Mr. CONNALLY of Texas. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. CONNALLY of Texas. If what the framers of the Fordney-McCumber tariff law said then was true, why do they not now raise the tariff on agricultural products again and make Iowa prosperous?

Mr. BLACK of Texas. Yes; if there was any logic in the original argument, that would be the way to do, but they can not fool the Iowa farmer any longer by doing that. He knows that high tariff rates on farm products, of which this country exports a large surplus, are ineffective and do more harm than good.

Mr. WEFALD. Mr. Chairman, will the gentleman yield?

Mr. BLACK of Texas. Yes.

Mr. WEFALD. How does the gentleman know that they can not fool the Iowa farmer any longer? [Laughter.]

Mr. BLACK of Texas. I am going by what they say. They certainly are expressing themselves very plainly at the present time, as I want to establish by reading another paragraph to the House.

Mr. WEFALD. I just want to remark that the State of Minnesota is in the same position, and they have fooled the farmers of Minnesota time and again, and they may do it again.

Mr. BLACK of Texas. They may do it, but I have more doubts about it now than I have had for some time. Let me read this other paragraph:

In this connection, and with a degree of amusement which shows that despite our tragic condition we still have a sense of humor left, we note that the new measure sponsored by Secretary Jardine is to prove a means of salvation to the farmer by supplying him with a new and expert fund of information about the mysteries of cooperative marketing. And in these premises we desire to assure the Secretary that it is not information we need, but a fair price. As a matter of fact, we never had so much information in our lives—it is about all that we have left. But we wonder if when the Fordney-McCumber bill was

under debate in Congress some one had moved to submit a bureau of information whether this would have been satisfactory to industrial New England.

[Laughter.]

Mr. Chairman and gentlemen of the House, I wonder what effect those resolutions had on the Iowa delegation in Congress. But on that point we are not left long in doubt, for we are told what effect it had in one of the prominent daily papers which reported the meeting and the resolutions. Here is what the newspaper article says:

There was a general feeling to-day that the purpose for which the entire Iowa congressional delegation had been called home was satisfied. This purpose was twofold; to imbue them with the fighting spirit of their constituents, and to administer to the delegation a sound spanking for bowing under the administration yoke. The delegation responded like a race horse shot full of dope and pranced back to Washington, hurling defiance at the White House and grim threats against a tariff with which they found no fault when it passed Congress.

Mr. Chairman, the Democratic side of this House stands ready to give the farmers relief by repealing that iniquitous high tariff law [applause on Democratic side], and if the Iowa delegation is in good faith, and if other gentlemen on the Republican side are in good faith in their denunciation of this iniquitous law, let them join the Democrats at this session and give the people relief. [Applause on the Democratic side.]

What good does it do the southern farmer to produce seven or eight million bales of cotton more than is needed in the United States if he can not sell it for at least a fair profit?

What good does it do the West to produce more corn and wheat and hogs and cattle than is needed in the United States if the surplus of these products can not find a market?

It does no good. Indeed, the surplus becomes a millstone around the farmer's neck and drags him down to economic ruin.

The mystery to me is that the administration in a time like this, when we have grown to be the world's creditor nation and when it is more important than ever before that there be a free exchange of goods and commodities between the nations of the world, will still insist on the preservation of these high and unreasonable tariff rates.

This Government needs again to emphatically affirm the principle that the Government has no moral right to lay tribute on one group of its citizens for the benefit of another group.

This Congress should repeal the Fordney-McCumber tariff law which levies these tributes and write one more moderate and reasonable in its rates and better suited to do equity and justice to both producers and consumers.

There will be no real relief until that is done.

Mr. CARTER of Oklahoma. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. CONNALLY].

The CHAIRMAN. The gentleman from Texas is recognized for 30 minutes.

Mr. CONNALLY of Texas. Mr. Chairman and gentlemen of the committee, I am fortunate in being privileged to follow my distinguished colleague [Mr. BLACK of Texas] who has just addressed you. It gives me the advantage of the fine spirit of enthusiasm with which his address was greeted. He very clearly pointed out how the Fordney-McCumber Tariff Act victimizes the farmer for the benefit of the eastern manufacturer. He analyzed the call for agricultural relief that now is coming from Iowa and other Western States, and traced their troubles to the Republican policy of protection, which the farmers of Iowa have been foolishly following in the past.

The debate this afternoon has been of great interest. The gentleman from New York [Mr. BLACK] very appropriately referred to the fact that our Committee on Interstate and Foreign Commerce is at this very moment investigating the British rubber monopoly and the Brazilian coffee monopoly. Its efforts are being spurred on by Secretary Hoover, with tears streaming down his face and loud cries for relief for the American consumer, the victim of these two foreign monopolies.

I hope, Mr. Chairman and gentlemen, that the Committee on Interstate and Foreign Commerce may capture these two monopolies. I hope they may be able to absolutely destroy them. I wish that private monopoly everywhere could be destroyed; but I hope they will not spend all their time chasing these monopolies that are beyond the reach of the legislative power and beyond the power of the courts of the United States. I urge Secretary Hoover, and through him his chief, not to allow their attention to be wholly distracted by this holiday hunt of these terrible octopi or octopuses abroad. [Laughter.] I invite them to cast their eyes about themselves here in the United States and find some of the monopolies running around almost between their legs, and over whom they

will fall if they do not mind, while they are straining their vision with the telescope seeking to discern the lineaments of these foreign monsters.

It will not even require a telescope, nor a microscope, but only two good, clear, every-day eyes for these hunters to discover many forms of monopoly all about them. The committee will never make a thorough investigation of the British raw-rubber monopoly nor of the Brazilian coffee monopoly, and if it should the Congress of the United States has no power to correct their abuses except through ruinous retaliatory measures. But the committee could investigate rubber companies in the United States, but it will not. It could investigate their prices for automobile tires, but it will not. It could investigate how much they raise the price of tires to the American consumer and lay the blame upon British raw rubber, but it will not. It could investigate trade and price agreements in the American rubber trade, but it will not. It could investigate and recommend measures to correct abuses from which American consumers are suffering, but it will not. It will not investigate monopoly here at home. It will not recommend action here, where action could be had. The Republican President and Republican Congress could take off the 10 per cent tariff on rubber tires and really reduce the price of tires to American consumers, but they will not. The tire manufacturers will not let them. The Republican administration and the Republican Congress are so busy looking for monopoly abroad that they will not see the monopolies all about them, and if they should see them they will neither hinder, check, nor destroy them.

Mr. Chairman, I want the Clerk to read as a preliminary to my remarks a newspaper clipping under date of December 18, 1924.

The CHAIRMAN. Without objection, the Clerk will read.

The Clerk read as follows:

[From the Washington Times, December 18, 1924]

SHAKE-UP NEAR IN THREE OFFICES—COOLIDGE IS TO MAKE SHIFTS OF TARIFF, TRADE, AND SHIPPING BOARD MEMBERS

President Coolidge is planning a thorough shake-up and house cleaning in three of the big independent offices of the Government, it was learned to-day.

The offices in question are those in which most of the friction and the opposition to his policies have originated during his incumbency of the White House. They are:

#### OPPOSED HIS PLANS

1. The United States Tariff Commission, which embarrassed the President during the recent campaign by the method in which it handled its investigation of the sugar tariff, and the membership of which has been hopelessly out of harmony for some time;

2. The Federal Trade Commission, which likewise caused embarrassment during the campaign through publication of a report on the aluminum holdings of Secretary of the Treasury Mellon; and

3. The United States Shipping Board, which has been a storm center ever since the war, and which recently has given indications of a desire to ignore a gentlemen's agreement entered into with the President last spring whereby the Emergency Fleet Corporation was to be given a free hand in the operation of the American merchant marine.

#### RECONSTRUCTION LOOKED FOR

A complete renovation and reconstruction of the three agencies is in prospect. Personnel and administrative functions alike are due for rehabilitation.

In the Tariff and Federal Trade Commissions the President can make his alterations by Executive order. In the case of the Shipping Board, legislation is necessary.

Mr. Coolidge will seek for the Tariff Commission a personnel that is in entire harmony with the high protective tariff policy of the Republican Party.

Mr. CONNALLY of Texas. Gentlemen, you will observe that as long ago as December 18, 1924, the administration was giving evidences of such a tangible and even public character that a newspaper man was able to discover them of its determination to hamstring and if possible destroy, first, the Federal Trade Commission, next, to cripple the Tariff Commission and make it a servant of the Republican Party, and, next, to reorganize the United States Shipping Board. It was published and no public denial has ever come to my notice. The reasons ascribed at that time in this statement by the press were that these Government organizations had offended the President of the United States; offended him because during a Republican administration these supposedly independent agencies of the Government had seen fit to function under the law and undertook to perform the things which the law said they should perform.

So I say that more than a year ago, immediately after the presidential election, after the present occupant of the White House was assured of his tenure for four years, he then set



on foot a deliberate plan—so this newspaper statement would indicate—to devitalize and devitalize and deflate these three agencies that had been set up for the protection of the great body of the American people. "Denature" has been suggested and "debilitate" also. I started to say "dehydrate," but the trouble about the use of that term is that because one of those agencies was trying to dehydrate some of the water-swollen mergers that were being formed, it incurred the President's wrath. We shall presently see how the plan devised following the election has been and is being carried into execution. On the 19th of November last the President of the United States made an address in New York. I speak respectfully of the President of the United States; whether the occupant of that office is of my political faith or not, whether his personality is pleasing to me or not, I want no one in this Chamber ever to think that I shall stand upon this floor and use the place given me here to speak disrespectfully of the great position which the President of the United States occupies. But the President, while he is President, is responsible for his acts, and the humblest citizen, or the humblest Member of this House, when the President in the discharge of his duty places himself in a position that is justly subject to censure—the humblest Member, I say, on this floor has the right to call the attention of the public to that fact.

The President in New York on November 19, 1925, in speaking of Government regulation and control of business—he was speaking in New York; he had a wonderfully sympathetic audience; I will not say it was a hand-picked audience, but it was at least a sympathetic audience—in speaking in New York of business and Government regulation said:

Regulation has often become restriction, and inspection has too frequently been little less than obstruction. This was the natural result of those times in the past when there were practices in business which warranted severe disapprobation. It was only natural that when these abuses were reformed by an aroused public opinion a great deal of prejudice which ought to have been discriminating and directed only at certain evil practices came to include almost the whole domain of business, especially where it had been gathered into large units. After the abuses had been discontinued the prejudice remained to produce a large amount of legislation, which, however well meant in its application to trade, undoubtedly hampered but did not improve.

Later on he said:

Proper regulation and control are disagreeable and expensive.

Ah, gentlemen, you will observe the language of the President. "This was the natural result of those times." What times? When? To-day? No. When? In the future? No. It was the result "of those times in the past when there were practices in business which warranted severe disapprobation."

In other words, gentlemen of the committee, a fair conclusion from the words of the President is that the practices in the business world, that the customs obtaining amongst the great corporations of the land in the past presented evidence of being against the public interest. But to-day, the time with which the President ought to be concerned—the present and the future, not so much the past—to-day, in the time of the present, the conclusion is that all is well in the business world; nothing wrong.

The President speaks of these laws that were enacted in the past. The Federal Trade Commission was one of them that was established in the past. The Tariff Commission is another. But the President says that—

after the abuses had been discontinued, the prejudice remained, to produce a large amount of legislation which, however well meant—

He is charitable enough to admit that it was well meant—

in its application to trade undoubtedly hampered, but did not improve.

What are these laws that hamper but did not improve? Why does not the President point them out and ask Congress to repeal them? Are they the laws against monopoly? Are they the laws establishing the Federal Trade Commission to control monopoly and expose and prosecute violations of the antitrust laws? Are they the laws establishing the Tariff Commission, whose recommendations to lower the tariff the President has ignored? Does the President think that the laws he says "hampered but did not improve" can in turn themselves be "hampered" by Executive interference into the agencies they established almost if not quite as effectually as by outright repeal of the laws themselves?

Let us see what the President said a little further. He says:

Undoubtedly if public vigilance were relaxed the generation to come—

Not the present generation, but the generation to come—might suffer a relapse.

Now listen to the words of the President:

But the present generation of business almost universally throughout its responsible organization and management has shown every disposition to correct its own abuses with as little intervention of the Government as possible.

We are living in the golden age. Gentlemen, the wonderful period that distinguished the administration of Augustus is now upon us in America. The President says that in the past there were practices on the part of these great business concerns which required Government control and Government regulation, and he says that if public vigilance is relaxed the next generation might suffer a relapse, but that the present generation of business—and by business is meant big business—has shown every disposition to correct its own abuses with as little intervention of the Government as possible. If vigilance is necessary in the next generation, if business of the big variety was lawless in the past, why is vigilance not necessary to-day, now and always?

Mr. BLACK of Texas. Will the gentleman yield?

Mr. CONNALLY of Texas. Yes.

Mr. BLACK of Texas. I want to ask the gentleman if it is a very good economic condition among business men when the purchasers of the National Cash Register Co., in order to evade the Ohio law, which requires them to capitalize that concern according to its actual value, and in order to float a lot of watered stock, go to another State to incorporate.

Mr. CONNALLY of Texas. I thank my colleague for his question and suggestion. It is a notorious fact that the incorporators of the reorganized company left the home State and went to another to incorporate and inflate the stock of the company. Later on I propose to refer to that matter in connection with some that are closely allied to it.

But it is a marvelous situation, gentlemen, that the past generation of business was bad and that the next generation of business is going to be bad, unless the people and the Government are vigilant, yet the present generation of big business, the present generation of corporate greed has, by some strange process, received absolution for its sins and has come forth from the bath pure, spotless, and clean.

I wonder if the President of the United States—when he was giving these certificates of good conduct to big business, when he said that the present generation of business was correcting its own abuses—had in mind the Aluminum Trust, against which the Federal Trade Commission had filed its report with the Department of Justice, and its charges arraigning it as having violated a United States court decree repeatedly and as to which his own Attorney General—former Attorney General Stone, appointed by President Coolidge, and later appointed by him and now serving as a judge on the Supreme Court bench—had in writing, in a very large measure, agreed with the findings of the Federal Trade Commission and said that the investigations of the Federal Trade Commission indicated that the Aluminum Trust—of which one of the President's Cabinet, Secretary Mellon, is a large owner—had violated a solemn decree of court against it, not once but many times. [Applause.]

I wonder if the President had that in mind when he said that the present generation of business is correcting its own abuses. If the present generation of monopoly is correcting its own abuses, why was a court decree entered against the Aluminum Trust? After it was entered, why did the trust repeatedly violate it? I wonder if he had in mind that the new Attorney General, appointed from his own State, Attorney General Sargent, at the very moment he was speaking is supposed to have had the Aluminum Trust and the Federal Trade Commission's report of its violations of law under investigation. And the other day when in the Senate there was introduced a resolution for the investigation of the Aluminum Trust and the failure of the Federal Trade Commission as reorganized by the President to give its files to the Attorney General, the Department of Justice rushed into print and stated that although it had not completed its investigation of the aluminum company, it could be forecast that the report would be favorable. I wonder if the President could have been thinking of Secretary Mellon, who is generally regarded as being the dominant figure in the administration and the Aluminum Trust, of which he and family are the principal owners, when he said that. I wonder if the President now knows that prior to his speech the Federal Trade Commission as reorganized by him refused to give the Attorney General

access to files in the aluminum case. The Washington Star of November 27, 1925, says:

SAY RULING DEFEATS ENDS OF JUSTICE—FEDERAL TRADE COMMISSION MINORITY COMMENTS ON REFUSAL TO DISCLOSE FILES AND RECORDS

Two members of the Federal Trade Commission, Thompson and Nugent, revealed to-day their objection to a majority decision refusing to give the Attorney General access to files and records which had been voluntarily delivered to it during an investigation, without the "express consent" of the respondent involved. The ruling which was effective January 16 and has been followed in a number of cases, was held by the dissenting commissioners to be against the public interest, not warranted by any provision of the Federal Trade Commission Act, and tended to hinder, delay, and defeat the ends of justice.

The rule was established when a majority of the commission voted not to give the then Attorney General Stone access to certain records concerning the Aluminum Co. of America in which Secretary Mellon was a stockholder.

My friends, I wonder if the President had in mind, when he said that the present generation of big business is disposed to correct its own abuses, the merger of Armour & Co. with Morris & Co., two big packing concerns, which his Secretary of Agriculture permitted and approved; a merger of two supposedly competing concerns dealing in food that the people must buy, and cattle and hogs that the people must sell.

I wonder if he had in mind that after he had reorganized the Federal Trade Commission and within the last few months the press of this country has been filled with accounts of mergers and combinations of industrial and commercial concerns? I wonder if he knows, now, that since his reassurance to business in New York the press has carried notices of many more? I have before me clippings relating to the matter of oil, and those clippings show that the Standard Oil Co. of New York and the Magnolia Petroleum Co. of Texas have recently merged openly, swapping one share of stock of Magnolia for four certificates of Standard, and at the same time that the Standard Oil Co. has handed out a stock dividend of one new share for each four shares of old stock.

Here are the press reports:

OIL MERGER COMPLETED—STANDARD OF NEW YORK TAKES OVER MAGNOLIA PETROLEUM

New York, December 19.—Stockholders of the Magnolia Petroleum Co. have been officially notified that the merger of that company into the Standard Oil Co. of New York has been consummated. The basis of the merger is four shares of Standard Oil Co. of New York for each share of Magnolia Petroleum or cash payment of \$181.23 a share for Magnolia Petroleum. The right of the Magnolia stockholders to receive Standard Oil of New York shares expires on December 29.

(By Associated Press)

STANDARD OIL, NEW YORK, VOTES STOCK DIVIDEND—WILL ISSUE ONE SHARE FOR EACH FOUR SHARES HELD—CRANE CO. ADDS TO BONUS—BROCKWAY PLANS MELON

New York, December 24.—The Standard Oil Co. of New York to-day gave its stockholders a Christmas present by declaring a stock dividend of 25 per cent. In making the announcement the directors said: "The company will distribute on or about February 1 one share for each four shares of stock held by stockholders of record January 15, and send checks for the value of fractional shares, based on the average stock-market price, exdividend, between January 15 and January 30. No fractional certificates will be issued."

This action follows the merger of the Magnolia Petroleum Co. into the Standard Oil Co. of New York by exchanging four shares of Standard oil for one of Magnolia, or a cash payment of \$181.23 a share for Magnolia.

The Standard Oil of New York stockholders recently increased its authorized capital from \$235,000,000 to \$375,000,000, consisting of 15,000,000 shares of \$25 par value.

MAGNOLIA CO. BOOSTS STOCK \$200,000,000

AUSTIN, December 23.—Permit was granted to-day by the secretary of State for increasing capital stock of the Magnolia Petroleum Co. of Dallas from \$100,000 to \$185,000,000, and for increasing capital stock of the Magnolia Pipe Line Co., Dallas, from \$50,000 to \$24,000,000. These companies paid in filing fees and franchise taxes more than \$17,000.

I wonder if the President knows that that merger violated judgments of the courts of our State of many years' standing, excluding the Standard Oil Co. from Texas?

I wonder if the President knows that there is now in preparation a further merger of the Standard Oil Co. with the Humble Oil Co. operating in Texas? Listen to this press clipping:

STANDARD GATHERING THEM IN

According to a Wall street financial journal, the Standard Oil Co. of New York has decided to take over the Humble Oil Co. of Texas. It was just the other day that the Standard of New York absorbed the Magnolia Oil Co. of Texas, having a value of \$300,000,000. Now, the Humble is going the same way, and stockholders in the Humble are to be offered one share of Standard for two shares of Humble stock.

I wonder if the President knows that the "present generation" of business is making another merger of the same kind? Here is a report from the press showing that the Pacific Oil Co. in California has recently been merged with the California Standard, a merger of \$800,000,000 capital.

PACIFIC OIL JOINS CALIFORNIA STANDARD—\$800,000,000 CONSOLIDATION IS ANNOUNCED BY DEFOREST AT NEW YORK

New York, December 24.—The merger of the Standard Oil Co. of California and the Pacific Oil Co., two of the largest members of the western oil group, subject to ratification by stockholders, was announced to-night by Henry W. Deforest, chairman of the board of the Pacific Oil Co.

The consolidation will involve exchange of stock with a present market value of approximately \$800,000,000.

And here is still another:

\$200,000,000 INVOLVED IN OIL MERGER PLANS

New York, January 6.—Negotiations for a consolidation of Mid-Continent Oil companies, which will link the Waite Phillips, Simms Petroleum, and Barnsdall Corporations, are rapidly nearing completion, with prospects that formal announcement of the plans will be made next week.

The merger, which will be built around the Barnsdall Corporation as a nucleus, eventually may embrace five or six companies having combined assets of \$200,000,000. Among the companies which may be drawn into the amalgamation are Skelley Oil, Independent Oil & Gas, and Texas Pacific Coal & Oil.

I wonder if the President now knows that since he made that speech in the very city where he spoke—and perhaps the gentlemen who formed this merger were sitting in his audience—according to press reports, there is to be a merger of banks in New York with a capital of more than a billion dollars.

Listen to the report:

BILLION-DOLLAR MERGER OF BANKS IS PLANNED—NEW YORK INSTITUTIONS, IT IS SAID, WILL FIRST UNITE IN PAIRS—DILLON IS PRIME MOVER

New York, December 28.—A gigantic banking merger embracing several of the city's largest banks, with combined resources in excess of a billion dollars, was reported in Wall Street to-day to be imminent. Several institutions were mentioned in various combinations.

John McHugh, president of the Mechanics and Metals Bank, admitted to-night that negotiations were under way with the Chase National Bank looking to a merger which would have total resources of \$900,000,000.

The reported impending merger of these two institutions is said in Wall Street to be only the first in a series which will result in a super-bank. Clarence Dillon, head of the banking firm of Dillon, Read & Co., was prominently mentioned as the prime mover in the negotiations said to be now under way.

And here is another:

MERGER RUMORS GALORE—OIL FIRMS AND BANKS TALK OF COMBINATIONS

New York, December 30.—Wall Street is closing 1925 with a deluge of merger rumors affecting various industries and involving enormous sums of money. In addition to reported consolidations of several large New York banks, a combination of Pan-American Western Petroleum with General Petroleum Co. and the Texas Co., with the Associated Oil Co., talk is heard that several independent steel companies in the Middle West will consolidate early next year.

I wonder if these gentlemen and the President know that that sort of a merger—a merger of national banks—can only take place with the approval of the Secretary of the Treasury or his subordinate, the Comptroller of the Currency.

I wonder if the President knows that the General Electric Co., a member of the present generation of business, under date of January 4, according to press reports, bought seven new concerns and merged their identity with its own, operating in Ohio, Indiana, and Michigan?

[By the Associated Press]

GENERAL ELECTRIC BUYS SEVEN CONCERNS—MERGER OF SUPPLY FIRMS INTO LAKE STATES BODY INVOLVES MILLIONS

CLEVELAND, OHIO, January 4.—Acquisition by the General Electric Co. of seven supply concerns of Ohio, Indiana, and Michigan, in a deal involving several million dollars, was announced to-day by Louis Grieserd, former president of the General Electric Co. of Cleveland and Akron, one of the companies involved.



I wonder if the President had in mind the \$400,000,000 merger of baking concerns, known as the Continental Baking Co., against which there was filed before he made the New York speech a complaint charging monopoly and against which there is now pending before the Federal Trade Commission another complaint as to its being in violation of the Sherman and Clayton Acts.

A press report of January 4, 1926, says:

[By the Associated Press]

**BAKERS FACE NEW MONOPOLY CHARGE—CONTINENTAL CORPORATION, IN ANSWER, DEFENDS ITS MERGER TRANSACTION**

A new complaint, alleging violation of the Clayton Act by the Continental Baking Corporation in acquiring control of more than a score of smaller bakeries throughout the country, has been served by the Federal Trade Commission. Filed December 19, it was made public to-day by attorneys for the corporation in presenting its answer, a denial that the merger had effected a monopoly in the baking trade.

The complaint, originally issued last October and revised to include several bakeries whose stock recently was obtained by the Continental Corporation, alleged that the consolidation acted to lessen competition, restrain commerce, and to create a monopoly in bakery products. It cited the corporation to appear at a hearing before the commission next February 8.

I wonder if he knows that only two days before this speech of his in New York the United Biscuit Co. gave public notice that it proposes to merge two great concerns, one in Chicago and one in St. Louis.

Listen to this report:

**UNITED BISCUIT TO BUY TWO OTHER COMPANIES**

NEW YORK, November 17.—Organization of the United Biscuit Co., under the laws of Delaware, for the purpose of acquiring all the outstanding common stock of the Sawyer Biscuit Co., of Chicago, and the Union Biscuit Co., of St. Louis, was announced here to-day by Frazier & Co., investment bankers.

I wonder if the President or his Attorney General knows that electric power companies are to form a combination. This is the statement in the press:

**VAST POWER UNITS IN 1926 COMBINE—PACIFIC COAST, TEXAS, CENTRAL STATES, AND NEW ENGLAND UTILITIES INVOLVED**

CHICAGO, January 4.—While the year 1925 saw rapid strides toward linking the "power pools" of the country into a network of super-power systems spreading over all sections of the country, these accomplishments seem dwarfed by expansion plans for 1926 and succeeding years.

Through the medium of holding corporations, utilities operating on the Pacific coast, in Texas, Louisiana, up through the Central States, and over New England have been financially connected up under control from New York and Chicago offices.

And here is another:

**MERGER UNDER WAY—SOUTHEASTERN POWER CO. AFTER GEORGIA RAILWAYS**

NEW YORK, January 7.—Despite persistent denials by officials of the Southeastern Power & Light Co. that acquisition of the Georgia Railways & Power Co. was under consideration, reports reached the financial district to-day that merger terms were being discussed. Tentative proposals, it was said, called for an exchange on the basis of one share of Georgia Railway common for one share of Southeastern Power common, now selling around 45, a cash payment of \$25, and one-third of a share of Southeastern Power participating preferred stock.

Gentlemen, some time ago the press reported a \$30,000,000 merger of coal companies in Tennessee.

**COAL COMPANIES FORM BIG MERGER—THIRTY MILLIONS INVOLVED IN CONSOLIDATION OF TENNESSEE INDUSTRIAL PROPERTIES**

NASHVILLE, TENN., October 7.—A merger of coal companies involving a sum of approximately \$30,000,000, and backed by large capital in Chicago and several eastern cities, was announced to-day in the purchase by the Bon Air Coal & Iron Corporation of the properties of the Tennessee Consolidated Coal Co. and the Chattanooga Gas & Coke Co.

The price to be paid for each of these big industrial properties will be \$1,250,000, the sale of Chattanooga Coke & Gas Co. being subject to ratification by its stockholders before October 20.

**FIRMS IN MERGER**

Other companies which will form the giant merger are the J. J. Gray, jr., Foundry, Rockdale, Tenn., already acquired by the Bon Air Co., and the Southern Ferro-Alloys Co., owning plants at Chattanooga and Cleveland.

Gentlemen, in the face of these many—and there are many I have not noted—new mergers, I wonder if the President still stands by his statement that the "present generation" of what he calls business "has shown every disposition to correct its own abuses."

The gentleman from Texas [Mr. BLACK] suggested that in many of these mergers—I will not say every one, but you know it is the general practice—the practice is not only to merge the physical properties of the existing plants but to introduce a large element of watered stock. The practice is to overcapitalize the merged concerns and to adjust prices or rates to produce dividends upon all of the inflated stock.

Mr. BLACK of Texas. Will the gentleman yield again?

Mr. CONNALLY of Texas. I yield to my colleague.

Mr. BLACK of Texas. I just wanted to make the observation that one illustration was the purchase of the Dodge Automobile Co. by the same concern which is handling the National Cash Register proposition. My recollection is that they paid \$146,000,000 for it, which was an inflated price over the actual property value, and then they issued \$160,000,000 worth of securities, which was a net profit right there of about \$14,000,000 or \$15,000,000.

Mr. ARENTZ. Will the gentleman yield?

Mr. CONNALLY of Texas. I yield to the gentleman from Nevada.

Mr. ARENTZ. It would be very interesting at this point to say also that this \$160,000,000 was divided into three classes of stock, and that a very small minority of stock represents the controlling factor of the \$160,000,000. Only a small coterie of men control, and the stockholders owning the \$160,000,000 worth of stock have nothing to say about control.

Mr. BLACK of Texas. And the real owners of that concern can not possibly secure control of it?

Mr. CONNALLY of Texas. I thank the gentleman for making that suggestion; and amongst the mergers I intended to call attention to the fact that the National Cash Register Co., which already enjoys a practical monopoly in America of business in its line has recently been reorganized under the patronage of Dillon, Reed & Co. of New York, and in that reorganization much watered stock has already been sold. That stock was sold out yesterday or a day or two ago although the books were open for only a short time. The public grabbed up that stock, water, and all, and then upon a justification that the stock must pay dividends, this monopoly, in the nature of things, will raise its prices to the point that may be necessary to bring in the required revenues.

The Dodge merger is but an illustration of how easy it is to water and to inflate such capitalizations and mergers of great concerns.

Mr. ALMON and Mr. ARENTZ rose.

Mr. CONNALLY of Texas. I yield first to the gentleman from Alabama, having already yielded once to the gentleman from Nevada.

Mr. ALMON. Will not the same thing happen, in regard to watered stock, when the railroads merge, if they can get the consent of the Interstate Commerce Commission?

Mr. CONNALLY of Texas. Absolutely. I am going to refer to that a little later.

Mr. ARENTZ. If the gentleman will yield, regardless of the decrease in the price, it seems to me the crime that has been committed is in taking away from the individual owners of the stock representation on the board and the consequent right to manage their property, which is un-American in every sense and form, and is a matter that should be looked into by the Congress of the United States. [Applause.]

Mr. CONNALLY of Texas. I thank the gentleman for his suggestion, but what I am going to point out here is that we have provided governmental agencies to do that very thing, and your President is seeking to destroy those agencies.

The Federal Trade Commission was organized for the purpose of investigating complaints as to the violation of the antitrust laws either in the form of a merger or by unfair trade practices or by violating any provision of the antitrust law, but the President of the United States indirectly is seeking to destroy that wholesome agency, and the only other recourse we have is through the Attorney General of the United States, and the Attorney General of the United States in the only case I have had called to my attention, instead of supporting the Federal Trade Commission in the aluminum matter is seeking to throttle its report and destroy the usefulness of it. [Applause.]

Let us go a little further. The President of the United States in his message to Congress a few days ago advocated the consolidation of the railroads of the country. I shall not discuss that. I merely cite it as an evidence of the fact that in the President's mind, industrially and commercially the consolidation of a great combined industry and commerce is one that fits best with his conception of prosperity and of proper industrial and commercial relations.

But, gentlemen, what has happened in the Federal Trade Commission? As all of you know, for some time the commis-

sion was evenly balanced with two Democrats and two Republicans. Recently, or rather last February, I believe it was, the President appointed a fifth member who at once became chairman—no; he did not become chairman because Mr. Van Fleet has been chairman, but the new member at once became the dominating figure in that commission. He was a former Member of this House, Mr. Humphrey, whose reputation is that of devotion to the interests of reaction and big business. Mr. Humphrey is said to have been the President's campaign manager in the West for the Republican nomination. What happened to the commission then? The commission had hardly met after Mr. Humphrey took his post before he made a speech before a body of big business men in which he said, in effect, that they need not be afraid of the Federal Trade Commission.

