SENATE.

THURSDAY, *January 7, 1915.*

(Legislative day of Wednesday, January 6, 1915.)

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

ANNIVERSARY OF BATTLE OF NEW ORLEANS.

Mr. THORNTON. Mr. President, on yesterday I submitted a concurrent resolution expressing the sense of Congress in connection with the celebration of the Battle of New Orleans tomorrow. That resolution ordinarily would have come up automatically this morning, but on account of there being a recess from yesterday, I presume it will be necessary to ask unanimous consent to call up the resolution at this time and dispose of it. It will not consume over five minutes of the time of the Senate.

The PRESIDENT pro tempore. Unless there is objection, the request of the Senator from Louisiana will be granted. The Chair hears none. The Secretary will read the concurrent resolution.

The Secretary read Senate concurrent resolution No. 35, submitted yesterday by Mr. THORNTON, as follows:

Whereas the General Assembly of the State of Louisiana for the year 1914 provided by act No. 144 for a fitting celebration of the one hundredth anniversary of the Battle of New Orleans, intrusting the execution of the provisions of said act to the Louisiana Historical Society; and

Whereas, in accordance with said act, invitations have been extended to the respective presiding officers and the Members of the Congress of the United States to attend these commemorative exercises to be held in the city of New Orleans on January 8, 9, and 10, 1915: Therefore be it

Resolved by the Senate (the House of Representatives concurring), That the Congress of the United States acknowledges with pleasure the receipt of said invitations and appreciates the courtesy thus extended.

Resolved further, That the Congress of the United States commends the patriotic spirit that has prompted the people of Louisiana to celebrate properly the great victory achieved on the field of Chalmette by American arms under the leadership of Andrew Jackson, and rejoices in the heroic valor displayed by friend and foe alike in that memorable conflict.

Resolved further, That a copy of this resolution be transmitted to the governor of Louisiana, the mayor of New Orleans, and the Louisiana Historical Society.

Mr. THORNTON. Mr. President, 100 years less one day ago, within sight of the city of New Orleans, was fought the last battle of the War of 1812 between the United States and Great Britain.

It was a battle which, considering the great inequality of the forces engaged, both in point of numbers and of military training and the tremendous disparity between the losses on the two sides, deserves to be classed among the most remarkable in the annals of military warfare.

Less than 4,000 Americans, new and untrained levies from Tennessee, Kentucky, and Louisiana, with a company from Mississippi, aided by about a thousand Regular and a ship's crew of gallant New England sailors, who had fought their ship against overpowering odds until she was destroyed and then served with the land forces, and a detachment of Lafitte's pirate band, who although outlawed by Louisiana on account of their crimes, yet sought and received permission to fight against the foreign invaders of her soil, repulsed the repeated and determined assaults of 10,000 trained British veterans, who had greatly distinguished themselves in the recent Napoleonic wars, and who with their officers were as brave a body of soldiers as the world then knew, with a loss of about a dozen on the American to about 3,000 on the British side.

On that memorable day when the sharp crack of the backwoodsmen's rifles mingling with the roar of the cannon commanded by Dominique Yew, the lieutenant of Lafitte, wrought such fearful havoc in the enemy's ranks, a bright and undying luster was shed on American soldiers and on their commander on that field, Gen. Andrew Jackson, whose great military genius combined with his wonderful energy and skill in organizing the American forces made the great victory possible.

Since that time the State of Louisiana has celebrated this battle on each recurring yearly anniversary and has made the day a legal holiday throughout her borders.

On this hundredth anniversary she seeks to celebrate it with unusual display, and has asked and been promised the cooperation of the land and naval forces of the United States, and has invited the President and the Congress to participate in the ceremonies at New Orleans in commemoration of an event that should be a source of pride to Americans everywhere.

I ask for the adoption of the concurrent resolution.

The PRESIDENT pro tempore. Unless there is objection the concurrent resolution will be agreed to. The Chair hears none, and it is agreed to.

RED LAKE INDIAN FOREST.

Mr. NELSON. I ask unanimous consent to introduce a bill, and that it be referred to the Committee on Indian Affairs.

The PRESIDENT pro tempore. Without objection, the bill will be received and referred to the Committee on Indian Affairs.

The bill (S. 7179) to provide for the establishment of a forest reserve within the Red Lake Indian Reservation, Minn., was read twice by its title and referred to the Committee on Indian Affairs.

THE MERCHANT MARINE.

The PRESIDENT pro tempore. The Senate resumes the consideration of Senate bill 6856, the so-called shipping bill.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 6856) to authorize the United States, acting through a shipping board, to subscribe to the capital stock of a corporation to be organized under the laws of the United States or of a State thereof, or of the District of Columbia, to purchase, construct, equip, maintain, and operate merchant vessels in the foreign trade of the United States, and for other purposes.

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

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

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

Ashurst	Fletcher	Perkins	Smoot
Bryan	Gallinger	Ransdell	Thomas
Burton	Martine, N. J.	Robinson	Thornton
Clarke, Ark.	Nelson	Sherman	Vardaman
Cummins	Overman	Smith, Ga.	Williams.
Dillingham	Page	Smith, Md.	

Mr. MARTINE of New Jersey. I was requested to announce the unavoidable absence, owing to illness in his family, of the Senator from West Virginia [Mr. CHILTON], and also to state that he is paired with the Senator from New Mexico [Mr. FALL]. This announcement may stand for the day.

Mr. ASHURST. I wish to announce that both the senior Senator from Oregon [Mr. CHAMBERLAIN] and the junior Senator from Oregon [Mr. LANE] are detained from the Senate on official business.

I further desire to announce that my colleague [Mr. SMITH of Arizona] is unavoidably absent, and that in his absence he is paired with the senior Senator from Connecticut [Mr. BRANDEGEE].

In order to save time I shall not repeat this announcement, but will let it stand for the day.

Mr. SMITH of Georgia. I wish to announce the necessary absence from the city of the junior Senator from Indiana [Mr. KERN]. This announcement I wish to continue for the day.

Mr. OVERMAN. I desire to announce that my colleague [Mr. SIMMONS] is absent on account of sickness. I will let this announcement stand for the day.

The PRESIDENT pro tempore. Twenty-three Senators have answered to their names. A quorum of the Senate is not present. The Secretary will call the roll of the absentees.

The Secretary called the names of the absent Senators, and Mr. CULBERSON, Mr. GRONNA, Mr. JOHNSON, Mr. NORRIS, Mr. ROOT, Mr. SMITH of South Carolina, Mr. STERLING, Mr. STONE, and Mr. WHITE answered to their names when called.

Mr. CLAPP, Mr. MCCUMBER, and Mr. POMERENE entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Thirty-five Senators have answered to their names. A quorum of the Senate is still not present. What is the pleasure of the Senators present?

Mr. SMITH of Georgia. I move that the Sergeant at Arms be directed to request the attendance of absent Senators.

The motion was agreed to.

The PRESIDENT pro tempore. The Sergeant at Arms will take due notice and enforce the order.

Mr. LA FOLLETTE, Mr. O'GORMAN, Mr. CAMDEN, Mr. BRADY, Mr. JONES, and Mr. MYERS entered the Chamber and answered to their names.

Mr. HARDWICK, Mr. WORKS, Mr. WALSH, Mr. TOWNSEND, Mr. TILLMAN, Mr. GORE, Mr. SUTHERLAND, and Mr. SAULSBURY entered the Chamber and answered to their names.

The PRESIDENT pro tempore. Forty-nine Senators having answered to their names, a quorum of the Senate is present.

Mr. FLETCHER. Mr. President, as I understand, the parliamentary situation is that Senate bill 6856 is under consideration, and that the adoption of the amendment offered by the committee in the nature of a substitute is the pending question?

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The PRESIDENT pro tempore. A substitute under our rules is practically a motion to strike out and insert; it constitutes two questions. The friends of the original text of the bill may perfect it, if they so desire, before the question is put on the adoption of the substitute; but if no amendment shall be offered to the original bill, the question will be on the adoption of the substitute. The bill is before the Senate as in Committee of the Whole and open to amendment. No amendment having been offered to the original text, the question is on the adoption of the substitute.

Mr. THOMAS obtained the floor.

Mr. BURTON. Then, Mr. President, I understand the pending question is on the adoption of the substitute offered yesterday for the bill originally reported?

The PRESIDENT pro tempore. The Senator from Ohio is correct.

Mr. BURTON. I desire to discuss that.

Mr. THOMAS. Who has the floor, Mr. President?

The PRESIDENT pro tempore. The Senator from Colorado has been recognized for the present. The Chair will recognize the Senator from Ohio when the Senator from Colorado concludes.

Mr. THOMAS. Mr. President, during the discussion of Senate resolution 512 on yesterday the senior Senator from New York [Mr. ROOT] sent to the desk an order of the Treasury Department bearing date of October 28, 1914, which was, by his request, read into the RECORD. The Senator then briefly but severely criticized the order, which I will read into the RECORD. The Senator said:

Mr. President, at a time when, under the admitted law of nations, when under the law as it is agreed upon by both the United States and Great Britain, Great Britain was justified in stopping and searching vessels for contraband, this Treasury order imposes secrecy upon the cargoes of vessels sailing from our ports, necessarily creating a suspicion, necessarily involving the honest cargoes in the same interference, delay, inconvenience, and injury which will be visited upon clandestine attempts to introduce contraband. Let us know why that was done, and let us have a resolution, not interfering with the resolution of the Senator from Georgia for the purpose, but adopting that, and then let us have a resolution that will cover this whole ground and find out why all honest American commerce has been blackened by a Treasury order which creates suspicion regarding it.

Mr. President, the order against which this criticism was directed is very brief. It is dated the 28th of October, 1914, is directed to collectors and other officers of customs, and is as follows:

Until further directed you will refrain from making public or giving out to any other than duly authorized officers of the Government information regarding any and all outward cargoes and the destination thereof until 30 days after the date of the clearance of the vessel or vessels carrying such cargoes.

Of course, Mr. President, under the statute, manifests of outward-bound cargoes are required to be filed with customs officers and by them transmitted to the Statistical Bureau, the primary if not the only purpose being to inform that bureau of the nature of the shipments which constitute our exports. That has been done ever since the statute was enacted; and, although the literal requirement of the law is that the filing of the manifests shall precede or accompany the commencement of the voyage, it has been the custom until recently to permit them to be filed four days after the voyage has begun, that being for the interest and the convenience of the shippers themselves. This privilege, however, was on the 10th day of August last revoked by a departmental order, permitting vessels to clear only after compliance with the statute.

For many years a press bureau interested in the subject has been given access to these manifests to secure such statistical information, excepting the names of consignor and consignee, as might be desired and for general information; a bureau which, of course, serves a very important and desirable purpose.

That practice continued until the 28th day of October last, shortly before which the New York Merchants' Association, at the solicitation of some of its members, requested of the Government that information concerning these manifests be withheld for a period of two or three weeks after the vessel had begun its voyage. The Secretary of Commerce being in the city of New York on the 27th day of October conferred with the officers of this association concerning the subject. As a result of the conference the Secretary sent a telegram to the President of the United States, the substance of which was that his attention had been brought by the Merchants' Association of New York to the fact that published manifests showing details of cargoes were constantly utilized by official representatives of belligerent powers to inform their Governments concerning the nature of such cargoes, thus prompting their capture or detention; that this had resulted in the serious delay of neutral cargoes, thereby adversely affecting American shippers, and that it had been suggested by the association that the publication of the details of manifests be suspended for two or three weeks after the sailing, and requesting early consideration of the subject.

This matter was at once brought to the attention of the Treasury Department, with the result that on the succeeding day the order which was the subject of yesterday's discussion was promulgated. Immediately following the promulgation of the order the merchants' association, in the current issue of its official weekly bulletin, published the following statement concerning the order which appears in the New York Journal of Commerce of November 2:

At the instance of the merchants' association the Treasury Department has issued the following statement to all collectors of customs:

"Until further directed you will refrain from making public or giving out to any other than duly authorized officers of the Government information regarding any and all outward cargoes and the destination thereof until 30 days after the date of the clearance of the vessel or vessels carrying such cargoes."

The order was issued by direction of President Wilson, and it is of vital importance to the commerce of the port of New York at this time. Some of the commodities which hitherto have formed a large part of our exports have been declared contraband by the countries at war in Europe. Cargoes containing these commodities have been held up and their delivery to consignees prevented. The result has been that shippers have largely refrained from attempting to send such commodities abroad. The State Department has informed subjects of the United States that they are free to ship contraband articles, even ammunition, to belligerents, but that such shipments must be at the risk of seizure.

It has been the custom in the New York customhouse to make daily announcements of the character and quantity of merchandise leaving this port for foreign countries. Advantage has been taken of this fact by representatives of the countries at war to inform their Governments of shipments of materials which have been declared contraband, the name of the vessel carrying them, and its destination. It has thus been easy for belligerent nations to stop such shipments.

Members of the merchants' association recently brought this situation to the attention of the association, with a request that an effort be made to suspend the practice. The matter was promptly taken up with the authorities at Washington. Mr. S. C. Mead, secretary of the association, communicated with the Department of Commerce, and Secretary Redfield made a personal visit to the headquarters of the association. After going over the situation he telegraphed to President Wilson, suggesting that the rule requiring daily information of shipments to be made public be suspended. Mr. Mead also went to Washington, where he conferred with officials of the State Department and the Secretary of the Treasury. As a result the President's order was issued last Wednesday.

The suspension of the rule under which daily information regarding shipments has been made public is expected to have a stimulating effect upon commerce from this port. The Government orders given by countries at war alone amount to many millions of dollars in this country. In addition, important industries abroad are largely dependent upon raw materials obtained from the United States. Shipments of these articles, when they have been declared contraband, have been almost entirely discontinued.

While the United States has been endeavoring to stimulate foreign trade, at the same time, through operation of the rule now suspended by the Treasury Department, it has been aiding materially in maintaining an embargo upon many articles of commerce which this country is ready and anxious to export. Many of the vessels carrying cargoes from the United States have been held up by patrol vessels of belligerents.

The importance of maintaining a foreign outlet for United States products is seen in the present condition of the cotton market, where the suspension of the foreign demand is causing financial distress throughout the South. Similar conditions exist with regard to other less conspicuous products.

Of course, Mr. President, the effect of this order upon the custom previously and then prevailing, whereby information concerning the shipments and the articles constituting the respective cargoes was given to the public, necessarily aroused antagonism to its operation, not only by the members of the press, but as well by a certain class of brokers and business men concerned in the communication of this information to others. They made their protests to the department, and I presumed that it was due to these protests that the distinguished Senator from New York saw fit to animadvert so severely upon this order. However, it is to be noticed that this embargo upon the publication of the manifests, or of their contents, in no manner affected the consignors or the consignees, or, indeed, the shipowners themselves. All of these were quite as much at liberty to give to the public information concerning their cargoes as they were prior to the time the order itself was made. Hence, its only purpose could be to comply with the convincing arguments of the New York Merchants' Association and comply with its request as far as the Government was convinced that it should do so.

This order, which the Senator declares is one which blackens with suspicion all of our export trade, had its origin in the request of a great mercantile association, the members of which form a part, and a very considerable and prominent part, of the Senator's constituency. I feel very sure that had these facts been within the knowledge of the Senator his objections to the order would at least have been expressed in milder form than was the case. I do not believe the Senator from New York was inspired by any partisan or other motive which I could justly criticize to condemn the action of the Treasury

Department with reference to this order, for I assume that his opinion of its effect was as he stated it to be.

Mr. SUTHERLAND. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Colorado yield to the Senator from Utah?

Mr. THOMAS. I yield.

Mr. SUTHERLAND. Mr. President, I did not hear all the Senator has said about this order, and perhaps he may have already stated what would be an answer to the question I am about to propound. Has it been the custom heretofore to make public these manifests at once?

Mr. THOMAS. It was the custom, up to the 28th day of October, to permit the press bureau identified with the customs department and others to have access to these manifests, and they were permitted to make public the items constituting the cargo and its destination, but without giving the name of the consignor or of the consignee, the restriction being obviously to the interest of those directly identified with the shipment.

Mr. SUTHERLAND. But the information as to what cargo was carried by any particular vessel has heretofore been entirely open to the public?

Mr. THOMAS. With those exceptions; yes.

Mr. SUTHERLAND. With the exception of the name of the consignor and the name of the consignee?

Mr. THOMAS. Yes; and possibly some others.

Mr. SUTHERLAND. Does the Senator know whether or not that custom has ever heretofore been departed from, except in this single instance?

Mr. THOMAS. I do not know positively; but I do not think it has been heretofore departed from, and it is departed from now, not by the initiative of the department, but because of the request formally presented, and afterwards urged upon the consideration of the department, by the New York Merchants' Association.

Mr. SUTHERLAND. Then, let me ask the Senator, further, whether or not the purpose and the effect of the order is to facilitate the trade of a part of our people in contraband articles?

Mr. THOMAS. If the Senator had been here when I read the announcement of the mercantile association, he would have received a much better answer than I can make to the question.

Mr. SUTHERLAND. Unfortunately, while I was in the Chamber, there was so much confusion that I was unable to hear it.

Mr. THOMAS. I shall be very glad, before returning this paper to the Library, to deliver it to the Senator, so that he may read it. I can state, however, that the principal complaint made by the association was that the representatives of belligerent powers were abusing the right of access to these manifests by obtaining and transmitting to their own Governments information as to the nature, character, and destination of the cargoes, thereby interfering with our export trade and resulting in the frequent detention of cargoes bound to neutral ports.

Mr. SUTHERLAND. Of course they could not in any manner bring about any interference with the cargo unless it was contraband, I imagine.

Mr. THOMAS. Not lawfully; but the criticism which the Senator from New York made of this order on yesterday was that by our official action we had blackened with suspicion every cargo leaving an American port. My purpose in referring to the matter this morning is to place upon the RECORD the actual facts which attended the making and promulgation of the order.

Mr. SUTHERLAND. Let me ask the Senator, then, another question.

We have all been informed, through the newspapers and otherwise, that certain shippers have endeavored to conceal in the cargoes articles which were contraband. For example, it has been said that copper has been carried under a load of cotton. It has been said that, in one instance at least, copper bars were painted to represent pigs of iron, and that in other ways concealment has been attempted as to the character of the cargo or some portions of the cargo, so as to conceal the fact that the articles were contraband. Now, if I understand the matter—and I will ask the Senator from Colorado if I am right—the manifest must truly state what is carried in the cargo. The manifest would show, in the instance I have spoken of, notwithstanding the fact that the copper was concealed, that it was actually carried. Now, I ask the Senator whether the effect of that would not be to invite suspicion as to other cargoes than those which actually did contain contraband. When the manifest is held up, so that foreign countries will not have information as to what is being carried, will not that naturally excite more or less suspicion with reference to that as well as other cargoes?

Mr. THOMAS. Mr. President, of course it is true that under the law a manifest should contain a correct description of the various materials going to make up the cargo; but it is, I think, equally clear that if cargoes such as are involved in the Senator's question constitute the contents of any given vessel the very reasons which prompted the peculiar method of transmission would also prompt falsification of the manifest; and, as a consequence, the manifest would give no indication to any person who might inspect it as to that particular fact.

The Senator, however, perhaps overlooks another fact, which, of course, may not be important in connection with the subject matter of his question. That is that this order simply interdicts the giving of information for 30 days by officers of the United States, leaving the shipowner, the shipmaster, the consignor and the consignee just as free as they were before to give all information they may desire, either to the public or to individual inquirers.

Mr. SUTHERLAND. I imagine, however, that if the consignor, the consignee, the shipowner, and the shipmaster were all engaged in helping to carry on contraband trade, none of them would be likely to give information.

Mr. THOMAS. I think that is true. At the same time, the contraband character of the cargo, if concealed, would not be likely to appear in the ship's manifest. But, Mr. President, although I think the order was a good one, and should have been made, it is not my present purpose to defend the order itself so much as to explain and inform the country of the circumstances under which it was promulgated and the association which asked for its promulgation. Inasmuch as it came from one of the oldest, one of the largest, and one of the most influential commercial bodies in the country, the component members of which doubtless belong to all political parties and entertain all shades of political belief, the criticism of the Senator from New York, if it is a sound one, should have been directed to his own constituents, who requested this order, rather than to the officers of the Government who promulgated it at their request.

Generally speaking, the Senator from New York is well informed upon everything he discusses upon this floor. Of course we can not expect perfection in human nature. Even Homer nodded occasionally. Consequently, I can with perfect consistency assume that in this instance there were some things, both of fact and possibly of philosophy, relating to the subject on which the Senator had not been informed.

Mr. SMITH of Georgia. Mr. President, I was interrupted during a part of the Senator's remarks. Has the order been revoked?

Mr. THOMAS. The order has not been revoked.

Mr. SMITH of Georgia. It is still in force?

Mr. THOMAS. It is still in force.

The PRESIDENT pro tempore. The Senator from Ohio [Mr. BURTON] has indicated a purpose to address the Senate at this time.

Mr. WALSH and Mr. CUMMINS addressed the Chair.

Mr. SUTHERLAND. Mr. President, will the Senator from Ohio yield to me for a moment?

Mr. BURTON. Certainly.

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Montana? The Senator from Montana sought recognition first. The Chair will recognize the Senator from Utah in a moment.

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

Mr. WALSH. Mr. President, a week ago I presented to the Senate a resolution asking for certain information from the Department of State in relation to seizures of copper alleged to be contraband. There has not been up to this time an opportunity when I was here to have consideration of the resolution. I apprehend it will give rise to no discussion; and I appeal to the Senator in charge of the bill now before the Senate and to the Senator from Ohio, who has the privilege of the floor at this time, to allow that matter to come up for consideration. I ask unanimous consent for its present consideration.

The PRESIDENT pro tempore. Does the Senator from Ohio yield for the purpose indicated?

Mr. BURTON. Certainly. I take it that it will not require any great amount of time or lead to any lengthy discussion. If it should, I wish to reserve the right to object.

The PRESIDENT pro tempore. Is there objection?

Mr. FLETCHER. I make no objection, Mr. President, the understanding being——

Mr. GALLINGER. Mr. President, I object.

The PRESIDENT pro tempore. Objection is made.

Mr. SUTHERLAND and Mr. CUMMINS addressed the Chair.

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Utah?

Mr. BURTON. Certainly.

Mr. SUTHERLAND. Mr. President, I have no intention of speaking at any length upon the subject which has just been discussed by the Senator from Colorado. I simply want to say a word or two about it. It strikes me that the matter is surrounded with more or less suspicion, to say the least of it.

It has apparently been the custom of the United States heretofore to promptly allow to be made public the shipments which were made from our ports to foreign countries. Outside of what the Senator from Colorado has said about it, my own understanding is that that has been the unbroken custom; and it seems to me, that being so, that this is an unfortunate time, rather than a good time, to introduce the contrary rule.

It has been said that some of the shippers from the United States have been guilty of sharp practices in connection with the shipment of contraband articles; that things that are contraband have been concealed in the cargo in such a way as not to be readily discoverable; and in other instances, as in the case of copper painted so as to look like iron, articles have been made to represent something which they actually were not.

It seems to me that a policy of secrecy, such as this seems to be, is one which of necessity must invite interference from the belligerent powers. Of course, they have a right to intercept the shipment of contraband articles which are intended for another one of the belligerents with which the country that institutes the search is at war; and upon reasonable suspicion they would have a right to undertake to ascertain the fact as to whether or not contraband articles were being carried.

Mr. WALSH. Mr. President——

Mr. SUTHERLAND. Just a moment. When we provide, as seems to be the case here, that no information shall be given for 30 days unless the consignor or consignee chooses to give it, that of itself is more or less a circumstance of suspicion. I yield to the Senator from Montana.

Mr. WALSH. The Senator has referred to clandestine efforts to introduce copper into belligerent territory, and much has been said in rather a general way about the concealment of copper bars in cotton bales and the coloring of copper bars so as to seem like steel rails. Has the Senator any definite information about specific instances of that character that he can lay before the Senate?

Mr. SUTHERLAND. No; I have not. I have no information beyond that which other Members of the Senate have.

Mr. WALSH. I inquired of the Senator because some diligent inquiry on my part has failed to reveal anything in that connection except some general statements of that character without any reference to specific instances at all. I thought possibly the Senator might have definite information.

Mr. SUTHERLAND. I think, however——

Mr. SMITH of Georgia. If the Senator will pardon me——

Mr. SUTHERLAND. I think, however, it is a thing that is quite likely to occur at a time like this. It has occurred in the past, and it is quite likely it will occur under present circumstances. Whether it has occurred or not, this order that is made is certainly calculated to facilitate that kind of practice.

Mr. THOMAS. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Utah yield to the Senator from Colorado?

Mr. SUTHERLAND. I yield to the Senator from Georgia because he rose first.

Mr. SMITH of Georgia. I wish to say to the Senator from Utah, following the suggestion of the Senator from Montana, that cotton shippers have challenged the production of a single instance in which copper was concealed in cotton, and so far the circulators of that rumor have never been able to name the vessel or to produce their evidence. Quite a vigorous effort has been made to induce the designation of the ship and of the cargo. We are satisfied that that part of the report is entirely without foundation.

Mr. SUTHERLAND. Yet the Senator from Georgia knows it has been stated over and over again.

Mr. SMITH of Georgia. Yes; and we have been embarrassed by the statement and we have sought to relieve our shippers from the statement.

While I am on my feet, if the Senator will pardon me, I wish to say that I sympathize with the view that this order does place an additional burden on those who are handling noncontraband goods. While it may help the contraband shipper to get through, it adds to the difficulty of the noncontraband shipper. The policy which has been pursued in the harbors in my own State, with the shipments from which I have been pretty closely connected continuously for the past 60 days, has been not only to tender an exhibit of what the cargo will comprise, but to invite the consuls of the allies to come on board and see that they are either not handling contraband goods or that they are handling them in such a way to neutral countries that should not subject them to interference. They have felt that they were entitled to all possible action before sailing, to relieve their vessels of suspicion.

Mr. THOMAS. Mr. President——

Mr. SUTHERLAND. I yield to the Senator from Colorado.

Mr. THOMAS. I would like to have the Senator from Utah, whose expressions upon this as upon every other subject are very clear and intelligent, inform me in what manner the order which is now under discussion can in any wise affect the practices of which we have had so many rumors. In other words, if a man is disposed to take contraband of war by concealing it, by changing its character and appearance, and by calling it something else, to put his purposes into actual operation, in what manner would the manifest which the statutes of the United States require for statistical purposes either prevent or promote that practice?

Mr. SUTHERLAND. Mr. President, it seems to me that the answer is very clear. These manifests are made, as I understand it, by the shippers, and the cargo is loaded under the supervision to some extent of the officials of the United States. Although I do not know, because I have not examined the subject, but I presume, because it would be a remarkable thing if it were not true, that there must be a more or less severe penalty attached to the making of a false statement as to what the cargo contains.

Mr. THOMAS. Mr. President, I concede that; but a man who will smuggle is a man who will lie, and the man who will take advantage of existing conditions, as many will, for the purpose of smuggling contraband goods either into a neutral or into a belligerent port——

Mr. SUTHERLAND. It is a good deal easier——

Mr. THOMAS. Assuming that it is a violation, and I think the Senator assumes that to some extent, will he not go the step further that is necessary to be taken and in his manifest conceal absolutely the contraband nature of his cargo?

Mr. SUTHERLAND. That does not necessarily follow.

Mr. THOMAS. One hundred dollars' fine amounts to nothing under those circumstances, although he might perhaps subject himself to prosecution for perjury.

Mr. SUTHERLAND. What the Senator from Colorado says does not necessarily follow. Take the article of copper. I will speak of that because we have been speaking of it. That is a bulky article. It is an article that can not be very well loaded in one of our ports without something being known about it at the time it is being loaded. If the manifest is held up, there is no opportunity to know what the manifest itself may show that the cargo contains a shipment of contraband, but there is also the opportunity of concealing it under the shipment of coal, or coal carried as ballast, or under a shipment of cotton or any other articles that may be carried. In other words, it is an additional circumstance which tends to facilitate the dealing upon the part of our people in contraband articles. It helps in that direction; and, as the Senator from Georgia has well said, in addition to that it embarrasses honest shippers by throwing suspicion upon them. Now, if we will pursue our policy of absolute publicity——

Mr. SMITH of Georgia. Mr. President——

Mr. SUTHERLAND. In just a moment. If we will pursue our policy of absolute publicity with reference to these manifests, then foreign countries will take it for granted as a general thing that the manifest thus made public states the truth about the matter; but if we hold it up for a period of 30 days it is likely to invite a greater degree of suspicion and a more frequent holding up of our ships for the purpose of ascertaining the facts with reference to the character of the cargoes which are no longer permitted to be disclosed by the publication of manifests. I yield to the Senator from Georgia.

