of War Risk Insurance in the Treasury Department," approved September 2, 1914; to the Committee on Interstate and Foreign Commerce.

By Mr. JAMES: A bill (H. R. 13547) granting a gratuity to members of the United States Army; to the Committee on Military Affairs.

By Mr. DENT: A bill (H. R. 13548) to authorize the resumption of voluntary enlistments in the Regular Army, and for other purposes; to the Committee on Military Affairs.

By Mr. JAMES: A bill (H. R. 13549) granting a gratuity to members of the United States Navy and Marine Corps; to the Committee on Naval Affairs.

By Mr. MONDELL: A bill (H. R. 13550) providing a rate of duty on wool sufficient to stabilize the prices of wool purchased or on which a price has been fixed by the United States; to the Committee on Ways and Means.

By Mr. KING: A bill (H. R. 13551) for the erection of a public building at Galva, Ill., and appropriating money therefor; to the Committee on Public Buildings and Grounds.

By Mr. STEENERSON: A bill (H. R. 13552) to open Minnesota ceded Indian lands to soldiers' and sailors' homesteads; to the Committee on Indian Affairs.

By Mr. CURRY of California: A bill (H. R. 13553) to provide honorable discharges to certain members of the Military Establishment of the United States; to the Committee on Military Affairs.

By Mr. CAMPBELL of Pennsylvania: A bill (H. R. 13556) to provide for suitable recognition by the United States Government of the service rendered by the members, examiners, clerks, and employees of the selective-service boards in the administration and enforcement of the selective-service act; to the Committee on Military Affairs.

Also, a bill (H. R. 13557) to provide for the erection of a public building at Duquesne, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13558) to provide for the erection of a public building at Coraopolis, Pa.; to the Committee on Public Buildings and Grounds.

Also, a bill (H. R. 13559) to provide for the equitable distribution of captured war devices and trophies to the States and Territories of the United States and to the District of Columbia; to the Committee on Military Affairs.

By Mr. BRITTEN: Resolution (H. Res. 485) to declare the purpose and the desire of the people of the United States for the immediate creation by the peace conference at Versailles, France, of a league of nations to perpetuate the principles of peace and justice in the world; to the Committee on Foreign Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. DOWELL: A bill (H. R. 13554) granting an increase of pension to Robert R. C. Grantham; to the Committee on Invalid Pensions.

By Mr. McFADDEN: A bill (H. R. 13555) for the relief of David Leonard; to the Committee on Military Affairs.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By Mr. CARY: Petition of Wisconsin Dairymen's Association, urging the formation of a league to enforce peace; to the Committee on Foreign Affairs.

Also, petition of Industrial Controller Co., of Milwaukee, Wis., protesting against the war tax on letter postage; to the Committee on Ways and Means.

Also, petition of Manufacturing Jewelers' Association of Milwaukee, Wis., protesting against tax on jewelry; to the Committee on Ways and Means.

Also, resolution of H. P. Andrae, of Electrical Supplies Co., Milwaukee, Wis., protesting against the war tax on letter postage; to the Committee on Ways and Means.

By Mr. DALE of New York: Petition of Sterling Motor Truck Co., protesting against the new revenue bill; to the Committee on Ways and Means.

Also, resolution of president of American Federation of Labor, requesting support of Senate bill 4922; to the Committee on Education.

By Mr. FULLER of Illinois: Petition of the Chicago Jewelers' Association and Halsman & Co., of Chicago, protesting against the proposed tax on jewelry; to the Committee on Ways and Means.

By Mr. GALLIVAN: Resolution of New England Hardware Dealers' Association, of Boston, Mass., relating to the national war-service convention; to the Committee on Military Affairs.

By Mr. GRAHAM of Pennsylvania: Protest by the Philadelphia Produce Exchange against the appointment by the Department of Agriculture of inspector of butter and eggs; to the Committee on Agriculture.

By Mr. NOLAN: Petition of the San Francisco Labor Council, urging the passage of the McKellar-Keating retirement bill; to the Committee on Interstate and Foreign Commerce.

By Mr. RANDALL: Petition of various citizens of Pomona, Cal., against legislation restricting activities and study of amateur wireless telegraph operators; to the Committee on the Merchant Marine and Fisheries.

By Mr. STEENERSON: Petition of Dr. J. E. Engstad, Grand Forks, N. Dak., protesting against discharging men from the military service of the United States at distant demobilization camps; to the Committee on Military Affairs.

Also, petition of Otto N. Davis, chairman Minnesota Committee on Social Legislation, Old Capitol, St. Paul, Minn., requesting early and favorable action upon the so-called Smith-Bankhead bill; also petition of M. L. Jacobson, superintendent Moorhead public schools, Moorhead, Minn., in favor of Senate bill 4987; to the Committee on Education.

Also, petition of Ira Richardson, Thief River Falls, Minn., urging proper recognition by Congress of the local and district boards, by the issuance of brevet commissions and suitable medals; also petitions of the same import by local board for Kittson County, Minn.; by members of the local board for Pennington County, Minn.; and by members of the local board for Red Lake County, Minn.; to the Committee on Military Affairs.

By Mr. VARE: Resolutions of the Jewelers' Guild of Philadelphia, protesting against the contemplated taxation on jewelry under the new revenue bill; to the Committee on Ways and Means.

SENATE.

MONDAY, *December 30, 1918.*

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

Almighty God, we come to Thee at the close of another year of our Lord, a year whose sad and tragic history has been written in blood; a year expressed in sorrow and in tears, in the anguish of the hearts of millions, in the starvation of many, and yet a year whose closing hours show forth the triumph of righteousness and the unity of purpose in the world to secure the blessings of peace and the domination of the ideals of the Gospel of Thy Son.

We Thank Thee for these victories that have come; and now, as we address ourselves, at the beginning of a new year, to the yet more difficult tasks of peace and pursue those lines of action and life that are laid out by our Lord, we pray that we may be guided by the spirit of the Christ, that in the coming year peace may settle, with its gentle and blessed benediction, upon all mankind. For Christ's sake. Amen.

The Secretary proceeded to read the Journal of the proceedings of Thursday last, when, on motion of Mr. SHEPPARD and by unanimous consent, the further reading was dispensed with and the Journal was approved.

SENATOR FROM TEXAS.

Mr. CULBERSON. Mr. President, I present the credentials of my colleague, Mr. SHEPPARD, and I ask that they be read and placed on file.

The VICE PRESIDENT. The Secretary will read the credentials.

The Secretary read as follows:

CERTIFICATE OF ELECTION—THE STATE OF TEXAS.

This is to certify that at a general election held in the State of Texas on the first Tuesday after the first Monday in November, A. D. 1918, being the 5th day of said month, MORRIS SHEPPARD having received the highest number of votes cast for any person at said election for the office hereinafter named, was duly elected as United States Senator for the State of Texas.

In testimony whereof I have hereunto subscribed my name and caused the seal of State to be affixed, at the city of Austin, on this the 23d day of December, A. D. 1918.

W. P. HOBBY,
Governor.

By the governor:
[SEAL.]

GEORGE F. HOWARD,
Secretary of State.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

SENATOR FROM KENTUCKY.

Mr. MARTIN of Kentucky. I present the certificate of election of Hon. A. O. STANLEY, chosen by the qualified electors of the State of Kentucky a Senator to represent that State, which I ask may be read and placed on file.

The VICE PRESIDENT. The Secretary will read the credentials.

The Secretary read as follows:

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 5th day of November, 1918, A. O. STANLEY was duly chosen by the qualified electors of the State of Kentucky a Senator from said State to represent said State in the Senate of the United States for the term of six years, beginning on the 4th day of March, 1919.

Witness: His excellency, our governor, A. O. STANLEY, and our seal hereto affixed, at Frankfort, this 25th day of November, in the year of our Lord 1918.

A. O. STANLEY,
Governor.

By the governor:
[SEAL.]

JAMES P. LEWIS,
Secretary of State.

ADJOURNMENT TO THURSDAY.

Mr. MARTIN of Virginia. I move that when the Senate adjourns to-day it stand adjourned until 12 o'clock meridian on Thursday next, the 2d day of January, 1919.

The motion was agreed to.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by G. F. Turner, one of its clerks, announced that the Speaker of the House had signed the following enrolled bills and joint resolution, and they were thereupon signed by the Vice President:

S. 3299. An act authorizing the President to reappoint Maj. Chalmers G. Hall, retired, to the active list of the Army;

S. 4924. An act to amend section 336 of the Revised Statutes of the United States, relating to the annual report on the statistics of commerce and navigation of the United States with foreign countries; and

H. J. Res. 372. Joint resolution to amend Senate joint resolution No. 78, approved October 5, 1917, entitled "Joint resolution to suspend requirements of the annual assessment work on mining claims during the years 1917 and 1918."

PETITIONS AND MEMORIALS.

Mr. TOWNSEND presented a petition of Local Union No. 319, International Molders' Union, of Flint, Mich., praying for the enactment of the so-called civil-service retirement bill, which was ordered to lie on the table.

He also presented resolutions adopted by Local Lodge No. 788, Brotherhood of Railroad Carmen of America, of Owosso, Mich., favoring the five-year extension of Government control of railroads, which were referred to the Committee on Interstate Commerce.

He also presented a petition of the Board of Education of Ann Arbor, Mich., and a petition of the Board of Education of White Pigeon, Mich., praying for the creation of a Department of Education, which were referred to the Committee on Education and Labor.

Mr. LODGE presented a petition of the Society of Friends of Poland, of Boston, Mass., praying for the independence of Poland, which was referred to the Committee on Foreign Relations.

He also presented a petition of Local Division No. 5, Ancient Order of Hibernians, of Cambridge, Mass., praying for the freedom of Ireland, which was referred to the Committee on Foreign Relations.

BILLS AND JOINT RESOLUTION INTRODUCED.

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

By Mr. CURTIS:

A bill (S. 5249) authorizing and directing the Secretary of War to grant an honorable discharge to drafted and enlisted men for certain reasons, and for other purposes; to the Committee on Military Affairs.

By Mr. SMOOT:

A bill (S. 5250) to donate a captured German gun to the cities of Salt Lake City, Ogden, Provo, Logan, and Manti, in the State of Utah; to the Committee on Military Affairs.

By Mr. McKELLAR:

A bill (S. 5251) tendering the thanks of Congress to Gen. John J. Pershing, United States Army, and the officers and men under his command; and to Maj. Gen. Enoch H. Crowder, Provost Marshal General, and the members of the local and district boards throughout the United States, Alaska, Hawaii, and Porto Rico; to the Committee on Military Affairs.

By Mr. LA FOLLETTE:

A bill (S. 5252) granting a pension to John Daley; to the Committee on Pensions.

By Mr. FERNALD:

A bill (S. 5253) granting an increase of pension to Milton W. Burnham (with accompanying papers); to the Committee on Pensions.

By Mr. NEW:

A bill (S. 5254) granting a pension to Nellie McPhearson (with accompanying papers); to the Committee on Pensions.

A joint resolution (S. J. Res. 205) permitting the loan of aircraft motors and aircraft material to educational institutions under certain conditions; to the Committee on Military Affairs.

MEAT-PACKING INDUSTRY.

Mr. KENYON. Mr. President, I introduce a bill which has reference to the packing houses, being similar to a bill which has been introduced in the House. I introduce the bill by request, because witnesses are to be here for the House hearings, and they desire also to have the opportunity, while here, of participating in the Senate hearings. I suppose the bill will have to be referred to the Committee on Interstate Commerce, although I shall ask later that it be referred to the Committee on Agriculture and Forestry.

The bill (S. 5248) to provide transportation, storage, and marketing facilities for, and to regulate commerce among the States in, live stock, meats, and other products derived from live stock or the slaughtering of live stock, was read twice by its title and referred to the Committee on Interstate Commerce.

TRADING WITH THE ENEMY.

Mr. BORAH. I introduce a bill for reference.

The bill (S. 5247) to repeal section 19 of an act entitled "An act to define, regulate, and punish trading with the enemy, and for other purposes," passed and approved October 6, 1917, was read twice by its title and referred to the Committee on Commerce.

Mr. BORAH. Mr. President, I desire to call attention to a letter which is signed by what is called the American Honor Roll Co. I have before me the original letter and also the envelope in which this letter was addressed to the parties. The envelope is from The Adjutant General's office of the War Department sent under the franking privilege of that department. I do not assume, Mr. President, that The Adjutant General's office is responsible for this matter. I take it that some one has taken advantage of the situation and is using privileges which the War Department in all probability has no knowledge of. This letter advises the next of kin of a wounded soldier, after commenting on the great victory of our soldiers and the sacrifices they have made, that if they will send in a dollar they will place the wounded soldier's name upon the honor roll and send him a fine certificate. It looks on the face of it like a petty larceny scheme for getting a dollar out of somebody whose kin have been wounded in this war. I introduce it for the purpose of calling it to the attention of the War Department, and that others who may receive such letters may be advised. I desire that those in charge of this letter will keep the original letter and the original envelope in order that The Adjutant General's office may know precisely how this matter is being carried on.

THANKS OF CONGRESS.

Mr. HENDERSON. I introduce a joint resolution and ask that it be read and referred to the Committee on Military Affairs.

The joint resolution (S. J. Res. 204) extending to members of local and district boards, Government appeal agents, and members of medical and legal advisory boards the thanks of Congress for their services rendered in the administration of the selective-service law; also authorizing the President to appoint by brevet commissions the members of such local and district boards; also authorizing and directing the Secretary of War to cause to be struck and presented to each of such officials in the name of Congress an appropriate medal, was read the first time by its title, second time at length, and referred to the Committee on Military Affairs, as follows:

Resolved, etc., That the thanks of Congress be, and is hereby, extended to all the members of local and district boards, Government appeal agents, the members of medical and legal advisory boards, for their loyal and devoted services, rendered without military preferment or proportionate pecuniary reward, in the administration of the selective-service law; and as a further expression of appreciation and gratitude for the able and efficient manner in which such services were performed, and in recognition of their achievements, the greatest of our Government, in the raising of our Army, and of their invaluable contribution to the successful prosecution of the present war, the President of the United States of America be, and hereby is, authorized to appoint by brevet to the Army of the United States of America the members of all the local and district boards, who as such members of said boards performed services in connection with the administration of the selective-service law, issuing commissions of the rank of captain by brevet to the chairmen of all such boards and the rank of first lieutenant by brevet to all other members of such boards; and that the Secretary of War be, and hereby is, authorized and directed to cause to be struck and presented to each of such officials in the name of Congress an appro-

priate medal, with suitable emblematical devices and inscriptions to be determined by him; and that to enable the President and the Secretary of War to carry this resolution into effect a sufficient sum of money, not to exceed $500,000, is hereby appropriated out of any moneys in the Treasury not otherwise appropriated.

AMENDMENT TO DISTRICT APPROPRIATION BILL.

Mr. SAULSBURY submitted an amendment proposing to appropriate $150,000 for the purchase of parcel 81/8, fronting on Columbia Road, Lanier Place, and Harvard Street, for a playground site, intended to be proposed by him to the District of Columbia appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

SHIP CONSTRUCTION.

Mr. SMOOT. A few days ago the Senate ordered printed what is known as Senate Document No. 315, relative to contracts for ship construction, but there are certain illustrations in the report, and I ask for the adoption of an order providing for the printing of the illustrations.

There being no objection, the order was read and agreed to, as follows:

Ordered, That the illustrations accompanying the communication from the acting chairman of the United States Shipping Board, transmitting, in response to a Senate resolution of November 21, 1918, information relative to existing contracts for ship construction, the cost of such construction, in both private and Government shipyards, be printed as a part of Senate Document No. 315.

NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS.

Mr. SMOOT. On December 3 the annual report of the National Advisory Committee for Aeronautics was submitted to the Senate, together with a number of illustrations, but the Senate failed to enter an order that these illustrations be printed as a part of the report. I ask that an order be made that these illustrations be printed with the report.

There being no objection, the order was read and agreed to, as follows:

Ordered, That the illustrations accompanying the annual report of the National Advisory Committee for Aeronautics, as submitted to the Senate December 3, 1918, be printed as a part of Senate Document No. 307.

AFFAIRS IN RUSSIA.

Mr. TOWNSEND. Mr. President, I have received very many letters and telegrams from people in Michigan in relation to the status of the American soldiers who are now in Russia. This subject has been presented to the Senate several times, but I wish to read one telegram which I received this morning and which will be a preface to what I desire to say. The telegram is directed to me, and it reads as follows:

Deplorable conditions among American troops in Russia have been brought to our attention by several wounded soldiers just returned. There are 1,000 Michigan soldiers of the 339th Infantry Regiment with allied forces near Archangel, and one soldier reports 100 died of influenza because of lack of treatment. Many wounded die because of privations. Boys fight on empty stomachs and sleep in swamps and snow, outnumbered 15 to 1, and are in danger of extermination unless reinforced. Get us information and advise us as to desirability and possibility of reinforcing them or withdrawing them at once. Immediate action necessary, as troops will be trapped by ice in less than two weeks.

This telegram is signed by the Michigan War Preparedness Board, Col. Roy C. Vandercook, secretary. It is similar to hundreds which I have received.

I have received letters from soldiers at Archangel, Russia, in which they have verified the statements which are made in this telegram. I have submitted the matter to the Secretary of War on several occasions for information, but thus far have got no satisfaction. This morning, however, I was able—I think from a reliable source—to learn something about the situation. The officer with whom I talked told me that these Michigan troops were sent to Russia, together with troops from Italy, France, and England, under charge of a British officer. They were sent there with the understanding that they were to protect Archangel against a then impending or threatened invasion by the German fleet. Of course, that danger has passed; and now this officer informs me that these men are to remain in Russia for an indefinite period; how long nobody seems to know. However, it seems that it will depend entirely upon the President, who, this officer tells me, has that matter in charge; and it can not be decided until after the peace conference terminates, which no doubt lies some distance in the future. It appears from the talk with my informant that the President believes he is authorized as a peace delegate to settle Russian affairs. I submit that was not the idea of Congress or of the people. Certainly not that of the American boys who were sent into Europe to fight Germany. The people should know what the President is going to authorize a British general to do with these soldiers after the war against Germany has ended.

This officer does not know of any way to grant relief, although he thinks that these troops are properly cared for, and that these stories have been exaggerated somewhat; that these men went there with winter clothing; that he can not speak for the food situation now, as that is entirely in control of Great Britain. The British commanding officer looks after that, and his word is law so far as these men are concerned.

The thing that interests me, and the thing that interests the people of Michigan and the people elsewhere throughout the United States, is why those soldiers are there and what is this indefinite speculative problem which has yet to be solved at the peace table by the President of the United States? This officer himself knows nothing about it. He realizes that it is a serious situation, but he is helpless at this stage of the proceedings to grant any relief or any comfort to the people at home.

The wounded soldiers who are returning from Russia corroborate all of these sad reports, and many letters have been received from them to that effect.

I make this statement, Mr. President, because I am receiving literally hundreds of telegrams and letters from the thousands of parents and friends in Michigan of these soldiers who feel that their loved ones are in that God-forsaken country and are practically lost so far as the United States is concerned. We know little, if anything, about it. I have urged as best I could that this matter be given special consideration and attention, and the only answer I receive is, "It is out of our hands." It now rests with the allied forces in Europe, and what the outcome will be will depend entirely upon the attitude of the President; and I think the country ought to know it. Some day the truth may be known. I trust it will not be too late to bring some comfort to the thousands of aching hearts which are agonizing over the doubt and uncertainty surrounding their loved ones who enlisted for a clear and definite purpose but are now being held for the President only knows what.

Mr. JOHNSON of California. Mr. President, may I add just a word to what has been said by the Senator from Michigan? Since I addressed the Senate recently upon our policy in Russia I have been overwhelmed with letters upon that subject. So many have come to me that I have had to respond with a form letter, for it has been utterly impossible for any one individual to go through the mass. Some of these letters have been put aside, and I shall read them to the Senate in a few days in order that it may be in possession of the heartaches and the anguish of many of the American people over this situation and over their lack of knowledge of their loved ones, who, without a declaration of war, are at present waging war in Russia.

I wish, however, to call to the attention of the Foreign Relations Committee, before which now is pending the resolution of inquiry—respectful inquiry only—that I introduced recently upon this matter, the fact that in response to an insistent popular inquiry in England, the foreign office in England through Lord Milner has told to the people of England what Britain is doing in this regard. I wish to call to their attention, too, that yesterday M. Pichon, the Minister of Foreign Affairs in France, told the French people what the French Government is doing. Now, it matters not whether the facts stated by either may be in accord with our views, it matters not whether the facts stated by either shall be in accord with what is actually transpiring or what has happened, at least England and France have replied to their people. The only Government on the face of the earth that does not take into its confidence its people is the present Government of the United States.

MAIL TO EXPEDITIONARY FORCES.

Mr. HITCHCOCK. Mr. President, I ask to have printed in the RECORD a letter from the Postmaster General on the subject of some remarks I made in the Senate the other day relative to the post-office service to the enlisted men in the field and to the service of mail from them to the United States.

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

The matter referred to is as follows:

OFFICE OF THE POSTMASTER GENERAL,
Washington, D. C., December 24, 1918.

Hon. G. M. HITCHCOCK,
United States Senate, Washington, D. C.

MY DEAR SENATOR HITCHCOCK: An examination of the RECORD of December 23 discloses that you inserted therein part of my communication to you of December 21, replying to criticisms of the postal establishment in connection with mail deliveries to our Expeditionary Forces in France. I note that complete acquittal is given the Post Office Department for any responsibility for failure of mail deliveries in France since June 30 last, for which I beg to make my acknowledgments.

In the course of the discussion the senior Senator from Idaho [Mr. BORAH], for whom I have great respect, asked a very pertinent question, to wit: "By what authority does the Post Office Department avoid the responsibility, which rests upon it, of transmitting the mail and taking care of it?"

The reply to this question called for that part of my communication which was not read to the Senate, which, in my opinion, discloses the exact reason why the Post Office Department insisted that the military authorities should at once [May] take over the delivery of the mails to our soldiers in France and conclusively shows that the responsibility for failure to make prompt mail deliveries did not rest with the Post Office Department officials or agents.

In the same connection the senior Senator from Minnesota [Mr. NELSON], who is always just and fair, made a brief statement, reciting conditions in connection with mail deliveries during the Civil War and put his finger on the crux of this controversy when he said: "Mr. President, if the Senator from Nebraska will allow me, I beg leave to say that during the Civil War our experience was this: The Post Office Department would send the mail to the different camps or to different organizations. After it reached there the mail would be distributed by the officers of the different corps or regiments. After the mail has reached France, manifestly, it seems to me, that the men connected with the Army were the proper ones to distribute it. Our Army was in motion; it was not like distributing mail here in the city of Washington, where every man's house is numbered. The Army was moving rapidly from place to place, from camp to camp. They were here one day and at another place another day. Hence, from the necessities of the case, it was proper for the War Department to distribute the mail after it got to France. That is exactly the method which was pursued during the Civil War."

You very justly have said, "There can be no question now that the failure (since July 30) is due to the failure of the War Department," but you also said, "So from the 30th of June on the Post Office Department is not actually responsible for the failure to deliver mail, but prior to that time it was responsible."

Now, as to whether this opinion is founded upon fact, I will be content for each Senator to decide for himself if the other part of my former communication is brought to their attention, which I again submit as follows:

"Since January 1, 1918, the Post Office Department has delivered to the headquarters of the various military units in France a total of 30,167,698 letters and 11,622,282 newspapers and parcels, making a total of 41,789,980 pieces of mail in the first six months of this year. This is an average of nearly 7,000,000 pieces of mail per month. The Post Office Department completed the delivery of this mail to the military representatives in the field and in the cities of France on an average of better than 30 days' time from the average date of postmarking to the delivery to the mail orderlies. Any complaints here or abroad that mail deliveries to our soldiers in France and to their friends and relatives in this country 'are wretchedly inadequate' or that much of the mail fails to reach its destination are utterly without foundation so far as the Post Office Service is concerned.

"After the mail was delivered by the postal authorities to the mail orderlies, usually at division headquarters, it passed out of the jurisdiction of the Post Office Department, and the postal authorities had neither control nor knowledge as to its subsequent movements into the hands of the individual soldiers. This report, therefore, deals only with the movement of the mail from the time of its postmarking in the United States to the day of its delivery in bulk to the accredited representatives of the military forces in France.

"An investigation directed by the Post Office Department developed statements from 31 superintendents of postal stations and 50 officers of the United States Army who were directly or indirectly concerned in mail delivery, showing that 55 of these 81 officials gave an average of from 15 to 30 days for the passage of a letter from date of postmarking to its delivery to the Army mail authorities. Eleven reported an average of from 31 to 35 days, 12 reported an average of from 5 to 6 weeks, and 3 scattered reports range from 6 to 8 weeks.

"There was no delay in the movement of the mail from the points of origin to the port of embarkation, all mail being worked to companies and other units usually days before a passenger ship or transport was available for its movement to France. Irregularities of sailing of vessels occasionally held mail at the port from a few days to two weeks. Lack of railway facilities abroad occasionally delayed mail at the ports in France, as well as in transit between the ports and the interior points of delivery. Inability to obtain Army trucks for moving the mail from the railheads to the postal stations at the front occasionally contributed to delay, and, again, the firm attitude taken by the highest American military authorities in France, that changes in location of troops could not be promptly furnished to a civilian postal organization, occasionally caused delays of from one to two weeks. Very frequently dispatches of mail from the United States would not meet any of the delays above cited; many dispatches would meet with a few minor delays; but occasionally there would be large consignments that would feel the cumulative effect of all or a greater portion of the delays which might befall mail in transit. But as an average the time from the date of postmarking to the delivery to the unit headquarters was considerably better than 30 days."

A large part of the complaints about the mail service to the troops since January 1 arose out of the unfortunate attempt on the part of the War Department to parallel the work of the Post Office Department in the handling of Christmas parcels for the soldiers, whereas the Christmas packages handled by the Post Office Department, being parcel post to the extent of 90 carloads delivered on or before the morning of the 25th of December, 1917, and 4 carloads from a transport belated by storm delivered on December 27, 1917; the Christmas boxes which the Army undertook to deliver through its lines of communication were not all delivered as late as the month of March, 1918. The blame for this state of affairs was laid by the senders and the recipients of these delayed articles at the door of the Post Office Department, whereas the sole responsibility for the delivery of same from the port of embarkation in this country to the man at the front lay with the Army.

Every complaint received about delivery of mail to a soldier in France, or from such a soldier, has been given individual attention. Each complaint was sent to the postal agent, who took it up immediately with the commanding officer of the company to which the soldier concerned belonged. In a majority of cases the soldier promptly replied, though in some instances no responses were obtained. As a result of this procedure, thousands of reports are on file in the Post Office Department, either from the soldier about whose mail complaint was made or from the military commander of his unit, showing that the service was satisfactory. These files are too voluminous to include in this report, but they are open to anyone interested in the mail service to the troops abroad as it was conducted by the Post Office Department.

The following typical communications are some of the very large number of replies received from the soldiers:

MAY 10, 1918.

Hon. OTTO PRAEGER,
Post Office Department, Washington:

I wish to thank you for your energy in facilitating the delivery of mail to soldiers and officers in France.

On March 20, 1918, my father, Mr. Edwin A. Munger, called on you in regard to this matter, and you forwarded his letter with request to the postal authorities in France to make a special effort.

On May 10 I received the letter. I wish to express my appreciation of the excellent work which the postal authorities are doing under the difficult conditions over there. We are here to fight a war and not to write letters and any mail at all is greatly appreciated.

Yours, very truly,

R. Y. MUNGER,
First lieutenant, Three hundred and seventh Infantry.

—

Mr. JOHN CLARK,
Postal Agent, Paris, France.

DEAR SIR: Just a word, personally, about what you are doing. I can fully appreciate your position over here. Let me say also that your department here now is giving us excellent service.

Sincerely, yours,

FRED E. YOUNG,
Second Lieutenant, Cavalry, U. S. R., A. E. F.,
First Corps School, U. S. A., P. O. 703.

—

This complaint without merit. Papers are arriving promptly. They are annoying, and I wish they would not send them to me. Please notify Galveston office to not mail same.

E. J. STEVENS,
Three hundred and first Stevedore Regiment.

—

C. O. COMPANY B, SECOND FIELD BATTALION,
SIGNAL CORPS, A. E. F.,
France, May 16, 1918.

To United States Postal Agent, Paris, France:

The delay in the delivery and transmission of this soldier's mail was due to his being transferred to several different organizations upon his arrival in France, thus causing his mail to be forwarded from one place to another until he was permanently located in some company. Since coming to this organization his mail has been arriving promptly and is delivered without delay.

W. T. CROOK,
Captain, Signal Corps, U. S. R., Commanding Company.

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To the United States Postal Agent, Paris, France:

My mail has been coming as regularly as possible under the circumstances. I have no complaint to make. Delivery of last first-class mail received within 20 days of posting in Appleton, Wis.

ALLEN B. ELLIS,
First Lieutenant, One hundred and fiftieth Machine Gun Battalion.

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From: Sergt. Maj. Thomas O. Simmons, Four hundred and seventy-fifth, First Independent, Aero Squadron, American Expeditionary Forces.