How did they go about devitalizing and dehorning the Federal Trade Commission? What did they do? They first provided a change in the procedure. Of course, it was not going out in the open and destroy itself. It preferred to live toothless and harmless. It did not desire to give up its salaries and wanted to live to serve those it desired to serve. It did not propose in the open to commit hari kari, but they adopted a change in procedure. Under the old procedure, after a complaint had been investigated by an investigator it went before a board of review, and after it got through the board of review it then went to the commission itself for action—the issuance of a formal complaint or a dismissal. A change was provided so that when the complaint reached the board of review the offending corporation would be permitted to appear before the board of review and would have an opportunity of there explaining the matter, and if the commission then saw fit the complaint would be dismissed. Here is the order adopted after Mr. Humphrey, the President's appointee, took charge:

Moved that in all cases before the board of review, before it shall recommend to the commission that a complaint issue it shall give to the proposed respondent a hearing before said board to show cause why a complaint should not be issued; said hearing shall be informal in its nature and not involve the taking of testimony. The proposed respondent shall be allowed to make or submit such statement of facts or law as it desires. The extent and control of such hearing shall rest with the majority of said board. Three weeks' notice of time and place of such hearing shall be served on the respondent by the secretary of the commission.

Mind you, the prosecutor was not permitted to be present. The concern that filed the complaint was excluded. I here quote Commissioner Nugent, of the minority of the commission:

It will be observed that under the new rule the business man who lodged the complaint with the commission is afforded no opportunity to appear at the hearing and, by cross-examination or otherwise, inform the board concerning the truthfulness or untruthfulness of the statements made by the proposed respondent. I consider the change in procedure decidedly unfair and unjust, as, to quote the language in a rule recently adopted by the majority, "the competitor injured and the public" are interested parties, and their rights should be protected by bringing to light all of the facts.

In this secret star-chamber proceeding before the board of review the offending corporation was summoned and allowed to present "such statement of facts or law as it desired," but not under oath, and its argument, though no other testimony could be taken, and then, if the commission saw fit, it would dismiss the complaint without prejudice, and the concern would go forth freed of the charges; and it is said that many cases of offending concerns have already been dismissed by the corporation coming up and saying, "Well, I am guilty all right, but I promise not to do it any more," and the commission says, "Go forth; your complaint is dismissed; your sins are forgiven." Dismissals have been so flagrant that since the Humphrey régime took charge Commissioners Thompson and Nugent have dissented in 33 cases.

But even that sort of attempt at secret process would gradually filter out into the public press. The two minority commissioners, Thompson and Nugent, were giving out their dissenting opinions to the press, and the Federal Trade Commission and the administration were being embarrassed. And what did they do? They changed the rules of procedure again and provided that the hearing before the board of review should be held in secret and provided that the commission should not give out any statement to the public. Here is the order:

From and after this date, in the settlement of any matter by stipulation before complaint is issued, no statement in reference thereto shall be made by the commission for publication. After a complaint is issued no statement in regard to the case shall be made by the commission for publication until after the final determination of the case.

The law makes it a criminal offense for any officer or employee to make public any information without its authority or that of a court. Now, some one may say: "O the President had nothing to do with that." Let us see whether he did or not. In the President's message to this Congress a few days ago here is what he said:

Federal Trade Commission: In my message to the Sixty-eighth Congress—

Listen to him—

In my message to the Sixty-eighth Congress I recommended that changes in procedure then existing be made.

He recommended a year ago that changes be made in the procedure of the Federal Trade Commission.

Since that time the President appointed Mr. Humphrey and the changes have been made. He says:

Since then the commission by its own action has reformed its rules giving greater speed and economy—

Holy word, economy! [Laughter]—

in the disposal of its cases and full opportunity for those accused to be heard. \* \* \* These changes are improvements and, if necessary, provision should be made for their permanency.

With whom is the President concerned here? Does he show any evidence of being concerned for the public? He says he recommended a change in the procedure, and since then the commission, the dominating figure of whom he appointed, has of its own volition made satisfactory changes.

What did he say? "Economy and speed." He wants greater speed and economy. Greater speed? Yes; because many complaints in which the people are interested have been dismissed, without issuance of complaints. That is speed. How did the economy come in? Why, by reason of the fact that there is a big staff over there being paid out of the Treasury with little to do.

Now, what else is the President concerned about? Did he say that he wanted a change in the procedure so that the public interest might be better served, or that the public might be protected against violations of the antitrust law? Speed in the disposal of cases and full opportunity for the public to be heard? No. Full opportunity to those accused to be heard. The accused always has had opportunity to be heard after complaint, but full opportunity to be heard before complaint is now provided.

Under the procedure as it is now changed the prosecution has no day in court before the board of review. When the accused comes in he puts his hands in the presidential washbasin and cleans them of all corruption and of all stain. [Laughter.]

Some one may say, "Even if the Federal Trade Commission will not investigate the trusts and monopolies, the Department of Justice can prosecute them." Yes; it can if it will. But will it? The present Attorney General was appointed by the President after the Senate twice refused to confirm his first appointee, Mr. Warren, of Sugar Trust fame. General Sargent is from Vermont. He is a personal friend of the President of long standing. The President knew when he was appointed his views and policies, and the Attorney General knew then and knows now the President's views and policies. Will the Attorney General prosecute the mergers, monopolies, and consolidations; will he prosecute violations of the antitrust laws? A clipping from the Washington Star will throw light on the question:

SARGENT TO GUARD HONEST BUSINESS—ATTORNEY GENERAL TO CONFINE ATTENTION TO MOST SERIOUS LAW VIOLATIONS

Business with a clear conscience that is not trespassing on the antitrust statutes is not going to be hampered by any investigatory activities of the Department of Justice.

The department is going after the cases "involving serious violations of the law," but the investigation of "unsubstantiated complaints," such as tends to the unsettlement of private business and generally leads to nothing more, is not going to clutter up its procedure henceforth in antitrust matters.

This declaration of freedom for American business and industry from unnecessary disturbance has been definitely enunciated in the annual report of William J. Donovan, assistant to the Attorney General, in charge of antitrust work.

SARGENT STAND CLEAR

Crystallization of this attitude in the department under the administration of Attorney General Sargent has been indicated in the utterances of the Attorney General on a number of occasions.



## MERGER NOT FORMALLY RECOGNIZED

Coincident with the publication of Mr. Donovan's report, Attorney General Sargent made known that the department had taken no formal cognizance of the recently announced merger in New York of the Ward, Continental, and General Baking interests.

The violators of the antitrust laws know what that language means—and their fears have departed. You know what that language means and you know that since it was published many mergers, and more mergers have been formed. Where can the American people go for relief? If not to the Federal Trade Commission—if not to the Attorney General—where, oh, where, can they go?

But gentlemen, I must hurry on. I can not cover this whole field, but I want the President of the United States, a great office and also a great responsibility—I want the President of the United States, and I am not standing here to-day in a spirit of defiance, but in the attitude of a suppliant because I know that for the next two years or until a Democratic Congress is elected, if any relief is granted to this country it must come by his grace; I know that on the majority side of this aisle there sits a loyal band of supporters of his policy to-day ready to do his bidding as ever goose-stepped and saluted the Kaiser. [Laughter and applause.] I want the President to think of all the people of the United States for a little while.

I do not challenge his sincerity, but it seems the President has been so environed during his life that he sincerely believes that the way to create happiness and prosperity is to give the wealth of the country to a few great interests, and out of their largess and charity let some of it trickle down towards the bottom, and as it goes touch and bless all that it passes. He believes that.

But I want the President for a little while to get out of the atmosphere in which he has been so long. I once read a very charming story by Mark Twain called "The Prince and the Pauper." It related to the time of Edward the Sixth, son of Henry VIII. On a festal occasion the prince of England was standing out by the palace gate while the common people, the *hoi polloi*, such as you and I, were there to see the royal display. In the rush and excitement of the throng a sentry at the gate kicked back into the crowd an urchin of the street that had been pushed forward by the crowd behind him. The prince's sympathy was aroused and he rushed past the sentry and dragged the ragged boy through the gates, but in the rush and commotion the prince was thrown out into the howling mob. The ragged boy so resembled the prince that he could not convince his attendants of his identity. They believed he had merely changed his clothes and he passed as the real prince. The genuine prince went out among the great mass of humanity and roamed and wandered over England. He had been accustomed to the court, to the finery and pomp and gaudy tinsel of the court, and he knew nothing about the hardships and rigors of the common life. He wandered around with a band of gypsies. He saw the London he had never known. He saw rural England for the first time. In his life with the poor he came to see that in England in his day and time, men were being burned for their religious belief, others were being hanged for the crime of theft. He saw the hardships and rigors and miseries of the English people. He saw the grinding poverty of the poor and the exploited. At last just before the coronation of the false prince, the real prince wandered back and secreted himself in Westminster Abbey where the ceremony of coronation was to take place.

Amidst the pomp and pageantry of the coronation ceremonies the prince presented himself and claimed the crown. In his breast he carried the heart of a king, but it was the heart of a king that had been regenerated by what he had seen and felt while among the people of England; it was the heart of a king that saw in a new light the favoritism enjoyed by privileged persons about the king; it was the heart of a king no longer dedicated to preference and privilege; it was the heart of a king dedicated to the service of all the people of England.

The imposter stepped aside, and the prince was crowned King of England. When he became king he saw to it that the harsh laws which permitted the burning of persons for religious belief were wiped out; he saw to it that the laws that would hang men for theft were abolished. He sent out all over the kingdom agents to reform the laws and correct the oppressions of the people.

So to-day I would say to the President: O Mr. President, as you stand over there in the White House, look out upon the rest of the people as we surge here about Washington and all over this great land; leave your body, if you will, still in the

White House, but let your mind go out over this great land of ours. Get away from Broadway and Wall Street and the atmosphere in which you made this speech to big business, bloated business, in New York, get out of the atmosphere of the special train in which you ride, go out into Iowa, and in your mind walk down the long rows of corn, freighted as they are with the political hopes of the delegation from that great State; listen to what the people are doing and saying. Go into the homes, go into the banks, and see the debts that the farmers owe; walk down over the farm of the gentleman from Iowa [Mr. HAUGEN], and as you view those imperial acres look upon his hogs and cattle that he must sell to the packers that have merged, not at his price but at their price; look at his barns bursting with corn which he can sell only at less than the cost of production; look in his house and on his farm and in his barn at the things he has had to buy from tariff-protected manufacturers that are prospering as they never prospered before. Mr. President, go out into the great centers of the West, ride over the ranches, listen to what the people are saying and doing, go out into the mining territory and watch the men who dig coal and bring it to the surface.

Go out yonder and watch the men who wipe the railroad engines, who switch them, who hold the throttle on the steaming engines that pull you across the country in your private car, in your special train; go out into the small villages and towns of the Nation; go into the little shops; go into the store of the country merchant and see him as he hands his goods back and forth across the counter, and then reflect. O Mr. President, reflect whether or not the man who digs the coal has not just as useful a function to perform in the field of what you call business as the man who sits in New York and handles merely the paper evidences of the ownership of that coal and that man's toil. O Mr. President, is not the little country merchant in Iowa, in Nebraska, or Kansas, just as necessary in the field of business, is not his function just as important as the great concern yonder in centers like Chicago and New York that forms a new merger of the concerns from which the merchant must buy, that never sees a dollar's worth of the actual physical goods, never handles a dollar's worth of the articles of merchandise, but simply with a piece of paper and a pencil and some lithographed certificates forms a merger in the necessities of life that the little country merchant up in Iowa or California and all the other States must buy, and whose customers must buy before they consume. O Mr. President, go out into the great West; go out and pitch some real hay out of a real field into a real wagon, to be eaten by real cows, and not upon the moving-picture screen. O Mr. President, go out and pitch some hay, not with a hard-boiled shirt on, but with a blue shirt on; pitch a little hay with a straw or two of it down your back in July; and ask yourself if the man that raises the cow and feeds it the hay is not just as much a part of business as the packer who buys it; ask yourself, Mr. President, if the man who burns oil and gasoline in his car is not as much a part of business as the oil company from whom he buys it. Then, Mr. President, when you have listened to this chorus of the busy, humming world of America, go back to the White House and ask yourself if all of the business of the land is yonder on Wall Street, and if all the prosperity of America ought to be centered there and only a little be allowed to filter and percolate down to the rest of us. When you do that, Mr. President, remember that of all the stations on this revolving globe, yours is the mightiest and the strongest.

Mr. President, the King of England is but the glittering husk, the glittering shell of royal power that has long since passed. Mr. President, the President of France occupies merely a post of honor and ceremony. Mr. President, that dictator there to the south in Italy is merely a swagging sinister shadow in the distempered dream through which Italy is passing, and he will pass away. But, Mr. President, your great station, under God and the Constitution, we hope may go marching on. Mr. President, the hand of the President is heavy; it bears down upon the object of its wrath or scorn or displeasure with a mighty weight. O Mr. President, when you get back from the West, when you get back and claim again your power, as the prince with a regenerated heart and a new conception of his duty to his people claimed coronation, remember that business is all over this land, and as you remember it take your heavy hand off your Attorney General, take your heavy hand off the Federal Trade Commission, take your heavy hand off the Tariff Commission, and let these agencies of the people, established by the people through the Congress under the Constitution, function and let American business survive. [Prolonged applause on the Democratic side.]

Mr. CARTER of Oklahoma. Mr. Chairman, I yield 10 minutes to the gentleman from Arkansas [Mr. OLDFIELD].



Mr. OLDFIELD. Mr. Chairman, I desire at the outset to congratulate that great metropolitan daily paper, the New York World, in its intelligent, fearless, and patriotic crusade against the Aluminum Trust. [Applause.] On last Tuesday I introduced a resolution in the House to investigate the tariff rates in the aluminum schedule and also to investigate the action of the Federal Trade Commission and the Department of Justice regarding investigations made by these two executive branches of the Government into the aluminum industry. Particularly my resolution seeks to get the facts as to why the Federal Trade Commission refused to turn over to the Department of Justice the facts developed at an official investigation of the Aluminum Co. of America. On yesterday Senator WALSH, of Montana, succeeded in having an investigating committee of the Senate to make a thorough investigation of the conduct of the Department of Justice regarding this monopoly. I trust that all of the facts will be developed by the Senate committee so that the public may understand thoroughly the entire situation surrounding one of the most powerful monopolies in the country. Let us glance for a moment at the increased rates on aluminum and aluminum products given to this monopoly by the enactment of the Fordney-McCumber tariff law. The Fordney-McCumber tariff act increased the duty on crude aluminum from 2 cents per pound to 5 cents per pound, or 150 per cent increase. On coils, plates, sheets, rods, circles, disks, strips, rectangulars, and squares the duty was increased from  $3\frac{1}{2}$  cents per pound to 9 cents per pound, or 250 per cent. On table, household, and kitchen utensils the aluminum duty was increased from 25 per cent ad valorem to 11 cents a pound and 55 per cent ad valorem, or more than 250 per cent increase. The dominating influence in the Aluminum Co. of America is Secretary of the Treasury Mellon. Also there is not the slightest doubt that the Aluminum Co. of America is a monopoly. In this connection I want to recall the action of the majority of the Federal Trade Commission in refusing last February to permit Attorney General Stone to have the facts brought out by the investigation of the company by the commission. Why is the Aluminum Co. of America so sacred that the Department of Justice can not get from the Federal Trade Commission the facts developed at an official hearing? The Aluminum Co. of America is one of the outstanding examples of the building up of a giant monopoly through tariff favoritism. The company was organized in 1888 with a capital of \$1,810,000. Notwithstanding the fact that the company has for many years paid splendid dividends, yet it has been able to put back in the business approximately \$110,000,000, the company now being capitalized at \$111,500,000. The earnings of the company were, of course, enormous during the war. It paid dividends of 8 per cent in 1914; 10 per cent in 1916; 12 per cent in 1920; 6 per cent in 1921 and 1922; 10 per cent in 1923; and  $12\frac{1}{2}$  per cent in 1924.

The president of the Aluminum Co. of America stated on November 4, 1920, according to press reports, that—

In no year since 1915 have the company's net earnings after payment of interest, taxes, and other charges been less than \$10,000,000 per year.

He further stated that the earnings for 1920 were in excess of \$10,000,000. Notwithstanding the fact that the company was paying splendid dividends under the low tariff law of 1913 and passing to surplus many million dollars each year, in the 1922 act enormous tariff increases were provided for this monopoly. The hearings before the Ways and Means Committee in 1921, during the consideration of the Fordney-McCumber tariff bill, disclosed the fact that the production of aluminum in America at that time was 138,000,000 pounds per year. One hundred and twenty million pounds of this production was used by the automobile industry; hence this great industry, due to the exorbitant rates of the Fordney-McCumber Tariff Act on aluminum, is mulcted out of many millions of dollars which they must add to their cost and pass on to the purchasers of automobiles in America. Therefore every purchaser of an automobile in this country must first pay tribute to the aluminum trust—this highly protected infant industry of the present administration, this monopoly dealt with so gently by the Federal Trade Commission and the Department of Justice. The rest of the aluminum consumed in America is used by the kitchen utensil manufacturers and hospital supply manufacturers. These industries also are taxed for the benefit of the Aluminum Co. of America. They, of course, pass this additional cost in the manufacture of kitchen utensils and hospital supplies on to the consumers of these articles, so that every hospital in America has the price of its supplies increased by the unholy increase of tariff rates on aluminum in the Fordney-McCumber Tariff Act. Every housewife in America who buys a household or kitchen utensil also contributes to this monopoly,

on account of the increase of the tariff rates. The Aluminum Co. of America is the sole producer in the United States of aluminum and supplies over one-half of the world's consumption and is the largest manufacturer of semifinished shapes and largest manufacturer of finished products.

Someone connected with the aluminum company will no doubt have the temerity to say that the increased tariff rate did not effect the price of the product. If this is true, why did the company demand of a Republican Congress the increase? Furthermore, why did the aluminum company immediately after the tariff was increased from 2 cents to 5 cents per pound increase the price of the metal \$60 per ton?

It can not be truthfully asserted that labor has been benefited by the increased tariff rates on aluminum. The Bureau of the Census tells us that in 1923 the total value of the production in the aluminum industry was about \$107,000,000. The manufacturers got \$40,000,000 of the \$107,000,000, and labor got only \$19,843,000, about \$25 per wage earner per week in the industry.

High tariffs are not written for the purpose of benefiting labor or the farmer but for the purpose of building up monopolies, which prey upon these classes as well as all consumers of the country. There is no better example of this fact in our economic life than the Aluminum Trust. While the farmers of our country are in dire distress the Aluminum Co. of America continues, thanks to the Fordney-McCumber Tariff Act, to tax exorbitantly every farmer who purchases an automobile or a kitchen utensil. I shall continue to urge that Congress revise the aluminum tariff schedule downward to a revenue rate as well as other schedules in the tariff act, that justice may be done all the people.

Second. Let us look for a moment at the cotton-textile schedule to ascertain just why and for whose benefit tariff increases were made. Mr. BUTLER, chairman of the National Republican Committee, is president of the following cotton mills: The Butler Mill, Hoosac Cotton Mills, New Bedford Cotton Mills Corporation, and Quissett Mill.

The Butler Mill paid dividends as follows: 1919, 7 per cent and 5 per cent special; 1920, 8 per cent and 15 per cent extra; 1921-1924, 8 per cent per annum. It paid a stock dividend in 1910 of 20 per cent. Paid dividends 8 per cent per annum from 1915 to 1919, inclusive; 8 per cent from 1920 to February 15, 1924. Thereafter regular dividends of 6 per cent per annum paid quarterly.

The New Bedford Cotton Mills Corporation common stock increased by 200 per cent stock dividend in 1922; that is, from \$350,000 to \$1,050,000 per \$100. Other dividends not reported.

The Quissett Mill paid dividends in 1914 and 1915, 8 per cent; 1916,  $7\frac{1}{2}$  per cent; 1917 to 1924, inclusive, 8 per cent per annum. Extra dividends were paid as follows:

	Per cent
1917-18	20
1919	60
1920	20
1922	50
1922 (stock dividend which increased the capital stock from \$1,250,000 to \$2,000,000)	60

The representatives of the textile industry appeared before the Ways and Means Committee when the present tariff law was being considered and in the name of labor secured the highest tariff taxes ever known in this country, notwithstanding the fact that the labor cost in the textile industry ranges from 5 per cent to 20 per cent of the value of the products they produce, and notwithstanding the fact that the textile industry has put an inferior grade of material in their products and sold it at an increased price to the public and paid to their stockholders the enormous dividends set out above. Wages of their laborers were reduced  $22\frac{1}{2}$  per cent in 1921. An attempt was made for a further reduction in 1922, and in 1925 a reduction of 10 per cent was ordered.

So these typical cotton mills, of which Mr. Butler is the controlling influence, secured enormous tariff increases under the Fordney-McCumber tariff law and at the same time reduced wages of their employees. Also they put an inferior grade of material in their product and sold it to the public at a higher price. Yet it will probably be impossible to succeed in having the present Congress investigate such an outrageous situation.

Third, I want to call attention to another monopoly which secured increased tariff rates under the Fordney-McCumber tariff law, which are oppressive on every housewife in America who buys a spool of thread. The following are the facts with regard to the American Thread Co.:

This company was chartered in 1898 under the laws of New Jersey to manufacture cotton, linen, silk, and other threads. Its authorized capital was \$6,000,000 common stock. This was increased by the doubling of the price of the shares from \$5 to



\$10, making the authorized common stock \$12,000,000. The authorized gold or sterling preferred stock of 1,200,000 shares with a par value of \$5 amounted to \$6,000,000. The total amount of authorized common and preferred stock therefore was \$18,000,000.

The entire common stock, representing the sole voting power, is owned by the English Sewing Cotton Co. (Ltd.). The company was formed to control the entire cotton-thread industry except those concerns comprising the Coates combination. However, the latter is said to hold considerable interest in the English Sewing Cotton Co. (Ltd.), which controls the American Thread Co.

March 23, 1914, the United States began a suit against the company in the District Court of Trenton, N. J., and asked that it be dissolved on the ground of being a monopoly. The American Thread Co. (thread agency) and the English Sewing Cotton Co. (Ltd.) were restrained after January 1, 1915, from holding any interest in the stock or other securities in a number of companies and as long as one or more stockholders or any of the same officers and directors as one or more of the defendants in the other group both groups were enjoined from engaging in the foreign sewing-thread trade in the United States.

March 21, 1924, the company's statements indicated total assets of \$28,617,023.

The earnings per share of the American Thread Co. are amazing. It must be remembered that the par value of the original shares was \$5. The stock dividends of \$5 on each share was declared, and the earnings for five years show these wonderful figures:

Year	Preferred stock		Common stock	
		Per cent		Per cent
1919.....	\$2.41	48.2	\$1.76	35.2
1920.....	2.96	59	4.01	80.2
1921.....	1.25	25	1.08	21.6
1922.....	2.16	43.2	1.66	31.2
1924.....	1.54	30.8	1.05	21

Fourth, I desire to call attention to the American Woolen Co., the dominating factor in the woolen textile industry in America. This company also secured enormous increases in tariff rates by virtue of the Fordney-McCumber Tariff Act. The following facts no doubt will be interesting and enlightening to the public.

The American Woolen Co. shows an amazing earning power. In 1920 it not only earned 11.57 per cent on preferred and 4.57 per cent on common stock but increased its capitalization and stock dividends by raising the preferred from \$40,000,000 to \$60,000,000 and the common from \$20,000,000 to \$40,000,000. The earnings on the preferred and common stock for the years available are as follows:

Year	Preferred		Common	
		Per cent		Per cent
1919.....	29.45	44.90		
1920.....	11.57	4.57		
1921.....	15.02	8.02		
1922.....	15.64	8.64		
1923.....	13.32	8.85		

The par value of both the preferred and common stock is \$100. Still, in the face of these enormous earnings, on the eve of Christmas Day of 1920 the employees received notice of a reduction of 22½ per cent in their wages. Another reduction of 20 per cent was ordered in 1922.

The American Woolen Co. of New York, with a capitalization of \$100,000, is the selling agency of the American Woolen Co. While the New York company does not make a detailed financial statement, it is understood to be controlled by the American Woolen Co. It is understood that a few years ago former President Wood was given a bonus of \$500,000. Whether this came from the selling agency that made no report of its financial affairs or came out of the American Woolen Co.'s amazing earnings is unknown.

Although the highest protected industry in the United States since the fatal day in 1867, when Congress was forced by the textile interests and wool growers to place a prohibitive tariff on textiles, until the present day the textile industries have been a get-rich-quick proposition.

The higher the earnings and the dividends paid by the textile companies the greater the reduction in wages and the higher their product was sold to the consumer.

Of course, I realize that under the rules of the House, as amended at the beginning of the present session of this Congress, it will be impossible to have these matters investigated by the Ways and Means Committee or any other committee of this House. It is known by the Members and, I think, the public generally, that at the beginning of the Sixty-eighth Congress this House amended the rules so that when 150 Members of the House signed a petition asking for the discharge of a bill from any committee in the House, said bill was thereby automatically brought to the floor of the House for consideration by the whole membership. On the first day of the present session of Congress this rule was emasculated by providing that a majority of the House must sign a petition before any committee would be instructed to report any particular bill to the House, and here let me call your attention to those who voted for the emasculation of this rule and those who voted against it. The following is the roll call upon this proposition:

Yeas—208: Ackerman, Adkins, Aldrich, Allen, Andresen, Andrew, Anthony, Appleby, Arentz, Bacharach, Bachmann, Bacon, Beedy, Beers, Begg, Bixler, Boies, Bowles, Bowman, Brand of Ohio, Brigham, Britten, Brumm, Burdick, Burton, Butler, Campbell, Carpenter, Carter of California, Chalmers, Chindblom, Christopherson, Clague, Cole, Colton, Connolly of Pennsylvania, Cooper of Ohio, Coyle, Cramton, Crowther, Crumpacker, Curry, Darrow, Davenport, Dempsey, Denison, Dickinson of Iowa, Dowell, Dyer, Eaton, Elliott, Ellis, Esterly, Fairchild, Faust, Fenn, Fish, W. T. Fitzgerald, Fort, Foss, Free, Freeman, French, Frothingham, Fuller, Funk, Furlow, Garber, Gibson, Gifford, Glynn, Golder, Goodwin, Gorman, Green of Iowa, Griest, Hadley, Hale, Hall of Indiana, Hall of North Dakota, Hardy, Haugen, Hawley, Hersey, Hickey, Hill of Maryland, Hoch, Hogg, Holaday, Hooper, Houston, Hudson, Morton D. Hull, William E. Hull, Irwin, Jenkins, Johnson of Illinois, Johnson of Indiana, Johnson of South Dakota, Johnson of Washington, Kahn, Ketcham, Kieffer, Kiess, King, Knutson, Kopp, Kurtz, Leatherwood, Leavitt, Lehlbach, Letts, Luce, McFadden, McLaughlin of Michigan, McLaughlin of Nebraska, McLeod, MacGregor, Madden, Magee of New York, Magee of Pennsylvania, Magrady, Manlove, Mapes, Martin of Massachusetts, Menges, Merritt, Michaelson, Michener, Miller, Mills, Montgomery, Moore of Ohio, Morgan, Morin, Murphy, Nelson of Maine, Newton of Minnesota, Newton of Missouri, Parker, Patterson, Perkins, Perlman, Phillips, Porter, Pratt, Purnell, Ramseyer, Ransley, Reece, Reed of New York, Robinson of Iowa, Robison of Kentucky, Rogers, Rowbottom, Sanders of New York, Scott, Sears of Nebraska, Seger, Shreve, Slinnott, Smith, Snell, Sosnowski, Sproul of Illinois, Stalker, Stephens, Strong of Kansas, Strong of Pennsylvania, Strother, Summers of Washington, Swartz, Sweet, Taber, Taylor of New Jersey, Taylor of Tennessee, Temple, Thatcher, Thayer, Thompson, Thurston, Tilson, Timberlake, Tinscher, Tolley, Treadway, Underhill, Updike, Valle, Vane, Vestal, Vincent of Michigan, Wainwright, Walters, Wason, Watres, Watson, Welsh, Wheeler, White of Maine, Williams of Illinois, Williamson, Winter, Wolverton, Wood, Wurzbach, Wyant, and Zihlman.

Nays—196: Abernethy, Allgood, Almon, Arnold, Aswell, Auf der Heide, Ayres, Barbour, Barkley, Beck, Berger, Black of Texas, Bland, Blanton, Bloom, Box, Boylan, Brand of Georgia, Briggs, Browne, Browning, Buchanan, Bulwinkle, Burtness, Busby, Byrns, Canfield, Cannon, Carew, Carrs, Carter of Oklahoma, Chapman, Cleary, Collier, Collins, Connally of Texas, Connery, Cooper of Wisconsin, Cox, Crisp, Crosser, Cullen, Davis, Deal, Dickinson of Missouri, Dickstein, Dominick, Doughton, Douglass, Doyle, Drane, Drewry, Driver, Edwards, Eslick, Evans, Fisher, Fletcher, Frear, Fulmer, Gallivan, Gambrell, Gardner of Indiana, Garner of Texas, Garrett of Tennessee, Garrett of Texas, Gasque, Gilbert, Goldsborough, Green of Florida, Greenwood, Griffin, Hammer, Hare, Harrison, Hastings, Hawes, Hayden, Hill of Alabama, Hill of Washington, Howard, Huddleston, Hudspeth, Hull of Tennessee, Jacobstein, James, Jeffers, Johnson of Texas, Jones, Keller, Kelly, Kemp, Kerr, Kincheloe, Kindred, Kunz, Kvale, LaGuardia, Lampert, Lanham, Lankford, Larsen, Lazaro, Lea of California, Lee of Georgia, Lindsay, Linthicum, Little, Lowrey, Lozier, Lyon, McDuffie, McKeown, McMillan, McReynolds, McSwain, McSweeney, Major, Mansfield, Martin of Louisiana, Milligan, Montague, Moore of Kentucky, Moore of Virginia, Morehead, Morrow, Nelson of Missouri, Norton, O'Connell of Rhode Island, O'Connor of Louisiana, O'Connor of New York, Oldfield, Oliver of Alabama, Oliver of New York, Parks, Peavey, Peery, Pon, Prall, Quayle, Quin, Ragon, Rainey, Rankin, Rathbone, Rayburn, Reed of Arkansas, Romjue, Rouse, Rubey, Rutherford, Sabath, Sanders of Texas, Sandlin, Schafer, Schneider, Sears of Florida, Shallenberger, Simmons, Sinclair, Smithwick, Somers of New York, Speaks, Sparring, Sproul of Kansas, Steagall, Stedman, Stevenson, Sullivan, Summers of Texas, Swank, Swing, Taylor of Colorado, Taylor of West Virginia, Thomas, Tillman, Tucker, Tydings, Underwood, Upshaw, Vinson of Georgia, Vinson of Kentucky, Voigt, Warren, Weaver, Wefald, Weller, White of Kansas, Whitehead, Whittington, Williams of Texas, Wilson of Louisiana, Wingo, Woodruff, Woodrum, and Wright.

Not voting—30: Bailey, Bankhead, Bell, Black of New York, Bowling, Celler, Corning, Davey, Fitzgerald, Roy G., Flaherty, Fredericks, Graham, Johnson of Kentucky, Kearns, Kendall, Langley, Lineberger, McClintic, Mead, Mooney, Nelson of Wisconsin, O'Connell of New York, Raker, Reid of Illinois, Stobbs, Swoope, Tinkham, Wilson of Mississippi, Woodyard, and Yates.

So the resolution was agreed to.