Mr. SMITH of Georgia. I did not mean to intimate that the shipper of contraband goods was not honest.

Mr. SUTHERLAND. Oh, no; the Senator did not.

Mr. SMITH of Georgia. The Senator's language seemed to imply that I did. He may be perfectly honest; he has the right to ship it, but he ought to ship it under his colors, and he ought not to load down the noncontraband man with contraband colors.

Mr. SUTHERLAND. The Senator from Georgia is quite correct. The use of the word "honest" in that connection is not entirely accurate.

Mr. THOMAS and Mr. WILLIAMS addressed the Chair.

The PRESIDING OFFICER (Mr. POINDEXTER in the chair). Does the Senator from Utah yield, and to whom?

Mr. SUTHERLAND. I yield to the Senator from Colorado.

Mr. THOMAS. The deduction of the Senator from Utah may be perfectly sound, although I do not agree with him. It is not my purpose, however, to discuss that at present. I merely want to ask the Senator whether his criticism should not be directed to the action of the New York Mercantile Association rather than to the departmental authorities, unless they are to be censured for yielding to the argument and entreaty of that great commercial body.

The record shows that the matter had its inception as well as its consummation in what that association thought to be the real interest of the exporters of this country. While there may have been a mistake of judgment which is subject to all the comments of the Senator from Utah, yet, to my mind, the responsibility should rest where it belongs, and the Government should be criticized only in so far as it seems to have yielded its assent to a condition which was in all probability pressed most earnestly upon its consideration both at New York when the Secretary of Commerce was there and in Washington, where the secretary of the association visited Washington for that express purpose.

Mr. WILLIAMS. Mr. President——

Mr. SUTHERLAND. Just a moment, and then I will yield to the Senator from Mississippi. If the criticisms which I have suggested are sound, I think it follows that the request of this mercantile association was an improper request; but it does not follow that that excuses the officers of the Government for yielding to an improper request.

Mr. THOMAS. Certainly not, Mr. President.

Mr. SUTHERLAND. If it were an improper request, both the person who makes it and the person who yields to it are in the wrong.

Mr. THOMAS. That is correct, Mr. President; but are we not to assume that those who are responsible for the order had more abundant and exhaustive means of information, coming as the information did, and must have come from a body which is peculiarly fitted by experience and by the calling of their respective constituents to know, and which is much more precise, which is much more far-reaching, and much more exhaustive than any which the Senator or I or any other Member of this body possesses?

Mr. SUTHERLAND. Mr. President, the criticisms which I am making are more in the way of suggestion than of positive assertion. Further information on the subject may disclose that the officers have been right about the matter, but from the information which is at hand now, as it appears to me, there has been no sufficient excuse shown for this departure from a custom which has seemed in the past to be wise.

I yield to the Senator from Mississippi.

Mr. WILLIAMS. Mr. President, the object sought by me in interrupting the Senator from Utah was this: I think that all of you have been arguing the question from a standpoint that was unknown to the consciousness either of the merchants' association or the Government. There is no element of concealing anything or of misrepresenting anything or of misnaming anything that could possibly account for the request made by the merchants' association. The merchants' association made this request because the manifests communicated to the United States which they did not want made public contained the name of the contraband of war, not because it was concealed.

Now, the reason why they made the request was this: Under international law our citizens have a right to ship all the contraband of war they want; there is no sort of analogy to smuggling, as the Senator from Colorado seems to think.

Mr. THOMAS. Mr. President, I merely suggested that in order to assume the worst possible phase of the situation. I am of course aware that the export of contraband of war violates no law of the land.

Mr. WILLIAMS. As far as the man is concerned who was going to ship copper bars in a bale of cotton, or as far as the man who was going to paint a copper bar to look like a steel rail is concerned, the merchants' association was not thinking about him, because if his manifest, which was a false manifest, concealing the fact that he had the copper bar had been published it would not have caused any belligerent to seize the copper. The publication would have misled the belligerant's agent and helped in concealing the contraband. The merchants' association made the request because our citizens, having the right to ship contraband subject to its seizure at sea by a belligerent, thought that whenever this information that a cargo did contain contraband was communicated to the press, the agents or spies or what not of a belligerent power would communicate to their vessels that a certain ship was to leave New York on a certain date consigned to a certain port carrying so much copper or so much ammunition or so much something else, contraband, and thus lead directly to the capture of the ship. In the interest of American commerce they did not want the belligerent power to be given notice of the fact, so as to help them capture the cargo.

Now, if it were a fraudulent fellow who was hiding something, of course it would have worked in his interest to have published the false manifest of the cargo, because he would be publishing the manifest of so many bales of cotton without mentioning the copper that was on the inside of the bales, or make a false manifest of so many steel rails without mentioning that they were painted copper.

So this was not an order that in any way could protect false statements, false manifests, or concealments. It was merely an order which might protect the frank and open shipment of contraband subject to the risk of seizure where the fact that the contraband was a part of the cargo was communicated to the United States Government. Whether the order was wise or not is another question; but there can be and could have been no result of encouraging fraud or misrepresentation as a result of the issue of the order.

Mr. CUMMINS. Mr. President, before the Senator from Ohio [Mr. BURTON] proceeds with the bill under consideration I desire to make an inquiry concerning its parliamentary status. The committee reported the bill offered by the Senator from Missouri [Mr. STONE], with certain amendments. The Senator from Florida [Mr. FLETCHER] on behalf of the committee has now offered an amendment striking out the entire bill save the enacting clause. My inquiry is this: Are the amendments originally proposed by the committee pending, or have they been withdrawn?

Mr. FLETCHER. I will state the situation as I understand it. The committee reported the bill with certain amendments. Subsequently there were amendments offered to the bill referred to the committee and some taken up by the committee, and the committee agreed upon those additional amendments. There was a committee print of the bill with all the amendments including, first, those reported to the bill, and then the subsequent amendments agreed on by the committee. That committee print was laid on the desks of Senators for information yesterday, and owing to the fact that the amendments had been agreed upon by the committee and would be offered, I then moved yesterday in behalf of the committee to amend the bill by striking out all after the enacting clause and inserting the bill as proposed to be amended by the committee at first and including the last amendments agreed upon, so as to place them all in one amendment. It seemed to me it would simplify the matter very much to have that done. The amendment now in the nature of a substitute includes the amendments which were proposed when the bill was reported and also includes all amendments. So the substitute embraces the bill as amended by all the amendments agreed on in committee.

Mr. CUMMINS. Mr. President, I understand that is the substantial condition; but what I want to know is whether that is the parliamentary condition. Does the Senator from Florida on behalf of the committee withdraw the amendments which were originally proposed by the committee, so that there is now pending nothing but the one amendment by way of substitute?

Mr. FLETCHER. I will say, Mr. President, that those amendments are withdrawn as amendments to the original bill and are included in the substitute which has been offered.

Mr. CUMMINS. Does the Chair, then, feel authorized to say that the original amendments proposed by the committee have been withdrawn?

Mr. SMITH of Georgia. Mr. President, I suggest, before the Chair answers, that until a particular parliamentary question is raised for the decision of the Chair, growing out of some amendment offered, the Chair could hardly decide the question in advance.

As I understand, the original bill is before the Senate; an amendment in the nature of a substitute has been offered, which embodies all of the changes desired by the committee. It is now in the power of the Senate to amend the original bill or to amend the substitute; it is in the power of the Senate to vote down the substitute, and then adopt some other amendment in the nature of a complete substitute for the original bill.

Mr. GALLINGER. If the Senator will permit me, the question raised, as I understand, by the Senator from Iowa [Mr. CUMMINS] is that when the bill was originally reported it contained certain amendments; those amendments are now included in the substitute for the entire bill; and the Senator from Iowa desires to know if those original amendments have been withdrawn. I think the Senator from Florida did not formally withdraw them, but I think that was an oversight; I think he should have withdrawn those amendments and should have offered his substitute to include them.

Mr. SMITH of Georgia. I understand the Senator from Florida has said that his purpose was to have withdrawn them.

Mr. GALLINGER. But he did not do so.

Mr. FLETCHER. I understood the effect of offering the substitute embodying those amendments was to withdraw the original amendments, and that the proposition now before the Senate is on the adoption of the substitute instead of the original bill.

Mr. CUMMINS. Then, Mr. President, we all understand, or we have a right to understand, that the substitute offered by the Senator from Florida on behalf of the committee is the only amendment now pending, and that the former amendments proposed by the committee have been withdrawn?

Mr. FLETCHER. Yes.

Mr. SMITH of Georgia. The proposed substitute is the only committee amendment now pending. There are, of course, other amendments which have been sent to the desk by Senators to be printed.

Mr. FLETCHER. Other amendments have been sent to the desk, but they have not as yet been offered.

Mr. CUMMINS. They have not been formally presented.

Mr. CULBERSON. My understanding of the parliamentary situation is that the committee has withdrawn the original bill and amendments and has proposed in lieu thereof a substitute, so that the matter now pending before the Senate is the substitute bill proposed by the committee.

Mr. GALLINGER. But the committee could not withdraw the original bill; that bill is still open to amendment here by way of perfecting it.

Mr. CULBERSON. The committee has a right to perfect the bill by substitute or otherwise.

Mr. GALLINGER. But it has not a right to withdraw the bill. The Senate has the right to perfect that bill, if it see proper to do so, before the substitute will be in order.

The PRESIDING OFFICER. The Chair does not think there is much difference among Senators in regard to the question before the Senate. The question before the Senate is on the adoption of the substitute offered by the Senator from Florida [Mr. FLETCHER].

Mr. GALLINGER. That is right.

Mr. CUMMINS. I understand that; but that is not the question which I asked. That might be the question before the Senate, and yet the original amendments of the committee might still be pending, and that might change the further right of amendment very materially. I understand the Senator from Florida said that it was his purpose to withdraw the amendments originally proposed by the committee and that the only amendment now proposed by the committee is the substitute suggested last night and offered this morning. I desire to remind the Senator from Texas of the fact, also, that the motion of the Senator from Florida was to strike out and insert. In some respects that is a little different from a substitute. I only wanted to have it understood before we proceeded, so that there might be no confusion hereafter with regard to the right of amendment.

Mr. O'GORMAN. Mr. President, out of order, I ask unanimous consent to introduce a bill.

Mr. GALLINGER. I object.

The PRESIDING OFFICER. Objection is made. As to the question before the Senate, the Chair does not know that the Chair is called on to rule any further upon the proposition in response to the question of the Senator from Iowa [Mr. CUMMINS], but the understanding of the Chair is that the motion of the Senator from Florida [Mr. FLETCHER] to strike out all after the enacting clause of the bill and to insert in lieu thereof the substitute which he offered to the Senate and which has been printed necessarily includes the withdrawal of the amendments previously reported by the committee.

Mr. GALLINGER. That is right.

Mr. JONES. I want to suggest to the Senator from Iowa that my recollection is that the Chair some time ago announced that the proposition was the same as a motion to strike out and insert, and put the question upon the motion to strike out——

Mr. BURTON. Oh, no.

Mr. CUMMINS. That is the very question that is pending.

Mr. JONES. My recollection is that the Chair declared the motion to strike out had carried, and that the question was on the substitute.

Mr. SMITH of Georgia. No motion to strike out and insert has been carried; that is the pending motion.

Mr. CUMMINS. That is the way I understand it.

Mr. JONES. As I recall, the Chair declared that the motion to strike out had carried. The Chair announced that they were two propositions, each one to be considered separately under the rule, and put the question on the motion to strike out, and said, "Without objection, the motion to strike out is agreed to, and the question is now on the adoption of the substitute."

Mr. CUMMINS. If that is the record, it is a mistake, because at that moment the Senator from Ohio [Mr. BURTON] addressed the Chair, saying that he wanted to make some observations upon that very question.

Mr. JONES. When the Chair was about to put the question on the adoption of the substitute, the Senator from Ohio arose and said he wanted to make some remarks. That is my recollection of the matter.

Mr. CUMMINS. Mr. President, I ask whether the record shows that the motion to strike out and insert, made by the Senator from Florida, has been adopted?

The PRESIDING OFFICER. The record shows that it has not been adopted.

Mr. CUMMINS. That is what I understand.

The PRESIDING OFFICER. That is now the question before the Senate.

Mr. BURTON. Mr. President, both the original bill as introduced by the Senator from Missouri [Mr. STONE] and the substitute involve the same principles and policies, and consequently my remarks will be directed to the general subject. It is my desire to approach the consideration of this measure from an absolutely nonpartisan standpoint. The questions involved in this bill should not be settled in accordance with any party platform or be considered with a view to obtaining party advantage. Governmental policies of the utmost importance are involved. The commerce and industrial progress of the country must be very seriously influenced by the adoption or rejection of this measure.

For now a score of years, Mr. President, I have stood with the minority of my party in opposing all propositions for so-called ship subsidies. It is my conviction that the bills which have been introduced having that end in view would prove ineffectual for the restoration of the American merchant marine and, had they been enacted, there would be serious danger that a privileged business interest would be built up and unduly favored. I can not accept the argument that a ship subsidy is the natural concomitant of a protective tariff. A protective policy may be applied within the borders of any country; barriers may be erected against all the outside world; but the international shipping trade on the sea can not be protected in similar degree. On the sea the fittest is sure to survive. Other things being equal, those who can furnish service at the cheapest price will prevail.

The reasons for the decay of our merchant marine are manifold. The larger cost of ships built in domestic shipyards and the larger cost of operation must be considered. The fact that the shipping industry is one long established and especially suited to the characteristics of other nationalities who are our rivals in over-seas trade is also an important factor. Then there must be taken into consideration the very large class of seamen available in such countries as England and Norway and Germany which is not available in our own country. Still further we must take into account that ours is an undeveloped country. There is none on the face of the earth which presents so many opportunities for enterprise and affords so high a return for capital judiciously invested. The profits of the shipping business are comparatively small, consequently our capitalists have directed their efforts in other directions. I throw out these considerations as important at the very beginning of this discussion, and if the argument shall be prolonged, I may wish to address the Senate again on these particular phases of the subject.

I am aware that the President of the United States is extremely anxious for the passage of this bill. I have for him the very highest personal esteem, and I may say that personally I should be gratified to accede to his wish in any case where I could consistently do so; but I regard this measure as an exceedingly vicious one, and I think the arguments which have been made in its behalf as contained in the messages and documents transmitted to Congress rest upon a misapprehension as to the state of facts.

The importance of the question involved can not be overrated. It is not too much to say that no bill has been before the Congress in the last six years which involves so much that is novel, which involves such revolutionary changes in the fundamental policies of our Government. We have during the life of this administration discussed the tariff, a controversy that is always with us, and perhaps the most vital issue in American politics. The arguments pro and con have been marshaled from every source and in support of every point of view. It is not, like this, a new question, and yet it has never been proposed to even modify our policy regarding it except

after prolonged discussion both in the Congress and among the people.

Another measure which has absorbed the attention of Congress for the last two years has been the Federal reserve act. This was by no means a new proposition. The monetary and banking systems of the country have been discussed at great length for many years. The acute distress created by the financial crisis of 1907 gave new interest and importance to this debate. In the early portion of 1908 a bill was enacted, known as the Aldrich-Vreeland Act, providing for an emergency currency. It was confessedly only a temporary measure. It included, however, certain provisions contemplating a scientific revision of our monetary system. One of its most important provisions was the creation of a monetary commission. That commission, composed of a number of Members of the House and Senate, entered upon an investigation which lasted for nearly four years, during which experts in banking and in economics were called upon to present articles or give testimony. When the question of regional banks and a reform in our currency and financial system was proposed in the Federal reserve act it was by no means a novel question. Indeed, in the bill which was enacted the findings of the Monetary Commission, as embodied in their report of January, 1912, were very largely adopted. But in the proposal of this measure we are asked to depart from the traditional policies of the Government and do what it has never done before and what, with practically insignificant exceptions, no other Government has done, namely, purchase ships and engage in the business of shipping.

Mr. President, it is useless for us to deny that in this proposition, as embodied in the pending measure, a multitude of questions are involved which should receive the careful consideration of the Senate and of the other House of Congress. First among them I mention the question of Government ownership. That is a subject which has been very much discussed during the last 20 or 30 years. So far as municipal ownership and management are concerned, the control or ownership of public utilities does not have the terror to me which it presents to many persons. It is a question of conditions and circumstances.

Public ownership has been tried more or less in other countries of the world. In England the Government owns the telegraph and the telephone facilities; in France the Government, in addition to the telegraph and the telephone lines, owns two railways, one, which it has owned for a considerable time, that from Paris to Orleans, and the other acquired only a comparatively short time ago, the Western Railroad. Belgium, Germany, Austria, and Italy, not to mention Russia and other countries, own, with some slight exceptions, their railroads. It may be maintained, however, on the one side, that conditions in these countries are very radically different from those which prevail in the United States.

Two great questions which are involved in government ownership are, first, Is it best to supersede private initiative and control by public control? and, second, Do the illustrations which are presented to us square with our condition?

Mr. LODGE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. BURTON. Certainly.

Mr. LODGE. Does not the ownership of merchant ships by the Government present a series of questions wholly different from those presented by other forms of Government ownership which we have hitherto seen?

Mr. BURTON. I think so. I shall come to that point in a moment.

Mr. LODGE. It is not that I do not think it very important to discuss the effect of Government ownership; but, beyond that, it seems to me that this presents a peculiar condition.

Mr. BURTON. Undoubtedly so. I shall come to that point in a moment.

Another question which is presented is the desirability of part Government ownership and part private ownership. No one expects, unless he indulges in the wildest dreams, that the United States will take over the whole shipping business. Now, how is a proposition of this kind to work out, in which there is constant collision and friction between Government-owned ships and privately owned ships?

Suppose the Government buys a certain number of ships. It will be expected, perhaps, that specially low rates will be given. In that event private shipping will be absolutely driven off any route the Government sees fit to invade, even if it were to invade the most profitable routes. If that is the case, will you not eventually drive private investors entirely out of the business? It is not too much to say that the proposal to pass this bill has already caused such discouragement on the part of private investors that millions of dollars which otherwise would have been invested in shipping have been withdrawn.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nebraska?

Mr. BURTON. I do.

Mr. NORRIS. I wanted to ask the Senator two questions, and perhaps I had better ask them both, now that I have interrupted him.

In regard to taking the initiative where the business becomes profitable, the Senator probably remembers that the President in his message stated the proposition—in which, by the way, I do not concur—that as soon as this business became profitable the Government would get out of it and let the private parties handle it. The other question——

Mr. BURTON. Let me answer that first. There seems to be some confusion in the reports and recommendations on this bill in that regard. In a few minutes I will take up the question as to what this bill means.

Mr. NORRIS. I shall be very glad to hear the Senator on that point.

Mr. BURTON. And I will read extracts from reports and the messages of the President in that regard.

Mr. NORRIS. I might ask the Senator, and he can answer it when he takes it up, assuming for the sake of the argument that it is just and wise for us to pass a bill like this, whether he agrees with the President, that when we develop a trade by means of going into the business we ought to withdraw from the business, and let private parties take it up, after it becomes profitable?

Mr. BURTON. I should, of course, take anything said by the President with the utmost deference, but I do not believe that is practicable and workable. Merely going into the business of shipping for a brief time may possibly have some effect, though I doubt that, in remedying an emergency; but none of the permanent results which are sought by this measure can be accomplished by taking over the business and then, as soon as it becomes profitable, if it ever should, transferring it to private owners. The fact is that if the Government should enter upon the business for a certain time it would demoralize rates, it would prevent investors from entering the business, and it would probably give to shippers impracticable ideas as to the price they ought to pay for the carriage of their freight. If the Government should then withdraw, the effort to build up the mercantile marine would present difficulties far greater than now. If you are seeking to stimulate the building of a privately owned mercantile marine, this will not help. Again, perhaps more immediately in answer to what the Senator from Nebraska asks, I think it is highly undesirable for the Government of the United States to proclaim as a principle that if there is a business that is unprofitable we will take it up, place it on its feet, make it profitable, and then turn it over to private enterprise.

Mr. NORRIS. I agree with the Senator fully.

Now, if the Senator will permit me, I will ask the other question I had in mind and that he caused me to think about when he referred to the railroads in certain countries of Europe that are owned partially by the Government and partially by private enterprise. Has it been true in France or in Germany that because the Government owned some railroads and private individuals or corporations owned others those that were privately owned have been unprofitable or have been driven out of business?

Mr. BURTON. I can not answer that question very fully at this moment. There are perhaps six railway systems in France. The Government has a publicly owned line in competition with one of those six systems—that to Orleans. The western system, which the Government has recently taken over, is complete, and has a monopoly of the field it occupies. Now, results would be very different under those two conditions. In one there is competition with a private line; in the other there is an occupancy of the whole field.

Mr. NORRIS. What has been the effect on the private line?

Mr. BURTON. The one to Orleans is run as a slow line, as a freight line. It does not, in fact, compete with the privately owned line in the higher grades of service. In the case of the western line, the one to Havre and Cherbourg and that part of the country, the Government, as I have said, occupies the field exclusively. It would cause me to digress too much from the argument I have laid out to dwell upon this subject to any extent now, but it is likely that I may do so in the later phases of the discussion.

To recapitulate, I say that it makes a great difference whether the Government line is in competition with the private one or whether each occupies a field exclusively.

Now I come to the third point which was suggested by the Senator from Massachusetts, which is of great importance in this connection. Conceding that Government ownership is a good thing, is this a suitable field for its exercise?

The two fields now occupied by Government ownership, and for which the best arguments can be made, are, first, enterprises which are naturally monopolistic, such as railways, telegraph lines, and, in cities, waterworks and lighting companies; second, activities regarded as closely associated with the moral or social interests of a community. For these lines of activity very plausible arguments can be made; but the argument in favor of a Government-owned shipping line can not be supported by either of these considerations. Ships sail upon the open sea. There is no right of way to be condemned. There is no police power to be exercised; no monopoly can be acquired. The most that can possibly be expected would be a sort of a preponderance of control; so it is not of the class of natural monopolies; nor are there moral considerations, as would be the case with, say, bathhouses or public enterprises undertaken for the social benefit of the people.

So, first, the general question of public ownership should be discussed, next that of partial Government ownership, and then the further question, If Government ownership is a good thing, is this a proper field in which to exercise it?

I wish to anticipate the course of my argument a little by raising a particular question of great importance. Where does the Government of the United States expect to get the ships? In the present season of demand for freight every ship that is available is utilized. Does anyone believe that a ship which can be navigated in accordance with the rules of neutrality and which can be profitably utilized is not made available for private enterprise? Freights are high; the profits in many lines are alluring. How is the Government to get its boats? Why, it must do one of two things—it must either buy ships from private owners, who can operate them much more advantageously than the Government; or it must go into the very doubtful field of purchasing interned ships, or ships under a belligerent flag which are now kept off the seas. Do we here in this Chamber wish to pass a bill the upshot of which will be to release for the trans-Atlantic or other trade ships which now, under rules of neutrality, are kept off the seas? Can we afford to take that risk?

It is provided in the bill that the Government may own and operate merchant ships. Becoming disturbed over the status of such vessels under the terms of international law they now bring in an amendment to the effect that these ships shall be regarded as of the same status as privately owned ships. Now, what does that amount to? It is a proposition to do a certain thing, and then, by an amendment, to declare that you are not doing it. There is no way of escaping the conclusion that ships owned by the Government must have a certain peculiar status. A case involving this question which is perhaps the best criterion we have, is found in Mr. James Brown Scott's Cases on International Law—the *Parlement Belge*, decided in the court of appeals of Great Britain in 1878.

Mr. LODGE. May I ask the Senator if Sir Robert Phillimore's opinion in the lower court is given there?

Mr. BURTON. I do not think it is given at length. He rendered an opinion in a lower court, and then the case went to the court of appeals.

Mr. LODGE. I mentioned that because he was overruled by the court of appeals, as I recall, and he was a very great authority.

Mr. BURTON. Yes; he was the author of a work on international law.

Mr. LODGE. And I thought it very important to have his opinion, if he took the other view.

Mr. BURTON. The main object I have in presenting this case now is to show what difference of opinion there has been about the question.

The *Parlement Belge* was a boat which ran between Ostend and Dover, and was owned by King Leopold of Belgium. While on one of its trips it collided with an English ship; and the owners of that ship sought to libel it to recover damages, on the ground that the *Parlement Belge* had been guilty of negligence. The question which was raised before the court was, "Is this a Government steamer? If it is, our courts can not proceed against it. We must give certain preference."

It was found that it was a mail packet, and one of the packets mentioned in article 6 of the convention of the 17th of February, 1876, made between the sovereigns of Great Britain and Belgium; that it was and is the property of His Majesty the King of the Belgians, and in his possession, control, and employ as reigning sovereign of the State, and was and is a public vessel of the sovereign State, carrying His Majesty's royal pennant, and was navigated and employed by and in the possession of such Government, was officered by officers of the royal Belgian Navy, holding commissions, and so forth; and in certain affidavits, which were not contradicted, that the *Parlement Belge*, besides carrying letters, carried merchandise and passengers and their luggage for hire.

Mr. STONE. What book is it from which the Senator is reading?

Mr. BURTON. Prof. James Brown Scott's Cases on International Law, at page 220. It was decided that the boat could not be held in a collision case; that the carrying of passengers for hire and of freight was merely incidental to its general purpose in carrying mail.

It seems to me the rational conclusion to be derived from a consideration of this question is, first, vessels of war admittedly are free from the right of visit and search. They have an assured preferential position. There is no question about that. Second, a boat which is employed to perform some function of the Government, such as the carrying of mail or the carrying of troops or as a subsidiary to the navy, especially if officered by those in the Government employ, is also entitled to a preferential position. Those engaged in private business pure and simple are not, as was decided by the Supreme Court in a South Carolina case, where an attempt was made, I believe, to relieve the State of South Carolina from the payment of internal-revenue taxes on the liquor in its dispensary or dispensaries. Whenever a State goes outside of its ordinary sphere, its usual activities, and engages in private business, then, and in that case, it is subject to the same taxes and the same governmental control as a private individual.

But in the case presented in this bill there is a twilight zone. I do not think anyone will rise in the Senate and say that a boat owned by the United States, even if it carries nothing but cotton or grain to a foreign shore, is quite in the same position with a private vessel, and that would be sure to lead to complications of the most serious nature.

Mr. NORRIS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Nebraska?

Mr. BURTON. Certainly.

Mr. NORRIS. In asking the Senator these questions for the purpose of getting information I have great respect for his judgment when he has made a study, as he evidently has, of this question. Right on the point he is suggesting I wish to ask him if this bill were enacted into a law and some corporation was organized with Government stock, and they had bought ships or built ships or in any other way had gotten ships, and had engaged in the general business of shipping passengers and goods, does the Senator believe that such a ship would be entitled to any privilege, either as far as right of search is concerned by a belligerent or in any other respect, over any privately owned ship that was admittedly engaged only in business for business purposes?

Mr. BURTON. On the basis of the business which is transacted, I would say no; but it would be impossible to divest any such ship of the peculiar character which it had acquired by belonging to the United States.

Mr. NORRIS. Would not such a ship, for instance, be just the same as a ship now owned by the Panama Railroad Co.?

Mr. BURTON. Those ships occupy a somewhat exceptional position. First, the Government, I believe, owns the Panama Railroad and the Panama Railroad owns these ships. They are somewhat exceptional.

Mr. NORRIS. The Government in that case would own it, I understand, as it owns the stock of the Panama Railroad Co.?

Mr. BURTON. That is a case. However, their ownership grew out of conditions which Senators understand. The Government was proceeding in the building of a great canal. In disposing of the earth that was excavated in the process of building the canal it was necessary to have a railroad. It was also necessary to have ships to perform a direct governmental service, namely, to carry the machinery, materials, and supplies to the Isthmus. It was not going into private business at all. If there was any private business transacted, such as carrying passengers or freight, it was a mere incident to the main purpose. It was purely and entirely a governmental purpose, namely, the construction of an isthmian canal.

Mr. NORRIS. I have no doubt if the Government had not been engaged in digging the canal it would not have bought the stock of the Panama Railroad Co. That was the inducement, perhaps; but whatever the cause, when the Government did buy the stock of a corporation—a corporation organized and existing by virtue of the laws of the State of New York, as I understand it—was not that corporation exactly the same as though the Senator and myself owned the stock instead of the Government,

and was not that corporation subject to be sued, and did it not have a right to sue to collect debts? As a matter of fact, as I understand it, in the operation they went into the general business of carrying passengers and freight and advertised the same as other corporations.

Mr. BURTON. Incidentally, however.

Mr. NORRIS. They carried more freight for the Government than for any other one customer, but that was only incidental.

Mr. BURTON. I am making mention of the status of the Government ships with a view to its bearing on the present condition of war.