To: Postal agent, Paris.

Mail has been coming more regularly recently; this complaint was made by my father without my knowledge before the squadron was located, hence the delay in delivery of mail at the beginning and at the time this complaint was made; neither did he understand the conditions under which you are working.

THOS. O. SIMMONS,
Four hundred and seventy-fifth Aero Squadron,
American Expeditionary Forces.

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HEADQUARTERS SEVENTEENTH AERO SQUADRON,
SIGNAL CORPS, AMERICAN EXPEDITIONARY FORCES, *May 8, 1918.*

To: Postal agent, United States Army Postal Service, American Expeditionary Forces.

1. I am surprised to learn that there has been complaints of delay in regard to mail for this squadron. So far as I am aware, it has been received as regularly and promptly as war conditions permit. There has been delay in the cases of a very few of the enlisted men who have been taken to hospitals at some distance from their stations and whose mail was held awaiting their return, which was expected within such a short time that it was doubtful if they would receive the letters if forwarded—in most instances where there has been any considerable delay it has been due to the length of time required for the men to make the journey back to the squadron. This office has been holding mail for Pvt. William H. Reed, concerning whom a notification dated February 19, 1918, that he had embarked for France from England to rejoin the squadron, was received. He has not yet reported and it was only recently that word was received that he was at Air Service Replacement Concentration Barracks, American Expeditionary Forces, to which address his mail has been forwarded.

2. Of the 31 officers and cadets belonging to this squadron, upon its arrival in England in January, 27 were left there on detached service, but for some time their mail was received here, and had to be forwarded to them, occasioning a certain amount of delay.

3. The four flights of this squadron are attached to different units of the Royal Air Force, but the mail for the whole squadron had been received at these headquarters, where it has been sorted and forwarded as promptly as possible. This would cause delay of a few days or possibly longer under certain circumstances, but could not well be avoided, as it would be ridiculous to expect the postal authorities to distribute mail to members of the squadron according to the flights to which they belonged.

4. In the case of Pvt. Meek, I am informed that his mail was forwarded to him at the hospital at which he was left in England and was returned with the information that he had left to rejoin the squadron. He reported on April 28 and his mail had been delivered to him.

HENRY McC. BANGS,
First Lieutenant, A. S., S. C., U. S. R.

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MAY 17, 1918.

From: C. O. Headquarters Company, One hundred and forty-ninth Machine Gun Battalion.

To: Postal agent, A. P. O. 702.

Subject: Delay in the delivery of mail.

1. The matter referred to in your letter stating that Pvt. Frank B. Stevens, of this company, had not received mail regularly was investigated personally by me. I find that the mail referred to was held back while passing through the organization from which he was transferred and that it was only at the time of his transfer that the delay occurred.

He is now receiving his mail in good time and as regularly as anyone else in the organization, and I feel sure that there will be no more trouble from that source.

R. A. YOUNG,
First Lieutenant and Adjutant.

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STATISTICAL SECTION, DEPOT DIVISION,
FIRST CORPS, *May 22, 1918.*

To: United States Army Postal Service, office of postal agent, station 702.

Returned with the information that soldier has been questioned and states that his mail is coming regularly at the present time and the reason that he has not received his mail heretofore was due to the many changes in stations. Mail for men connected with this department has been received regularly.

GEORGE L. TAIT,
Captain, Infantry, N. G., Divisional Statistical Officer.

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HEADQUARTERS COMPANY E, TENTH ENGINEERS (FORESTRY),
AMERICAN EXPEDITIONARY FORCES, *May 20, 1918.*

To: Postal agent, United States Army, Paris, France.

DEAR SIR: I am in receipt this morning of copy of letter from France, dated April 2, regarding looking up forwarding of mail to my boy, who has been changing around some.

He is now First Lieut. George F. A. Mulcahy, C. A. C., U. S. A., A. P. O. 710, American Expeditionary Forces, via New York, and I am delighted that he is making good for our own dear old Uncle Sam.

Notwithstanding the picayunish, pettifogging meddling of the powers that "would be," including ——— ——— from my dear old Bay State, you all are doing wonderfully well, and I trust I am expressing the convictions of several million of us common people in thinking so.

Thanking you for your kind attention and regretting I have to trouble you, I am,

Very truly, yours, GEO. J. MULCAHY,
Superintendent R. S. Howard Co.,
68 Thirty-fifth Street, Brooklyn, N. Y.

In a letter addressed to me by Maj. Gen. Pershing on the mail service in France, the commanding general of the American forces writes:

"Mr. R. L. Maddox, United States Postal Service, inaugurated the United States Army postal service in France last June and has conducted it very satisfactorily ever since. I take pleasure in commending him to you accordingly."

Secretary Baker, on the occasion of his recent visit to the Army in France, wrote John Clark, United States postal agent in Paris, as follows:

"I have read with very great interest the papers which you left with me at Chaumont and now have a much better appreciation of the difficulties which you have been facing than I had gotten from any other source. Quite frankly, it seems to me that both you and the military have approached the problem in an admirable spirit, and while, of course, there have been difficulties and complaints, I think in justice both to the post office and Military Establishment it is fair to say that you have cooperated intelligently and harmoniously and that the difficulties have perhaps been inescapable during the early days of organization and movement."

This response to the Senate resolution deals with the mail service to June 30, 1918, since which date the Army is conducting the transportation and delivery of the mail to the soldiers. This became inevitable in the interest of safety to the Army. Those charged with responsibility for the conduct of the war in France contended that military necessity required keeping secret the movement and new location of troops; also that it is not advisable to permit this information to pass into the possession of a civilian organization, which is the status of our postal establishment in France. The delay to the delivery of mail to large military units caused thereby sometimes involved from one to five carloads of letters, papers, and parcels, and ranged from several days to two weeks in time. All other obstacles to an expeditious delivery of mail to a large force of men under field conditions could be overcome by reasonable cooperation between the postal and military authorities, but this obstacle was fundamental. Under the circumstances the Post Office Department reluctantly asked the War Department either to change its point of view and furnish promptly to the postal authorities information as to the location of troops, so that the mail might more speedily follow the men as they moved, or to take over the entire movement and delivery of the mail in France. The military authorities adhered firmly to their original conclusion, that they could not with safety disclose to a civilian postal organization new locations or movement of troops. Although disagreeing with the military authorities as to the correctness of their position, the Post Office Department accepted their judgment on this purely military matter. After careful study of the subject, and as a result of conference with the military authorities, a satisfactory rearrangement of the service was reached. According to this agreement the Army assumes responsibility for the soldiers' mail from the time of its delivery to the military authorities at a port of embarkation in the United States until its final delivery into the hands of the individual soldier at the front, and the Post Office Department assumes responsibility for the mail from the soldiers from the time of its receipt by the postal authorities at the French seaport until its delivery into the hands of the addressees in the United States.

Mail for the American Expeditionary Forces is distributed to regiments and companies at two large Army postal stations, one in Chicago and one in New York. No congestion is permitted to occur at either station. All the mail for the soldiers is promptly separated and pouched for dispatch. At New York the mail is delivered in lead-sealed sacks to the military authorities, who, I am informed, dispatch it to the extent that space is available on every military vessel or commercial liner that will most expeditiously convey it direct to France. Upon its arrival at a port in France the mail is dispatched and delivered to the soldiers entirely by the military authorities.

Mail from the American Expeditionary Forces to the United States is delivered by the military authorities into the custody of the postal officials at two French seaports, where it is distributed direct to the cities between the sailing of the vessels for the United States. Arriving in New York, the residue, or unworked portion of the mail, is worked on the trains to its final distribution. In this manner the mail is being given the most expeditious treatment humanly possible with the ocean and railway facilities available under the stress of a world's war.

In conclusion, I desire to express the hope that under the new conditions and facilities, which the Army contended could not be extended to a civilian postal organization, the mail will be expedited to the soldiers, because I realize the importance of the prompt dispatch of mail matter to men in the field; but I will say frankly that my knowledge of postal affairs gives rise to grave doubts whether this new arrangement will result in complete satisfaction.

Having read this recitation of the facts based upon truth, how can any honest, unbiased mind reach the conclusion that postal officials were in any wise derelict or neglectful in the discharge of this important and responsible duty during the period of the war prior to June 30, as well as after that date?

In this connection I now desire to direct attention to another condition which is certain to prove a fruitful source of complaint and criticism, and that, too, in the near future. The failure to deliver mail to our troops in France before the various units are broken up for replacement with other units and before their return to this country necessarily will occasion great confusion. Already carloads of this undelivered mail are being turned back to the postal authorities for return to the senders. This situation, as I have said, will create widespread criticism, which the public, for lack of information as to the real facts, will direct against the postal authorities instead of placing the responsibility where it properly belongs. This in due time will, of course, be pressed on the attention of individual Members of Congress.

My attention has also been directed to certain observations submitted by you with reference to the taking over of the marine cables, wherein you said:

"I think the seizure of the cables was an utterly unjustified proceeding. I go so far as to say that it smacks of bad faith. Congress consented to give certain war powers to the President. Among those war powers were, if there was a war necessity, that he could take the telegraphs and the telephones, and when he took, in the name of the Postmaster General, the telegraphs and telephones there was no general complaint, because we were in the midst of war and there may have been a justification for the seizure; but when, after the war had closed in fact if not in law, the Postmaster General took possession of the cables, not only those crossing the Atlantic Ocean to countries with which we were associated in the war but also across the Pacific Ocean, which had no possible relation to the case, I think it was a high-handed outrage, and am frank to say so. * * * I think, furthermore, that it smacked of bad faith. Congress deliberately put the power into the hands of the administration for war purposes; but after the war is over it has been used to gratify the personal convictions, personal opinions, and personal wishes of the Postmaster General.

"If he had desired to secure from Congress the right to take over the cables, he should have asked for it. I think there is no justification at all in any reason that has been stated or which can be stated for that seizure."

Of course, my dear Senator, no one understands better than you that a public official is not called upon to notice the mouthings of irresponsible blatherskites who may criticize or misrepresent his official actions, but when a critical statement is made by a Senator of the United States, and especially by one for whom I have always entertained high regard and respect, it not only justifies but calls for response.

Of course it is not true that I have of my own will ruthlessly seized and taken possession of these cables. Of course it is not true that I have taken possession of them just to gratify my personal convictions, personal opinions, and personal wishes. Of course it is not true that I have reached out to control business activities the Congress did not intend to put into my hands. I feel that a reply to all such charges can be conclusively made by quotations from a motion to dismiss filed by the representative of the law department of the Government made by direction of the Attorney General of the United States to a silly suit recently instituted (for publicity purposes) in a court known to be without jurisdiction against the Postmaster General, in which these unfounded charges are set forth. I quote certain pertinent paragraphs from this motion:

"First. The possession taken through the Postmaster General and the defendant Carlton of the complainant's property on the allegations of the bill of complaint as amended has been taken by the President, in the exercise of his executive discretion, pursuant to a resolution passed by the Congress in the exercise of its discretion, as possession by the United States and not by the defendants as individuals, and the possession and rights involved are exclusively those of the United States and of the President in the exercise of his executive duties as such, and the District Court of the United States for the Southern District of New York has no jurisdiction to entertain this bill as amended, to which neither the United States nor the President is or can be a party."

"Fifth. The Congress has authorized the President to take over the complainant's cables, and the President in his discretion has exercised judgment that the taking over of such cables is necessary for the national security and defense, and this judgment is conclusive, and the proclamation of the President that it is deemed necessary for the national security and defense to take these cables is conclusive to negative the allegations of the bill of complainant to the contrary, and these allegations should be stricken out and dismissed from the bill as manifestly unfounded and impertinent."

"Eleventh. The allegation 'that the seizure of said cables on the ground that they were or are necessary for the national security and defense was and is a mere pretext without substance or basis of fact whatsoever' is an allegation of the complainant's opinion, immaterial in view of the judgment of the President and the action taken by him, and if intended as an allegation of bad faith on the part of the President is insufficient and should be stricken out and dismissed from the bill as insufficient, impertinent, and scandalous."

"Thirteenth. The allegation of the bill of complaint that the complainant is not provided with just compensation for the taking over complained of is manifestly unfounded in that Congress has in the resolution alleged expressly provided that the complainant shall receive just compensation and has provided for the executive and judicial determination thereof with recourse to the courts in the normal and reasonable manner for the ascertainment of compensation in the case of takings by the United States, and this court has judicial notice that Congress uniformly appropriates moneys for the payment of all judgments rendered by the Court of Claims, and the allegations that the right of application to that court is an illusory right and that there is no reasonable expectation of the timely payment of such a judgment are allegations that the United States and the Congress will exercise bad faith, whereas this court has judicial notice that the United States and the Congress are incapable of bad faith, and the allegations of the bill of complaint to the contrary are manifestly unfounded and should be stricken out and dismissed from the bill as impertinent and scandalous."

"Third. The war existing on July 16, 1918, still continues and there has been no proclamation of the exchange of ratifications of the treaty of peace, and of these facts the court should take judicial notice to negative the allegation of the bill of complaint that the war ceased on November 11, 1918, and this allegation should be stricken out and dismissed from the bill as manifestly unfounded and impertinent."

"Fourth. The proclamation by and under which the possession alleged was taken was signed by the President on November 2, 1918, and the proclamation by the President that it was done on November 2, signed by the President and attested by the Secretary of State, is conclusive that it was done on that day, and this court should take judicial notice that it was signed on November 2, 1918, to negative the allegation of the bill or complaint that it was not signed until after November 11, 1918, and this allegation should be stricken out and dismissed from the bill as manifestly unfounded and impertinent."

"Eighteenth. The allegations concerning the landings of the complainant's cables on territories of foreign nations and the complications likely to arise from the action of the Government are insufficient to state any cause of action or any part of a cause of action and have no relation to the validity of the possession taken from the complainant, or to the relief sought in the bill of complaint, and said allegations should be stricken out and dismissed from the bill as insufficient and impertinent."

Every intelligent lawyer in America knows that these allegations are not only founded upon truth, but that they are supported by well-established principles of law which have been long recognized and are no longer questioned by lawyers or judges who make any pretensions of a knowledge of the law as it is. I believe you want to be fair and am sure you would not consciously do me or the postal establishment an injustice. It is in this spirit I am writing you and on your sense of justice I rely for bringing these facts just as they are to the attention of your fellow Senators.

Sincerely, yours, A. S. BURLESON.

Mr. HITCHCOCK. Mr. President, I made the request because the Postmaster General complains that I did not insert the full copy of what he sent me the other day, consisting of some printed matter, and, in order to be entirely just to him, I ask to have this letter printed in the RECORD. I will say that the additional matter consists of statistics showing the quantity of mail matter delivered in bulk to the military authorities during the time that the Post Office Department undertook to transport it across the ocean. It also consists of a number of certificates or statements from lieutenants and other officers in France complimenting the Post Office Department by the statement that the mail had been promptly delivered—as promptly delivered as the circumstances of war would permit. With relation to those, I wish to say that these few complimentary statements that the mail was promptly delivered remind me very much of the defense offered by the Irishman in court. After two witnesses had been introduced to testify that they saw him kill a certain individual he introduced five witnesses who testified that they did not see him kill the individual. [Laughter.]

I have no doubt some of the mail was promptly delivered in France; but the statement of a few officers to the effect that their particular units received the mail promptly is really no defense at all, in view of the widespread and universal complaint of the nondelivery of mail.

Mr. President, the Postmaster General concludes his letter by an attempt to reply to my criticism of the seizure of the cables after the war was over. His defense consists of a quotation from the brief of the Attorney General, which, however good it may be in law as to the jurisdiction of the court, is no answer whatever to the statement that these cables were seized on the pretense that they were taken over under the war power, when as a matter of fact the war had ceased; and I do not think any intelligent person will support the Postmaster General in his claim that because the order for the seizure of the cables purports to be signed, and probably was signed, on the 2d of November, such signing at that time, on the 2d of November, was a justification for taking over the cables.

Mr. KELLOGG. Mr. President——

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

Mr. HITCHCOCK. I yield to the Senator.

Mr. KELLOGG. Of course, I did not see the order; but I am informed that while the order may have been signed by the President on the 2d of November, it was entirely incomplete. It was not countersigned by the Secretary of State. It was never published or exhibited to anyone until after the war had closed and the armistice had been signed. Even the date when it was exhibited to one of the telegraph companies was blank, and the order was never made before the signing of the armistice. The law authorized the President to take over the cables and telegraph lines as a war necessity, and not a Senator on this floor or anywhere else dreamed that we were giving the Postmaster General power to force on this country Government ownership whether the people wanted it or not.

Mr. HITCHCOCK. What the Senator says adds force to what I am seeking to show here, but it is absolutely not necessary. Even if the order had been signed on the 2d of November and had been fully completed and countersigned, and even if it had been announced at that time, it would not have been good faith with the Congress of the United States; but, as a matter of fact, it was not announced then. It was suppressed, and the country knew nothing of it until the armistice had been signed and had gone into effect. I believe I am correct in that.

Mr. KELLOGG. The Senator is absolutely correct.

Mr. HITCHCOCK. So I renew my statement, made here the other day, that when the Postmaster General took the very grave step of taking over these international cables under the pretense that it was necessary to take jurisdiction of them for war purposes he did something which was entirely outside of the authority the Congress intended to give; and many speeches made upon the floor of the Senate at the time that that great power was put in the hands of the Executive showed conclusively that it was only given under the great urgency and the tremendous necessity of fighting a war. To take those cables over after the fight has ceased and the war has come to an end is, in my opinion, very close to breaking faith with the Congress of the United States.

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

Mr. HITCHCOCK. I yield.

Mr. WATSON. I have made some investigation with reference to the taking over of the cables, having had the honor to address the Senate on that proposition; and to the best of my knowledge and belief at this time, when that order was made the date was first put down in pencil as the 14th, the armistice having been signed on the 11th. Afterwards that date was erased and the 2d inserted.

I have every reason to believe that that fact is susceptible of proof. The object of it is quite apparent, without comment.

Mr. HITCHCOCK. I merely desire to say that the quotation from the Attorney General's brief may show conclusively that the Postmaster General has the power legally to take over the cables, and it may show, as he says in his statement, that the bringing of the suit was a silly thing and that the court has not any jurisdiction; but, admitting all that, it does not vindicate the Postmaster General from the charge I made, that in taking over the cables he practically violated good faith with the Congress which had given him the power.

Mr. SHAFROTH. Mr. President, I am not a member of the Committee on Post Offices and Post Roads nor of the Military Affairs Committee, but, I must say, that when men are trying to do what they think is best and exercising their judgment I do not believe in the criticisms that are made against the executive officers of the Government.

The war is not over yet, as a matter of fact. There is no question but that the fact that a mere armistice exists does not conclude the war, and consequently the Postmaster General, no doubt, thought that the cables would be of great use, perhaps, in connection with the matters to be negotiated upon the signing of the peace treaty. It all is a part of the war matters.

At all events, I do not believe that men should be criticized here when they are doing what they think is best. There is nothing corrupt in this matter. There is nothing that in any manner would reflect upon a person's good intentions, and for that reason it does not seem to me that we ought to have criticisms continually of men connected with the Government with relation to these matters.

Now, Mr. President, the Senator has said something with relation to the letters that he has received, and illustrated it by the fact that one man said he had seen a shot fired, whereas five men said they had not seen the shot fired. The same logic can be used with relation to the number of letters in which complaints are made. I have not received 20 letters from people in my State with relation to this matter, and yet 30,000 of the men of Colorado have been enlisted in the Army of the United States. In the same manner a person could say that inasmuch as the 30,000 did not complain, therefore the mere 20 letters that I have received simply illustrate the case of one person out of probably a thousand or fifteen hundred people that are in the Army of the United States.

We can not look into these matters with fairness unless we know the circumstances attending each one. I know, as a matter of fact, that the sending of letters to the armies in France has been attended with the greatest difficulty, and it has been a wonder to me that many of them ever were received at all. When men move from one part of the line to another within perhaps two hours how is it possible to follow them up?

There is no question but that soldiers have been wounded and placed in hospitals, and there is no doubt but that there has been a lack of delivery of letters in those instances; but you must remember, as a matter of fact, that when that occurs it is almost impossible to find them. With a state of war existing everything is in such a condition that it is impossible to follow matters up. I have not any doubt but that there has been complaint, and I have been told that the English Government and the French Government both have had great diffi-

culty in reaching their men, but perhaps not to the extent that has obtained with regard to ours, because our men were there only a short time, whereas the men of the English Army and the men of the French Army have been there for a long period of time and have had their points upon the firing line much more definitely settled and fixed than ours.

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

Mr. SHAFROTH. I yield.

Mr. SWANSON. Regarding the letters, I want to ask the Senator from Nebraska if this is not true:

The Post Office Department has had this difficulty in delivering mail in Europe from the 30th of June of this year. I think justice ought to be done that department. The Army would not give the Post Office Department the location of the various units. They said that the civil department of the Government ought not to have the location of the units of the Army. Consequently, it was nearly impossible for the Post Office Department to deliver the mail, not knowing where the units of the Army were. As I understand, when that condition arose on the 30th of June, the understanding was that the mail should be delivered by the Post Office Department to the ports in France, and that the Army, which knew where the units were, should have the control of the mail after that time.

Mr. HITCHCOCK. That is substantially correct, except that since the 30th of June the Post Office Department has delivered the mail to a terminal in New York City, and has received the mail at a terminal in Bordeaux.

Mr. SWANSON. Now they deliver the mail in New York, and the Army gets the mail delivered in France and brings it here; but up to the 30th of June, as I understand, the Post Office Department complained that they had tried and had been unable to get the location of the units in France in order to deliver the mail. As I understand, the War Department said it would not be wise, it would not be proper, they would not like to trust to all these individuals the location of these units, since if that were done Germany might learn where the units were. Then the department, as I understood, said it was impossible for them to deliver the mail, not knowing where the units were, and on account of that condition after the 30th of June this arrangement was made. Now, that is the reason.

Mr. HITCHCOCK. That is true, as stated by the Postmaster General.

Mr. SWANSON. Now, in all justice and fairness, how could the Post Office Department deliver mail when they did not know where the units were, when they were being changed all of the time?

Mr. HITCHCOCK. The fact is that the service was very wretched prior to the 2d of June. The Post Office Department blamed the War Department, and the War Department said, "Let us take over the delivery of the mail." Since the 30th of June the Post Office Department can not be held responsible for the failure.

Mr. SWANSON. But up to that time—now, just be fair——

Mr. HITCHCOCK. But since that time the complaint has been just as great as prior to that time. There has been no change.

Mr. SWANSON. But there is no complaint——

Mr. HITCHCOCK. And in this communication of the Postmaster General, which I have not taken the time of the Senate to read, it is explained that much of the delay in the delivery of the mail has been due to the fact that men were taken to hospitals, and instead of sending their mail after them to the hospitals it was kept with their companies until they returned, so the poor devils lying on their beds in the hospitals sometimes for months at a time could not hear from their families at home. At the very time when the men should have had their mail they were deprived of it.

Mr. SWANSON. But in all fairness to the Post Office Department, when the Post Office Department did not know the location of the units, did not know whether they were in northern France or southern France or where they were, and the War Department, as I understand, would not tell them where the units were, I should like the Senator to explain how the Post Office Department could deliver the mail to people when they did not know where they were and they were being changed every day. As I understand, the Post Office Department was anxious to get the location of these units, so that the mail could be delivered promptly.

Mr. NEW. Mr. President——

Mr. SWANSON. With that condition I think the criticism of the Post Office Department is not called for, unless they could get the names of the units and where the men were.

Mr. HITCHCOCK. Well, whom would the Senator hold responsible?

Mr. SWANSON. If the War Department thought it was unwise to give the location of the units, I could not hold them responsible. A great deal of this condition was due to the fact that these men were changing every day, every week, and every month, and therefore it was impossible for their mail to follow them. It was considered unwise to let anybody in the civil establishment know the location of these units, because if that were done the Germans would know at once the number of men opposed to them. It was a war condition.

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

Mr. SHAFROTH. I yield to the Senator from Indiana.

Mr. NEW. By way of an additional contribution to this little discussion, I will say that the explanation that the Senator from Virginia makes as to the delay certainly does not apply to cases of base hospitals, for instance, which were located shortly after the American troops went over there, and they have never been changed from that time to this; but their mail has been delivered with no more regularity, perhaps, than that of those units the location of which has been changed from time to time.

Mr. SWANSON. If the Senator will permit me, how could the Post Office Department know that a man was in a hospital wounded until the name was furnished them and the unit?

Mr. NEW. Mr. President, I am not referring at all to the men who were wounded and in hospitals. I am referring to the officers and the men who constituted the personnel of the base-hospital organization.

Mr. SWANSON. The Post Office Committee, of which I am a member, asked the representatives of the department about this matter and knew the difficulties of the situation. They realized that unless the Army could furnish the Post Office Department the location of the various units of the Army it was impossible to deliver the mail.

Mr. NEW. Exactly.

Mr. SWANSON. They tried to get it, and the War Department thought it was unwise to give it to them. I am not prepared to say whether it was wise or unwise, but they would not give it.

Mr. NEW. If the Senator will permit me, I do not think he gathers my point exactly. I mean this: As early as January, 1918, certain base hospitals were definitely located at points in France. That location has never been changed from that moment until the present day. The men who constituted their personnel originally are the same to-day as they were then, and yet their mail has been most irregularly and unsatisfactorily delivered on both sides—both the mail to them and the mail from them to the people on this side.

Mr. SWANSON. Does the Senator suggest that all the mail should be sent to these base hospitals?

Mr. NEW. The mail intended for them certainly should be.

Mr. SWANSON. How would they know at home that they were in the hospital when the mail was directed?

Mr. NEW. The Senator still fails to catch the point I make. For instance, you were detailed as commanding officer of a certain base hospital, having with you a certain number of other officers and men to the number of 100 or more. Your location was fixed at a certain definite point.

Mr. SWANSON. I can understand why that class of people ought to have gotten their mail promptly; but that is a very small class of people. The entire Army was not made up of that kind of units.

Mr. NEW. No.

Mr. SWANSON. They were a very small class, and I have not heard any complaint from people in base hospitals.

Mr. NEW. I make the point that the statement that units were moved from one point to another does not hold good in cases of that kind, certainly.

Mr. SHAFROTH. Mr. President, I rose simply to say that I do not think criticism should be made against officials relative to their acts when full information does not exist with relation to the surrounding circumstances. It is not fair to them, especially when we believe that every man connected with this Government has been anxious to give good service.

It is true complaints have been received that mail has not been promptly delivered to our soldiers; but how could it be to an army of two or three million men, the companies and regiments of which were continually being shifted from one post to another of a battle line extending over many miles?

As to the failure to receive allowances, upon investigation it was found in many instances that the parties had transferred the allowance to somebody else. All of these matters indicate that there ought not to be criticism of officers of the Government unless there are specific complaints and clear evidence of a willful neglect. Nobody is willfully neglecting anything in this Government.

Mr. President, we had a storm of indignation against the Secretary of the Navy at one time because, it was alleged, he was not doing things properly; but now I think everybody con-

cedes that he has made the most wonderful record that has ever been made by any Secretary of the Navy since the establishment of the Government. The criticisms were improper; they were unfair; they were hasty and founded upon matters that did not take into consideration the viewpoint of the Secretary of the Navy.

Soon after that there was a storm of indignation against the Secretary of War, Mr. Baker, that he was not doing anything; that he was neglecting everything; that he was absolutely inefficient. Secretary Baker is one of the most methodical, accurate, and industrious men in the public service, and it is now conceded that the record which has been made by the War Department of the United States in this great conflict has never been equaled by that of any country in the history of the world.

The European nations have been amazed at the efficiency and skill with which we have prosecuted the war. While we are being so greatly admired by disinterested peoples——

Mr. POINDEXTER rose.

Mr. SHAFROTH. Is it possible that we are now to criticize our officers who have done such wonderful work, especially upon matters the full circumstances of which are not known. War upsets everything. You can not have the same regularity in war as where ordinary conditions exist. Because of that fact, it seems to me that instead of criticism we ought to commend men unless we know that they have been guilty of willful neglect or that it is probable that their intent has been to give poor service.

The statement which the Senator from Virginia [Mr. SWANSON] has made is illuminating upon this question. I have never before heard it, but I can readily see why the War Department would not want the employees of any other department to have the location of the various companies, regiments, and divisions of our troops on the firing line. I can readily see that the War Department did not believe that it was proper or wise to give to the employees of any other branch of the Government or any one not connected with the Army such information. It would be sure to leak out and reach the enemy and give to the Germans great military advantage. Of course, the Post Office Department could not deliver the mail to soldiers when their location was unknown to them. See how wrong it is to criticize officers when the surrounding circumstances are unknown.

Then, again, there was a crowding of tonnage on our ships. Everything was subservient to the getting to the place where the troops were located of munitions and other supplies as well as soldiers, which were deemed more important in the midst of conflict than even the letters of the soldiers. While letters are important in some respects, everyone must concede that they are not nearly so important as those things which were absolutely necessary in order to win the war.