The Clerk announced the following additional pairs:

On the vote:

Mr. Graham (for) with Mr. O'Connell of New York (against).  
Mr. Reid of Illinois (for) with Mr. Bowling (against).  
Mr. Kendall (for) with Mr. McClintic (against).  
Mr. Bailey (for) with Mr. Black of New York (against).  
Mr. Swoope (for) with Mr. Davey (against).

The result of the vote was announced as above recorded.

You will see in this list of names many Republicans who have been making very forceful speeches back in their districts recently, demanding certain farm relief. Yet these same Mem-



bers knew when they voted to emasculate this rule that it would be impossible thereafter to discharge the Committee on Agriculture on any sort of farm-relief legislation. These gentlemen when they voted for the emasculation of this rule hog tied themselves, and now all they can do to satisfy their farmer constituents is to make long speeches on the floor of the House and put long speeches in the RECORD, not for the purpose of accomplishing results here but for the purpose of home consumption. There can be no doubt that the farmers of America are in dire distress, and the most burdensome taxes which the farmers of the country are paying to-day are the \$5,000,000,000 of tariff taxes. As is well known, the farmers of America must sell their basic products in a world market, and, owing to the high tariff rates in the Fordney-McCumber tariff law, they must buy manufactured articles which they use in a very highly protected market. Another trouble with our Government at this time is that it is absolutely privilege controlled. Secretary of Commerce Hoover has just appeared before a committee of the House and discussed the rubber situation, in which he made the statement that the British-controlled rubber industry was overcharging the consumers of rubber in America to the extent of \$600,000,000 annually. It did not occur to Secretary Hoover to tell the committee that the highly protected industries of America are mulcting the consumers of the country out of anywhere from four to five billion dollars in tariff taxes. If this administration and Secretary Hoover, Secretary Mellon, and Attorney General Sargent were as much interested in protecting the American people from the monopolies of our own country as they are in protecting them from the monopolies of a foreign country, then the people would truly secure relief. The facts are that the leadership of the Republican Party, from President Coolidge down, stand to-day just where Hamilton stood at the beginning of our Government. They believe that a few people in America should be made rich by special privilege, and then the Government should be turned over to them to be run in their own interests. These are facts, and they can not be successfully denied. President Coolidge, Secretary Mellon, Secretary Hoover, and Attorney General Sargent looking after matters on the inside of the Government and the J. P. Morgan Co. group are the most influential persons with the administration on the outside.

That is the situation that we have. We heard on the floor here yesterday the speech of the Delegate from Alaska [Mr. SUTHERLAND], in which he said, in reply to a question about the fisheries industry in Alaska, in his Territory, that the people who send him here to represent them claim that Secretary Hoover has brought about a monopoly in that industry. Every speech made by the President of the United States, every message sent to this Congress by the President of the United States, is an additional appeal to the extraordinarily big business interests of America. Nobody can deny that. All you have to do is to read the speeches and the messages of the President. He seems to be absolutely controlled by the biggest business group in America. He does not seem to understand that there are thousands and thousands of little institutions and medium-sized business institutions in America. He does not seem to care anything about them. But, my friends, it is the biggest group of biggest business to which he invariably refers in all his speeches and all his messages to Congress.

Take, for example, the Tariff Commission. One of the commissioners himself says—or rather two of them say—that the commission is not functioning in the interest of the American people but in the interest of those who want to keep the tariff rates just as high as possible. That is what two Tariff Commissioners themselves say. I take it that when we get to the independent offices appropriation bill that will be the proper time to talk about the Federal Trade Commission and the Federal Tariff Commission. The Tariff Commission has investigated several subjects. For example, the Tariff Commission has investigated the sugar situation, and they agreed that \$1.23 a hundred pounds would be a fair tariff on sugar instead of \$1.76. The President kept that record for 11 months and did nothing about it. He has increased the rates several times. He has decreased the rate only once, and that was on bobwhite quails coming in from Mexico.

Why have that sort of a Tariff Commission? Why have a Tariff Commission which is to be controlled by the protected interests of America, which wrote the tariff law? Everybody in this House and at the other end of the Capitol knows who wrote the present tariff law. It was not the membership of this House, and it was not the membership of the Senate, but it was the protected interests, whose representatives were sent here for the purpose of putting on the statute books exorbi-

tantly high rates, and they succeeded in doing what they were told to do. [Applause.]

What is the trouble? The people in 1924 voted for a plutocracy, and they have it; and dire distress, so far as the average man and woman in America is concerned, is the result. Such a result has followed every plutocratic government in history, and this is no exception to the rule.

Every speech which President Coolidge has made has been an appeal to big business or the ultrarich. The President seems to forget that there is any other business in America except big business. He seems to forget that thousands upon thousands of our citizens are engaged in little or medium-sized businesses. He seems to forget that the farmers of America are engaged in business. Read his speeches and read his messages and you will find that his whole appeal is to big business and dependent upon big business. The Democrats of this Nation do not believe that our Government should be run by the ultrarich or big business. We believe that the average men and women of America are the backbone of the Nation and ought to have their just share in the control of the Government.

In conclusion, permit me to say that the Democratic Party is the hope of the people of America. We must educate the people of America as to true conditions in their Government; we must get the truth to the people and organize our forces and fight the forces of plutocracy. [Applause.]

The CHAIRMAN. The time of the gentleman from Arkansas has expired.

Mr. SANDLIN. Mr. Chairman, I am directed by the gentleman from Oklahoma [Mr. CARTER], who is in charge of the time, to yield 10 minutes to the gentleman from New York [Mr. CELLER].

Mr. CELLER. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from New York asks unanimous consent to revise and extend his remarks in the RECORD. Is there objection?

There was no objection.

Mr. CELLER. Mr. Chairman, ladies and gentlemen of the committee, I do not share the feelings expressed by my dear friend, the gentleman from Arkansas [Mr. OLDFIELD], when he uses the term "big business," nor do I share the same feelings expressed by the gentleman from Texas, my esteemed friend [Mr. CONNALLY], when he uses the words "Wall Street." I feel that big business has its proper place in our scheme of industry, and I believe that Wall Street also has its proper functions. But I agree with those two distinguished gentlemen if they mean that "big business" and "Wall Street" must be properly regulated and kept within due bounds. I disagree with those gentlemen when they seek to malign Wall Street and big business unjustly and employ the usual catch phrases in doing so.

I was greatly surprised, however, when I heard the testimony yesterday of our Secretary of Commerce, Mr. Hoover, before the Interstate and Foreign Commerce Committee. He complained about certain monopolistic tendencies of European countries. I call to my mind the admonition, "Before you take the mote out of my eye look to the beam in your own." I have a high regard for the Secretary of Commerce. He has done some big things. He is the last man to complain about combinations and monopolies. For a long time he has given counsel and advice and encouragement to business men in all trades and industries to combine and unite. As a result monopolies under the guise of trade associations have arisen all over the country. Their wrongs have gone unwhipped of justice. The present administration has really discouraged all reasonable attempts to curb or control these illegal combinations. It has hamstrung the Tariff and Federal Trade Commissions. Monopoly is the watchword of the day. Mr. Hoover has thus in common parlance "pulled a bone."

"People in glass houses should not toss stones." Mr. Hoover with more profit to himself and the country had better point his lance at our domestic monopolies in aluminum, copper, brass, cement, brick, ice cream, wool, dyes, sugar, lumber, plumbing supplies, furniture, petroleum, coal, bread, meat, milk, cotton, and telephone and radio.

Furthermore, we have erected Chinese walls around our country—walls of immigration, walls of tariff, and how under the sun can we expect European nations to remain supine in the face of those walls? We keep out their peoples; we keep out their products. They have taken retaliatory measures and have sought to monopolize and control the products of which nature has given them a superabundance. England controls rubber; Egypt is accused of controlling the production and distribution and exportation of long-staple cotton; Mexico, sisal; Chile, nitrates; Brazil, coffee; and other coun-



tries have done the same thing with camphor, iodine, and mercury. They may not have the moral right to do that, but I say it does not lie in Mr. Hoover's mouth to object, because he has sanctioned the very practice that he now inveighs against, and in that sense I agree with the two previous speakers that Mr. Hoover is grievously in error.

Mr. ARENTZ. Will the gentleman yield?

Mr. CELLER. Yes.

Mr. ARENTZ. I think the gentleman wants to be correct. He said there is a monopoly in copper. The gentleman should know that copper is selling for about 14 or 14½ cents, where in reality it should sell for about 16 or 17 cents, and very few copper-mining companies in the United States are making any money.

Mr. CELLER. I am not prepared to agree with the gentleman, but I was speaking of the trade associations and the encouragement given to the various individuals and to individual groups throughout the country to band together in the interest of their trade. I say that Mr. Hoover may have been correct in encouraging those associations to band together to wipe out certain trade abuses, but they have been encouraged to go beyond lawful purposes and permitted to practice monopoly in the worst form. Neither the President, Mr. Hoover, nor the Federal Trade Commission has sought to control those organizations.

Now, we in New York are sorely distressed because a great combination, the New York Telephone Co., is seeking to get a 35 per cent increase in its rate in New York City and an 18 per cent increase in its rate elsewhere in the State of New York. That telephone combination is part of the largest monopoly in this country—the Bell Telephone & Telegraph Co. In a pamphlet issued by that company we find how extensive its operations are—

With only 5.29 per cent of the earth's land area and 6.35 per cent of its population, the United States has 63 per cent of the world's telephones.

New York, with a population of 6,059,000, has 1,315,400 telephones, while Great Britain, with a population of 45,413,000, has 1,244,000 telephones. Chicago, with a population of 2,967,000 has more telephones than France, with a population of 39,998,000.

The Bell Telephone & Telegraph Co. practically controls all these phones. The Bell system has more contacts with the people of the Nation than any other institution. There are more than 14,600,000,000 exchange messages and nearly 600,000,000 toll messages over the Bell system wires yearly or an average of one conversation daily for every three persons in the country. The Federal Post Office handles about 12,000,000,000 letters a year. It thus has fewer contacts than the Bell system.

Mr. LAZARO. Will the gentleman yield?

Mr. CELLER. Yes; I yield to the gentleman.

Mr. LAZARO. Some time ago there was an editorial in one of the papers complaining about the telephone company selling stock to those who used their telephones and that the object was to enlist sentiment in their favor, so that if an attempt were made to regulate them those people who were using their telephones would naturally side with them. Is there anything in that?

Mr. CELLER. I do recall that editorial, and I go a step further and say that I believe that one-sixth of its employees own stock in that company, and perhaps the stock was made accessible to them on easy terms for the very reason stated in that editorial.

We suffer tremendously in New York by virtue of our inability to control the New York Telephone Co., and this great and mighty combine, the Bell system, stretching all over the territories covered by your constituencies, gentlemen, because of the evils it is guilty of, goes unpunished and uncontrolled. There is no control whatsoever over the telephone companies, and I desire to read you the many companies that enter into this combine. There are, for example, the New England Telephone & Telegraph Co., the Chesapeake & Potomac Telephone Co., the Cumberland Telephone & Telegraph Co., the Illinois Bell Telephone Co., the Ohio Bell Telephone Co., the Wisconsin Telephone Co., the Southern Telephone Co., the Northwestern Bell Telephone & Telegraph Co., the Southwestern Bell Telephone Co., the Mountain States Telephone & Telegraph Co., the Pacific Telephone & Telegraph Co., and with all their ramifications and with all their subsidiary companies they control not only wired and wireless telephonic and telegraphic communication in all its branches, all the basic patents with reference thereto, the manufacture and distribution of all machinery and appliances used by them. They reach out in almost every direction, and yet Mr. Hoover yesterday spoke of combinations in Europe menacing our public welfare.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. CELLER. Under leave to extend my remarks I desire to call attention to my House resolution which has been referred to the Rules Committee and which has for its purpose the need for regulation of the American Telephone & Telegraph Co.

The American Telephone & Telegraph Co., with its various subsidiaries and associated companies, constitutes the most gigantic trust in America. Moreover, it has a tighter hold and more direct control over the lives of ordinary people and all phases of business than any other corporation whatsoever.

To indicate the scope and the rapid development of this trust during recent years, we make a brief survey of the scope and growth of the telephone operation and service.

In the year 1900, for example, the entire Bell system owned and operated a total of 1,960,000 miles of wire; at the end of the calendar year 1924 it operated 39,890,000 miles of wire.

In 1900 it served a total of 856,000 individual stations; at the close of 1924, it served 15,906,000.

In 1900 it had 37,000 employees; in 1924, 279,000.

This tremendous growth represents not only the nominal increase or extension of the telephone service, but above anything else it indicates the gradual acquisition, merger, and consolidation of smaller independent companies throughout the country. Gradually through a 25-year period the smaller independent companies have been gathered together in large sections and groups and have all come under uniform control of a single trust.

During more recent years the growth of the trust indicated further developments. In 1919, for example, the total investments in the telephone plant was \$1,216,000,000, and for 1924 it was \$2,267,000,000, nearly doubling the huge investment of the five-year period. Likewise the revenues have increased from \$449,000,000 in 1920 to \$657,000,000 in 1924. The total operating expenses have advanced from the sum of \$346,000,000 to \$466,000,000.

These figures show the tremendous importance of this industry in American life. It affects more people and more business than any other industry whatsoever.

#### FAILURES OF REGULATION

Although the telephone trust has represented a large utility of greater importance than any other, it has yet, in one way or another, hitherto escaped regulation. For the most part this huge enterprise has conducted the utility from the standpoint of its own financial interest without bringing to bear the active regulation to which other utilities are subjected and which are required for the protection of the public.

The escape from regulation has been due, in part, to the fact that the American Telephone & Telegraph Co. itself is an interstate utility, operating throughout the country, over which no direct regulation has been established. The individual States have no power to regulate such a clear interstate utility, and so far Congress has not attempted regulation. The public interests involved, however, are so great that the time has clearly come to bring this important public enterprise under definite Federal regulation.

Even the State companies have escaped effective regulation, because in most instances the companies have operated in two or more States, involving to that extent interstate operation, which commission, however, has been limited to the operations and services within that particular State; consequently, to a large extent, operating companies have fallen between the jurisdiction of the several States or Nation. This situation can only be remedied through systematic Federal regulation. Another reason for escaping regulation is the subdivision of functions of various companies, some of which operate under the guise of general business corporations not subject to utility regulation. For example, the Western Electric Co. is a subsidiary of the American Telephone & Telegraph Co. and is organized to manufacture and sell telephone apparatus and other engineering and technical supplies. This company furnishes practically all of the telephone instruments and other supplies of the American Telephone & Telegraph Co. and the operating companies. The price charged is entered as an investment of these companies, and the profit realized by the Western Electric Co. finally goes into the treasury of the American Telephone & Telegraph Co.

Here, then, is the masterful device by which the trust may fix up its own costs, by making the charges from one pocket to another and carrying the profit collected from the public through some collected pockets and into the ultimate big pocket of the American Telephone & Telegraph Co.

These intricate intercorporate relations require airing, and effective Federal and State regulation should be established.



The prerequisite to all this must be a congressional investigation through which all of the intercorporate relations are sifted, the financial facts carefully determined, the intercorporate profits analyzed, and out of it all a systematic public control established.

It is unthinkable that this tremendously important industry should not be held to account for the public service which it renders.

#### THE NEW YORK TELEPHONE CO.

Referring specially to the New York Telephone Co., perhaps one of the main subsidiaries of the American Telephone & Telegraph Co., we find particularly a condition that requires Federal investigation before effective regulation may be established.

This company has control of the entire business not only of the city of New York and the great State of New York but also in a large measure of the entire country.

The investment of the New York Telephone Co. in 1919, in real estate and plant, was \$226,000,000. The revenues in 1919 were \$75,000,000; in 1924, \$141,000,000.

The operating expenses in 1919 were \$62,000,000, and in 1924 they were \$123,000,000.

This company, like its affiliated subsidiaries, has so far succeeded admirably in escaping thorough inspection of its affairs and a proper determination of rates fair to the public. It operates throughout the State of New York, northern New Jersey, and parts of Connecticut; besides, it receives services from the American Telephone & Telegraph Co. itself and purchases its supplies from the Western Electric Co.

Because of the interstate operation, and because of the relations of the huge interstate company and the separate financial company, the cost of service applicable either to New York, New Jersey, or Connecticut simply can not be determined by the present rate-making machine. The company is in a position to disclose only part of the facts, and through such showing justifies any rate increases that it may desire.

The State of New York and the city of New York have struggled futilely for the past 10 years to regulate the rates of the New York Telephone Co. on an intelligent basis. So far the public has met only with defeat.

During the past week, while the whole matter of telephone rates in New York were under investigation by the public service commission, and by a master of the Federal courts, the company has come out with a proposal of an increase of 35 per cent in rates. On the face of the obvious financial facts, the increase is unjustified, but the situation can not be coped with except through the aforesaid congressional investigation.

In support of the proposed increase in rates, the company appears to be pursuing a heedless course, so far as the public interests and the public obligations are concerned. For example, so far as to the matter of depreciation of the properties, this money has been invested by the company in new telephone property, but now, in its rate proceedings, it is demanding a return on the very same property which was acquired through the investment of the funds which had been contributed through previous rates. In this way the public is asked, in the first place, to pay the costs of depreciation and subsequently to pay a return on the amounts paid to the company.

The company also, in its rate case, is demanding a return on the reproduction cost of the properties without regard to the actual cost or investment incurred. To a large extent, the properties have come out of the earnings for the fixed interest rates paid thereon. Consequently, if the reproduction costs were allowed for rate making, the American Telephone & Telegraph Co. would draw a hugely pyramided return from the New York company.

All these matters ought to be carefully sifted by Congress, and they ought to be systematically provided for in future plans of regulation. The State regulatory bodies are simply unable to cope with the situation, and the public is helpless until active Federal action is taken.

#### EARNINGS—1925

The growth of the telephone business has been continuing right along. The latest figures available are for the calendar year 1924; but for the first nine months of the present year—that is, for the nine months ending September 30, 1925—it appears that the American Telephone & Telegraph Co. has drawn from its subsidiaries a sum amounting to \$55,000,000, compared with \$45,000,000 for the same period as the year before. This is an increase of 22 per cent, and yet the various subsidiaries in different parts of the country are clamoring for increases in rates.

Likewise, it appears that the telephone operating revenues of the American Telephone & Telegraph Co. itself amounted to \$63,000,000, compared with \$55,000,000 for the same nine months during 1924.

The business is growing with leaps and bounds. This very growth should permit the introduction of many adjustments and economies which in turn should be shared with the users through a gradual decrease in rates. On the contrary, with this gradual increase in business, the companies are clamoring more and more for increases without showing to the public the cause for these demands.

#### INEFFICIENCY OF OPERATION

There is a strong belief based upon extensive investigation by competent financial and engineering experts, that the entire telephone trust is ramified with deadwood and dry rot; that any financial difficulties are not due to any inadequacy of rates to inefficiency of operation.

The company's operation expenses have grown in much greater proportion than appears to be justified on sound financial grounds with the growth of the business. Apparently overhead charges have not been carefully guarded; a great many positions are being maintained which are hardly justified; an extravagant building program seems to have been maintained; changes in service are introduced which appear of dubious validity. All these matters mean excessive cost and unreasonable rates to the users. These facts are all to be carefully sifted by congressional investigation so that this important enterprise on which the public interest is based may be put upon a sound operating and financial basis.

The investors, of course, are entitled to a fair return, but the public is entitled to reasonable rates and proper service.

For a proper treatment of both company and the millions of users of the telephone, it is important that the facts are clearly brought out and these vast operations are placed under effective public control.

In the preparation of the above statement I have had the pleasure of the cooperation of John Bower, Ph. D., public utility consultant, New York City, and former lecturer on regulation, accounting, and finance at Cornell, Princeton, and Columbia Universities. His book on "Effective Regulation of Public Utilities"—published by the Macmillan Co., 1925—I highly recommend to the Members of the House.

Mr. CRAMTON. Mr. Chairman, I yield 20 minutes to the gentleman from Washington [Mr. SUMMERS].

Mr. SUMMERS of Washington. Mr. Chairman, irrigation saved the world from widespread starvation during the past year. Irrigation has saved the world from starvation during every year for a long period of time. A bold statement, but literally true. Gaunt hunger and actual pitiless starvation would stalk the world through had not forward-looking peoples utilized the surplus waters of the earth on arid lands.

The wise old King Solomon said:

I will water my best garden and will abundantly water my garden bed.

Irrigation is not a new policy. The plains of Mesopotamia and Egypt were watered from the Euphrates and the Nile when civilization was in its swaddling cloths.

It is not my purpose to-day to speak in behalf of any particular irrigation project, but rather to bring before the Members of Congress irrigation as a world policy and with special reference to our own country.

Uninformed critics who look upon irrigation as an experiment may be interested in this map and in the following table, which shows the number of irrigated acres in the countries named:

	Acres
India	50,000,000
United States:	
Federal irrigation	2,000,000
Other than Federal	18,000,000
Russia	8,000,000
Egypt	7,500,000
Japan	7,000,000
France	6,000,000
Italy	4,500,000
Mexico	4,000,000
Chile	3,000,000
Java	3,000,000
Argentina	2,000,000
Spain	2,000,000
Siam	1,750,000
Australia	1,000,000
South Africa	800,000
Peru	800,000
Canada	400,000
Hawaii	200,000
Philippines	150,000
Total	122,100,000

In addition to the above, Australia serves 14,000,000 acres with water for domestic and garden purposes.

Forty centuries have witnessed the ever-widening area of dry lands reclaimed.

While other governments were reclaiming tens of millions of acres our own Federal Government has reclaimed about 2,000,000 acres.



While other nations prepare in a large way for the needs of the hour, for the future, and for the year of famine, the United States proceeds with great deliberation.

With this hurried glance at world reclamation let us survey our own projects with more detail.

#### RECLAMATION FUND NO BURDEN TO TAXPAYERS

Since the enactment of our first Federal reclamation law in 1902 no heavy draft has ever been laid on the Federal Treasury for reclamation. From whence, then, comes the reclamation fund? Receipts from the sale of public lands are placed in a revolving fund for the development of our waste places. Later the royalties from oil and mineral land were added. Only the equal of the cost of three or four modern battleships, built to serve their brief day and then to be junked, has been spent on Federal reclamation in 24 years. Federal highway appropriations for two years would exceed the total reclamation appropriations since 1902. The entire reclamation fund would amount to less than 15 per cent of our river and harbor appropriations. Not a dollar of these appropriations will ever be repaid. Muscle Shoals alone has cost nearly as much as all of our irrigation projects combined. Twenty-eight projects have been undertaken. Of these, three small projects have been abandoned; the Williston, in North Dakota, has been sold and we are now concerned with 24 projects.

This map [pointing to the map] shows these projects widely distributed over 15 semiarid States of the West.

#### SOURCE OF RECLAMATION FUNDS

Chart No. 1 shows the source of our reclamation funds from June, 1902, to June 30, 1925.

Proceeds from sale of public lands	\$107,165,289
Royalties from public oil and mineral lands	23,710,420
Treasury loan (balance)	15,000,000
(Being repaid at rate of \$1,000,000 per year.)	
Special appropriations from General Treasury	5,127,190
Total	151,002,899

Proceeds from sale of town-site lots amounted to \$586,630.

Repayments on account of construction, and operation and maintenance, and minor items to June 30 amounted to \$59,890,700. This amount has gone again into the reclamation fund. More than fifty-nine millions collected and reappropriated is ample proof that the reclamation fund is a revolving fund, and that it does revolve.

#### TOTAL COSTS OF RECLAMATION

Chart No. 2 shows total costs to June 30, 1925.

Construction and operation and maintenance to be repaid by water users.

You will note that about \$44,000,000 have been repaid by water users, \$10,000,000 is due and unpaid, and \$130,000,000 is not yet due.

An unqualified statement that a hundred and eighty-four millions have been expended on reclamation and only forty-four millions repaid is so misleading as to be wholly unworthy of any high public official. If I should loan Mr. MILLS \$2,000 to be repaid in 20 years in 20 equal annual installments and after 5 years should denounce Mr. MILLS before the entire country as dishonest and a bad paymaster because he had not repaid the entire amount of \$2,000, that would be commensurate with the sandbag methods that have been employed against reclamation. Let the whole truth be told that from a total expenditure of one hundred and eighty-four millions, covering a period of 23 years, only ten millions, or about 5 per cent of the total investment, is due and unpaid and that the agricultural depression of the past few years which has wrecked farmers everywhere is largely responsible for this delinquency. Give the farmer reasonable time to recuperate from this unusual and unexpected depression, and I have full confidence that he will pay all that is properly charged against him.

Mr. SMITH. Mr. Chairman, will the gentleman yield so that I may make an observation there?

Mr. SUMMERS of Washington. I will be pleased to yield for a brief statement.

Mr. SMITH. One reason there was such a large proportion not repaid in 1925 was because of the fact that the settlers did not know exactly what they were expected to pay on account of legislation which had been enacted.

Mr. SIMMONS. And do not know yet.

Mr. SMITH. And do not know yet; yes.

Mr. SUMMERS of Washington. I thank the gentleman for that suggestion.

Chart No. 2 also shows—

#### CROP VALUES

Including Warren Act lands, where the Government sells water to farmers not on Federal projects.

Chart No. 3 shows—

#### OPERATION AND MAINTENANCE REPAYMENTS

Please note that prior to the great agricultural depression of 1921 practically all charges were paid, and that in 1918 the settlers actually paid more than the amount assessed.

Irrigable acres and actual irrigated acres on each project is shown in Chart No. 4.

You will note (Chart 4) that not all project lands are irrigated. In one or two instances this is due to ownership of an excess of lands by a few individuals but in other instances is due to poor land in the midst of a project or to uncompleted projects or to the recent completion of a project where ample time for settlement has not elapsed.

A close-up view of an irrigation project may be of value at this time.

The Yakima Valley in the State of Washington strikingly illustrates the value of irrigation to consumers and manufacturers in every State of the Union and to the Federal Government.

C. A. Foresman, statistician of the Yakima Daily Herald, shows the diversity and value of Yakima County's products in this interesting table:

#### Yakima Valley crops

	Cars	Total value
Fresh fruits and melons	21,364	\$23,397,324
Vegetables	7,854	5,610,250
Processed products	780	2,336,200
Dairy products	136	1,448,755
Grains	1,200	1,630,000
Hay and hay products	9,100	1,919,000
Building materials	2,510	2,175,000
Grain products	464	397,800
Livestock	1,672	3,790,050
Livestock products	600	2,710,000
Apiary products	33	110,000
Miscellaneous	2,698	1,060,240
Grand total	47,991	47,003,619

These products were marketed in Europe, Asia, Canada, and 42 States of the Union.

When Christopher Columbus discovered America this same Yakima Valley was a semiarid sagebrush plain inhabited by jack rabbits.

When the Declaration of Independence was signed, when Sacajawea led Lewis and Clark's exploring party into the Pacific Northwest, when Congress in 1836 distributed to the Eastern States then in the Union \$28,000,000 that had accrued from the sale of public lands—not a dollar of which, by the way, has ever been repaid—when Daniel Webster, great statesman though he was, thought more of a codfish swimming off the banks of Newfoundland than he did of the "inaccessible waste beyond the Rockies," now known as Washington, Oregon, and Idaho, even when the Civil War was fought the Yakima Valley yet remained a barren plain inhabited by jack rabbits and coyotes.

By and by a handful of stockmen ranged their herds over the valley. So it continued for many years, and then came small private irrigation projects watering the more accessible lands, and in 1902 the Congress of the United States recognized that the reclamation of large and more difficult projects was a national problem and that these reclaimed lands would be a national asset. A further survey of Yakima County shows that 65,000 thrifty Americans have now displaced the jack rabbits, and that beautiful and productive orchards, alfalfa fields, dairy herds, and truck farms have transformed this worthless semiarid plain into one of the beauty spots of the United States. Hard surfaced highways, railroads, well-built towns, schools, and churches further enhance the beauty and utility of the scene. The hub of this new civilization is the city of Yakima, now nearing 25,000 population. Its commercial and financial institutions, its homes, and broad, well-laid-out business and residential sections mark it as one of the outstanding little cities of the entire country.

While the Yakima Valley was utilizing 48,000 cars on transcontinental railroads for the transportation of her newly created wealth she was filling these cars on their westward trip with the merchandise and agricultural products of the Mississippi Valley, of the North, of the East, and South.

#### 25,000,000 NEWLY COINED DOLLARS

This one irrigated valley during the past year sent out 25,000,000 of her newly coined dollars to—

Alabama for pipes and fittings.

Arkansas for hardwood.

Colorado for fence and iron products.

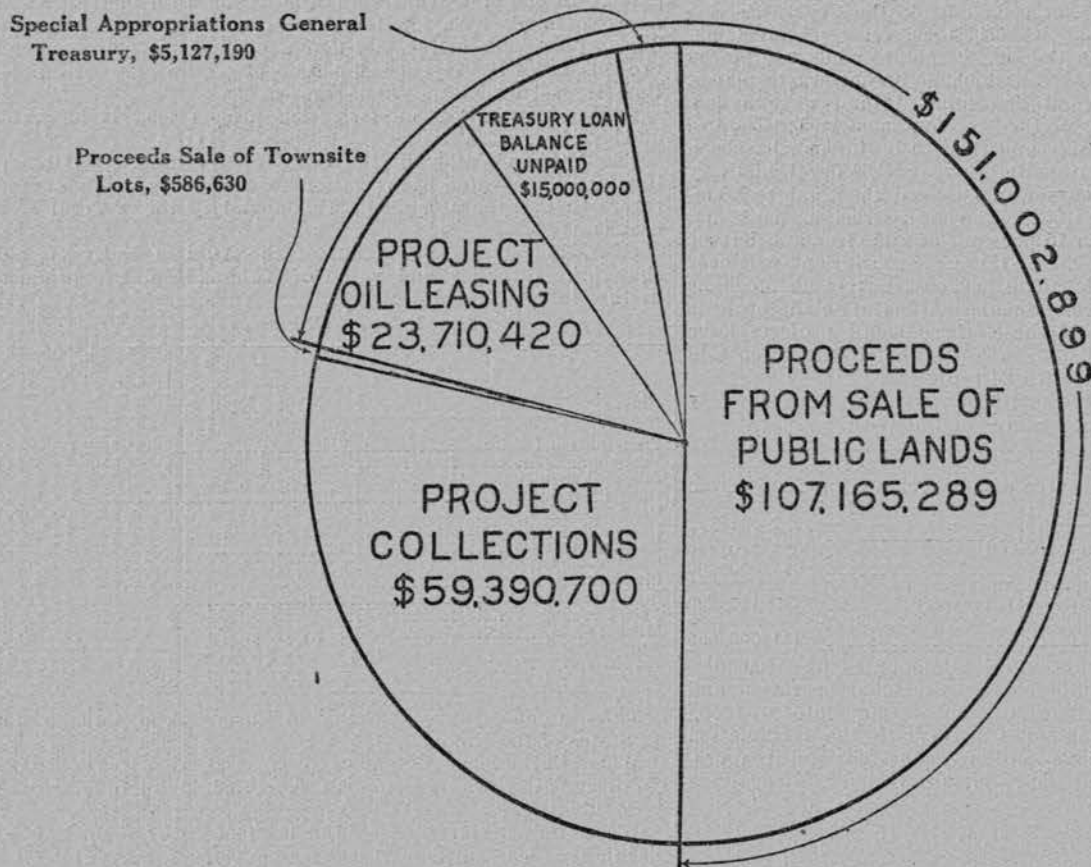
Connecticut for hinges and ammunition.