Mr. ROOT. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from New York?

Mr. BURTON. Certainly.

Mr. ROOT. I rose merely to suggest with reference to the question of the Senator from Nebraska [Mr. NORRIS] that the ships which are incident to the Panama Railroad are a domestic concern. They ply between a port of the United States and the Isthmian ports which the United States control as a part of the rights acquired for the construction of the canal. So the practical question which the Senator from Ohio was speaking of can not arise in regard to those vessels.

Mr. NORRIS. I have no doubt, of course; I know, in fact, that what the Senator from New York says is true. These boats are plying between Cristobal at one end of the Panama Canal and New York. But I do not see that that makes any difference as to the identity of the corporation. A private corporation could do that same thing. What I am trying to get at is whether there is any distinction between one corporation and another, because the Government happens to own a part of the capital stock of a corporation provided the articles of incorporation are sufficiently broad to permit the corporation to engage in general business the same as a private enterprise.

Mr. FLETCHER. Mr. President——

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

Mr. BURTON. Certainly.

Mr. FLETCHER. I was going to suggest to the Senator from Ohio, who has referred to these vessels as having been owned by the United States, that the plan is to form a corporation and vest the title to the ships in the corporation. The United States will not appear as the owner of the vessels, and will not in fact be the owner. The vessels will be owned by a corporation, of which the United States will have 51 per cent of the capital stock or perhaps more, but they will not be United States owned vessels. It seems to me the statement that they are ships of the United States is scarcely accurate under the plan proposed.

Mr. ROOT. Mr. President, I do not want to interrupt the Senator from Ohio or to anticipate, but at the proper time, when I have had an opportunity to read these papers and make such preparation as respect for the Senate permits or requires, I will deal with that subject. I will say now and here what I was going to say upon the observation of the Senator from Nebraska, that these legal fictions which we call incorporations, can be continued to any extent and carried to any refinement under our municipal law. If we only choose to do it, we can provide how suits shall be brought and maintained and defended, what the legal relation shall be of such a corporate entity as compared with its stockholders, the real owners. We can provide for that in our law, but when you pass the international line our law is of no consequence at all. Nations as between each other deal with realities, and that is the great reason why the distinction I suggested a few minutes ago between the Panama steamships and the class of vessels the Senator from Ohio is speaking about is material and substantial. It makes no difference as between two nations whether one nation is interfering with the rights of the other directly or indirectly through the creation of a corporation.

Mr. NORRIS. I do not doubt that. I should like to say——

Mr. BURTON. While the Senator from New York is on his feet I should like to ask him to continue his remarks as to the international aspect of this question, whether such ships be held under a corporate ownership or directly by the Government.

Mr. ROOT. Mr. President, I do not think that internationally there would be any difference at all.

Mr. NORRIS. There ought not to be any.

Mr. ROOT. No; because it is a mere legal fiction, very convenient for the purposes of administration but not a matter of substance.

Mr. NORRIS. There would probably be this difference, I suggest to the Senator. If the Government owned them and some one wanted to sue the Government, that could not be done under the law.

Mr. ROOT. Yes; and there is another difference.

Mr. NORRIS. And if they take in some money they would not have to turn it over to the Treasury, and when they needed money it would not have to be appropriated by Congress. I understand that is one of the principal reasons.

Mr. ROOT. Yes; but all moneys that are to be expended and dealt with are to be freed from the checks and safeguards which we throw about money of the United States, which is a very material thing in the conduct of business.

There has been, Mr. President, a good deal of trouble in international affairs arising from the fact that some Governments have had the habit of creating corporations, which have had a double effect. When another country has objected to something that they have done, they are mere corporations. When their conduct is to be determined, they are Government agencies.

Mr. NORRIS. Of course that is an unjust discrimination.

Mr. ROOT. The illusive double aspect of corporations which have the appearance of being private parties and are really Government agencies, I say, has made great difficulty in pinning Governments down to the course of conduct which other countries have thought proper, for instance, the question whether a concession to a corporation gives merely a proprietary right as a concession to a private person would do or whether because it is a governmental agency the concession gives political rights. That has been a question of very serious consequence and of great difficulty. But all those cases have arisen where there was created an appearance of a private corporation and it was impossible to get at just the way in which the Government controlled it—just what the Government's share in it was. However, here under this bill there will never be any question whatever. The reality of the thing will be that these will be vessels of the United States.

Mr. NORRIS. If the Senator from Ohio will permit me, I should like to suggest, in reference to what the Senator from New York has said, that it seems to me one of the objects of organizing a corporation either in this bill or in any other, where it was thought desirable to put the Government into business operations, was to free it as much as possible from governmental functions so as to place it entirely upon an equal basis with private individual or privately owned corporations that were engaged in the same business, so that it could sue and be sued, and conduct its business the same way as a private corporation; in other words, to be just the same as an individual or privately owned corporation. It does not seem to me that there would be any excuse for doing it on any other ground. It is to give to the individual citizen a right that he would not possess if the Government was directly engaged in the enterprise, because in that case the individual citizen could not bring a suit, for instance, for damages and he could not deal with it; he would have to get the consent of Congress before he could do something. On the other hand, it is to give to the corporations that the Government owns the right to do business as another corporation, so that it may have the same advantage. For instance, the Panama Railroad Co. expends its money like any other corporation in making improvements, buying ships, employing men, taking in money and paying it out, whereas if the Government were doing it directly in the name of the Government when they took in a quarter they would have to turn it over to the Treasury of the United States, and where they paid a salary or bought a pound of ice they would have to get an appropriation from Congress to do it.

When we resort to the corporation which we organize either under this bill or any other, it ought to be placed, as it seems to me—and it seems to me it is not fair unless it is so placed—upon exactly the same footing as private individuals. If that be true, then it seems to me these ships would be subject and ought to be subject to the same international law that would apply to a ship that might be owned by the Senator from Ohio. Any other result, it seems to me, would be unjust and unfair.

Mr. BURTON. Mr. President, this is anticipating a line of argument which I expect to take up in a later discussion of this measure.

Mr. WEEKS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. BURTON. In a moment. I do not believe it is possible to give this corporation the unqualified character of a private corporation. Whether the corporation scheme provided in this bill is convenient or awkward; whether it would not be better for the Government to buy its boats directly, I do not at this time undertake to say; but does anyone think that a ship which belongs to this United States Universal Shipping & Export Co.,

or whatever you may call it, even though it is organized under the laws of Delaware or West Virginia or the District of Columbia, is going to have the same status in international trade under the rules of international law as a privately owned boat?

In this connection I want to call attention to another question which, at least in some States, would arise in attempting corporate management under this bill. How is the Government going to be represented by directors? It is the law of some of the States that a majority of the directors shall be stockholders, not mere proxies for some corporation that owns stock, nor dummies, but actual owners of stock. Other States require that a majority of the directors shall be residents of the State in which the corporation is organized. In this bill you have a provision that the Government shall own 51 per cent of the stock, and that no part of that stock shall be sold except by order of Congress; that the general public shall have the opportunity to subscribe for 49 per cent, and that if the general public shall not subscribe, as I do not believe they will, then the Government takes the remaining stock.

Now, how do you have any stockholders except the Government of the United States? Where are you to get men who are eligible to be directors? This corporation, of course, might be organized here in the District of Columbia. An act might be drawn, I suppose, doing away with the directors entirely or providing that the Government of the United States might select directors. But I suggest that this method of subscribing to the stock would absolutely prevent the election of Government directors in some, and I think in a majority, of the States of the Union. It merely goes to show the awkwardness of this kind of an organization.

Mr. NORRIS. If the Senator will permit me, the bill itself does not provide where this corporation shall be, or anything of that kind; but I would suggest, in answer to the Senator's criticism, that only one corporation is necessary. Perhaps there are States where this kind of a corporation could not under the law be organized. If that is true, it would not be organized there.

Mr. BURTON. If it were an ordinary corporation, it would go to the States most friendly to the incorporator.

Mr. NORRIS. In the Panama Railroad the Government owns all the stock and has some of its officials who are stockholders.

Mr. ROOT. May I ask the Senator from Ohio whether he thinks it is a very dignified position for the Government of the United States to go hunting around the different States of the country to find a place to incorporate where the business is not to be done? I have always considered it rather a serious abuse that the laws of our States permitted people from other parts of the Union to form corporations when they did not really mean to carry on any business there at all. To have the United States go into that, I think is very undignified.

Mr. BURTON. Certainly.

Mr. STONE. Can the Senator point out a serious objection to it?

Mr. BURTON. I raise that question rather as an illustration of the embarrassments of this form of organization.

Mr. NORRIS. Mr. President——

Mr. BURTON. Many States of the Union have corporation laws drawn with such care and strictness that this proposed organization could not be incorporated within their borders.

Mr. NORRIS. I should like to be permitted, if the Senator from Ohio will indulge me, to say just one word in reply to the Senator from New York.

Mr. BURTON. Certainly.

Mr. NORRIS. When we bought the Panama Railroad and all the stock of that corporation, I do not have any idea there were any governmental officials who were very much disgraced hunting around over the country when the stock of that New York corporation was taken up.

Mr. BURTON. That was a corporation already organized. It was the property which the Government had to have.

Mr. NORRIS. Yet it bought the stock, and it had to do it under a New York charter, and it has never found any difficulty under it.

Mr. LA FOLLETTE. Nor any particular disgrace.

Mr. NORRIS. I do not believe anybody has felt as though they were hunting around like a thief in the night when accepting positions under that charter. But if that were all true, if these things were as difficult as the Senator would have us believe, Congress can pass a law at any time to authorize the organization of such a corporation in the District of Columbia, and put in a good many phrases that will make a man feel good rather than embarrassed when he is ready to organize it.

Mr. WEEKS. Mr. President——

Mr. BURTON. I yield to the Senator from Massachusetts. While, of course, I would like to pursue the general thread of the argument I have outlined, this is a sort of preliminary discussion of this very important subject, and I am very willing to yield to inquiries.

Mr. WEEKS. The Senator has been very liberal in yielding, and I have no disposition to take any part of his time except to make the suggestion that the Panama Railway is a special instance in every respect and that from it no general conclusion can be drawn. Its purchase was entirely incidental to the building of the canal, comparable to the purchase of a derrick, for instance, by the Government when engaged in erecting a building. It is to be used for that purpose, and the Government is not going to use the derrick for other purposes. The only purchase which did not come with the Panama Railroad Co. in the case of ships was the purchase of two ships for a specific purpose, the carrying of cement to the Canal Zone, and a special condition was made in that purchase that those ships should be turned over to the Navy Department when their services were no longer required for the purpose for which they were purchased to be used as naval auxiliaries. There is not anything in connection with the operation of steamers in the building of the Panama Canal which could be used as a criterion in fixing what other purchases or operations might involve.

Mr. BURTON. Mr. President, I was dwelling upon some of the questions involved and had taken up the manner in which the Government was to acquire ships. Before leaving that branch of the inquiry I think it is pertinent to ask, Is it intended to buy the great passenger ships that have been interned, some of which are now in New York and Boston Harbors? Is it believed for a minute that it would be profitable to operate those great passenger steamers of the highest speed under the present conditions, when international passenger traffic is almost at a standstill? Or is it believed that these very expensive boats could be profitably remodeled into freight carriers?

The next question is, How is the Government going to use the ships? Are they going to scatter them on every route where commerce now finds an avenue, or are they going to restrict them to certain routes as to South America? If so, what is the status of the present trade with South America, which demands so extraordinary relief? Is it not a fact that there is now available more than enough tonnage to meet the demand?

Mr. GALLINGER. Mr. President, will the Senator yield to me?

Mr. BURTON. Certainly.

Mr. GALLINGER. The Senator suggests that in the present disturbed condition of international trade it is not at all probable that the ships would be profitable. Inasmuch as the genius and skill and enterprise of the private citizens of this country have found it impossible, when normal conditions exist, to operate ships in profitable competition with foreign Governments, is it at all probable that the Government can do it? Is it not an axiom admitted almost universally that it will cost the Government more to do the work than it costs private individuals?

Mr. BURTON. I think that is very generally true.

Mr. GALLINGER. There was of necessity, as Secretary McAdoo admitted before the House committee, at least a strong probability, that this would be a losing matter, and for that reason private capital could not be induced to make any contribution to the purchase of the stock; in fact, the President admitted it in his message to Congress.

Mr. BURTON. In this connection I desire to ask another question which I trust the advocates of this bill will answer. Do you not concede this is going to be a losing venture? Is it not a part of your plan to operate these boats at a loss to the people of the United States? Then, in the first instance, is it fair to the taxpayers of the whole country that they should go down into their pockets for the benefit of those who wish to export or import certain products? Is not that a direct subsidy just as objectionable as those which you have been opposing for years? Indeed, Mr. President, in listening to the arguments made on the other side in favor of this bill and considering what my own course has been on the subject of subsidy, I have felt that I was indeed alone. Most of my party associates on this side have criticized my course, and now on the other side they are using the same arguments, the same old line of chestnuts, if I may call them such, which have been used again and again to support the subsidy cause; "paying two or three hundred million dollars a year to foreign ships to carry our trade." "Foreign shipowners have regard for their stockholders and their profits, we ought to prevent it." "You do not see any ships of the United States in foreign ports except warships and yachts." I have listened to all those argu-

ments often in behalf of subsidy, and then the further argument that "trade follows the flag." Does trade follow the flag or does the flag follow the trade; which? What do you mean by that? It is used sometimes in support of the argument that trade flows back and forth between the mother country and a colony or other dependency.

We heard a great deal about trade following the flag when the question of the acquisition of the Philippines was under consideration. That is one sense in which the term "trade follows the flag" is used. Another is that it follows the flag displayed at the masthead of the merchant craft; that is, for instance, if there are more ships with the English flag from England to Argentina than there are ships from the United States to Argentina carrying the Stars and Stripes, trade will follow the English line. Some time during the course of this discussion I wish to dwell somewhat at length on that saying, not denying that there is a modicum of truth in it; but it is far from a guiding principle in the development of trade.

Why, Mr. President, the arguments made on behalf of this bill are the same that have been made in this Chamber and in the House of Representatives as well for more than 20 years. So far as expense to the American people is concerned, I have no doubt the cost of building up a merchant marine by the provisions of this bill would be far greater than by direct subsidies. So far as discrimination between localities is concerned, the danger of discrimination would be far greater than under present conditions. I would much sooner leave it to the ordinary course of trade to determine what routes vessels shall take than to leave it to officials who, however able they may be, however impartial they may desire to be, are nevertheless constantly subject to political pressure and can not avoid being influenced by party exigencies.

How are you going to use these boats? For instance, there is at present a line running from Mobile to South American ports, but most of the lines run from New York. Suppose you have your Government line and propose to put it in service to South America, what will be the first thing that will happen? Pressure from cities all along the coast for lines from their ports to South America, whether they pay or not. Thus in the long run not only will the expense be far greater than under a subsidy but the discrimination will be far greater.

The next point I wish to take up—and I sincerely hope that these inquiries, which seem to me pertinent, may be answered—is, Is this to be a temporary or a permanent undertaking? I have read the report of the committees and the President's messages, and I can frame no satisfactory answer to that inquiry. On pages 7, 8, 10, 11, 20, and 23 of the majority report are expressions which seem to leave the inference that it is to be permanent, while on pages 4, 9, and 10 there are expressions which seem to indicate that it is to be temporary. Passages from the speech of the very able Senator from Florida [Mr. FLETCHER] made the other day in support of the bill appear contradictory. In a paragraph on page 985 of the CONGRESSIONAL RECORD direct assurance is apparently given that it is to be temporary; but on page 986 there is a sentence which, if I read it correctly, means that it is to be permanent. I will read a few of these expressions, first those indicating that plan is to be temporary. From page 4 of the report I read as follows:

> Recent events have made clear to the entire country certain facts which it is the purpose of this legislation to alter. Our great and growing foreign commerce, aggregating over four thousand two hundred and fifty millions yearly, of which our exports form much the larger part, depends for its ocean transportation chiefly upon the merchant marine of the nations which are our own commercial competitors in the markets to which we all sell. By reason of this control by others of our needed transit facilities we are subject alike to their primary interests and to their risks. If, for example, their primary interest calls for them to withdraw ships for purposes of war, the ships are withdrawn, and with them go the facilities we need, and we are without recourse. If the exigencies of war call for destruction by the enemy of one of the powers whose ships we use, that destruction takes place. With the destroyed ships American cargoes go to the bottom. Our commerce is immediately affected, but we again are helpless.

Then it goes on to say:

> If the exigencies of war call for the interning in foreign ports of merchant vessels carrying American cargoes under the flag of a belligerent, the ships are interned, and the cargoes they carry, though belonging to Americans, and, as a matter of fact, though paid for by Americans, can not be secured, because the American interest in the cargo is necessarily subordinated to the belligerent interest in the vessel itself. All these conditions have actually existed in recent months, and some of them exist to-day.

It is pretty difficult to tell exactly what inference to draw from that statement in the report. It seems to me the idea predominates that the Government should engage in this business only in time of war and for the purpose of preventing the results of that war.

Mr. NELSON. Mr. President, will the Senator yield to me for a moment?

Mr. BURTON. Yes.

Mr. NELSON. I want to call the Senator's attention to the predicament in which the Government would be in regard to these vessels. Vessels owned by private parties can ship contraband of war if they care to take the risk, but would the vessels of the Government be warranted in doing so?

Mr. BURTON. That would immediately involve this Government in difficulties with one or more of the belligerent powers.

Mr. NELSON. Would the Government be warranted in taking the risk which private ships may take in carrying contraband of war?

Mr. BURTON. Not unless they should make the contention that the articles were not contraband. "Contraband" does not describe articles as to which there is any universally accepted classification.

Mr. NELSON. In connection with that, I wish to call the Senator's attention to the fact that a great many of the products which our people wish to ship abroad are contraband of war, and that privately owned vessels, if they care to take the risk and can get the insurance, can engage in that business.

Mr. BURTON. And without involving us in international complications.

Mr. NELSON. Without so involving us. It is simply a question between them as individuals; but can our own Government engage in that business without becoming involved in complications?

Mr. BURTON. It can not; and the point which the Senator from Minnesota makes on this subject is one which is very important for our consideration.

There is also a quotation on pages 9 and 10 of the report, as follows:

> But we can not rest content while over 90 per cent of our foreign commerce is carried under foreign flags, subject to the primary interests which naturally arise under those flags, out of our own control in every respect, and with no limitation on charges save the exactions for profit of stockholders to whom American commerce is but incidental to their own stronger interests.

What does that mean—a permanent or temporary policy? Now, let us look to some expressions in the House report, which is quoted with approval in the Senate report. I read from page 20 of the Senate print:

> We are in accord with those who feel that it is better, whenever practicable, for the Government to avoid engaging in any business that can be conducted as a private enterprise. But, as stated, private enterprise has failed to respond to the demands of our over-sea commerce. How much longer must we wait?

That sounds as though it were intended to make it permanent. Again, on page 23, it reads:

> While we need merchant ships to meet the present emergency, let us pursue a policy that will secure them to us after the present conflict in Europe is passed.

That looks as if a permanent policy were contemplated.

Now, I wish to refer to some other statements in this report. On page 10 of the majority report—and this seems unequivocal—I find this:

> The transportation lines established under this bill will be permanent, regular in their sailings, and controlled for the public good.

After New Year's Day, a date which, according to common report, is often one for change of opinion, habits, and customs, the Senator from Florida expresses himself in this way, on page 984, first column, of the RECORD of January 4:

> Without going further into the details of the bill, I assure the Senate, in the first place, and the country, that it is not a permanent business undertaking on the part of the Government that is intended here.

Yet, beginning on the very same page, in the same speech, there is an expression which seems to contradict this again:

> Equally it follows, since all other methods have been exhausted or found not feasible, there is but one thing to do, and that is to have the Government intervene directly, as proposed in S. 6856.

A person may read Senate bill 6856, and he will find that there is no indication of any intention to adopt a policy other than a permanent one. If this is not to be a permanent policy, just when is this corporation to be dissolved and these ships to be disposed of? How are you going to gradually go through a transition period from Government ownership by this corporation to one of private ownership?

Mr. JONES. Mr. President——

The PRESIDING OFFICER (Mr. WORKS in the chair). Does the Senator from Ohio yield to the Senator from Washington?

Mr. BURTON. In just one moment I will do so.

Mr. President, just like the proposition for subsidy, the more you have of it the more you will want of it; the more you have of Government ownership the more there will be an insistence that the amount invested be increased and that the

policy be made a permanent one. Thus, it seems to me, that not only a reading of the bill but a reading of the expressions upon it both point to the idea that this is an entirely new departure in the policy of the United States Government, under which it shall do what practically no other Government has done—none, as I recall it, except Russia, in a partial way, and Roumania—that is, to go into the ship business on a large scale.

Mr. JONES. Mr. President——

Mr. BURTON. I yield to the Senator from Washington.

Mr. JONES. It has occurred to me that it ought to be very easy to determine what the Senator from Florida meant, as to whether this should be a permanent or temporary policy. I see that the Senator from Florida is present, and I wonder whether or not the Senator from Ohio will yield to him to make this point perfectly clear and certain?

Mr. BURTON. Just as the Senator from Florida desires. I am perfectly willing that he shall elucidate his position in my time, provided I shall not lose the floor.

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

Mr. BURTON. I yield to the Senator from Florida.

Mr. FLETCHER. Mr. President, if the Senator desires me to express my own view of that question, I am perfectly willing to do so, but I did not wish to interrupt the logical order of his address by attempting to answer every question that might be propounded by him in connection with this bill. We, of course, expect that there will be an opportunity to reply to the Senator's argument later on.

In this connection I want to call attention to section 7 of the bill itself, which reads as follows:

SEC. 7. That, with the approval of the Congress, such shipping board may at any time sell the stock of such corporation owned by the United States.

In other words, if Congress approves, the stock may be sold and the corporation become entirely a private one. That step is provided for.

There seems to me to be some difference between the transfer of ships or vessels and the transfer of lines or routes of trade. I should feel, so far as I am concerned, that that feature of the matter ought to be permanent. One of the main purposes of the proposed legislation is to open up routes of trade and to establish channels of trade which will become profitable and permanent, so that when the Government retires from this business, if it sees fit to do so, and Congress undertakes to authorize the transfer of the stock of the corporation, the routes established will be permanent, and in any transfer of ships or transfer of the stock of the corporation by the shipping board under the authority of Congress the maintenance of established lines would undoubtedly be involved. That would not mean necessarily that the ships themselves must be directed or controlled as Congress might point out, but that the lines established should remain in operation and, perhaps, likewise that the rates should be maintained, for there will be probably legislation to the effect that the Interstate Commerce Commission shall have control over the rates that may be fixed and jurisdiction over conference agreements between such lines as may take over the corporation or the Government lines and routes and other lines, so as to avoid and prevent monopoly and such a combination as we find to exist now, over which the Government has no control whatever, in our foreign trade.

What the shipping board may determine, what may develop as the wise and proper course to pursue in connection with the ships to be provided, no one can precisely foresee or foretell; that is a matter of growth and development; but I undertake to say that the interest of the Government, the interest of all the people and of the industries of the country, will be looked after by those in control of this corporation.

There are those who seem to think—and I judge from the minority report that is the view of the Senator from Ohio—that, while conditions are rather abnormal now, they are not other than might be expected, and that, in the main, we ought to do nothing; that we ought to let matters work themselves out; that we ought to accept the situation as one not to be cured, not to be remedied in any way whatever; that the Government ought to admit that it is helpless and hopeless; that our commerce must be demoralized; and that our farm products, our vegetables, our fruits, our manufactures, our cotton, our naval stores and phosphate, and other products of this country must weigh down our wharves because there are no ships to take them where they are wanted, or when there are ships that offer the price fixed by the combination in control of shipping it is absolutely prohibitive.

Why must we abide by that helpless condition and consent to it? Why is it that a great Government, with all the power and resources of this Government, can not help its people under the conditions now prevailing? And, as I have said, even after the present emergency is over we do not know when some other emergency will arise, when some other country whose vessels are now carrying our commerce and upon whose vessels we are now absolutely dependent will get into difficulty and those vessels be withdrawn or be unable to navigate the seas and we again be paralyzed and unable to reach foreign markets with any of our products or to bring the products of foreign markets that we need over to our people.

I say it seems to me that is the view upon which the minority report is founded, and it seems to me the logical conclusion of the Senator's argument is that we are not in any sort of condition other than what ought to be expected and what ought to be endured, and that there is no remedy that can be offered for the situation.

Mr. BURTON. Mr. President, while the Senator is on his feet, along the line of one statement he has made, I should like to ask him if there is any new route which he would suggest that ought to be adopted by Government ships; and if so, where is it?

Mr. FLETCHER. I have not any new route in mind; I have not gone that far; that is a matter of detail to be worked out by the shipping board when they are provided with the means of doing it. There is no use of crossing any bridges until we get to them.

I might say, further, Mr. President, in answer to the Senator's inquiry, that perhaps I am not absolutely accurate when I say that I have no route in mind at all. I, of course, have in a general way, thought about where the routes should extend for the advantage and benefit of this country. I meant to say that I have no specific route in mind; but, as I have indicated, it seems to me that is a matter which must be worked out by the shipping board in whatever way will make for the general good. A route was suggested a few years ago in the report on a bill then pending in the House, and I believe a report submitted at that time by the Senator from New Hampshire [Mr. GALLINGER] involved some specific route. It looks to me as if that is a very reasonable proposition, but I have not gone into that detail at all.

Mr. BURTON. Mr. President, it seems to me a most radical and objectionable step to bring forward for adoption a proposition calling for the expenditure of tens of millions of dollars and the entering upon an untried and dangerous policy, when its advocates can not state a single route over which they propose to establish a line of steamers. It seems to me the Senate and the country ought to be taken into the confidence of the proponents of the measure in this matter. What is this great need? Why are you proposing to establish this corporation and expend this money? On what route in the seas or the ocean do you intend to establish new lines? When such questions are raised it is answered, "We will cross that bridge when we get to it," and the general expression is added, "We do it for the good of the people." Why, everything we do is expected to be for the good of the people, but it seems to me there could be nothing further from the good of the people than to commit ourselves to this new policy and to this great expenditure when nobody will tell us for what purpose it is being done.

The proposals to which the Senator from Florida has partially referred as having been made by the Senator from New Hampshire have no bearing here. Those proposals related to mail lines; and I may say that those who have opposed a subsidy in this body and the other have always felt willing to pay a reasonable price for the establishment of mail lines. To establish mail routes, say, from the west coast of the United States, it is not necessary to name the routes. San Francisco and probably Los Angeles should be stopping places, the line starting from Seattle and proceeding down the coast to Panama, and then to South America, stopping at Guayaquil, Callao, Mollendo, and ports along that coast, including Antofagasta and Valparaiso, is a proposition that appeals to me with a good deal of force. The dividing line should be, What is a subsidy and what is a payment for reasonable service in the carriage of mails? But this bill does not contemplate that. The argument for this measure is the difficulty of obtaining vessels for the carriage of freight. The boats carrying cotton, grain, and similar cargoes are not mail boats; they are not of the type that the Senator from New Hampshire referred to in the proposition which he so strenuously and so ably presented to the Senate.

Mr. GALLINGER. Mr. President——

The PRESIDING OFFICER (Mr. KENYON in the chair). Does the Senator from Ohio yield to the Senator from New Hampshire?

Mr. BURTON. Certainly.

Mr. GALLINGER. It can not be denied that, for the purpose of strengthening this proposed legislation, the view is held out that the Government may at some time go out of this business and turn it over to private parties. That has been advocated with a good deal of earnestness, and it has been given to us as one reason why this bill is not intended to create a Government monopoly or to wipe out individual initiative and enterprise. I want to ask the Senator from Ohio if he recalls the percentage of loss which the Government sustained in the matter of the transports which were purchased during the Spanish-American War?

Mr. BURTON. I do not; I think the loss was rather large. I have an impression—perhaps I ought to have a more definite recollection of the matter—that the Government lost at least 50 per cent on that transaction. I am inclined to think it lost more than that.

Mr. GALLINGER. Yes; more than that. I believe it has been stated as high as 75 per cent.

Now, suppose the Government invests $30,000,000 in the shipping industry, taking possession practically of the shipping industry of the United States, and after a while concludes—because the Government is going to lose money; there is no doubt about that; it is admitted on all hands—to turn it over to private parties. Is it not reasonable to suppose that the Government will lose from 50 to 75 per cent on the $30,000,000 transaction it has gone into?

That will entail a loss so much greater than any subsidy proposition that ever has been presented to Congress that it is rather startling to me as an advocate of mail subventions. I simply wanted to present that matter to the Senator for his thought, because I think he will agree with me that we are in for a very heavy loss if we go into this business and then undertake to transfer it to private parties.