Mr. President, I feel that when we have made such a wonderful success of the war, have gained such a great victory, a victory accomplished in less time than anybody expected, instead of criticism of the men who have been bending all their energies to do what is right, there should be praise and not criticism, unless the facts showing the justice of such criticism should be plainly established and show that the conduct of the officials amounts to willful neglect.

Mr. CHAMBERLAIN and Mr. POINDEXTER addressed the Chair.

The VICE PRESIDENT. The Senator from Oregon.

Mr. POINDEXTER. Will the Senator from Oregon yield to me for just a moment?

Mr. CHAMBERLAIN. I should like very much to proceed with and finish my remarks. I have yielded for three-quarters of an hour, but if the Senator from Washington is only going to take a moment, I will yield to him.

Mr. POINDEXTER. I will not interrupt the Senator at this time.

Mr. CHAMBERLAIN. Mr. President, I do wish that the distinguished Senator from Colorado [Mr. SHAFROTH] had reserved his castigation of those who dare criticize until after I had made the few observations which I have in mind to make. They will be in the nature of suggestions, rather than in the way of criticism, but in view of the fact that the Senator has spoken of criticisms of the War Department in the past, and I having been one of those who dared indulge in such criticisms, I am rather disposed to believe that the Senator had some reference to my humble self, and undertakes now to frighten me from the path which I have mapped out for myself, assuming, perhaps, that I intend to do now what I did in the past, and that is, to criticize those in charge of the Military Establishment. But, Mr. President, I shall not be deterred from the discharge of a duty as I see it, whether there be timid souls or not, or courageous spirits, if you will, who feel that it is not proper for anybody connected with one branch of the Government to criticize those connected with another branch, or to make such suggestions as one may see fit to assist in the proper conduct of the war or in the adjustment of the affairs of the Government after peace has been declared.

The rôle of a critic, Mr. President, is never a pleasant one; but, in my opinion, no one can contribute so much to the welfare of this country as can the man who dares sometimes to criticize when there is a just foundation for such criticism. There is nothing that so compels a man who has a duty to perform, if there is the least disposition upon his part to do it carelessly or do it wrongly, as to turn the light upon his pathway, so that the observant public may see that his feet pursue the proper path, and that the duties which devolve upon him are properly performed.

Mr. President, conditions to-day, after the armistice has been signed, are not very unlike those which existed when Congress convened in December, 1917. When I say that I mean that when Congress convened in 1917 the Members thereof were overwhelmed with letters of complaint, and particularly was that true as to Members of the Military Affairs Committee and the chairman of that committee—from men of practical affairs all over the United States, and from good mothers who had sons either in France or on the way to France, or from wives whose husbands had gone over, calling attention to the fact that the industrial life of this Republic, so far as preparation for war was concerned, was not doing its duty under the inefficient direction of the War Department, whose duty it was to see to it that industries were so marshaled, were so coordinated, were so arranged, that those things which were necessary to the safe conduct of the war should be done and performed effectively. Complaints are coming to us now, Mr. President, not with regard to industrial life, but now that the war has been won, and our sons and brothers and all are coming back to us, armless and legless and eyeless, that America is unprepared to take care of them now, just as America was unprepared for more than a year to so conduct the war as to conserve life, to conserve energy, and to conserve the health of this Republic, as far as it was possible to do.

God only knows, Mr. President, how many lives have been uselessly sacrificed by our unprepared condition, even up to the time the armistice was signed. Acting upon complaints that were made to the Military Affairs Committee and to its members prior to the assembling of Congress in December, 1917, the committee began to investigate conditions in the War Department. It investigated the situation with reference to ordnance, munitions, and arms of all kinds; it investigated the Quartermaster's Department; it investigated aircraft production; it investigated every branch of the Military Establishment which had some duty to perform in connection with the war. While there was no formal report signed and presented by the committee to the Senate, except with reference to aircraft, yet the deliberations of the committee induced it to report at first a bill creating a director of munitions, as indicating the views of the committee as to what was necessary to coordinate the Ordnance Department so that the best results might be attained, and, next, further carrying out the views of the committee, a bill creating a war cabinet, not to interfere with the functions of the Commander in Chief of the Army and Navy, but to still further centralize the power of this Government in some hands between the President of the United States and the fighting force, so that industrial life might be still further utilized and plans mapped out for the future conduct of the war.

The Commander in Chief of the Army and Navy on the 11th day of January, 1918, disapproved of the bill creating a director of munitions, and the unpleasant controversy which occurred at about that time between the President and myself is still remembered, I am sure, at least by the Members of the Senate. It got to be almost treason to dare to criticize anybody, except the Members of Congress, and it was looked upon generally as commendable to criticize them. It amounted almost to treason—aye, indeed, the suggestion of treason was leveled against some men, Members of Congress, too, who dared to criticize the conduct of those in public place. I myself, Mr. President, passed under the yoke for daring to express an opinion as to the War Department, but without a single regret; and if my criticism saved the life of one young man on the battle front of France I am willing, if need be, to yield my seat in the Senate of the United States to-day. But the bill creating a director of munitions was disapproved; it was bitterly resented that the charge had been made that the Military Establishment had fallen down; that it had almost quit functioning because of inefficiency in the departments of the Government.

But when the munitions director measure was disapproved by the President what happened? There was presented to the Senate as an administration measure a bill which in effect

confessed inefficiency in the War Department, and went further than confessing inefficiency in the War Department, in that it confessed inefficiency in every department, and placed it in the power of the President to reorganize every executive department of the Government. If there was no inefficiency in the War Department, why reorganize it? Why grant this great power? If there was not inefficiency in any other of the departments, why grant power to change any of them? It was true, then, and we realize as we glance back over the past year that it was true, Mr. President, that there was inefficiency in many of these departments. The Senator who had the bill in charge stated more than once on the floor of the Senate that the power was needed because there was inefficiency in all departments and bureaus. I voted for the measure which the President sent to Congress giving him this great power, because, as the greater included the less, so this measure which he sent to us included in the main the measures which the Military Affairs Committee had reported to the Senate. The measure of the President was broader than either of the bills which the Military Affairs Committee presented and was broad enough to cover both or all or any other form of coordination that he desired to bring about by reorganization, and I approved of it. In order that I may not seem to have overstated the effect of the so-called Overman bill, which was referred to the Judiciary Committee, and so the Military Affairs Committee ousted of its jurisdiction over legislation of the kind, I will ask the Secretary to read the first few sections of that act.

The PRESIDING OFFICER (Mr. HENDERSON in the chair). Without objection, the Secretary will read as requested.

The Secretary read as follows:

An act authorizing the President to coordinate or consolidate executive bureaus, agencies, and offices, and for other purposes, in the interest of economy and the more efficient concentration of the Government.

Be it enacted, etc., That for the national security and defense, for the successful prosecution of the war, for the support and maintenance of the Army and Navy, for the better utilization of resources and industries, and for the more effective exercise and more efficient administration by the President of his powers as Commander in Chief of the land and naval forces the President is hereby authorized to make such redistribution of functions among executive agencies as he may deem necessary, including any functions, duties, and powers hitherto by law conferred upon any executive department, commission, bureau, agency, office, or officer, in such manner as in his judgment shall seem best fitted to carry out the purposes of this act, and to this end is authorized to make such regulations and to issue such orders as he may deem necessary, which regulations and orders shall be in writing and shall be filed with the head of the department affected and constitute a public record: *Provided*, That this act shall remain in force during the continuance of the present war and for six months after the termination of the war by the proclamation of the treaty of peace, or at such earlier time as the President may designate: *Provided further*, That the termination of this act shall not affect any act done or any right or obligation accruing or accrued pursuant to this act and during the time that this act is in force: *Provided further*, That the authority by this act granted shall be exercised only in matters relating to the conduct of the present war.

SEC. 2. That in carrying out the purposes of this act the President is authorized to utilize, coordinate, or consolidate any executive or administrative commissions, bureaus, agencies, offices, or officers now existing by law, to transfer any duties or powers from one existing department, commission, bureau, agency, office, or officer to another, to transfer the personnel thereof or any part of it either by detail or assignment, together with the whole or any part of the records and public property belonging thereto.

SEC. 3. That the President is further authorized to establish an executive agency which may exercise such jurisdiction and control over the production of aeroplanes, aeroplane engines, and aircraft equipment as in his judgment may be advantageous; and, further, to transfer to such agency, for its use, all or any moneys heretofore appropriated for the production of aeroplanes, aeroplane engines, and aircraft equipment.

Mr. CHAMBERLAIN. Mr. President, the mere fact that that bill was requested to be enacted into law was a confession that every department of the Government was inefficient. Under it reorganization after reorganization has taken place in the War Department, and possibly in some of the other departments, although I have not paid much attention to them; but reorganization after reorganization has taken place under that act, and under it many of the things which were necessary to be performed, as found by the Military Affairs Committee, for the successful prosecution of the war have been performed.

It may be asked, "Why refer to this? It is ancient history." Mr. President, I am referring to it in order to draw from the past, with regard to the prosecution of the war, a lesson for our guidance in the future in the protection of those who have suffered as a result of that war. Criticism has been resented all the time. It will be resented now. It will be resented most by those who deserve it most.

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Oklahoma?

Mr. CHAMBERLAIN. I yield for a question.

Mr. GORE. I want to make a little statement.

Mr. CHAMBERLAIN. I can not yield for that purpose. Does the Senator mean in reference to the pending matter?

Mr. GORE. Yes; in reference to the Senator's last remark.

Mr. CHAMBERLAIN. I have no objection, if it will take but a moment.

Mr. GORE. Only a moment.

I wish to say that Camp Doniphan is situated 4 miles from the town where I live in Oklahoma—Lawton, Okla. One of the most tragic incidents referred to by the Senator a year ago occurred at Camp Doniphan, and conditions there, I suppose, were typical of what prevailed in other cantonments. I was informed soon afterwards by one of the leading citizens of my town that within 24 hours after the Senator's speech of criticism conditions began to improve at Camp Doniphan; that the improvement was immediately noticeable, and that conditions had been good, in shipshape; I think that is the expression that he used. I say this not merely in vindication of the Senator's course of criticism but in vindication generally of the importance of constructive criticism as one of the leading incentives to human progress and to human improvement.

Mr. CHAMBERLAIN. I thank the Senator for calling attention to the conditions out there and the changes that took place for the better.

Mr. President, let us see what the Military Affairs Committee found to criticize in the Military Establishment, beginning with December, 1917; and I am not going into detail.

I merely called attention to the fact that there was a lack of ordnance matériel and great tardiness about furnishing small arms; that there was a lack in quartermaster's supplies, and not only that, but that the uniforms that were furnished to the soldiers were reduced in wool content so that they were almost absolutely unfitted for use in France, resulting in the purchase of such supplies on a very large scale in Great Britain by Gen. Pershing, and individuals in authority over there. A perfect vindication of that criticism is to be found in the fact that the wool content of the uniform was restored just as soon as Gen. Goethals took charge of the Quartermaster's Department. Instead of being shoddy, the uniform was made up in such a condition that an honest soldier fighting for his country could wear it with comfort and without shame, coming as he did from the richest country on the face of the globe; and that wool content has been maintained ever since the criticisms of the Military Affairs Committee, and God only knows what became of the junk that these men were formerly compelled to wear. The only good thing about it was that it would not last very long.

I called attention to the fact that there was great delay in aircraft production; that there was great waste of the people's money in useless experimenting; that although the war had been in progress then from April until December, 1917, and during January and February, 1918, while the committee was still investigating conditions, there were no airplanes overseas.

Those were the principal criticisms of the Military Affairs Committee. The details of these criticisms have been gone into before now, and I am not going to repeat them; and I want to say now, Mr. President, that I am saying nothing in malice, because personally I am very fond of the Secretary of War. I know nearly everybody here connected with the Military Establishment. Some of my warmest personal friends are there; but what I say is to assist in solving postwar problems with reference to those who are coming back to us.

As proof of the correctness of these charges, I call attention first to the fact that we passed the administration measure known as the Overman bill to give the power of reorganization and correction. Whatever was necessary to be done, Congress was willing and glad to give to the President and did give it to him. It gave him generously, promptly, and without criticism nearly everything he asked, as it ought to have done.

That is the first proof. The second is that just as soon as these matters had been brought to the attention of those in authority the inefficients went out. Usually they were promoted out from all the departments and bureaus in the Military Establishment into other fields of activity, whether for the benefit of the Government or not; but they were all placed in positions of innocuous desuetude, where they could not do any harm, if they could not do any good.

The third proof is that curative legislation was passed from time to time that would remedy defects that had been pointed out by the committee all down the line.

And the last proof, but not the least, is furnished by the man who above all others knows what conditions have been and were at the date of the signing of the armistice. We did not expect to get all the truth, or all the facts, if you please—to put it in a milder form—before the armistice was signed, but now that the lid has been lifted we are able to turn the light on and look into the dark places and get evidence from incontrovertible authorities, and we know for a fact that every charge that the Military Affairs Committee made was absolutely true.

How do we know it? Gen. Pershing, in his report to the Secretary of War on the 20th of November, 1918, says:

Our entry into the war found us with few of the auxiliaries necessary for its conduct in the modern sense. Among our most important deficiencies in material were artillery, aviation, and tanks. In order to meet our requirements as rapidly as possible we accepted the offer of the French Government to provide us with the necessary artillery equipment of seventy-fives, one-fifty-five millimeter howitzers, and one-fifty-five G. P. F. guns from their own factories for 30 divisions. The wisdom of this course is fully demonstrated by the fact that although we soon began the manufacture of these classes of guns at home, there were no guns of the calibers mentioned manufactured in America on our front at the date the armistice was signed. The only guns of these types produced at home thus far received in France are 109 seventy-five millimeter guns.

In aviation we were in the same situation, and here again the French Government came to our aid until our own aviation program should be under way. We obtained from the French the necessary planes for training our personnel, and they have provided us with a total of 2,676 pursuit, observation, and bombing planes. The first airplanes received from home arrived in May, and altogether we have received 1,379. The first American squadron completely equipped by American production, including airplanes, crossed the German lines on August 7, 1918. As to tanks, we were also compelled to rely upon the French. Here, however, we were less fortunate, for the reason that the French production could barely meet the requirements of their own armies.

It should be fully realized that the French Government has always taken a most liberal attitude and has been most anxious to give us every possible assistance in meeting our deficiencies in these as well as in other respects. Our dependence upon France for artillery, aviation, and tanks was, of course, due to the fact that our industries had not been exclusively devoted to military production. All credit is due our own manufacturers for their efforts to meet our requirements, as at the time the armistice was signed we were able to look forward to the early supply of practically all our necessities from our own factories.

A most generous suggestion upon the part of Gen. Pershing, after we had been in the war for 18 months, to be in such a position when the armistice was signed on the 11th of November, 1918, that we could look forward with some degree of pride and comfort to the prospect that we were likely to have "all our necessities from our own factories" in the near future!

The answer to all of this by those who resent criticism is: "But France was doing this for us." Why, Mr. President, the idea of America depending upon France for these things! The piece of ordnance that is looked upon the world over as the greatest piece of artillery in the world is the 75-millimeter gun, and here we found our Ordnance Department undertaking to improve the carriage and the gun itself and to make it better than France, when Germany had been trying for years to acquire the secret of the recoil mechanism of the French 75-millimeter gun, and no government on earth had ever gotten it except America. We finally abandoned our attempted improvement of the French 75-millimeter gun and went back to the French gun and began to get them in quantity; and when the armistice was signed, though none of American manufacture were at the front, there was some chance of our getting the 75-millimeter and these other guns that are mentioned in Gen. Pershing's report.

Now, notwithstanding the splendid generosity of Gen. Pershing in his report to the Secretary, once in a while something slips out in his report to show the condition in which our men found themselves. If there was one great battle in France where American boys made their names and their country immortal it was at St. Mihiel. Gen. Pershing, in his account of that battle, said this—and I am only going to read a paragraph from it:

The French—

Again, "the French." This was one of the first battles in which Gen. Pershing had gotten the American force together so as to have it purely and distinctively an American victory when it was won—

The French were generous—

Says Gen. Pershing—

In giving us assistance in corps and army artillery, with its personnel, and we were confident from the start of our superiority over the enemy in guns of all calibers. Our heavy guns were able to reach Metz and to interfere seriously with German rail movements.

Now, notice again:

The French Independent Air Force was placed under my command, which, together with the British bombing squadrons and our air forces, gave us the largest assembly of aviation that had ever been engaged in one operation on the western front.

In other words, these splendid divisions of ours, with all America and her wealth behind them, were dependent in this very great battle upon the French for the artillery and the personnel to man the artillery that went into this great fight! Splendid, heroic, patriotic France! And then, with the exaggerated stories by those in authority about sending over airplanes by the thousands and tens of thousands, we find that in that great battle, with America's "thousands and tens of thousands" of airplanes and Liberty motors, the independent French air service and the British bombing service were there to aid our own service in the observations which were absolutely necessary to conduct the artillery fire of our own troops and to watch the movements of the enemy.

Mr. LODGE. Mr. President, would it disturb the Senator if I should ask him a question?

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

Mr. CHAMBERLAIN. I yield to the Senator.

Mr. LODGE. Can the Senator tell me how many of the planes of which Gen. Pershing spoke in the report that was read were pursuit planes and combat planes? How many of those did we have when the war closed?

Mr. CHAMBERLAIN. I am going to call attention to that in just a few minutes.

Mr. LODGE. I beg the Senator's pardon.

Mr. CHAMBERLAIN. Now I am going to call attention to some testimony obtained and reported by the representative of the President himself—Hon. Charles E. Hughes, who was appointed by the President to investigate the aircraft situation; and in offering that testimony I presume I can not be charged with unfairness or misrepresentation with reference to facts. But first we have Gen. Pershing's own statement in his report that within three months and a half before the armistice was signed—that is, on the 7th day of August, 1918—the first American squadron, completely equipped by American production, including appliances, crossed the German lines; and yet we had been led to believe by the statements of many of those in authority, given sometimes officially and sometimes in extraofficial statements, that as far back as February 20, 1918, we were sending those airplanes over by the thousands.

A squadron consists of 18 planes. The first squadron of 18 American-made planes, then, went over the German lines on the 7th of August. We were assisted by the French again in this service; but even France, Great Britain, and America all combined could not get enough airplanes over there to do the work that was necessary to be done. If America had gotten to work and had done the things that were necessary to be done, we would have had the air just simply swarming with airplanes, and would much sooner have determined the war, and would have saved thousands and tens of thousands of American lives.

Now, Mr. President, to show my authority for this statement, you will remember that the Military Affairs Committee investigated the aircraft situation. I do not know why the idea got abroad that that committee was partisan. There were a number of Republicans on it, but the majority were Democrats. The majority could have watched and found out at any time when Republican advantage was attempted to be taken of a situation; but, Mr. President, so long as I was serving on that committee, from the 4th of December up through all of that investigation, I never saw a Republican at any time indicate a desire to take partisan advantage of what was transpiring. Every man was animated by the same desire, and that desire was to assist those in authority in preparing our country to win this war. Criticisms by all or by any of us were made in the utmost good faith and in order to help, not to hurt. But there seemed to grow out of the situation that feeling.

I have had Democrats upbraid me for indulging in criticism. Why, Mr. President, if the time ever comes when I can not put my finger on a rascal in my own party and improve my party, and if the time ever comes when I must not use my judgment and must not criticize because it may hurt my party, though it may help my country, then I want to get out of public life; but I shall, so long as I serve the people of my State, point out the things in this Government which I think are detrimental to my State and to the Nation. If it destroys my party, I am willing to destroy it if by so doing it will help to save the country.

So the criticisms of that committee were leveled not against the individual, but against conditions. The criticisms were constructive or were intended to be constructive. If they hurt anybody or hurt in any direction, it was simply because it was inevitable under the conditions that then existed.

Now, let us turn to the report of Judge Hughes. I want to be careful, for I was once charged with an unjustifiable distortion of the truth, and no higher motive could be found for my criticism of conditions than that I was in opposition to the policies of the administration: yet I think I can say without egotism—and I think the Senate will bear me out in saying it—that I have had as much to do with legislation that the administration wanted, particularly with legislation bearing upon the war, as has any other one man in the Senate, acting, of course, only as the representative of the Military Affairs Committee. So I could not have been opposed to any policies. Ah, Mr. President, that committee wanted to help the situation, and not to hurt it.

Now, notice this in Mr. Hughes's report. Right here, Mr. President, in view of the fact that I have never seen a copy of the Hughes report anywhere except in the Official United States

Bulletin of November 6, 1918, and in view of the fact that that report goes fully into the whole question of expenditures under this aircraft legislation and production, I am going to ask to have it printed as an appendix to my observations.

The PRESIDING OFFICER. Without objection, it is so ordered.

The report referred to will be found as Appendix A to Mr. CHAMBERLAIN'S speech.

Mr. CHAMBERLAIN. Mr. President, Judge Hughes says in one place in his report:

> In the face of the delays in production a series of misleading public statements were made with official authority. While these statements were authorized by the Secretary of War, he states that they were issued in reliance upon information furnished by the Chief Signal Officer, Gen. Squier, and by Col. Deeds, who were acquainted with the actual conditions. It is unnecessary to review the delusive predictions and exaggerations contained in these utterances.
>
> But particular attention should be directed to the official statement released for publication in the papers of February 21, 1918, which contained the following:

Notice this, Senators—

> The first American-built battle planes are to-day en route to the front in France. This first shipment, though in itself not large, marks the final overcoming of many difficulties and in building up this new and intricate industry.

There was not any plane on the way to France at this time. Mr. Hughes continues:

> At the time this statement was issued (February 20) only one plane had been delivered for shipment to the American Expeditionary Forces, and while this had been shipped from the factory on February 5 it did not leave the United States until March 22. The only other service planes which had been delivered were five DeH-4s, which had been shipped for use at Gerstner Field, La. No additional shipments of airplanes for the use of our forces abroad were made until April 3. Actual production in quantity did not really begin until May.

It is but fair to say, in this connection, that Mr. Hughes finds that Mr. Baker made his statement on the strength of representations of Col. Deeds; and in view of the fact that I am asking to have the whole report printed as an appendix to my remarks, I shall not indulge in commenting on it any further than to say that the American people were led to believe that the sending of airplanes over to France was in quantities, when, as a matter of fact, if Gen. Pershing tells the truth, the first American squadron that went over the German front was on August 7, 1918.

The evidence before the Military Committee showed that these false statements did great harm in Europe. Our allies thought they could depend upon us for any number of planes, and so production fell off, while Germany, fearing the truth of these statements, stimulated production of planes. The result was inevitable at the battle front.

Now, with reference to training planes furnished by France. The Senator from Massachusetts [Mr. LODGE] asked me about that. I really do not know how many we had, but I do know that Gen. Squier, while he was chief signal officer and in charge of aviation as well, sent a great many American boys over to France to be trained. I do not know how many—2,000 it may be. Those boys, or a large part of them, did not have any training. Many of them had to come back. And we were commissioning American boys here on this side and sending them over to outrank boys who had volunteered several months or a year before.

Mr. NEW. Mr. President——

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

Mr. CHAMBERLAIN. Yes.

Mr. NEW. In answer to the question put by the Senator from Massachusetts [Mr. LODGE], I will say that the only planes sent over by the United States Government were what are known as the D H-4, which is not a pursuit plane. No planes which are known as pursuit planes were sent by the United States Government at any time.

Mr. CHAMBERLAIN. I am glad to have the information which has been furnished me by the Senator from Indiana. I do know, however, that many of those boys were sent back, and later some steps had to be taken to correct the inequality of commissions, so that those who had volunteered and gone over there to be trained as aces should at least rank on an equality with those who went over from America very much later, and who had had training here, while their colleagues in France had not been trained at all. The morale of these young men had been practically destroyed. And I am going to call the attention of the Senate to just one case, which is measurably personal in its nature, but it illustrates the situation that existed there almost under Gen. Pershing's nose.

A few days before the registration for the last draft two splendid young fellows came into my office. They were dressed in lieutenant's uniforms, and they told me that they had just come from France. I do not mind mentioning their names. I do not usually mention names, because, as a rule, it leads to dire consequences to the poor fellow whose name is mentioned; but I will mention them. One of them was Lieut. Paul Conihe and the other was Lieut. John K. Ney, of the same name as the famous French marshal. These boys went over there as volunteers; they enlisted May 3, 1917, left New York for overseas duty October 26, 1917, and they came back here to America just before the registration for the last draft, discharged from the Army and their commissions revoked. They told me a story that reached my heart. They had been over there all these months to be trained, not for display, but to fight; but they did not get any fighting; they did not even get any training; they got tired of doing camp and police duty and asked for a transfer to the Artillery—one of these young fellows was ambitious and got into a French artillery school—they asked to be transferred to the Artillery or to the Infantry or to any place where, as red-blooded, splendid, well-educated Americans, they could "do their bit" for their country.

Now, what do you suppose was the answer to their petition? They were sent to one of the points of debarkation in France and in a few days ordered back to America, with their commissions revoked, and they were relegated to private life. When they appealed to me they said: "We have no unit to which we can go; we can not appeal, because there is no record. There was never any board of inquiry; there was never anything; we were just simply sent home by the personnel officer." I took up those cases with the Chief of Military Aeronautics, but I did not get anywhere with them. I then took them up with The Adjutant General, but made no progress there. In the meantime I advised them to register for the draft, which they did; and in the meantime, on the day that the draft took place over in the Senate Office Building, it happened that Gen. March was there, and I asked him as a favor to me, when he left the office, to come into my private office, as I wanted to talk to him about a case that seemed to me extremely unjust to two fine American boys. He came in and I told him the case. He said he would like to see them, and I took them down to see him the next morning. I told him if there was anything wrong about their records I would cease my efforts in their behalf, but that on the surface of things it all looked wrong to me.

One of them was over 6 feet high, a graduate of the University of Washington and an athlete of that institution. The other was from Iowa. Gen. March looked them over, asked them a few questions, and promised to take their cases up personally, which he did; and inside of four days he telephoned me that he found nothing wrong in the records of these boys and ordered their commissions restored, but transferred them to the Tank Corps.

Mr. THOMAS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Colorado?

Mr. CHAMBERLAIN. Yes, sir.

Mr. THOMAS. May I ask the Senator whether the revocation of their commissions, to which he has just referred, was done by the order of the commander of the Expeditionary Forces or by the Chief of Staff here?

Mr. CHAMBERLAIN. I think it was done by their personnel officer.

That is just one instance, but must Senators be compelled to follow up each one of these cases in order to have justice done the young men? They would not have gotten anywhere, Senators, if it had not been that I was willing to take up their cases and help them out. And not only that, they had not been paid, and I loaned one of them money, which he promptly repaid, in order that he might send a telegram to his father.

The way to correct those things, Mr. President, is to get at the man who is guilty of the act of injustice; and in that case it was the personnel officer, who discharged these men without cause and without inquiry. There is an old French adage to the effect that whenever an individual gets into trouble, "Cherchez la femme." That might be transposed to "Search for the fellow who has been guilty of the injustice and punish him," and not put it up to Senators and Representatives in Congress or anybody else to take up the individual cases of young men. I might cite other cases, Mr. President——

Mr. LA FOLLETTE. Has the Senator given the name of the officer who is responsible?

Mr. CHAMBERLAIN. No; but the department knows it.

Mr. LA FOLLETTE. Why not put that in the RECORD?

Mr. CHAMBERLAIN. I only know it by hearsay, but I understand his name is Col. Bingham. I do not want to do an injustice; I simply give the name on hearsay. I did not pursue the inquiry as to him; I wanted to get these boys reinstated to the places they were entitled to hold, and they are in the service now, unless they have been recently discharged.

Mr. President, I will not discuss this matter that is behind us any further. I have done it because the good faith of members of the Military Affairs Committee has more than once been called in question—as splendid a body of men as I ever worked with, Republicans and Democrats. We differ sometimes, but you can only get good legislation by discussion and compromise. No man ever gets exactly what he wants. So that in these questions in the committee where there are differences of opinion you get the truth only because you discuss them.

Now, why all of this? To bring the attention of the Senate to the fact that the conditions which existed prior to December, 1917, so far as criticisms of the War Department are concerned, exist to-day, and for a little while I am going to address your attention to them.

There come over my desk every morning hundreds of letters from young men in the Army, from their mothers, from their wives, and from every class of people who are directly or indirectly connected with the Military Establishment. I know that you have to discount some individual complaints, and I do discount them, but there are exceptional cases which are proven beyond a peradventure of doubt. The exception usually proves the rule, and whenever you find one case where a great hardship has been worked against an individual in any particular place you can rest assured that the conditions are practically the same where the same opportunities are afforded for injustice.

I shall not indulge in harsh criticism of the department, but I want to prophesy that unless something is done to correct conditions now the men who are coming back from France are going to make themselves heard and are going to make themselves felt; and they ought to make themselves heard and felt. Let us see how many men we have had over there and how many men have been killed, wounded, and are missing. According to Gen. Pershing's report—

There are in Europe altogether, including a regiment and some sanitary units with the Italian Army and the organizations at Murmansk, also including those en route from the States, approximately 2,053,347 men, less our losses. Of this total there are in France 1,338,169 combatant troops. Forty divisions have arrived, of which the Infantry personnel of 10 have been used as replacements, leaving 30 divisions now in France organized into three armies of three corps each.