## CHART NO. 1

## SOURCES OF FUNDS FOR RECLAMATION

TO JUNE 30, 1925

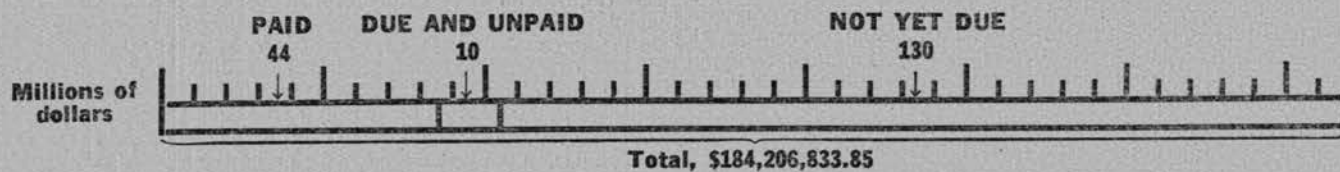


## CHART NO. 2

TOTAL COSTS TO JUNE 30, 1925

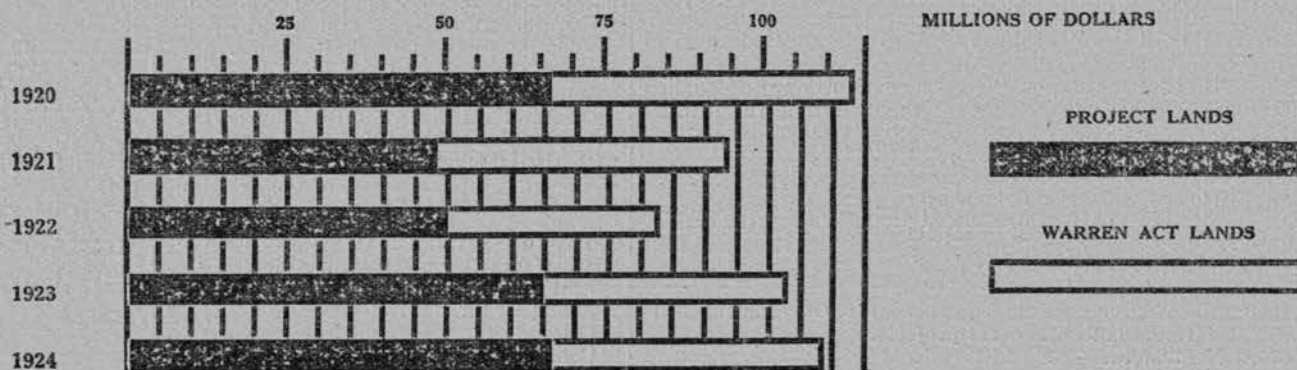
## CONSTRUCTION AND OPERATION AND MAINTENANCE

TO BE REPAID BY THE WATER USERS



## CROP VALUES

(INCLUDING WARREN ACT LANDS)



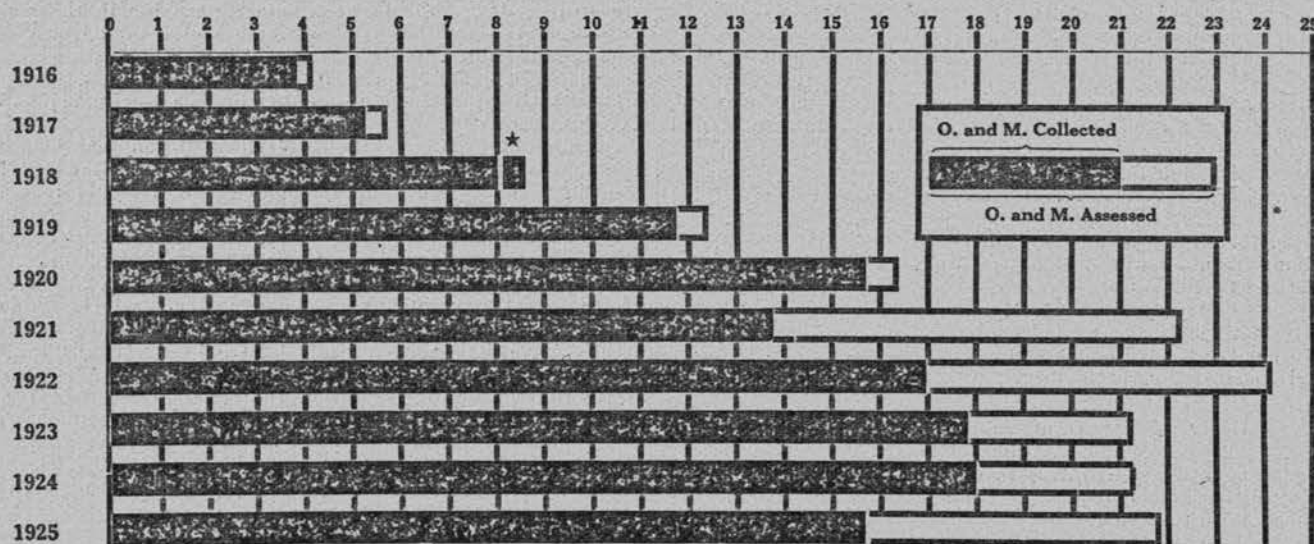


## CHART NO. 3

DEPARTMENT OF THE INTERIOR—BUREAU OF RECLAMATION

## OPERATION AND MAINTENANCE REPAYMENTS

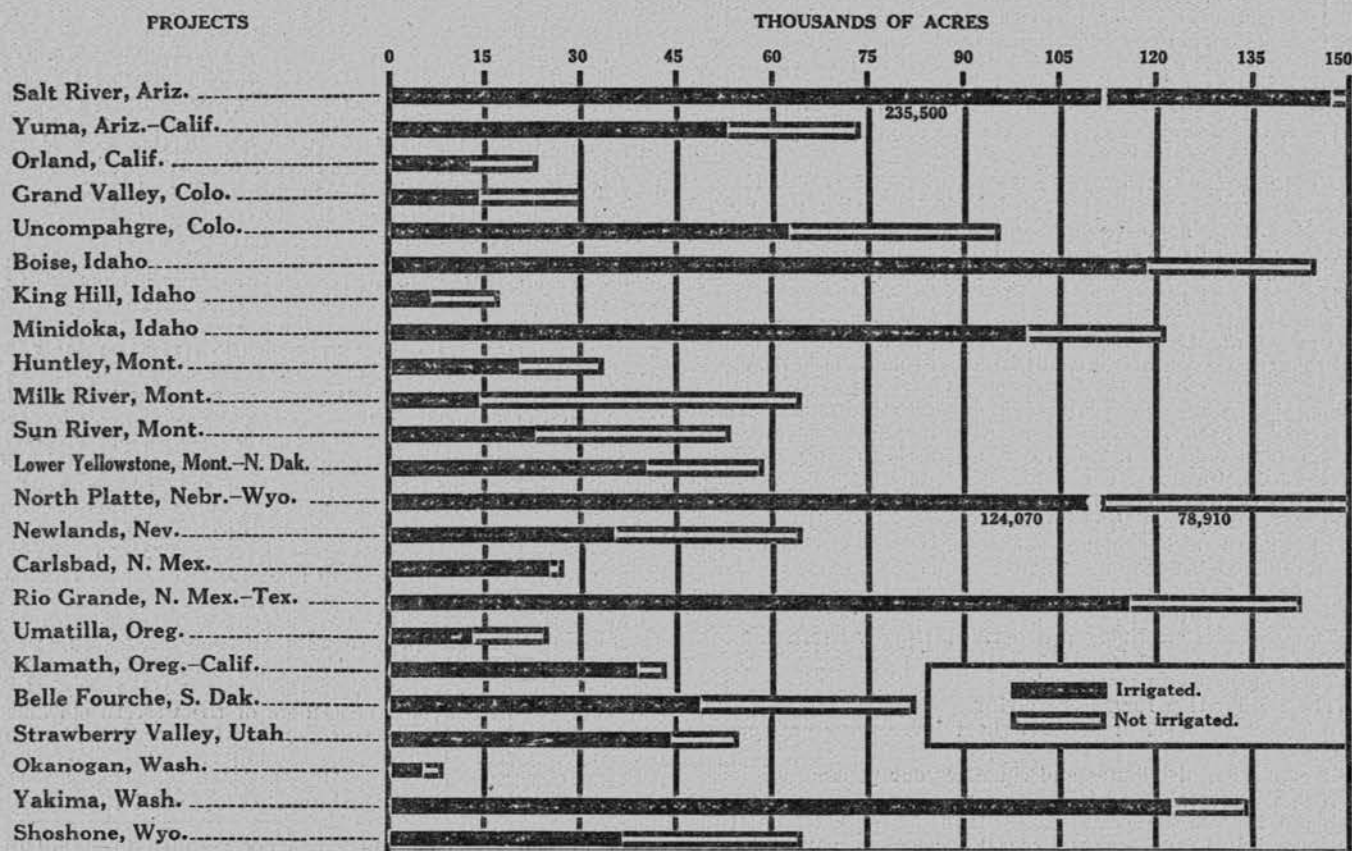
HUNDREDS OF THOUSANDS OF DOLLARS



★ The collections in 1918 exceeded the assessments for that year.

## CHART NO. 4

## SHOWS ACREAGE IRRIGABLE AND ACTUALLY IRRIGATED





Florida for grapefruit and oranges.  
Iowa for canned corn, cereals, washing machines, and pumps.  
Illinois for furniture, hardware, sirup, enamelware, and cereals.

Indiana for pork and beans, autos, windmills, kitchen cabinets, and building stone.

Kansas for cereals, flour, salt, egg-case fillers, and so forth.

Kentucky for soap and iron roofing.

Louisiana for cottolene, molasses, and rice.

Maine for paper bags.

Michigan for autos, paint, and wire fence.

Minnesota for cereals, flour, and sirup.

Mississippi for cotton cloth.

Maryland for oysters and clothing.

Massachusetts for shoes, watches, textiles, chocolates, and codfish.

Missouri for shoes, cereal beverages, tinware, and stoves.

New York for electric supplies, radiators, tinware, cereal beverages, stoves, chemicals, clothing, and soap.

North Carolina for tobacco products.

New Jersey for electrical supplies and drugs.

Oklahoma for fruit jars.

Ohio for auto tires and machinery.

Pennsylvania for iron and steel products.

Tennessee for stoves.

Texas for fruit jars.

Virginia for tobacco and peanuts.

Vermont for marble and granite.

Wisconsin for bathtubs, beverages, tinware, and furniture.

#### A BIG STORY IN A FEW WORDS

A relatively small part of Yakima County is irrigated, but in 1924 that county had 3,096 income-tax payers, while the dry farming counties of Grant and Adams lying near by, having a combined area about equal to Yakima, only had 399 income-tax payers in that year.

What the Yakima Valley is doing so the other projects of the West are doing to a greater or less extent.

There are other feasible projects and new units of old projects. In my State of Washington the Kittitas High Line, the Kennewick High Line, the Moxee and Roza, and the Indian projects all lie in the Yakima Valley, while the great Columbia Basin project lies east of the Columbia River.

The most sanguine can not hope for the immediate development of all; neither should the most timorous farmer fear their development. A project begun to-day can not become a real competitor short of 10 to 25 years, when our population will justify increased production. Lands can not be reclaimed by the waving of a wand. Many years are required.

Mr. Chairman, I have tried to visualize one of the 24 Federal irrigation projects. I have tried to show that the citizens of every State in the Union benefit directly from these projects.

#### NATIONAL DEFENSE

Mr. Chairman, an army "fights on its belly." Without the food products from the irrigated lands of India, the United States, Egypt, Japan, France, Australia, and other allied countries the Allies might have spent their millions of men and their billions of dollars, but they would have lost the World War.

And so, Mr. Chairman, if war should come to these United States within the next 25 years, which God forbid, I believe all thoughtful men are agreed that it will not come to the east coast nor the north nor south, but that the west coast is the vulnerable point and would be the point of attack. Should air bombs sever our connections with the East by destroying bridges and tunnels on half a dozen transcontinental railroads, I submit to you that 25 or 50 highly productive projects in and beyond the Rockies would in a few months justify every dollar of Federal money ever expended.

Mr. Chairman, I want my colleagues from east of the Rocky Mountains to better understand reclamation, to get a vision, to take a broad comprehensive statesmanlike view of our Federal reclamation policy.

The reclamation funds are derived from western lands.

Not a dollar comes from the taxpayers' pocket.

The fund is being repaid.

The reclamation fund is revolving.

Domestic markets are created in a large way for domestic goods.

Reclamation distributes and equalizes our population.

It makes for national defense.

It creates wealth, puts worthless lands on the tax rolls of the various States, and makes Federal income-tax payers by the thousands.

And best of all—reclamation brings settlers to the farm, the best abode for man. [Applause.]

Mr. CRAMTON. Mr. Chairman, I yield 20 minutes to the gentleman from Utah [Mr. COLTON].

Mr. COLTON. Mr. Chairman, from the first settlement of the United States one of its greatest resources has been the natural grasses and forest plants upon which the millions of domestic animals are supported. The public lands of this country constitute one of its greatest assets.

It has been said—and I think correctly—that the United States is the greatest landlord in the world. During the history of this Nation we have owned more than 1,400,000,000 acres of land. That has dwindled until now this Nation controls, either directly or indirectly, about 400,000,000 acres. We are still, however, the greatest land proprietor in the world. This great resource has not been appreciated in the past, and even now is being rapidly dissipated. It will be little short of a crime if a definite policy for the unreserved and unappropriated land is not soon formulated by this Government. We have none now.

More than 20 years ago the Government formulated definitely a policy with reference to a part of its public lands. The resulting benefits are of incalculable value, not only to many of the people of the United States but actually to the land itself. The primary object of the creation of the forest reserves was the conservation of the timber. The accomplishment in this direction has more than paid for all of the expense connected with this great bureau of the Agricultural Department. It has done more, however, than benefit the timber. Large areas of nontimber-bearing lands have been included in the forest reserves, and these as much as the timberlands demonstrate the wisdom of regulation and control. Further, it has been fully demonstrated that where animals were under control in privately owned pastures, and even on forest reserves, the eradication of disease has been entirely practicable, while at the same time in contiguous open ranges vast herds have perished as a result of these diseases and their owners have been practically ruined. I only refer to the forest reserves by way of comparison. In a general sense the public lands furnish the winter grazing and the forest reserves the summer grazing.

We have now reached a stage where the use of our public ranges for grazing should be made a matter of Federal statute. Millions of cattle and sheep graze upon our public domain with little or no control. As a result their productivity and carrying capacity have been reduced fully 50 per cent. This is the estimate of nearly every man who has made a study of the question.

The demand of the thinking stockmen of the country for proper regulation is growing. They do not want to eliminate the power to regulate and control the grazing privileges. They want the greatest public benefit possible from the use of the national forests and other public domain. Any attempt to infer that the stockmen of the West, particularly, are not in favor of the conservation of the great resources of the public domain is not justified by the facts. They may differ as to method but not as to the necessity for proper use.

It is true that many who have given years of study to this subject do not agree altogether with the policy pursued in the administration of the national forests, but any attempt to impugn the motives of such men is not justified. They may, and do, believe that the control of the forest reserves is too autocratic. In many cases the same men function not only as prosecutor, judge, and jury, but also as the appeal board. Too much authority is given in the matter of fixing the grazing fees upon the national forests. The power exists under the present law to put any man or group of men out of business. I am not saying that this authority will be exercised, but complaints have been made that it has been exercised, and what has been done may be done again. I refer to this because men have complained at the administration of the forest reserve who believe in the principles of control provided in the law. They object not to the principle of control but to methods of administration.

The stockmen are the truest friends the forest reserves have. Their herders are guarding them at all times against trespassers, fires, and the other enemies constantly besetting them. In a bulletin recently issued by the American Forestry Association it is charged that the leaders of the western stockmen would take forage out of the conservation program of the Government. This I deny. The stability of their only business—in fact, their all financially—is at stake. They are not in favor of ruining the forage crops. They want them wisely conserved.

The present and past policy has not resulted in stabilizing the stock-growing industry of the West, and the stockmen are only asking for stabilization. Unfortunately, as soon as a movement is commenced to change an existing policy of



government there are often those in high authority who not only refuse themselves to join in a wholesale movement for a change but often, by means of publication and otherwise, seek to create an impression against the change.

Under date of November 14, 1925, there appeared an article by the Chief of the United States Forest Service attacking the attitude of certain western stock growers and indirectly seeking to create an impression that no material change should be made in the forestry policy. I have the highest regard for the author of this article personally. I regard him as a man of great ability. He has done a real service for this country in a great many ways, but I seriously doubt the wisdom of the propaganda that he is spreading. At a time when this subject should be approached without bias and without prejudice and when men are willing, even at the risk of a loss of lifelong friendships, to take up the study of the public domain in a spirit of service and helpfulness, it seems to me hardly the part of wisdom to create sentiment adverse to any change and to attack the motives of good men. Mr. Speaker, I maintain that a change in some of the forest regulations is absolutely necessary before the livestock industry of this country can ever become stabilized. Let us grant that the viewpoint of many stockmen is influenced by their own private interests. Is that not true in all of the walks of life? May it not also be true of men in Government positions. In the consideration of the great problem of regulating the public domains as well as the forest reserves of this country I can not agree with the doctrine—

that the fundamental issue at stake is whether forage resources and the timber, water, and wild-life resources of forage-bearing lands are to remain in the plan of conservation embodied in the national forests.

That is not an issue. No thinking man challenges that point in the least. These resources must be conserved, and no one seriously takes any other view. We of the West are as anxious that these resources shall be conserved as any man of the East in or out of office. We go further; we not only say that the resources of the forests must be preserved and conserved, but that the time has come for a definite policy to be formulated for the conservation of the resources on all of the public domain. But this policy must not center around revenues to be derived from the grazing of the public domain, nor must it center altogether around the growing of forage upon these lands. There must not be excluded from the equation the rights of the homesteaders and people who have settled upon the lands of the West. Those brave pioneers who pushed their way out into the frontier from the beginning had in mind not only the securing of a small piece of land to cultivate but also the right to graze their stock upon the public domain. Oh, I know how this thought shocks the average man of the East; it sometimes shocks even our men in public office who have had more or less experience in the use of these lands. But, nevertheless, I use the word "right" advisedly. It was part of the inducement held out to those people who went West.

The right to graze is almost inseparably linked with the right to homestead. The thought the pioneer had in taking up a barren piece of land was always that he could bring it under cultivation by reason of his ability to graze a few head of stock upon the public domain. Without it the West could never have been settled. The West with its unlimited resources, its boundless wealth, has been made possible to this country largely because of the grazing possibilities. The grazing was one unit of the settlers' plan. It could not be divorced from his homestead. The West could have been developed in no other way.

This does not mean that we claim the right to dissipate the resources of the country nor that there should not be proper control and regulation but it does mean that no power should be given nor exercised by any bureau of Government which will take away that right of the people of America. We ought not to take the narrow view of grazing privileges. The broad principle of home building in the West is at stake.

Much of the great area of the West is not available land as we ordinarily use that term. While the value per acre is small the extent of this acreage gives them importance sufficient to justify their careful management and the National Government heretofore has been remiss in relation to its duties as a landlord. However, because of that we are not now justified in going to the extreme the other way. Let not money be the basis of our policy. A bigger issue is at stake.

I am insisting that we can correct the evil, conserve a great national resource, and at the same time adopt a great policy that shall preserve as a heritage the right to graze upon the public domain by the citizens who desire to engage in the livestock business. Our past policy has been to dispose of our lands to private holders. We have given much to schools, to

transportation, and to other public necessities. That policy worked well in the great Mississippi Valley and in many other parts of the United States, but it does not meet the situation for the remaining public lands of the country. Some other policy must now be adopted and that policy should look first to the development of sound social conditions. It should look to the people, not to fees nor to the protection of the forage only. After all, the strength of this Nation in the last analysis lies not in its resources but in its wonderful people. Let the people of the West have some voice in the management of that which is theirs in common with the other citizens of this country. They will conserve the resources and are willing to pay a reasonable sum for their use. But they want the management to be cooperative, not autocratic. The days of the autocrat are gone forever.

Instead of talking in terms of fees and centering the discussion of our policies around the revenues, it is high time now that the happiness and prosperity of the people, and particularly that of the home builders, should receive first consideration. That which will build up and benefit the West will indirectly help the entire country. We must get away from sectionalism. The people of the public-lands States are vitally interested in conservation of the right kind.

The policy of the future must look in the direction of the home builder, and the resources should be conserved because of the people and not because of the fees which may be received for the use of these lands.

It is my purpose to introduce within a few days a bill which, if enacted into law, will at least attempt to define a definite policy for the Government with reference to the great public-lands asset. We can not longer delay and be held blameless. I refer to that great body of land scattered throughout the Western States known as the "public domain." These lands are not being added to the crop area. I am reliably informed that over 90 per cent of the land added to the crop area of the United States between 1910 and 1920 was previously in pasture or forest. No extensive regions of good farm lands are now left unoccupied.

The remaining public domain is not suited to agricultural development. It consists mostly of desert land or that which is mountainous, being too high for successful cultivation, and much of it is handicapped by swamps, stumps of cut-over lands, or insufficient water supply. Of course, small tracts throughout the area will eventually be cultivated, but no extensive tracts of good farming lands are left except those which are or will be brought under reclamation projects. We have, therefore, vast areas of land to deal with which are suitable only for grazing purposes. This land having been largely denuded of its vegetation, is rapidly becoming worthless. The rich soil which formerly covered the surface has been removed by floods, and gullies have developed in trails and on bare surfaces. In many instances these are growing into washes and ravines that are absolutely ruining the land.

The Great Basin Experiment Station of the United States Forest Service in Ephraim Canyon, Utah, has made a comparative study of two adjacent erosion areas. Where vegetation has been permitted to grow and die down each year, naturally there are several inches of valuable black leaf mold and about a foot of friable soil above the heavy impervious hardpan. The grass roots hold the mold and soil firmly in place. The porous surface readily absorbs the rain and allows it to percolate into the soil, where it can come into contact with the plant roots. On the other area, where the vegetation is closely grazed each year, the sod is broken, the soil is compacted, rills have developed, and the surface mold and friable soil have been washed down into the canyon.

If grazing is discontinued or properly controlled, an eroding range gradually recovers. Manti Canyon, Utah, may be taken as an example. Floods occurred in 1888, 1889, 1893, 1901, 1906, 1908, 1909, and 1910. No serious flood is reported previous to 1889. Sheep grazing began in the section five or six years before and gradually reduced the plant cover until the flood of 1888 broke through and developed gullies. Thereafter deluges were frequent until all stock was excluded for the five-year period from 1904 to 1909. During this period the plants recovered sufficiently to absorb most of the water that caused the flood on near-by areas in August, 1909. Manti Canyon was barely flooded, whereas unprotected Ephraim and Six Mile Canyons, in the path of the same storm and receiving the same amount of rainfall, were seriously eroded. Great quantities of soil and rock were thrown out into the valleys, completely ruining some farms. Mount Pleasant had the same experience in June, 1918. Canyons where grazing was controlled were not flooded, but the continuously grazed canyon of Mount Pleasant poured a river of water, mud, and stone directly into the town and across apple orchards and fields of alfalfa, grain, and blue grass. A gully from 3 to 20 feet deep was ripped open through the town and



across some of the best farming land, of which much will never again be cultivated, because of the mantle of mud and boulders spread over it.

Grazing control and timber management can not prevent all floods; a combination of the two might eliminate most of them and materially decrease the destruction caused by those they can not prevent.

I have taken this excerpt from an article prepared by Prof. George R. Stewart, of the Utah Agricultural College Experiment Station.

Mr. SINNOTT. Will the gentleman yield?

Mr. COLTON. I will be glad to yield to the gentleman.

Mr. SINNOTT. Is the gentleman using the phrase "public lands" to include the national forests or lands outside of the national forests?

Mr. COLTON. For the purposes of this talk I am using it to include lands outside of the forests, and I am using only the forest lands by way of comparison.

Mr. SINNOTT. Is the gentleman's bill to be confined to the public lands proper?

Mr. COLTON. To the public lands proper.

Mr. SINNOTT. And not to the national forests?

Mr. COLTON. And not the national forests.

I am told that in Texas the people have been converted to the idea that free and uncontrolled grazing is not profitable. In that State they devised a leasing system and have rapidly transferred the public lands to private ownership. The result of that has been that in 1904 statistics show that the number of cattle on the ranges of Texas was almost double that of 1884.

Our friends who sit in warm offices and talk of the great crime it would be to lease our public domain should go to Texas and learn that under a system of leasing they have not only conserved the forest resources of the public lands but have actually doubled the number of cattle in that State. This has been the history in Wyoming, Australia, and in practically every place that it has been tried. I am not advocating a system of leasing. I know that the wisecracks of the country have already by their propaganda defeated any hope of a leasing system, and therefore the true friends of conservation must rely upon the plan adopted by the National Forest Bureau.

My bill provides that grazing districts may be established whenever a majority of the users of the land embraced in the district so desire. And provision should be made that upon the petition of the people the President of the United States will be authorized to establish these districts after the Secretary of the Interior has caused careful examination of the lands to be made.

The lands included within a grazing district should be chiefly valuable for grazing purposes, and no lands should be included which could be practically used for homestead purposes. To that end a careful survey should be made before any district is created and homestead land should be excluded. This should only be done after ample notice is given by publication and otherwise in papers having a general circulation in the sections of the country where the grazing district is to be created. I believe that lands immediately adjacent to towns, in areas of seven or eight thousand acres, should be leased to associations of home owners for the grazing of domestic animals. These people should be given preference in grazing permits at a nominal cost.

Every effort should be made to stabilize the great livestock industry. To that end permits should be granted for a period of 10 years, with the option of renewal on the part of the grazer where he had complied thoroughly with the law. At the end of each 10 years a survey should be made again of lands within the district; and if because of changed conditions a part of the land may be used for homestead, entries should be allowed.

No great industry can become stabilized as long as there is uncertainty. We ought, as far as possible, to give certainty of usage and certainty that rights can not be taken away on the mere whim or opinion of some officer in a Government bureau.

Workable appeal boards should be created to which parties feeling themselves aggrieved might take their cases and receive a decision from unprejudiced sources. Indeed, I believe that an aggrieved party should have the right to seek redress in the Federal courts. The grazers now upon the national forest do not have that right, and so far as I am informed it is the only case where the citizens of this country may not seek redress in a proper judicial tribunal.

On all of the grazing districts the free grazing of domestic stock should be allowed by the Secretary of the Interior. I mean the stock which is used for domestic purposes, such as the farm animals and the milch cows. This does not apply to

animals that are raised for sale and profit. A fee should be paid for the use of these lands where stock is grazed for profit.

May I say a word with reference to the fees while I am on this subject? Heretofore it has been the policy of the Forest Bureau, and I use that again by way of comparison, to fix an arbitrary fee and collect the same from the industry whether a profit is being made or not. I believe the plan for the fixing of the grazing fees in the future should be based on the market value of the livestock products raised. This should be true of the grazing on the public domain as well as the forest reserve lands. This is not an impossible basis, but on the contrary is a very practical one. The procedure would, of course, necessitate the acceptance in the main of the principle that some ranges are more valuable than others, and consequently some surveys would need to be made. My plan, in other words, would involve the establishment of a basic fee. Then the rate for grazing livestock on these public lands would bear the same ratio as that basic fee is to the market price of livestock products. The basic fee is to be determined by a committee of five, one representing the woolgrowers, one the cattle and horse growers, two the Interior Department, and a fifth chosen by the four.

The fees from year to year would be fixed by the average value of the last three or six year period, as might be determined to be the just basis.

Mr. ARENTZ. Will the gentleman yield for a moment?

Mr. COLTON. I yield to the gentleman from Nevada.

Mr. ARENTZ. Is the gentleman referring to the forest reserves now or the public lands?

Mr. COLTON. I am referring to the public lands, but I think the basis of fixing the fees should be the same in both instances.

Mr. ARENTZ. I do not quite see the logic of the gentleman's argument in that respect. On a forest reserve you have the forest rangers looking out for timber and all things pertaining thereto, and on the public lands you have them looking after nothing but the livestock, and they need not come around any more than once in six months, and I do not see how the two phases jibe one with the other.

Mr. COLTON. They are not at all inconsistent. The basis of fixing the fees is the same, though the fees would not be.

The CHAIRMAN. The time of the gentleman from Utah has expired.

Mr. CRAMTON. Mr. Chairman, I yield five minutes more to the gentleman from Utah.

Mr. COLTON. It is true those who have supervision of the grazing upon the public domain would, of course, have much less to do in proportion to the amount of land supervised than those upon the forest reserves, but the principle of the control and regulation is just the same.

Mr. ARENTZ. Now, as to the collection of fees, on the forest reserves the fees may be collected and an accumulation of \$30,000 or \$40,000 may be had. The forest rangers will recommend to the forest supervisor that a trail should be built on the highest point of that range doing no good to anybody or anything. The supervisor of the public lands will have an accumulation also under the plan you are following. Is he going to develop water with that money or what is he going to do with it?

Mr. COLTON. If the gentleman will bear with me until I finish my argument, I think I shall answer that question, although I do not agree that the building of these forest trails is useless. I think they are very necessary things in protecting the forests from fires and for many other purposes which might be mentioned. If I may be permitted to continue with this discussion for a moment longer, I think I shall answer the gentleman's question. I believe all of the fees above the cost of administration should be turned over to the States in which the lands are situated.

The rate for grazing livestock should be based upon the present or future market price as determined by the consideration of the past market price. As a concrete example, say, the price of steers would be \$8 per hundredweight for the year 1926. The average price for the last three years, we will say, would be \$7 per hundredweight. The ratio would then be what the basic price is to the present price of cattle as the present fee to be determined is to the average price of cattle for the last three years. Stated in figures, this would be as follows: Supposing I took the basic fee of 20 cents per month of the figures I have stated above. The following would be the problem: 20:800::X:700. The answer would, therefore, be 17.5 cents. Of course, this is only an illustration. Such a basis as this would be fair to the Government and fair to the individual and not difficult of administration. It could be worked out for sheep and horses, also. It would prevent the agitation that has gone on during the last 20 years as to whether or not the forest



fee is a just one. Taking the forest reserve fees as a comparison there is now an attempt being made to charge the grazers of the forest reserve a fee equal to that which may be obtained for privately owned lands. The basis is not a good one. Everyone must admit that privately owned lands are a greater asset than the indefinite privilege to graze upon the national forest reserve. A basis, however, which fixes the fee on the real value of the grazing privilege can always be justified and bears upon its face the stamp of fair play. I believe a similar policy should be adopted by the Forest Service.

The only difficulty in adopting this policy would be reaching an agreement as to what should be considered the basic rate. I feel sure, however, that a committee composed of representatives from the Interior Department and the stock growers themselves could agree on this basic fee. Of course, it would probably be necessary at the close of a period of 20 years to change that basic fee. In other words the grazing after 10 years of proper control and regulation would be more valuable than it is now. The fees for the first period ought only to be slightly above the cost of administration.

The grazing upon the public lands is not a valuable privilege at the present time. The lands, through overgrazing and because of no regulation, have been denuded of a large part of their valuable forage. It will be necessary to reforest many of these lands.

As I have contended the right to the grazing of these lands is inseparably connected with the building up of the great West; for that reason all moneys received from the stock growers above the cost of administration should be paid to the States in which the lands are located for the benefit of the public schools and public roads of the respective States.