Mr. BURTON. I should like to answer that question in connection with some other statements. The Senator from Florida says Congress has the right to direct that this stock shall be sold. Let us see what that would lead to. This line is managed for a certain number of years, confessedly at a loss, according to the statement of those who advocate the bill; according to some of its advocates, justified in order to accomplish a certain purpose. Who is going to buy that stock? Who is going to buy boats that are run at such a loss that the deficiency must be regularly supplied from the Federal Treasury? Who will be the bidders? If there were any bids—and no doubt there would be—they would be presented by men who desired to obtain the ships, the property of the corporation, at a knock-down price. Then, when at great loss to the Government the control passed to private corporations and individuals, what would be accomplished? Why, nothing. A brief season, perhaps, of lower prices, though I doubt it; then rates would return to the level determined by the economic conditions of the trade.

Whether or not Congress would ever vote to sell the stock I do not know, but of one thing I am certain, that the operation of this corporation would be marked by constant loss, and that it would be a perpetual subject of discussion here on the floor of the Senate and on the floor of the House of Representatives.

In regard to the transports mentioned by the Senator from New Hampshire [Mr. GALLINGER], it is true that they were sold at probably less than 50 per cent of their cost; but they were required for a special purpose, and it is perhaps hardly fair to charge up as a general loss the difference between the price paid by the Government and that which it realized on sale. It was rather a part of the cost of transport service which they performed in time of war. Whatever the system of bookkeeping may be, that is the most natural explanation of the transaction.

Mr. FLETCHER. Mr. President——

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

Mr. BURTON. Certainly.

Mr. FLETCHER. In that connection, also, is it not fair to observe that when we found ourselves without sufficient auxiliaries the Government was obliged to have transports, and have them quickly, and that very likely the people who owned the vessels were in position to take advantage of the situation and demand exorbitant prices for what they had to sell, and the Government, being practically helpless under the circumstances, had to give those prices, and that that situation would obtain to-day under like conditions?

That argument is strong, in that it supports the contention of the advocates of this measure, that that sort of a situation might arise almost at any time, and the Government would be obliged to suffer great loss, first, because it would have to pay exorbitant prices for transports, and, second, because they would be needed only for a particular service, such as the transporting of troops. We are practically without transports to-day, and under this bill provision will be made for that sort of a situation.

As regards losses in the enterprise, my own view is that at the outset we would sustain losses. We would scarcely expect to open up new routes of trade and make money at the very start; but I do not believe there will be any need of a constant drain on the Treasury to support the shipping board's enterprise. I believe that eventually there will come a time when this business will be profitable. I base that belief very largely not on my own experience at all but on the dividends of shipping people, as publicly declared and published.

Mr. WEEKS. Mr. President, may I ask the Senator from Florida a question which is induced by his optimistic view about the possibility of profits? Does he know of any instance, except in the case of the Prussian governmental railroads, where a government-operated public-service corporation is profitable?

Mr. FLETCHER. I do not mean that the Government ought to undertake to make a vast amount of profit out of the business. I do not think the Government ought to do that, anyhow. If the Government owned the railroads, it should not tax the people to make money. It should afford the people accommodation. If it owned the steamship lines, it should fix the rates at the very lowest price that would maintain the enterprise. It should not make money out of it beyond what would be considered a proper provision for maintenance and reasonable interest on the investment.

Mr. WEEKS. Mr. President, does not the Senator know that in practically every instance an appropriation is required to make up a deficit rather than there being any return whatever on the capital?

Mr. FLETCHER. I imagine, Mr. President, that the figures which are furnished in connection with these government-owned railroads may be used to mean one thing by one individual and something else by another; that it is largely a question of bookkeeping whether they can be held to be profitable or unprofitable, and it is largely a question of the way of keeping the accounts.

If the Government does lose money in the conduct of those railroads, it is because of its bookkeeping manipulation or because of conditions that need not exist at all, in my judgment. The Government could, by regulating and fixing the tariff rates on that business, of course prevent any necessity for great losses. Whether the Government would feel that it had better tax all the people to make up a deficit in connection with the operations of some railroad rather than to raise the freight and passenger tariff is a feature that may enter into the ultimate result of the operation.

I do not think that argument applies at all to a situation like this; that is to say, what the figures show as to the profits or deficits resulting from government operation of railroads in other countries. It seems to me, as I say, that it is so much a question of bookkeeping that it is not a matter that would furnish us any light in connection with this sort of a proposition.

Mr. BURTON. Mr. President, I always dislike to differ emphatically from any of my colleagues whom I respect so highly, especially the Senator from Florida; but if there is any one proposition that seems to me utterly fallacious, from the standpoint of economics or of business, it is the one involved in this bill; namely, that if any agency having control of a business charges exorbitant prices—and that claim is open to discussion, whether they do or do not in this case—the way to cure it is for the Government to go into that business as a partial competitor with them.

It is just that line of argument which prevails in another connection, that where there is one corporation that has control of some public utility or of some business, it is a good plan to give a franchise to another to go into the same business. So we have our duplicated telephone systems, duplicated wiring in every prominent business block, duplicated conduit wires under the streets, duplicated centrals, as they are called, where the messages are received—duplicated service all along the line. Some city council thinks it will be a splendid thing, when there is a gas company or a telephone company or an electric-lighting company that is in control of the field, to put in another and let them compete. The result always is that the public, in the long run, has either to suffer very greatly deteriorated service or to pay interest on both investments, and enjoy only a partial service at the hands of either company.

Not only is this true in regard to public utilities, but it is true in such a case as this. The money put into Government ships would be virtually a waste. It could result only in a duplication or division of available tonnage, without effecting any saving, improving the service, or affording any other economic justification for its existence. What is the result going to be? Probably all private shipping will be driven out of the business. In any event, you have to pay for the increased cost of operation; you inject into the problem this one of Government control, with all its defects and limitations, and when you are through with it you say you are going to sell the ships and reestablish the private enterprises you have just destroyed.

The same objections, in an even greater measure, lie to the Government's undertaking partial performance of this business that lie in the case of partial public ownership of public-service corporations. Now, there is an easier way to control rates. The law gives to the Government power, at least over its own shipping, to establish some such tribunal as the Interstate Commerce Commission. I am perfectly aware that any such plan is fraught with difficulties. It would be almost impossible on the sea to compel the filing of traffic sheets and, whenever changes are filed, giving notice. The differences in the kind of traffic carried, the relation of the tramp steamer to the regular lines—all these present problems very difficult of solution by any commission; and I am not sure that I should favor such a measure, unless there were only a limited degree of control over the general conduct of the business, relating to the fairness and absence of discrimination in traffic combinations, and so forth; but I do especially wish to protest against this idea that the way to bring about lower prices in the carriage of freight or any commodities is for the Government to go into the business.

In the first place, it is an utterly absurd enlargement of the activities of the Government. In the next place, it will not result in economies, because Government operation is always more expensive than private operation. Again, if it is the intention that the Government should manage the business at a loss it will benefit but a few of the people, at the expense of all the people. Why, Mr. President, in the days of the railroad-rate wars, when prices were put down to absurdly low figures in the time of some contest, I say, who believed, or who will assert now, that the general public gained any benefit from it? It was simply the shipper who had the good fortune to take advantage of the situation and ship his goods, say, from New York to Chicago, at a time when rates were very low because of those railroad-rate wars.

The most extravagant anticipation as to Government-owned ships does not contemplate taking them all over. It would be impracticable to put them on all lines; and so, not the general public, but a few favored localities and individuals would gain from such a step.

There is another question in this connection, and I think the advocates of the bill should tell us clearly what is intended in this regard. Is it the object of this measure to provide for the establishment of steamship lines to specific countries, as to South and Central America, or to all parts of the world? This is a question of importance, and I think the Senate should understand it, and I think the advocates of the bill should make clear to us at what they are aiming. Do you intend to put boats on every sea, to establish a line on every route of traffic, or is it merely on some specific lines?

On this question the House report says:

> These lines will be projected to ports in Central and South America and elsewhere to increase our mail facilities and to meet the growing demands of our foreign commerce.

The word "elsewhere," of course, has some meaning there. It may include almost anything; but it seems that the object was to make special provision for Central and South America.

The bill as introduced in the Senate, as originally drawn, read as follows:

> That the object of such corporation shall be the purchase, construction, equipment, maintenance, and operation of merchant vessels in the trade between the Atlantic, Gulf, or Pacific ports of the United States and the ports of Central and South America and elsewhere to meet the requirements of the foreign commerce of the United States.

The substitute, as introduced last night, reads as follows, after describing the corporation:

> Which shall have for its object the purchase, construction, equipment, maintenance, and operation of merchant vessels to meet the requirements of the foreign commerce of the United States.

This is a matter of extreme importance, as I shall try to show. Briefly speaking, if this is an attempt to put ships on all routes, the proposition staggers us because of its magnitude, and it should cause us to oppose it because of its impossibility. Why, there are multitudes of routes in which there must be provision for freight and passenger traffic from the United States, and I can not conceive of it as a possibility that enough ships could be purchased or built or impressed or obtained in any other way to engage in traffic on all these routes. The difficulty arises at the very beginning that there will be discrimination if you do not; that one locality will be favored in its trade to the detriment of another. Then, on the other horn of the dilemma, if it is to South America, to Central America, to Australasia, to China, or to any other place, are you sure there is a deficiency of shipping now? I think the opponents of this bill might safely challenge those who advocate it to point out any route where it is not a fact either that there is sufficient ocean tonnage already or that there is only a temporary shortage due to the war. Let us have some route where you wish to establish ships.

Strangely, the bill in its final form leaves out all mention of any specific locality in need of shipping. It is simply "to meet the requirements of the foreign commerce of the United States." As I read the message of President Wilson, he had something quite definite in mind. Beginning on page 4 of the message, as printed for the use of Congress, he says:

> It is of equal consequence that the nations whom Europe has usually supplied with innumerable articles of manufacture and commerce of which they are in constant need and without which their economic development halts and stands still can now get only a small part of what they formerly imported and eagerly look to us to supply their all but empty markets. This is particularly true of our own neighbors, the States, great and small, of Central and South America. Their lines of trade have hitherto run chiefly athwart the seas, not to our ports but to the ports of Great Britain and of the older continent of Europe. I do not stop to inquire why, or to make any comment on probable causes. What interests us just now is not the explanation but the fact, and our duty and opportunity in the presence of it. Here are markets which we must supply, and we must find the means of action.

On page 6 he says, on resuming this subject:

> But I think that you will agree with me that this does not complete the toll of our duty. How are we to carry our goods to the empty markets of which I have spoken if we have not the ships? How are we to build up a great trade if we have not the certain and constant means of transportation upon which all profitable and useful commerce depends? And how are we to get the ships if we wait for the trade to develop without them?

And, again, on page 7:

> Therefore I propose another way of providing the means of transportation, which must precede, not tardily follow, the development of our trade with our neighbor States of America.

"The development of our trade with our neighbor States of America!" He does not seem to refer to anything else.

> It may seem a reversal of the natural order of things, but it is true that the routes of trade must be actually opened—by many ships and regular sailings and moderate charges—before streams of merchandise will flow freely and profitably through them.

Mr. WEEKS. Mr. President——

The PRESIDING OFFICER (Mr. STERLING in the chair). Does the Senator from Ohio yield to the Senator from Massachusetts?

Mr. BURTON. I do.

Mr. WEEKS. I make the point of order that there is not a quorum present.

The PRESIDING OFFICER. The Secretary will call the roll.

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

Borah	Gore	Myers	Smoot
Brady	Gronna	Nelson	Stephenson
Brandegee	Hollis	Norris	Sterling
Bristow	James	O'Gorman	Stone
Burton	Johnson	Page	Sutherland
Camden	Jones	Perkins	Swanson
Chamberlain	Kenyon	Pomerene	Thomas
Clapp	La Follette	Ransdell	Thornton
Clarke, Ark.	Lane	Saulsbury	Townsend
Culberson	Lee, Md.	Shafroth	Weeks
Cummins	Lippitt	Sheppard	White
du Pont	Lodge	Sherman	Williams
Fletcher	McCumber	Smith, Ga.	Works
Gallinger	Martine, N. J.	Smith, Md.	

Mr. TOWNSEND. I announce the absence on important business of the Senate of the senior Senator from Michigan [Mr. SMITH], and state that he is paired on all votes with the junior Senator from Missouri [Mr. REED]. This announcement may stand for the day.

The PRESIDING OFFICER. Fifty-five Senators have answered to their names. There is a quorum present. The Senator from Ohio will proceed.

Mr. BURTON. Mr. President, the natural, I may say the inevitable, inference from the message of the President is that additional ships were required for the trade to South and Central America. Now, two inquiries present themselves: First, is there need of additional ships to South America and Central America? Second, if the intention indicated by the later form of this bill is the true one and it is intended to put boats on all lines, what will be the result?

Mr. President, in the manifold duties of the Executive, I do not think he has had before him proper or accurate data in regard to the facilities for carrying freight to South America. Not only is there an abundant amount of shipping available, but not a boat which has sailed for South America from the port of New York for a year has been able to secure a full cargo; and, moreover, those sailings have been frequent. I have here a list, carefully prepared, which I will ask to have printed in the RECORD.

The PRESIDING OFFICER. The Chair hears no objection, and it is so ordered.

The matter referred to is as follows:

List of Prince Line steamers dispatched from New York to Brazil and River Plate from Jan. 1 to Sept. 30, 1914.

Date.	Steamer.	Destination.	Cargo space in ship when leaving New York.	Days loading at New York.
1914.			*Cubic feet.*	
Jan. 4	Asiatic Prince	Montevideo, La Plata, Buenos Aires, Rosario	84,082	6
21	Welsh Prince	Rio de Janeiro, Santos Montevideo, La Plata, Buenos Aires	172,500	12
Feb. 1	Eastern Prince	Pernambuco, Bahia, Rio de Janeiro, Santos	91,500	7
11	Japanese Prince	Rio de Janeiro, Santos, Montevideo, Buenos Aires, Rosario	112,500	11
22	Bulgarian Prince [1]	La Plata, Buenos Aires, Rosario	269,250	6
28	Scottish Prince	Pernambuco, Bahia, Rio de Janeiro, Santos	34,125	10
Mar. 20	Portuguese Prince	Rio de Janeiro, Santos, Montevideo, Buenos Aires, Rosario	90,638	13
31	Indian Prince	Pernambuco, Bahia Rio de Janeiro, Santos	116,250	7
Apr. 18	Hungarian Prince	Rio de Janeiro, Santos, Montevideo, La Plata, Buenos Aires, Rosario	96,000	18
29	Asiatic Prince [1]	Pernambuco, Bahia, Rio de Janeiro, Santos	134,250	6
May 10	Eastern Prince	Rio de Janeiro, Santos, Montevideo, La Plata, Buenos Aires, Rosario	15,000	8
27	Scottish Prince	Pernambuco, Bahia, Rio de Janeiro, Santos	58,725	8
June 10	Ocean Prince	Montevideo, La Plata, Buenos Aires, Rosario	55,500	15
22	Japanese Prince	Rio de Janeiro, Santos, Montevideo, La Plata, Buenos Aires, Rosario	95,025	11
30	Indian Prince	Pernambuco, Bahia, Rio de Janeiro, Santos	97,328	9
July 11	Welsh Prince [1]	Rio de Janeiro, Santos, Montevideo, La Plata, Buenos Aires, Rosario	140,250	11
28	Asiatic Prince	Pernambuco, Bahia, Rio de Janeiro, Santos	49,500	9
Aug. 2	Portuguese Prince [1]	Montevideo, La Plata, Buenos Aires	175,500	11
28	Afghan Prince	Rio de Janeiro, Santos, Montevideo, La Plata, Buenos Aires		22
Sept. 9	Scottish Prince	Pernambuco, Bahia, Rio de Janeiro, Santos	32,250	13
25	Eastern Prince	Pernambuco Rio de Janeiro, Montevideo, La Plata, Buenos Aires	6,750	13

[1] Completed cargo with coal at Norfolk, Va.

Usual time for loading steamers at New York, 6 to 12 days, according to size.

Steamers dispatched from New York to River Plate, Jan. 1 to Sept. 30, 1914.

Date.	Line.	Steamer.	Destination.
Jan. 4	Prince Line	Asiatic Prince	Montevideo, La Plata, Buenos Aires, Rosario.
10	Lamport & Holt Line	Verdi	Montevideo, Buenos Aires.
17	Houston Lines	Herminius	Montevideo, Buenos Aires, Rosario.
21	Prince Line	Welsh Prince	Montevideo, Buenos Aires, La Plata.
23	Barber & Co	St. Winifred	Montevideo, La Plata, Buenos Aires.
24	Do	Sahara	Montevideo, Buenos Aires, Rosario.
24	Lamport & Holt Line	Vasari	Montevideo, La Plata, Buenos Aires.
25	American & Rio Plata Line	Madawaska	Montevideo, La Plata, Buenos Aires, Rosario.
28	Houston Line	Honorius	Montevideo, La Plata, Buenos Aires.
31	Norton Line	Siam	Montevideo, Buenos Aires, Rosario.
	(10 steamers.)		
Feb. 2	Standard Oil Co	Woodfield	La Plata, Bahia Blanca.
5	New York & South America Line	Charlton Hall	Bahia Blanca.
7	Lamport & Holt Line	Vauban	Montevideo, Buenos Aires.
11	Prince Line	Japanese Prince	Montevideo, Buenos Aires, Rosario.
12	Barber & Co	Ardoyne	Montevideo, La Plata, Buenos Aires, Rosario.
12	West Coast Line	Belgrano	Bahia Blanca.
18	Houston Line	Harmonides	Montevideo, Buenos Aires, Rosario.
21	Lamport & Holt Line	Tennyson	Montevideo, Buenos Aires.
22	New York & South America Line	Crofton Hall	Bahia Blanca.
22	Prince Line	Bulgarian Prince	La Plata, Buenos Aires, Rosario.
25	American & Rio Plata Line	Queen Helena	Montevideo, La Plata, Buenos Aires, Rosario.
28	Norton Line	Bantu	Montevideo, Buenos Aires, Rosario.
	(12 steamers.)		
Mar. 5	Houston Line	Hortensius	Montevideo, La Plata, Buenos Aires, Rosario.
7	Lamport & Holt Line	Vandyck	Montevideo, Buenos Aires.
10	Barber & Co	Ascuncion de Larringa	Montevideo, Buenos Aires, La Plata, Rosario.
12	Merchants Line	Cacique	Bahia Blanca.
17	Lamport & Holt Line	Zinal	Rosario.
19	Houston Line	Hermione	Montevideo, Buenos Aires, Rosario.
20	Prince Line	Portuguese Prince	Do.
21	Lamport & Holt Line	Byron	Montevideo, Buenos Aires.
26	Norton Line	Industry	Montevideo, Buenos Aires, Rosario.
	(9 steamers.)		
Apr. 1	Houston Line	Hesione	Montevideo, Buenos Aires.
5	Lamport & Holt Line	Vestris	Do.
5	Barber & Co	Vellore	Montevideo, La Plata, Buenos Aires.
9	Lamport & Holt Line	Highland Heather	Buenos Aires.
10	Standard Oil Co	Calliope	Ibicuiy, La Plata.
10	West India Oil Co	Evanger	Rosario.
13	America & Rio Plata Line	Whitgift	Montevideo, Buenos Aires, Rosario.
14	New York & South America Line	Howick Hall	Bahia Blanca.
16	Houston Line	Horatius	Montevideo, Buenos Aires, Rosario.
16	Barber & Co	Kelvinbank	Montevideo, La Plata, Buenos Aires.
17	....do	Potomac	Montevideo.
18	Lamport & Holt Line	Highland Laird	Rosario.
18	Prince Line	Hungarian Prince	Montevideo, La Plata, Buenos Aires.
20	Norton Line	Ikaria	Montevideo, Buenos Aires, Rosario, Santa Fe.
29	Barber & Co	Singapore	La Plata, Buenos Aires, Rosario, Santa Fe.
	(15 steamers.)		
May 1	Houston Line	Hyanthes	Montevideo, La Plata, Buenos Aires, Rosario.
3	Merchants Line	Charcas	Bahia Blanca.
9	Lamport & Holt Line	Vauban	Montevideo, Buenos Aires.
9	....do	Highland Harris	Do.
10	Prince Line	Eastern Prince	Montevideo, La Plata, Buenos Aires.
15	Houston Line	Honorius	Montevideo, La Plata, Buenos Aires, Rosario.
16	Lamport & Holt Line	Tennyson	Montevideo, Buenos Aires, Rosario.
16	America Rio Plata Line	Shirley	Do.
16	Standard Oil Co	Amicus	La Plata, Rosario.
17	Barber & Co	Domingo de Larringa	Montevideo, La Plata, Buenos Aires.

Steamers dispatched from New York to River Plate, Jan. 1 to Sept. 30, 1914—Continued.

Date.	Line.	Steamer.	Destination.
May 21	Houston Line	Harmonides	Montevideo, Buenos Aires.
26	Norton Line	Siam	Montevideo, Buenos Aires, Rosario.
28	New York & South America Line	Foxton Hall	Bahia Blanca.
30	Lamport & Holt Line (14 steamers.)	Vandyck	Montevideo, Buenos Aires.
June 8	Lamport & Holt Line	Highland Watch	Buenos Aires.
9	Barber & Co	Anselma de Larringa	Montevideo, La Plata, Buenos Aires.
10	Prince Line	Ocean Prince	Montevideo, La Plata, Buenos Aires, Rosario.
13	Lamport & Holt Line	Byron	Montevideo, Buenos Aires.
13	Houston Line	Herminius	Montevideo, La Plata, Buenos Aires, Rosario.
22	Prince Line	Japanese Prince	Do.
25	Barber & Co	Kelvindale	Montevideo, La Plata, Buenos Aires.
26	Standard Oil Co	Bergenhus	La Plata, Santa Fe.
26	New York & South America Line	Crasterhall	Bahia Blanca.
27	Lamport & Holt Line (10 steamers.)	Vestris	Montevideo, Buenos Aires.
July 1	Houston Line	Hermione	Montevideo, La Plata, Buenos Aires, Rosario.
4	America & Rio Plata Line	Comeric	Do.
6	Norton Line	San Francisco	Montevideo, Buenos Aires, Rosario.
11	Prince Line	Welsh Prince	Montevideo, La Plata, Buenos Aires, Rosario.
15	Houston Line	Hesione	Montevideo, La Plata, Buenos Aires.
24	Barber & Co	Kelvinbank	Montevideo, Buenos Aires, Rosario.
25	Lamport & Holt Line	Vauban	Montevideo, Buenos Aires.
29	Houston Line	Harmodius	Montevideo, La Plata, Buenos Aires.
30	New York & South America Line (9 steamers.)	Charlton Hall	Bahia Blanca.
Aug. 2	Prince Line	Portuguese Prince	Montevideo, La Plata, Buenos Aires.
6	New York & South America Line	Lorenzo	Buenos Aires.
6	....do	Berwind	Do.
10	America & Rio Plata Line	Bramley	Montevideo, Buenos Aires, Rosario.
13	Lamport & Holt Line	Tennyson	Montevideo, Buenos Aires.
28	Prince Line (6 steamers.)	Afghan Prince	Montevideo, La Plata, Buenos Aires.
Sept. 2	Barber & Co	Dochra	Montevideo, La Plata, Buenos Aires, Rosario.
3	Lamport & Holt Line	Vandyck	Montevideo, Buenos Aires.
5	Houston Line	Hilarius	Montevideo, La Plata, Buenos Aires.
12	....do	Horatius	Rosario, Santa Fe.
16	Norton Line	Bantu	Montevideo, Buenos Aires, Rosario.
16	Lamport & Holt Line	Zinal	Montevideo, Buenos Aires.
17	Houlder, Weir & Boyd	Drumcliffe	Montevideo, La Plata, Buenos Aires.
19	Norton Line	Industry	Bahia Blanca, Buenos Aires.
21	Barber & Co	Ardoyne	La Plata, Buenos Aires.
24	Lamport & Holt Line	Byron	Montevideo and Buenos Aires.
25	Prince Line	Eastern Prince	Montevideo, La Plata, Buenos Aires, Rosario.
29	Houston Line (11 steamers.)	Hellenes	Montevideo, La Plata, Buenos Aires.

SUMMARY.

Steamers dispatched in January	10
Steamers dispatched in February	12
Steamers dispatched in March	9
Steamers dispatched in April	15
Steamers dispatched in May	14
Steamers dispatched in June	10
Steamers dispatched in July	9
Steamers dispatched in August	6
Steamers dispatched in September	11
Total steamers in 9 months	96
Average steamers per month	10

Mr. BURTON. There has been a good deal of misapprehension and misinformation regarding our trade with South America. There is an equally erroneous impression that there are empty markets in that part of the world. What is the fact about this? Even before the war a certain degree of financial distress existed in several of the leading countries of South America, notably Brazil, and probably to a less degree in Argentina. Their buying capacity was very much diminished. With the advent of the war, however, a real crisis intervened. A large share of the capital of the banks of Brazil and Argentina is owned in foreign countries, in countries engaged in the present collossal conflict. Immediately specie was removed, the means of credit were withdrawn.

An illustration frequently makes conditions clearer than a long statement of general facts. A merchant in Brazil contracted for 200,000 sacks of flour. The flour was carried to New York, was placed in the warehouses, and a boat was waiting in the harbor to take it to South America. When everything was ready for its shipment there arose practically a revolution in exchanges with Brazil and with credit conditions affecting that country. The usual manner of payment for American products shipped to South America is of this general nature: The invoice is presented to a bank and a bill is drawn for the amount represented by the goods enumerated in that invoice. A cablegram is sent to Rio Janeiro, we will say, and a bank there accepts the bill of exchange. Then the freight is paid in advance and the shipment proceeds on its way. I may say in passing that the rule which provides for the payment of freight in advance for South American shipments does not prevail in shipments to Europe. There the advance payment is not required.

In this particular case the bank, because of its diminished resources or its embarrassment, refused to accept the draft. They probably felt they could not be sure of meeting it when presented. The prospective buyer sent a cablegram, "I will accept that draft," but just at that time Brazil had undertaken the issuance of a very considerable amount of paper money. The buyer proposed that the seller be paid in six months. But the seller was not, in the first instance, sure of the solvency of the buyer, and, in the second instance, he did not feel sure but that at the end of six months payment would be made in a depreciated currency. Therefore he refused to ship the flour. Meantime the story has been circulated that the shipment was held up because of a lack of ships. But, in fact, there were plenty of ships in the harbor to carry not only that consignment but many more.

Let me call attention briefly to this table I have had inserted in the RECORD. First is a list of Prince Line steamers dispatched from New York to Brazil and River Plate from January 1 to September 30, 1914.

January 4 the *Asiatic Prince*, to Montevideo, La Plata, Buenos Aires, and Rosario, six days loading at New York. How much space did she have available for carrying freight which was not utilized? Eighty-four thousand and eighty-two cubic feet. Roughly speaking, 40 cubic feet are sufficient for carrying 1 ton of freght. She had the capacity to carry a little over 2,000 tons in addition to the load with which she left the port of New York.

Mr. LIPPITT. What was the dead-weight?

Mr. BURTON. From about six to ten thousand tons dead-weight carrying capacity, nearer probably to the minimum of 6,000 than to the maximum of 10,000.

Mr. LIPPITT. Do I understand the Senator to mean to imply that the vessel had from 25 to 30 per cent of her capacity unoccupied?

Mr. BURTON. Yes; that is correct.

January 21, *Welsh Prince*, to Rio Janeiro, Santos, Montevideo, La Plata, and Buenos Aires, carrying space available when leaving New York, 172,500 cubic feet—capacity for 4,300 tons—for which there was no demand.

Passing a shipment February 1, there was one February 11, the *Japanese Prince*, that had 112,500 cubic feet, or a capacity to carry something over 2,500 tons, for which there was no demand.

On February 22 the *Bulgarian Prince* left port with 269,250 cubic feet not filled, or with space to carry something over 6,500 tons, considerably more than half her capacity, for which there was no demand. This approximated an empty boat. In this case instead of coaling at New York she proceeded to Norfolk to take on coal. That is perhaps the largest amount of empty space on any boat during the year.

On May 31 a boat went out with empty carrying space of 116,250 cubic feet; on April 29, 134,250; on July 11, 140,250, or something over 3,500 tons. In the last case mentioned she went to Norfolk to take on coal.

Then, August 2, there was the *Portuguese Prince*, with 175,500 feet of cubic space, or a capacity for nearly 4,500 tons. This boat also went to Norfolk.

I have also a list of steamers dispatched from New York to the River Plate, January 1 to September 30, 1914. It appears there were 10 steamers in January, 12 in February, 9 in March, 15 in April, 14 in May, 10 in June, 9 in July, 6 in August, and 11 in September; total in nine months, 96 steamers; an average of 10 steamers per month.