Taking the number of combatant troops given by Gen. Pershing and the casualties—the dead, wounded, and missing—and we find that 17 per cent of the combatant troops have been killed or wounded or are missing.

According to Mr. Baker there were casualties reported to October 23, as follows: 53,160 deaths, 179,625 wounded, 1,160 missing, 2,163 prisoners, making a total of 236,108.

Now, Mr. President, the wounded men are coming back to the United States. They are on the way back now, and we are pursuing the same dilatory policies with reference to getting ready to take care of them that we pursued during the war with reference to getting ready to fight. That is one of the criticisms that probably my good friend from Colorado [Mr. SHAFROTH] will resent, but it is a criticism I make, and I charge it now. We are getting word from many hospitals and cantonments that the conditions for taking care of these young men are bad.

There are 179,000 of them, in round numbers. Where are the hospitals that they are going to put them in? Let me read into the RECORD on this subject a criticism of Representative JOHNSON of South Dakota, who has just returned. He was a lieutenant in the Army.

His statement was published in the St. Paul Pioneer Press of December 26, and is as follows:

REPRESENTATIVE JOHNSON SAYS WOUNDED WERE MISTREATED AT CAMP MERRITT.

WASHINGTON, *December 21.*

Investigation of the hospital service at Camp Merritt, N. J., was demanded of the War Department by Representative ROYAL C. JOHNSON, of South Dakota, formerly a first lieutenant in the Three hundred and thirteenth Infantry, immediately after he was discharged from the Army yesterday.

Representative JOHNSON said, on leaving to-day for his home at Aberdeen, that he will make formal complaint to the War Department when he returns from a short visit with his family.

NOTIFIED WOUNDED WERE COMING.

"Twenty or more of the officers and men who came over from France with me," Representative JOHNSON said, "were not fully recovered from their wounds. The captain of our ship, the *Mani*, notified the hospital authorities at Camp Merritt by wireless that these men would be sent there upon arrival in New York. They were put on a train at Jersey City on the day of our arrival and were given no nourishment until 10 p. m., although they reached Camp Merritt in a few hours.

"At Camp Merritt the sick men were placed in ordinary barracks. Those who were able to get about skirmished around for blankets and other bedclothing for themselves and the others.

"MEDICAL OFFICER AT FAULT.

"One of the medical officers was most at fault. He refused to credit the statement that some of the patients were officers and would not give orders for their proper care. These men were kept in barracks for two days before they were removed to the camp hospital. I have demanded an investigation and will file a formal complaint with the War Department upon my return from South Dakota."

Representative JOHNSON was wounded in battle himself, but had recovered and was not a victim of the mistreatment which he says was accorded some of the men.

Mr. President, of course, no Senator can vouch for these statements in the newspapers, but they are pretty accurate when quotation marks are used, and this statement of Representative JOHNSON purports to be a quotation.

The New York Times is a reputable paper, and I am going to ask to have read a little clipping from that paper printed on the 28th of December, having reference to the same subject.

The PRESIDING OFFICER. Without objection, it is so ordered.

The Secretary read as follows:

THESE MEN SHOULD BE PAID.

In the single week ending with December 20 there were landed at the several Atlantic ports, chiefly at or near New York, 7,000 sick or wounded soldiers. These men have had the best of medical care, as they so well deserve; but from a large number of them there are coming complaints, often bitter, that their pay is far in arrears. This is a cruel hardship for the soldiers whose convalescence is considerably progressed, for they find themselves penniless at a time when lack of money is particularly trying.

The War Department has heard these complaints with a sympathetic ear, and it probably is doing what it can to remedy the evil. Its efforts, however, have not been very successful as yet, and the reasons it gives for the delay in paying these men, while fairly good explanations, are not adequate excuses. Of course, the task of keeping track of men frequently moved from hospital to hospital was great. Difficulties, however, are not insuperable because great, and it is not easy to believe that a pay system could not have been devised by which the money earned at such risks and sacrifices could not have been brought to those who needed it.

Some of the wounded have remained unpaid for as long as 10 months, and a delay of 4 months is almost the common rule. The discontent thus created has harmful effects that extend far beyond the men directly affected.

Mr. THOMAS. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Colorado?

Mr. CHAMBERLAIN. Yes.

Mr. THOMAS. In that connection I have a copy of a memorandum of date December 28, issued by Brig. Gen. H. M. Lord, entitled "Memorandum for Mr. D. H. Allen, office of the Secretary of War." Would the Senator object to having the memorandum inserted in the RECORD at this time? It is upon this identical subject.

Mr. CHAMBERLAIN. No; I am glad to have both sides of the question.

Mr. VARDAMAN. Mr. President——

Mr. CHAMBERLAIN. I should like to have it read.

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

The Secretary read as follows:

DECEMBER 28, 1918.

Memorandum for Mr. D. H. Allen, office of the Secretary of War.

MY DEAR MR. ALLEN: I am returning herewith letter from Mason Olcott, dated December 21, 1918, at 322 West Seventy-fifth Street, New York City, with which he incloses a clipping from the Newport News Daily Press relative to the arrival of casuals from overseas who have not been paid for some months previous to their sailing for this country and arrive here without funds.

Up to the present time the great majority of casuals wounded and sick coming from overseas arrive in this country without funds and without the papers which are necessary to enable payment here. The reasons for failure to pay men regularly in France and the causes which are responsible for their failure to be provided with service records and other papers which are necessary for pay purposes are many, and probably you do not require a discussion of these reasons and causes in this memorandum. However, all who have been in France and are familiar with conditions over there are unanimous in the statement that the resultant condition is a necessary outcome of actual conflict, where troops are fighting and advancing day and night and are necessarily separated from their records, and when wounded separated entirely from their commands, never again to get in touch with them.

To meet this condition after arrival in this country several very revolutionary procedures have been installed. Steps have been taken so that these casuals on their arrival in this country are given something on account. This payment is made at the hospitals to which they are assigned temporarily before locating permanently in some other concentration hospital. The commanding officers of all these concentration hospitals have been instructed by the director of finance, with the approval of the Chief of Staff, to make out pay rolls on the affidavit of the soldier, so that he may give him his pay in full not only for the current month but for any prior months for which the soldier claims he has not received pay. There is absolutely no sanction of law for this procedure, and the officer who certifies to a roll under those conditions and the disbursing officer who pays a roll thus executed do so with the possibility, if not probability, that considerable amounts of money will be charged against them by the accounting officers of the Treasury. Congress has been asked by the Secretary of War to enact legislation that will sanction this procedure and protect the certifying officers and the paying officers who comply with the instructions issued by the Director of Finance.

There is no reason why any casual from France who has not been discharged from the Army should be penniless at this time, for, as stated, on their arrival in this country they are given some payment on account, and after reaching the hospital they are in most cases given their pay in full. There may be cases, of course, where the

commanding officers of hospitals hesitate or possibly refuse to certify to pay rolls under these conditions for fear of the consequences, but I am led to believe that these cases are rare, and I think there are no cases where soldiers are not getting something on account.

In June last, on the initiative of this office, a pay card was instituted which would serve when a soldier was separated from his command as an identification card, and would contain enough of his military history to provide for his payment. These pay cards were sent to France with the intention that they would be put into use. It was thought over there, however, that a more durable document would be necessary, and a pay book which a soldier should carry with him was prepared, but this was not put into effect until November. Many of the casuals now arriving are provided with these pay books, and if this proves to be general the casuals from now on will have with them all the information required to properly and correctly pay them, so that the complaints which are being so commonly heard will be from now on lessened until they are finally eliminated, but I will repeat that under the procedure installed there should be no occasion for any casual from France who has not been discharged from the Army to be without necessary funds.

I am dictating a letter this date to the Newport News Daily Press, calling attention to these facts, with request that they correct the rather unwarranted editorial which was inclosed in your letter.

Very truly, yours,

H. M. LORD,
Brigadier General, Assistant to the Director of Purchase, Storage, and Traffic, Director of Finance.

Mr. CHAMBERLAIN. Mr. President, that letter may state the exact truth. I have no disposition to take issue with Gen. Lord. He is a good soldier and a good man; but for the present, at least, I prefer to take the word of the innumerable young fellows who are writing to me every day, and I doubt not to every Member of the Senate, complaining that they do not get their pay.

Mr. VARDAMAN. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Mississippi?

Mr. CHAMBERLAIN. I yield to the Senator.

Mr. VARDAMAN. In line with what the Senator from Oregon has just said, I have a letter this morning from the uncle of a young soldier who joined the Army at the age of 18. He went to France, and soon after arriving there was sent to the front. He received four wounds, was sent back to the United States, and he writes that he has been transferred to three hospitals. His wounds have all healed, but he is, of course, crippled for life. He is now at his home in Mississippi, on furlough. He has asked to be released from the Army, because he can render no further service to his country as a soldier. He states that for six months he has not received one penny of pay, and that it is difficult to get answers to his letters; and they are appealing to me to intercede in his behalf. That is only one of hundreds that I have received since I came back to Washington in August.

Mr. CHAMBERLAIN. Mr. President, I am not going to give individual cases, although I have hundreds of them, which are not in line with the statement of Gen. Lord. I am not overlooking the fact that it is very difficult to handle this situation. What I am now stating is the same criticism I indulged in once before—of not having hospitals ready in advance of the return of the wounded. We knew when we assembled men in cantonments and camps more than a year ago that some of them were going to be sick; but there were no hospitals made ready for this contingency in advance. Therefore there were thousands of deaths that ought to have been avoided. We have not sufficient hospitals prepared now to accommodate all these wounded men who are coming back here, and therefore we are going to have a great deal of suffering. If the War Department would pay half as much attention to arranging to receive these boys as they do to getting legislation through that will protect contractors who have made contracts over the telephone and otherwise in violation of law, it would not take long to get something done. Pick up the paper any day—pick up the Washington Post of this morning—and I will venture to say that you will find that they are urging some piece of legislation that will protect some firm or corporation that made a contract over the telephone. If you do not pass such legislation, it is usually stated, there is going to be bankruptcy for such corporation or firm. If you do not protect these boys by constructing hospitals you are going to have deaths and suffering and untold agony, because there is not any form of suffering that will not have to be endured by reason of the terrible wounds that these young men have received.

Now, as a general proposition with reference to hospitals, I am going to take the liberty of reading into the RECORD, in view of Gen. Lord's statement, a letter under date of December 29, 1918, from Mrs. C. P. Farrell, of New York City, who is a responsible lady who knows whereof she speaks. I ask that the Secretary read the letter.

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

The Secretary read as follows:

117 EAST TWENTY-FIRST STREET,
Gramercy Park, New York City.

To the Hon. GEORGE E. CHAMBERLAIN.

DEAR SENATOR CHAMBERLAIN: May I have just a moment of your valuable time to say that my niece, Mrs. Walston Brown, and I are in daily touch with our returning soldiers and we have yet to see one who has received any pay for months—beginning as far back as February and the majority in April. They come to us and to Pershing House, next door, in large numbers every day from the Greenhut Hospital and from Ellis Island. Their spirit is wonderful—no complaints of any description—but their position is a very difficult one. The majority were severely wounded, having lost legs, arms, and eyes.

With great respect, I am,

Very sincerely, SUE M. (Mrs. C. P.) FARRELL.

DECEMBER 29, 1918.

Mr. CHAMBERLAIN. I am not quite sure, Mr. President, but I think the lady whose name is mentioned in the letter is daughter of the late Robert G. Ingersoll.

Mr. LA FOLLETTE. Yes.

Mr. CHAMBERLAIN. So you see now here are letters coming from people who contradict people like Gen. Lord who are interested in making it appear that the soldiers are protected as they should be. The writers of such letters have no interest in the matter at all, except the interest that every good woman has; that every good mother has; that every good wife has; that every good sweetheart has; and that is, to see that these boys are in as good condition as possible when they arrive, and that they shall be put in even better condition when they get here.

Mr. President, I would not have had that letter read into the RECORD but for the fact that Gen. Lord's letter was read into the RECORD. I could have read into the RECORD a great many such letters to the same effect not only from ladies who are members of the Red Cross and other similar societies that tell about the conditions of these men but from the men themselves. It is all right to talk to me about furnishing these men money when everybody knows better. They have not been furnished with it, and they will not be until those who are responsible are criticized for not doing what it is their duty to do.

Mr. KING. Mr. President, will the Senator from Oregon yield to me?

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

Mr. CHAMBERLAIN. I do.

Mr. KING. It would seem that the situation to which the Senator from Oregon is just inviting attention calls for criticism of officials on the other side of the water rather than of officials here, for, as I understand the matter, full authority was given to Gen. Pershing—and, of course, that authority could be utilized by him, or could be conferred by him upon his subordinates—to pay all of the officers and soldiers who were there under his control. I have understood that there was a paymaster system there and that all they needed to do was to draw upon the Government and their requisitions would be honored. Can the Senator from Oregon tell why Gen. Pershing, or those who have charge of the matter overseas, have been so derelict in paying the men who were there?

Mr. CHAMBERLAIN. I can not say, Mr. President. I realize the very great difficulty of following these wounded men particularly from one hospital to another, but all things are humanly possible, and it ought to be made humanly possible; it ought to be done; and at least as to the poor boys who are coming back in the condition which has been described, and which is admitted in the letter of Gen. Lord, some system ought to be devised, either in France or here, to see that these men do not come back penniless. There is some default in the pay system somewhere. I am undertaking to call attention to the necessity of going ahead and doing things, for the War Department does not need any legislation to correct conditions. All they need is to get a move on and to do the necessary work.

They have had ever since the 6th of April, 1917, to arrange for these hospitals. Did they expect the men would come back here intact, just as they went over? Did they not know that this was the most deadly and destructive war that ever was waged, and that there was bound to be terrible destruction of limb, as well as of life, and that the limbless and the eyeless had to come back to the United States and here be cared for? Yet I have not heard anything of any hospital being provided for these boys; that is, I mean on a scale that is sufficient to take care of them.

I do not know anything about the row which is on in Chicago about a Speedway war hospital, which is said to be a permanent fireproof structure, and the wooden hospital buildings at Fort Sheridan, which are in course of construction. I do not

know anything about the merits of the controversy now waging with respect to them; but although the Surgeon General and nearly every department of the Government having to do with these things approve of the Speedway Hospital we find that somebody is going ahead with the construction of a wooden hospital at Fort Sheridan. If you see the Surgeon General to-day, he will tell you that that hospital ought to be constructed, but they are not doing it. What the reason is I do not know. So it is, Mr. President, all over the country. They are not arranging to receive these young men. That is what I am complaining of.

Mr. POINDEXTER. Mr. President, will the Senator from Oregon yield to me a moment?

Mr. CHAMBERLAIN. Yes.

Mr. POINDEXTER. Mr. President, I can aid the Senator from Oregon, I think, in following out the conclusion that he is looking for as to who is responsible.

Mr. CHAMBERLAIN. I should like to know, for I do not know.

Mr. POINDEXTER. The one man who is responsible for the executive departments of the Government is the President of the United States.

Mr. CHAMBERLAIN. Yes; that is true; but that begs the question, I will say to the Senator from Washington. The President is responsible for the execution of all these laws; but the Senator from Washington knows very well that the President could not give these matters his personal attention. I know the Senator from Washington wants to be fair; but that is hardly a fair way to put it.

Mr. POINDEXTER. I certainly do not want to be unfair; but I would like to ask the Senator from Oregon if he takes the position that the President of the United States, who is elected by the people and who has the appointment of the different Cabinet officers who have charge of the business of those departments, is not to be held responsible for any of the results of their administration?

Mr. CHAMBERLAIN. No; I do not claim that.

Mr. POINDEXTER. Then it follows, I suppose, that the President, is to be held responsible?

Mr. CHAMBERLAIN. Mr. President, in the last analysis, what the Senator from Washington says is correct; the President is responsible for the appointment of men upon whom devolves the discharge of these duties which are not performed, but I thought possibly the Senator's question would leave the impression that the President himself had put his hand on this particular thing and had tied it up.

Mr. POINDEXTER. My complaint is—if it may be denominated a complaint at all—just the opposite to that; not that the President has put his hand on it and made a mistake, but that he has not put his hand on it at all. In all the discussion during the morning as to whether the Post Office Department was responsible or whether the War Department was responsible for the failure of the aircraft, the failure of ordnance, and the neglect of wounded soldiers, no one seems to have assumed that there was any head to the Government superior to the different departments whose duty it is to coordinate them and demand efficiency in them all.

Mr. CHAMBERLAIN. The Senator is right theoretically, but the Senator knows that the President can not know—it is not humanly possible for him to know—all that is going on in the War Department, in the Interior Department, and in the other departments, because one man has not enough heads and enough hands to know and do these things, but he is responsible for the appointment of these men, and if I knew of a case where the President is directly responsible in any particular matter, you can rest assured I would point it out. I am not afraid to criticize the President or anyone else.

Mr. POINDEXTER. Mr. President, I know the Senator is not, and I honor him for it, and I think he is honored by the country for the fact that he is not afraid to criticize any officials. The higher the official is the more important it is that he should be subject to the operations of public opinion and to just criticism. But I should like to ask the Senator if he takes the position that in such a general failure as he has described, in the case of a number of the heads of great executive branches, for instance, the failure to pay the soldiers, the general fact that soldiers are not paid, as the Senator alleges, if the President of the United States ought not to be expected to know that, and to remedy that condition? One word from him would remedy it.

Mr. CHAMBERLAIN. And one word from the Secretary of War pretty nearly would remedy it. That is what I am trying to get—the one word.

Mr. POINDEXTER. But the Secretary of War is under the orders of the President. The people of this country do not know the Secretary of War; they did not elect the Secretary of War; they did not know that Mr. Baker was going to be Secretary of War when they chose the man responsible for the executive branch of the Government. They elected the President of the United States; and he is the man that they have a right to hold responsible for results.

Mr. CHAMBERLAIN. I think theoretically the Senator is correct.

Mr. POINDEXTER. Well, Mr. President, I do not concede that it is merely theoretical; it is intensely practical. The President of the United States is entitled to the credit for the success of his administration, and everyone wants to give him credit for any merit that may be found in the conduct of the executive branch of the Government, but by the same rule he ought to be held responsible for those things that go wrong.

Mr. CHAMBERLAIN. I do not know that there is anything further I can say to the Senator. I have held executive positions where great responsibilities rested upon my shoulders, and I know from experience how impossible it is for the Executive to know and do everything. My own State, for example, has millions of acres of school and public lands, and it was a physical impossibility for me when I was governor of that State to know just exactly the condition of all of those lands. Of course, I knew in a general way, but not in detail. Fraud was charged on every hand. We cleared the atmosphere; but I had to do that through agents; I could not do it myself. If I chanced to get an agent who was wrong, then I would have had to suffer just as the President suffers when he has an agent who is wrong. I think we ought to know whether or not a man under the President, who holds his position by virtue of a presidential appointment, is doing his duty, and, if he is not doing his duty, let the people know it.

Now, Mr. President, I am anxious to go ahead. What I have been discussing is the hospital situation generally. At this time I am not prepared to put my hand on any particular thing and say this is wrong or that is wrong or there is graft here or graft there. I do not make any such charge as that. What I am trying to do is to call attention to a fact which the country knows, and that is that a reception for these young men is not being properly prepared—not hastily enough prepared. Congress is doing all that it can to relieve the situation both here and abroad; Congress has never declined to do anything; it has gone ahead on its own initiative and given these young men their uniforms, given them extra pay, and things of that kind, but that does not reach the young fellows who are coming back here crippled.

So I suggest, as a word of warning, that the men who are responsible for this muddling along when conditions demand haste and action will be held accountable by the American people and by the boys who are directly interested. These matters not only affect the young fellow who is wounded, but his neighbor is going to be affected in the same way, and they will see to it that they are all treated fairly and justly in this matter. That is the beauty, if I may say so parenthetically, of the selective-draft law—every community in the land is represented and interested, and every time a community loses a boy and every time a boy is wounded the whole community stands with him. So the American people are going to hold delinquent officers responsible, whoever they may be.

Mr. VARDAMAN. Mr. President——

Mr. CHAMBERLAIN. I yield to the Senator.

Mr. VARDAMAN. It has been suggested to me that the reason the payments have not been made is because the soldier's record upon which the payment is based is not obtainable. It seems to me that a provident and prudent company commander, knowing that a soldier of his command was going to be separated from his company, would make a copy of the soldier's record and certify to it, so that the soldier might bring it back to the States and carry it to the hospital with him, and thus be enabled to receive his money. It seems to me a piece of carelessness that is inexcusable.

Mr. CHAMBERLAIN. Now, Mr. President, passing from the hospital situation, let me, if I may, offer one or two words of advice along other lines to the War Department. I do this because these things come to me just as the case of the young lieutenants who returned from France came to me, and I can not take up individual cases. I hope I am taking up thousands of cases in these observations. Take the pay of soldiers. That question has been discussed here to some extent. Mr. President, there is absolutely no excuse for not paying these men. There may be some difficulties in the way; there are difficulties in the way, because from the pay of a private soldier who gets $33 a month there have to be deducted forfeitures, for instance, imposed by courts-martial; there have to be deducted premiums for his war insurance; there has to be deducted the money that

is set apart for his dependents. All of these things take time, but they ought to be done; and if it takes 5 men where only 1 man is acting now, or if it takes 10 men where only 1 man is acting now to hasten the pay of these young men, let the department get the 10 men or the 5 men to do the work promptly and efficiently.

Why, Mr. President, I have innumerable letters giving instances where liberty bonds have been actually paid for as long ago as last July and have not yet been delivered. There are young men who have not been paid for 9 or 10 months. The department asks, "Why do you not send these complaints to us?" Why, Mr. President, I would have to have a clerical force almost as large as that of the War Department to take up these letters individually, so that I am just sending a message through the CONGRESSIONAL RECORD to cover them all. I have sent a good many letters to the department. Let me give you an instance of the case of a hospital record which I sent down for investigation. It was the case of a young constituent of mine at Fort Bayard, N. Mex., who had tuberculosis. He was in the Letterman Hospital in California for a while, and then was restored to duty; but later there was a return of his trouble and they sent him down to Fort Bayard; all of which was perfectly proper. I have known the father of that boy for 40 years, and the boy has known me ever since he was old enough to know anybody. He said he did not believe he could get well there and made the usual application through military channels for discharge. He had a wife and a family dependent upon him. He volunteered, like many other young fellows. They turned down his application, and then he wrote me, and he wound up his letter by saying—I will quote the exact language, because I do not want to misquote it:

> There is an outstanding order against a soldier asking outside aid for a discharge, and a letter being written; but this letter would not necessarily have to be submitted to the Surgeon General's office. Have no complaint against treatment here at all. Best of everything is done for patients.

That was a harmless statement. Now, I usually observe these requests and do not send the letters to the department when requested not to do so; but through some inadvertence this letter slipped through my hands and got down to the department. You would think that the boy had a right to write to his Senator or his Representative; but just exactly what that boy feared happened. His letter was sent right back to the officer who was responsible.

Here is what happened: That poor boy, suffering with tuberculosis, was brought up before some sort of a board of inquiry. I am not going to take the time to read the record; but his pay was forfeited for 15 days, and he was punished for having had the temerity to write to his Senator! Now, that seemed such a palpable outrage to me that it was one of the individual cases that I went to see the Secretary of War about personally. I said, "If we have reached a point when a young man in a hospital or in the Army or anywhere else can not talk or write to his Senator the country wants to know it." The Secretary of War very kindly said, "I will take that up personally if you will send it to me," and he did take it up for me personally; and in due course, after having investigated the matter, he reported to me that the punishment had been inflicted and he could not relieve that, but that he had ordered the rule revoked under which the boy was court-martialed—the rule which forbade these young men writing to any outside person for aid. I immediately wrote him, and told him that in view of the fact that I had inadvertently gotten him into trouble, if he would let me know how much of his pay he had forfeited I would send him the money at once.

That, however, did not cure the situation. What they ought to have done was not to partially correct the wrong that had been done to this boy, but to get rid of the men who were responsible for adopting any such un-American rule as that.

Mr. SMOOT. Mr. President, will the Senator tell me the date of that letter, and, if possible, the date on which the rule was revoked?

Mr. CHAMBERLAIN. I sent the Secretary's letter to the young man. I will tell you in just a moment.

Mr. SMOOT. I will say to the Senator that I ask the question because recently I had brought to my attention the case of a constituent of mine. He not only was summoned before his commanding officer, but he happened to be a sergeant, and he was demoted at once and put back as a private, and was censured in the strongest terms for having written me a letter.

Mr. CHAMBERLAIN. I wrote to the young man on the 23d of December, 1918, inclosing him the Secretary's letter to me; and the Secretary's letter was dated just a few days before that.

Mr. SMOOT. That letter, then, is subsequent to the case I have referred to; and I sincerely hope the rule has been revoked.

Mr. CHAMBERLAIN. Mr. President, I am not going to discuss any further this question of soldiers' pay and insurance. I feel tempted to discuss the casualty lists, but I understand the Senator from Massachusetts [Mr. WEEKS] is going to discuss that matter. I think he gave notice of it a few days ago, and I am not going to discuss it, because there is no use in taking up the time of the Senate on it in view of this fact.

Mr. BORAH. Mr. President, do I understand the Senator to say that he is not going to discuss the casualty lists?

Mr. CHAMBERLAIN. Not just now, because I understand the Senator from Massachusetts [Mr. WEEKS] is going to discuss that subject.

Mr. BORAH. May I ask one question, not for the purpose of leading the Senator into a discussion of this matter if he does not wish to discuss it, but evidently he has given consideration to it: What is the explanation for this delay in the publication of the casualty lists?

Mr. CHAMBERLAIN. Well, it is a long story.

Mr. BORAH. Is it a just story?

Mr. CHAMBERLAIN. Yes and no. Take the Battle of the Argonne Forest, for instance. There many young men were killed, and under the intense fire there it was impossible even to go where they were, or to bury them, until later. The result was that it was quite difficult in many instances, because of wounds and natural decay, to identify many of them. There might have been, we will say, by way of illustration, 50 of them lost in that way and 50 others were temporarily missing from their command. They sought to identify those individuals—the killed and the temporarily missing—in order not to harass needlessly the fathers and mothers and friends of the boys at home. That is the purpose of it—not to give to the public the name of a soldier until they have had the casualty list verified.

Mr. BORAH. I can understand perfectly how that would be true at the time the conflict was being waged and for a considerable time thereafter, and I am not raising this point for the purpose of discussion; but I suppose every Senator has had numerous letters on the subject, and I never have been able to explain why it is that 11 weeks, going on two months, after the armistice was signed the casualty list is still coming out day by day. It does seem to me that within a short time after the armistice was signed and after the settlement of the difficulty an accurate statement of casualties could be made. It is the suspense, the agony of suspense, that is even worse than the knowledge.

Mr. CHAMBERLAIN. I am inclined to agree with the Senator.

Mr. BORAH. I simply wanted to know whether or not there was any reason that we could assign to the people who write us, "Why this delay?"

Mr. CHAMBERLAIN. I am frank to say that from the evidence taken before our committee there is no excuse for all of it. There is an excuse for some of it. The Red Cross had information on a lot of these boys before the War Department did. We had Mr. Castle, of the Red Cross, before our committee. We had Mr. Keppel, Assistant Secretary of War, who had the matter immediately in charge in the War Department, before us. Mr. Keppel went over to France to undertake to find out what the difficulties were and to try to correct them, so that we would get speedier returns, but for some reason the Red Cross was not permitted to give out the information it had until after the armistice was signed or very shortly before that time.

I never have been able to see any reason for that. I think they ought to have been permitted to give it all out, because here were Red Cross nurses that attended the hospitals in France where young men died, either from wounds or from disease. A young man would write a letter to his mother or to his sister or to somebody in this country and hand it to the Red Cross nurse, and those letters came over here to the Red Cross, and they were not permitted to give them to the people to whom they were addressed. That may have been all right, but it never has seemed all right to me, and I have not been satisfied with any explanation that has been attempted to be made. The reporting of casualties ought to have been improved. There are so many individual cases that appeal to the heart that one hardly knows where to start and where to stop in discussing the situation.

Take the case of an old classmate of mine, at Washington and Lee University, who had two sons in France, both lieutenants. One of them was a young staff officer, not over 22 years old. He was given a dangerous mission to perform, and he performed it like a man; and when he lay down, wounded, to die, he wrote a message to his commanding officer telling him why he had failed in his mission. That message was on the boy's body; and the first notice the father had of that boy's death was on the blackboard in the Sunday School of a church

that he attended! Now, here was an officer performing a dangerous errand, "carrying a message to Garcia," if you please, but under the most desperate circumstances. It seems that the War Department ought to have had official information about that officer; and the father came here to talk to me, and see if I could not get some official information about him.

That is only one case. There are hundreds of them. I presume every Senator gets letters about them. I could read into the RECORD here stories that would make the hearts of the American people bleed, due largely to inefficient methods. I am not charging anybody with doing wrong. I think we have accomplished wonders in this war, but we seem to have forgotten the little things that set the heartstrings in motion. We seem to have forgotten those who above all are entitled to our attention, now that the war is over.