Gentlemen, you who come from the eastern sections of the country do not recognize the condition in which many of our States of the West now find themselves. Your lands are all on the tax rolls. They may be taxed to help carry the burdens of your State and local governments. It is not so in our States. From 50 to 90 per cent of the lands in the Western States are owned and controlled by the Federal Government. Opportunity should be given for these States to develop and grow as yours have developed and grown. It can not be done as long as we take the attitude that these lands are public assets, to be kept for revenue purposes, and that all of the profits coming from them should be paid into the General Treasury of the United States. That is the policy coming from a consideration of the grazing privilege from the dollars and cents standpoint.

Mr. LEAVITT. Will the gentleman yield for a brief question?

Mr. COLTON. Yes; I yield to the gentleman.

Mr. LEAVITT. Is it not true at the present time that 25 per cent and 10 per cent, or a total of 35 per cent, of the income from the national forests does go into the treasuries of the counties in which the national forests are located for road and school purposes?

Mr. COLTON. That is true; but I contend as long as the Government controls such vast areas of lands, within the States, those States are hindered in their progress, particularly as long as these lands are held by the General Government for the revenues that may be derived from them. [Applause.] The dollars and cents viewpoint is wrong.

Mr. LEAVITT. I agree with the gentleman about that, and I thought the gentleman would want the facts in his statement.

Mr. COLTON. Yes; I thank the gentleman for his suggestion. We make good use of what we get. We are entitled to more.

Many of the people in this country are asking for the conservation of the great resource of public grazing because of the revenue to be derived from it. We are asking for the conservation of this great resource for the benefit of our children and our children's children. You ask for its conservation for the dollars it may bring to this country; we ask for its conservation for the happy, contented citizenship of the future. We think in terms of people, not dollars. Give us a chance to build better roads, to have better schools, to make better homes, and we will continue to give to the Nation the greatest asset that this or any other nation could possibly have—a patriotic, home-building, liberty-loving, God-fearing people. [Applause.]

Mr. CRAMTON. Mr. Chairman, I yield 30 minutes to the gentleman from Wyoming [Mr. WINTER].

Mr. WINTER. Gentlemen of the committee, I am about to enjoy the distinction of being one of three Members to speak upon the pending bill in three days of general debate. I regret that the Members who will determine the provisions of this bill are not present to receive the information upon the things

upon which they will vote. I regret further that we have not been favored thus far with a statement from the able chairman of the subcommittee on this bill, so that we might further understand its provisions before we comment upon it.

I rise to speak on the pending bill and with particular reference to the subject of appropriations on the reclamation projects. We do not claim for reclamation a 100 per cent record; few enterprises can or do; but we do assert that the word failure can not justly or reasonably be used in connection therewith. On the contrary, the record is one of great engineering, tremendous growth, and marvelous results. It is not fair to dwell upon the elements of delinquencies and failures, particularly of deferred payments on contracts, without at the same time giving recognition and expression to the great results attained through the assistance of the Government, the work of the Reclamation Service, and last, but not least, the courage and fortitude, the hardships and privations, the indomitable energy of those hardy settlers who made great dead engineering works alive with production.

Let us look at the record for a moment. Reclamation by irrigation of arid lands under the reclamation act of 1902 and the amendments thereto has created property and wealth to the amount of \$600,000,000; it has grown crops until the annual value in 1924 was \$110,000,000; its lands have a production value of \$500,000,000; it has made a permanent annual market for the products and manufactures of other States, a market which did not exist before, to an amount estimated at \$500,000,000; it has created 35,000 farm homes in 14 Western States, a farm population of 128,000, a town population of 338,000, a total of nearly 500,000. In 1924 it irrigated 2,264,000 acres.

All this has been done out of an expenditure coming out of the proceeds of the sale of public lands and mineral royalties of those States of \$155,000,000. This, though stipulated payments are in arrears, is being returned to the reclamation fund for further like developments; \$60,000,000 has been collected, \$44,000,000 on construction cost. One hundred and thirty million dollars is not yet due.

Let it be understood once and for all that no one anywhere, any time, is advocating repudiation of the contractual debts of the water users. Aside from the possible charging off of \$20,000,000 to \$26,000,000, a relatively small percentage of the capital invested, because of mistakes in the attempted reclamation of lands found to be impossible of improvement, which was not the fault of the settlers, every dollar will be repaid. Is the Government to stand as a Shylock demanding the pound of flesh? The amount to be charged off is not greater than a like charge off in many lines of business in the last five years and not as great as was compelled in some enterprises. Incidentally in this connection I desire to suggest and assert that if the entire amount expended for the reclamation thus far should be charged off the Nation would still be the gainer of incalculable benefits and the reclamation policy and its continuance justified.

But what are the actual conditions upon which criticism is based, on which unjustifiable and misleading statements of failure are founded, and upon which a policy necessarily resulting in cessation of all reclamation development is predicated? We are told that there are 6,000 vacant farms on all the 25 projects. Is this the fault of reclamation or of any delinquency on the part of the water users and contract holders? Is it fair to leave out of this equation the great unparalleled general depression of agriculture everywhere throughout this land, and the record of the average income per farm of \$200 per year, in addition to food and shelter? Is it fair to ignore the fact of a deflation period after the war which brought critical conditions in our very best agricultural States? The last statistics show the number of vacant farms in the past five years—4,433 in New York, 11,988 in Ohio, 11,536 in Illinois, 12,115 in Kentucky, and so on through a large part of the great agricultural States in this Union. The report of the Census Bureau announced in October, 1925, shows 75,735 fewer farms in this country than in 1920. We are told of tenantry. The record is that tenantry exists as a general average over the projects to the extent of 39 per cent, which compares favorably with tenantry farm conditions throughout the country.

It is emphasized again and again that the water users are now \$8,000,000 behind in their payments on their contracts, and it is urged that before we can proceed with new divisions of existing projects and new projects these delinquents must be forced to pay up or they should be foreclosed and thrown off and new settlers secured who are farmers. So that there may be no misunderstanding and no waste of words arguing besides the mark, at cross purposes, let me state that so far as I am concerned, and I think I speak the sentiment of all



the Representatives from the arid States, I indorse the policy of the Reclamation Service that every man, every water user, who is able to make his payments must pay or his rights and occupancy must cease. But let me suggest that an occasional case of that kind of delinquency should never determine the general policy toward all, including those who can not pay for justifiable reasons. The present reclamation law, passed December 5, 1924, was designed to give, and does give, to the Secretary authority to grant time to those who can not pay. If there is a doubt in a given case, it should be resolved in favor of the water user. All we ask is a sympathetic and fair administration of the present law as authorized by Congress in the exchange of new contracts for old, when requested, and the granting of the moratorium as authorized in the law. I am sure that if the law is so applied and administered and the margin of leeway on contracts is given to the settlers, the arrears will be gradually forthcoming and before a great while caught up entirely. Permit the settlers to have the benefits of the present law, which has scarcely gotten into operation, and an improvement of the situation in all respects, I am sure, will result. It is not reasonable to dwell on the failures and delinquencies of the settlers under the operation of the old law, with its fixed and rigid high annual payments and charges. We have a new law. Let it be administered and let us see how the settlers respond under it before further criticism is made, and especially before we propose a vital change in policy and impose impossible conditions. With the relief granted in that law, in my judgment the situation will steadily improve and the settlers on existing projects work out to complete success.

Mr. SIMMONS. Will the gentleman yield?

Mr. WINTER. Yes.

Mr. SIMMONS. Is the gentleman prepared to say who is responsible for the failure?

Mr. WINTER. I would say that the responsibility was with the Secretary of the Interior. [Applause.]

Now, it has been suggested by the able chairman of the subcommittee that the Secretary is at liberty to and has the right to interpret, and that he has interpreted that law in such a manner that he is not compelled to administer it. I want to recall to the gentleman that within a short time a high court of the District of Columbia has said that the Secretary was absolutely mistaken as to the number of permits that can be granted individuals under the leasing act, and if he can be mistaken about that he may be mistaken in his interpretation of the present reclamation law as to whether he can administer it or refrain from administering it.

Mr. CRAMTON. Well, Mr. Chairman, I would not consent that the gentleman should quote me as saying that the Secretary was not obliged to do it.

Mr. WINTER. I understand the gentleman's point; he is stating the Secretary interprets the law—

Mr. CRAMTON. I am stating my own position.

Mr. WINTER. The gentleman says that the Secretary in interpreting it justifies his own action.

Mr. SIMMONS. Will the gentleman yield for me to read a short extract?

Mr. WINTER. I can not yield to the gentleman if it takes much time, because in spite of all promises our time for discussion on this bill is so limited.

Mr. CRAMTON. I want it stated that I have assured the gentleman from Wyoming this afternoon that he shall have all the time promised him if he wants it.

Mr. WINTER. I do not deny that statement. I absolve the chairman of the subcommittee [Mr. CRAMTON].

Mr. CRAMTON. The gentleman has been granted 30 minutes and will have 40 if he wants it.

Mr. WINTER. The intentions of the chairman have been good, but he has been under pressure by the House leaders to close debate this afternoon, and here at this time we have just reached the merits of the bill.

Mr. CARTER of Oklahoma. I will say that the gentleman from Michigan has been extremely liberal with the language of his colleagues but economical in dollars and cents. [Laughter.]

Mr. CRAMTON. It should appear that no one who desired to speak has been refused.

Mr. WINTER. I will admit that.

Mr. SIMMONS. Now, if the gentleman will permit, in the case of *Supervisors v. The United States* (4 Wall. p. 446) the court says:

The conclusion to be deduced from the authorities is that where power is given to public officers, in the language of the act before us or in equivalent language, whenever the public interest or individual rights call for its exercise, the language used, though permissive in form, is, in fact, peremptory. What they are empowered to do for a

third person the law requires shall be done. The power is given not for their benefit but for his. It is placed with the depository to meet the demands of right and to prevent a failure of justice. It is given as a remedy to those entitled to invoke its aid and who would otherwise be remediless.

To all such cases it is held that the intent of the legislature, which is the test, was not to devolve a mere discretion but to impose "a positive and absolute duty."

The line which separates this class of cases from those which involve the exercise of a discretion, judicial in its nature, which courts can not control, is too obvious to require remark. This case clearly does not fall within the latter category."

That is the Supreme Court of the United States against the gentleman from Michigan [Mr. CRAMTON].

Mr. WINTER. Exactly; and outside of legal questions, my colleagues, I suggest that there is a matter of good faith involved in this proposition. The bill passed on December 5, 1924, was the bill of the Department of the Interior and the Secretary and the Commissioner of Irrigation, and we from the Western States at their solicitation helped them to pass it through this body, which was at first opposed to it, and it was opposed by the chairman of the subcommittee, who is now in charge of this bill.

Mr. CRAMTON. And this House never had an opportunity to give any consideration to it because it was put in an appropriation bill in the Senate by the threat that the deficiency appropriation bill would fail unless that legislative rider was accepted by the House.

Mr. WINTER. I understand that very well; but a bill substantially like it in all respects did pass the House Committee on Irrigation and was reported to this House.

Mr. LEAVITT. Mr. Chairman, will the gentleman yield?

Mr. WINTER. If the able chairman will grant me a little more time.

Mr. LEAVITT. I just want to get the interpretation there as to whether the fact that the bill was not passed as the chairman wanted it, or in the way in which he wanted it passed, he considers as relieving him or the Secretary of the Interior from carrying out the laws of this Congress.

Mr. WINTER. It makes absolutely no difference how it came about. Congress passed the bill. It is the will of this Congress, and the Secretary is there to administer it, not simply to interpret it according to his ideas and then refuse to administer its provisions, and for 13 months that bill has stood as the law of this land and has not been administered by the Secretary. Mind you, the purpose of that law was for the relief and the well-being of these settlers upon these projects, and the result of more than two years' work of the fact finding commission appointed by the Secretary himself.

What is the amount of the arrears in payments in percentage? It is approximately 18 per cent of the total amount due on contracts to date. How many lines of business have fallen behind in the payments on their investments and contracts since 1920? And would 20 per cent be too much as an estimate of their shortcomings from the strict letter of their contracts? What if it has been necessary to amend the law twice in 24 years extending the time of completing payments, first from 10 to 20 years, then from 20 years, in cases where the settler requested, to the basis of the new law, which requires annual payments of 5 per cent of the average gross annual production value and under which the average time to pay would be approximately 40 years. Do we not have governmental agencies organized to make loans to agriculture generally, some of them amortized to from 30 to 40 years?

Have we forgotten when we talk of drastic measures to force settlers to pay up arrears under threat and penalty of eviction that many of those settlers went on these lands under Government estimates and assurances as to the construction cost and operation and maintenance cost per acre, which in fact have been exceeded twofold, threefold, and up to sevenfold over the original figures they expected and were expected to pay? True, contracts were and are to repay whatever each man's proportion of the whole cost might be when finished and not any specified amount per annum or total. They are legally bound, and they must pay in full; but, my colleagues, is there no such thing as equity involved here? Is it asking something to be harshly denied, and are they to be condemned under all the circumstances when they ask that the additional time granted under the new law be given them in which to pay these doubled and trebled amounts over their expectations, the Government's own original estimates, and in times which have in the last few years driven good men from good farms in good agricultural States because they could not pay their taxes and interest on their mortgages? Are we to ignore entirely that the reclamation settler had, in addition to his interest and taxes, to pay high fixed charges for construction and



operation? Are we not to take into consideration that in the last 10 years the things these settlers had to buy—material, labor, house furnishings, and so forth—had more than doubled in price, while the price of things they produced to sell, out of which they must make their payments, increased but approximately one-third? Are these things the fault of the policy of reclamation or of the settlers on the project?

We are told if the settler can not make it go he must be thrown off and we must put on real farmers who can, forgetting that real farmers have failed in all parts of the country. The fact is that 73 per cent of those who went on these projects had previous farm experience. We are told that entrymen went on who filed merely for speculation and then sold out. That is true to some extent. During the high-price period of 1918-19 purchasers bought from some settlers at an inflated price which proved utterly impossible and could not be earned by the land. But it is also the fact that 65 per cent of the original entrymen are still on these projects. The present law guards against speculation disturbances in the future; and whereas in the early stages of reclamation policy estimates of costs of construction work were far too low the present estimates lean rather to the other extreme because of these experiences, and therefore a repetition of the old discouraging, oppressive experience of mounting figures will not again occur. Settlers will be able to pay because they will have figured on the high cost at the outset. If they can not see their way clear at the present high estimated price per acre, they will not start. The outlook for applications for settlement on the new divisions, ready to be thrown open, is not encouraging, for a well-recognized, removable cause.

This brings me to the present situation regarding new divisions of existing projects and new projects; it is that of supplemental legislation necessary to colonize and settle successfully the divisions which are now ready for settlement or were authorized and appropriated for at the last session, or the new projects which are pressing for authorization and appropriation. I shall not argue the question but simply state the proposition as practically every one conversant with the subject has agreed. There must be, to supplement and complete the reclamation legislation passed one year ago, some provision, from some source, for aided and directed land settlement. At the last session I introduced a bill for this purpose, H. R. 12083. I have introduced it at this session, H. R. 270. It embodied the ideas of Reclamation Commissioner Mead gathered from a life-time experience in various lands on the subject of colonization and farm settlement, supplemented by my own observations.

Mr. Chairman, at this point I ask unanimous consent to insert without reading an analysis of that bill, together with certain letters.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WINTER. Mr. Chairman, this bill is identical with S. 4151, of the last session of the last Congress, which was reported out of the Senate Committee on Irrigation and Reclamation, without dissenting vote, and passed. It was reported favorably by the House committee. Its provisions are in pursuance of and in harmony with the program of reclamation development worked out by the fact finding commission during 1924, and it was approved by the Secretary of the Interior. It is supplemental to and in completion of the reclamation legislation enacted by Congress, December 5, 1924, as the result of more than a year's hearings, study, and work of the fact finding commission, the Bureau of Reclamation, and the Secretary. This program of supplemental legislation, to perfect and complete the reclamation law, is set forth in a communication of the Secretary of the Interior, dated December 11, 1924, addressed to the President. He strongly advises that a fund should be provided from which money could be advanced to help worthy and needy settlers, improve and equip their farms, such advances to bear 4 per cent interest and extend over a long period; and there being many farm laborers in the country, provision should be made on these projects to enable the farm laborer to acquire a small tract for the purpose of a home and an area sufficient for truck gardening; and further, advice and directions to settlers in the development of their farms and in working out plans of marketing and cultivation, thus encouraging community effort and cooperation.

The features embodied in this legislation are:

1. The disposition of prepared farm units of Government lands in reclamation projects by purchase and sale instead of entries under the homestead provisions of the reclamation act, on areas so designated as divisions for the operation of this act; areas not so designated would remain for entry under the present general reclamation law.

2. Selection of the purchaser by a qualification provision as to farm experience and the possession of capital, in money or farm equipment or both combined, of not less than \$1,500 when a farm of 160 acres is purchased, and \$200 when purchase is made of a fractional farm allotment, meaning an area of land not exceeding 5 acres.

3. Residence requirement on said farm or fractional farm allotment of at least eight months in every calendar year and until full payment of moneys advanced, under section (6) of this act, with accrued and unpaid interest, and payment or provisions of payment of all State, county, and local taxes, and irrigation district assessments, which then constitute liens on his improvements; with provision for leave or leaves of absence.

4. The purchaser has the right to sell his land at any time with the approval of the Secretary, and in case of sale the grantee shall succeed to all his rights and privileges and assume and discharge all his obligations and burdens as to such land.

5. If and when all the payments are made a patent or deed shall be issued to the purchaser or his grantee.

6. Authorization to the Secretary in his discretion to advance for permanent improvement and for purchase of livestock in a proper amount, not exceeding the sum of \$3,000 on account of any one farm and not exceeding the sum of \$800 on account of any one fractional farm allotment; such advances, which are not to exceed 60 per cent of value of permanent improvement, or livestock in connection with which made, shall constitute the first lien and shall be paid with interest at the rate of 4 per cent per annum in amortized installments.

7. Supervision by the Bureau of Reclamation necessary to insure the use of advances for the purposes for which made—cultivation, repairs, and fire insurance.

8. Cancellation of the contract in case of default continuing after one year's notice; forfeiture of payments which shall be deemed rental paid for occupancy; and automatic repossession of the property by the Secretary.

9. Appropriation from the reclamation fund to effectuate the purposes of this act and authorization to the Secretary to make needful rules and regulations.

To summarize the above into its two important features, the bill provides for (1) purchase instead of entry of lands; and (2) credits or advances to the settlers from the reclamation fund of necessary funds. It is important to note that the bill provides that the contract charges for the reclamation works and the charges for operation and maintenance against the land on account of the water rights shall be paid in accordance with the requirements of the present general reclamation law.

The bill is designed to apply to such special designated areas on new projects or new divisions of existing projects or areas which may come back into the possession of the Government on existing projects as are suitable and sufficient for the creation of at least 100 farms of not more than 160 acres and at least 10 fractional farm allotments of not more than 5 acres, and the Secretary is authorized to withdraw such area from entry and for disposition under this act as above explained. In cases where the unentered public land in a project is insufficient in area or unsuited to the purpose the bill gives the Secretary authority to acquire by gift, by purchase, or by condemnation, under legal process, such an area as will, when added to the area of unentered public land of the project, make the whole sufficient in area for the establishment of a project or a division of a project as above defined for this purpose. If these provisions were not in the act, an area of Government land otherwise possible to be developed hereunder would be unavailable for lack of size and by reason of included or contiguous small tracts in private ownership and intruding alternate railroad sections under railroad grants. The discretion of the Secretary in regard to acquisition by purchase or condemnation can not be used unreasonably or abused, as the Secretary can but outline these plans and purposes in a report and make recommendation, which must be approved by the Budget Board and the President, reported by the Appropriations Committee, and appropriation made by Congress.

I believe the people should have an opportunity to acquire lands and homes under the conditions provided for in this act by the assistance, encouragement, and cooperation of the Government as herein provided.

Many failures in initiating homes in the arid States will be avoided. The aim is to make the first settler successful and to avoid the sacrifice of the first and second settlers, which it has been said is necessary, or is the usual order, to make the third settler successful and permanent by reason of the accrual to him of the work and labor and experience of his predecessors.



No existing agency of the Government making loans or credits to farmers do reach, will reach, or can reach the settlers who first go upon these unimproved reclamation lands. The hearings held, to which reference is hereby made, abundantly show that this legislation is highly desirable, if not actually necessary, for the success, without an initial period of failure, of the new reclamation projects now authorized by Congress and the Reclamation Service and new divisions of existing projects. The testimony of a member of the Federal Farm Loan Board stated that the board could not reach and was not available to cover such cases, and that the credit and loans proposed to be provided in this act did not interfere in the work and the activities of said board. This method will not only secure the success of the settler but will bring about through the success of the settler the repayment of the Government investment already made. By a small outlay upon which interest is paid the Government insures security and return of the principal.

It is further shown in said hearings, and I am convinced that it is the fact, that the credit and loan system embodied in this act, which is known as "aided and directed settlement," has been successfully applied by many other nations.

In view of the fact that several new divisions will be ready for opening and settlement in the very near future, this bill should be enacted into law at this session.

I ask consent to insert at this point the letters of the Secretary of the Interior to the President and the chairman of the House Irrigation Committee on this bill at the last session.

THE SECRETARY OF THE INTERIOR,  
Washington, December 11, 1924.

THE PRESIDENT,  
The White House.

MY DEAR MR. PRESIDENT: The time has arrived for the adoption of a broad program of reclamation development. Reclamation legislation recently enacted by Congress will improve the condition of settlers and make it possible for them to meet their payments to the Government in the future. It omits, however, certain required features to supply which additional legislation is needed, which will—

(a) Define the policy and procedure with respect to cooperation between the Federal Government and the States in the development of new projects.

(b) Provide for amortized payments with a low rate of interest on advances made by the Government for the development of farms.

(c) Bring about the adoption of a unified plan for the colonization and closer settlement of land in excess of homestead units held in private ownership.

I suggest that Congress be invited to appoint a joint congressional committee to consider these questions, with a view to drawing up a reclamation code which will constitute a policy and working plan for existing projects and future development. To this end I have outlined herein certain methods and measures which this department has tentatively adopted.

#### EXISTING PROJECTS

1. The obligations of settlers on existing projects should be adjusted on a basis provided for future payments. This will require a reappraisal of areas to determine their ability to produce profitable crops under irrigation.

2. The Government has expended a large amount of money in the construction of reservoirs which are only partly used, with a consequent heavy loss of income. There are other projects where storage is needed to utilize the distributing works. A definite construction program for the completion of works needed to secure the full benefit of the Government's investment and complete utilization of the resources on these projects should be adopted.

3. The management and control of existing works should be transferred to the water users, where they are in a position to organize and to be intrusted with this authority, the form of such organization to be that of an irrigation district operating under State laws.

#### FUTURE DEVELOPMENT

4. All investigations of future projects should include a comprehensive study of legal, engineering, economic, agricultural, and financial conditions. Legal studies are needed to determine the title to water rights; engineering studies to determine the cost of irrigation works; economic studies to determine the value of land held in private ownership, the outlay required to change raw land into farms, and the character of markets; agricultural studies to determine the crops suited to the locality and the productive value of water under irrigation; financial studies to determine sources of credit, interest rates, and cost of settlement and farm development. The results of these investigations should be submitted to Congress and to the authorities of the State in which the development is located.

5. On all projects undertaken hereafter the State in which the development is located should participate in the selection of settlers and the development of farms. The States should not be required to contribute to construction costs, but should be required to contribute to

the fund provided for advances to settlers for farm development, as they now contribute to the construction of roads and to agricultural education.

6. A fund should be provided from which money can be advanced to help worthy, needy settlers improve and equip their farms. Such advances should bear interest and, for permanent improvements, should extend over long periods. Four per cent is suggested as the interest rate.

7. There are almost as many farm laborers as farm owners in this country. The conditions under which the families of farm laborers live are therefore a matter of great importance. Provision should be made on these projects to give the farm laborer an opportunity to acquire a home and a garden, the number to be limited to the local demand for hired labor. In this way we will train up the farm owners of the future.

8. Provision for advice and direction to settlers in the development of their farms and in working out plans of marketing and cultivation should be a feature of all new development.

#### GENERAL

9. The plans for future reclamation development must take into consideration the needs of the different States; the water-right problems of interstate streams; the amount of the reclamation fund which will be available during the next 20 years. The construction of reservoirs by the Bureau of Reclamation under a forward-looking plan of this character will be an effective agency for lessening controversy and securing an equitable distribution of the water supply.

10. Efforts to reach an agreement for the economic apportionment of water of interstate streams, now being made by the States, have the cordial approval and support of this department. It is infinitely better than the costly and unsettling litigation certain to arise unless such agreements are reached. It ought to be possible under such agreements to work out plans for the storage and regulation of the water of the Missouri, Colorado, Platte, Rio Grande, and Columbia Rivers and their tributaries. Such action on the Colorado is urgently needed to protect the Yuma reclamation project from danger by floods and the Imperial Valley irrigation district in California from being devastated both by floods and drought.

11. The primary purpose of all reclamation construction is to extend irrigation. In all storages there will be incidental benefits to come from the development of power. Whatever arrangements are made for such power development or its distribution there should be such control by the Government as to prevent interference with the use of the stored water in irrigation.

#### RECLAMATION OF SWAMP, CUT-OVER, AND NEGLECTED LAND

12. The reclamation act recently passed by Congress authorizes an appropriation of \$100,000 to be used in part for reclamation investigations in sections of the country outside of the arid region. It is believed that there is a field for the closer settlement and creation of prosperous homes on areas of neglected swamp or cut-over land. The methods of colonization and the economic conditions under which these new communities will be established are of special importance. All such investigations should be cooperative, the State to contribute one-half of the cost. It is believed that States like North Carolina and South Carolina, which have commissions dealing with settlements, will welcome such cooperation, and that such action will promote rural progress in sections where it will be of national advantage.

Very truly yours,

HUBERT WORK.

THE SECRETARY OF THE INTERIOR,  
Washington, January 17, 1925.

HON. ADDISON T. SMITH,  
Chairman Committee on Irrigation and Reclamation,  
House of Representatives.

MY DEAR MR. SMITH: I have your favor of January 2, transmitting H. R. 11171, "A bill to provide for aided and directed settlement on Government land in irrigation projects."

This measure has my approval. The need for this legislation was emphasized in the report of the Fact Finding Commission, and embodied in recommendation No. 31, page 9, of Senate Document No. 92. In that report the interest recommended was 5 per cent. Further study by this department indicates that the money could be provided at 4 per cent without any burden on the reclamation fund, and that this difference in interest would enable 5 per cent payments to include both principle and interest.

As you are aware, the conditions which will confront settlers on new projects for which appropriations have been requested were made the subject of painstaking inquiries last year by five different groups of highly qualified investigators, drawn largely from the agricultural colleges of the Western States. Their conclusions were then submitted for review and criticism by groups of business men living within the areas concerned. All of these reports state that aid and direction of the character provided in H. R. 11171 are essential requisites to the successful development of these projects.



Some of the reasons for providing aid are to be found in the annual report of the Bureau of Reclamation in a discussion of the Kittitas project, pages 13 to 16, inclusive.

While the enactment of this legislation will place added responsibility on the Reclamation Bureau and increase its duties, it will relieve those in authority from the trying experiences which they have undergone in the past in being compelled to watch the struggles of worthy settlers attempting to subdue and improve farms when confronted by obstacles too great for them to overcome, the chief being money needed to improve and equip their farms. The delay in development which this caused, the inability of settlers to earn living expenses and pay project costs because their farms were not prepared for cultivation, is the principal cause of the financial troubles which now beset them. It is believed that if the feature of reclamation embodied in the measure under consideration had been a part of the original act it would have saved many worthy settlers their farms, hastened the return of the money expended on works, and rendered unnecessary the adjustments which now confront this department and Congress.

For these reasons it is hoped that this measure may have early and favorable consideration.

The bill has been submitted to the Director of the Bureau of the Budget, who reports that the contemplated legislation is not in conflict with the President's financial program.

Very truly yours,

HUBERT WORK.

THE SECRETARY OF THE INTERIOR,  
Washington, February 5, 1925.

Hon. ADDISON T. SMITH,

Chairman Committee on Irrigation and Reclamation,  
House of Representatives.

MY DEAR MR. SMITH: Replying to your verbal request for a report on H. R. 12083, "A bill to provide for aided and directed settlement on Government land in irrigation projects," I would say that this bill, in its essentials, is the same as H. R. 11171, about which I wrote you on January 17, stating that this measure had my approval.

The essential difference between the two measures is that H. R. 12083 is made more general in its terms and confers somewhat greater authority on the Secretary, but provides for doing everything contemplated in H. R. 11171, dealt with in my former letter. The amendments are regarded as improvements and this measure has my approval for the reasons stated in my previous communication.

As stated in my former letter, this measure has been submitted to the Director of the Budget, who reports that the contemplated legislation is not in conflict with the President's financial program.

Very truly yours,

HUBERT WORK.

Ten months ago the Commission of Reclamation, the Secretary of the Interior, and the President favored this bill. It was their bill. I was for it then; I am for it now.

There are those who call this program paternalistic and socialistic. If so, then the whole policy is such, and so is every national internal improvement. You can not distinguish in kind but only in degree between running a canal and a lateral to a quarter section and leveling that land preparatory for the settler. Since when has it become socialistic for the Government to advance money on interest to national projects? If governmental authorized agencies loan money on long-time, low-interest, amortized payments, extending from 30 to 40 years, why should it not do the same thing directly for these people struggling to make homes and cities and citizens, especially when it is the last step in flowering out and making successful the whole reclamation idea? Shall this great Government advance majestically in these wonderful works, providing many millions without interest, to be repaid in from 20 to 40 years, and then hesitate to bring the whole policy to fruition and success by advancing a little more money or credit on amortized payments with interest? If it be socialistic, then every civilized great government on earth has plunged into socialism, for this plan of land settlement, with its loans and credits, has been adopted and has been in operation in Australia, Great Britain, India, South Africa, and other great countries, a complete review of which, giving their laws and reports of their operation, was filed as a part of the hearings of the second session, Sixty-eighth Congress, on H. R. 12083. The irrigation laws of these various countries are included. It is worthy of note that this proposed system of aided and directed land settlement has never been abandoned after once being taken up in any of these great countries.

From sources which opposed this legislation in the last Congress came the suggestion, and there was incorporated in the appropriation bill for the Interior Department by the subcommittee last year—and again this year in this bill—a proposition and a condition upon appropriations that they should not be available unless and until the States in which the projects

were located should undertake and be responsible for such land settlement on the Government projects and by contract become answerable therefor. This, in my judgment, was and is a great mistake. Such a provision ought not to be in any law, much less legislated by way of a limitation condition on appropriations by the Appropriation Committee. Were the States able to respond and willing to meet the conditions, some of them would, first, have to amend their constitutions, which means at least a four-year process. Some of them, if their constitutional provisions permitted, have reached the limit of their bonded indebtedness. At best it would deny equality of opportunity and benefit to the States. Again, from their viewpoint, they have contributed "State aid" in that high royalties have been exacted from their mineral industries to make up the bulk of the annual contributions for the fund for the further distribution of water to land, to say nothing of the receipts from the public lands. Another objection to State-aid settlement conditions, as I see it, is that of divided and conflicting authority with its consequent friction, confusion, complications, and delays. But the most serious objection lies in the proposed abdication of this great Government from its province, function, and power, the surrender of its authority and right to complete that which it has been building for a quarter of a century. In the 24 years since the reclamation policy was started, this is the first time I have heard the idea advanced of a nation voluntarily, before completion, abandoning its grasp on a magnificent federal work, a national internal improvement of vital importance to the future of the nation and on which it had directed an expenditure of \$155,000,000. Not for one moment should it be contemplated that the National Government should deliberately put itself in a position of helplessness to bring about the real fruition of a quarter of a century of work and of investment. To carry out the great engineering work of construction at an immense cost and then abandon the field of settlement, the human, living vital element, without which the whole thing is a dead loss, would be a tragic mistake. The Government should not consider abdicating its position and leaving the real and final work of completing the task to the States with their doubtful capacity, their limited abilities, and changing personnel of State administrations.