Mr. ROOT. That was in 1914?

Mr. BURTON. In 1914. The table is brought down to two months after the beginning of the war. If there was any decrease in the months of August and September, and it is to be noted that the number of steamers in September was 11, 1 above the average, it was due to the breakdown of credit and the diminished purchasing capacity of those countries.

Mr. LIPPITT. Before the Senator leaves that point, I should like to know if he can state whether those were tramp steamers or steamers of regular lines.

Mr. BURTON. They can not accurately be classified under either head. The Lamport & Holt Line did send a boat every week. Now it sends a boat about every month. That is a regular line. But these vessels are not exactly either tramp steamers or steamers of regular lines. They are between the two. I will come to that point later.

Now let us take up the question of sending boats to all parts of the world, which seems to be contemplated by the bill as it appears in the amended form introduced yesterday. Mr. President, that overlooks the vital point in the shipping trade. It is impossible to make any material impression upon freight rates or freight tonnage if a certain number of boats go out over scattered routes in all directions.

A great deal has been said about conference agreements, by which one company sends out a boat one week, another company sends a boat another week, a third line on the third week, and a fourth line on the fourth week, and it is said that this indicates at least a general agreement and that it is contrary to the antitrust law. If we consider this subject, we must realize that the shipping trade can be carried on in no other way, whether there be but one line or many distinct lines. Suppose, for instance, there is a port, such as New York, from which freight to the amount of a thousand tons a day is shipped to Rio de Janeiro, and there are 10 boats available for that business, each carrying 10,000 tons. Now, suppose the Government goes into the business with a separate line, and you say that the others must not agree as to sailing dates, what will happen? Each boat will be bidding for that 1,000 tons of freight per day and getting perhaps 100 tons of it. If there are 10 boats, they will all have to remain in port 100 days before they can go out.

Mr. ROOT. Before they can be loaded.

Mr. BURTON. Before they can be loaded to go out. Now, suppose you put 1 Government boat in competition with these 10 boats, what happens? It must wait around an indefinite length of time for a load. It must be uncertain in the date of its sailings and must subject shippers and others interested therein to great loss in the delays incurred. The question arises at the very outset, What is the Government going to do with this line? Is it going into these conference agreements?

According to the testimony taken before the Merchant Marine and Fisheries Committee, the Government has already entered into this conference agreement and conformed its methods to the general custom of the trade.

Now, let us consider another phase of this question. Is the Government going to put its boats on the lines or routes to the countries of Europe which are now at war? Mr. President, I frequently believe we do not appreciate how serious this war really is. It is the most frightful conflict in the world's history. Is it conceivable that such a conflict should progress without utterly demoralizing all the routes of trade? Not only is there a general demoralization of international trade conditions but navigable routes are strewn with mines. These are planted with the greatest abundance near the entrance to ports and harbors. The English Government, I understand, has declared the North Sea mare clausum, a closed sea, and has warned shippers that they enter it at their peril. There is the danger of detention, in the first place, by an exercise of the right of seizure and search, the danger of confiscation of the cargo by the boat being taken into the belligerent country and condemned by a prize court. There is even danger that the boat itself may be confiscated. All these constitute dangers that are entirely unprecedented. Then, in addition, there are other features which cause delay and increased cost. The harbors of the belligerents are congested with their own boats, some of which do not dare to go to sea. The greater share of the men who handle the cargoes have gone into the army; most of the artisans who make the necessary repairs which almost every boat requires when it is in port also have enlisted in the army.

Then you can add still another fact to all this, that the Governments involved in the war demand that their ships shall have first access to the wharves and the first use of men for loading and unloading and for making repairs. Instances have occurred in which boats have been detained as long as 60 days in a foreign port. I want to read a paragraph which appeared in yesterday morning's Washington Post, and I assume is an Associated Press dispatch.

In this connection I want to call attention to the fact that a few days ago it was reported that a Danish ship, loaded with cotton, going into the North Sea was blown up by a mine. The article is as follows:

SHIP RUNS MINE FIELD—AMERICAN SKIPPER MAKES BREMEN WHEN PILOTS DODGE RISK—DELIVERS CARGO OF COTTON—CAPT. PINCHIN DETERMINES TO TAKE HIS VESSEL ON LAST LEG OF VOYAGE FROM GALVESTON DESPITE REFUSAL OF DUTCH NAVIGATORS TO ESSAY PASSAGE AND LACK OF MINE CHARTS.

BREMEN (via The Hague and London), *January 5*.

Owing to the daring of an American skipper, the steamer *El Monte*, which sailed from Galveston, Tex., December 3, and New York, December 11, arrived at Bremen on January 1. The *El Monte* brought more than 6,000 bales of cotton, the first to reach this port during the war. She was the first American merchantman to visit Bremen in 40 years.

Capt. Edward T. Pinchin, of the *El Monte*, after the voyage across the Atlantic, took on a British pilot at Deal, as England does not class cotton as contraband, but, fearing the pilot would be interned if he entered German waters, the captain dropped him at the Hook of Holland.

That is right off Rotterdam, I understand.

At the hook Dutch pilots refused to assist the American skipper, saying it was impossible on account of mines to make the trip.

Capt. Pinchin was determined to go on, saying he would take his ship to her destination or know the reason why.

Accordingly he proceeded without a pilot, picking his own course without mine charts or other aid. He made his way to Bremen, greatly to the amazement of the Germans, who were much interested in his adventure.

That man ought to have a Carnegie medal for supreme heroism. Just see what confronted him. Dutch pilots would not undertake to handle his ship when he reached Rotterdam. They said that owing to the numerous mines they would not take the risk of making the trip.

Now, suppose the Government buys ships. Will these foreign Governments say, "We will clear the passageway; we will remove the mines"? Are pilots going to say, "This ship is owned by a Government corporation, and we will undertake to steer her through the dangerous passage"? How are you going to remedy the situation? We may ask the question, Why should this be so? But the answer is that it is a condition, not a theory, which we confront, and a condition which could not in the least degree be remedied by Government ownership.

Mariners who navigate merchant vessels, even those on battleships, have not been accustomed to piloting their craft over portions of the sea strewn with mines which they are liable to strike at any moment, and which will destroy their ship, send the cargo to the bottom, and perhaps send them into eternity.

There is a great deal of talk about this matter of freight rates, and their altitude, which is based upon either an altogether superficial survey of the situation or an absolute ignorance of essential facts.

I wish to call attention to a very singular fact: The rates to distant portions of the earth, such as Hongkong, Colombo, and to the most remote ports of South America, are now much lower

proportionately than they are from New York to Liverpool or from New Orleans to Liverpool. This is in line with what I have been saying. It is not due for the most part to scarcity of shipping, for ships are available; but it is due to the mortal dread of traversing the mined zone. With the consent of the Senate I will insert a memorandum of rates to the River Plate, to India, to the Far East, and to South Africa.

The PRESIDENT pro tempore. Without objection, the request will be granted.

The matter referred to is as follows:

Memorandum of rates to River Plate.

	General merchandise.		Soft lumber.	
	Before war.	After war.	Before war.	After war.
Montevideo	$6.50	$8.12	$4.20	$5.25
Buenos Aires				
Rosario	8.10	9.72	5.40	6.75
Bahia Blanca				

	Hardwoods.		Rosin.		Shooks.	
	Before war.	After war.	Before war.	After war.	Before war.	After war.
Montevideo	$6.40	$8.00	[1] $8.00	[1] $10.00	$4.00	$5.00
Buenos Aires						
Rosario	7.60	9.50	[1] 10.00	[1] 13.12	5.60	7.00
Bahia Blanca						

[1] Per 2,240 pounds.

We are protecting shippers at old rates on orders which had been secured prior to the war, provided they had notified us of same at time hostilities commenced.

Memorandum of rates to India.

	General merchandise.		Bale domestics.		Rough goods.	
	Before war.	After war.	Before war.	After war.	Before war.	After war.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Karachi	30 0	36 0	22 6	27 0	21 6	23 8
Bombay	27 6	33 0	20 0	24 0	21 6	23 8
Colombo	35 0	42 0	25 0	30 0	19 3	24 0
Calcutta	30 0	36 0	20 0	24 0	21 6	23 8

Memorandum of rates to Far East.

	General merchandise.		Bale domestics.		Rough goods.	
	Before war.	After war.	Before war.	After war.	Before war.	After war.
	s. d.	s. d.	s. d.	s. d.	s. d.	s. d.
Singapore	40 0	44 0	40 0	44 0	27 6	30 0
Manila	$10.00	$11.00	$9.75	$10.72	27 6	30 0
	s. d.	s. d.				
Hong Kong	40 0	44 0	[1] .60	[1] .66	27 6	30 0
Shanghai	42 6	46 9	[1] .50	[1] .55	27 6	30 0
Kobe	40 0	44 0	[1] .60	[1] .66	27 6	30 0
Yokohama	40 0	44 0	[1] .60	[1] .66	27 6	30 0

[1] Per hundredweight.

South African rates.

[Cape Town basis.]

s.	d.		s.	d.
		FINE CARGO.		
46	6	plus 25 per cent	58	2
46	6	plus 20 per cent	55	10
46	6	plus 15 per cent	53	7
		GENERAL CARGO.		
34	9	plus 25 per cent	43	5
34	9	plus 20 per cent	41	8
34	9	plus 15 per cent	39	10
		ROUGH CARGO.		
22	9	plus 25 per cent	28	5
22	9	plus 20 per cent	27	4
22	9	plus 15 per cent	26	1

The above represent the rates at the beginning of the war and later.

Mr. BURTON. It appears that there has been some increase of rates, for instance, on general merchandise. Before the war the rate to Montevideo and Buenos Aires—it is the same to both cities—was $6.50 per ton; since the war it has been $8.12 per ton. To Rosario, Bahia, and Blanca it was $8.10 before the war, and it has been $9.72 since. Here is an increase in one case of, say, 25 per cent, and in another 20 per cent, which is by no means an unusual increase in times of profound peace, and in the present troubled situation the danger of seizure is an adequate explanation.

Why, one boat of the Lamport & Holt Line, the *Vandyke*, on the route from Rio Janeiro to New York, was captured by a German cruiser, and I believe there is yet doubt as to whether or not she was sunk. In any event, her passengers were taken off. That illustrates the reason for an increase of rates even in going down to South America, where the increase has been only 25 per cent. With a little more elaboration I shall seek to take up at another time, when I have more carefully compared the figures, the relative rates to Bombay, Colombo, Calcutta, Singapore, and other cities that I have mentioned, and those to ports in Europe now involved in war.

What is one main reason why there are not more boats available for charters to England, to France, and to the countries where greater obstructions exist, such as Germany and Austria-Hungary? It is easily explained in accordance with business principles readily understood. Great fleets of boats have been engaged in the trade to all the outlying countries. I will read a brief list. To Brazil, under normal conditions, there are six steamers each month. The lines include the Prince Line, the Lamport & Holt Line, the Funch Line, controlled by Funch, Edye & Co., and the United States & Brazil Steamship Corporation.

To the river Plata there is the Houston Line, the Barber Line, the Prince Line, and the Norton Line.

To China and Japan, and also to India, there is the Ellerman-Bucknall Line, one of the largest in the world; the United States, China & Japan Line; the Barber Line; the Houlder, Weir & Boyd Line; the Prince Line; Rankin, Gilmore & Co.; and the Mogul Steamship Co.

Most of these lines, perhaps, are controlled or owned by English owners, but the agents, nevertheless, are Americans or those living in this country—I do not say they are all naturalized, but most of them are—who themselves control the rates.

I think a grave mistake is made when it is contended that these boats are controlled in the interest of foreign countries. They are controlled, just as all other business is controlled, for the sake of profit and for the sake of getting freight. The idea that they first find out whether they can get a profitable cargo abroad, and that only when it is refused do they come to America, is altogether erroneous, because they are running on routes from New York and other cities in this country to South America, India, China, Australasia, and so forth. With the consent of the Senate, I shall insert this list in the RECORD.

The PRESIDENT pro tempore. Permission is granted, unless there is objection. The Chair hears none.

The list referred to is as follows:

The owners or agents of steamship lines trading to South America (Brazil) are Prince Line; Lamport & Holt; Funch, Edye & Co.; United States & Brazil Steamship Corporation.

To the river Plata: Houston Line, Barber Line, Prince Line, Norton Line.

To China and Japan, also India: Ellerman-Bucknall (English), one of the largest in the world; United States, China & Japan Line; Barber Line; Houlder, Weir & Boyd (English); Prince Line; Barber Line, made of Lancashire Shipping Co.; Rankin, Gilmore & Co.; Mogul Steamship Co.

South Africa: Union-Castle; Ellerman-Bucknall; Cayser-Irvine & Co.; Prince Line; and Houston Line.

Australia: United States & Australasia Steamship Co. (American); Ellerman-Bucknall; New Zealand Steamship Co.

India: Ellerman-Bucknall.

Mr. BURTON. There is a very queer term applied to these boats; it is not found in any of the lexicons, but it is a colloquial term which is quite expressive. They are called "glorified tramps"; that is, they are a type of boat that naturally would be classified as tramps, seeking all over the world for a cargo in any direction, going to South America on one trip and to the farthest point of Asia on another; but these boats, which may be said to have been tramps a few years ago, have now become part of an established route of trade. So they approximate the status of regular lines, and they are termed "glorified."

The owners of these boats do not wish to withdraw them from the lines in which they are now engaged in trade. Why? First, because they have their contracts; they have their established lines of custom; and if they should withdraw from these routes and carry cotton or grain to Europe there would be a lapse in the trade to these other countries. Consequently they prefer those lines operated so as to follow the routes in which they have been engaged for some time past.

Another thing: I fancy they do not anticipate that this war will last indefinitely; at any rate, they expect that it will end sooner or later. That is one great explanation of this situation.

It is true that the German boats have been withdrawn from the trade. But let us look at that proposition a moment. The foreign trade of Germany bears just about the same proportion to the trade of the world as their shipping does to the shipping of the world. Their exports and imports have been almost absolutely cut off—at least those going across the seas. So the interning of their ships does not very materially change the situation. The same is no doubt true of the Austro-Hungarian situation.

We come then to another factor in the situation, which does no doubt diminish the number, and that is the requisition of boats by the English and French Governments—particularly by the English Government. These vessels are thus withdrawn from business. The carriage of some classes of freight has been very greatly increased during this war, while the carriage of other classes has been very materially diminished. When the general result is balanced it is on the side of diminished traffic, but it is probable that the English and French boats withdrawn for military or naval purposes form a larger proportion of their shipping than the diminished exports. That, of course, affects the situation and, naturally, tends to raise the rate, which is one feature of the present situation.

But we come to this inquiry repeatedly: How is a Government line or a Government corporation, with all their red tape and delay, going to help us? Are they going to improve on the condition as it exists just now? Had we better not leave it to the ordinary agencies of trade? It is a delusion that a Government corporation or any other untried agency can enter any line of human activity and do better than can those who for long years have been trained in the business.

Mr. SMITH of Maryland. Mr. President, will the Senator from Ohio allow me to interrupt him?

The PRESIDENT pro tempore. Does the Senator from Ohio yield to the Senator from Maryland?

Mr. BURTON. Certainly.

Mr. SMITH of Maryland. I am very anxious to bring up for consideration the District appropriation bill. It is a very important bill, and if the Senator from Ohio will allow it to be brought up at this time I shall be very grateful.

Mr. BURTON. I can continue my remarks conveniently at another time, and I have no objection to the Senator's request.

Mr. FLETCHER. Mr. President, I very much regret to have the Senate discontinue the consideration of the pending bill at the present time, but I know that it is important to dispose of the appropriation bills. Under the circumstances I will therefore ask unanimous consent to lay the unfinished business aside temporarily.

The PRESIDENT pro tempore. The Senator from Florida asks unanimous consent to temporarily lay aside the pending bill. Is there objection? The Chair hears none.

DISTRICT OF COLUMBIA APPROPRIATIONS.

Mr. SMITH of Maryland. I ask unanimous consent that the Senate proceed to the consideration of the District of Columbia appropriation bill.

Mr. OVERMAN. I suggest the absence of a quorum.

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

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

Ashurst	Hitchcock	Overman	Smoot
Bankhead	Hollis	Page	Stephenson
Bristow	Hughes	Perkins	Sterling
Burton	Jones	Pittman	Stone
Camden	Kenyon	Pomerene	Sutherland
Chamberlain	La Follette	Ransdell	Swanson
Clapp	Lane	Reed	Thomas
Clarke, Ark.	Lippitt	Robinson	Thompson
Cummins	Lodge	Root	Thornton
Fletcher	McCumber	Saulsbury	Tillman
Gallinger	Martine, N. J.	Shafroth	Weeks
Gore	Nelson	Sherman	Williams
Gronna	Norris	Smith, Md.	Works.

Mr. HITCHCOCK. I desire to say on behalf of myself and other members of the Philippines Committee that there have been several calls for a quorum which the members of the committee have not answered, because an important hearing has been proceeding on previous days and is being held to-day.

Mr. FLETCHER. I wish to announce that my colleague [Mr. BRYAN] is attending a hearing as a member of the Committee on Naval Affairs, which accounts for his absence.

The PRESIDENT pro tempore. Fifty-two Senators having answered to their names, a quorum of the Senate is present.

Mr. SAULSBURY. I ask leave out of order to present a bill for appropriate reference.

The PRESIDENT pro tempore. The Senator from Delaware asks unanimous consent to introduce a bill at this time. Is there objection?

Mr. LODGE. I object.

The PRESIDENT pro tempore. Objection is made. The Senator from Maryland asks unanimous consent that the Senate proceed to the consideration of the District of Columbia appropriation bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 19422) making appropriations to provide for the expenses of the government of the District of Columbia for the fiscal year ending June 30, 1916, and for other purposes.

Mr. SMITH of Maryland. I move that the formal reading of the bill be dispensed with and that the bill be read for amendment, the amendments of the committee to be first considered.

The PRESIDENT pro tempore. Such will be the order, unless there is objection. The Chair hears none. The Secretary will state the first amendment.

The first amendment of the Committee on Appropriations was, on page 1, after the enacting clause, to strike out:

That the following sums, respectively, are appropriated, in full for the following expenses of the government of the District of Columbia for the fiscal year ending June 30, 1916: That all moneys appropriated for the expenses of the government of the District of Columbia shall be paid out of the revenues of said District to the extent that they are available, and the balance shall be paid out of money in the Treasury of the United States not otherwise appropriated, but the amount to be paid from the Treasury of the United States shall in no event be as much as one-half of said expenses, and all laws in conflict herewith are hereby repealed.

And insert:

That one half of the following sums, respectively, is appropriated out of any money in the Treasury not otherwise appropriated, and the other half out of the revenues of the District of Columbia, in full for the following expenses of the government of the District of Columbia for the fiscal year ending June 30, 1916, namely:

The PRESIDENT pro tempore. The question is on the adoption of the amendment.

Mr. KENYON. Mr. President, I wish to submit a few observations on the amendment. They will not be long. The bill as it came from the House contained what is known as the Johnson amendment, which was supported in the House by Democrats and Republicans alike. It seems to me that if the Senate calmly considers the Johnson amendment, which I presume they will not do, sentiment in the Senate in favor of the committee amendment striking out the Johnson amendment will not be so strong as the newspapers would seem to indicate. However, the newspapers in the District of Columbia have announced that this matter is perfectly safe in the Senate, and that is received with loud acclaim by the tax dodgers in the District of Columbia.

I know that anyone who raises his voice in favor of the Johnson amendment is considered an enemy to the District of Columbia, is ridiculed and caricatured by the press of this city, as the Representative from Kentucky in the House and as Judge PROUTY, one of the Representatives from my State, have been ridiculed and caricatured for the fight they have made.

I do not believe, Mr. President, that it will make very much difference what the Senate may do in this matter. I believe men like Representative JOHNSON in the House and Representative PROUTY and Representative PAGE of North Carolina, and others whom I might mention, who have made the fight for a fair and honest apportionment between the Government and the District of Columbia in appropriations to pay the expenses of conducting the affairs of government in the District are not going to submit to having this amendment stricken from the bill.

What is the Johnson amendment?

Mr. GALLINGER. Mr. President, will the Senator permit me to interrupt him?

Mr. KENYON. I yield to the Senator.

Mr. GALLINGER. Is not the Senator wrong in quoting Mr. PAGE? Mr. PAGE is chairman of the subcommittee in the House, and did not that committee report the part of the bill to which reference is now made in accordance with the law as it now stands, and was not the amendment put on on the floor of the House?

Mr. KENYON. It was; but, as I understand—I do not want to misquote Mr. PAGE, but I was going to read something from his speech that I thought sustained what I have said.

Mr. GALLINGER. That may be.

Mr. KENYON. But I may be in error.

Mr. GALLINGER. I noticed that in reporting the bill Mr. PAGE did not report this amendment.

Mr. KENYON. That is true.

Mr. President, what is called the half-and-half plan exists in the District of Columbia, and has existed, I think, since about 1878. Under that plan, for every dollar which the District pays the Government pays another dollar; and because this custom has existed so long everyone says, when the question is first

broached, "Why, that is a fair proposition; we want this to be a beautiful capital city"—and we all do—"we want it to be a great city"—and we all do—"and we, as representatives of the Government, want to do our part." That is all true, and no one wants that more than I do; but as this bill was reported to the House—I will not take up the additions made by the Senate Committee on Appropriations—it carried the following amount:

The total amount recommended to be appropriated for the general expenses of the District of Columbia—

I am reading from the report of the House committee—

The total amount recommended to be appropriated for the general expenses of the District of Columbia for the fiscal year 1916 in the bill submitted herewith, exclusive of the amount for the water department payable out of water revenues, is $11,174,193.45, of which sum the General Government is required to pay $5,566,764.22.

So that $5,566,764.22 is what the District of Columbia would pay without the Johnson amendment and what the Government would pay without the Johnson amendment.

The report says further:

The total general revenues of the District of Columbia for the fiscal year 1916, after deducting $90,275 specifically charged against the same, it is estimated, will amount to $7,881,625.

So that the proposition is simply this: In round numbers $11,000,000 are to be raised. The revenues from taxation in the District of Columbia under, as I shall attempt to show, one of the lowest rates of taxation of any of the large cities in the United States, and with no taxation on moneys and credits, all of which have made this a harbor of refuge for the rich tax dodgers of the United States, will amount to $8,000,000 approximately. The Johnson amendment is simply a plain provision that that $8,000,000 which will be raised, according to the estimates of the District Commissioners, from this low rate of taxation shall be applied, first, to the payment of the expenses of the District of Columbia, and the balance, amounting to about $3,000,000, shall be paid by the Government. Will anybody explain why that is not a fair proposition?

Mr. SMITH of Maryland. Mr. President——

Mr. KENYON. Is everybody an enemy of the District who advocates that the money raised by taxation in the District shall go first to pay the expenses of the District?

Mr. SMITH of Maryland. Mr. President——

Mr. KENYON. Just a word more, and I will yield to the Senator. On the other hand, the theory of the opponents of the Johnson amendment is that of the $11,000,000, in round numbers, necessary to provide for the municipal government of Washington the District shall pay five and a half million—I am not being exactly accurate, but the figures are nearly correct and will do for illustration—and the Government shall pay five and a half million dollars; so that there is between the amount the District pays and the amount raised from the present methods of taxation about $2,500,000, which is left over to the credit of the District and to make up for which taxes must be levied upon the people of my State and all the other States of the Union.

Mr. SMITH of Maryland. Mr. President, I will ask the Senator if he realizes that there is a large funded debt due by the District and by the Government, amounting to nearly $7,000,000, which in the past the taxes have not been sufficient to pay, but which has to be met?

Mr. KENYON. Do the surplus revenues of the District go to pay that?

Mr. SMITH of Maryland. Any surplus may be applied for that purpose. The amount has to be raised by the taxpayers. As I have said, there is due by the District of Columbia and by the Government nearly $7,000,000.

Mr. KENYON. I am not familiar with just what the funded debt is. I know that an investigation a short time ago disclosed the fact that the District owed the Government a large sum of money on account of the interest the Government had advanced on the funded indebtedness.

Mr. GALLINGER. That has all been paid.

Mr. SMITH of Maryland. That has been paid; all the floating debt has been paid by the District of Columbia; but there is now due a funded debt of about six and three-quarter million dollars, for which the money will have to be raised. Any surplus that accrues from taxation will probably go to pay the District's part of the funded debt.

Mr. KENYON. That is an interesting statement. I was not familiar with that, and neither the House report nor the report submitted by the distinguished Senator in charge of the bill in any way throws any light upon that proposition or in any way explains to the Senate that any part of the surplus revenue is to be used in the payment of the funded debt.

Mr. SMITH of Maryland. Any surplus would go back into the Treasury of the Government, and then the matter of payment of the debt would be hereafter arranged.

Mr. KENYON. I think it ought to be arranged now.

Mr. SMITH of Maryland. The Government is sure of having the money, for it goes into the Treasury, and therefore there can be no loss to the Government in the matter. There is no way by which the Government can be deprived of its part of the surplus.

Mr. GALLINGER. Mr. President, to be exact, I think the Senator should say that the balance or surplus goes in the Treasury of the United States to the credit of the District of Columbia.

Mr. SMITH of Maryland. But it can be applied to the payment of the District's share of the debt.

Mr. KENYON. That appears nowhere except in the remarks of the chairman.

Mr. WEEKS. Mr. President——

The PRESIDENT pro tempore. If it is agreeable to the Senator from Iowa, the Chair will permit him to be the judge of interruptions and when they should take place. This is a debate which seems to run to figures and items, and it is hardly worth while to require consent to be secured in the prescribed way. If that course is satisfactory to the Senator, it will be followed.

Mr. KENYON. I shall be very glad to be interrupted at any time, because it shows an interest in the subject that I supposed really could not be aroused.

I yield to the Senator from Massachusetts.

Mr. WEEKS. Mr. President, as I understand, the floating debt which has existed for several years has been entirely paid, and there is about $75,000 surplus——

Mr. SMITH of Maryland. I will say that the floating debt has been paid, and there was about $75,000 surplus last year.

Mr. WEEKS. Let me finish—which goes with the money that would go into the Treasury to the credit of the District of Columbia. I understand that this year there is likely to be a very considerable surplus; is there not?

Mr. SMITH of Maryland. Yes, sir; there will be a very considerable surplus.

Mr. WEEKS. I wish to ask the chairman of the District Committee if he does not think it would be a proper use to which to put that money to provide a sinking fund to retire the District indebtedness or to purchase the District indebtedness, if it can be bought on suitable terms, so that, if the surplus revenue from taxation is sufficient, in the course of years the District indebtedness will be entirely liquidated by appropriations from that surplus?

Mr. SMITH of Maryland. It was the view of your committee that this money of the District would eventually be paid in behalf of the District's portion of the funded debt; and, of course, the Government is responsible, under the organic law, to pay its part of the debt.

Mr. WEEKS. Is there any reason why provision should not be put into this bill providing that the surplus revenues from taxation should be used for that purpose?

Mr. SMITH of Maryland. So far as the amount due by the District of Columbia is concerned? Is that the Senator's idea?

Mr. WEEKS. Yes.

Mr. SMITH of Maryland. So far as my judgment goes, I see no objection to that, and we have none; but we felt that it was a matter that might be considered by Congress, as to how it should be applied and how it should be fixed, and we just left it to remain, so that it would go into the Treasury to the credit of the District of Columbia.

Mr. ROOT. Mr. President——

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

Mr. ROOT. I will ask the Senator whether it is not a fact—I have an impression to that effect, though I may be wrong about it—that there are several large projects of improvement which have been authorized by Congress, and which, in the ordinary course of events, would have called for the expenditure of money out of this fund, which have been postponed or delayed owing to circumstances perhaps natural enough to attend a change in administration. I refer, for instance, to the extension of the Capitol Grounds, the taking of the property between the Capitol and the railway station, which involves several million dollars; the acquisition of the land for the Rock Creek Parkway connection, connecting the Potomac Park with the Zoological Gardens and the Rock Creek Park, and dealing with that eyesore and menace to health—the open space along the lower part of the course of Rock Creek. I say I have an impression that in the ordinary course of events one-half of that expense would have been paid out of that fund.

Mr. SMITH of Maryland. Mr. President, I will say to the Senator from New York that there were many items that the committee thought were worthy of attention and should be looked after that would require a great deal of money. They

felt, however, that as this is the short session they had better defer them until some other time.

Mr. KENYON. But, Mr. President, is it not true—I want to suggest this in line with what has been said by the Senator from New York—that the District of Columbia pays absolutely no part of those expenses; that they are paid entirely by the Government? The upkeep of Rock Creek Park is paid entirely by the Government, as I understand.