Passing that, I come to another thing, Mr. President, not so much in the way of criticism, as by way of suggestion, in the hope that some remedy may be found for conditions that exist. It is with reference to inequalities in the administration of the law as it affects the soldiers. The administration of military justice during this war has developed many cases of life or long-term sentences by courts-martial which either would not have been imposed at all or would have been much more lenient if the rights of the enlisted man had been properly protected in the course of his trial before the court-martial. Mere boys, some of them wholly irresponsible mentally for their acts, have been adjudged guilty of serious civil or criminal offenses and sentenced for life or long terms in the penitentiary. Court-martial sentences found by the reviewing authority to be null and void for want of jurisdiction have been allowed to stand, thereby subjecting to illegal punishment a man sentenced without justification of law.

A soldier doing military police duty who entered a shop during the night, because, according to his own story, he heard a noise which he thought was made by a burglar, was found in the shop and himself accused of burglary. The court-martial which tried him found him not guilty. The commanding officer who had appointed the court disapproved the verdict and "recommended" that the court reconsider the case. The court did "reconsider" and found the man guilty and imposed a long term of imprisonment. The evidence was wholly circumstantial. On final review of the record in this case it was recommended that the verdict of guilty be set aside and the man discharged. The commanding officer, disapproving of this recommendation, has allowed the verdict to stand, and the man is now serving his sentence. This case, while not typical, illustrates the control which the military commander exercises over the administration of military justice.

A lot of those cases come to me. I have looked up many of them to verify them. I know of a case where a young lieutenant was on a court of inquiry in a certain cantonment—I will not mention where. His commanding officer said: "A. B. is charged with crime. He ought to be severely punished. He ought to be sent up for six months." The young officer, a lawyer, detailed for court-martial duty, looked into the case, and he and his colleagues sentenced this young fellow to five days in the guardhouse. His commanding officer called him up and said: "You know, that is the man whom I told you ought to be severely punished. I see you have only sentenced him for five days in the guardhouse." The lieutenant replied, "That is all that the evidence warranted. It was a very minor offense." "That is the way military law is administered here, is it?" and in a very short time the young officer was removed from that detail, simply because he had not carried out the orders of the commanding officer. What use of a court if a commanding officer is to practically control its actions?

Senators, I am not blaming the Secretary of War for this. I blame him only to this extent: That a word from him would stop such practices.

These individual cases give the human touch to conditions, and in order to impress it upon the attention of the War Department I am just going to call attention to two or three more as illustrative of what is in my mind. I am not going to give the names of the soldiers, either.

A green country boy, a private in the machine-gun company of the One hundred and fifty-sixth Infantry, was tried and convicted of the charge of absence without leave from Camp Beauregard from May 9 to May 15, 1918. That is six days. It was shown in evidence by the prosecution that he had been notified of his selection for overseas duty. The accused testified that he went home to see his mother, probably for the last time, as she was ill in a hospital. He was sentenced to a dishonorable discharge, total forfeitures, and confinement at hard labor for 25 years in a disciplinary barracks.

Now, Senators, I realize the necessity of maintaining discipline. There is not any question about that; but, in God's name, could not a boy like that have been punished a little less severely under the circumstances than 25 years in a prison, where his life in the very nature of things must be ruined?

A similar case is that of a private of Company D, One hundred and fifty-fifth Infantry, who was charged and convicted of absence without leave from May 9 to May 15, 1918—the same period of time—from Camp Beauregard—the same place—after notification of his selection for overseas duty. It was shown that the boy had gone home to his folks in Mississippi to tell them good-by. He was sentenced to dishonorable discharge, total forfeitures, and 15 years' confinement at hard labor in a disciplinary barracks.

You see, there is 10 years' difference between the punishment meted out to these two young men in the same place and for the same crime. There may be aggravated circumstances connected with them that I do not know anything about, but I can not conceive how it should have been found necessary to have inflicted such terribly severe punishment. I can understand that if it was on the battle front and a boy had left his post without leave his punishment should be severe, even to sentencing him to be shot.

Mr. LA FOLLETTE. He returned voluntarily, did he?

Mr. CHAMBERLAIN. So I understand.

Now, take another case: A private of Company M, Forty-ninth Infantry, was convicted of sleeping on his post at Camp Merritt, N. J., and was sentenced to a dishonorable discharge, total forfeitures, and 10 years' confinement at hard labor in a disciplinary barracks. You see, there is the same kind of a case, and yet there are 15 years' discrepancy between the punishment meted out to the first soldier, where both crimes committed were practically the same.

Mr. WATSON. Did these men come back of their own accord?

Mr. CHAMBERLAIN. I am so informed. If the Senator from Indiana wants, I will give him the names and record, and I will give them to the Secretary of War if he wants them; but I dislike to publish these cases in the RECORD, so that the young men may probably be discredited, because I hope that something will be done to relieve many of these sentences.

Take another case: A private of Company F, Forty-ninth Infantry, was convicted of sleeping on his post at the United States Engineers' Depot, New York City, and was sentenced to dishonorable discharge, total forfeitures, and 10 years' confinement in a disciplinary barracks. He was assigned to what was virtually a watchman's job; and he gets 10 years. I can not conceive why such severe punishment should be meted out to young soldiers for such small crimes. I believe in the strictest military discipline, but it can be accomplished without any such severity as that.

A case somewhat different from these in which the President showed mercy was that of a private of the Third Training Company, Casual Detachment, who was convicted of disobedience of orders to drill and of having seditious literature in his possession for distribution. He was sentenced to be shot. It appeared that he was a sincere conscientious objector and that he had not been offered noncombatant service, as provided in General Order No. 28, War Department, March 23, 1918. He had in his possession some literature in which certain passages had been condemned by the Department of Justice, but that department had ruled that such books might be retained by members of religious sects for private study, and there was no evidence that the accused attempted or intended to distribute these books. His death sentence was disapproved by the President, and the prisoner was discharged; and very properly so. I hope the President will exercise the same clemency and show the same mercy in many other cases; and I believe he will. But I call attention to these cases to show the inequality of sentences by court-martial in the country; and there is no reason for it.

The commanding officer's control over the court-martial is such that he may "suggest" the action which the court should take.

It is wholly repugnant to our ideas of the administration of criminal law that anyone should have the power to set aside a verdict of acquittal. Nevertheless, this is the power of the commanding officer over a court-martial trial. He may exercise this power not only in the case of military offenses but also in the case of ordinary civil offenses, as, for example, larceny committed by a soldier.

The cases which may be sent to court-martial are not definitely defined or limited. The commanding officer may de-

termine what offenses shall be tried by court-martial. He may, for example, subject to the disgrace of court-martial every soldier who, no matter what the justifying circumstances, has been absent from his post for five days. He may, without any investigation of the circumstances, order such a man tried by court-martial. In the French Army such cases are not sent to trial until an investigation has determined that the man ought to be tried. With us the commanding officer exercises at all stages a military disciplinary control of the administration of military justice. We do not administer military justice according to law; it is constantly under the control of a military commander, who is not obliged either to ask for legal advice or to follow it when he has asked for it and it has been given to him by the responsible law officers of the Army.

It is not surprising under the circumstances that there are too many trivial cases sent to trial by court-martial, too many unduly severe sentences and widely varying punishments imposed for like offenses. Terms for the same or similar offenses imposed by courts-martial during the present war range all the way from life imprisonment in the penitentiary to six months' confinement in a disciplinary barracks. Frequently the life term is imposed for an offense for which in other cases a few months' imprisonment is imposed.

In the case of the less serious offenses the punishment ranges from days or months of disciplinary confinement to a few years' imprisonment. There is no standard of punishment, and the changing personnel of courts-martial and their lack of familiarity with criminal law make anything like uniformity of punishment impossible. If we are to have a democratic Army, military justice ought to be administered as it is in other countries, by courts which are constituted, whose procedure is determined, and whose action is controlled by law. Courts-martial should be required to accept the interpretation of the law by a responsible law officer in the same manner that a jury in a civil criminal court accepts the interpretation of the law by the judge of the court. This is not to suggest that military discipline should be undermined, but that it should be supported by a fair and effective system of determining guilt and imposing punishments. There is no greater obstacle to discipline than the resentment which the soldier feels for unjust and arbitrary punishment.

The records of the courts-martial in this war show that we have no military law or system of administering military justice which is worthy of the name of law or justice. We have simply a method of giving effect to the more or less arbitrary discretion of the commanding officer.

All of that responsibility does not rest on the Secretary of War; much of it may rest on Congress. We ought to enact a code that would fix the boundaries of these courts, and which would define their jurisdiction and duties; but, as it is, with these inequalities of administration, it seems to me that a word from the Secretary of War to the commanding officers would bring them very quickly to a more uniform administration of the law. There is nothing in the world that will make the members of the Military Establishment do their duty in a proper way more surely than to discharge or reprimand an officer once in a while. There is a sort of free masonry amongst them, and whenever one of them is put on the tenterhooks for anything that he has done irregularly, everyone in the Army who is of the same rank and grade has his ear to the ground and knows it, and governs himself accordingly.

Mr. SHAFROTH. Mr. President, will the Senator from Oregon yield to me for a moment?

The PRESIDING OFFICER (Mr. JOHNSON of California in the chair). Does the Senator from Oregon yield to the Senator from Colorado?

Mr. CHAMBERLAIN. Yes.

Mr. SHAFROTH. Has not the Senator from Oregon noticed the various determinations by courts of justice in the States, and noted how vastly different are the sentences which are imposed by such courts as the result of judicial proceedings?

Mr. CHAMBERLAIN. Oh, yes.

Mr. SHAFROTH. That is true in like cases of like offenses which are prosecuted. I have noticed such variations to have been from 1 year to 14 years. Such sentences often depend upon the judge and upon the character of his impression as to what would be the proper sentence. Some judges believe in severe sentences; others believe in light sentences; while still others believe in almost no sentences. The severity of the sentence oftentimes results from the make-up of the individual. So I do not see how in such cases anyone can be properly charged with any neglect or any wrong in permitting these judge advocates to remain in office. People both in times of war and in civil life invariably hold different views as to crime. Some will say, "This man should be set up as an example; I will show the people in this community that there has got to be respect for a certain law"; and such judges will impose severe sentences, while at the same time almost across the border in another judicial district there will be another judge who will impose a very light sentence. That is human nature; men are differently constituted; so it seems to me when these inequalities of sentences have occurred no one is to blame except the individual who imposes the sentence.

Mr. CHAMBERLAIN. I realize the force of the Senator's suggestion. I have had some of the same experiences the Senator has had, and, besides that, I was prosecuting officer in my State in a large district for four years, and I know the difficulty of meting out exact justice. The conditions in different communities or different counties in the same State will be entirely different; but there is the great equalizing power in the chief executive, and ninety-nine times out of one hundred he exercises it so as to equalize inequalities by the use of the pardoning power or in some other way. But here is a great central government with a Secretary of War entirely in charge of the military branch of it, and under whose jurisdiction all of these crimes come. He can very much relieve the situation if he will only attempt by proper order to do so. When he sees that two young men in the same cantonment, as at Camp Beauregard, are sentenced, one for 15 years and one for 25 years, for exactly the same offense, a simple word from him to the President of the United States would result in equalizing the sentences, if necessary, by the use of the pardoning power.

Mr. WILLIAMS. Does the Senator mean the same offense or the same charge?

Mr. CHAMBERLAIN. The same charge.

Mr. WILLIAMS. When two men are charged with the same offense and brought up for trial, the Senator must recognize, as I do, that the facts may appear entirely different in the two cases. The characters of the two culprits, or the alleged culprits, may appear entirely different. There is not an inequality of punishment for an offense, but an inequality of punishment on a charge. One man is found guilty of killing another, another man is found guilty of killing still another, and a third of killing still a third; one man is hung, one man is sent to the penitentiary for life, and one man is convicted of manslaughter. All the Senator knows about these cases is that the charges were identical.

Mr. CHAMBERLAIN. The suggestion of the Senator is more or less true. In the very great haste——

Mr. THOMAS. Mr. President, may I inquire of the Senator whether these individual cases to which he has referred have been appealed to the Judge Advocate General?

Mr. CHAMBERLAIN. I think all of them have been.

So much for that, Mr. President. Where there is a noticeable inequality on the face of the record, and there are those under the Military Establishment who know the facts, it seems to me they ought to be looked into, with the power of recommendation somewhere to relieve the situation; but the sure cure for it all is to have some sort of a tribunal, appellate or supervisory, that shall have the power to formulate rules and equalize these unjust sentences, under the direction, of course, of the Commander in Chief of the Army and Navy.

Mr. WILLIAMS. Mr. President, I should like to ask the Senator a question there, if he will yield.

Mr. CHAMBERLAIN. I yield.

Mr. WILLIAMS. Taken for granted that the Senator's suggestion is perfectly apropos and perfectly right, whose fault is it that there is no such tribunal? It can not be the fault of the Secretary of War.

Now, I should like to ask the Senator another question in that connection, and let him answer them both at once. Suppose he was Secretary of War or suppose that I was Secretary of War. Does the Senator imagine that either he or I could take personal cognizance of all the thousands of cases, examine them like a justice of the peace, and go into the testimony to see just how far each individual ought to be punished? In other words, if there is not a tribunal—and there would have to be about a thousand tribunals, by the way, for one could not attend to all the business—how do you expect a man of flesh and blood, like Baker or CHAMBERLAIN or WILLIAMS, to go into all these cases?

Mr. CHAMBERLAIN. Mr. President, I realize the force of what the Senator says, and I stated before the Senator came in and did me the honor of his presence that I am delivering this one message and placing it in the CONGRESSIONAL RECORD to call the attention of the Secretary of War to conditions. I can not take up the innumerable cases that have come to me, and do not expect the Secretary of War to do so; but the Secretary has

never been denied anything in the way of assistance that he has asked for in this war.

Mr. WILLIAMS. Now, if the Senator will pardon me just once more, and then I hope to let him alone——

Mr. CHAMBERLAIN. I hope so, because I wish to finish.

Mr. WILLIAMS. Not only the present Secretary of War, but various Secretaries of War, have communicated to us in times of peace and in times of war, during the Revolution, the Mexican War, the War between the States, the Spanish-American War, and this war, and so far the committee over which the Senator from Oregon presides—the Military Affairs Committee—has had charge of the question of courts-martial. The whole country has agreed to substitute in time of war for the ordinary courts operative in times of peace, for justices of the peace, circuit courts, appellate courts, and various courts, so-called courts-martial. They have tried to organize them so that approximate and quick justice could be dispensed in war times. It must be quick; we can not fool with it; we have got to keep up discipline in the Army; and being determined to do that we have organized the present courts-martial. The Senator will remember that while serving upon the committee of which he is chairman and of which I was once a member, I found at one time that one officer had been the accuser, the judge, and the chief witness against a man whose rank had been taken away from him. We remedied that, and why can not the committee remedy such other injustices as suggest themselves?

Mr. CHAMBERLAIN. I think the committee will attempt to do so where legislation is necessary, Mr. President, but the committee occupies this position: The committee is limited as to its clerical force. To attend to all these things is a physical impossibility for the committee with the clerical force that the committee has, while the Secretary of War is supplied not only with a great body of legal advisers, to whom he can refer any of these matters either for advice or to draft legislation, but with as much money as he needs for any legitimate military purpose. We have amended the Articles of War during this Congress two or three times at the request of the Secretary of War. He is having these difficulties pointed out to him, and I have not any doubt that if he asks for another amendment to the Articles of War we will amend them again.

Mr. McCUMBER. May I ask the Senator a question?

Mr. CHAMBERLAIN. Yes.

Mr. McCUMBER. I wish to ask the Senator if, from his observations, he has not long since arrived at the conclusion that all of the punishments imposed by courts-martial, taking them as a body, are immensely more severe than punishments which would be imposed by the ordinary courts and in most cases we might say unconscionably severe?

Mr. CHAMBERLAIN. I think that is true, but I will say to the Senator that in times of war I have no objection to the severity of sentences, as a rule, because discipline is absolutely necessary to be maintained. If a soldier is guilty of an offense and is only sentenced to five days there might be 5,000 men associated with him who would commit the same offense if they knew they would only get five days' punishment.

Mr. McCUMBER. But even in times of peace I find the punishments imposed by courts-martial immensely more severe than the punishments imposed by civil courts.

Mr. WILLIAMS. Mr. President, the Senator would not punish the Senator from North Dakota for going to sleep at all, would he?

Mr. CHAMBERLAIN. Not if he were in good company and with some one like the Senator from Mississippi.

Mr. WILLIAMS. But the Senator would punish a soldier for going to sleep when he was a sentinel, and he might have to shoot him for doing it, because it is a very serious offense.

Mr. CHAMBERLAIN. Yes, of course; there is no doubt about that in time of war.

Now, Mr. President, these remarks are just by way of suggestion with reference to the dispensing of military justice, and I do hope that the War Department will take some notice of them.

There is only one other matter that I am going to discuss, and that is the question of demobilization. That is a question we have had a good deal of trouble about, and one concerning which, I presume, every Senator has been getting a great many letters. I am not one of those who believe that we ought to hastily disorganize our Army. This war is not ended yet. I hope that those who are negotiating peace terms will reach a conclusion which will end it; but at this time we are not at peace. I think we ought to move with some degree of care in the demobilization of the Army; and yet whether we are moving quite as fast as we ought, I am not prepared to say. That is a military proposition. Now, what I object to and what I want to call the attention of the Secretary of War to is the fact that the American Army, both in France and here, do not know what to expect. They ought to know—not only the American Army, but the American people ought to know—just exactly what they are to expect in reference to demobilization. We do not know.

Mr. NEW. Mr. President——

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

Mr. CHAMBERLAIN. Yes.

Mr. NEW. I hesitate to interrupt the Senator, and yet, with his permission, I should like to read a few lines from the law approved June 15, 1917, with reference to the duration of the period for which men were conscripted or for which enlistments were to last. It is as follows:

> Whenever said war shall cease by the conclusion of peace between the United States and its enemies in the present war, the President shall so declare by a public proclamation to that effect, and within four months after the date of said proclamation, or as soon thereafter as it may be practicable to transport the forces then serving without the United States to their home station, the provisions of said act, in so far as they authorize compulsory service by selected draft or otherwise, shall cease to be of force and effect.

In other words, Mr. President, we made an implied contract with every soldier we took into the service that his enlistment should end not longer than four months after the declaration of peace. It is true, to be sure, that the President has issued no proclamation and that until he does theoretically we are still at war, but it is quite as true that in point of fact hostilities have ceased and that we are no longer actually at war.

In common with every other Member of this body, I suppose, I am in daily receipt of letters from people from home and applications in person and in writing from soldiers on both sides of the Atlantic who are anxious to get out, and who feel that their obligation to the Government under this law has been amply discharged. I have been hoping that the Senator would come to a discussion of that question in the course of his remarks, and, in order that he may enlarge upon that somewhat, I have taken the liberty to interrupt and to call to his attention that feature of the law.

Mr. KING. Mr. President, if the Senator will pardon me——

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

Mr. CHAMBERLAIN. I do.

Mr. KING. The Senator from Oregon very kindly consented to yield. The Senator's remarks would imply that he construed the act as meaning that the four-months' period to which he refers dated from the armistice. Obviously the Senator is wrong, because that four-months' period would not begin to run until the proclamation of peace was signed.

Mr. WILLIAMS. And promulgated.

Mr. KING. And promulgated.

Mr. NEW. No, Mr. President; I understood that full well. The law states that this shall date from the issuance of a proclamation by the President, and I, of course, understood that until that proclamation is issued we are theoretically at war. But practically and actually we are not at war; and what I seek to bring out is the fact that not only the soldiers themselves but the people at home are exceedingly anxious to reach some understanding as to when the period of this service may be reasonably expected to cease.

Mr. KING. The point I was trying to make was that I think it would be very unfortunate to have the country believe that the period of four months would begin to run from the time the armistice was signed; and it seems to me that it is purely speculative now to say when their services will not be required. We can not say that the war is over at all. There may be at any moment a recrudescence in some form or other in Europe, and we would be very foolish to withdraw our troops now.

Mr. WILLIAMS. Mr. President——

Mr. NEW. Mr. President, I am infringing a good deal upon the time of the Senator from Oregon, and I will reserve an answer to that question until I can make it in my own time.

Mr. WILLIAMS. Mr. President, if the Senator from Oregon will pardon me——

Mr. CHAMBERLAIN. I should like very much to conclude. Does the Senator wish to ask a question?

Mr. WILLIAMS. I can not say that it is a question, because it is pursuing the thought suggested by the Senator from Utah just a moment ago. There are somewhere between two and three million German soldiers still with their arms, armed now, and fighting one another, in Berlin and elsewhere, and under the admirable military machine system of the German Empire

they can be remobilized within 48 hours. If we are fools enough not to leave a "watch on the Rhine," we will have to remobilize all over the civilized world to lick Germany again.

The Senator from Oregon says, "What are we to expect?" and "somebody ought to tell us what to expect." I can tell him what we are to expect. Each boy in that army is expected to stay until he knows that this fight has been won and that Germany has been handicapped and hamstrung and rendered helpless as a part of the ultimate terms of peace, and not as part of the provisional terms of an armistice.

Mr. CHAMBERLAIN. Mr. President, in answer to the distinguished Senator from Mississippi, permit me to say that if he had listened to me he would have heard me say that I was not one of those who believed in the immediate or hasty demobilization of the whole Army.

Mr. WILLIAMS. I was not replying to the Senator from Oregon; I was replying to the Senator from Indiana.

Mr. CHAMBERLAIN. The Senator referred to the Senator from Oregon. Perhaps he meant somebody else. But now let me tell you what I meant when I requested information for the soldiers and for the people as to what they intend to do.

You can take the circular letter that has been sent to every Senator and to every Representative from the Adjutant General's Office telling what is necessary to be done in order to get young men discharged and what is the program of demobilization, and it is so loosely drawn that anything is possible to be done under it. There is no certainty about it. There are so many provisos to it that when it gets to a man in the ranks who thinks he has had a promise that he is going to be discharged he does not know what it means. What I am getting at is to have the department tell these young men what they and their people may expect. Now, here is what I mean by that:

The war has been ended now a month and a half—more than a month and a half.

Mr. THOMAS. That is, it is a month and a half since the armistice was signed.

Mr. CHAMBERLAIN. I mean, the armistice has been in force over a month and a half. On the 12th day of November, 1918, the next day after the armistice was signed, Great Britain commenced to plan for the demobilization of her army at home and in France. Great Britain was not afraid to take these steps because of Germany. Great Britain did what the Secretary of War ought to have done. It does not need any legislation to do it. He can not come back to Congress and say—

> Shake not thy gory locks at me.
> Thou cans't not say I did it.

No legislation is necessary. The Secretary of War has absolute power to act in the premises, under the Commander in Chief of the Army and Navy of course.

Now, let us see what Great Britain did.

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

Mr. CHAMBERLAIN. I yield to the Senator from Indiana.

Mr. WATSON. The act to which my colleague [Mr. NEW] has called attention seems to be dual in character. The first part of it recites:

> That the service of all persons selected by draft and all enlistments under the provisions of the act entitled "An act to authorize the President to increase temporarily the Military Establishment of the United States," approved May 18, 1917, shall be for the period of the war, unless sooner terminated by discharge or otherwise—

Having reference to the soldiers yet in the United States—

> Whenever said war shall cease by the conclusion of peace between the United States and its enemies in the present war, the President shall so declare by a public proclamation to that effect, and within four months after the date of said proclamation or as soon thereafter as it may be practicable to transport the forces then serving without the United States to their home station, the provisions of said act, in so far as they authorize compulsory service by selected draft or otherwise, shall cease to be of force and effect.

It seems to be dual in character, the first portion having reference to those in the United States, the second portion having reference to those without the United States; and as to those within the United States, they can begin demobilization at any time under the provision of that act.

Mr. CHAMBERLAIN. Mr. President, I do not care to enter into that discussion, because, whatever my personal views may be with reference to the disbandment of the Army, I am willing to leave that as at present advised to the military authorities, acting probably under the advice of or in conjunction with Gen. Pershing, to do what seems to be the best thing to do in this emergency. What I mean to suggest is that we ought to have followed in the footsteps of Great Britain. The next day after the armistice was signed we find that Mr. MacPherson, the undersecretary of state for war, discussed this question of demobilization in Parliament, and between the 12th day of November and the 23d of November they had adopted a policy, and they sent men out to lecture to the soldiers to tell them what they might expect. There is not a cantonment in the United States where the soldiers can tell you that they understand what to expect. All of them expect something different.

Mr. MacPherson says:

> I am fully aware of the importance of the diffusion amongst the troops serving abroad—

Serving abroad, mind you. These are the troops on the Continent—

> of information as to the Government plan for demobilization of forces. Arrangements have been made by which full information concerning the method of demobilization will be given to the troops when the situation is suitable. Lectures are already being given at the front dealing with the outlines of the procedure to be adopted.

If we had adopted some such policy as that, there would not exist the present discontent amongst the troops and the people.

There ought to have been some notice given to our soldiers and to the American people, first, that the married men would be excused; second, that the boys who were going back to a job would be next; third, that those who had dependents would be next or whatever order was determined upon. In other words, we ought to have organized the Army for demobilization along the lines that appealed to the economic condition of the country.

Continuing, Mr. MacPherson said:

> The claims of married men to early relief have been recognized, and it has been provided in the scheme of demobilization that, other conditions being equal, married men shall be selected in preference to single men for draft for disposal.

And again:

> In view of the present situation, as many additional miners—

Now, this is the coal miners—

> as many additional miners as possible who are serving at home will be released.

And I understand some British miners and others are being released in France. In other words, they considered the economic conditions of the country, and selected the men for discharge along the lines that were for the best interests not only of the men and their dependents but of the country.

What have we done? We have a War College. Has it studied out and given to the people the advantage of the knowledge that it had? Has any decree been issued for the demobilization of these men along lines that fitted into our life? We have not heard of any.

Mr. SHAFROTH. Mr. President, I saw a statement in the paper, I think it was yesterday, that 600,000 American troops had been demobilized within five weeks, and I saw another statement to the effect that 30,000 were to be transported every day from France or from the Continent to the United States.

Mr. CHAMBERLAIN. How many married men were in that number?

Mr. SHAFROTH. I do not know.

Mr. CHAMBERLAIN. How many miners were in it?

Mr. SHAFROTH. I do not know. Perhaps it was 30,000 that were going to be discharged.

Mr. CHAMBERLAIN. May I ask the Senator how many married men were in that number?

Mr. SHAFROTH. I do not know. No account was given of it. I did not suppose that men were demobilized except in regiments and companies. I supposed that was the manner of demobilization—I think it was the manner of demobilization in the Civil War—without regard to the question of whether they were married or whether they were not. At least it could take place more speedily. To inquire as to each person and as to the necessity of his being at home would require a great deal of time of itself. I supposed that demobilization took place in companies and in regiments.

Mr. CHAMBERLAIN. No; they have not done that, as the Senator will find if he will take the trouble to inquire. They are demobilizing individually now. What I am getting at is, On what basis are they demobilizing these men?

Mr. GORE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Oklahoma?

Mr. CHAMBERLAIN. I do.

Mr. GORE. I should like to say that I made application a few days ago to the War Department to discharge drillers in the oil fields. They are engaged in the production of a very important source of industrial power, standing pretty much on the same footing as coal, and I thought that the department would be justified in expediting the discharge of these men, because they are largely young men and have been largely taken by the draft. There is a sore need for labor of this sort which can not be easily supplied, or supplied in an impromptu way. The department advised me that it would not be practicable to do that.

Mr. CHAMBERLAIN. I am glad to have that statement from the Senator. If those men had been in Great Britain they would have been released, whether they were in the army in France or whether they were in the army in England.

With reference to the great number that are being discharged, as stated by the Senator from Colorado, we may be discharging them too fast. I am not prepared to say as to that. The proposition I am suggesting, and the criticism I have, is that we are not discharging them on any uniform basis, so far as I have been advised. There is no system about it.

Mr. HENDERSON. Mr. President——

The PRESIDING OFFICER. Does the Senator from Oregon yield to the Senator from Nevada?

Mr. CHAMBERLAIN. I yield to the Senator.

Mr. HENDERSON. I would call the Senator's attention to Circular No. 77, issued by the War Department, if the Senator has not yet examined it.

Mr. CHAMBERLAIN. I have read them all; and if the Senator will get the circular letter that goes out of The Adjutant General's Office covering the whole method he will find that it is like a Delphic oracle. You can construe it into anything you want.

Mr. WATSON. Mr. President——

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

Mr. CHAMBERLAIN. I yield.

Mr. WATSON. Is Circular No. 77 the one under which they permit each individual to make his own application or assign the particular reason for his discharge?

Mr. CHAMBERLAIN. That is the one; yes.

Mr. WATSON. Is it not a fact that that has been put in abeyance somewhat? That is to say, I am informed that at certain cantonments and certain training stations they will line up a company and men will go along and say to that man, "Step out," and to the other man, "Step in front," and so forth, and in that way they select 60 men from each company to be kept there, regardless of the business that the man left when he entered the service or the business that he could go back to when he goes home, regardless of his family relationships, regardless of the number of dependents upon him. In that way they leave men in the service who in reality ought to be discharged and they discharge men who ought to be left.