Mr. BLANTON. Mr. Chairman, will the gentleman yield?

Mr. WINTER. Yes.

Mr. BLANTON. Who is the Government? The Appropriation Committee and the Budget? We have legislative committees here in the House, and the distinguished gentleman is a member of the Committee on Reclamation and Irrigation of Arid Lands. Why does not that committee function and bring us in some legislation, and then the Appropriations Committee would stop legislating for the West. I believe that the legislative committees ought to begin to function here.

Mr. ARENTZ. Mr. Chairman, will the gentleman permit me to answer the gentleman from Texas?

Mr. WINTER. I can not yield further unless the chairman will grant me a few minutes more time.

Mr. CRAMTON. We will see that the gentleman is not cut off.

Mr. ARENTZ. I want to answer the gentleman from Texas. There are a few committees of this House that are less than rubber stamps. The Committee on the Irrigation of Arid Lands is supposed to do a constructive work in this House, but what good would it do for the Committee on Irrigation of Arid Lands to bring in all the bills in the world when the thing is decided elsewhere in the House?

Mr. BLANTON. I will say to the gentleman that I, for one Member of Congress, would like to bring your committee into action.

Mr. SIMMONS. Mr. Chairman, will the gentleman yield?

Mr. WINTER. Yes.

Mr. SIMMONS. Will the gentleman from Wyoming tell the gentleman from Texas—because he knows the facts—how many bills have been prepared that the leaders of the House would not allow to be reported?

Mr. WINTER. Oh, it is impossible; my time is so limited. The mighty arm of the Nation should "carry on," complete these enterprises, and thus secure their success and insure the repayment of its principal.

Mr. SINNOTT. Mr. Chairman, will the gentleman yield?

Mr. WINTER. Yes.

Mr. SINNOTT. Has it not been the burden of the gentleman's speech that the Committee on Irrigation in the House has acted and enacted legislation that has not been put into force?

Mr. WINTER. That is the exact situation. The committee has functioned and the Congress has acted.

Mr. LEAVITT. Mr. Chairman, will the gentleman yield?

Mr. WINTER. Yes.



Mr. LEAVITT. Is it not also true that in the bill now before us the Committee on Appropriations is attempting to usurp the powers of Congress in initiating legislation?

Mr. WINTER. I am certain that a number of the provisions in this bill are subject to a point of order for that reason. I have heard no presentation from any source as to how the States would and could handle the all-important process of settlement on the new divisions and the new projects. It has been advanced only as a theory. Self-interest will impel the States to assist voluntarily to the extent of their ability. Definite, apparent, and obvious reasons why the States can not comply have been given.

The CHAIRMAN. The time of the gentleman from Wyoming has expired.

Mr. CRAMTON. How much time would the gentleman desire?

Mr. WINTER. I am going to ask for 10 minutes more.

Mr. CRAMTON. Mr. Chairman, I yield to the gentleman 10 minutes additional.

The CHAIRMAN. The gentleman from Wyoming is recognized for 10 minutes additional.

Mr. WINTER. They attempt to make the point of showing that these States, by reason of their constitutions, are not precluded from accepting the benefits of these appropriations. The bill provides for but one contract, and that is with the State, not with any local organization or corporation which the State sees fit to encourage in organizing. The State is at liberty to get the money from any source under a State provision. It is at liberty to secure this financial aid from any source, whether this bill provides it or not. If the Government will deal with such a local corporation which is providing the money for this settlement, why should any requirement be made with reference to the State? The gentleman says, this can be done without the State violating its constitution or being compelled to amend its constitution. The State can not compel private capital. It can not form a private corporation by force, and if it can not do these things then the only way these appropriations may be available must be by a contract with a State that does this thing. It furnishes the money, and therein it comes in conflict with the constitution, and regardless of whether the State acts alone or encourages the formation of some local corporation, the fact remains that this appropriation is not available under the terms of this bill until the State enters into a contract, and that is the only agency that the Government is contracting with. Therefore it is a subterfuge to say that the State can sidestep the matter and secure the moneys otherwise, under the constitution. Either these States must enter into these contracts and stand back of them financially or they can not get the benefit of these appropriations.

The State-aid conditions attached to the last appropriation bill have demonstrated the result. They have defeated the administration and advancement of constructions as intended by Congress. The appropriations have not been expended; the law has not been administered; construction ceased. These objections and difficulties have not been answered or eliminated. Though it is not the purpose of those who advocate this State-aid policy, the effect of attaching State-aid conditions to reclamation appropriations will of an absolute certainty be to prevent and deny all construction and all progress. Such was the effect in 1925.

Now, this delay involves greater disastrous consequences than the denial of new projects and a mere cessation of work on existing projects. It means a sagging backward, a serious blow to the construction organizations which were operating under the direction of the Reclamation Service, an economic loss in time, labor, and machinery, rusting and deterioration of expensive equipment, discouragement and loss of enthusiasm and morale in the working forces, the slack and strain of stopping and starting, lost motion, a tremendous reduction of acreage, and a great increase of cost per acre on projects now in process of construction.

I can illustrate this best by reading a letter from the Chamber of Commerce of Riverton, Wyo., adjacent to the Government's great Riverton project, where they have stopped the construction of that work. The Budget finally graciously estimated \$50,000 for a project that requires \$500,000 to effect its real object, and even the \$50,000 recommended by the Budget has been eliminated by the subcommittee, and not one dollar is recommended by the committee for appropriation on the project. In the spring they are to open up the first division for settlement of 5,000 acres of public land and 10,000 acres in addition; a project where, by an expenditure of \$30 per acre, 40,000 acres additional can be put under irrigation, whereas it will cost \$175 per acre if construction ceases where it is.

Mr. CRAMTON. Would the gentleman care for a word from me as to that matter referred to in the letter?

Mr. WINTER. The gentleman had better state it in his own time. I have stated the facts.

Mr. CRAMTON. There are some interesting facts in an addition that might be mentioned.

Mr. WINTER. It might be amplified; but what I have stated is true.

Mr. CRAMTON. Of the \$50,000 recommended to the Congress, \$30,000 was to be used in furnishing water to 20 settlers who are not now on the land, but are willing to come back.

Mr. WINTER. I have only time to read this brief letter from the Chamber of Commerce of the town of Riverton as to what will happen.

Mr. CRAMTON. I feel obliged to yield further time to the gentleman from Wyoming.

Mr. WINTER. I appreciate the gentleman's good will, but I appreciate the time more.

This is the best illustration, Mr. Chairman, of the effect of the whole cessation of construction under the reclamation policy. It is absolutely unanswerable. I think the Members of this House ought to have the advantage of this letter and the information it contains. It will take only four minutes to read.

Mr. CRAMTON. I yield to the gentleman four additional minutes.

Mr. WINTER. Mr. Chairman, is my time up now?

The CHAIRMAN. No.

Mr. WINTER. I think I had a few minutes left over of my own. This is the letter:

Nearly \$3,500,000 has already been spent on the Riverton project. If the work stops now this would mean a construction cost of about \$175 per acre. By the completion of the Pilot Canal an additional 40,000 acres could be watered with an additional cost of about \$30 per acre. The Pilot Reservoir has a capacity of 30,000 acre-feet. If only 20,000 acres are reclaimed this reservoir will be practically useless, as the natural flow of Wind River is ordinarily ample for this area.

The area which the bureau now proposes to reclaim lies at an average distance of 23 miles from the railroad. The construction of the Pilot Canal will bring in an additional area nearly double the size of this tract at an average distance of about 14 miles from the railroad. These lands are not only more advantageously situated but are superior in quality to those located at the western end of the project.

It is now proposed to open next spring less than 2,000 acres of Government land.

I have stated 5,000 acres, and the balance of the 15,000 acres of total area is private land.

The nearest of these tracts is 20 miles from Riverton, the farthest about 28 miles. This, as you know, is the least desirable portion of the project so far as the quality of land is concerned. It is suggested by the department that the success of this land opening will furnish a test of the feasibility of settling the project and the desirability of completing it.

The project, my friends, is 100,000 acres.

It is difficult to feel that such a suggestion can be made in sincerity. The very suggestion that the completion of the project is to depend upon such an event will be more apt to discourage than to encourage settlement.

Obviously it is easier to colonize a large project than a small one, situated as this one is, distant from railroad facilities. A settler who would gladly move onto a project which will ultimately comprise an area of 100,000 acres would not be at all interested in a project of 5,000 or 10,000 acres. The large project would furnish an assurance of good schools, roads, markets, and transportation facilities. The small project would assure none of these things. The size of the tract does not justify extensive advertising for settlers. The distance from the railroad prohibits the shipment of crops in bulk form, such as alfalfa and sugar beets. The area is also too small to permit the organization necessary for cooperative marketing. Neither is it large enough to attract creameries and canneries. It is exceedingly doubtful whether it will justify the construction of a branch railroad line, which is absolutely essential to the successful development of this or any other project.

Another obstacle in the way of settlement is the fact that this project was designed for six times the area which it is now proposed to irrigate. This will inevitably result in higher maintenance charges, perhaps higher than the settlers can afford to pay. One of the criticisms of this project has been its high construction charge per acre. If the work is to be completed any time, the disruption of the present organization is certainly not in the line of economy. We note in last night's paper that the appropriation for the next fiscal year is to be \$50,000.

As a matter of fact, it was the figure of the Budget and not the Appropriations Committee:

What effect will this have on the ultimate cost if the project is to be kept marking time year after year with a heavy overhead charge and no actual progress toward completion?

The President says that reclamation is a settled policy of the Government. If that is true, certainly that policy should not be controlled by temporary depressions in agricultural conditions. It takes a generation to develop a reclamation project into reasonable efficiency. If we are to have the project when we need it, we must make the necessary preparation in spite of temporary unfavorable conditions.

If the project is operated for a small area, the maintenance cost is apt to be more than the settlers can pay—the deficit will be charged to construction—furnishing an additional reason for getting the largest possible area in cultivation at the earliest possible date. If the remainder of the project is to be abandoned after the completion of the lateral system now authorized, the construction charge per acre will be so high as to be prohibitive. It is inevitable that the Government will eventually have to charge off a large portion of the initial cost.

It seems to us of the utmost importance that every effort be made to obtain a change in policy and an increased appropriation over the amount now proposed sufficient to guarantee the early completion at least of the Pilot Canal and its system.

I can only add that the Pilot Reservoir has been constructed and all it needs is a canal leading out over the great open lands. At this point this project has simply proceeded the length of my hand in a small triangle next to the river. If it is continued from my wrist to my elbow it takes in and irrigates all the land below it clear to the Wind River.

I have been talking of existing projects and the effect of cessation of work, but there are new projects of undoubted merit and feasibility which have been appealing for recognition in order that the work of years required to build and develop them may at least begin. "Hope deferred maketh the heart sick."

The CHAIRMAN. The time of the gentleman from Wyoming has again expired.

Mr. WINTER. I can finish in five minutes.

Mr. CRAMTON. Mr. Chairman, I yield the gentleman five additional minutes.

Mr. WINTER. The Saratoga project, in Carbon County, Wyo., of 40,000 acres, is exceptional in that, in addition to ample water supply and the finest of soil and a very low cost per acre, it is located on the route of a great transcontinental railroad and now has running through its heart a feeder railway. It requires only a low diversion dam and the canal. I may say that that feeder railway is to be the subject of a hearing before the Interstate Commerce Commission on the 21st of this month. An effort is being made to abolish it for the reason, among others, and the main reason, that this project has not gone through, whereas it has been talked of for 15 years.

In Natrona County, Wyo., contiguous to the oil-refining center of the State, with 40,000 people who must now ship in over 50 per cent of their necessary food, lie 90,000 acres of good soil in the basin of the North Platte River. The cost of this Casper-Alcoeva project is estimated about midway between the lowest and the highest of the proposed new divisions and new projects. This project has been deferred for 20 years and more. Its building, beginning now, is absolutely vital to the existence of the modern city of Casper, which has been erected in the main on the oil industry. With the exhaustion of the oil, which in time is inevitable, must come practical extinction, unless in the meantime the water is brought to the land and the agricultural resources developed to sustain it in place of its underground resources.

The State of Wyoming two years ago paid into the United States Treasury \$12,000,000 out of a total of \$13,000,000 of mineral royalties for that year under the leasing bill. Last year it contributed \$7,000,000 out of a total of \$8,000,000 from all the States. It has contributed in all \$35,000,000 in royalties since February, 1920, nine-tenths of which came from Natrona County. One-half of that sum has gone into the reclamation fund. And yet that county and city, under the policy announced by the Secretary, which is a definite announcement that no new projects will be recommended until all projects are rehabilitated and cured of every ill, is denied a reclamation project, which alone can avoid the tragedy of ruin. More than \$100,000,000 of private capital and State funds has been invested in that section in refineries, railroads, office buildings, business houses, hotels and public buildings, roads and schoolhouses, necessary to develop the oil fields from which the United States draws

mineral royalties in far greater amounts than it has ever returned to the State. Who will say that justice and equity, as well as sound economic development, should deny this project? I have introduced bills authorizing these projects and hope you will have an opportunity to vote upon them.

Arrears of payment by water users on some of the projects, amounting in all to but 18 per cent, for reasons obvious and common to all agriculture, without even waiting to give them the benefit of the better conditions of 1925, credit for increased payments, the chance to improve their record under the new law of one year ago, surely can not appeal to your judgments as a sufficient reason for stopping reclamation construction of heartbreaking slow growth at best.

These illustrations, as well as general principles and facts, prove that no such policy of cessation should be laid down; it is unnecessary, it is unjust to the States which have a right to the steady development and unwise for the Nation which has been and will be served by these projects.

The argument against regular and continuous development of irrigated agriculture, reclamation construction, and settlement to the effect that we do not need and should not have its products because we now have overproduction and surplus is absolutely untenable. Secretary Jardine, at the reclamation conference held in Washington in December, 1925, said, "There is no need for more agricultural production now," and that further extensive reclamation of waste lands at this time would be "inopportune." He calmly ignored the fact that it takes 5 to 10 years to construct and make productive an irrigation project of the size of the Government enterprises. In the same address he admitted:

In 10 years the country will reach a stage when greater agricultural production will be needed.

Reclamation and production therefrom do not spring instantaneously into being. The projects are a matter of slow, toilsome growth. A surplus this year in the ordinary course will be a deficit next year. The situation with reference to surplus of a given product may change in much less time. Last year 200,000,000 bushels surplus of wheat was wiped out and wheat doubled in price in less than three months. This year there is no surplus wheat. The crop of 1925 was 670,000,000 bushels all told; bread wheat was 600,000,000; and our food, feed, and seed needs of wheat require 630,000,000 bushels annually on the basis of our present population. There should always be a reserve surplus of from 50,000,000 to 100,000,000 bushels. This is less than one bushel for each person in the United States. As with wheat, so with other food products. There is an occasional surplus. In a 10-year period, however, deficits may recur several times. A war can come in a year, a month, a week, and require enormous, quick, extra production of many food products. It has been said that the world is removed but 30 days from starvation. The natural increase in our population is 1,500,000 yearly. Even under the present immigration law from all sources there is an additional 500,000 annually. Two million increase and more each succeeding year for 10 years means 25,000,000 additional population. In 1924 we imported foodstuffs to the amount of \$915,000,000.

The Department of Agriculture tells us that net exports of food products from the United States declined rapidly in the decade prior to the war. Statistics demonstrate that that trend is now again apparent; that our net food exports for the crop year 1925-26 will be less than the annual average from 1912 to 1917, and may be as low as the record for 1913 and 1914, when we imported practically as much foodstuffs as we exported. You are all aware of the tremendous swing of population from the farm to the city. The proposed new divisions of existing projects and the new projects contemplated or asked will scarcely have reached the full producing stage in 10 years. We will need in this country in that 10-year period all the food we can produce, including the utmost we will be able to contribute from all the reclamation projects we may be able to build and settle. My own judgment is that we should not only be able to raise all the food necessary for our own people but that it is incumbent upon us, because of the man power, financial power, inventive genius for machinery, intensifying labor resulting in greater, increased production per grower, to contemplate and plan, and if necessary legislate, on the basis of a continuous surplus production in many food products, for the simple reason there are millions throughout the earth—in China, in India, and other regions of exhausted soil and ignorance of methods—where starvation occurs and the mass of the people are always without sufficient food.

President Coolidge, speaking of new reclamation projects, has publicly declared:



Criticism of such a program of encouragement on the ground that there already is an overproduction in agricultural products lies in the lack of understanding that these projects take many years for development; that they furnish but a small portion of the total increased food supply required even by our increase in population, and that the utilization of their supplies lies in the development itself. It is my purpose to unremittably stimulate and encourage the development of these great projects by every authority of the Federal Government.

The fallacy of the overproduction argument as used against the continuous progress of the reclamation policy and construction is further emphasized when we note that all the production of last year on all the 25 reclamation projects amounted to but 1 per cent of the total agricultural production of the nation. This, of course, amounts to nothing in the way of competition, even if these projects were competitive, but they are not because of the character of the products, the location of the projects, and the transportation distance to the thickly populated areas east of the Rockies.

While just at this time reclamation is almost synonymous with irrigation of arid lands, we do not lose sight of the fact that that word and the policy of the Government include reclamation by drainage of swamp lands, by development of cut-over timberlands, and by fertilization of exhausted farm lands all through the eastern part of the United States. All will be needed in time. Our national necessities will compel us to go forward all along the productive line.

When America comes to realize that it must in self-preservation restore to the soil those three great elements which she has been exhausting without replacement for a hundred years—nitrate, phosphate, and potash—and we exercise the wisdom to build up American industries in the preparation of these factors for the salvation of our lands, instead of maintaining the potash industries in Germany and France and the nitrate business of Chile, the arid Western States now asking for a continuance of reclamation construction and settlement by Federal aid, from funds derived from resources of those States, will help save American agriculture not only by contributing the production of these projects for the people but by furnishing these three priceless and indispensable elements for revitalizing the soil of the Nation and maintaining indefinitely its fertility. Utah and California to-day can furnish the potash from their lakes; Wyoming, according to the report of the United States Geological Survey, has in the Leucite Hills above the surface leucite volcanic matter containing 200,000,000 tons of potash; she has vast hills of phosphate formation, and but recently large nitrate rock deposits have been discovered, which shall help to rehabilitate the East, the Central States, and the Southland with these enrichments with which we have been blessed and for which we, with our new soil, will not have the first, but the last need. We must develop these industries; it is a long process. We should begin now and go forward steadily. This is a national program; it contemplates no less than the welfare of the Union and all its people. Food is absolutely the first essential; it is necessary to our preservation.

Finally, reclamation is not only a matter of producing food for our people. The great thing is the transformation of the wilderness to civilization. It is the occupation and cultivation by the capital and labor of the settler of the unoccupied lands of this country. It is the creation of taxable wealth to help sustain the Government for all future times. It is the establishment of homes. It is the strength of manhood and womanhood contributing to the safety and defense of the Nation. It is the addition to our population of a splendid, enlightened, industrious citizenship which will enhance and enrich the security, the order, the welfare of our common country.

Are we to hesitate, much less call a halt, in the great policy of reclamation, the irrigation of arid lands, which built up the first great recorded civilization of the Babylonians and the Assyrians on the Tigris and Euphrates in Mesopotamia, on which the greatness and prosperity of Egypt was based, on which the Mayan and Aztecs erected other civilizations, and which is carried on to-day on an immense and increasing scale by other great, modern nations? The intelligence, judgment, and patriotism of the American people and of this Congress must, it seems to me, answer in the negative and go forward, meeting and curing all obstacles and difficulties, which are after all but incidental in this magnificent and supremely important governmental enterprise. [Applause.]

The CHAIRMAN. The time of the gentleman from Wyoming has again expired.

Mr. CRAMTON. Mr. Chairman, I yield such time to the gentleman from Tennessee [Mr. TAYLOR] as he desires.

Mr. TAYLOR of Tennessee. Mr. Chairman and gentlemen of the committee, I take advantage of this opportunity to call the attention of my colleagues to a bill which I introduced

last Monday, H. R. 6569, which was referred to the Committee on the Judiciary. The bill is as follows:

*Be it enacted, etc.,* That on and after the approval of this act, United States commissioners shall have the power to receive submissions and administer the penalties in misdemeanor offenses against the United States, and to carry out the provisions of this act such United States commissioners shall have all the power of Federal district judges.

Of course, the object of the proposed law is perfectly obvious to anyone who has observed or made any study of the deplorable condition that prevails in our United States district courts, and has been so since the passage of the Volstead law. Before introducing this bill, I discussed its provisions and purposes with two United States district judges and numerous lawyers, who were very much impressed with its merit and practicality. I contend for the bill that its passage will save the Government a vast sum of money in court expenses, will materially relieve the congestion in our United States district courts, and will be a great benefit to defendants, especially those defendants who are unable to give bond and are forced to remain in jail after their preliminary hearing until the United States district court meets. You will observe from an examination of the bill that it only applies to submissions in misdemeanor cases, and therefore I do not think it violates the provisions of the Constitution which relate to the judiciary. The commissioner can not receive the submission of a defendant if any element of the crime charged carries a penitentiary penalty.

Under present conditions if a defendant is brought before a commissioner and acknowledges his guilt and desires to submit, all the commissioner can do is to bind the defendant to the next term of the district court. If the defendant is unable to make bond, he is committed to the county jail at Government expense until court meets. Whether the defendant pleads not guilty or signifies a willingness to submit to the charges, the Government must summons its witnesses and be prepared for trial, which entails tremendous expense, a large per cent of which is unnecessary and an absolute waste. I am advised upon reliable authority that about 60 per cent of those charged with violations of the liquor laws submit when they are arraigned in the district courts. When you reflect upon the tremendous sum it costs the Government in witness fees, officers' costs, and to pay the expenses of defendants who are unable to make bond, you can appreciate the virtue and importance of this or some other similar remedial legislation. It is unfair to the defendant who wants to submit to require him to languish in prison, in some instances for several months, before his submission can be passed upon by competent authority, and at the same time perhaps get no credit for his incarceration when his case comes up for final disposition. Disregarding the economic and humane side of the proposition, perhaps the worst feature of the present situation is the fact that our United States district courts have practically degenerated into veritable police courts. The sad feature is that important civil business has been relegated and neglected on account of the tremendous congestion that has resulted from cases growing out of infractions of our prohibition statutes.

For several days following the opening of our district court the court room, the corridors, the stairways, the elevators, and, in fact, the whole Federal premises are packed to the limit with criminal defendants, 60 per cent of whom wish to submit, but must await their place on the dockets. Under the provisions of H. R. 6569 this situation would be corrected and at the same time preserve the dignity, majesty, and efficacy of the law.

My colleagues, unless something is done to arrest and correct the terrible congestion in our district courts, due to the condition I have described, we will either have to create more judgeships or permit important civil litigation in our Federal courts to go by default.

I believe, after considerable investigation, that this bill is not only constitutional but that it is sound and possesses real merit, and I commend it to you for your careful consideration.

Mr. CARTER of Oklahoma. Mr. Chairman, I yield 10 minutes to the gentleman from Florida [Mr. GREEN]. [Applause.]

Mr. GREEN of Florida. Mr. Chairman and members of the committee, George Washington's Cabinet was composed of four members, and they at that time took care of the Government's business with all expediency. Continually thereafter there have been added Cabinet members to the President's Cabinet and to-day we have 10. I believe it is imperative for this Congress to now add another Cabinet member to our President's Cabinet. The War Department has about what it can do, I believe; the Navy Department probably has all it wants; and I believe the solution of the strengthening of our national defense would be that of establishing a department of air.



The future combat in wars will be largely controlled by the maneuvers in the air. The nation which is the strongest in the air is destined to control the world.

I believe that the air development of the United States is thoroughly unsatisfactory. I believe it is the duty of the Congress to establish a department of air, and then an efficient man be placed there to develop that great arm of our national defense, with such a man, if you please, as General Mitchell at the head of it. [Applause.]

Mr. BLANTON. Will the gentleman yield?

Mr. GREEN of Florida. Yes; to my friend from Texas.

Mr. BLANTON. If the gentleman wants to put that service on a parity with the Naval service and the Army service, why does he not provide for a department of national defense with one Secretary and then let there be chiefs of bureaus—a chief of the Navy bureau, a chief of the Army bureau, and a chief of the air bureau, and not increase our Cabinet members? Every time we add a new Cabinet member we are increasing very materially the expenses of the Government.

Mr. GREEN of Florida. There is some food for thought, of course, in the gentleman's statement, but what I want is to have the air department the great arm of our defense. I want it so emphasized that future generations will feel they are protected from above. If it can be done as the gentleman suggests, very well; but I would love to see the air department with a man of the caliber I have mentioned as its leader.

When I think of Mitchell, my friends, my mind is prone to wander to the time when he went into the Spanish-American War, sacrificing home ties, which are instinct to the American people; then to the time of peace, when he remained in the Army of the United States, remaining there for patriotism and love of his country. Then when the great war cloud swung over the entire world and it became necessary for us to defend our life and liberty he was there, and when the people of America were depriving themselves of bread and the luxuries of life, when the cannon thundered in and jarred the elements of the Old World and men were bleeding and dying by his side and the plutocrats, who would persecute him, were not with him—some of them, I should say—then he goes in the air and places his life on his country's altar and crosses the enemy line. Proclaimed abroad and throughout the world as the hero, as the outstanding aviator, medals galore placed upon his chest, and recognized as an authority, he then comes back home still with patriotism in his bleeding heart and undertakes here to make suggestions as to how we should defend our Nation in the future. He spoke with authority and told the plain truth; but instead of being accepted as the prodigal son, the adage of Holy Writ, which says that a prophet is not without honor save in his own country, seems to me to apply to this distinguished and greatest of our American aviators. [Applause.] He was carried before the trial judges as was the lowly Nazarene, a crown of thorns placed upon his brow, figuratively speaking, the uniform snatched from his form, and his medals melted.

Tell me that is Americanism! No more distinguished man has ever fought to defend the Stars and Stripes. He is an Alexander without arrogance, a Napoleon without tyranny, a Caesar without assassins, a Robert E. Lee with a little less tenderness [applause]; a Foch, if you please, with less pomp; and a General Pershing with a little more feeling for his fellow man. [Applause.]

This is the man whom they have undertaken—and it is about to be accomplished—to be ground into the dust. You Republicans, bear witness, the Nation and the world holds you responsible; you have sown of the flesh and you will reap corruption, because truth crushed to earth shall rise again.

The American citizenry, the youth of our Nation, their mind is like wax to receive and like marble to retain. They have burnt upon their hearts the patriotism, the unselfishness, the courage, the manhood, the loyalty, and the bravery of Mitchell. They have also impressed in their brains the court which tried him in its pomp, its plutocracy, in its arrogance, in its attempted political enhancements, and in its cowardice.

My friends, I should not say much more of this. I am proud to know that the American citizenry upholds the flag of the United States and says that not only the technicality of the law is what we should abide by but the substance thereof. It is true he was found guilty; it is true he was convicted; it is true that he was indiscreet; but, my friends, the standard by which we should go would be to place the good traits, the bravery, and the patriotism and the service of country on one side of the balance and the shortcoming on the other and cast our lot with the side which weighs the heaviest. It would be a happy day for America if its arm of defense in the air was developed and Mitchell was reinstated and was brought back to life again, politically and militarily speaking. It is going to come, and you and I are going to see the time when he will come back and

when the world will call great this man who had the courage, the unselfishness, and the patriotism—yes, General Mitchell, a military martyr.

I thank you. [Applause.]

Mr. CRAMTON. Mr. Chairman, I yield five minutes to the gentleman from Illinois [Mr. ADKINS].

Mr. ADKINS. Mr. Chairman, my distinguished colleague [Mr. ARNOLD] on December 21, 1925, in his speech before this body, used the following language:

I come from the State of Illinois, one of the greatest agricultural States of this Union, and I want to call your attention to the fact, gentlemen, that the State Legislature of Illinois, an overwhelmingly Republican State with an overwhelmingly Republican legislature, at the last session of our general assembly adopted resolutions in which they pointed out to the people of our State, and intended to have that fact brought to the attention of the people of the Nation through this Congress, the real trouble with the American farmer to-day. Being a rather new man in this House, I hesitated to say anything about these resolutions that were adopted by my State legislature. A photostatic copy of these resolutions was sent to the Speaker of the House of Representatives and a photostatic copy was sent also to every Member of this House from the State of Illinois, and I have been waiting patiently, expectantly, thinking that some of the majority Members from my own State would bring to the attention of the Congress and the people of the country on this floor the matters set forth in those resolutions. So far I have waited in vain.

Knowing this gentleman as I do, if he had been advised as to what had taken place that part of his speech would have been left out.

If you will examine the CONGRESSIONAL RECORD of December 11, 1925, on page 726, you will find my distinguished colleague [Mr. ALLEN] introduced the memorial of the Legislature of Illinois for export bounty on farm products and sent to the Committee on Agriculture.

Soon after this resolution was received by the Illinois delegation in Washington I drew up the following rough draft of a bill and sent copies of it to some of the newspaper men and leading farmers in my State. The rough draft of the bill reads as follows:

#### A BILL FOR THE RELIEF OF AGRICULTURE

That the Secretary of the Treasury shall be authorized to pay an export bounty out of any money in the United States Treasury not otherwise appropriated on all wheat, corn, oats, hogs, and cattle and their products, exported to foreign countries, equal to the import tariffs on such commodities.

The Secretary of the Treasury shall require every person producing wheat, corn, oats, hogs, and cattle to file a report with the Secretary of the Treasury, each stating the amount in bushels or pounds, as the commodity may be marketed, such person has sold during the year.

The grain exchanges, known as contract markets, sending out daily market quotations based on world supply and demand, shall add to the price of said grain the import tariff on said grain, which shall be the price offered. The livestock exchanges shall do the same with hogs and cattle.

The Secretary of Agriculture shall furnish the Secretary of the Treasury such statistics and data as he may require and the Secretary of Agriculture is able to furnish.

The Secretary of the Treasury shall collect from all persons in the United States producing wheat, corn, oats, cattle, and hogs an excise tax on sales of such commodities equal to the export bounty paid by the Government on the above-named commodities, each individual commodity taxed to pay the export bounty on that particular commodity. The Secretary of the Treasury shall determine the amount of excise tax to be paid by the producers of each commodity, and is hereby authorized to use any bureau or agency now operating in the Department of the Treasury to carry out the provisions of this act.

Manufacturers or processors who export commodities manufactured or processed direct from wheat, corn, oats, cattle, or hogs, who receive a bounty from the Secretary of the Treasury for their exportable surplus, shall comply with the same terms as the producers of the raw material for the payment of excise tax to pay the export bounty.

On December 14, 1925, in replying to an inquiry from a county agent in my district asking for a copy of this rough draft of bill I sent him a copy of my proposed bill and used the following language:

I do not like this foolish chatter of the Wallace farmer that if we can not get the tariff to work on farm products we export, then repeal the tariff on manufactured products.