Mr. GALLINGER. Oh, no, Mr. President; the Senator is wrong about that. The District of Columbia bears one-half the cost of Rock Creek Park, and will bear one-half the cost of connecting the two parks; but I think the Senator from New York is not accurate about the improvement of the Capitol Grounds. I think that is entirely a Federal matter.

Mr. ROOT. I did not make any statement about that. I merely asked the question.

Mr. GALLINGER. That is entirely a Federal matter.

Mr. ROOT. I know there has been delay in several projects of improvement which would have called for large expenditure, and the Rock Creek parkway connection would call for several millions of dollars. It has already been authorized by Congress. Congress has passed a law requiring the work to be done; but for some reasons—I do not know what they are—the work has not reached a point which has called for demands upon the Treasury; but the money will have to be there.

Mr. KENYON. If it is not included in this bill—and I do not know whether or not the Senator has examined it to ascertain; I think it is not—it will be included in some other bill. If the Senator from New Hampshire, who, of course, by reason of his long service on the committee is very familiar with these matters, states that the acquisition of Rock Creek Park and the expenses of maintaining it were divided between the Government and the District, I will have to accept that statement; but it is contrary to what I had understood to be the fact.

Mr. GALLINGER. Mr. President, if the Senator will permit me, that is accurate. The purchase was upon an equal contribution from the Treasury of the Government and the District of Columbia, and the Senator will find that the upkeep of the park is provided for in this bill on the half-and-half principle.

Mr. SHAFROTH. Mr. President, I should like to ask the Senator from New Hampshire whether the original purchase of this park was made by the Government and the District of Columbia jointly?

Mr. GALLINGER. It was, as I understand.

Mr. SHAFROTH. And the expenditures that have been made with relation to the park——

Mr. GALLINGER. Have all been on the half-and-half principle?

Mr. BRISTOW. Mr. President, if the Senator will yield——

Mr. KENYON. I yield to the Senator from Kansas.

Mr. BRISTOW. I should like to inquire, also, if the maintenance of the Zoological Park is not wholly by the Government, or is that on the half-and-half plan?

Mr. GALLINGER. I have an impression that the expense of that is likewise divided between the Government and the District of Columbia, although on that I may not be well informed.

Mr. BRISTOW. I thought the maintenance of that was under another department, and not under the District of Columbia.

Mr. GALLINGER. The Senator may be right in the suggestion that that is a Federal matter. I am not positive. I have not looked into it recently. I will say that I am not so familiar with these matters as I was a few years ago when I was chairman of the District Committee, but of course we want to be accurate about it, and it is possible that the Senator is correct in his suggestion regarding the Zoological Park.

Mr. SMITH of Maryland. I will say that that is true, Mr. President; that one-half the expense is borne by the Government and one-half by the District.

Mr. NORRIS. The Senator refers to the Zoological Park?

Mr. SMITH of Maryland. Yes, sir.

Mr. BRISTOW. The Zoological Park is maintained on the half-and-half plan?

Mr. SMITH of Maryland. On the half-and-half plan. The language is:

> National Zoological Park: * * * one half of which sum shall be paid from the revenues of the District of Columbia and the other half from the Treasury of the United States.

Mr. OVERMAN. Mr. President, does not the Smithsonian Institution have control of the Zoological Park, and spend great sums in maintaining it? I understood that that was the case from reading the report of the Smithsonian Institution.

Mr. SMITH of Maryland. They do; but I understand that that is divided between the Government and the District of Columbia.

Mr. OVERMAN. I think the Smithsonian Institution does it out of its own fund. It has a great endowment, and while I do not know what they say about this, I know that in their report they speak of the money they expend in keeping up the Zoological Park.

Mr. SMITH of Maryland. They are intrusted with the care of it; but if you will notice there——

Mr. BRISTOW. Mr. President——

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

Mr. KENYON. I do.

Mr. BRISTOW. I was interested in a statement the Senator from Iowa made. He states that it is estimated that there will be two and a half or three million dollars surplus of the District revenues.

Mr. OVERMAN. If the Senator will permit me, before we leave this subject, I see that the total amount spent under the Smithsonian Institution was $600,000. They spent this money in keeping up the Zoological Park; but here is an appropriation of $100,000 outside of this—

> For continuing the construction of roads, walks, bridges, water supply, sewerage, and drainage; and for grading, planting, and otherwise improving the grounds; erecting and repairing buildings and inclosures; care, subsistence, purchase, and transportation of animals—

And so forth. Here is an appropriation of $100,000, half of which is to be paid by the Government and half by the District; but the total amount was spent under the Smithsonian Institution. I was right about that. They have spent $600,000 of their own funds.

Mr. GALLINGER. Not on the park, surely. The Senator does not mean that.

Mr. OVERMAN. It says that that is the total amount under the Smithsonian Institution.

Mr. ROOT. That is for all the Smithsonian purposes.

Mr. OVERMAN. I do not know how that is. I know it is under this item.

Mr. ROOT. The Senator does not mean for the Zoological Park?

Mr. OVERMAN. The Zoological Park is under the Smithsonian Institution.

Mr. ROOT. Oh, yes; and so are a great many other things.

Mr. OVERMAN. I know, but they spent the money in keeping it up. They spent it out of their own endowment fund.

Mr. SMITH of Maryland. The question that was asked was whether the expenses of the National Zoological Park were defrayed by the Federal Government or by the District of Columbia. We are speaking of that. So far as the Smithsonian Institution is concerned, that is another proposition; but the money that is appropriated for that purpose is provided by the District of Columbia and by the Federal Government—half and half.

Mr. JONES. That is not covered in this bill, is it?

Mr. BRISTOW. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Iowa yield, and to whom?

Mr. KENYON. I have yielded to the Senator from Kansas, and with his permission I will yield to the Senator from Washington.

Mr. JONES. I just want to ask a question on this particular matter. I want to ask the Senator in charge of the bill why it is, if that is true, that the matter is not carried in the District of Columbia appropriation bill? We do not have anything in this bill with reference to the Zoological Park; at least, that is my recollection.

Mr. SMITH of Maryland. I am not able to say just why certain matters are not carried here. I am only saying that the money which is appropriated for that purpose is contributed by the Government and by the District government jointly, half and half.

Mr. JONES. In what bill is that appropriation made?

Mr. SMITH of Maryland. That is under the sundry civil bill.

Mr. GALLINGER. Mr. President, in answer to the Senator from Washington, I will say that the appropriations in the District bill are under the supervision of the Commissioners of the District of Columbia. The Zoological Park being under the jurisdiction of another branch of the Government, the appropriations for it are carried in the sundry civil bill.

Mr. BRISTOW. As I was proceeding to remark, from the statement made by the Senator from Iowa there will be approximately $8,000,000 raised from taxation within the District. Under the half-and-half policy proposed by the amendment of the committee $5,500,000 would be required of that $8,000,000 of revenue, leaving a surplus of District revenues of something like $2,500,000——

Mr. SMITH of Maryland. I will say it leaves a surplus of $1,800,000.

Mr. KENYON. The surplus, as given by the report of the House committee, is $2,042,205.77. It is around $2,000,000, anyway.

Mr. BRISTOW. We will say it is approximately $2,000,000. The Senator from Massachusetts [Mr. WEEKS] suggests that that $2,000,000 shall be used to pay the indebtedness of the District of Columbia; that specific provision to that effect shall be made, no provision having been made by the amendment of the committee. Does not the chairman think it is better to make a specific disposition of the surplus revenues?

Mr. SMITH of Maryland. I will say to the Senator that inasmuch as there are pending certain propositions for improvements in the city amounting to a great deal of money, and appropriations asked for them, which the members of the committee thought possibly should have been accepted and provided for, we felt that it was probably better to have this surplus go into the Treasury of the United States to the credit of the District of Columbia, for future consideration as to whether it should go to pay the funded debt or whether it should go to make the improvements which are now pending but are not provided for in this bill.

Mr. BRISTOW. If the Senator will yield further, suppose this two millions goes into the Treasury of the United States. will it require an appropriation from Congress to get it out?

Mr. SMITH of Maryland. It has to be done by Congress.

Mr. BRISTOW. That is, if the improvements which the Senator refers to are made, Congress will have to appropriate the money from the revenues for the purpose of making those improvements?

Mr. SMITH of Maryland. They would, if they saw fit to do so.

Mr. BRISTOW. Yes; and if they did not make the appropriation, then the fund would remain there. Is that correct?

Mr. SMITH of Maryland. Why, of course; if it is not taken out, it will stay there.

Mr. BRISTOW. Then, it can only be taken out by an appropriation?

Mr. SMITH of Maryland. I know of no other way, sir.

Mr. BRISTOW. Now, why not liquidate the indebtedness, and then, when the time comes to make the improvements, make the appropriation, just as we will have to do anyway? What is the use of leaving idle money in the Treasury and then paying interest on a lot of indebtedness in the meantime, while that money is doing nothing?

Mr. KENYON. Let me suggest to the Senator from Kansas, why collect more money than is needed? Why not leave it in the pockets of the people? The Johnson plan saves the people of the United States $2,000,000. When this money is needed for the future it can be raised; but why collect that money now, when it is not needed, and put it in the Treasury for some mysterious thing that is possibly going to happen at some time in the future, that nobody seems to understand or give us any enlightened judgment upon?

Mr. BRISTOW. As I understand the Senator from Iowa, then, the so-called Johnson amendment does nothing except use the money which is raised from taxation? It will not increase the taxes at all?

Mr. KENYON. No.

Mr. BRISTOW. It leaves the taxes just as they are?

Mr. KENYON. Exactly as they are. They are about the lowest of any large city in the country.

Mr. BRISTOW. It simply uses the money that is collected here to defray the expenses of the District and then the Government makes up the deficit?

Mr. KENYON. Exactly; so that the $8,000,000 collected here is applied on the $11,000,000 that is necessary to conduct the affairs of the District, leaving about $3,000,000 for the Government to pay. Otherwise the Government is to pay five and a half million, the District five and a half million, and two and a half million, or approximately two million, is left.

Mr. BRISTOW. Without being provided for?

Mr. KENYON. Without being provided for.

Mr. BRISTOW. And, as I understand the Senator's proposition, it is to use the money for the purpose of paying the expenses of maintaining the District, since it is collected anyway, and would remain idle in the Treasury if it were not used?

Mr. KENYON. Exactly.

Mr. BRISTOW. I can not see anything enormous about that. I have heard so much about the Johnson amendment that I supposed it was going to confiscate somebody's property here.

Mr. KENYON. You would think so, to read the newspapers.

Mr. CLAPP. Mr. President, will the Senator yield to me for a moment?

Mr. KENYON. I will.

Mr. CLAPP. According to the statement of the chairman of the committee, the people of the District of Columbia will have to raise this eight-odd million dollars, as the House passed the bill and as the Senate has reported it. That is correct, is it not?

Mr. SMITH of Maryland. I do not catch just the meaning of the Senator.

Mr. CLAPP. As the bill passed the House and as it has been reported to the Senate, the people of the District of Columbia would have to pay this tax of approximately $8,000,000, and approximately $2,000,000 of that $8,000,000 would go into the United States Treasury for the time being?

Mr. SMITH of Maryland. They would have to pay a sufficient amount to meet the expenses, and there would be a surplus of $1,800,000 left over which would go into the Treasury.

Mr. CLAPP. In other words, they would have to pay the full amount of the tax that is provided for here?

Mr. SMITH of Maryland. If it goes into the Treasury, under the organic law of course the Government would have to pay an equal amount, because this debt of nearly $7,000,000 is due by the District of Columbia and the Government jointly.

Mr. CLAPP. Let us put it in this way, then, for I should like to get this statement in some form: The difference between the five million and odd dollars that the Senate proposes to appropriate to meet the five million and odd dollars of the District tax that would go to meet the requirements of this bill, and the taxes which the people of this District pay, would go somewhere, would it not?

Mr. SMITH of Maryland. It would.

Mr. CLAPP. It would go into the United States Treasury, would it not?

Mr. SMITH of Maryland. It would; to the credit of the District of Columbia.

Mr. CLAPP. That is all true. Now, that being true, I should like to ask the chairman what difference it makes to the taxpayers of the District of Columbia whether the United States Government lets that money lie in its Treasury or whether it uses it?

Mr. KENYON. I should like to answer that question.

Mr. CLAPP. I should like to have it answered by somebody.

Mr. KENYON. The question, however, is directed to the chairman. I beg the chairman's pardon.

Mr. SMITH of Maryland. I should be glad to have the Senator proceed. I should be glad to hear his answer.

Mr. KENYON. I will give my answer after the chairman gives his.

Mr. SMITH of Maryland. I would rather hear the Senator's answer first, since he has started to give it.

Mr. KENYON. Mine is simply this: The country is going to find out what the taxpayers of the District know now—that when an ordinary, fair rate of taxation, such as is paid in other cities in the United States, is imposed on the property in this District it will raise an amount of revenue that will cover all of the expenses of the District; and if, in addition to that, moneys and credits are taxed—and at present there is a hundred million dollars of them in the District that is not taxed—you will raise more money than is necessary to run the affairs of the District.

The taxpayer of the District does not want that. He does not want a fair rate of taxation. I do not say that as applying to the medium homes and the poor homes; but the Senator from Minnesota knows that Washington has become the rendezvous for rich people in the United States, who come here and escape taxation.

Mr. CLAPP. The Senator must not "look at me in that tone of voice." [Laughter.]

Mr. SMITH of Georgia. Mr. President, does the Senator from Iowa mean that the Senator from Minnesota is one of them?

Mr. KENYON. The Senator from Minnesota was farthest from my thoughts, although I knew he had purchased a farm in Virginia. [Laughter.]

Mr. SMITH of Maryland. I take it the Senator recognizes that the tax rate is fixed by the Government, not by the District of Columbia.

Mr. MARTINE of New Jersey. Mr. President, I should like to inquire what is the rate of taxation here now?

Mr. KENYON. The rate of taxation on real estate is about 10 mills on the dollar.

Mr. SMITH of Georgia. One per cent.

Mr. KENYON. And, as I have said, intangible personal property is not taxed at all.

Mr. SMITH of Maryland. The rate is $1.50.

Mr. KENYON. One dollar and a half on the hundred; but the statute provides for two-thirds valuation, which is practically 10 mills on the dollar.

Mr. SMITH of Maryland. I take it for granted that there are very few cities in the Nation that tax their property up to the full rate.

Mr. KENYON. I am going to show, before I get through, from the figures submitted in the House—and I have not verified them——

Mr. SMITH of Georgia. Mr. President, will the Senator allow me to interrupt him?

Mr. KENYON. Yes, sir.

Mr. SMITH of Georgia. It is entirely unfair to compare the tax rate of this city with the tax rate of other cities. The tax rate here is the total tax, covering State and county and city; while the taxes we have quoted from other cities are but part of the tax on the property there. They still have their State and county taxes.

Mr. KENYON. They still have their assessments for paving, their assessments for sewers, and their assessments for sidewalks, which the people in this District do not have.

Mr. CLAPP. If the Senator will pardon me further, I confess that I have not studied the Johnson amendment. I have had the impression that in some way that amendment is going to do an injustice, perhaps, to the small, average taxpayer of the District—the class of taxpayers, of course, who always bear the burden of taxation. Would there be any effect of the Johnson amendment which would change the system which has been so long in vogue, of the District paying one half of the expenses of the District and the people of the country generally paying the other half?

Mr. KENYON. Yes. The Senator will note that it provides that—

> The amount to be paid from the Treasury of the United States shall in no event be as much as one-half of said expenses, and all laws in conflict herewith are hereby repealed.

So, as to this act at least, the half-and-half plan is abolished.

Mr. CLAPP. That is just what I should like to get at here, if it is possible to do it. I understood from the Senator a few moments ago that it does not abolish the half-and-half plan——

Mr. KENYON. No; I do not desire to be understood in that way.

Mr. CLAPP. But that, on the contrary, the Johnson amendment simply proposes that some $2,000,000, which theoretically would otherwise lie idle in the Treasury of the United States, shall be, under this bill, used for the expenses of the District on behalf of the Federal Government's share of the expense.

Mr. KENYON. That is exactly what it proposes.

Mr. CLAPP. It would still leave the Government, would it not, to make good, whenever the time came, this $2,000,000?

Mr. KENYON. Oh, it is only applicable to this particular bill in the connection in which the Senator uses it; but it does recite that the Government shall not pay one-half, and in that respect it is contrary to the present half-and-half plan.

Mr. CLAPP. Then I should like to ask the Senator another question. I will state that there is no purpose in these questions except to get at an understanding of the situation.

Mr. KENYON. I am very glad to answer them. There is no purpose on my part in what I have to say except to get at the real state of affairs.

Mr. CLAPP. I feel that the Senator is only anxious to have the matter developed.

My understanding was that if the Johnson amendment were not adopted, when the tax was collected from the taxpayers of the District there would automatically go into the Federal Treasury approximately $2,000,000, which would be there to the credit of the District, which the Federal Government might at this time direct to be paid upon the bonded indebtedness of the District, or let it lie there as a sinking fund to meet that indebtedness later, or, if improvements were subsequently provided for by Congress, to be then applied on the District's half of those improvements. As I understood from the Senator from Iowa, the effect of the Johnson amendment would be that instead of that money lying there idle, theoretically, we would at this time take the money out, it being in our Treasury, and use it; that the credit would still remain to the District of Columbia; and that when these bonds became due or when additional improvements were provided for by Congress, where there is any occasion for the District to furnish its share of funds to meet legislative demands, we would then recognize the obligation growing out of the fact that we had taken $2,000,000, in round numbers, of their money, and they would be relieved to that extent.

Mr. KENYON. No; I think the Senator has not a true conception of the situation. The effect of the Johnson amendment is simply this, that the Government instead of paying one-half of the sums provided for in this bill, amounting approximately to five and one-half million dollars, will pay about $2,000,000 less, between $3,000,000 and $5,000,000. The $8,000,000 that will be collected according to the estimates of the District Commissioners which have been filed for the year 1915 will go to pay, in the first instance, the city expenses and the Government will make up the balance.

The question of funded indebtedness I understand is taken care of in other ways without regard to this bill, and I think it ought to go out of the Senator's mind in a discussion of the bill.

Mr. CLAPP. Then the Johnson amendment would devote the entire tax which has been levied in the District to the expenses of the District, with the Government appropriating only approximately $3,000,000; and the Senator understands after that is done there will be no moral obligation resting upon the Government to make good that $2,000,000?

Mr. KENYON. Absolutely none, unless it became essential in a fair treatment of the District of Columbia, which I think the Government will always accord.

Mr. CLAPP. Ah, but that is just the point. Does not the Johnson amendment then present this situation? We have gone on here and levied a tax, the District people, so far as they have any form of representation through their citizens, appearing before committees, and so forth, acquiescing in it upon the theory that they were to pay only one half the expenses of the government of the District. Then after that is done, without any notice, when they have become obligated as taxpayers for $8,000,000 under a system which has been in vogue for a great many years, that the people generally would pay the other half, we suddenly turn around and take $2,000,000 without recognizing our obligation to return it in some form to the District.

Mr. KENYON. We recognize the obligation to the people of this country not to collect by taxation and turn over to the District of Columbia more money than they need to run the affairs of the District.

Mr. CLAPP. That is very true.

Mr. KENYON. It is an obligation to the people of this country as well as to the people of the District. The Senator need not have any concern about any overtaxation of the people of the District of Columbia.

Mr. CLAPP. I am not speaking of overtaxation.

Mr. KENYON. The Senator is speaking of wrongs that might be inflicted upon them by paying the taxes under a certain obligation.

Mr. CLAPP. Not by overtaxation. This is what is bothering me in connection with this matter. I must confess at this point it rather looks to me as though it was not the utmost good faith to establish a condition here where the taxpayer of the District pays one half and the people generally the other half, and we, representing the people as well as the taxpayers here, develop a condition where the property of the District has been obligated under that levy for $8,000,000, and then we suddenly say we will not keep up this half-and-half proposition. Instead of putting this excess, because we find we do not need it all, into the Treasury to their credit or to the payment of their funded indebtedness, we simply take it without recognizing that in any sense it is theirs. It rather strikes me that that is a question which has not been considered by the Senator.

Mr. KENYON. Then, would the Senator advocate reducing the tax levy to such a point as shall produce merely the five and a half million dollars which is necessary—their half?

Mr. CLAPP. No. I take this view of it: This levy has been made. We find that we do not need quite this levy to run the District government. These taxpayers theoretically are going to pay this tax. I am not familiar with the process in the District by which it may be enforced, but I take it, of course, that with the long experience there must have been developed a process to enforce it. It strikes me it would be all right to say that we do not need $16,000,000 to run the District government, so we will take this extra amount that you are paying and we will either apply it to the bonds and make a sinking fund out of it or, what I think is a much more practical way, for I do not believe in money lying idle in the hands of the Government, we will take the $2,000,000 temporarily and use it to run the District government as a part of our share of the expense of the District, and later, when the bonds become due or when there are improvements to be made, or even in the next bill for the District, perhaps we will credit you with the $2,000,000.

Mr. KENYON. As far as there are any reports——

Mr. CLAPP. I do not know about the reports.

Mr. KENYON. Or any arguments that have been made the bond question has not arisen. It arises now on the statement of the chairman. I am not prepared to discuss the bond question.

Mr. CLAPP. Then eliminate the bonds. We know it is going to cost a great deal of money in the future both for the city and the General Government. It could then be used as a part of the District fund to meet the appropriations made by Congress.

Mr. GALLINGER. Will the Senator yield to me?

Mr. KENYON. I yield to the Senator from New Hampshire.

Mr. GALLINGER. I will inform the Senator from Iowa that the question of the obligation of the Government to pay one-half of its funded debt was decided very recently by the comptroller in an elaborate opinion holding that it was an obligation equally upon the Government and the District of Columbia.

Mr. KENYON. Is that the same opinion in which it was held that the District government was indebted to the General Government?

Mr. GALLINGER. I think it is not the same.

Mr. CUMMINS. Mr. President, this discussion has been very clear, but it has left one point on which I am still in doubt. It has been stated that under the law the taxable property of the District is assessed for taxation at two-thirds of its real value—the taxable real estate.

Mr. KENYON. The real estate.

Mr. CUMMINS. I understand that only physical or tangible personal property is assessed at all. What governmental body is it which determines the right of levy for a given year?

Mr. SMITH of Georgia. The act of Congress fixes the rate.

Mr. CUMMINS. When did we fix the rate?

Mr. KENYON. In 1902. The first, I will say to the Senator, was in 1874. It was then fixed at $3 on $100. Then it was changed in 1878 and fixed at $1.50 on every $100. Then it was changed in 1902 to two-thirds of the true value thereof.

Mr. CUMMINS. Remaining at $1.50.

Mr. KENYON. At $1.50. It practically amounts to 10 mills on a dollar.

Mr. CUMMINS. Is it true that the same rate of levy upon the valuation for taxation has existed now for 12 years?

Mr. KENYON. I understand so.

Mr. CUMMINS. That is a most extraordinary situation. It is a mystery to me that we went along in that way. Most governments change their rate of taxation each year. They fix a rate that will raise the amount of money that it is estimated will be necessary for the government during the ensuing year.

Mr. KENYON. The assessment, of course, varies.

Mr. CUMMINS. The assessment varies, I suppose.

Mr. KENYON. Very much.

Mr. CUMMINS. But they can not apportion the assessment except as they fix either the increase or decrease of the value of property. Apparently we have, then, a rate of taxation and levy that has continued without change for 12 years. Of course, even if this amendment were adopted, and if Congress next year should fix a rate of levy that should raise only one-half the amount necessary to carry on the affairs of the District, we would have made no progress at all except for the present year.

Mr. NELSON. Will the Senator allow me?

Mr. KENYON. On that point I should like to say to my colleague that that would be a rate of about 6.6 mills, and I do not think anybody will be heard to say that the rate of taxation in the District of Columbia is too high now.

Mr. CUMMINS. I was not addressing myself to that. I was simply trying to satisfy myself as to where the power is to determine how much money shall be raised by taxation in the District of Columbia.

Mr. SMITH of Georgia. It is in Congress.

Mr. CUMMINS. If it is in Congress, we could, notwithstanding this amendment, next year authorize only five and a half million dollars to be raised by taxation. Then the Johnson amendment if continued or reenacted would have made no difference whatever in the policy to be pursued as between the Government and the District. It would seem to me that if we want to introduce a new policy the amendment might very well be made more explicit and enduring.

Mr. NELSON. Will the Senator from Iowa yield to me?

The PRESIDING OFFICER (Mr. ASHURST in the chair). Does the Senator from Iowa yield to the Senator from Minnesota?

Mr. KENYON. I do.

Mr. NELSON. I call the Senator's attention to the fact that there is the most anomalous condition here that I know of anywhere. By the act of July 1, 1902, which is still in force, under section 5 of that act, it is provided that—

> hereafter all real estate in the District of Columbia subject to taxation, including improvements, shall be assessed at not less than two-thirds of the true value thereof and shall be taxed 1½ per cent upon the assessed valuation.

Here you have an arbitrary and fixed standard, both as to the rate of assessment and the rate of tax to be levied. It has existed for 12 years under a permanent statute without any regard as to what the wants of the District may be, whether they are great or small. It is a condition that I do not think exists in any other part of the Union.

Mr. SMITH of Georgia. I think there are a great many cities that have a fixed rate of taxation and the assessments are required to be made on the value of the property.

Mr. NELSON. But this is a fixed rate of taxation, not only a fixed rate of valuation.

Mr. SMITH of Georgia. That is what I say—a fixed rate of taxation, a tax that follows the value of the property.

Mr. NELSON. I never heard of such a thing before.

Mr. CUMMINS. I never heard of a fixed rate of levy. Many States have a maximum rate of levy.

Mr. SMITH of Georgia. I think the charters of a great many cities carry a fixed rate of taxation.

Mr. CUMMINS. If a city requires $1,000,000 one year and $3,000,000 the next, how does it raise the money?

Mr. SMITH of Georgia. I think the theory is to have a fixed rate of taxation, so as to limit to that rate the expenditures by the city. I am not familiar with any cases in which the city has not found the opportunity to spend the limit of the amount it could raise by the rate put upon the city. I think the real theory is to say, "We will allow a tax of one and one-half in this city, and the city council must shape plans of operation so as not to exceed the rate."

Mr. CUMMINS. There are a great many cities, I think, which do not reach the maximum rate permitted by law. I happen to live in one of them myself.

Mr. SMITH of Georgia. I am sorry I do not.

Mr. CUMMINS. The rate of taxation is very high there, but, then, it is not quite up to the maximum, and it is changed every year; that is, you take the State tax, the school tax, the city tax, the county tax, and they are never the same for any two successive years. I did not suppose it was possible to manage the affairs of a city with a fixed rate of valuation as well as a fixed rate of levy. I am very much surprised to know that it exists in Washington.

Mr. KENYON. In the Senator's city there is no contribution from any other source of one-half. So that situation is quite different.

Mr. CUMMINS. I supplement what my colleague has just said by stating that in the city in which I live our entire rate this year, which is a combination of all the State, county, city, and school taxes, is 2¼ per cent upon a full valuation, and that includes, of course, moneys and credits as well as fixed property.

Mr. KENYON. That does not include any levy for sidewalks.

Mr. CUMMINS. Oh, no; those are special taxes which are levied against the owners of the abutting property.

Mr. SMITH of Georgia. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield to the Senator from Georgia.

Mr. KENYON. Gladly.

Mr. SMITH of Georgia. I should like to make a suggestion with reference to the statement of the Senator from Minnesota [Mr. NELSON]. The act provides that the assessment shall be two-thirds of the value and the tax rate 1½ per cent. I can not see why such a piece of legislation could have been so framed. Why not simply say we propose to tax the property 1 per cent on the value instead of going at it with such circumlocution? You put a tax of 1½ per cent and limit the assessment to two-thirds; that is to say, you put a tax of 1 per cent.

Mr. ROOT. Not less than two-thirds.

Mr. SMITH of Georgia. Not less than two-thirds?

Mr. KENYON. It can be more than two-thirds.

Mr. SMITH of Georgia. I thought it was specifically two-thirds. If the act provides that it shall not be less than two-thirds, then the elasticity which the Senator from Iowa thought did not exist is furnished—the opportunity to increase the assessment from two-thirds up to par. In point of fact the rule which they follow is to make the assessment on two-thirds of the valuation, which makes the tax 1 per cent.

Mr. KENYON. In a certain area which the House committee pointed out as occupied by the homes of the wealthy people of Washington the Senator will have great difficulty in finding any assessment on the basis of two-thirds. It will come nearer

about 40 per cent; but in the other parts of the city, which the same committee pointed out, the report of which I have here, comprising something like 40,000 homes of the poorer people, he will find they were assessed at 75 per cent.