Mr. CHAMBERLAIN. That is true. That is just what I am criticizing, and that is what I am suggesting, and that is why I call attention to the British method, which is the same method, the adoption of a policy uniform in character and the instruction of the men as to just what they may expect.

We think we are quite progressive in America, but the British people not only outstrip us in this race of demobilization, but they have adopted a policy that is more liberal than our own policy, and I think probably our Congress will be still more liberal than they have been. Now, note. Mr. MacPherson says further:

> It may be well that I should state at once that on demobilization—

Now, notice this—

> Each man will receive at least 28 days of leave, with pay and allowances, and that he will be fully insured against unemployment for a period of not less than 20 weeks during the first year.

See how those people are taking care of the men who have been fighting for four long, weary years! Have we any policy in this regard? None at all, so far as I have been advised.

That is the criticism I have, Mr. President. I am not blaming the Secretary of War or anybody else because these men are not being discharged faster, for I do not know what the military necessities are now; but I am blaming the authorities because they have no policy, and they have not let the American people know what plans, if any, they have, so that they may know how to govern themselves; that is all. "If that be treason, make the most of it." Referring again to the proceedings in Parliament on the subject of demobilization of the army, I ask, Mr. President, to have the discussions printed in the RECORD as a part of my remarks.

The PRESIDING OFFICER. Without objection, it is so ordered.

The matter referred to is as follows:

DEMOBILIZATION IN GREAT BRITAIN—OFFICIAL STATEMENTS IN THE HOUSE OF COMMONS FROM THE SIGNING OF THE ARMISTICE TO THE PROROGATION OF PARLIAMENT, NOVEMBER 21, 1918.

Information for the army. November 12 (2469).

Mr. MACPHERSON (undersecretary of state for war). I am fully aware of the importance of the diffusion amongst the troops serving abroad of information as to the Government plans for the demobilization of the forces. Arrangements have been made by which full information concerning the method of demobilization will be given to the troops when the situation is suitable. Lectures are already being given at the front dealing with the outlines of the procedure to be adopted.

Married men (release). November 12 (2469).

Mr. MACPHERSON. The claims of married men to early release have been recognized, and it has been provided in the scheme of demobilization that, other conditions being equal, married men shall be selected in preference to single men for the drafts for disposal.

Coal supply (release of miners). November 12 (2470.)

Mr. MACPHERSON. In view of the present situation, as many additional miners as possible who are serving at home will be released, and I understand some are being released from France.

Leave with pay and unemployment benefits. November 12 (2521).

Dr. MACNAMARA (secretary to the Admiralty). It may be as well that I should state at once that on demobilization each man will receive at least 28 days' leave with pay and allowances, and that he will be fully insured against unemployment for a period of not less than 20 weeks during the first year.

Unemployment benefits. November 12 (2581).

Dr. ADDISON (minister of reconstruction). The rates for benefits for both ex-service and civil workers are as follows: Adults, 24s. per week for men and 20s. per week for women, with 6s. per week for the first dependent child under 15, and 3s. per week for each succeeding dependent child, so that a man with a wife and one child will get 30s. per week and 3s. for each additional dependent child. The donation will not be payable for the first three days of any continuous period of unemployment. The out-of-work donation payable to partially disabled men in receipt of pensions will be additional to their pensions, and no deductions will be made on account of such pensions.

Plan of demobilization. November 12 (2583–2588).

Dr. ADDISON. I propose to issue a pamphlet, which is in popular form, but I hope honorable members will not like it any the less for that. It is intended to be read by the general public. It will be posted to every member this evening. The pamphlet sets out the whole scheme of army demobilization, and it is reduced at the end to the form of question and answer. It deals with the navy, the air force, and the army. This matter was gone into at great length by a committee presided over by my honorable friend the secretary of state for India [Mr. Montagu], appointed by the previous government, and we have adopted the principle that demobilization must be governed by industrial requirements. It has been a most elaborate piece of work. We have had to have the army classified into trade groups, of which there are 42, and the department at the war office that deals with this side of the question fills me with admiration. Arrangements have been made to mark down first, what we call the demoblizers. They are the people required to start the demobilizing machinery. That has been done. The next group are what we call pivotal men, and here again I have issued a precise statement. You get in practically every work some men round whom the work revolves, and until they are there you can not get the work started. Therefore the ministry of labor have invited the different trades to specify their pivotal groups, and these are separately catalogued in the army.

The demobilization, whilst the man is with the colors, will be managed by the war office, but the order or priority of demobilization—the arrangement for picking out the pivotal men—is undertaken by the organization at the ministry of labor under Sir Stephenson Kent. The civil side is under that organization, and the army deals with the military side of it. Those are the two organizations which work in common, and which deal with the whole arrangements.

In discussing occupation we naturally have to have regard to those occupations the reestablishment of which causes the biggest amount of employment. We naturally put them very high in the scale. Therefore the priority grading of employment is based upon considerations of that kind. It must depend partly upon the time of the year, because grading is different now from what it would be in harvest time. At any rate, these pivotal men represent a group, and they, of course, will come back early. But within each group we have regard to the length of service the men have done during the war, whether a man is married, and other considerations of that kind. Another large group of the army which has been separately marked down, and which makes our problem very much easier, is that large group of men for whom there are jobs waiting for them when they come back. I am sure we all recognize that it is a national duty to secure these men the priority of reemployment when they return. I am glad to say, according to information I have received from the minister of labor, that more than 60 per cent of the men in the army are what are called "slip" men—that is to say, men who have jobs awaiting them. So that when a commanding officer receives an order to send back a certain number of men, he knows at once which men are the pivotal men and which men have a job awaiting them, and this eases our problem enormously with regard to employment at home. Those have been the governing considerations right through this very elaborate scheme.

The scheme deals with the whole of the army, whether at home or abroad. The committee considered very carefully the rate of demobilization. That necessarily must depend upon all kinds of military considerations, some of which are obvious, and the maximum rate of demobilization can clearly only be attained after some time, but the general scheme contemplates that the rate of demobilization from the forces at home will be the same compared with the rate of demobilization of the forces overseas. That at first, might look as if it gave some advantage to the men at home, but, as a matter of fact, the men at home, in the vast majority of cases, have seen foreign service; they have been abroad, therefore you can not distinguish in that way, and the scheme contemplates an equal demobilization of the two groups. The machinery by which they are to be demobilized is set out in detail in the pamphlet which I am circulating to honorable members, therefore I need not trouble the committee with it now. I may say that a man is sent primarily to a place that is called his dispersal station, which is near his home. There he receives a protection certificate, a railway warrant home, a cash payment of his war gratuity and an out-of-work donation policy, which lasts in the case of the soldiers 12 months and covers 26 weeks of unemployment, with benefit at the rate I have mentioned. He will receive the war gratuity. The precise method of the payment of that will be announced shortly. I believe it is likely that it will be paid in four weekly installments. The man will receive 28 days' furlough when he reaches his dispersal station, and will then receive pay and ration allowance during that time, and the separation allowance will also continue during that period.

There is another class of demobilized men, before I come to the officers, for whom we have to make special provision. A large number of men joined the army who had not completed their apprenticeship. It will be, I am sure, a waste of brains and energy if these men, after three or four years' service, have to go back to civil life and find that

they have lost their skill. They were practically unskilled workmen, and we must provide some incentive to their completing a short term of apprenticeship which will bring them up to a sufficient standard of skill. Therefore we have worked out this scheme for a system of completion of apprenticeship for men who have been serving in the forces. Again, I will circulate the full details, as it is a rather elaborate scheme. It is a rather elaborate scheme, but what it comes to is this—we discussed it with the employers and the workmen's representatives in great detail—the employer is to pay wages to the apprentice during the first 12 months representing not less than seven-twelfths of the current rate of wages, and the State makes them up to the man, so that he gets in the aggregate three-fourths of the wages to which he would have been entitled at that stage of his apprenticeship, and the next year it makes up to a bigger fraction still, namely, five-sixths. That is to say, what we really do, on the basis of the employer affording facilities for an intensive form of apprenticeship, is to make a contribution in view of the man's age being greater than it otherwise would have been, in order to bring up his wages practically to the standard of what they would have been at that stage of his career. The details are elaborate, therefore I do not give the committee anything but a bare statement.

Now I come to the question of officers. We have dealt with great care with the question of officers, and the committee, under Sir Reginald Brade, spent a great many months working on this business. I am sure the committee will recognize that in respect to a large number of young men of all branches of training who gave up their prospects, who have been in the army, and have become dislocated from their normal employment, we are under a very special heavy responsibility. The Government has accepted the general principle that from the beginning of demobilization and for a year afterwards permanent appointments in the civil service shall be reserved for ex-officers and ex-soldiers. As the rigid application of this rule, however, would exclude certain candidates with special qualification, it is intended that the rule should not apply (a) to the relatively small number of posts requiring special technical qualifications or involving special responsibility, and (b) that it should not apply to a limited number of cases in which men pronounced unfit on grounds of health for general service have been temporarily employed and are specially recommended by the heads of their departments. With those exceptions, by that means we open the civil service to ex-officers and ex-soldiers for 12 months after the war.

The next thing is that a great number of officers and men in various callings have had their professional training interrupted during the war, and it would be equally, as in the case of the skilled mechanic and the apprentice, very unfortunate if we were not to recognize that we have special responsibility with regard to enabling these men to complete their professional or other training. Therefore, it is recognized that the further training or education of young ex-officers in various callings, or men not officers, who have interrupted their training in those callings, is a matter in which we have special responsibility, and the war cabinet has agreed to the principles of a scheme whereby, where circumstances require, assistance with respect to fees and maintenance shall be given on the recommendation of the training committee to enable men in those classes to complete their training. The details of the scheme proposed will be announced very shortly.

With regard particularly to a special class of cases in which the one-man business figures very largely, we propose to make provision against that by continuing the civil liabilities department after the termination of the war, so that assistance subsequent to demobilization may be given in accordance with a scheme based upon the existing regulations of the department. That covers assistance with regard to officers and men who are unable, by reason of their undertaking military service, to meet their financial obligations after demobilization, and are thereby exposed to serious hardship, and the obligations in respect of which assistance may be granted are those arising in respect of rent, interest, and installments payable in respect of loans, including mortgages, installments payable under agreements for the purchase of business premises, a dwelling house, furniture, and the like, rates and taxes, insurance premiums, and school fees. We will continue the existing scheme for assisting those cases. There it will be within the discretion of the department which deals with the civil liabilities to make a grant, either in the form of a lump sum or by quarterly or other installments, and if in any particular case the department is of opinion that in lieu of assistance in respect of any of the specific obligations mentioned above it is desirable that assistance should be given for the purpose of enabling applicants to purchase stock, trade, or shop fittings, a grant may be given for this purpose.

In connection with reorganization, we have to consider another question which has been present to the mind of everyone, and that is the considerable and very right demand that in appropriate cases where they are capable of making good use of these facilities the men shall have some right of access to the land. A scheme has been worked out and examined in great detail by a cabinet committee, the details of which will be announced shortly, which will provide facilities for ex-service men of all branches of service, for settlement either on small holdings, allotments, or gardens.

Civil positions (priority of release). November 13 (2651).

Mr. MACPHERSON. Provision has been made in the demobilization scheme that those men whose civil positions have been kept open for them shall receive priority of release within their several industrial groups. Instructions will be issued in due course, but no application should be made by employers until public notification is given. While it is not proposed to differentiate between volunteers and conscripts as such, the object aimed at will be achieved by including in early drafts a certain proportion of those men who have served longest in a theater of active operations.

Information from employers. November 13 (2652).

Mr. ROBERTS (minister of labor). In order to assist the working of the scheme by which men with definite employment awaiting them can be released early, action in the direction indicated by the honorable and gallant member is being taken. Letters are being issued to employers suggesting that they should prepare particulars of men now with the forces whom they wish to engage immediately upon dispersal. The particulars required will be the men's names, the nature of the employment, and the rate of wages offered, and also, if possible, the unit, regimental number, and home address. It is not desired that these particulars should be supplied to the ministry of labor at present, but employers will be asked in due course to send the particulars to the employment exchanges on special cards which will be supplied.

Applications for release. November 14 (2869–2870).

Mr. ROBERTS. The civil demobilization and resettlement department of the ministry of labor will be responsible for dealing with applications for the release of men from the forces and for laying down the principles which, subject to the exigencies of the naval and military situation, will regulate the order of release. I propose to deal with both these points in a public announcement.

Police. November 14 (2876).

Mr. MACPHERSON. Provision has been made in the demobilization scheme for the early release of policemen serving with His Majesty's forces.

Procedure. November 18 (3201).

Mr. MACPHERSON. Men will be released from military service in accordance with a general scheme of industrial priority which is being prepared by the ministry of labor. When demobilization begins, dispersal drafts will be formed by officers commanding units strictly in accordance with instructions which have been laid down, wherein the principle of a priority on industrial grounds is combined with that of a limited priority on other grounds, such as marital condition, length of war service, etc.

Memento of service. November 19 (3310).

Mr. MACPHERSON. It is intended that on demobilization a soldier will retain his uniform (except greatcoat) and kit, and he will therefore keep his cap and badge.

Agricultural labor. November 19 (3310–11).

Mr. MACPHERSON. There are at present over 70,000 men in agricultural companies, and 5,000 plowmen who are in medical category "A" have just been sent out on two months' furlough. All men at home of any medical category, who are thrashers, are now being obtained from the army. During the harvest 20,000 soldiers were supplied, of whom about 3,000 are still engaged in potato lifting. Any men of low medical category who are experienced farm workers and are serving at home are being attached to agricultural companies and made available for agricultural work.

Professional men. November 19 (3338).

Dr. ADDISON. Arrangements have been made to earmark for early release when general demobilization begins soldiers who have definite offers of employment. The honorable member will appreciate the need for demobilizing first of all those men whose services are essential for the reestablishment of industries which will be able to absorb labor. In regulating the priority of release, due weight will be given to the industrial importance of surveyors and valuers.

Young soldiers (education). November 20 (3383–84).

Mr. MACPHERSON. It has been arranged that officers and men whose education has been interrupted by military service and who wish to resume their studies will be treated on the same basis as those men who have definite employment awaiting them, and they will be granted early release within the period of general dispersal. I am unable to make any statement as to when this release will take effect. * * * What I have tried to arrange is this: There are a great many brilliant young boys in officers' cadet battalions, and I am now most anxious that they should be allowed to attend their examinations at Oxford or Cambridge.

Building trade. November 20 (3419).

Mr. MACPHERSON. The urgent necessities of the building trade will not be lost sight of in the administration of the scheme of demobilization.

Business proprietors. November 20 (3419).

Mr. MACPHERSON. The general scheme of demobilization provides that proprietors of one-man businesses who will be able to recommence their business may be released from the army on the same basis as other men with employment awaiting them.

Pivotal men. November 21 (3452).

Mr. BRIDGEMAN (parliamentary secretary to the ministry of labor). Employers who wish to insure that men serving with the forces who desire to return to their employment are earmarked for early release should obtain from the nearest employment exchange a postcard (E. D. 406), enter on it each man's full name, unit, regimental number, and the theater of war or command where he is now serving, and return it to the exchange. These forms E. D. 406 are also obtainable from employment exchanges throughout Scotland.

Mr. CHAMBERLAIN. Mr. President, if we shall have some system like that, suitable of course to our conditions, I shall be fully justified in my suggestions about the matter.

Mr. President, there are many other things that I might say, but I have already detained the Senate very much longer than I had intended.

Mr. WATSON. Mr. President——

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

Mr. CHAMBERLAIN. I yield.

Mr. WATSON. Before the Senator takes his seat, I should like the privilege of asking him one question as to one phase of the present situation, in order that I may have his views; that is, with reference to the order of the Secretary of War against further promotions in the Army after a fixed period of time. I understood that an order had been issued by the Secretary of War that there should be no promotions after the armistice. Is there any truth in that statement?

Mr. CHAMBERLAIN. I have not received any information on that subject.

Mr. THOMAS. Mr. President, if the Senator from Oregon will permit me, I will inform the Senator from Indiana that I took that subject up some time ago with the Secretary of War, and I can state that he is in great sympathy with the proposition that promotions which have hitherto been ordered, but upon which commissions have not been issued, should be

granted, and, when it is possible, also granted with the discharge. It may be, however, that some legislation is necessary in regard to that.

The Secretary of War also suggested that it would be pleasing to him if every officer who has served and served well and with credit were advanced one point in promotion at the time of discharge.

Mr. SMOOT. Mr. President——

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

Mr. CHAMBERLAIN. Yes.

Mr. SMOOT. In further answer to the inquiry of the Senator from Indiana, I will say that I, too, had a conference with the Secretary of War upon the same matter; and, as I understood, the promotion that was to be given to an officer who was honorably discharged from the service was that he should be advanced one point, provided he remained in the Reserve Army.

Mr. THOMAS. I do not want to be understood as saying that the Secretary of War would do what I have stated he favored; but that is what he would like to do, and we may be able to assist him in that effort by enacting legislation here.

Mr. SMOOT. I had noticed the Senator from Colorado had introduced a bill directing the Secretary of War to issue such commissions where they had been recommended on or before November 11, 1918.

Mr. THOMAS. Yes; I have introduced a bill to that effect.

Mr. SMOOT. I do not think that it is absolutely necessary to have legislation in the matter. All the Secretary of War has to do is to revoke the order which was issued by the War Department and to issue those commissions up to November 11; but the order was that no matter whether a commission had been recommended through the regular military channels or not, if it had not actually been perfected at the time of the signing of the armistice it should go no further and the promotion should not be granted. I hope the Senator from Colorado will use all of his endeavors to see that the bill which he introduced shall be reported to the Senate, for I know there is a feeling both in the House and in the Senate that legislation of that kind ought to be enacted, and enacted at an early date.

Mr. THOMAS. I intend to make the effort at the next meeting of the Committee on Military Affairs to have the bill favorably reported.

Mr. CHAMBERLAIN. Mr. President, I am going to request that there be printed as an appendix to my remarks the report of Gen. Pershing to the Secretary of War. That report will be found in the report of the Secretary of War for the year 1918.

The PRESIDING OFFICER. Without objection, permission to do so will be granted.

The report referred to will be found as Appendix B at the close of Mr. CHAMBERLAIN's speech.

Mr. CHAMBERLAIN. Mr. President, reading Gen. Pershing's report, brief as it is, it will be seen that the splendid courage and conduct of the American troops reflected credit not only upon them but upon America as well. The combat operations from the time they first entered the lists of combatants is told in a soldier's way and with an eloquence which only a soldier can command. I am not going to refer to that report except to call attention to and ask Senators to read the account of the battle of St. Mihiel, which Gen. Pershing said was the first great offensive of our troops, to the story of the Meuse-Argonne offensive in its first phases, in its later phases, and in its final consummation. I do not believe that any army in the world ever made such a splendid record in so short a time. In those particular operations the American soldiers constituted a separate and an independent command, and they very soon convinced the allies that America had an Army in the field on which they could rely, and one which soon taught Germany that it must be respected and feared.

One of the remarkable things about it is that from the time of the first movement forward until the Germans surrendered there was never a backward step of the American troops, except at one time, and that was under the order of a commanding French officer. Even then the American officer in command of our reluctantly and temporarily retreating forces served notice upon the world that American soldiers could not understand why there had been given to them the order to retreat and that he was about to make a counteroffensive, which he did. Mr. President, from that hour to this very holy moment there has not been a time when America has not given a proper account of herself through her splendid soldiery.

Those soldiers, as well as those here who wanted to go but who were prevented by war's sudden ending, are of the best blood and of the flower and chivalry of this country. There is represented in our Army at home and abroad every community of American life, the best of American life. The farmer's son, the laborer's son, the lawyer's son, the banker's son, the rich and poor alike, from every avenue of this splendid Republic of ours, all are there, and they have together been marching shoulder to shoulder to a victory which not only means France redeemed but means civilization protected and perpetuated for America as well as for those other countries. Glad we ought to be that our boys, those by whom government in America must in the last analysis be administered, have assisted in conquering across the seas 3,000 miles from the homeland an army brutal in its nature, unrelenting in its enmities and in its hates, no respecter of women or of children, of innocence or of age, an army which has followed and justified the advice given to it at one time by its Kaiser, "Make yourselves more frightful than the Huns under Attila. See that for a thousand years no enemy mentions the very name 'Germany' without shuddering"; an army whose subjection will for all time remove a constant menace and an obstruction to civilization.

"By the light of the stars in Old Glory's free flag
We tramp through the battle field's night;
By our side floats the sun-flag of faithful Japan
As we charge through the smoky daylight.

"Hurrah for the roar of the guns that we man
For Belgium oppressed; or perchance,
Hurrah for our allies who march as one man
For every man's country and France!

"The tricolor 'll float with our aid once again
Where the Hun trod the lilies of France!
May God mark the road from Archangel to Rome
As the line of our final advance!

"There's red in the blood of our veins as it flows,
There's red in the flags that we bear,
May peace join the shamrock, the maple, the rose,
With the lily of France, everywhere!

"So here's to the way, and here's to the day
When victory's banner's unfurled
O'er the Anzac, Italian, the Serb, and the bear,
O'er the Briton, the Yank, and the world!"

America has played her part. Our soldier boys are coming back with an enlarged vision; they are coming back to take part with those who have been compelled to remain at home in the administration of the affairs of Government; and do not fear, Mr. President, that those, whoever they may be, who are responsible for their mistreatment, must give an account of themselves at the opportune moment.

Let us receive them, then, not only with loud and glad acclaim, Mr. President, but let us receive them with the tenderness which is their due for the suffering they have endured in the cause of liberty and of civilization.

APPENDIX A.

JUDGE HUGHES'S REPORT AND RECOMMENDATIONS ON THE AIRCRAFT PRODUCTION INVESTIGATION TRANSMITTED TO ATTORNEY GENERAL GREGORY.

WASHINGTON, D. C., *October 25, 1918.*

The ATTORNEY GENERAL:

I have the honor to submit the following report of the aircraft inquiry:

The investigation has been concerned with aircraft production. Other activities relating to aviation, but not to production, have been touched only incidentally. Thus, upward of 30 training or flying fields with numerous structures have been provided, and to meet other aviation needs a great variety of construction has been required, here and abroad. These enterprises, being aside from aircraft production itself, have not been the subject of this inquiry, save as transactions relating to Wilbur Wright Field and McCook Field have invited scrutiny by reason of the aircraft enterprises centered at Dayton, Ohio, and the activities of Edward A. Deeds and his former business associates.

Another governmental activity which does relate to aircraft production, but is conducted separately from the orders for airplanes and engines, is known as the sales department. The Government itself purchases large quantities of lumber, fabric, chemicals, etc., which it resells. When these commodities are supplied by the Government to contractors, the sales department is credited and the items are transferred to the other appropriate accounts. The largest item of this sort is for spruce. The account of the sales department for the fiscal year ending June 30, 1918, shows that spruce orders amounted to $76,211,360.35, on which there had been deliveries and payments aggregating $6,357,853.83, leaving unfilled orders of $69,853,506.52; and of the spruce delivered the Government had resold to the extent of $3,679,155.95. It appears that the Government had also (to June 30, 1918) invested in its cut-up plant at Vancouver, Wash., the sum of $1,487,237.81. While to some extent testimony has been taken bearing on the spruce contracts, it became evident as the inquiry proceeded that it would be impossible to reach any satisfactory conclusion with respect to the transactions of the spruce production division without a special inquiry on the Pacific coast, which, in view of the extent and character of the activities involved, would probably take several months. It has not been practicable to undertake this as yet, in view of the magnitude of the work involved in other branches of the investigation, and accordingly it has been left to be undertaken hereafter by the Department of Justice as it may be advised. For this reason, a report on the operations of the

spruce production division or of the sales department will not now be attempted. Also, in view of the importance of the present inquiry in its special relation to airplanes and airplane engines, transactions of the balloon division have not been examined.

Aside from these limitations, the inquiry has taken a wide range. It has been prosecuted without pause since it was begun in the latter part of May last. About 280 witnesses have been examined and over 17,000 pages of testimony have been taken. The more important plants have been visited, and a large part of the testimony has been taken at these plants where books, records, employees, and Government representatives have been available. To compass all the activities involved in aircraft production, reaching into a great variety of contracts and operations involving numerous plants and the expenditure of many millions of dollars, would require the constant efforts of a force of investigators for a year or more longer and also the services of an army of accountants charged with the responsibility of checking and auditing the work of the hundreds of Government representatives now supervising the contractors' accounts. It is impossible, of course, to say what irregularities or offenses such a protracted inquiry would bring to light, but the investigation has been sufficiently comprehensive to give, it is believed, a survey of the field as a whole and to disclose the facts bearing upon the serious charges which have been made.

In addition, and as a result of information received through this inquiry, there have been special proceedings before grand juries. Thus, on information of violations of the sabotage act at the Hammondsport (N. Y.) plant of the Curtiss Aeroplane & Motor Corporation, the matter was examined by the grand jury and indictments were returned in the western district of New York, and there have also been indictments in the same district for violations of this act at the North Elmwood plant, Buffalo, of the same corporation. There also has been a special investigation by the grand jury at Sacramento, with respect to conditions at the Liberty Iron Works.

It is manifestly impracticable to state the details of even the more important evidence, but the salient and controlling facts which have been elicited will be set forth, so far as this is deemed to be compatible with military exigency.

First. Appropriations and expenditures.

At the time of the declaration of a state of war with Germany, April 6, 1917, the appropriations available for aircraft production were those applicable to the fiscal year ending June 30, 1917. By the act of August 29, 1916, the sum of $14,281,766 was appropriated for the expenses of the Signal Service, with the proviso that not more than $13,281,666 should be used for the purchase, manufacture, maintenance, and operation of aircraft and of described vehicles necessary for the Aviation Section. It was further provided that not to exceed $50,000 should be used for the payment of all expenses in connection with the development of a suitable type of aviation motor and not more than $500 should be used for the cost of special technical instruction of officers of the Aviation Section. Of the total appropriation above mentioned the sum of $4,500,000 was later (act of May 12, 1917) made available for the establishment of aviation schools and experimental stations, and it was under this appropriation that Langley Field, Va., was acquired and developed.

The act of February 14, 1917, appropriated $3,600,000 for aircraft, buildings for equipment, and other accessories necessary in the Aviation Section, for use in connection with seacoast defenses.

The act of May 12, 1917, appropriated for the expenses of the Signal Service for the fiscal year ending June 30, 1918, the sum of $11,800,000, with the proviso that not more than $10,800,000 should be used for aircraft production, including experimentation, and for the buildings for equipment and personnel and necessary accessories. The sum of $43,450,000 was appropriated by the deficiency appropriation act of June 15, 1917, of which $31,846,067.16 became available, under the terms of the act, for the fiscal year 1917–18.

Provision for an adequate aircraft program for the Army was not made until the passage of the act of July 24, 1917, appropriating for aeronautical purposes the sum of $640,000,000.

STATEMENT FOR FISCAL YEAR JUNE 30, 1917, TO JUNE 30, 1918.

The aggregate of all aeronautical appropriations which were available for the Army for the fiscal year ending June 30, 1918, were as follows:

Act of July 24, 1917	$640,000,000.00
Other aeronautical appropriations	51,851,866.47
Total	691,851,866.47

The estimated obligations charged against these appropriations during the fiscal year amounted to $933,948,959.03. To the extent of $176,924,903.42 this excess represented obligations of the sales department already described, for which it was contemplated there would be reimbursement by resales. (Of this last-mentioned amount there were reported as disbursed in the sales department (to June 30, 1918) that is, for deliveries of materials, $25,966,739.95 [corrections on further accounting raised this amount to $26,557,706.87], the resales amounting to $19,008,150.26, and the balance representing assets on hand.) Exclusive of the obligations of the sales department, the estimated aeronautical obligations of the Government for the fiscal year 1917–18 amounted to $757,024,055.61. These obligations were calculated on estimated costs, and the excess over the total aeronautical appropriations (that is, over $691,851,866.47) will largely be offset by savings on the estimated costs and by cancellations of orders.

OBLIGATIONS OTHER THAN FOR AIRPLANES AND ENGINES.

The estimated obligations for the aviation equipment division covered not only airplanes and engines, but a variety of equipment and other essentials. Thus the estimated obligations, charged against the $640,000,000 appropriation, for transportation, including motor trucks, chassis, motorcycles, bicycles, etc., amounted to $42,938,630.73; for general equipment, including various sorts of apparatus and supplies, $34,979,741.53; for maintenance, including maintenance of supply depots, planting of castor beans, etc., $17,948,955.60; for special clothing for aviators, mechanics, etc., $2,520,512.63; for machine guns, ammunition, and bombs, $29,249,033.29; for acquisition of plants $2,595,599.83; and for miscellaneous equipment, including various incidental expenses of officers, stations, and schools, $7,748,617.75.