I as a young farmer carrying a \$5,000 debt in the early nineties produced wheat, corn, oats, cattle, and hogs under a low tariff; our working men idle; no money to buy; our home market gone; and I sold corn as low as 18 cents per bushel; wheat at 48 cents; hogs at \$2.75 per hundred. Of course a dollar brought more then than now, but it took over 300 bushels of corn to pay for a warm wagon then; for



three or four years it required unremitting toil and close economy, more than I see practiced now, to break even, and some years we lost money.

I for one am opposed to put our farmers against free trade and a home market gone, but work on some possible scheme that is sound and that will enable, if possible, to compete with the farmers in foreign countries with cheap labor and cheap lands through the operation of a tariff the same as we protect our labor and manufactures against the importation of cheap goods produced by cheap labor in other lands.

I am not thinking that this idea will get Congress overimpressed, but will bring to its attention some concrete idea for consideration that I think will have a tendency to bring other interests to the council table and seriously consider the relationship of one activity to the other and work out some program if possible that will keep the door of opportunity open to the farmer boy. I shall approach the problem with an open mind and use what little influence I may have to further any scheme that I think will help agriculture and oppose that which I think unsound and work out to the disadvantage of the farmer in the long run.

You will see the Republican delegation from Illinois was on the job, and I here apologize to my distinguished colleague [Mr. ARNOLD] for not advising him as to what was being done. Knowing him as I do, I am quite well satisfied he would not have made the statement heretofore referred to in the CONGRESSIONAL RECORD if he had been advised as to what was being done.

In the last Republican national platform we find the following language:

We favor adequate tariff protection to such of our agricultural products as are threatened by foreign competition.

We favor, without putting the Government into business, the establishment of a Federal system of organization for cooperative marketing of farm products.

The vigorous efforts of this administration toward broadening our exports market will be continued. The Republican Party pledges itself to the development and enactment of measures which will place the agricultural interests of America on a basis of economic equality with other industry to insure its prosperity and success.

The present tariff law contains an elastic provision authorizing the President to increase or decrease present schedules not in excess of 50 per cent to meet the difference in cost of production at home and abroad.

The farmer finds himself competing with other industries for labor which is higher than in other countries because our tariff laws make other countries who sell the products of their industries here pay a tariff high enough to protect our wage earners. The farmer with his high-paid protected labor and with his high-priced land must market his surplus in foreign importing countries in competition with the products of cheap labor and cheap lands of South America, Australia, New Zealand, Russia, India, or any other country which exports any farm products. Naturally they can afford to undersell us and will do so. The American farmer must do one of three things: First, not produce any exportable surplus of any farm products; second, reduce his standard of living to the same level as other countries with which he competes on the world's markets; third, or have the Republican Party redeem its pledge, referred to above, and make our protective tariff law function so as to protect his exportable surplus that he must necessarily market in competition with cheaper land and cheaper labor.

The tariff duty other countries pay us for the privilege of selling in our markets is a protective tariff according to the Republican theory of a tariff if that is true, and it protects the worker in the factory and its owner. The same money might well be used to protect the farm owner and his laborer, so he could make a fair and equitable exchange of commodities of the farm for the manufacturers' commodities and the surplus protected when sold abroad the same as the factories are protected here.

I am introducing to-day in this House a bill that proposes to make more effective the operation of the protective tariff on agricultural products that we have an exportable surplus of, such as wheat, corn, oats, rice, tobacco, cotton, and livestock, and by-products manufactured from the same. For the want of a more appropriate name I would call it the "Debenture plan."

The rough draft of the bill I gave out to the press was looked into by some gentleman as to the legality of such a scheme and drew this bill that I have introduced, using the debenture plan instead of the excise-tax plan to make our present tariff laws function in the interest of the farmer. After investigation this same authority submitted the following as to the workings of the debenture plan and to show that the plan was in line with sound Federal administration:

A farm-surplus plan based on Government experience in several countries is afforded in the export equalization debenture system. This plan avoids price fixing, monopoly, excise taxes payable by farmers, or direct doles or loans from the Treasury, assistance inconsistent with the dignity and independence of farmers, and other policies inconsistent with the methods and results desirable in Federal action.

This plan is not a relief plan and does not offend the dignity of the farmer. It gives agriculture only such relief as is the result of an equalization to which the national importance of the food supply affords justification. This justification exists quite apart from the question of equities to which farmers feel entitled as a result of the import duties, immigration restriction, and other cost-raising and demand-restraining policies of this country and of other countries. Import tariffs designed to prevent American grain from being consumed in some European countries are aspects of the problem. So, also, is the condition arising from the fact that competing grain growers in other exporting countries, such as Canada, Argentina, and Australia, have had less national restriction of immigration to keep wages high and less import tariff protection on commodities farmers buy. Commercial independence, for example, is not so vigorously sought in some countries which compete with the United States in grain exportation.

This plan does not involve the probability of successful attack upon its constitutionality. The unconstitutionality of the sugar bounty in the McKinley tariff law rested upon grounds not involved in the present equalization debenture plan. In this plan there is no compulsory cooperation of individual producers involved to invite attacks under important clauses of the Constitution of the United States. Debentures analogous to those involved in this plan, that is to say, tariff drawback certificates, stood without successful attack under our Constitution throughout their long history. When superseded, considerations of constitutionality were not involved.

This plan meets a need of the West and South which commands fairly clear recognition even in those parts of the more highly industrialized East where the import tariff system is felt to be endangered when not warmly supported in the upper Mississippi Valley. This plan can only operate behind an import tariff wall. Otherwise products would be imported for reexportation merely to obtain the debentures. This plan makes the abandonment of the import tariff system not only unlikely so far as the eye can see but makes the import tariff system highly essential to the accomplishment of ends which the debentures attain. This end is the realization of price advantages for farmers as a result of the import tariff system plus the debenture system.

Economic equalization in behalf of agriculture can be less successfully sought by reduction of import tariff if this plan is put into effect. The lower Mississippi Valley can obtain debenture benefits only by turning to import tariffs on its own products sold upon world markets.

In summary, the following considerations stand out:

1. The debenture plan is humiliating to none of the leaders in the present discussion of the farm-surplus problem.
2. The debenture plan affords the administration with a vivid new basis for appealing to support for the existing tariff system on a basis not of compromise but of progress toward equalization of benefits from Federal commercial policies.
3. The debenture plan, being an adjunct of the import tariff system, can be administered by the existing machinery afforded by the customs service with very little expansion of personnel.
4. The debenture plan occasions no offense to those holding the strictest views as to administrative ethics because it avoids monopoly, price-fixing, taxes on a special class, and direct doles from the Treasury.
5. The benefits of the debenture plan exceed the direct cost to the Government in a manner analogous to that proved in our own experience with import tariffs.
6. The debenture plan inflicts no tax or special way of doing business upon any farmer.
7. The debenture plan has the experience of other countries to warrant its being regarded as a tried system.
8. The debenture plan throws no one out of business and does not put the Government into business.
9. The debenture plan affords cooperative associations opportunities consistent with sound public administration.
10. The debenture plan brings substantial benefits in the way of increased prices, and they are essential to stability in many agricultural areas now politically and economically disaffected.
11. Under the debenture plan, if it ever becomes necessary or advisable to reduce the debenture rates, such a reduction can be effected without disturbing the then existing import tariff rates.
12. The debenture plan can satisfy without disrupting.

It is time that full advantage be taken of world experience, with other features of port and boundary-line administration, than those which have hitherto monopolized consideration in the United States. This experience points to a plan which improves upon the earlier systems of export bounties in the light of improvements in Europe with the certificate or debenture plan.



Mr. CRAMTON. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. BURTON, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 6107, the Department of the Interior appropriation bill, and had come to no resolution thereon.

#### THE REVENUE

Mr. WAINWRIGHT. Mr. Speaker, I ask unanimous consent to extend by remarks in the Record on the revenue bill. I frankly confess that I had overlooked the expiration of the time.

The SPEAKER. The gentleman from New York asks unanimous consent to extend his remarks in the Record on the revenue bill. Is there objection?

There was no objection.

Mr. WAINWRIGHT. Mr. Speaker, to one who vividly recalls the atmosphere of partisanship and rancor under which the revenue bill of 1924 was debated, the general spirit which has pervaded this debate comes as a welcome relief. To think that a great committee of this House can bring in what will probably prove the paramount measure of this session, at least for this House, with a well-nigh unanimous report, indicates the more temperate spirit now prevailing, not only here but in the country, augurs well for the future, and will advance somewhat that blessed day when none will be for party and all will be for the State. It certainly foreshadows the passage of the bill without a party division. For this result the country is in the main indebted to the farsightedness, patient effort, sound judgment, and tact of the distinguished chairman of the committee, the gentleman from Iowa [Mr. GREEN], ably assisted by my brilliant colleague from New York [Mr. MILLS] and the dynamic, sparkling, and resourceful gentleman from Texas [Mr. GARNER]. All honor to them and to their associates on the committee.

That the revenue act of 1924 was not satisfactory to the country may well be inferred from the fact that the President, who took strong exception to so many of its features, was returned to office by an overwhelming majority, and that the very features he condemned have been, in effect, corrected or eliminated in this bill, namely, the oppressive and unreasonable surtax rates imposed in the higher brackets of the income and the estate taxes, the gift tax, and the inquisitorial and un-American publicity clause. To be sure, there was in that bill a reduction from 50 to 40 per cent in the highest surtax rate; there had been even higher rates, for which the only excuse had been the exigency of the war and the postwar period.

The peace conditions to which we had returned, with an abundant surplus in the Treasury, demanded a return to normal rates of personal income taxation. Not only was the surtax lowered but little, but the estate tax, a form of taxation hitherto resorted to by the Federal Government only for war purposes, was actually raised from 25 to 40 per cent in the highest bracket. As the President declared, in signing the bill, to which he was constrained by the exigencies of the situation, that measure as a permanent expression of Government fiscal policy contained provisions which were not only unsatisfactory, but harmful to the future of the country, an opinion apparently shared by the overwhelming mass of the people. And the President then expressed the hope that such defects would be corrected and "a bill less political and more economic" might be passed at this session. By the passage of this measure, as it has come from the committee, that hope will be abundantly realized, and we well know that the result has only been made possible by the new surplus in the Treasury, induced not only from the prosperity this country is enjoying, but by the rigid economy put into effect by this administration and the Congress.

Now, what are the main features, Mr. Speaker, in which the unsatisfactory revenue act of 1924 will be corrected by this bill, if it becomes the law?

It raises the present exemption from income tax from \$1,000 for a single person and \$2,500 for a married person to \$1,500 for a single person and \$3,500 for a married person, retaining the present additional exemption of \$400 for each dependent not capable of self-support and under 18 years of age.

It raises the amount for which the taxpayer may be credited or allowed on account of earned income—meaning thereby wages, salaries, professional fees, and other amounts received as compensation for personal services—from \$10,000 to \$20,000, 25 per cent upon the full amount of the aggregate of the normal tax and the surtax being allowed on such earned in-

come, the first \$5,000 of income being deemed or counted as earned, whether or not such be the fact.

It reduces the normal tax from 2 per cent upon the first \$4,000 of taxed income to 1½ per cent, from 4 per cent upon the next \$4,000 of taxed income to 3 per cent, and on the remainder of the taxed income, that is, all above \$8,000, from 6 per cent to 5 per cent.

It maintains the same scale of surtax rates up to \$44,000 of income—that is, starting at 1 per cent on all income in excess of \$10,000 and rising gradually and progressively to \$44,000—but from \$44,000 on the rates in the scale begin to fall progressively, reaching 20 per cent on all income over \$100,000, as against 37 per cent on all income over \$100,000 and up to \$200,000, under the present law, under which also the rate beyond \$100,000 of income mounts progressively to a maximum rate of 40 per cent on all income over \$500,000.

It makes no reduction in the normal tax on income of corporations now standing at 12½ per cent.

It changes the scale of rates of the estate tax in the following manner: It leaves unchanged the present exemption from taxation of all the net estate up to \$50,000, and the present rate of 1 per cent on the next \$50,000, 2 per cent on the next \$50,000, and 3 per cent on the next \$50,000 up to \$150,000; but beginning at \$150,000 the rates provided in the bill begin to fall progressively until they reach a final rate of 20 per cent on all net estates over \$10,000,000, as against a final rate of 40 per cent on all over \$10,000,000 imposed by the present law. It, however, increases the credit to be allowed upon this Federal tax of the amounts of any legacy, inheritance, or succession taxes paid on account of any property of the estate to any State or Territory, from the present allowance of not to exceed 25 per cent, to not to exceed 80 per cent, of the Federal tax.

It repeals the tax on gifts imposed by the present law at the same scale of rates as the estate tax.

It reduces materially the tax on cigars and on distilled alcohol.

It repeals most of the so-called nuisance taxes, including the taxes on motor trucks, tires, parts and accessories, works of art, jewelry, and on deeds and conveyances, except that in the case of automobiles it reduces the tax from 5 to 3 per cent.

It is estimated to reduce the Federal taxes of the taxpayers of this country by something over \$325,736,000, of which \$193,575,000 comes off the personal income tax bill.

But what concerns each individual taxpayer principally is how this bill if enacted into law will affect his or her own personal income tax bill.

First, by raising the personal exemptions it is estimated that approximately 2,300,000 persons now paying an income tax will be relieved from the payment of any income tax, at a saving to such taxpayers of \$42,000,000.

Next, I know of no better manner of supplying the information which each individual income-tax payer will desire to have with reference to his or her own tax than by referring him or her to the valuable tables compiled by the gentleman from Oregon [Mr. HAWLEY], one of the members of the Ways and Means Committee, showing the difference in the total amounts of income tax under the present law and under the proposed law which a married person without dependents will have to pay with the earned income allowance of \$10,000 under the present law and \$20,000 under the proposed law, all being considered as earned:

#### ACT OF 1924

TABLE 1.—Married persons, with no dependents, with the earned income allowance of \$10,000 all being considered as earned

Net income	Normal tax	Total surtax for each bracket	Total tax	Per cent tax is of net income
\$4,000	\$22.50		\$22.50	0.56
5,000	37.50		37.50	.75
6,000	52.50		52.50	.88
7,000	75.00		75.00	1.07
8,000	105.00		105.00	1.31
9,000	135.00		135.00	1.50
10,000	165.00		165.00	1.65
11,000	215.00	\$10.00	225.00	2.05
12,000	275.00	20.00	295.00	2.46
13,000	335.00	30.00	365.00	2.81
14,000	395.00	40.00	435.00	3.11
15,000	455.00	60.00	515.00	3.43
16,000	515.00	80.00	595.00	3.72
18,000	635.00	140.00	775.00	4.30
20,000	755.00	220.00	975.00	4.88
22,000	875.00	320.00	1,195.00	5.43
24,000	995.00	440.00	1,435.00	5.98
26,000	1,115.00	580.00	1,695.00	6.52
28,000	1,235.00	740.00	1,975.00	7.05
30,000	1,355.00	920.00	2,275.00	7.58



TABLE 1.—Married persons, with no dependents, etc.—Continued

Net income	Normal tax	Total surtax for each bracket	Total tax	Per cent tax is of net income
\$32,000	\$1,475.00	\$1,120.00	\$2,595.00	8.10
34,000	1,595.00	1,320.00	2,915.00	8.57
36,000	1,715.00	1,540.00	3,255.00	9.04
38,000	1,835.00	1,780.00	3,615.00	9.51
40,000	1,955.00	2,040.00	3,995.00	9.99
45,000	2,255.00	2,730.00	4,985.00	11.08
50,000	2,555.00	3,540.00	6,095.00	12.19
55,000	2,855.00	4,470.00	7,325.00	13.32
60,000	3,155.00	5,480.00	8,635.00	14.39
70,000	3,755.00	7,780.00	11,535.00	16.48
80,000	4,355.00	10,480.00	14,835.00	18.54
90,000	4,955.00	13,540.00	18,495.00	20.55
100,000	5,555.00	17,020.00	22,575.00	22.58
200,000	11,555.00	54,020.00	65,575.00	32.79
300,000	17,555.00	92,020.00	109,575.00	36.53
500,000	29,555.00	170,020.00	199,575.00	39.92
1,000,000	59,555.00	370,020.00	429,575.00	42.96
2,000,000	119,555.00	770,020.00	889,575.00	44.48
3,000,000	179,555.00	1,170,020.00	1,349,575.00	44.99
4,000,000	239,555.00	1,570,020.00	1,809,575.00	45.24
5,000,000	299,555.00	1,970,020.00	2,269,575.00	45.39

## PROPOSED BILL, H. R. 1

TABLE 2.—Married persons having no dependents, with the earned income allowance of \$20,000 all being considered as earned

Net income	Surtax rate	Normal tax	Total surtax for each bracket	Total tax	Per cent tax is of net income	Amount by which taxes will be reduced under proposed bill
\$4,000	-----	\$5.63	-----	\$5.63	0.141	\$16.87
5,000	-----	16.88	-----	16.88	.338	20.62
6,000	-----	28.13	-----	28.13	.469	24.37
7,000	-----	39.38	-----	39.38	.563	35.62
8,000	-----	50.63	-----	50.63	.638	46.87
9,000	-----	61.88	-----	61.88	.703	58.12
10,000	-----	73.13	-----	73.13	.757	69.37
11,000	1	123.75	\$7.50	131.25	1.193	93.75
12,000	1	153.75	15.00	168.75	1.406	126.25
13,000	1	191.25	22.50	213.75	1.644	151.25
14,000	1	228.75	30.00	258.75	1.848	176.25
15,000	2	266.25	45.00	311.25	2.075	203.75
16,000	2	303.75	60.00	363.75	2.273	231.25
18,000	3	378.75	105.00	483.75	2.687	291.25
20,000	4	453.75	165.00	618.75	3.094	356.25
22,000	5	528.75	265.00	793.75	3.601	421.25
24,000	6	603.75	365.00	968.75	4.023	486.25
26,000	7	678.75	465.00	1,143.75	4.396	551.25
28,000	8	753.75	565.00	1,318.75	4.718	616.25
30,000	9	828.75	665.00	1,493.75	4.979	681.25
32,000	10	903.75	765.00	1,668.75	5.221	746.25
34,000	10	1,033.75	1,065.00	2,098.75	6.162	881.25
36,000	11	1,163.75	1,265.00	2,428.75	6.746	1,016.25
38,000	12	1,293.75	1,465.00	2,758.75	7.261	1,151.25
40,000	13	1,423.75	1,665.00	3,088.75	7.718	1,286.25
45,000	14	1,703.75	2,065.00	3,768.75	8.368	1,566.25
50,000	15	1,983.75	2,465.00	4,448.75	8.897	1,846.25
55,000	16	2,263.75	2,865.00	5,128.75	9.328	2,126.25
60,000	16	2,543.75	3,265.00	5,808.75	9.687	2,406.25
70,000	17	2,923.75	3,665.00	6,588.75	9.994	2,686.25
80,000	18	3,303.75	4,065.00	7,368.75	10.221	2,966.25
90,000	19	3,683.75	4,465.00	8,148.75	10.396	3,246.25
100,000	19	4,063.75	4,865.00	8,928.75	10.541	3,526.25
200,000	20	9,453.75	12,305.00	21,758.75	10.88	23,816.25
300,000	20	14,453.75	19,305.00	33,758.75	11.25	35,816.25
500,000	20	24,453.75	32,305.00	56,758.75	11.35	57,816.25
1,000,000	20	49,453.75	64,305.00	113,758.75	11.35	113,816.25
2,000,000	20	98,953.75	128,605.00	227,558.75	11.35	227,816.25
3,000,000	20	148,453.75	192,905.00	340,358.75	11.35	340,616.25
4,000,000	20	197,953.75	257,205.00	455,158.75	11.35	455,416.25
5,000,000	20	247,453.75	321,505.00	568,958.75	11.35	569,216.25

In the same manner the desired information as to the new rates proposed for the Federal estate tax by this bill is well supplied by the table in that regard also prepared by the gentleman from Oregon [Mr. HAWLEY]:

TABLE 10.—Estate tax

Estate	Exemption	Net estate	Taxable amount in each bracket	Rate (per cent)	Tax in each bracket	Total tax	Total tax (per cent)
\$50,000	\$50,000	-----	0	0	0	0	0
100,000	50,000	\$50,000	\$50,000	1	\$500	\$500	0.5
150,000	50,000	100,000	50,000	2	1,000	1,500	1.5
250,000	50,000	200,000	100,000	3	3,000	4,500	2.25
450,000	50,000	400,000	200,000	4	8,000	12,500	3.125
650,000	50,000	600,000	200,000	5	10,000	22,500	3.75
850,000	50,000	800,000	200,000	6	12,000	34,500	4.3125
1,050,000	50,000	1,000,000	200,000	7	14,000	48,500	4.85
1,550,000	50,000	1,500,000	500,000	8	40,000	88,500	5.9
2,050,000	50,000	2,000,000	500,000	9	45,000	133,500	6.675
2,550,000	50,000	2,500,000	500,000	10	50,000	183,500	7.34
3,050,000	50,000	3,000,000	500,000	11	55,000	238,500	7.95

TABLE 10.—Estate tax—Continued

Estate	Exemption	Net estate	Taxable amount in each bracket	Rate (per cent)	Tax in each bracket	Total tax	Total tax (per cent)
\$3,550,000	\$50,000	\$3,500,000	\$500,000	12	\$60,000	\$298,500	8.53
4,050,000	50,000	4,000,000	500,000	13	65,000	363,500	9.0875
5,050,000	50,000	5,000,000	1,000,000	14	140,000	503,500	10.70
6,050,000	50,000	6,000,000	1,000,000	15	150,000	653,500	10.89
7,050,000	50,000	7,000,000	1,000,000	16	160,000	813,500	11.62
8,050,000	50,000	8,000,000	1,000,000	17	170,000	983,500	12.3
9,050,000	50,000	9,000,000	1,000,000	18	180,000	1,163,500	12.93
10,050,000	50,000	10,000,000	1,000,000	19	190,000	1,353,500	13.535
15,050,000	50,000	15,000,000	5,000,000	20	1,000,000	2,353,500	15.69
20,050,000	50,000	20,000,000	5,000,000	20	1,000,000	3,353,500	16.75

Mr. Speaker, in the course of this debate it appears to me that many gentlemen have quite misconceived the purpose of a revenue bill. Its sole purpose should be the raising of the necessary revenue to meet the expenses of the Government. It should not be employed as a vehicle to bring about socialistic schemes of curbing wealth or limiting fortunes or accomplishing other results foreign to the raising of revenue—certainly not until the people have indicated to us in no uncertain way, or in some way, which they have failed thus far to do, that it is their desire to embark upon a road hitherto so foreign to the genius of our people or the purpose of our institutions. When gentlemen avow that we should raise the surtax rates and the estate-tax rates provided in this bill, so as to deter the amassing of great wealth or the accumulations of fortunes beyond a certain amount, I say that this is not the time or the way to accomplish that end. Our inquiry should be limited to the sole consideration: Does the bill hold out the prospect of raising or taking from the people all the revenue required for the expenses of the Government? Is it framed so as to extract from them the necessary revenue in the fairest manner possible with the least possible hardship, disturbance, and inconvenience to them or to their business?

As the President has just told us in his annual message—

No right exists to levy on a dollar, or to order the expenditure of a dollar, of the money of the people except for a necessary public purpose duly authorized by the Constitution. The power over the purse is the power over liberty.

I firmly believe that the overwhelming mass of our people, our plain, fair, American people, will assent to the proposition that in a time of profound peace, we go far enough when we take 20 per cent off the income of any man during his life, and 20 per cent off his estate after his death, especially when we take into account the income and estate taxes imposed by the States. Our people in the main are not animated by motives of envy or hatred of wealth as such, or by any malicious desire to share in the fair accumulations of some who are more favored by opportunity or ability than others, or to take from such or their estates an undue share of that which under the law and wronging no one they have justly accumulated. This is not Soviet Russia; our people are not bolshevist, but with few and unimportant exceptions Americans, wedded to the principles of law and justice, private property, and political economy, which have made their country great.

Much has been made in this debate that the bill fails to provide any reduction in surtax rates or income between \$10,000 and \$40,000. The explanation we have received from the committee is that incomes in these brackets had received greater proportionate reductions in former years, and that no change is made in order to rectify and equalize these rates with others not so favored in former laws. Also, it has been pointed out that these taxpayers do receive substantial reductions and benefits not only in the lowering of the normal rate and the initial exemptions, but in the increased exemption as to their earned incomes. This seems fair and reasonable, and in any event, Mr. Speaker, we should accept the conclusions of the committee in this regard.

As has been so frequently said in the course of this debate, this is a compromise measure. Undoubtedly each one of us can find in it some feature from which he individually dissents. Personally, I wish the bill provided for the entire repeal of the Federal estate tax. That is a source of revenue which, in my judgment, should be entirely relinquished to the States, except as it may be drawn upon to meet the exigencies of war. The avowed purpose for its retention is not to provide revenue, but through the rebate provision to induce the States to unify their inheritance or succession tax rates and systems. Also, I doubt the wisdom of raising the amounts of the personal exemption, feeling that the exemptions fixed by the 1924 act are wiser and should not be disturbed. Nevertheless, in view of its vastly

fairer rates, its great improvement in so many respects over the act of 1924, I certainly can give this measure my ungrudging support, especially as I feel confident that if enacted it will give general satisfaction to the country.

Indeed, and in conclusion, Mr. Speaker, may I say that as one of the small group in the last House who finally voted against the 1924 revenue bill on account of its estate and gift tax features and its publicity clause, I shall take great satisfaction in voting for this bill.

#### MONUMENT ON WHITE PLAINS BATTLE FIELD

Mr. LUCE. Mr. Speaker, I ask unanimous consent that the bill (H. R. 3990) for the erection of a monument upon the Revolutionary battle field of White Plains, N. Y., be recommitted to the Committee on the Library.

The SPEAKER. The gentleman from Massachusetts asks unanimous consent that the bill H. R. 3990 be recommitted to the Committee on the Library. Is there objection?

Mr. OLDFIELD. Reserving the right to object, is that by unanimous consent of the Committee on the Library?

Mr. LUCE. As far as I am aware.

Mr. OLDFIELD. Has the gentleman taken it up with the Democratic members of the committee?

Mr. LUCE. I spoke to one of the Democratic members, and he had no objection.

The SPEAKER. Is there objection?

There was no objection.

#### REGISTRATION OF ALIENS

Mr. CELLER. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by printing a speech I made before the Brooklyn Chamber of Commerce on the subject of the registration of aliens.

The SPEAKER. Is there objection to the request of the gentleman from New York?

There was no objection.

Mr. CELLER. Mr. Speaker, most of the bills introduced to register aliens provide for a compulsory yearly registration of aliens upon the payment of a fee of \$5 or more, under penalty or fine of \$25 for each year's failure to register, together with the extreme penalty of deportation in suitable cases.

I am opposed to such a yearly registration for the following reasons:

First. Any such bill would bear the characteristics of Prussianism in its meanest form. A real police espionage system is embodied therein. The alien would be under constant surveillance; otherwise how could the Government tell whether the 7,000,000 aliens had registered? They would be stopped on the street. Their homes would be invaded. Their getting up and lying down would be watched. The Secretary of Labor sugar-coated the proposition by saying that school-teachers and postmasters could do the registering. But the enforcement of this compulsory system is just as essential. Without proper enforcement we would have another prohibition farce. There is the rub. A vast army of inspectors would be necessary to check up so many persons—7,000,000. They would make life miserable for the alien. There would be fertile fields for oppression and graft. The alien flying from the European gendarmes now runs into an American gendarme.

Second. Such a law would be violative of the spirit of the Constitution. It violates because of its discriminatory nature, Article XIV, section 1, of the United States Constitution, which guarantees equal protection of the law of all persons, citizens, and noncitizens. A similar bill was declared unconstitutional in California, and while we have one Secretary of the President's Cabinet, Mr. Davis, Secretary of Labor, advocating it, another Secretary of the President's Cabinet, while a member of the Supreme Court of the State of California, namely, Mr. Wilbur, Secretary of the Navy, declared the law to be unconstitutional.

Third. This bill does violence to every treaty solemnly entered into with foreign powers. Since such a treaty is, by the Constitution, the supreme law of the land, the proposed measure ought to be, if, indeed, it is not, unconstitutional.

Fourth. It would increase bureaucracy. Large machinery of thousands of political officeholders would be made necessary to enforce the statute. It would be provocative of ill will among over 7,000,000 aliens. The alien resents being tagged and set aside as a class. At the present time only criminals are so treated, and the alien would resent being treated as a criminal. Registration would not detect criminals or anarchists, as it is claimed. They would register—they would be too slick not to.

Fifth. The Secretary of Labor claims that it would help Americanize the alien by educating him. I fail to see how mere registration could bring about education. Most of our illiteracy

is not among the aliens. It is among our natives. United States census figures of 1920 show that nearly two-thirds of our total American illiteracy is to be found among white and negro native-born inhabitants. If education is the goal, then register everyone—alien and citizen alike. Secretary of Labor Davis is the best example of progress of an unschooled child of an unlettered father in a country which did not register aliens. He is exhibit 1, as evidence of the success of nonregistration. His life as an alien and that of his father were unmolested by the governmental registration espionage, and he thereby became Secretary of Labor. Alexander Hamilton, in Washington's Cabinet; Oscar Strauss, in Roosevelt's Cabinet; Franklin D. Lane, in Wilson's Cabinet, were all nonregistered aliens. You can not Americanize by inspiring fear and dread. The alien fears registration as he fears a plague. Mr. Davis says registration would be the means of gathering aliens together, and by exhibitions, movies, lectures, etc., we could Americanize them. I counter by observing this, you can not Americanize by pictures and dumb shows, nor by flag waving or anthem singing. Americanization is a gradual process. It is unperceptible, like the changing of dawn into day, but the consequences of registration would impede the progress and make the alien mistrustful. He would not attend the shows and the lectures.

Sixth. Citizens would be in danger. An inspector could pounce upon anyone and demand that he be given proof of citizenship. One-half of the citizens of the United States today are unable to produce any record of birth. (See hearing before Commissioner of Immigration, serial 10, October 19 to November 22, 1921, pages 1124-1125.) What is to prevent an unscrupulous inspector from taking hold of a citizen thus handicapped and demanding that he register. If he can not produce evidence of his citizenship the conclusion is inescapable that he is an alien, and he would thus be innocently subjected to penalties under this act.

Seventh. Registration would not prevent smuggling or bootlegging of aliens. Only proper border control can do that. Why should peaceful aliens who are here now pay such a costly price for the sake of aliens who smuggle their way in and who are comparatively few. In truth and in fact, Secretary of Labor Davis grossly exaggerates the number of aliens surreptitiously entering the United States. The Nation's Business, the organ of the United States Chamber of Commerce, states that the current news stories of immigrant bootlegging are inspired by the agitation of the registration of aliens, and is mere propaganda.

Eighth. Registration would only be an entering wedge for further indignities. Police Commissioner Enright is now demanding that all citizens be fingerprinted.

Ninth. The American Federation of Labor is on record as being opposed to this measure, as is the International Institute of Young Men's Christian Association, Board of National Missions of the Presbyterian Church, the foreign-language press, Jane Addams, Julia G. Lathrop, Edith Abbott, Louis Marshall, and all liberal-minded men and women. The United States Chamber of Commerce has refused to go on record as being in favor of registration of aliens.

Tenth. It is claimed that the said registration of aliens would break up foreign colonization in the big cities. There is less herding in cities of to-day than ever before. There were more aliens congregating in cities in Lincoln's time than in Coolidge's time. The alien population in Brooklyn in 1860 was 30.20, and in 1920 it was 33 per cent. The alien population in Manhattan and the Bronx in 1860 was 47.62; to-day it is 36.1 per cent. Thirty-three out of 44 principal cities listed in the 1860 census had more foreign born in 1860 than in 1920. (See speech of Congressman JACOBSTEIN, CONGRESSIONAL RECORD, April 8, 1924.) There has always been herding in cities by natives as well as by aliens. Registration will not prevent this herding.