Mr. BRISTOW. Mr. President——

Mr. OVERMAN. Will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Iowa yield, and to whom?

Mr. KENYON. I yield first to the Senator from North Carolina.

Mr. OVERMAN. I want to say about the Zoological Park, recurring to that item——

Mr. KENYON. We were out of the Zoological Park.

Mr. OVERMAN. I understand; but I want to set myself straight. Reading in the RECORD a statement, I find the Smithsonian Institution appropriated and paid out of their own fund $100,000. Then I turn to the sundry civil appropriation bill and I see that the Government expended $100,000. So the District of Columbia does not pay anything.

Mr. KENYON. I now yield to the Senator from Kansas.

Mr. BRISTOW. I wish to inquire of the Senator from Georgia if the system of fixing the amount of levy by law and then fixing a basis for taxation, whether it is 1 per cent on the full value or one and a half on two-thirds of the value, has not its merits in that it fixes the budget which the District Commissioners can expend or which Congress can appropriate for, so that the people who pay the taxes know approximately what their burden is going to be? Is it not really a better system, in that it is stable and continuous from year to year rather than to leave it to the judgment of a temporary board as to the amount of levy they want to spend? Is it not a more satisfactory system? We know we have so much money and we can do certain things, and otherwise, we want to do certain things, let us have so much money. I believe the system which prevails here is better than the other and that it would be far more economical in our civil administration.

Mr. SMITH of Georgia. The objection suggested by the Senator from Iowa is that, with this elasticity extending between two-thirds and the full value, there has not been an equality of assessment.

Mr. BRISTOW. I think that is very bad.

Mr. SMITH of Georgia. That is, the most valuable property is really assessed under two-thirds, while the cheaper property is assessed over two-thirds.

Mr. GALLINGER. Is not that always so everywhere?

Mr. SMITH of Georgia. No; I do not think so.

Mr. GALLINGER. Absolutely.

Mr. SMITH of Georgia. If so, I think it is unfair everywhere.

Mr. GALLINGER. Well, it is.

Mr. KENYON. It is pretty nearly true everywhere, is it not, that the poor man, with his little piece of property, can not escape the situation, and he pays up to the handle, while those of influence and wealth do not pay their part of the taxes in this country?

Mr. NORRIS. Mr. President, will the Senator from Iowa yield to me?

Mr. SMITH of Georgia. Mr. President——

The PRESIDING OFFICER. Does the Senator from Iowa yield; and if so, to whom?

Mr. KENYON. I yield to the Senator from Georgia.

Mr. SMITH of Georgia. At my own home my observation has been that the taxes on suburban property or on property of smaller value is, in proportion to the real value, less than that on central property.

Mr. SHAFROTH rose.

Mr. KENYON. I yield to the Senator from Colorado.

Mr. SHAFROTH. Mr. President, I should like to make an observation with respect to the statement made by the Senator from Kansas [Mr. BRISTOW]. It is true, as he states, that by fixing the rate of taxes a more economical administration may be secured; but the Senator does not seem to take into consideration that fixing a low rate for the city of Washington—for instance, as an illustration, a rate of only 1 per cent, while in other cities the rate is 2 per cent—would have a tendency to draw from those cities a large number of wealthy people who would come here practically for the purpose of avoiding taxation. If a man is worth $10,000,000, he can in that way not only save enough to pay his entire living expenses, but sufficient to afford a big income besides. That simply illustrates the illogical method of taxation that has been followed.

I believe that the United States Government ought to treat the District of Columbia fairly; I think it ought to treat it generously; but I do not see that this amendment is mature legislation. For that reason, although I think there are many wrongs in connection with the government of the city of Washington, yet, so far as this amendment is concerned, I can not see that it is mature enough to be adopted as a permanent policy.

I repeat that there are no doubt many wrongs in connection with the government of the District of Columbia, especially with respect to the matter of taxation. For instance, as to the great parks located here, which are called national parks, the District of Columbia does not contribute one cent toward their upkeep, although, as a matter of fact, such parks are kept up by every other city in the Union; there is no doubt about that. Here is the ground which we are condemning between the Capitol and the Union Station. It may be called a part of the Capitol Grounds, but, at the same time, it is much more than that; it will be practically a park for the city of Washington. Take the great Mall, which lies between the Capitol Building and the Washington Monument; all of that constitutes a part of the property of the National Government, but at the same time forms a park for the District of Columbia. When you take into consideration the fact that the city does not pay any of the expense of the maintenance of such parks, does not have them patrolled by its officers, does not contribute the police force which is necessary for their protection, you can see that the present arrangement is not altogether equitable.

Take the system that has prevailed for a great many years of the National Government paying one-half of the expense of paving in the city of Washington. That is not done in any other city in the Union. The custom in different cities varies with relation to such payments. In my city the total expense of paving must be paid by the abutting owners. It is an improvement tax, two-thirds of which, at least, it seems to me, ought to be levied against such owners, and I understand that recently that has been provided for in this city. It is a wise provision; but the old system here of having the National Government pay one-half and the District pay one-half was, in my judgment, absolutely wrong and contrary to what is the law in every other city in the entire Union.

That practice has produced another wrong in the way of encouraging speculation in property which is bought in this city. There is no question that if a man can rely upon the fact that he does not have any improvement taxes to pay, the property is probably worth that much more. He practically receives a gift to the extent to which he is exempted from that tax, and the property in every other city is of necessity burdened with such taxes.

Mr. President, the difficulty I find with this amendment is that the proposition is too indefinite. I should not favor the half-and-half system being changed until something definite is proposed. I would suggest that an inquiry be made with respect to the matter. It seems to me a plan which would produce absolute equality would be to let the Government pay taxes upon all of its property. When it does that there will be produced a condition of affairs which will result in equality as between the property of the District and the property of the United States.

It would be an outrage to compel the District of Columbia to maintain government here and at the same time exempt the Government of the United States from the payment of taxes. In most cities where there is a post office or other public building such property is exempt, but when you consider the vast amount of property the Government owns here it would be absolutely a matter of inequality to say that the District of Columbia should pay all of the taxes. It seems to me a fair way would be for the Government to pay taxes upon its own property.

Mr. KENYON. I will call the Senator's attention to the suggestion which he has made as to this policy drawing from other cities those who seek to avoid the payment of just taxes. It was related on the floor of the other House—and I have not seen it denied, though I have not investigated the matter to ascertain whether or not it was a fact—that a very wealthy citizen of Michigan, who died a few weeks ago, and who was worth some $20,000,000 in money and credits, recited in his will that he was a resident of the District of Columbia. Consequently his moneys and credits were not taxable. Upon investigation it was discovered that he had purchased a little place here worth six or seven thousand dollars or thereabouts and put into it a little furniture, though when he came here he always stopped at the Willard Hotel. If those facts are correct—and I assume that they are—that was done just along the line to which the Senator from Colorado refers—to escape the payment of taxes; it was to cheat the people of his State out of the taxes to which they were justly entitled on his money. When that is done, a wrong is inflicted not only upon the man who perpetrates it but upon the people of his State. The policy of exempting from taxation moneys and credits and of assessing only a low rate of taxation on real

estate has made Washington the rendezvous for wealthy tax dodgers of this country.

Mr. SMITH of Georgia. Mr. President——

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

Mr. KENYON. I do.

Mr. SMITH of Georgia. The Senator from Iowa has just brought out the feature which I desired him to bring out, that in the District of Columbia residents pay no taxes on stocks and bonds, none on bills receivable, none on money, none on any kind of obligations that they hold; they are entirely free from such taxation.

Mr. KENYON. And is not that a most unjust thing?

Mr. SMITH of Georgia. And their real estate is assessed 1 per cent; that is the total tax on real estate in the District of Columbia for every purpose. It is not only the city tax, but it is the entire tax. Under the system of taxation here the taxes are less, so far as I can ascertain, than they are in any other place of its size of which I know.

Mr. BRISTOW. Mr. President——

Mr. SMITH of Georgia. Just one other word, and then I shall conclude.

I am in favor of making Washington the most beautiful city in the world, and I am in favor of contributing from the National Government all that is necessary to make this city beautiful. What I do think, however, is that the people of this District and of this city ought to pay taxes as do the people of other cities.

Mr. KENYON. Why should they not?

Mr. SMITH of Georgia. After they have done that, if more than they pay is needed to take care of the city, to make it what the Nation expects it to be, I am ready to see it paid out of the National Treasury.

Mr. KENYON. If the people of this city pay less than a fair rate of taxation, somebody else in some other part of the country is paying more than a fair rate of taxation to contribute to the people here. That is undoubtedly true.

Mr. CLAPP. Is not Congress to blame for any defect there may be in the system of taxation here?

Mr. KENYON. We are trying to remedy it right now.

Mr. NELSON and Mr. BRISTOW addressed the Chair.

The PRESIDING OFFICER. To whom does the Senator from Iowa yield?

Mr. KENYON. I yield to the Senator from Minnesota.

Mr. NELSON. Mr. President, the vice of the system of taxation in this District is that only real estate and tangible personal property are assessed. This is the language of the law:

> All tangible personal property and all general merchandise in stock or trade.

Millionaires may come here, rent houses, and live in this city, leaving their own locality, escape taxation, and not pay a cent of taxes to the support of the city of Washington. If there was a system of imposing taxes on credits, as I call them, mortgages, bonds, stocks, and bills receivable, as is the case in all other localities, it would be an easy thing for the city of Washington to maintain its own government, and the real estate taxes would be even lower than they are to-day under the present system. The millionaires whose property consists of credits have absolute immunity, and, under the vicious system that prevails here to-day, the owners of real estate have to suffer for it. Even under the present system the real estate taxes would not be half what they are to-day if the wealthy had to pay taxes on their credits. I hope that the Committee on the District of Columbia will prepare and inaugurate a system of taxes for the District of Columbia such as prevails in other parts of the country.

Years ago my attention was called to this matter by a gentleman who has been dead for many years, but who used to own real estate in Minnesota. He was continually fighting his taxes, and I was engaged in many suits as his attorney to defeat tax titles which had been secured against his property. Finally, after I became a Member of the House of Representatives, I met the old gentleman and his wife here. They had no children and they came here every winter, and remained the rest of the time in a city in a State not a thousand miles away from here. One day I asked him, "Why do you stay here in the winter, and why do you stay the remainder of the time in this city up north? Why do you not remain in Minnesota where your lands are?" "Oh," said he, "in Minnesota you tax my credits; here in Washington and up in this city north of here I am perfectly immune, and I do not want to pay more taxes than I can help."

You talk about beautifying the city, but morally you have not beautified it; morally you have made it a haven for millionaires, who come here with their stocks and bonds, enjoy the blessings of this city, and escape taxation. Before you talk about beautifying the city physically beautify it from a moral standpoint, beautify it so that the wealthy men who come here, and who make it a haven of rest, will have to bear a part of the burdens that the rest of the people have to bear.

Mr. MARTINE of New Jersey. I should like to ask if the Democratic income tax will not reach those fellows?

Mr. NELSON. That reaches them all over the country.

The PRESIDING OFFICER. Does the Senator from Iowa yield, and to whom?

Mr. KENYON. I yield to both Senators.

Mr. MARTINE of New Jersey. Mr. President, I should like to say a word regarding this matter. I have not heard much protest against the half-and-half system which, as I understand, now prevails here, and I think, sifted down to its finality, the provision which the Senate committee has reported to strike out is an effort to abolish the half-and-half system.

I know what it is to have real estate and to be real estate poor; I have been real estate poor all my life. I feel this way in regard to this matter: This is our Capital; we are all proud of it; this is the grandest country and the grandest Capital in the world, so men who have traveled tell me; and I feel it is part of my duty not only to legislate for the general welfare of my Commonwealth and of the country, but to make this city even more beautiful if I can. Without endeavoring to be extravagant or unjust to anybody, I purpose to vote that way.

Amongst other reasons, Washington is beautiful because of its superb avenues, which are so immense in width. Ordinarily in our cities we think—and I have laid out many avenues—an avenue 60 feet or 66 feet—1 chain—wide, with 36 feet of roadbed and 12 feet on each side for sidewalk, is a splendid boulevard, but it is not so considered in Washington. Here we have streets 150 feet, 200 feet, 300 feet wide, with sidewalks 30 feet wide, all costing an immense amount of money to lay out and to maintain. If the entire burden were placed on abutting property owners, it seems to me that it would be excessive. The space devoted to streets and avenues tends to make the city beautiful, but at the same time involves great burdens for improvement and maintenance.

As to the particular feature about which the Senator from Minnesota [Mr. NELSON] speaks, I shall not take issue especially, but I say that from my standpoint and judgment, as a practical man, it would be little short of cruelty to burden the average property holder in Washington with any more than he pays to-day. While I am not a property holder here, as a practical man who has done much work along the line of urban development elsewhere ever since I was a boy, I do not consider it any "cinch" to own property in Washington at all. I look around and I am astonished to find so many empty houses. In company with a gentleman from New York a couple of weeks ago I walked down Massachusetts Avenue, a beautiful, glorious street, but it was flanked on each side with houses bearing placards "For sale" or "To let," and some of the houses were covered with placards to such an extent that you could not tell whether the building was made of stucco, brick, or shingles.

Furthermore, it is said that the Government owns one-half of the property in Washington, including great parks and areas on which no taxes are levied. Somebody pays it all, and it is now paid half by the people who live here and half by people who live somewhere else.

I feel that we are doing fairly well, so far as the general system of government is concerned, in the District of Columbia. The government of the District of Columbia is run on the commission plan, and I have been an advocate of the commission plan of city government for a great many years of my life. I believe that Washington is about as well regulated socially, morally, and industrially and in every other way municipally as is any other city of which I know anywhere in this country.

In the Senator's effort to reach those worth a million dollars or five hundred thousand dollars or thereabouts who come here to shirk paying taxes on their credits I will join him in doing everything I can, for they are the ones I am after. I want to have the burden shared as nearly equitably as can be, and I believe that the Democratic Party, in ascendency in the Senate and in the Nation, in the matter of the income tax has at least taken a step in the right direction.

Mr. KENYON. Mr. President, my good friend from New Jersey has earned first place in the headlines of to-morrow morning's papers in the city of Washington.

Mr. MARTINE of New Jersey. I had no such thought.

Mr. KENYON. And I presume he will be congratulated as a great patriot and statesman.

Mr. MARTINE of New Jersey. That is all very fine, but that does not appeal to me.

Mr. KENYON. I wish I could get him to come over and sit down here and let me pound the facts into him a little while, especially as to how the present rate and method of taxation bears unjustly on the homes of the poor in the city of Washington. The Senator will realize, I am sure, that if a fair tax is not levied on the people of this District, in compelling the Government to contribute one-half to the expenses of the District, we are imposing an additional burden on the homes of the poor man in the State which the Senator so well represents here.

The argument about a beautiful city, the wide streets and wide sidewalks which may be necessary in a place where Congress meets, is beautiful; it appeals to everybody and nobody disputes it; but above beauty and above wide sidewalks and boulevards is that element of simple justice to the people of this country; and the Senator from New Jersey, for whom I have unbounded——

Mr. CLAPP. Mr. President——

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

Mr. KENYON. I should like to finish the tribute to the Senator from New Jersey.

Mr. CLAPP. By all means finish the tribute.

Mr. KENYON. No; I will yield to the Senator from Minnesota at this time.

Mr. CLAPP. Mr. President, I am in hearty sympathy with the Senator from Iowa, and the fact that he took a certain view upon a question would lead me, certainly in the absence of some strong evidence to the contrary, to adopt that view; but is not the Senator getting adrift from the point? In other words, are there not two distinct propositions presented here, the first of which is to reform the tax laws of the District of Columbia, so that the wealthy man who has put his property in intangible form can no longer escape taxation?

It seems to me that is the first thing we should undertake. Congress is to blame for a law under which the man who owns a small home here pays a large tax, while the man who comes here with vast sums invested in intangible property escapes taxation.

Mr. KENYON. As long as the Government is paying half of it, it is to the interest of the man with the large property to hold down the taxation rate; otherwise it will appear that a fair valuation and a fair rate of taxation will raise so much money that it will not be necessary for the Government to contribute. So he brings to bear every influence he can, in various ways, to hold the rate down, in order that there may be no excuse for the Government withdrawing its hand, and that is an influence that is powerful.

Mr. CLAPP. That is true; but that, on the other hand, it seems to me, goes directly to the half-and-half plan.

Let us see what the amendment of the Senator would do for the man in Washington who has a small home, and who, we have all to recognize, in Washington and everywhere else, pays more than his just share of the tax. The tax has already been levied against that man's home under a law which exempts the rich man from any tax upon intangible property in the form of credits and such things.

Mr. KENYON. This, the Senator will understand, is the estimate for 1916.

Mr. CLAPP. Exactly.

Mr. KENYON. I do not know whether it has been levied or not.

Mr. CLAPP. Theoretically it is levied, because the rate and the amount have been prescribed by law. Now, if in a given year, under this law, which prescribes the rate and the amount, the tax raised by the District should fall short of its share, it leaves the District with a floating debt which the property of the District must subsequently pay, as has been the experience of the District in the past; and in the past that debt has been made good in the years when the tax under the congressional levy exceeded the amount required by the District to meet the appropriations of the Federal Government. Now, what is bothering me is, inasmuch as we have held the District liable when it fell short, and have required the District to make good and to pay back its floating debt, is it fair now, under a levy which exceeds the amount it requires, that we shall absorb that amount ourselves, or use it, but recognize the moral obligation to repay it to the District when the time comes? That, it seems to me, is the question.

Mr. KENYON. I should like to answer that question.

Mr. CLAPP. That is what I should like to have answered.

Let it be understood that I should like to see the law so framed that these men could not escape taxation. In our State we have framed laws by which we reach that kind of estates and that kind of property. I believe a law could be framed for the District of Columbia that would reach that kind of property and no longer make this city the haven of the wealthy tax dodger; and in proportion as that was done the burden would be lifted from the man who has the little home, but who, under existing conditions, pays more than his share of the tax.

It strikes me there are two propositions there that are distinct and separate.

Mr. KENYON. Mr. President, if I did not know the Senator from Minnesota so well, I would almost be suspicious, from his talk concerning the homes of the poor man in this community, that he had attended one of these meetings of the select committee of one hundred who meet in the red room of the Willard.

Mr. CLAPP. Mr. President, I have never attended one of those meetings.

Mr. KENYON. No; I know the Senator has not.

Mr. CLAPP. But as a taxpayer and as a student of public questions I know what the Senator from Iowa knows and what every man of public experience knows—that in the last analysis the burden of taxation falls upon the man of small means.

Mr. KENYON. That is exactly what I am going to show to the Senator, from the report of the committee in the House, is done in the District of Columbia.

Mr. CLAPP. I know it is done. I know that the man who owns valuable real estate does not pay his share. Now, does the amendment of the Senator——

Mr. KENYON. It is not my amendment.

Mr. CLAPP. I mean the Johnson amendment. Does it meet that condition? Does it equalize or will it tend toward equalizing—for we never can completely equalize—the burden of taxation? If it does, I shall be heartily for it. I may be for it, anyway. I am not prejudging the case.

Mr. KENYON. I never have much difficulty in agreeing with the Senator from Minnesota on any proposition; but this talk about the poor man's home and what this amendment will do to the poor man's home is exactly the talk of the select committee who meet in the red room of the Willard and, over champagne and caviar sandwiches, regret the injustice that will come to the homes of the poor people of the District of Columbia by the adoption of the Johnson amendment. I want to call the attention of the Senator—and I agree exactly with what he says—to the fact that the burden of taxation comes upon the homes of the poor, and they are not able to avoid it.

Here is the report made by a committee of the House of Representatives in 1912. That committee divided Washington into six districts, and a map is attached to the report showing these different districts. They took an area covering 40,000 homes of the poor people; they took an area covering the homes of the rich; they took a suburban area; and they took a business area. Now, will the Senator listen to what they said?

> That real property in the District of Columbia is assessed $414,000,000 below its true value—

They took testimony on this subject, and I have the hearings here—

> the true value being $744,000,000, while the assessment is only $330,000,000. This is not an assessment at even two-thirds of the true value, but only slightly more than two-fifths—

Though the law prescribes that it shall be not less than two-thirds.

> That this underassessment does not attach equally to land and improvements, but overwhelmingly to land. Land is assessed at $169,674,000, one-third of its true value; improvements are assessed, for the triennial period just closed, at $160,648,481, two-thirds of their true value.
>
> That with respect to improvements there is great discrimination between classes, the 40,000 small homes of Government clerks and workingmen generally standing assessed at an average of 90 per cent of their true value, while the fine residences of the northwest show an average of but 50 per cent. Even by the two-thirds rule this shows that the little homes in the District are grossly overassessed.

And yet the great complaint that is made about the injustice of this matter to the homes of the poor comes from these people who are under the 50 per cent assessment. Those are not my words. They are the words of this report, after a long and exhaustive examination of the question of taxation in this District. While this was going on—and I do not say it as a criticism of the gentleman; his letter appears in the report—Mr. Pinchot wrote a letter to the committee stating that he had discovered that his home was assessed $40,000 less than it should be. That report points out the home of one United States Senator—I do not know whether the assessment there was made while this man was a Senator or before he acquired the property; I think it was before he acquired it—showing

how that was grossly inadequate. Then this report goes on with many things.

Mr. SMOOT. Mr. President——

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

Mr. KENYON. Certainly.

Mr. SMOOT. Just for information, I do not understand how the assessment could be 90 per cent of the value upon any property in the District of Columbia. I will say to the Senator that the experience I had in the District was about as follows:

The first time I was assessed upon property in the District of Columbia I was asked what my property cost. I showed them just exactly what I paid for it, and they said that under the rule the property was to be assessed at two-thirds of that value. From that day to this I have paid an assessment on two-thirds of the actual cost of my property. Not only that, but I was required to show the invoices of all my household furniture, and I am assessed to-day for more than everything that is in the house would sell for.

There is not any question at all about that. I do not understand how a report of that kind could be made by anybody who would make an examination, because they do not profess to assess property at more than two-thirds of the value.

Mr. KENYON. The statute reads, "not less than two-thirds."

Mr. SMOOT. But, I say, they do not profess to do it.

Mr. KENYON. Nobody knows what they profess to do.

Mr. LANE. Evidently the Senator from Utah is one of the poor people whom the Senator from Iowa is complaining for.

Mr. SMOOT. I am not saying anything about whether I am poor or whether I am rich or in what section of the city I live, or anything about it. I am simply asking as to a report which states that there are some 40,000 homes here that are assessed at 90 per cent of their actual value. I can not understand that in the District of Columbia, because the assessor who came to me asked me what my place cost, and I showed him, and he said that under the law I should be assessed at two-thirds of that cost.

Mr. LANE. The Senator's explanation seems to fit the description which the Senator made of these poor people who are overburdened with taxation, and I presume it must apply to him.

Mr. SMOOT. Of course, there is no need for my answering the Senator.

Mr. KENYON. This is all good-natured. It is a good-natured controversy. We are all seeking light, I assume. Here are 456 printed pages of the testimony, I will say to the Senator from Utah, taken before that subcommittee of the House of Representatives in which these matters are covered.

Mr. CLAPP. Mr. President, it is easy to see how property could be assessed at 90 per cent or 150 per cent under a law that requires that it shall only be assessed at two-thirds of its value, because no two men might agree as to the value of it. For these indiscriminate, minor, humbler places there is no standard such as there is on bank stock or bonds.

It is all a waste of time, in my judgment, and always has been, to talk about the assessment in a city being limited to a fixed valuation. Some of the property is assessed at more than it is worth and a great deal of it is assessed at very much less than it is worth. That is human experience.

Mr. KENYON. Undoubtedly.

Mr. CLAPP. There is no absolute, arbitrary line where you come to put the dollars and cents opposite the description of the property.

Mr. KENYON. I want to place in the RECORD a statement or two on this very subject from the testimony before the committee of Mr. Gompers, the president of the American Federation of Labor. Mr. Gompers says, in response to a question:

> For years I have known that this discrimination was being practiced, and that a very high valuation was being placed upon the small houses owned or occupied by the poor people as compared with the valuations placed upon the mansions and business houses and speculative areas of all kinds. I know of it by reason of coming in contact with men and hearing directly their complaints and their protests, but I was so busily engaged in another line of this uplift work that I could not give much of my attention to it. I felt it just as keenly, though I was unable to give my attention to the subject.

I ask permission to place in the RECORD, since my argument has been rather broken up by so many inquiries, a letter from Mr. Powderly on the same subject, which appears in the document referred to, concerning the taxation in the District of Columbia; also the letter I have mentioned from Mr. Pinchot, and the reply thereto by Mr. George.

The PRESIDING OFFICER. The Senator from Iowa asks permission to insert in the RECORD certain documents. Is there objection? There being none, it is so ordered.

The matter referred to is as follows:

LETTER FROM HON. T. V. POWDERLY.

WASHINGTON, D. C., *June 8, 1912.*

Hon. HENRY GEORGE, M. C.,
Washington, D. C.

DEAR SIR: I take the liberty of directing your attention to what I am persuaded is an evidence of injustice in the system under which assessments are made in the District of Columbia. As I view it, the assessing of a vacant lot, one lying idle, at a low rate and at the same time levying a high tax on a neighboring lot because it has been improved is like compelling an industrious man to feed an idle one because the latter won't work.

John Bertram, an invalid soldier and an honorable, respected citizen, and Mary Bertram, his wife, own lot S 99, in square 1051, on Florence Street NE. Last year they paid $15.89 tax on their property. This year they paid $23.39. Mrs. Bertram, who helps with the work in my house, tells me that nothing in the way of improvement has manifested itself along or on Florence Street. In answer to my inquiries, she finally admitted that she had been guilty of planting a crimson rambler rose alongside of her little porch, and that the brilliant clusters now adorning it are made more pronounced and conspicuous when contrasted with a fresh coat of paint recently applied to her home. She has been indiscreet enough to keep her back yard in such apple-pie order as to win the approval of the inspector who made a tour of the neighborhood a short time ago. He said: "There is no need of inspecting this yard, for it is as clean as a New England kitchen."

These two good people didn't realize that in beautifying their home they might be fined for doing so.

Once when your honored father returned from Ireland he told me that he no longer wondered at the apparent indifference of the Irish people to the appearance of their homes, for, said he: "If they administered a coat of whitewash to the little cabin, the rent is raised; if they grow flowers in the yard, the landlord adds to the rent burden, and so its cheaper not to improve the appearance of the place."

I sometimes think we have traveled far on the road toward a similar condition of affairs in the United States, and particularly in the Capital of the Nation.

I have the honor to be, very truly, yours,

T. V. POWDERLY.

—

CORRESPONDENCE WITH HON. GIFFORD PINCHOT.

GREY COWERS,
Milford, Pike County, Pa., July 12, 1912.

Hon. HENRY GEORGE,
United States House of Representatives,
Washington, D. C.

MY DEAR MR. GEORGE: Your committee, I learn, has developed the fact that many small owners of property in the District of Columbia are taxed on an assessed valuation far greater than the two-thirds of the real value provided for by law, while many of the large owners of property are taxed on very much less than the two-thirds provided by law. In this way the poorer men are taxed most heavily, and those who are richest pay the least in proportion. I am told that this is generally true in the District.

When these facts came to my knowledge they led me to investigate the assessment of my own property, to which I had hitherto given no attention. Accordingly, I asked two well-known real estate men to estimate the value of the land and improvements on which I am taxed. Their estimate leads me to believe that I have been taxed on a valuation about $40,000 too low. In other words, at the current rate of taxation, the assessor has not assessed against me about $600 of yearly taxes that I ought to have paid, and has assessed that amount on others less able to pay it. This is unjust. Therefore I put the facts in your hands for such use as you see fit to make of them.

Yours, sincerely,

GIFFORD PINCHOT.

—

JULY 16, 1912.

Hon. GIFFORD PINCHOT,
Milford, Pike County, Pa.

MY DEAR MR. PINCHOT: I am just in receipt of your public-spirited letter of the 11th. You are entitled to all honor and the unique distinction of being the first wealthy man in the city of Washington, if not in the United States, to come forward and volunteer the information that his own property is grossly underassessed.