There were also charged against the $640,000,000 appropriation the estimated obligations of the construction division, embracing training fields and construction here and abroad, amounting to $62,232,664.55; of the balloon division (covering balloons and accessories), $16,910,891.20; of the schools division, $1,016,223.48; and of the finance division, including the pay of reserve corps and of civilian employees, and the reserve for foreign expenditures, $35,963,417.55. The various estimated obligations for similar purposes other than for airplanes and engines, which were charged against the other aeronautical appropriations for the fiscal year 1917–18, aggregated $28,009,060.92.

Thus out of the total estimated obligations ($757,024,055.61) for all aeronautical purposes, exclusive of the sales department, the estimated obligations for purposes other than airplanes and engines aggregated $282,113,349.06.

OBLIGATIONS FOR AIRPLANES AND ENGINES.

The amount of the estimated obligations for airplanes and engines, and spare parts of both (including experimental and development work), charged to June 30, 1918, against the aeronautical appropriations for the fiscal year 1917–18 was as follows:

Charged to the $640,000,000 appropriation	$457,379,122.15
Charged to other appropriations	17,531,584.40
Total	474,910,706.55

ACTUAL DISBURSEMENTS FOR ALL AERONAUTICAL PURPOSES.

It should be noted that the amounts above stated represent estimated obligations, not actual disbursements. Although obligations were incurred, payments were to be made only as payments were earned by performance of contracts. Payments prior to June 30, 1918, were made on vouchers for amounts represented as earned, but such payments were only a part of the estimated obligations, by reason of delays in production. Further payments should be made only as production goes forward and contracts are duly performed.

Thus, as against the total estimated obligations for aeronautical purposes, aggregating $933,948,959.03 (including the sales department), the disbursements reported down to June 30, 1918, amounted to the sum of $430,234,316.99. Out of the $640,000,000 appropriation, the total disbursements for the fiscal year for all aeronautical purposes (that is, embracing those apart from airplanes and engines, as well as for the latter) amounted to $363,818,014.87 (subject to correction by addition of $590,966.62 for sales department); and, according to the accounts of the Bureau of Aircraft Production, there remained of this appropriation in the Treasury of the United States on June 30, 1918, the sum of $276,181,985.13. According to the books of the Treasury Department, the unexpended balance of the $640,000,000 appropriation amounted on June 29, 1917, to $304,478,211.70. The difference of $28,296,226.57 is explained by the existence of unwithdrawn balances which had been allotted to the Quartermaster Corps and the Ordnance Department, and by various credits pertaining to the month of June which were not received in the Bureau of Aircraft Production until July.

ACTUAL DISBURSEMENTS FOR AIRPLANES AND ENGINES.

The actual payments for the fiscal year 1917–18 against the estimated obligations for airplanes and engines, and spare parts of both (including payments for experimental and development work), are reported by the finance division of the Bureau of Aircraft Production as amounting to $155,535,946.41, as follows:

Disbursed from the $640,000,000 appropriation	$142,908,398.95
Disbursed from other appropriations	12,627,547.46
Total	155,535,946.41

These disbursements included not only payments to contractors for articles delivered or on account of work and materials, but also advances in the nature of loans to contractors, upon security, made by the War Credits Board, and, in addition, the payments which had been made for the manufacture of planes and engines overseas.

The payments for manufacture overseas amounted to $25,605,074.31, as follows:

Cash remittances to overseas disbursing officers for payment on overseas contracts for airplanes and engines	$16,600,000.00
Paid on purchase of materials, supplies, etc., purchased by United States for shipment abroad to be used in overseas manufacture of airplanes and engines. [This includes the compensation of the purchasing agent, The J. G. White Engineering Corporation, amounting to 3 per cent of the purchases, or $262,662.02]	9,005,074.31
Total	25,605,074.31

The unpaid balances of advances to contractors (whose contracts are embraced in the obligations for airplanes and engines above described), these advances being repayable to the Government, amounted on June 30, 1918 (exclusive of interest), to $21,491,551.14. The principal contractors who have received these advances are specified below:

Contractor.	Advances authorized.	Advances made.	Balance unpaid June 30, 1918 (without interest).
Curtiss Aeroplane & Motor Corporation	$8,000,000	$8,000,000	$5,561,645.94
Dayton Wright Airplane Co.	2,500,000	2,000,000	1,405,222.57
Duesenberg Motors Corporation	1,650,000	1,650,000	1,632,447.97
Fisher Body Corporation	2,000,000	2,000,000	1,944,933.33
Lincoln Motor Co.	6,500,000	6,500,000	6,255,392.00
Nordyke & Marmon Co.	2,000,000	2,000,000	2,000,000.00
Packard Motor Car Co.	5,000,000	5,000,000	1,731,232.00
Trego Motors Corporation	315,000	285,000	281,695.70
Willys-Overland Co.	2,500,000	2,500,000	451,861.25
Various other contractors			227,120.38
Total			21,491,551.14

The amounts paid, to June 30, 1918, on account of experimental and development work on airplanes and engines amounted to $1,697,830.19, of which the principal items are these:

Expenditures of experimental station at McCook Field	$974,300.20
Director, Bureau of Standards	64,077.33
Department of Agriculture	34,540.82
Packard Motor Car Co.	249,159.10
Dayton Wright Airplane Co. (other vouchers allowed before June 30, 1918, but not paid until later, $89,630.52)	48,120.89
Dayton Metal Products Co.	66,097.14
Miscellaneous payments	261,535.21
Total	1,697,830.19

Deducting these advances and the payments of experimental and development work, the disbursements to the end of the fiscal year, June 30, 1918, for airplanes and engines and their parts manufactured or in process of manufacture in the United States amounted to $106,741,490.77, as follows:

Total disbursed for airplanes and engines		$155,535,946.41
Less—		
For overseas manufacture	$25,605,074.31	
For advances to contractors	21,491,551.14	
For experimental and development work	1,697,830.19	
		48,794,455.64
Disbursed on account of production in United States		106,741,490.77

Airplanes and engines delivered during fiscal year ending June 30, 1918.

The reported deliveries of airplanes and engines made prior to June 30, 1918, are as follows:

AIRPLANES.

Elementary training planes:		
JN4-D	2,972	
SJ-1	1,600	
		4,572
Advanced training planes:		
JN4-H—		
Training	402	
Gunnery	321	
JN6-HB	100	
S4-B	100	
S4-C	73	
Penguin	50	
		1,046
Combat and bombing planes:		
DeH-4	529	
Bristol Fighter	24	
		553
Total planes		6,171

ENGINES.

Elementary training:		
OX-5	5,474	
A7a	2,188	
		7,662
Advanced training:		
Hispano, 150 horsepower	2,188	
Gnome, 100 horsepower	209	
LeRhone, 80 horsepower	68	
Lawrence, 28 horsepower	114	
		2,579
Combat and bombing:		
United States 12 cylinder (Army type)	1,615	
United States 12 cylinder (Navy type)	775	
Hispano, 300 horsepower	2	
		2,392
Total engines		12,633

For some of the units thus delivered payments had not yet been made at the close of the fiscal year. The payments to June 30, 1918, covered about 5,530 of the airplanes delivered and about 9,750 of the engines delivered. In addition, there had been deliveries of various planes and engine parts, and the greater part of these were also covered by the payments above mentioned. And there were also large payments to contractors under cost-plus contracts for labor, materials, and overhead charges in connection with work in process.

ALLOCATION OF PAYMENTS TO JUNE 30, 1918.

The payments for the production of airplanes and engines, and parts, were made under two classes of contracts, (1) fixed price, and (2) cost-plus contracts:

Payments under fixed-price contracts	$57,193,621.06
Payments under cost-plus contracts	49,547,869.71
Total	106,741,490.77

FIXED-PRICE CONTRACTS.

In the case of payments under fixed-price contracts the payments presupposed delivery to and acceptance by the Government of the articles contracted for. Most of the JN training planes, 150 of the Standard J-1 training planes, metal parts for Handley-Page planes, all the engines for the elementary training planes, and 1,500 of the Hispano-Sulza 150-horsepower engines are embraced in the orders placed on a fixed-price basis. Large numbers of parts of planes and engines were ordered on the same basis.

The payments under fixed-price contracts are shown to have been distributed as follows:

For engines and their parts	$23,216,930.28
For airplanes and their parts	33,976,690.78
Total	57,193,621.06

COST-PLUS CONTRACTS.

The cost-plus contracts for engines and parts related to the Liberty engines (United States twelves), most of the Hispano-Suiza, and the Le Rhome, Gnome, and Bugatti engines. Among airplanes 1,450 of the Standard J-1 elementary training planes, the De Haviland four, and Bristol service planes, and the Handley-Page wood parts were under cost-plus contracts. The following is the distribution of payments under cost-plus contracts to June 30, 1918:

For engines and their parts	$28,348,487.44
For airplanes and their parts	21,199,382.27
Total	49,547,869.71

These payments (being exclusive of advances in the nature of loans) embraced (1) cost of special tools and "Increased facilities" owned by the Government, but located in contractors' plants, (2) fixed profits on completed units delivered, (3) royalties on completed units delivered, (4) cost of manufacture of completed units delivered, and (5) payments for work in process—that is, for materials, labor, and overhead expense applicable to units in course of production. The distribution of these payments to June 30, 1918, is:

Special tools and increased facilities owned by the Government	$6,840,971.70
Fixed profits on completed units delivered	3,279,028.18
Royalties on completed units delivered	374,986.40
Payments to June 30, 1918, under cost-plus contracts for labor, materials, and overhead charges applicable to delivered units and to work in process	39,052,883.43
Total	49,547,869.71

It is impossible at this time, by reason of the state of the accounts, to divide the last item covering cost of manufacture so as to give separately the manufacturing cost (exclusive of fixed profits and royalties) of the units which had been delivered and the cost of work in process at the close of the fiscal year.

Appropriations and obligations for fiscal year, June 30, 1918, to June 30, 1919.

CONTINUANCE OF PRIOR APPROPRIATIONS.

The act of July 9, 1918, making appropriations for the fiscal year 1918–19, continued the prior appropriation of $640,000,000, and other aeronautical appropriations, thus making them available for the present fiscal year and for the payment of obligations incurred prior to the passage of the act. Under this provision the production orders given in the last fiscal year, which remain uncanceled, will be continued and payments will be made in accordance with the terms of the existing contracts as production progresses.

NEW APPROPRIATIONS.

The act of July 9, 1918, also made a new appropriation for the Air Service of $884,304,758. This appropriation is available for the purchase, manufacture, maintenance, repair, and operation of airships, war balloons, and other aerial machines, with equipment, aviation stations, schools, and fields; for the expenses of officers, enlisted men, and civilian employees; and also for training, experimental work, creation, expansion, acquisition, and development of plants, etc. Of this amount there has been apportioned for Air Service productions the sum of $760,000,000, of which $200,000,000 has been set aside for airplanes, their spare parts, instruments, and accessories; $250,000,000 for engines, their repair parts, instruments, and accessories; and $200,000,000 for foreign expenditures. Various items for balloons, oils, gases and chemicals, transportation, plants, miscellaneous equipment and supplies, experimentation, and pay of Reserve Corps and civilians make up the remainder.

Against this new appropriation, thus apportioned, the obligations incurred to September 30, 1918 (exclusive of the sales department) amounted to $151,580,503.35, of which $21,603,470.90 is for airplanes, their spare parts, etc., and $102,746,372.91 is for engines, their repair parts, etc. The total payments against the new obligations amounted to September 30, 1918, to $3,670,707.66 (exclusive of foreign expenditures and transfers to other departments), leaving then unexpended of the new appropriation of $760,000,000 apportioned to Air Service production, the sum of $756,329,292.34.

PAYMENTS SINCE JUNE 30, 1918, AND TOTAL PAYMENTS TO DATE.

The last financial reports available are of September 30, 1918. The disbursements to that date which were made after June 30, 1918, for all aeronautical purposes and were chargeable to the appropriations for the prior fiscal year (continued as above stated) are as follows:

Disbursed from the $640,000,000 appropriation (act of June 24, 1917)	$128,265,038.31
Disbursed from other aeronautical appropriations	7,250,915.36
Total disbursed since June 30, 1918, under prior appropriations for aeronautical purposes	135,515,953.67

The total disbursements for aeronautical purposes from June 30, 1918, to September 30, 1918, are, in the aggregate:

Under appropriations prior to June 30, 1918	$135,515,953.67
Under appropriations after that date, as above	3,670,707.66
Total	139,186,661.33

These disbursements for all aeronautical purposes can not at present be apportioned so as to show separately the amounts disbursed since June 30, 1918, for airplanes and engines and parts.

DELIVERIES TO OCTOBER 11, 1918.

The total deliveries of airplanes and engines (exclusive of spare parts) to October 11, 1918, appear, by the Government's reports, to be as follows:

TRAINING PLANES.

	Since June 30, 1918.	Total to Oct. 11, 1918.
JN-4D	615	3,587
SJ-1		1,600
JN-4H and JN-6H	609	1,432
S4-B		100
S4-C	225	298
Penguin	245	295
E-1	12	12
Total	1,706	7,321

ENGINES FOR TRAINING PLANES.

OX-5	2,532	8,006
A-7a (Hall-Scott)	62	2,250
Gnome 100 horsepower	69	278
Le Rhone 80 horsepower	679	747
Hispano, 150 horsepower	824	3,012
Lawrence	328	442
Total	4,494	14,735

SERVICE PLANES.

De Haviland fours	1,821	[1]2,350
Handley-Page (parts 85 per cent complete)	[2]100	100
Le-Pere	5	5
SE-5	2	2
Total	1,928	2,457

ENGINES FOR SERVICE PLANES.

Liberty (U. S.) twelves	7,290	[1]9,689
Hispano, 180 horsepower	242	242
Hispano, 300 horsepower	3	5
Bugatti	1	1
Total	7,545	9,937

[1] Since the above was prepared information has been received that to Oct. 18, 1918, 2,556 De Haviland fours and 10,568 Liberty (U. S.) twelves have been delivered.
[2] 25 sets of wooden parts and no metal parts delivered to June 30, 1918.

Payments for airplanes condemned.

STANDARD J-1 TRAINING PLANES.

This type of plane was condemned as dangerous in June, 1918, because of the unsuitability of the motor (Hall-Scott, A7a) used with it. There were 1,600 of these SJ-1 planes ordered and delivered, and all deliveries had been made prior to June 30, 1918. The entire amount disbursed for these planes and their spare parts to September 30, 1918, the date of the last financial statement, is $11,027,733.61, of which $8,593,576.11 was under cost-plus contracts.

There were 2,250 A7a engines ordered for these planes, all of which, with parts, have been delivered. The amount disbursed for these engines and parts (exclusively under fixed-price contracts) to September 30, 1918, amounted to $6,487,134.75.

The aggregate cost of the SJ-1 planes with the A7a engines with spare parts to September 30, 1918, amounted to $17,514,868.36.

There appears to have been no defect in the SJ-1 plane itself, and there is an expectation that it may be utilized by the installation of another engine. The cost of adapting these planes to such an installation may amount to $2,000 a plane.

What salvage may ultimately be gained in this way, or on the A7a engines, can not now be determined.

BRISTOL FIGHTERS.

The Bristol Fighter was condemned as unsafe in July, 1918. A contract for 2,000 of these planes and for 1,200 sets of spare parts had been placed with the Curtiss Aeroplane & Motor Corporation on a cost-plus basis, at an estimated cost of $19,190,100. Orders were also given to the Hayes-Ionia Co. and to the Lewis Spring & Axle Co., each for 400 sets of spare parts, at the estimated cost of $1,890,000, or $3,780,000 in all. The estimated cost of the Bristol planes and spares was thus $22,970,100.

Only 27 had been delivered prior to cancellation, but there was a large amount of work in process. The amount shown by the accounts of the Bureau of Aircraft Production to have been paid on these contracts to September 30, 1918 (exclusive of "increased facilities" owned by the Government) is about $2,350,000. Taking the materials purchased for the Bristols, the labor and estimated overhead charges, it would appear that the total amount expended by the Curtiss Co. in the course of the production of the Bristols was about $3,000,000. This does not include any claim for damages for the cancellation of the contract. The finance division of the Bureau of Aircraft Production makes a general estimate (which includes unpaid vouchers and possible claims for damages growing out of the cancellation of contracts) that the aggregate cost of the Bristol will amount to about $6,500,000. What salvage there may be on the materials can not now be determined.

The Liberty engines intended to be used in the Bristols can be utilized in other planes.

On this estimate the cost to the Government of the SJ-1 planes (with engines), and on the Bristol planes, subject to reduction by whatever salvage there may be, amounts to $24,000,000. [Further information has been received that a contract is contemplated under which about $3,500,000 of Bristol parts may be used in a new type of plane, which, if successful, would reduce the estimated loss on the Bristols to $3,000,000 and the total loss on SJ-1s and Bristols, subject to salvage on the SJ-1s, to $20,500,000.]

Second. Responsible officers and advisory boards.

By the act of July 24, 1917, full authority was given to the President to provide through the War Department for the purchase, manufacture, maintenance, and operation of all types of aircraft, with all necessary equipment.

SIGNAL CORPS.

Under the Secretary of War the authority to establish the aircraft program and the control and administration of matters relating to aircraft production for the Army were vested in the Chief Signal Officer, Brig. Gen. George O. Squier. It was under his direction that the organization of the Aviation Section of the Signal Corps, with its various departments of production, supply, inspection, and accounting was effected. The matter of aircraft production was intrusted to the equipment division, which was organized on August 2, 1917. Edward A. Deeds was made chief of this division, with Sydney D. Waldon as his assistant. At the same time Robert L. Montgomery was made chief of the finance and supply division. There was a reorganization on August 29, 1917, by which these two divisions were abolished and the functions of both were transferred to a new Equipment Division, with Edward A. Deeds in charge. Robert L. Montgomery was made the head of the finance department of the equipment division. Deeds, Montgomery, and Waldon had been members of the Aircraft Production Board, and in or about August, 1917, they were commissioned with the rank of colonel. Thus Col. Deeds, as the head of the Equipment Division, had direct charge under the Chief Signal Officer of all matters relating to aircraft production. On January 14, 1918, Col. Deeds became industrial executive in the Executive Division of the Signal Corps, and was succeeded by Col. Montgomery as head of the Equipment Division, but despite the change in technical relation it is apparent that Col. Deeds remained in practical charge, under the Chief Signal Officer, of production. In February, 1918, William C. Potter became the head of the Equipment Division, and remained in this position until the passage of the act of May 20, 1918.

BUREAU OF AIRCRAFT PRODUCTION.

By order of the President, dated May 20, 1918 (promulgated May 24, 1918), the Chief Signal Officer was put in charge of military signal duties not connected with the Aviation Section; Gen. W. L. Kenly was appointed Director of Military Aeronautics and charged with the duties which had formerly pertained to the Aviation Section, except so far as they related to aircraft production, and for the latter purpose the executive agency known as the Bureau of Aircraft Production was established. Mr. John D. Ryan was appointed head of this bureau and thus became Director of Aircraft Production, Mr. Potter taking the post of assistant director.

Advisory Bodies.

NATIONAL ADVISORY COMMITTEE FOR AERONAUTICS.

By the act of March 3, 1915, an Advisory Committee for Aeronautics was established, to consist of two members from the War Department, two from the Navy Department, a representative each of the Smithsonian Institution, of the United States Weather Bureau, and of the United States Bureau of Standards, together with not more than five additional persons qualified as experts. The prescribed duty of the committee was to supervise and direct the scientific study of the problems of flying with a view to their practical solution. This body has been continuously maintained; it has examined numerous inventions and has been engaged in scientific study. But it has had nothing to do with the formulation of the aircraft program or with decisions as to the types of planes or engines selected for production.

The committee was also active in securing the adjustment reflected in what is known as the cross-license agreement for the payment of royalties for the use of patented inventions pertaining to aircraft.

JOINT ARMY AND NAVY TECHNICAL AIRCRAFT BOARD.

This board was constituted in the early part of May, 1917. It was composed of officers of special qualifications by reason of scientific study and experience, who were designated by the Secretary of War and the Secretary of the Navy, respectively. The declared purpose was "to standardize, so far as possible, the designs and general specifications of aircraft except Zeppelins." The board has been in continuous existence and has made various recommendations. These, however, have not been controlling and the board has had no authority to enforce its views.

AIRCRAFT PRODUCTION BOARD.

The Aircraft Production Board was created in May, 1917, pursuant to a resolution of the Council of National Defense. Its function was solely advisory. The initial steps in organization were taken under the authority of the Council of National Defense by Howard E. Coffin, who became chairman of the board and selected the civilian personnel, consisting of Edward A. Deeds, Sidney D. Waldon and Robert L. Montgomery. Mr. Coffin—vice president of the Hudsen Motor Car Co.—was a member of the Advisory Commission of the Council of National Defense. Mr. Deeds had been engaged in manufacturing enterprises at Dayton; in April, 1917, he had been appointed a member of the munitions standards board and placed on the subcommittee on fuses and detonators. Mr. Waldon had formerly been a vice president of the Packard Motor Car Co. Mr. Montgomery was a member of the firm of Montgomery, Clothier & Tyler, bankers and brokers, of Philadelphia. In addition to the four civilian members, the chief signal officer and Rear Admiral D. W. Taylor, Chief of the Bureau of Construction, were appointed members of the board, representing the Army and Navy, respectively.

While the Aircraft Production Board had no authority to commit the Government, the board was continuously active in the formulation of programs and the adoption of resolutions of advice. Numerous contracts for airplanes and engines were placed upon its recommendation. When the Equipment Division of the Aviation Section of the Signal Corps was organized in August, 1917, the work of the board became of less actual importance, though it was still conspicuous in routine. Col. Deeds, Col. Waldon, and Col. Montgomery now had executive duties in the Equipment Division under the Chief Signal Officer, and for the most part the recommendations relating to the Army aircraft program naturally followed the views of the Army officers who were in actual control. Similarly, the recommendations relating to the Navy reflected Navy proposals. The board, however, afforded a valuable opportunity for the interchange of opinion and the unification of effort.

AIRCRAFT BOARD.

The Aircraft Board, superseding the former organization, was established by the act of October 1, 1917. This was composed of nine members, including the Chief Signal Officer (Maj. Gen. Squier) and two other representatives of the Army, and the Chief Constructor of the Navy (Rear Admiral Irwin) and two other naval officers. For the Army, the Secretary of War designated Col. Deeds and Col. Montgomery; and for the Navy, the Secretary of the Navy designated Capt. N. E. Irwin and Lieut. Commander A. F. Atkins. The civilian members, appointed by the President with the advice and consent of the Senate, were Mr. Coffin (chairman), Richard F. Howe (who had been connected with the International Harvester Co.), and Harry B. Thayer (president of the Western Electric Co.)—the last named being appointed in February, 1918.

The act creating the Aircraft Board empowered it under the direction and control of the Secretary of War and the Secretary of the Navy, "to supervise and direct, in accordance with the requirements prescribed or approved by the respective departments, the purchase, production, and manufacture of aircraft, engines, and all ordnance and instruments used in connection therewith, and accessories and materials therefor, including the purchase, lease, acquisition, or construction of plants for the manufacture of aircraft, engines, and accessories: *Provided*, That the board may make recommendations as to contracts and their distribution in connection with the foregoing, but every contract shall be made by the already constituted authorities of the respective departments."

It was also provided that "except upon the joint and concurrent approval of the Secretary of War and the Secretary of the Navy there shall not be established or maintained under the board any office or organization duplicating or replacing, in whole or in part, any office or organization now existing that can be properly established or maintained by appropriations made for or available for the military or naval service."

In February, 1918, Acting Judge Advocate Gen. S. T. Ansell gave an opinion to the effect that the provisions of the act should be construed to contemplate "only advisory or recommendatory functions." Thereupon, the Chief Signal Officer, in an order approved by the Secretary of War and the Secretary of the Navy, defined the duties of the Aircraft Board as follows:

"(a) To act as a clearing house between the General Staff and the Signal Corps for all matters pertaining to raw materials for foreign governments for the production of aircraft, the Equipment Division of the Signal Corps to act as purchasing agency.

"(b) To act as a clearing house between the General Staff and the Signal Corps for all information in relation to requirements of foreign governments for aircraft to be manufactured in the United States.

"(c) To act as a clearing house for all information as to requirements as between the Army and Navy for aircraft and raw materials.

"(d) To study the requirements of the Army and Navy as regards combat and training planes. To study types with the technical divisions of the Army and Navy to the end that recommendations be made that given types be placed with industrial plants best fitted to undertake their manufacture. The Aircraft Board shall have no direct communication with manufacturing plants, except through the medium of the procurement divisions.

"(e) As a result of above studies the Aircraft Board may recommend that preparations be made for production before actual contracts are made.

"(f) To recommend the placing of experimental contract.

"(g) All programs should be made up by the board from information which shall be furnished by the proper Army and Navy military and naval branches on the one hand and the equipment and production divisions of the Army and Navy on the other. All foreign cables respecting aircraft production should be cleared through the board.

"(h) The Aircraft Board should be the instrumentality through which contact is made on matters of large policy with other bodies, such as Shipping Board, allied representatives, etc."

Despite the broad language of the act of Congress as to the power which might be committed to the board under the direction of the Secretary of War and the Secretary of the Navy, it will be observed that this Executive order had the effect of greatly limiting the authority of the board and that it was denied even the right to hold "direct communication with manufacturing plants." It was further provided that all programs should be made up by the board "from information which shall be furnished by the proper Army and Navy military and naval branches on the one hand and the equipment and production divisions of the Army and Navy on the other." The manifest purpose was to leave no question that the actual control of aircraft production rested with the military and naval officers.

The Aircraft Board held frequent sessions and continuously made recommendations upon which action was taken and contracts placed, the service of the board being virtually that of a clearing house for proposals which generally emanated from the responsible authorities and in all cases were dependent upon the action of these authorities for their final approval and execution.

Third. Personal interests.

There are no common-law offenses against the United States, and a charge of crime under Federal law must rest exclusively upon the violation of a Federal criminal statute. (United States *v.* Eaton, 144 U. S. 677, 687; United States *v.* George, 228 U. S. 422.)

The applicable statutes of the United States dealing with the question of personal interest of officers and agents of the Government in Government contracts are the following:

(1) Section 41 of the Criminal Code of the United States, formerly section 1783 of the Revised Statutes, provides:

"SEC. 41. No officer or agent of any corporation, joint-stock company, or association, and no member or agent of any firm, corporation directly or indirectly interested in the pecuniary profits or contracts of such corporation, joint-stock company, association, or firm shall be employed or shall act as an officer or agent of the United States for the transaction of business with such corporation, joint-stock company, association, or firm. Whoever shall violate the provision of this section shall be fined not more than $2,000 and imprisoned not more than two years."

Under this statute it is not enough that an interested person merely recommends or advises transactions with the Government. To constitute a violation of the statute the interested person must "be employed" or "act as an officer or agent of the United States for the transaction of business with such corporation," and so forth.

(2) Section 3 of the act of August 10, 1917 (food and fuel control act), provides:

"SEC. 3. That no person acting either as a voluntary or paid agent or employee of the United States in any capacity, including an advisory capacity, shall solicit, induce, or attempt to induce any person or officer authorized to execute or to direct the execution of contracts on behalf of the United States to make any contract or give any order for the furnishing to the United States of work, labor, or services, or of materials, supplies, or other property of any kind or character if such agent or employee has any pecuniary interest in such contract or order, or if he or any firm of which he is a member, or corporation, joint-stock company, or association of which he is an officer or stockholder, or in the pecuniary profits of which he is directly or indirectly interested, shall be a party thereto. Nor shall any agent or employee make, or permit any committee or other body of which he is a member to make, or participate in making, any recommendation concerning such contract or order to any council, board, or commission of the United States, or any member or subordinate thereof, without making to the best of his knowledge and belief a full and complete disclosure in writing to such council, board, commission, or subordinate of any and every pecuniary interest which he may have in such contract or order and of his interest in any firm, corporation, company, or association being a party thereto. Nor shall he participate in the awarding of such contract or giving such order. Any willful violation of any of the provisions of this section shall be punishable by a fine of not more than $10,000 or by imprisonment of not more than five years, or both: *Provided*, That the provisions of this section shall not change, alter, or repeal section 41 of chapter 321, Thirty-fifth Statutes at Large."

This section covers those who act in an advisory capacity. It has no application to transactions occurring before its passage.

It is apparent that the section was guardedly drawn and its limitations should be noted. The first sentence of the section applies to interested persons only where they "solicit, induce, or attempt to induce" any person or officer, who is "authorized to execute, or to direct the execution of contracts," to make any contract or give any order for labor, services, materials, etc. The use of different expressions in the different clauses of the section suggests possible shades of meaning. The act of recommending does not come within the first sentence unless it is found to amount to "soliciting," "inducing," or "attempting to induce," nor does the first sentence cover solicitations addressed to others than the persons or officers duly authorized to make the contracts or give the orders.

The second sentence relates to "recommendations" by interested persons, but it is limited to recommendations made "to any council, board, or commission of the United States or any member or subordinate thereof" in the absence of the disclosure described. Apparently this sentence does not cover recommendations made to individual officers acting under the authority conferred upon them by law, who are not members or subordinates of a "council, board, or commission."