Eleventh. Our previous experience with registration of aliens was disastrous. The alien and sedition laws, which provided for registration, caused from twenty to twenty-five thousand French aliens to leave the country through fear of consequences thereof. Many humble aliens were harassed, oppressed, and punished unjustly (see American Historic Association Reports of 1912), and as a result the Federalist Party was swept from power. The Chinese registration of 1892, which placed untold power over the Chinese alien in the hands of inspectors, resulted in the greatest amount of oppression and corruption. (See Chinese Immigration, by Mary Roberts Coolidge, p. 331; also see Max J. Kohler's interesting pamphlet *The Registration of Aliens a Dangerous Project*.)

Twelfth. To let loose a horde of registration inspectors and give them power of penalizing and deporting some seven million inhabitants, would open wide the door to all manner



and kinds of graft and chicanery. We are not unmindful of our bitter experience with venal prohibition officers. In this connection, and in order to show how difficult it is to procure honest enforcement officials, let me point out that the Commissioner of Internal Revenue testified before a Senate committee on March 19, 1924, that during the preceding three years no fewer than 796 Federal officials in the income-tax service had been removed from office because of discovered graft on their part. How much greater would be the opportunities for graft among poor, ignorant, unregistered aliens?

Thirteenth. Secretary of Labor Davis speaks of registration in grandiose manner, and hints that the alien would gladly embrace it. He is much mistaken, and lulls himself into a false sense of security. The entire foreign language press vehemently protests against it. In fact the alien is strongly distressed at the present time, because the quota law divides families—separates husbands from their wives, and children from their parents. The administration must reestablish confidence in the heart of the alien—confidence which the present quota law destroyed. When Mr. Davis says that registration is a good thing for the alien, they fear the Greeks bearing gifts.

Fourteenth. The registration law provides no statute of limitations. Failure to register could be raised 25 years from now, and illegal entry 20 years ago could be the means of immediate deportation. Aliens thus firmly established here for many years, could be torn from the bosom of their families and sent hence.

The following letter is self-explanatory:

EXECUTIVE COUNCIL,  
AMERICAN FEDERATION OF LABOR,  
Washington, D. C.

HON. EMANUEL CELLER,  
House Office Building, Washington, D. C.

SIR: Your letter of December 14 in relation to the registration of aliens received.

The American Federation of Labor is emphatically opposed to the registration of aliens.

The convention held at Atlantic City October 5-16, 1925, adopted the following:

"The American Federation of Labor heartily commends the executive council for having so sharply and pertinently called public attention to this highly obnoxious measure (the Aswell bill), which would, if enacted into law, mean the adoption by our Government of the spying practices of private detective agencies.

"The potential danger of the principle embodied in this bill is very great. It has all of the elements of a strike-crushing, union-breaking proposal.

"It is inconceivable that the American Congress will seriously consider legalizing an elaborate system of espionage such as this measure contemplates, nevertheless we earnestly urge upon the executive council a continuation of its opposition, so that this dangerous proposition, antiunion and anti-American in principle, will not be written into law."

This declaration was adopted by unanimous vote.

Yours respectfully,

WM. GREEN,  
President American Federation of Labor.

#### DEPARTMENT OF THE INTERIOR APPROPRIATION BILL

Mr. CRAMTON. Mr. Speaker, general debate has been completed so far as the members of the committee are aware except for such statements as the gentleman from Oklahoma [Mr. CARTER], the ranking minority member, and myself may desire to make, and also a statement by the gentleman from South Dakota [Mr. WILLIAMSON]. I therefore ask unanimous consent that further general debate on the Interior Department appropriation bill be limited to 95 minutes, of which 40 minutes shall go to the gentleman from Oklahoma [Mr. CARTER], 40 minutes to myself, and 15 minutes to the gentleman from South Dakota [Mr. WILLIAMSON].

The SPEAKER. The gentleman from Michigan asks unanimous consent that further general debate on the Interior Department appropriation bill be limited to 95 minutes, of which the gentleman from Michigan shall have 40 minutes, the gentleman from Oklahoma [Mr. CARTER] 40 minutes, and the gentleman from South Dakota 15 minutes. Is there objection?

There was no objection.

#### ADJOURNMENT

Mr. CRAMTON. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 5 minutes p. m.) the House adjourned until to-morrow, Friday, January 8, 1926, at 12 o'clock noon.

#### EXECUTIVE COMMUNICATIONS, ETC.

258. Under clause 2 of Rule XXIV, a letter from the Secretary of the Interior, transmitting report of the board of survey and adjustments appointed to carry into effect the provisions of subsection K of section 4 of the second deficiency act, fiscal year 1924, approved December 5, 1924 (H. Doc. No. 201), was taken from the Speaker's table, referred to the Committee on Irrigation and Reclamation, and ordered to be printed.

#### REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. CRISP: Committee on Ways and Means. H. R. 6772. A bill to authorize the settlement of the indebtedness of the Kingdom of Rumania to the United States of America; without amendment (Rept. No. 46). Referred to the Committee of the Whole House on the state of the Union.

Mr. CRISP: Committee on Ways and Means. H. R. 6774. A bill to authorize the settlement of the indebtedness of the Government of the Kingdom of Belgium to the Government of the United States of America; without amendment (Rept. No. 47). Referred to the Committee of the Whole House on the state of the Union.

Mr. CRISP: Committee on Ways and Means. H. R. 6775. A bill to authorize the settlement of the indebtedness of the Republic of Esthonia to the United States of America; without amendment (Rept. No. 48). Referred to the Committee of the Whole House on the state of the Union.

Mr. CRISP: Committee on Ways and Means. H. R. 6776. A bill to authorize the settlement of the indebtedness of the Government of the Republic of Latvia to the Government of the United States of America; without amendment (Rept. No. 49). Referred to the Committee of the Whole House on the state of the Union.

Mr. CRISP: Committee on Ways and Means. H. R. 6777. A bill to authorize the settlement of the indebtedness of the Czechoslovak Republic to the United States of America; without amendment (Rept. No. 50). Referred to the Committee of the Whole House on the state of the Union.

Mr. ZIHLMAN: Committee on the District of Columbia. H. R. 4785. A bill to enable the Rock Creek and Potomac Parkway Commission to complete the acquisition of the land authorized to be acquired by the public buildings appropriation act, approved March 4, 1913, for the connecting parkway between Rock Creek Park, the Zoological Park, and Potomac Park; with amendments (Rept. No. 52). Referred to the Committee of the Whole House on the state of the Union.

Mr. MORIN: Committee on Military Affairs. H. Res. 66. A resolution directing the Secretary of War to transmit to the House of Representatives a copy of the letter of the Secretary of War to the President of the United States; without amendment (Rept. No. 53). Referred to the House Calendar.

Mr. UNDERHILL: Committee on the District of Columbia. H. R. 4812. A bill to amend an act entitled "An act making it a misdemeanor in the District of Columbia to abandon or willfully neglect to provide for the support and maintenance by any person of his wife or his or her minor children in destitute or necessitous circumstances," approved March 23, 1906; with amendments (Rept. No. 54). Referred to the House Calendar.

Mr. HASTINGS: Committee on Indian Affairs. H. R. 6727. A bill to authorize the Secretary of the Interior to issue certificates of competency removing the restrictions against alienation on the inherited lands of the Kansas or Kaw Indians in Oklahoma; without amendment (Rept. No. 55). Referred to the House Calendar.

Mr. BARKLEY: Committee on Interstate and Foreign Commerce. H. R. 4440. A bill granting the consent of Congress to the board of supervisors of Clarke County, Miss., to construct a bridge across the Chunky River, in the State of Mississippi; without amendment (Rept. No. 57). Referred to the House Calendar.

Mr. BARKLEY: Committee on Interstate and Foreign Commerce. H. R. 4441. A bill granting the consent of Congress to the board of supervisors of Neshoba County, Miss., to construct a bridge across the Pearl River in the State of Mississippi; without amendment (Rept. No. 58). Referred to the House Calendar.

Mr. HILL of Maryland. Committee on Military Affairs. S. 1129. An act authorizing the use for permanent construction at military posts of the proceeds from the sale of surplus War Department real property, and authorizing the sale of certain military reservations, and for other purposes; with amendments (Rept. No. 59). Referred to the Committee of the Whole House on the state of the Union.

## REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS

Under clause 2 of Rule XIII,

Mr. SPEAKS: Committee on Military Affairs. H. R. 4835. A bill to remove the charge of desertion from the records of the War Department standing against William J. Dunlap; without amendment (Rept. No. 51). Referred to the Committee of the Whole House.

Mr. SANDERS of Texas: Committee on Naval Affairs. H. R. 2703. A bill granting six months' pay to Anton Kunz, father of Joseph Anthony Kunz, deceased, machinist's mate, first class, United States Navy, in active service; without amendment (Rept. No. 56). Referred to the Committee of the Whole House.

## CHANGE OF REFERENCE

Under clause 2 of Rule XXII, committees were discharged from the consideration of the following bills, which were referred as follows:

A bill (H. R. 5558) granting an increase of pension to John E. Root; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 6083) granting an increase of pension to William B. Raper; Committee on Invalid Pensions discharged, and referred to the Committee on Pensions.

A bill (H. R. 6514) granting a pension to the officers and soldiers who served in the West Virginia State troops in the late Civil War; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 6682) granting an increase of pension to Samantha J. Vincent; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

A bill (H. R. 4107) granting a pension to Amanda Koons; Committee on Pensions discharged, and referred to the Committee on Invalid Pensions.

## PUBLIC BILLS AND RESOLUTIONS

Under clause 3 of Rule XXII, public bills and resolutions were introduced and severally referred as follows:

By Mr. BOWLING: A bill (H. R. 7059) for the purchase of a site and the erection of a public building at Prattville, Ala.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7060) for the purchase of a site and the erection of a public building at Alexander City, Ala.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7061) for the purchase of a site and the erection of a public building at Roanoke, Ala.; to the Committee on Public Buildings and Grounds.

By Mr. EDWARDS: A bill (H. R. 7062) to preserve Fort Pulaski, near Savannah, in Chatham County, Ga., as a national military memorial park, account of its historic interest in Revolutionary times and since; to the Committee on Military Affairs.

By Mr. ROMJUE: A bill (H. R. 7063) to amend section 8 of an act entitled, "An act for preventing the manufacture, sale, or transportation of adulterated or misbranded or poisonous or deleterious foods, drugs, medicines, and liquors, and for regulating traffic therein, and for other purposes," approved June 30, 1906, amended August 23, 1912, March 3, 1913, and July 24, 1919; to the Committee on Interstate and Foreign Commerce.

By Mr. HAMMER: A bill (H. R. 7064) to purchase a site for the erection of a post-office building and to erect a post-office building thereon in the city of Laurinburg, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7065) to purchase a site for the erection of a post-office building and to erect a post-office building thereon in the city of Rockingham, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7066) to purchase a site for the erection of a post-office building and to erect a post-office building thereon in the city of Hamlet, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7067) to purchase a site for the erection of a post-office building and to erect a post-office building thereon in the city of Sanford, N. C.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7068) to increase the appropriation for the purchase of a post-office site in the city of Rockingham, N. C.; to the Committee on Public Buildings and Grounds.

By Mr. HUDDLESTON: A bill (H. R. 7069) providing for a site and public building for a post-office at Fairfield, Ala.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7070) to enlarge and add an additional story upon the Federal building at Birmingham, Ala.; to the Committee on Public Buildings and Grounds.

By Mr. STEAGALL: A bill (H. R. 7071) for the erection of a Federal building at Union Springs, Bullock County, Ala.; to the Committee on Public Buildings and Grounds.

By Mr. KEMP: A bill (H. R. 7072) providing for the purchase of a site and the erection of a public building thereon at Ponchatoula, Tangipahoa Parish, La.; to the Committee on Public Buildings and Grounds.

By Mr. RAKER: A bill (H. R. 7073) increasing the limit of cost of a public building and site at Red Bluff, Tehama County, Calif.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 7074) making appropriation to complete the public building at Red Bluff, Tehama County, Calif.; to the Committee on Appropriations.

Also, a bill (H. R. 7075) to provide compensation in lieu of taxes for the several States with respect to certain lands of the United States within the borders of said States, and for other purposes; to the Committee on the Public Lands.

Also, a bill (H. R. 7076) to amend the act of June 29, 1906 (34 Stat. L. pt. 1, p. 596), as amended in sections 16, 17, and 19 by the act of Congress approved March 4, 1909 (35 Stat. L. pt. 1, p. 830); by the act of Congress approved March 4, 1913 (37 Stat. L. pt. 1, p. 736), creating the Department of Labor; by the act of Congress approved May 9, 1918 (Public, No. 144, 65th Cong., 2d sess.); and by the act of Congress approved September 22, 1922 (U. S. Stats. pt. 1, ch. 411, p. 1021, 67th Cong., 2d sess.); to the Committee on Immigration and Naturalization.

By Mrs. KAHN: A bill (H. R. 7077) to provide for the remodeling and improvement of the United States appraisers stores building at San Francisco, Calif.; to the Committee on Public Buildings and Grounds.

By Mr. BACON: A bill (H. R. 7078) authorizing increases in the commissioned personnel of the Regular Army to provide additional instructors for the National Guard, Officers' Reserve Corps, Reserve Officers' Training Corps, and citizens military training camps, and to increase the efficiency of the Regular Army; to the Committee on Military Affairs.

By Mr. TAYLOR of Tennessee: A bill (H. R. 7079) to provide a site and erect a public building thereon at Jefferson City, Tenn.; to the Committee on Public Buildings and Grounds.

By Mr. WILLIAMS of Illinois: A bill (H. R. 7080) authorizing an appropriation of \$100,000 for the improvement of the harbor and levee on the Ohio River at Shawneetown, Ill.; to the Committee on Rivers and Harbors.

By Mr. STRONG of Kansas: A bill (H. R. 7081) to authorize reimbursement of the government of the Philippine Islands for maintaining alien crews prior to April 6, 1917; to the Committee on War Claims.

By Mr. MILLS: A bill (H. R. 7082) to amend the World War adjusted compensation act; to the Committee on Ways and Means.

By Mr. LEAVITT: A bill (H. R. 7083) authorizing the sale and conveyance of certain lands on the Kaw Reservation in Oklahoma; to the Committee on Indian Affairs.

By Mr. SMITH: A bill (H. R. 7084) for the relief of Chris A. Chulufas, William Alexander, Frank M. Clark, George V. Welch, Grant W. Newton, William T. Hughes, Nellie L. Tandy, Lucy V. Nelson, Frank A. Gummer, Charles E. Mulliken, Leo M. Rusk, Fred Falkenburg, Meary E. Kelly, William C. Hall, Rufus L. Stewart, Hugo H. Ahlff, Paul J. Linster, Ruida Daniel, Faye F. Mitchell, Dollie Miller, Alfred Anderson, Gustavus M. Rhoden, Marie L. Dumbauld, estate of Fred Moody, deceased; to the Committee on Claims.

By Mr. HOUSTON: A bill (H. R. 7085) to provide for the purchase of a site and the erection thereon of a post-office building at Georgetown, Del.; to the Committee on Public Buildings and Grounds.

By Mr. MONTGOMERY: A bill (H. R. 7086) providing for repairs, improvements, and new buildings at the Seneca Indian School at Wyandotte, Okla.; to the Committee on Indian Affairs.

By Mr. VESTAL: A bill (H. R. 7087) amending the statutes of the United States as to procedure in the Patent Office and in the courts with regard to the granting of letters patent for inventions and with regard to interfering patents; to the Committee on Patents.

By Mr. SEARS of Nebraska: A bill (H. R. 7088) for the sale of the military reservation of Fort Omaha, Nebr.; to the Committee on Military Affairs.

By Mr. PERLMAN: A bill (H. R. 7089) to amend the immigration act of 1924; to the Committee on Immigration and Naturalization.



By Mr. ELLIS: A bill (H. R. 7090) to accord certain Army officers, retired for physical disability, afterwards detailed to active duty, defined rank, pay, and allowances; to the Committee on Military Affairs.

By Mr. FAIRCHILD: A bill (H. R. 7091) providing for non-commissioned officers' retirement under certain conditions; to the Committee on Military Affairs.

By Mr. GARBER: A bill (H. R. 7092) to amend the interstate commerce act; to the Committee on Interstate and Foreign Commerce.

By Mr. DEAL (by request): A bill (H. R. 7093) granting the consent of Congress to O. Emmerson Smith, F. F. Priest, W. P. Jordan, H. W. West, C. M. Jordan, and G. Hubbard Massey to construct, maintain, and operate a bridge across the southern branch of the Elizabeth River at or near the cities of Norfolk and Portsmouth, in the county of Norfolk, in the State of Virginia; to the Committee on Interstate and Foreign Commerce.

By Mr. BROWNE: A bill (H. R. 7094) to authorize allotments of land to Indians of the Menominee Reservation in Wisconsin, and for other purposes; to the Committee on Indian Affairs.

By Mr. JARRETT: A bill (H. R. 7095) to authorize and provide for the construction, maintenance, and operation of a railway and railway system for the transportation of passengers, freight, mail, and for other purposes in the districts of South Hilo, North Hilo, Puna, and Kau, island of Hawaii; to the Committee on the Territories.

Also, a bill (H. R. 7096) to authorize and provide for the manufacture, maintenance, distribution, and supply of electric current for light and power within Kapaa and Waipuli, in the district of Kawaihau, on the island and county of Kauai, Territory of Hawaii; to the Committee on the Territories.

By Mr. McDUFFIE: A bill (H. R. 7097) to amend section 4 of the immigration act of July 1, 1925; to the Committee on Immigration and Naturalization.

By Mr. MORIN: A bill (H. R. 7098) to amend the provision relating to the sale of ordnance and ordnance stores to the Republic of Cuba, contained in the act of August 29, 1916 (39 Stat., p. 643); to the Committee on Military Affairs.

Also, a bill (H. R. 7099) to amend that provision of the act approved March 3, 1879 (20 Stat. p. 412), relating to the issue of arms and ammunition for the protection of public money and property; to the Committee on Military Affairs.

By Mr. BARKLEY: A bill (H. R. 7100) reducing the duty on cotton manufactures; to the Committee on Ways and Means.

Also, a bill (H. R. 7101) reducing the duty on iron, steel, and manufactures thereon; to the Committee on Ways and Means.

Also, a bill (H. R. 7102) reducing the duty on wool and manufactures thereof; to the Committee on Ways and Means.

Also, a bill (H. R. 7103) reducing the tariff duty on sugar; to the Committee on Ways and Means.

By Mr. McDUFFIE: A bill (H. R. 7104) to quiet title and possession with respect to certain lands in Baldwin County, Ala.; to the Committee on the Public Lands.

By Mr. BACON: Joint resolution (H. J. Res. 109) authorizing the erection of monuments to Thomas Jefferson and James Madison at the seat of government and authorizing the publication of Madison's debates of the Federal convention and relevant documents in commemoration of the one hundred and fiftieth anniversary of the Declaration of Independence; to the Committee on the Library.

#### PRIVATE BILLS AND RESOLUTIONS

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BACHARACH: A bill (H. R. 7105) granting an increase of pension to Rebecca M. Wilson; to the Committee on Invalid Pensions.

By Mr. BACHMANN: A bill (H. R. 7106) to authorize the appointment of John C. Palmer, 3d, as a second lieutenant on the retired list of the Army; to the Committee on Military Affairs.

By Mr. BOWLING: A bill (H. R. 7107) authorizing the Secretary of the Interior to sell and patent to George M. Bailey certain lands; to the Committee on the Public Lands.

By Mr. CANFIELD: A bill (H. R. 7108) granting a pension to James W. Shaw; to the Committee on Invalid Pensions.

By Mr. CANNON: A bill (H. R. 7109) granting an increase of pension to William B. Yeater; to the Committee on Pensions.

By Mr. CARTER of California: A bill (H. R. 7110) granting a pension to Nancy L. S. Lambert; to the Committee on Invalid Pensions.

By Mr. CHAPMAN: A bill (H. R. 7111) for the relief of Henry C. Davidson; to the Committee on Claims.

By Mr. DEAL: A bill (H. R. 7112) for the relief of J. B. Jones, postmaster, Smithfield, Va.; to the Committee on Claims.

By Mr. DRIVER: A bill (H. R. 7113) for the relief of Ella H. Smith; to the Committee on Claims.

By Mr. ELLIOTT: A bill (H. R. 7114) granting an increase of pension to Mary E. Beltzell; to the Committee on Invalid Pensions.

By Mr. ELLIS: A bill (H. R. 7115) granting an increase of pension to Gertrude Rank; to the Committee on Invalid Pensions.

By Mr. FAIRCHILD: A bill (H. R. 7116) granting a pension to John H. Johnston; to the Committee on Invalid Pensions.

By Mr. ROY G. FITZGERALD: A bill (H. R. 7117) for the relief of Lewis Corfman; to the Committee on Claims.

By Mr. W. T. FITZGERALD: A bill (H. R. 7118) granting a pension to Mary Alice Wright; to the Committee on Invalid Pensions.

By Mr. FORT: A bill (H. R. 7119) for the relief of James Golden, chief master at arms, United States Navy, retired; to the Committee on Naval Affairs.

By Mr. GIBSON: A bill (H. R. 7120) granting a pension to Arthur Baker; to the Committee on Pensions.

Also, a bill (H. R. 7121) granting an increase of pension to Ellen P. Ellis; to the Committee on Invalid Pensions.

By Mr. HULL of Tennessee: A bill (H. R. 7122) granting an increase of pension to Algernon S. Reaves; to the Committee on Pensions.

By Mr. HILL of Washington: A bill (H. R. 7123) for the relief of C. H. Reynolds, assignee of the Bitu-Mass Paving Co., Spokane, Wash.; to the Committee on War Claims.

By Mr. IRWIN: A bill (H. R. 7124) for the relief of James E. Simpson; to the Committee on Claims.

Also, a bill (H. R. 7125) granting an increase of pension to Sophia Bristline; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7126) granting an increase of pension to Louisa Daniels; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7127) granting a pension to Mary J. Woolbridge; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7128) granting a pension to Barney Hammel; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7129) granting a pension to Nancy J. Garland; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7130) granting a pension to Rilda A. Redding; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7131) granting a pension to Sarah A. Eckstein; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7132) granting a pension to Mary M. File; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7133) granting a pension to George A. Walton; to the Committee on Pensions.

By Mr. JAMES: A bill (H. R. 7134) for the relief of Henry T. Hill; to the Committee on War Claims.

By Mr. JENKINS: A bill (H. R. 7135) granting an increase of pension to Virginia Lamborn Grosvenor; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7136) granting an increase of pension to Lucy A. Fawcett; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7137) granting an increase of pension to Victoria Pemberton; to the Committee on Invalid Pensions.

By Mr. KIEFNER: A bill (H. R. 7138) granting a pension to Mary A. Kelley; to the Committee on Pensions.

By Mr. LEA of California: A bill (H. R. 7139) for the relief of Chico-Westwood-Susanville Auto Stage Co., Chico, Calif.; to the Committee on Claims.

By Mr. LEHLBACH: A bill (H. R. 7140) for the relief of Edward A. Abbey; to the Committee on Claims.

By Mr. LYON: A bill (H. R. 7141) granting a pension to Edward Stanley; to the Committee on Pensions.

By Mr. McFADDEN: A bill (H. R. 7142) for the relief of Perley Morse & Co.; to the Committee on Claims.

By Mr. McKEOWN: A bill (H. R. 7143) granting an increase of pension to Susanna Cutshaw; to the Committee on Invalid Pensions.

By Mr. MENGES: A bill (H. R. 7144) granting an increase of pension to Elizabeth Ann Wilkinson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7145) granting an increase of pension to Mary E. Wolford; to the Committee on Invalid Pensions.

By Mr. MONTGOMERY: A bill (H. R. 7146) for the relief of William L. Trott; to the Committee on Military Affairs.

By Mr. RAINEY: A bill (H. R. 7147) granting a pension to Etta Van Zant; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7148) granting a pension to Lucinda Belle Burbridge; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7149) granting a pension to Elizabeth Tysinger; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7150) granting a pension to Charles Booth; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7151) granting a pension to Mary Amonett; to the Committee on Invalid Pensions.

By Mr. RAKER: A bill (H. R. 7152) for the relief of Lilly O. Dyer; to the Committee on Foreign Affairs.

By Mr. REECE: A bill (H. R. 7153) authorizing the President to appoint J. H. S. Morison to the position and rank of major, Medical Corps, in the United States Army; to the Committee on Military Affairs.

By Mr. REID of Illinois: A bill (H. R. 7154) for the relief of Joliet Forge Co., Joliet, Ill.; to the Committee on Claims.

By Mr. ROBSON of Kentucky: A bill (H. R. 7155) granting an increase of pension to Emily Robinson; to the Committee on Invalid Pensions.

By Mr. SANDERS of New York: A bill (H. R. 7156) for the relief of Maurice E. Kinsey; to the Committee on Claims.

By Mr. SNELL: A bill (H. R. 7157) granting an increase of pension to Myra B. Hall; to the Committee on Invalid Pensions.

By Mr. SOMERS of New York: A bill (H. R. 7158) granting a pension to Annie Coughlin; to the Committee on Invalid Pensions.

By Mr. SPEAKS: A bill (H. R. 7159) granting an increase of pension to Mary C. Morton; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7160) granting an increase of pension to Sarah C. Stites; to the Committee on Invalid Pensions.

Also, a bill (H. R. 7161) granting an increase of pension to Annie Evans; to the Committee on Invalid Pensions.

By Mr. TABER: A bill (H. R. 7162) granting an increase of pension to Mary E. Ferguson; to the Committee on Invalid Pensions.

By Mr. TAYLOR of Tennessee: A bill (H. R. 7163) granting an increase of pension to Thomas M. Woods; to the Committee on Pensions.

Also, a bill (H. R. 7164) granting an increase of pension to Thomas E. Shehan; to the Committee on Pensions.

Also, a bill (H. R. 7165) granting a pension to Patrick S. Horton; to the Committee on Pensions.

Also, a bill (H. R. 7166) granting a pension to Jennie Creswell; to the Committee on Invalid Pensions.

By Mr. TAYLOR of West Virginia: A bill (H. R. 7167) granting a pension to M. F. Larrison; to the Committee on Pensions.

By Mr. SUTHERLAND: A bill (H. R. 7168) for the relief of the owner of schooner *Sentinel*; to the Committee on Claims.

By Mr. UNDERWOOD: A bill (H. R. 7169) granting a pension to Edward H. Packer; to the Committee on Pensions.

By Mr. WATSON: A bill (H. R. 7170) for the relief of Josiah Ogden Hoffman; to the Committee on Naval Affairs.

#### PETITIONS, ETC.

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

285. By Mr. CARSS: Petition of the Federated Trades Assembly of Duluth, Minn., protesting the proposed Bread Trust combination; to the Committee on Interstate and Foreign Commerce.

286. By Mr. CARTER of California: Petition of the New Orleans Cotton Exchange, in reference to the supply of farm labor in the cotton States; to the Committee on Immigration and Naturalization.

287. By Mr. FULLER: Petition of the Illinois Press Association, opposing the printing of stamped envelopes by the Government; to the Committee on the Post Office and Post Roads.

288. Also, petition of the Illinois Press Association, protesting against the printing of return cards on Government stamped envelopes; to the Committee on the Post Office and Post Roads.

289. Also, petition of J. M. Wells Post, No. 451, Department of Ohio, Grand Army of the Republic, urging prompt action by Congress to increase the pensions of Civil War veterans and widows; to the Committee on Invalid Pensions.

290. Also, petition of George Leland Edgerton Camp, No. 32, United Spanish War Veterans, Beaver Dam, Wis., favoring enactment of H. R. 98, for the relief of veterans of the Spanish War; to the Committee on Pensions.

291. Also, petition of Mathia Klein & Sons, of Chicago, protesting against the present postal rates; to the Committee on the Post Office and Post Roads.

292. By Mr. KIESS: Evidence in support of H. R. 1907, granting an increase of pension to Esther E. Wheeler; to the Committee on Invalid Pensions.

293. By Mr. REECE: Petition of Lieut. H. L. McCorkle Camp, No. 2, United Spanish War Veterans, National Sanatorium, Tenn., in behalf of Senate bill 98; to the Committee on Pensions.

294. By Mr. SNELL: Petition for scientific inspection of a device for preventing ships of any size and type from sinking, protected by United States patent 1355656, October 12, 1920, and named Anythistos, and the adoption of same by the proper naval authorities for the benefit of the American marine; to the Committee on Naval Affairs.

295. By Mr. SWARTZ: Evidence in support of H. R. 5650, for the relief of Mrs. Lizzie Shuman; to the Committee on Invalid Pensions.

#### SENATE

FRIDAY, January 8, 1926

(Legislative day of Thursday, January 7, 1926)

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

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

The VICE PRESIDENT. The clerk will call the roll.

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

Bayard	Fess	King	Schall
Blease	Fletcher	La Follette	Sheppard
Borah	Frazier	Lenroot	Shipstead
Bratton	George	McKellar	Shortridge
Brookhart	Gerry	McKinley	Simmons
Broussard	Gillett	McLean	Smith
Bruce	Glass	McMaster	Smoot
Butler	Goff	McNary	Stanfield
Cameron	Gooding	Mayfield	Stephens
Capper	Greene	Means	Swanson
Caraway	Hale	Metcalf	Trammell
Copeland	Harrell	Neely	Tyson
Couzens	Harris	Norris	Wadsworth
Curtis	Harrison	Oddie	Walsh
Dale	Heflin	Overman	Warren
Deneen	Howell	Pepper	Watson
Dill	Johnson	Pine	Wheeler
Edge	Jones, N. Mex.	Reed, Mo.	Williams
Edwards	Jones, Wash.	Robinson, Ark.	Willis
Fernald	Kendrick	Robinson, Ind.	
Ferris	Keyes	Sackett	

The VICE PRESIDENT. Eighty-two Senators having answered to their names, a quorum is present.

#### REPORT OF CHESAPEAKE & POTOMAC TELEPHONE CO.

The VICE PRESIDENT laid before the Senate a communication from the president of the Chesapeake & Potomac Telephone Co., transmitting, pursuant to law, the annual report of that company for the year 1925 (the month of December being estimated), which was referred to the Committee on the District of Columbia.

#### PETITIONS AND MEMORIALS

Mr. WILLIS presented resolutions adopted at a mass meeting held in the Hippodrome Theater at Marietta, Ohio, under the auspices of the Ministerial Association of that city, favoring the participation of the United States in the Permanent Court of International Justice, which were ordered to lie on the table.

He also presented the memorial of Julia Vansky and sundry other citizens of Columbus, Ohio, remonstrating against affiliation of the United States with the League of Nations or participation in the Permanent Court of International Justice, which was ordered to lie on the table.

He also presented a petition of sundry citizens in the State of Ohio, praying for the repeal of the so-called war tax on industrial alcohol used in the manufacture of medicines, home remedies, and flavoring extracts, which was referred to the Committee on Finance.

#### ENLARGEMENT OF THE CAPITOL GROUNDS

Mr. FERNALD, from the Committee on Public Buildings and Grounds, to which was referred the bill (S. 2005) for the enlargement of the Capitol Grounds, reported it without amendment and submitted a report (No. 21) thereon.

#### BILLS INTRODUCED

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