I find on examination that your residence in Washington consists of the triangle adjacent to Scott Circle, bounded by Rhode Island Avenue, Seventeenth and N Streets NW. It contains 11,938 feet of ground and two connected residences. Messrs. Story & Cobb, who valued the property at your request, placed upon the whole property a—

Valuation of		$248,000
Of which the legal two-thirds assessement is		165,333
The property is assessed:		
Ground—		
9,378 feet, at $4	$37,512	
1,280 feet, at $2.60	3,328	
1,280 feet, at $2.75	3,520	
Improvements	65,000	
Do	12,000	
		121,360
Underassessed		43,973
Assessed at	per cent	49

The underassessment of your house of $43,973 is nearly offset by overassessment in—

Square 785, 23 houses, increased	$3,500
Square 844, 21 houses, increased	5,000
Square 846, 23 houses, increased	4,800
Square 949, 34 houses, increased	7,600
Square 974, 32 houses, increased	8,000
Square 944, 42 houses, increased	8,000
Square 992, 28 houses, increased	6,300

Total, 203 small houses, mostly old, the total improved valuation on which was raised from $183,300 in 1911 to $226,500 in 1912.

Total increase	43,200
Average increase	213

These houses, almost without exception, are the houses of wage earners with large families, who are forced to the most stringent economy.

The same condition of underassessment exists in practically every valuable high-class piece of property in the District of Columbia, and in far graver degree than in the case of your property.

In behalf of the special committee of the District of Columbia of the House inquiring into the assessment and taxation of real estate in the District of Columbia I present the warmest sentiments of appreciation of your voluntary letter of information as an act of high public service.

Yours, sincerely,

HENRY GEORGE, Jr.

Mr. KENYON. The fundamental point I am trying to make is that a fair taxation in the District of Columbia, like unto that borne by the people of other cities, would make it unnecessary for the Government to contribute the large sum the Government now has to contribute to conduct the affairs of this District.

This report sets out the case of the New Willard Hotel, and states that the lowest possible construction cost of the superstructure was placed at $1,500,000. The assessment on the superstructure was but $700,000. Under the two-thirds rule the superstructure should have been assessed at not less than $1,000,000; and the claim of the assessor that this magnificent, thoroughly maintained, and enormously profitable hotel should be allowed a 30 per cent reduction for deterioration is without justification.

The case of the New Willard is but one illustration. If these properties bore a fair rate of taxation, there is not anybody in this country, there is nobody in my State or in any other State, who would object to contributing whatever may be necessary to make this the most beautiful capital in the world; but they do have a right to object, and they are going to object, regardless of all sneers or abuse, to paying a fair measure of taxation in their own city and in their own State and, in addition to that, a higher rate of taxation in order that the rich people of the District of Columbia shall pay less than a fair rate upon their property.

That is the question involved in this Johnson amendment. We listened yesterday, or the day before, to some observations from the distinguished Senator from New York [Mr. ROOT], whom we all like to hear, about economy when the question was here as to Congress paying some $600,000 that had been incurred by the President, and, as I view it, rightfully incurred, to go down and help in a time of great emergency in our troubles with Mexico. With that profoundness which characterizes his utterances he said that we should be very careful, and it was our duty to find out how the money of the Government was spent. I agree heartily with this sentiment. Here is $2,000,000 that can be saved to this Government, three times the amount that all this fuss was made about by the Senator from Utah [Mr. SMOOT] concerning the transports. Yet, when anyone says anything about it, the subject of taxation in the District of Columbia seems to be such a sacred subject, if he merely pleads for fair play for the people of the country he is branded as everything newspapers can think of. Members of the House who opposed this are engaged in making speeches, I notice, in the District of Columbia, in which they tell how some farmer comes here from Iowa and knows how to run the District better than anybody else. I am glad that a real farmer from Minnesota has joined in this fight merely for justice. Farmers stand for exact justice. I raise my voice in honor to the distinguished Representative from Kentucky, whom I do not know, Mr. JOHNSON, who at the last few sessions of Congress has fought this battle. He has been snubbed, ostracized, and regarded as an anarchist in the District of Columbia, but he has simply fought a decent, fair fight for justice; and also the distinguished Congressman from Iowa, Judge PROUTY, who has brought his great ability into this fight.

I want to put in the RECORD a few matters. I have not been able to follow any logical outline in this discussion. Mr. PAGE of North Carolina said in the House, in speaking on this subject:

You must admit one of two things—that we have either got too much money or that we must be spending too much money, and spending it, too, unwisely and wastefully. This has been referred to as the organic act, but there is nothing more organic about it than any other statute that is written on the books by the Congress. It is sacred in the eyes of a certain element in the District of Columbia; but I say to you that unless you change that law—and this is the responsible body for the government of the District of Columbia, and the responsibility rests with us—unless you change the law that provides that the National Government must match every dollar that is raised in taxation in the District of Columbia and expended in this District, you must make up your mind that you are going to spend money with recklessness and waste. The system has broken itself down, and it has broken itself down in spite of what the gentleman from Iowa [Mr. PROUTY] said to you is true—that the amount of taxes levied and raised upon the property in this District is less both in assessment and in rate than in any other city in the United States of America; in the face of the fact that, so far as my observation goes, no other population in the United States enjoys as great privilege as do the private citizens of the District of Columbia. The time has come, in my judgment, when this Congress should change this law and place it upon a basis of fairness and equity—fairness to the general taxpayers of the United States—and deal out nothing more than exact justice to the property owners of the District of Columbia.

He says he lives in a village of less than a thousand people in North Carolina; that he pays "more taxes, twice over, than are paid in the District of Columbia by any citizen in it, because," he says:

I pay not only a tax upon the property that I own for the purposes of that village but I am assessed, as are you, for the maintenance of your county and the maintenance of your State. And the tax rate in the State of North Carolina amounts to more than 2 per cent for a man who has a municipal tax to pay.

Now, Mr. President, the people of the District of Columbia have no right to complain over the Johnson amendment. I wish to call attention to tables that were set out in the discussion in the House by Representative PROUTY of my State, and some tables also set out by Representative JOHNSON of Kentucky as to the rate of taxation in certain cities of the United States, based on full value:

Washington, 10 mills; Boston, 17.2 mills; Bridgeport, Conn., 16.5 mills; Brooklyn, N. Y., 18.5 mills; Buffalo, 22.9 mills; Cambridge, Mass., 19.8 mills; Chicago, 17.1 mills; Cleveland, 18.8 mills; Des Moines, 22.2 mills; New Haven, Conn., 19 mills; New Orleans, 17.2 mills; Philadelphia, 15 mills; Syracuse, N. Y., 20 mills.

And so it goes down with the items which I submit as a part of my remarks to be inserted in the RECORD.

The PRESIDING OFFICER. In the absence of objection the table will be inserted in the RECORD. The Chair hears none, and it is so ordered.

The table referred to is as follows:

Rates of taxation in certain cities based on full value.

	Mills.
Boston	17.2
Bridgeport, Conn	16.5
Brooklyn, N. Y	18.5
Buffalo	22.9
Baltimore	19.8
Cambridge, Mass	20.4
Camden, N. J	20.0
Charleston, S. C	25.0
Chicago	17.1
Cincinnati	15.6
Cleveland	18.8
Detroit	19.9
Des Moines	22.2
Fall River, Mass	20.3
Grand Rapids	21.4
Jersey City	21.2
Lawrence, Mass	18.0
Lincoln, Nebr	19.7
Lowell, Mass	19.4
Indianapolis	15.8
Lynn, Mass	20.0
Milwaukee	17.6
Minneapolis	17.9
Newark, N. J	20.2
New Bedford, Mass	20.2
New Haven, Conn	19.0
New Orleans	17.2
New York	18.2
Philadelphia	15.0
Pittsburgh	15.3
Providence	20.5
Rochester, N. Y	19.3
Springfield, Ill	18.2
St. Louis	15.1
St. Paul	17.6
Syracuse, N. Y	20.0
Tacoma, Wash	21.7
Trenton, N. J	20.0
Utica, N. Y	22.0
Washington, D. C	10.0

Average, 19 mills.

Mr. KENYON. Mr. President, since 1878 the Federal Government has paid one-half of the expenses of this city; one-half of the schooling of the children of this city. I am not able to understand just why the people of my State or the people of Mississippi should pay for the schoolbooks for their own children and then come here and pay half the cost of the schoolbooks and schooling for the children of this District. It may be that it is all right, but I can not see the justice of it. They pay one-half the cost of the sewers, one-half the cost of the police protection, one-half the cost of the fire protection. The expenses of running this municipality average about $14,000,000 a year, which is more than the entire expenses of running many States in this Union.

Mr. SHEPPARD. Mr. President——

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

Mr. KENYON. I do.

Mr. SHEPPARD. Has the Senator discussed the effect of the half-and-half plan on the licensing of saloons in the District?

Mr. KENYON. I have not.

Mr. SHEPPARD. As I understand it, the District government charges a license fee of $1,500, and the Federal Government, under this half-and-half plan, pays to the District an

additional $1,500. The Federal saloon license is only $25. Consequently there is paid a practical bounty of $1,475 to the District government for each saloon it authorizes.

Mr. KENYON. I should like to get that clear in my head. Does the Senator mean that the people of this country are contributing in the amount of $1,450 as a bonus to each saloon in the District?

Mr. SHEPPARD. Not to the saloons, but to the District government for each saloon.

Mr. KENYON. To the District for each saloon authorized?

Mr. SHEPPARD. Certainly. A part of the money that the District raises for its expenses is from the license fees of saloons. Under the half-and-half plan the Government must put up dollar for dollar with the District. The Government therefore pays to the District $1,500 for each saloon that it authorizes. Consequently it is to the interest of the District government to authorize as many saloons as possible.

Mr. VARDAMAN. The Senator does not assert as a matter of fact that the General Government contributes to the District of Columbia $1,475 for each saloon licensed in the District of Columbia?

Mr. SHEPPARD. That is my understanding.

Mr. VARDAMAN. That is the most outrageous thing I ever heard of.

Mr. KENYON. I will wait to hear some defense of that proposition from the opponents of the Johnson amendment.

Mr. SHEPPARD. I see that the chairman of the Committee on the District of Columbia is present.

Mr. KENYON. I should like to ask him if that is possible?

Mr. SHEPPARD. I ask him if a bill did not pass the House providing that this practice should be stopped, and if the bill is not now pending before his committee?

Mr. SMITH of Maryland. Not that I am aware of.

Mr. SHEPPARD. It is my impression that such a bill passed the House providing that this practice should no longer be permitted by the Federal Government, and that an amount equal to the amount charged for each saloon license fee by the District should not be paid.

Mr. SMITH of Maryland. If there is such a measure, I say to the Senator from Texas that I know nothing about it.

Mr. SMITH of Georgia. Mr. President——

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

Mr. KENYON. I yield to the Senator, and I would be glad if he would answer that question.

Mr. SMITH of Georgia. I do not know about that.

Mr. KENYON. I yield, anyway.

Mr. SMITH of Georgia. I am not on the District Committee and I am not familiar with it. I want to ask the Senator from Iowa if I state correctly the situation as presented by the estimated revenue and the proposed appropriations. The revenue of the District it is estimated, according even to the present low system of taxation, will be for the coming fiscal year some $7,800,000.

Mr. KENYON. That is correct.

Mr. SMITH of Georgia. The necessary appropriations are about $11,700,000. So if the estimated appropriations are correct, even at the present low system of taxation, the taxes raised in the District will a good deal more than pay one-half of the expenditures for the ensuing year.

Mr. KENYON. Two million dollars over.

Mr. SMITH of Georgia. Two million dollars over. So the Government can furnish to the District the amount necessary to carry the required disbursements for the coming fiscal year by appropriating——

Mr. KENYON. About three million and a half instead of five million and a half.

Mr. SMITH of Georgia. Three and a half million instead of five and a half million dollars.

Mr. KENYON. That is the concrete proposition.

Mr. SMITH of Georgia. The question is whether we shall insist upon making it half and half when the present system of low taxation in the District, with its partial exemption of personalty, would furnish more than half the amount required.

Mr. KENYON. Exactly. The question is whether we shall give $2,000,000 more than is necessary to carry on the government of the District.

Mr. SMITH of Georgia. Now, I want to ask the Senator another question. Has there been any estimate made of the value of the Government property in the District and a comparison made between the value of the Government property and the value of the balance of the property in the District?

Mr. KENYON. There has.

Mr. SMITH of Georgia. Of course, in presenting this question I do not mean to include the parks.

Mr. KENYON. I understand.

Mr. SMITH of Georgia. I regard the suggestion that we should estimate the parks as belonging to the Government and charge them up to the people of the whole country to be taxed, when they are here for the good of the citizens of the District, as really ludicrous; but eliminating the parks that the Government has furnished to the citizens of the District, and taking the real substantial property used for the Government, how does the value of the Government property compare with the value of the District property?

Mr. KENYON. I have the figures somewhere here. I do not know that I can turn to them just now, but I will later. However, in a statement issued——

Mr. SMITH of Georgia. Roughly, about what? Are they equal?

Mr. KENYON. No; it does not equal half.

Mr. SMITH of Georgia. Not half as much?

Mr. KENYON. Not half as much. I will give the exact figures before I am through.

Mr. JAMES. Mr. President——

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

Mr. KENYON. I do.

Mr. JAMES. The Senator from Georgia by his question would seem to indicate that he thought the Government ought to pay taxes upon its own property here. Does the Senator know of a State in the Union that has a capital city which requires of the State taxes upon the capitol or the property of the State situated in the city?

Mr. KENYON. No.

Mr. SMITH of Georgia. I ask the Senator from Iowa to allow me to anwer the question of the Senator from Kentucky.

Mr. KENYON. Certainly.

Mr. SMITH of Georgia. I want to say to the Senator from Kentucky that I did not mean to indicate my own opinion on this subject and I recognize that his suggestion is true. There is not a city anywhere, so far as I know, in which the State pays to the municipal government taxes upon the State property. But this is what I desired to do: It has been suggested that the Government owns so large a part of the property in the District that the Government ought to pay half the expenses of the District. I wanted to point out the fact that if we recognize the value of the Government property in the District and if we were going to pay taxes upon it just as taxes are paid upon property in the District, even then the Government would contribute only about one-third or one-fourth of the expenses of the District and not half of it. I did not mean to imply, as the Senator seemed to think, that I thought the Government ought to pay taxes on its property.

Mr. JAMES. I do not think there is the slightest merit in the suggestion that because there are many public buildings here which constitute the Capitol for that reason we ought to pay the taxes on them. I know we do not pay any taxes upon the capitol at Frankfort to the municipality. The Capitol is a benefit to the city of Washington instead of a burden.

As to the question of policing the Capitol Grounds, that is not done by the municipality in the slightest degree. It is done at the Government's own expense. You may go over all the Capital buildings here and you will not find a single city policeman who is exercising control or extending protection over them, but that the expense is paid directly out of the Treasury of the people of the United States.

Mr. KENYON. And that is also true of the parks.

Mr. JAMES. It is absolutely true of the parks also.

Mr. NELSON. The Senator might add that these buildings are lighted and heated by the Government, not by the municipality.

Mr. JAMES. Certainly. All the parks are kept up at at least half the expense of the Government, and generally at the whole expense of the Government. I see no more reason why the people of the country should be taxed to keep up the schools of Washington and pay half the expenses of running this municipality by reason of this city being the Capital, furnishing the people who live here the largest pay roll in the world, than there is that the people of Kentucky should pay taxes on the capitol at Frankfort to the municipality in which it is situated.

Mr. KENYON. I want to ask the Senator from Kentucky whether in the case of the Federal buildings erected in his State he ever knew of a municipality wanting to have any taxes paid on them by the Federal Government?

Mr. JAMES. I never heard of such a thing.

Mr. KENYON. They are always exempt.

Mr. JAMES. I do not believe there is a single State in the Union or a single legislature in a State of the Union where it

was ever suggested that the people of the State should be taxed for the capitol that has made the capital city what it is.

Mr. GALLINGER. Mr. President——

Mr. KENYON. I yield to the Senator from New Hampshire.

Mr. GALLINGER. I had supposed that I knew something about the District of Columbia, but I am getting considerably muddled in this debate. I am unavoidably called from the Chamber, and I trust this matter may not be disposed of to-night, because I want to make a few observations upon it. I will content myself now by saying that it is a most extraordinary suggestion that the Government, owning, it is estimated, nearly one-half the property in the District of Columbia, should not in some way make a contribution to the support of the government here, which is under the absolute control of the Congress of the United States. Citizens have no rights here except to pay taxes and to draw salaries.

Mr. President, all this talk about what the Government contributes to the District of Columbia amounts to 7 cents per capita on the people of this country. The people of New Hampshire are willing to pay it. They would like to pay more and make this city still more beautiful than it is.

It must be remembered that the estimates for the appropriations this year made by the officials of the District of Columbia are nearly $13,000,000. The House of Representatives, exercising economy—I think undue and unnecessary economy—cut them down to something like $11,000,000. The Senate committee has increased it to something over $12,000,000. My view is, well established and entirely satisfactory to myself, that if we were acting wisely we would take the $7,000,000 which the taxpayers of this District have contributed, match it with $7,000,000 more, and make improvements in this District which are very much needed at the present time. We would thereby be enabled to beautify the city to a larger extent than it is beautified. We could connect the great parks, which at some time will have to be connected. But no improvements will be possible if we are going to practice economy, niggardly, as I think it is, and then say that the Government shall not pay any taxes upon its property, but that the people of the District of Columbia, having a city with streets twice as wide as they would be if the people of the city themselves had laid them out, burdened as they are in a great many directions which have not been suggested by the Senator from Iowa to-day, I do not think that we would be acting wisely to destroy the half-and-half principle on an appropriation bill.

Mr. KENYON. Does the Senator think there is anything very niggardly in giving these people $2,000,000 more than the estimates show they should have?

Mr. GALLINGER. No; I do not think that. I say that if we acted wisely we would appropriate an amount equal to the amount that has been collected from the citizens of the District of Columbia.

Mr. KENYON. That would be $8,000,000 for the Government and $8,000,000 for them.

Mr. GALLINGER. It would be about $14,000,000 or $15,000,000 all told, instead of $12,000,000, as it is now—$3,000,000 more than is carried in the bill as reported by the Senate committee and we could make improvements that in my judgment are needed in the District of Columbia.

Why, Mr. President, we have schoolhouses in the District of Columbia that would not be tolerated for a single day in the city from which the Senator from Iowa comes.

Mr. KENYON. And we have schoolhouses in many poor settlements in this country that need help just as much as do the schoolhouses in the District of Columbia, and the rich people who have come into this District to escape taxation should help to make those schoolhouses better.

Mr. GALLINGER. That is entirely aside from the question involved in the discussion of this appropriation bill. If the Senator wishes to amend the tax laws of the District of Columbia he can propose an amendment to them, which, if Congress sees fit, can be enacted into law.

Mr. KENYON. I propose to introduce an income-tax provision for the District of Columbia.

Mr. JAMES. Mr. President——

The PRESIDING OFFICER. To whom does the Senator from Iowa yield?

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

Mr. JAMES. I should like to ask the Senator from New Hampshire a question. He speaks of the wide streets of this city, and seems to couple that with the half-and-half plan. Is it not true that the wide streets were here before the half-and-half plan was originated?

Mr. GALLINGER. I think that is true; but Congress is responsible for them. I want to say just one word more. The District of Columbia gave the people of the United States more than one-half the area of the District of Columbia as a free gift.

Mr. KENYON. I must take issue with the Senator on that. He knows more about it than I do, but the Senator is always fair. Included in that estimate are streets and alleys. The streets and alleys are just as much for the people of the District of Columbia as for anybody else.

Mr. GALLINGER. There are alleys in every city in the country, and in some of them there are more than there are in the District of Columbia.

Mr. KENYON. They are held in trust for the benefit of all the people; they were not given to the Government.

Mr. GALLINGER. Mr. President, I think it can be made to appear—I may be wrong about that—that the people of the District of Columbia are paying a higher per capita tax than the average city of the United States of equal population.

Mr. KENYON. I think that is true; and if 10 people owned all of the property in the District of Columbia, they would pay the highest per capita tax in the world.

Mr. GALLINGER. Undoubtedly.

Mr. KENYON. And that is because there is more per capita wealth in the District of Columbia than in any other city of the United States, and there is less per capita indebtedness in the District of Columbia than in any city of the United States.

Mr. GALLINGER. I do not know whether or not the Senator has the statistics to show that there is a higher per capita tax; certainly one-third of the population of the District of Columbia have not very much in the way of property on which they would pay taxes.

Mr. KENYON. That is true.

Mr. GALLINGER. And I am surprised, if it is so, that there is a higher per capita wealth.

Mr. KENYON. Taxes are not paid on per capita wealth; they are paid on property.

Mr. GALLINGER. Certainly.

Mr. JAMES. Mr. President, I think if the Senator from Iowa will investigate he will find that his admission is an error that this city pays a higher per capita tax than most other cities. I think he will find that there is no other large city in the country where the per capita tax is not higher than it is here.

Mr. KENYON. I should be glad to be corrected if that is true; but a per capita tax signifies nothing.

Mr. JAMES. I understand that.

Mr. NELSON and Mr. STONE addressed the Chair.

The PRESIDING OFFICER. To whom does the Senator from Iowa yield?

Mr. KENYON. I yield to the Senator from Minnesota.

Mr. NELSON. I intended to ask a question of the Senator from New Hampshire, but he is leaving the Chamber.

Mr. GALLINGER. I will come back for the purpose of answering any inquiry which the Senator from Minnesota may propound, if I am able to do so.

Mr. NELSON. I should like to hear what the Senator has to say on the question of immunity from taxation on credits in the District of Columbia.

Mr. GALLINGER. Mr. President, I have suggested to the Senator from Iowa that the tax laws——

Mr. NELSON. I should like to hear the Senator on that in connection with this plan here.

Mr. GALLINGER. I say——

Mr. NELSON. Does not the Senator think——

Mr. GALLINGER. Will the Senator allow me to complete a sentence?

Mr. NELSON. Yes, sir.

Mr. GALLINGER. I thank the Senator. I say that I am no more responsible for that than is the Senator from Minnesota or than is any other Senator.

Mr. NELSON. No; but the Senator is a member of the Committee on the District of Columbia.

Mr. GALLINGER. I am not.

Mr. NELSON. He was for a great many years.

Mr. GALLINGER. I am not a member of the Committee on the District of Columbia.

Mr. NELSON. The Senator was for a great many years.

Mr. GALLINGER. So were other excellent men.

Mr. NELSON. And we look for reforms in connection with the District of Columbia to come from that committee.

Mr. GALLINGER. No; not necessarily.

Mr. STONE. Mr. President——

Mr. KENYON. I have yielded to the Senator from Minnesota.

Mr. NELSON. I do not want to detain the Senator from New Hampshire longer in the Chamber.

Mr. GALLINGER. I will remain to answer any question the Senator wants to ask me.

Mr. KENYON. I yield to the Senator from Missouri.

Mr. STONE. Mr. President, there is quite a grave reason why we should have an executive session at once, which I do not feel at liberty to state in the open session of the Senate; but if the Senator from Iowa will consent, I should like to move an executive session at this time.

Mr. POMERENE. Mr. President, will the Senator yield to me?

The PRESIDING OFFICER. Does the Senator from Missouri yield to the Senator from Ohio?

Mr. STONE. Certainly.

Mr. POMERENE. For the purpose of offering a bill and having it referred to the Committee on Interstate Commerce?

Mr. SMOOT. I object.

The PRESIDING OFFICER. Objection is made.

Mr. POMERENE. I should like to state that it is important that this matter be printed and referred to the committee; and, as we are just about to go into executive session, I hope the Senator will withdraw the objection.

Mr. SMOOT. No, Mr. President; I can not withdraw the objection.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by D. K. Hempstead, its enrolling clerk, announced that the House had passed the bill (S. 7107) to authorize the construction of a bridge across the Ohio River at Metropolis, Ill.

The message also announced that the House disagrees to the amendments of the Senate to the bill (H. R. 20241) making appropriations to supply urgent deficiencies in appropriations for the fiscal year 1915 and prior years, and for other purposes, asks a conference with the Senate on the disagreeing votes of the two Houses thereon, and had appointed Mr. FITZGERALD, Mr. BARTLETT, and Mr. GILLETT managers at the conference on the part of the House.

The message further announced that the House had passed a bill (H. R. 6143) relating to the maintenance of actions for death on the high seas and other navigable waters, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED.

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

S. 2651. An act providing for the purchase and disposal of certain lands containing the minerals kaolin, kaolinite, fuller's earth, china clay, and ball clay in Tripp County, formerly a part of the Rosebud Indian Reservation in South Dakota;

S. 2824. An act to amend an act entitled "An act to provide for the adjudication and payment of claims arising from Indian depredations," approved March 3, 1891;

S. 6454. An act to authorize the Government Exhibit Board for the Panama-Pacific International Exposition to install any part or parts of the Government exhibit at the said exposition either in the exhibit palaces of the Panama-Pacific International Exposition Co. or in the Government building at said exposition; and

S. J. Res. 58. Joint resolution authorizing the Secretary of the Navy to present the bell of the late U. S. S. *Princeton* to the borough of Princeton, N. J.

PETITIONS AND MEMORIALS.

Mr. CLAPP presented petitions of sundry citizens of Minnesota, praying for the enactment of legislation to prohibit the exportation of ammunition, etc., which were referred to the Committee on Foreign Relations.

Mr. SMITH of Maryland presented petitions of 15 citizens of Woodfield; of Daisy Lodge, No. 320, International Order of Good Templars, of Howard County; of Wesley Grove Lodge, No. 329, International Order of Good Templars, of Woodfield; and of Eureka Lodge, No. 272, International Order of Good Templars, of Baltimore, all in the State of Maryland, praying for national prohibition, which were referred to the Committee on the Judiciary.

Mr. BURLEIGH presented a petition of the Maine State Grange, Patrons of Husbandry, praying for an investigation into the difference between producers and retail prices of potatoes, which was referred to the Committee on Agriculture and Forestry.

BILLS INTRODUCED.

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

By Mr. FLETCHER:

A bill (S. 7180) granting an increase of pension to Etta Adair Anderson; to the Committee on Pensions.

By Mr. CHAMBERLAIN:

A bill (S. 7181) granting an increase of pension to Thomas E. Dunbar (with accompanying papers); to the Committee on Pensions.

By Mr. BURLEIGH:

A bill (S. 7182) granting a pension to Clifton Whittum; to the Committee on Pensions.

By Mr. SAULSBURY:

A bill (S. 7183) granting an increase of pension to Thomas Clark (with accompanying papers); to the Committee on Pensions.

URGENT DEFICIENCY APPPROPRIATIONS.

The PRESIDENT pro tempore laid before the Senate the action of the House of Representatives disagreeing to the amendments of the Senate to the bill (H. R. 20241) making appropriations to supply urgent deficiencies in appropriations for the fiscal year 1915 and prior years, and for other purposes, and requesting a conference with the Senate on the disagreeing votes of the two Houses thereon.

Mr. OVERMAN. I move that the Senate insist upon its amendments, agree to the conference asked for by the House, the conferees on the part of the Senate to be appointed by the Chair.

The motion was agreed to, and the President pro tempore appointed Mr. OVERMAN, Mr. BRYAN, and Mr. SMOOT conferees on the part of the Senate.

HOUSE BILL REFERRED.

H. R. 6143. An act relating to the maintenance of actions for death on the high seas and other navigable waters was read twice by its title, and, on motion of Mr. OVERMAN, referred to the Committee on the Judiciary.

EXECUTIVE SESSION.

Mr. STONE. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After seven minutes spent in executive session the doors were reopened, and (at 5 o'clock and 35 minutes p. m., Thursday, January 7, 1915) the Senate adjourned until to-morrow, Friday, January 8, 1915, at 12 o'clock meridian.

CONFIRMATIONS.

Executive nominations confirmed by the Senate January 7 (legislative day of January 6), 1915.

SECRETARY OF LEGATION.

Willing Spencer to be secretary of legation at Panama, Panama.

COLLECTOR OF INTERNAL REVENUE.

Edgar M. Harber to be collector of internal revenue for the sixth district of Missouri.

POSTMASTERS.

HAWAII.

Otto F. Heine, Lahaina.

PENNSYLVANIA.

Lewis W. Bechtel, Stowe.
William F. Burchfield, Mifflin.
George W. Heffelman, New Cumberland.
Thomas W. Loftus, Archbald.
William A. Meehan, Dickson City.
John J. Moran, Olyphant.

VERMONT.

C. A. Burnham, Bristol.
Martha L. Gilbert, Randolph Center.
Hugh A. Sherlock, South Royalton.

HOUSE OF REPRESENTATIVES.

THURSDAY, *January 7, 1915.*

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

We thank Thee, our Father in heaven, that a premium has been set on pure living, that the highest tribute that can be paid to any man is a noble life. It is not the quantity which one puts into his calling, be it great or humble, but quality and efficiency which makes for character. Hence, we pray for earnest, pure, noble convictions, and the courage to live them in prosperity or in adversity, so that when we have run our race, finished our course, it may be said of us, "His was a noble life." This we ask for Thy name's sake, O God, our Father. Amen.