The third sentence provides that the interested person shall not "participate in the awarding of such contract or giving such order." This would seem to relate to those who take part in the actual awarding of the contract or giving of the order and not to those who act in an advisory capacity only.

The section concludes with the proviso that its provisions shall not alter or repeal section 41 of the Criminal Code above quoted.

To come within these statutes an interested person must either (1) act as an officer or agent of the Government for the transaction of business with the concern in which he is interested, or (2) solicit, induce, or attempt to induce the person or officer, who is authorized to execute or direct the execution of contracts, to make a contract with, or give an order to, the concern to which the interest relates, or (3) take part in a recommendation to a "council, board, or commission," or subordinate or members thereof, without the disclosure stated, or (4) participate in the award of the contract or giving of the order.

In connection with these statutes attention may be called to the following provision, which appears as a rider in the appropriation act of March 3, 1917, immediately following an appropriation for the distribution of documents (39 Stat., p. 1106):

"*Provided*, That on and after July 1, 1919, no Government official or employee shall receive any salary in connection with his services as such an official or employee from any source other than the Government of the United States, except as may be contributed out of the treasury of any State, county, or municipality, and no person, association, or corporation shall make any contribution to, or in any way supplement the salary of, any Government official or employee for the services performed by him for the Government of the United States. Any person violating any of the terms of this proviso shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be punished by a fine of not less than $1,000 or imprisonment for not less than six months, or by both such fine and imprisonment, as the court may determine."

It will be noted that this provision, enacted in March, 1917, is not to be operative until July 1, 1919. It may be contended with force that this constitutes a legislative declaration, by implication, that the action described by the provision—that is, the mere supplementing of the pay of Government officials by private contributions—should not be deemed contrary to law prior to the date fixed.

Individual relations of officials.

PRESENT BUREAU OF AIRCRAFT PRODUCTION.

(John D. Ryan—William C. Potter.)

There is no suggestion and no evidence that either Mr. Ryan or Mr. Potter has taken any part in Government transactions with any concern in which he has a personal interest.

MEMBERS OF THE AIRCRAFT BOARD.

The relations of the members of this board who received commissions in the Army are stated hereafter. As to Mr. Coffin and as to the naval officers who were members of this board, it should be said that there is no evidence that any one of them has taken any part in transactions or recommendations relating to any corporation, firm, or association in which he has an interest. Disclosures of interest in particular corporations have been made from time to time by Mr. Howe and Mr. Thayer, and with respect to such corporations it appears that they have abstained from participating in the recommendations made by the board, except that Mr. Howe in his disclosure of interest to the board on February 12, 1918, stated that he was interested in a corporation holding preferred stock of the Willys-Overland Co. and that he was present at the meetings of the board on December 7 and December 18, when resolutions involving a contract with that company were passed, but that he was not aware of such financial interest at those times. As the board acts in an advisory capacity simply, section 41 of the Criminal Code can not be regarded as applicable, and the limitations of section 3 of the act of August 10, 1917, with respect to mere recommendations, have already been pointed out.

OFFICERS OF THE SIGNAL CORPS FORMERLY IN CONTROL OF AIRCRAFT PRODUCTION.

(1) The Chief Signal Officer: It does not appear that Gen. Squier had any interest in any corporations or concerns transacting business with the Signal Corps. The defects in the organization, which was created under his direction for the purpose of aircraft production, are matters distinct from any question of personal interest and will be considered in another division of this report.

(2) Col. Edward A. Deeds: The charges pertaining to personal interest in Government contracts relate particularly to Col. Edward A. Deeds and grow out of the highly suggestive transactions with his former business associates at Dayton. These transactions have been subjected to careful scrutiny.

Col. Deeds was born near Granville, Ohio, on March 12, 1874. There is testimony that he once said that his name originally was "Dietz." No public record has been found to this effect. Col. Deeds denies making the remark attributed to him and states that his family has borne the name of Deeds for at least four generations—his great-grandfather of that name coming from Pennsylvania. For many years Col. Deeds was an officer of the National Cash Register Co. and was one of several connected with that organization who were indicted in the Federal District Court for the Southern District of Ohio, in 1912, for violation of the Sherman Antitrust Act. Upon the trial Deeds, with other defendants, was convicted, but this conviction was set aside by the circuit court of appeals (Patterson *v.* United States, 222 Fed., 599) and the prosecution went no further.

At the time of our entry into the war Mr. Deeds had large business interest at Dayton. His intimate business associates were Charles F. Kettering and H. E. Talbott. Mr. Deeds and Mr. Kettering (an inventor and engineer of ability) have been jointly associated in many enterprises with equal shares, it being their policy to organize corporations and to take their respective interests in stocks. Mr. Deeds has supplied the financial talent and Mr. Kettering, who is without any aptitude for business details, the engineering skill. They have had, and still have, a common agent of a highly confidential sort—George B. Smith, of Dayton—who holds the power of attorney of each, keeps their respective books, has charge of their bank accounts, signs their

checks, and generally looks after their financial affairs. They are still associated in various undertakings and their relations are of the most intimate character.

In 1904 Kettering was employed in the National Cash Register Co. as a designer in the engineering department, and later he became associated with Deeds in the development of what is known as the Delco ignition system for automobiles. In the course of this development Deeds and Kettering organized the Dayton Engineering Laboratories Co., known as the Delco Co. The enterprise was successful, and the common stock was sold by Deeds and Kettering in 1916 to the United Motors Corporation for several million dollars in cash and certain shares of stock. Deeds and Kettering each retained a few shares of preferred stock. Deeds continued as president of the corporation, with a salary of $60,000 a year, and Kettering as vice president, with a salary of $50,000.

In April, 1915, Deeds, Kettering, H. E. Talbott, sr., and his son, H. E. Talbott, jr., organized the Dayton Metal Products Co. with a capital stock of $200,000. The stock was held as follows: Talbott, sr., 900 shares; Deeds, 500 shares; Kettering, 499 shares, Talbott, jr., 99 shares; Charles H. Mead, 1 share; and George B. McCann, 1 share. Prior to our entry into the war this company had profitable fuse contracts with the British Government, and had accumulated a considerable surplus. It appears that in the spring of 1917 both Deeds and Talbott were appointed on the subcommittee on fuses and detonators of the Munitions Standards Board. In 1916 the company had a contract with the Navy Department for fuses, and it received other fuse contracts from the Navy and the Ordnance Department of the Army in 1917. As vice president of this company, Deeds had a salary of $25,000 a year. The relation of the Dayton Metal Products Co. to aircraft production is that this company, in the latter part of the year 1917, acquired all the stock (save four qualifying shares) of the Dayton Wright Airplane Co., and also had subcontracts for metal parts with contractors making airplanes and engines. The Dayton Metal Products Co. also subscribed and paid for 1,000 shares (par value, $100,000) of the stock of the Lincoln Motor Co., which was organized to build Liberty engines, and had a paid-up capital stock of $850,000.

In September, 1916, Deeds and Kettering organized the Domestic Building Co., of Dayton, for the purpose of erecting and financing plants for the use of various companies. The capital stock is now $1,000,000, of which all but four qualifying shares are held by Deeds and Kettering, in equal parts. This company owned the land and erected the building acquired by the Dayton Wright Airplane Co. for its principal airplane plant.

On April 9, 1917, the Dayton Wright Airplane Co. was incorporated with a capital stock of $500,000 by Deeds, Kettering, H. E. Talbott, and H. E. Talbott, jr., in conjunction with Orville Wright. They had taken over the former Wright organization and thus had started an airplane enterprise at Dayton in a small way in the summer of 1916. The larger enterprise of the Dayton Wright Airplane Co. was launched about the time of our entry into the war, manifestly with the expectation of obtaining Government contracts. While Deeds was one of the incorporators, he did not become a stockholder, the subscriptions for the first 5,000 shares being as follows: H. E. Talbott, 1,990 shares; C. F. Kettering, 2,000 shares; H. E. Talbott, jr., 990 shares; George H. Mead, 10 shares; and C. A. Craighead, 10 shares. In August, 1917, the capital stock was increased to $1,000,000 ($600,000 common and $400,000 preferred). The new common stock was taken by Messrs. Talbott and Kettering in the proportion of two-fifths, two-fifths, and one-fifth. There were early negotiations for a Government contract, and as early as June 12, 1917, a contract with the company was recommended by the Aircraft Production Board. The contract was executed on August 17, 1917 (under date of Aug. 1, 1917), and was for 400 Standard J-1 training planes, at the fixed price of $6,500 each. For this there was substituted the contract dated September 7, 1917, which was also recommended by the Aircraft Production Board and was approved by Gen. Squier. This contract was for 400 Standard J airplanes, 2,000 De Haviland nines, and 1,500 Martinsydes, with spare parts. By later modifications the Martinsydes and De Haviland nines were omitted and provision was made for 4,000 De Haviland fours. These contracts were on a cost-plus basis, the estimated amount involved being upward of $30,000,000. There was to be a fixed profit of $620 on each Standard J plane and $875 on each De Haviland, making a total fixed profit of about $3,750,000, exclusive of fixed profit on spare parts covered by the contract, thus expected to be earned, according to the contemplated deliveries, before the end of 1918. The contract also provided for additional profits to the extent of 25 per cent of the saving under the bogey or estimated cost of the planes ($7,000 on the De Havilands), and it is estimated that the additional profit on this basis would have amounted to over $2,600,000. When the bogey cost of $7,000 was fixed, letters were obtained from the Dayton Wright Airplane Co. and from the Fisher Body Corporation (which also had a contract for De Havilands) that after 250 machines had been produced there would be an equitable adjustment if the bogey cost was found to be "materially wrong."

Accordingly, a contract is now about to be signed reducing the bogey cost to $5,000 and the fixed profit to $625 per plane. Even at this rate the fixed profit on the 4,000 De Havilands will be $2,500,000, and it is believed that there will be an additional profit through saving under the bogey cost and on spare parts of not less than $1,000,000. In August and September, 1917, when the first Government contracts were awarded, the capital stock of the company ($1,000,000) had not been paid in. It was not paid in until December 1, 1917, when, in one transaction, the stock was paid for and all the shares, preferred and common, save five qualifying shares, were transferred to the Dayton Metal Products Co., which thus became, and still remains, the owner of the Dayton Wright Airplane Co. As the latter company practically received nothing on the issue of its capital stock save the fixed property represented by its plants, it was lacking in working capital, and this at the outset was supplied by various loans and advances of the interested parties. In December the Government agreed to advance the company $2,500,000, of which $1,500,000 was advanced at once.

The name of Orville Wright was used in this enterprise, but his chief activity has been as a consulting engineer in connection with experimental work. He has not been responsible for production. Mr. Kettering is an engineer of ability, but his work also has been that of experimental engineering; he is not a manufacturing or production expert. Much emphasis is placed by the parties concerned upon the fact that they were able to avail themselves of the old Wright organization, which has been continued as already stated. But this was a very slender basis for the prompt selection of this newly organized company, which had not even completed its financial arrangements, as one of the few companies immediately admitted to the advantages of large and highly profitable Government contracts. The promoters of this enterprise, not content with these profits which were to accrue to them either directly or through their ownership of the Dayton Metal Products Co., at once took advantage of the opportunity to increase their gains by salaries as executive officers of the Dayton Wright Airplane Co. Dating from August 1, 1917, the salaries thus allowed were as follows: H. E. Talbott, sr., $35,000; C. F. Kettering, $35,000; and H. E. Talbott, jr. (30 years old, who was made president of the company), $30,000. Talbott, sr., was at the time receiving, and continued to receive, $60,000 a year as president of the Dayton Metal Products Co., Kettering received a salary of $25,000 from the Dayton Metal Products Co. and $50,000 from the Delco Co., and Talbott, jr., was also receiving a salary of $18,000 from the Dayton Metal Products Co.

There would seem to be no question but that the members of the Aircraft Production Board in recommending contracts had confidence in the capacity of those undertaking the venture, and the previous success of this group, while Mr. Deeds had been associated with them, was well known. But the fact remains that practically at the inception of the Government's aviation activity in connection with the war, and within the sphere of Col. Deeds's important, if not commanding, influence, his former business associates were placed at once, through Government contracts, in a position where they had the assurance of very large profits upon a relatively small investment of their own money and in addition were able to secure generous salaries which they charged against the Government as part of the cost of manufacture.

That Deeds, Kettering, and Talbott continued to be on the most intimate and confidential footing in connection with the prosecution of the Government work by the Dayton Wright Airplane Co. is apparent from their correspondence, of which the following are excerpts:

Letter, Deeds to Kettering, June 13, 1917:

WASHINGTON, *June 13, 1917.*

Mr. C. F. KETTERING,
City National Bank Building, Dayton, Ohio.

MY DEAR C. F.: You will be interested to know that the standard training machine is going to be called the United States primary training and will not be called the Curtiss J. N. This was decided last week, and I forgot to tell you when in Dayton.

Provision will be made for either Mr. Coffin or myself to appear before the S. A. E. [Society of Automotive Engineers], and as I am one of the committee on arrangements will see that the plans of the Aircraft Production Board get properly before the association.

Relative to the design of planes, I do not care to write what is being done, but will discuss it with you when I get home, and you will see that we have already gone away down the pike in this matter. Everything is lining up now in pretty good shape.

Yours, very truly, E. A.

Telegram, Deeds to Talbott, July 3, 1917:

JULY 3, 1917.

Mr. H. E. TALBOTT,
Dayton, Ohio:

Gen. Squier went direct to Detroit. Will probably spend Fourth at his old home in Michigan. May be in Dayton Thursday or Friday, arriving there from Detroit or from Champaign, Ill. Harold, Kettering, and Wright can take care of him. He will be interested in the Dayton Wright factory and laboratory, Orville Wright laboratory, and especially Mr. Kettering's views on scientific subjects. In general, he is highly technical.

E. A. DEEDS.

Telegram, Kettering to Deeds, August 4, 1917:

DAYTON, OHIO, *August 4, 1917.*

E. A. DEEDS,
Room 527, Munsey Building, Washington, D. C.:

We believe all confidential telegrams should be sent to Mr. H. E. Talbott, sr., City National Bank Building, or George B. Smith, instead of the Dayton Wright Airplane Co.

C. F. KETTERING.

Telegram, Deeds to Kettering, August 4, 1917:

AUGUST 4, 1917.

Mr. C. F. KETTERING,
City National Bank Building, Dayton, Ohio:

Hereafter all confidential telegrams will be sent to H. E. Talbott, sr., instead of to the Dayton Wright Airplane Co.

E. A. DEEDS.

Telegram, Deeds to Talbott, September 16, 1917:

OLD POINT, VA., *September 16, 1917.*

Mr. H. E. TALBOTT,
Dayton, Ohio:

For your personal information as coming from your local attorney, Judge Advocate General has ruled it legal for Government to select one, contractor one, and the two a third as appraisers of market value of plant at expiration of contract. If you care to raise the question, the above will be found to be the final ruling.

E. A. DEEDS.

When this last telegram, which puts in a strong light the relations of the parties, was sent, Deeds was an officer in the Army. This highly improper conduct, in holding communication in this matter with his former business associate in a transaction pending between the Dayton Wright Co. and the Government department in Col. Deeds's charge, demands the attention of the military authorities.

But evidence of favoritism, influence, or confidential communications of this sort, however otherwise reprehensible, do not make out criminal liability under the statutes above quoted, unless it appears that the representative of the Government has a pecuniary interest in the Government contract or order, or is an officer or stockholder of, or has a pecuniary interest in, a corporation, firm, or association which is a party to the Government contract or order. And the question is whether Col. Deeds had such an interest. His statement is that he had no such interest, but, on the contrary, had given up large salaries to devote himself to the Government service.

About the time he received his commission as colonel in the Army Mr. Deeds addressed the following communications to the Secretary of War and to the Aircraft Production Board, under date of August 28, 1917:

WASHINGTON, D. C., *August 28, 1917.*

Hon. NEWTON D. BAKER,
Secretary of War, Washington, D. C.

DEAR SIR: You have honored me by appointment temporarily as an officer in the Regular Army of the United States and as a member of the Aircraft Production Board connected with your department. It is possible that this board in the development of the airplane work may wish to recommend a contract with some of the corporations in which

I have had an interest. Following the advice of counsel, I have resigned my official relations with these corporations and made bona fide transfers of my stock therein to other parties.

For your protection as well as my own, I desire to file with your department a copy of a written disclosure of my relations, both past and present, to these corporations which I have this day filed with the Aircraft Production Board, and I inclose same herewith.

In serving in the positions to which you have appointed me I desire to comply with both the spirit and letter of the law, and to do no act which might invite criticism upon myself or your department.

I count it an honor and privilege to be thus called into the service of our country, and am pleased to make whatever sacrifice of time and money that service may demand.

I inclose a second copy of my statement to be filed with you as chairman of the Council of National Defense.

Yours, very respectfully,

(Signed) E. A. DEEDS.

WASHINGTON, D. C., *August 28, 1917.*

The AIRCRAFT PRODUCTION BOARD,
Washington, D. C.

GENTLEMEN: As a member of your board and interested in the letting of contracts on the recommendation of that board on behalf of the Government, I desire at this time to make a full and complete disclosure of the interest I may have in any corporation which might be a party to any such contract or which might furnish supplies to the Government through the instrumentalities of your board.

I was a stockholder and officer in the following, to wit:

(1) The United Motors Co. of New York, being a union of several companies manufacturing automobile parts.

(2) The Dayton Engineering Laboratories Co., of Dayton, Ohio, manufacturers of ignition and starting devices for automobiles.

(3) The Dayton Metal Products Co., of Dayton, Ohio, engaged, among other things, in the manufacture of munitions.

(4) The Domestic Building Co., of Dayton, Ohio, a corporation formed for the development of real estate and which now owns the land and buildings leased to the Dayton Wright Airplane Co.

In all of the foregoing corporations I have severed my official connection therewith by resignation and have made a bona fide transfer to other parties of all my stock therein.

In addition to the above corporations, I was an incorporator of the Dayton Wright Airplane Co., but never owned any stock therein. I am also the president of and a large stockholder in the Domestic Engineering Co., of Dayton, Ohio, makers of Delco light plants, and expect to retain my official connection therewith and my financial interest therein.

I also own the ground embraced in the Moraine Experimental Flying Field near Dayton, Ohio, used for aviation purposes, but out of which I receive no compensation.

I make this disclosure now so that your board, as the representative of the Government, may be fully informed as to my relations, past and present, with these corporations, and be thus enabled to act wisely on any order or contract involving any of these corporations, either directly or indirectly. I desire that this written disclosure be recorded in the minutes of your board for the mutual protection of all of us.

Yours, very respectfully,

(Signed) E. A. DEEDS.

The facts with respect to the disposition of Col. Deeds's interests (so far as pertinent to this inquiry) and the method of disposition are as follows:

UNITED MOTORS CORPORATION—DAYTON ENGINEERING LABORATORIES CO.

The significance of Col. Deeds's statement with respect to the disposition of his interests in these corporations is that the Delco ignition system is used in the airplane engine known as the Liberty motor. In the planes manufactured abroad the magneto ignition system had been used and, prior to its use on the Liberty motor, it appears that the Delco system had not been employed on an airplane engine. In the specifications for the Liberty motor the Delco system was required to be installed with the first 20,000 engines. As already stated, the Delco system is controlled by the Dayton Engineering Laboratories Co. (Delco Co.), and this company is owned by the United Motors Corporation.

On the sale of his Delco stock to the United Motors Corporation, Deeds had received, in addition to cash, 30,000 shares (no par value) of its stock. [The total issued stock amounted to 1,200,000 shares.] After certain distributions, he still held at the time in question 17,500 of these shares. He also had an interest in a pool of certain shares, on which 3,880 additional shares were received in November, 1917. In his letter (above quoted) to the Aircraft Production Board, Deeds stated that he had severed his official connection with the United Motors Corporation and had made a bona fide transfer of his shares. He had resigned as vice president and director on August 16, 1917. The only transfer made by him of any of his shares in that company was by gift to his wife. He indorsed for transfer the certificates for 17,500 shares on October 13, 1917, and they were transferred to Mrs. Deeds's name on October 17, 1917. Thereafter, it is testified, they were held by the confidential agent, George B. Smith, for her account. Entries of the transfer were made in Col. Deeds's books by Smith not earlier than October, 1917, and were dated back to August 28, 1917. In the statement of his assets on August 31, 1917, submitted to him by Smith, the shares appear as part of his property. Mrs. Deeds's name first appears in the statement of assets of October 31, 1917. The remaining shares (3,880) received on the dissolution of the pool, about November 22, 1917, were transferred from the pool manager directly to Mrs. Deeds, as Mr. Deeds's donee, and the certificates were received by Smith on her behalf. Prior to the transfer of the stock in October and at the time of Col. Deeds's letter to the Aircraft Production Board he had simply told his wife that it was to be her stock, and it does not appear that there had been an effective gift of the shares. The actual value of the 21,380 shares was approximately $500,000.

In addition to these shares in the United Motors Corporation, Deeds also held 38 shares of Delco preferred stock, which he had retained at the time of the sale of his common stock. These preferred shares he transferred to Kettering. It appears that the transfer was first entered by Smith in Col. Deeds's private journal in December, 1917. The date of the entry was afterwards changed to August 28, 1917, to correspond to the date when Smith was notified that Col. Deeds had received his commission in the Army. The stock was transferred to Kettering on the books of the company on October 13, 1917. The payment was made by debits in Deeds's open account with Kettering.

If there were evidence that Col. Deeds had acted as officer or agent of the Government in the transactions with the Delco Co. or with the United Motors Corporation prior to October 13, 1917, there would be ground by reason of his interest for charging a violation of the statute, and it may be doubted whether there was then or thereafter such a transfer as would avail to take the case out of the statutory prohibition. But there is no evidence that Deeds acted for the Government in any transaction with either of these corporations. So far as appears the Government made no contracts for Delco ignition either with the Delco Co. or with the United Motors Corporation. The contracts for the Delco system were made by the contractors who were manufacturing the engines under contracts with the Government, and the dealings with the Delco Co. or with the United Motors Corporation in relation to the Delco system were had by these contractors. It must also be said that, despite the natural inference from former business association and interests, the proof is lacking that the selection of the Delco system was due to the solicitation of Deeds. It can hardly be questioned that the design of the Liberty motor contemplated the use of the Delco system and that the magneto system could be used only by a special adaptation. The Delco system, however, had been extensively used for automobiles, notably by the Cadillac and Packard companies, and was in high favor with those who were developing the Liberty motor. While there has been a question as to which system was preferable, and it has been understood that foreign representatives at first did not approve the departure from foreign practice, and many may still be found to disapprove it, there is considerable evidence that the use of Delco ignition has been growing in favor and there has been testimony in this investigation from impartial and competent sources commending its adoption.

Special attention has been given to the memorandum directing the use of the Delco system in the first 20,000 Liberty motors. In the first memorandum by Maj. Gray, chief of the specification section, under date of October 6, 1916, the accessories recommended were so placed that the Delco ignition came last on the list. This was then rearranged, apparently to attract less attention to Delco, in alphabetical order. The recommendation, Maj. Gray testifies, for the use of the Delco system and the other accessories specified came from Maj. Vincent, one of the designers of the Liberty motor and then executive officer of the airplane experimental department of the equipment division, who stated that he did not believe they would be justified "in specifying for quantity production any other accessories than those which had thus far been tested out satisfactorily." The situation was a delicate one, says Maj. Gray, as Maj. Gray himself had been president of the Hess Bright Co. (he had resigned his office and disposed of his holdings in June, 1917), whose ball bearings were required as one of the accessories, and Col. Deeds had developed the Delco system. Maj. Gray testifies that he brought the question to Col. Deeds's attention, who said, "I do not like really to have anything to say about it, because in that list is the Delco ignition, and if I authorize it, it will look as though I have an ax to grind." The sum of the matter is that there is no satisfactory evidence that Col. Deeds signed, prepared, or directed the order for the use of the Delco ignition, although it can not be doubted that he desired the system to be used. Nor is there evidence that any recommendation was made by Col. Deeds to the Aircraft Board or to any other council, board, or commission regarding the matter.

His statement to the Aircraft Production Board on August 28, 1917, that he had made a bona fide transfer of all his stock in the United Motors Corporation, when the stock had not in fact been transferred, and at most he contemplated a gift of the stock to his wife, was neither candid nor truthful, and is certainly not to be regarded as a "full and complete disclosure." But in the absence of proof of solicitation, inducement, or recommendation by him, or action on his part as an officer or agent of the Government in transactions with the United Motors Corporation or the Delco Co., there are no facts bringing the case within the statutory prohibition.

DOMESTIC BUILDING CO.

In his letter of August 28, 1917, to the Aircraft Production Board, Col. Deeds stated that he had made a bona fide transfer of his stock in this company. This was not true. It appears that on that date he resigned the office of president of the company, but he did not dispose of his stock. The stock of that company is still held in equal portions by Deeds and Kettering.

Col. Deeds was plainly led to make the statement in his letter by the fact that the Domestic Building Co. had acquired the land and had erected the building which was in course of completion, and was then occupied and intended to be used as the principal plant of the Dayton Wright Airplane Co. for the manufacture of airplanes. It is said that in anticipation of a lease of the property to the Dayton Wright Airpalne Co., it had been agreed prior to August 28, 1917, that Deeds's stock in the Domestic Building Co. should be sold to Kettering. But there is not sufficient evidence of a definite and binding agreement to that effect, or of anything more than a loose understanding between intimates, whose arrangements could at any time be adjusted to suit their mutual convenience. Certainly, there had been no transfer of the stock. It was not until November that there was an adjustment of accounts with this company, and then, instead of a sale of his stock by Deeds, he retained his stock in the Domestic Building Co., and the plant erected by that company was purchased by Talbott, sr., Kettering, and Talbott, jr., who at once transferred it to the Dayton Wright Airplane Co.

On February 4, 1918, the Domestic Building Co. made a direct conveyance to the Dayton Wright Airplane Co. of an additional tract of 8.34 acres, adjoining the first tract, at the price of $13,344, or $1,600 per acre.

However, there is no ground, so far as the retention of Deeds's stock interest in the Domestic Building Co. is concerned, for charging a violation of statute. It is not enough that the Dayton Wright Airplane Co. purchased these properties, or that certain advances by Deeds were taken into account in fixing the purchase price of the main plant, or that both parcels of land were sold at more than the amount they had cost the Domestic Building Co. The Government has never had any contracts with the Domestic Building Co. and it does not appear that Col. Deeds has acted as an officer or agent of the Government in any transactions between the Government and that company. The gratuitous statement contained in his letter to the Aircraft Production Board that he had made a transfer of all his stock in this company may be said to indicate a willingness to state, as an accomplished fact, a transaction which never took place but was merely in contemplation as a step to be taken if deemed to be necessary.

DAYTON WRIGHT AIRPLANE CO.

Col. Deeds's statement in his letter of August 28, 1917, that he had never been a stockholder in this company was true. The stock is owned by the Dayton Metal Products Co., and if Col. Deeds had or has any interest through stock ownership in the profits on its contracts with the Government, this interest must be derived from an interest in the stock of the Dayton Metal Products Co.

His relation to the organization of the Dayton Wright Airplane Co. is this: He was an incorporator, and while he did not subscribe for stock, and none was issued in his name, the payment of the stock of the company to the extent of upward of four-fifths of its par value was made, in substance, by the transfer to the company of the plant built by the Domestic Building Co. owned by Deeds and Kettering, and this company received therefor unsecured notes of Talbott, sr., Kettering, and Talbott, jr., only a small part of which has been paid. Thus Deeds and Kettering through the Domestic Building Co. virtually furnished the main plant of the Dayton Wright Airplane Co. on a credit to the Talbotts and Kettering. The transaction was as follows:

The airplane factory was erected on a tract which the Domestic Building Co. had acquired from the Moraine Development Co. (a corporation in which Deeds and Kettering were largely interested) at a price a little more over $753 an acre. The building was intended for the use of the Domestic Engineering Co., another concern owned by Deeds and Kettering, which was engaged in the business of supplying Delco lights for general illuminating purposes. It was later decided that it should be used by the Dayton Wright Airplane Co., which entered into possession. Still later it was arranged that the syndicate composed of Talbott, sr., Kettering, and Talbott, jr., should purchase the plant from the Domestic Building Co. and convey it to the Dayton Wright Airplane Co.

In November, 1917 (while the building was still incomplete), Mr. Allan R. Smart, a public accountant (of Barrow, Wade, Guthrie & Co.), made an adjustment of the accounts of Deeds, Kettering, Talbott, sr., and Talbott, jr., for various advances, and a balance was struck of $683,732.16 as owing to the Domestic Building Co. In this adjustment the land (25.55 acres) was taken at $1,200 an acre and the building at the amount of the expenditures upon it, making the price of the plant (called the Moraine plant) $836,401.08. The balance of $683,732.16 was covered by three individual notes of Talbott, sr., Kettering, and Talbott, jr., in the proportion of two-fifths, two-fifths, and one-fifth, as follows: H. E. Talbott, $273,492.87; C. F. Kettering, $273,492.87; and H. E. Talbott, jr., $136,746.43. All of the notes were dated November 4, 1917, and were payable to the Domestic Building Co. one year after date, with 6 per cent interest. The notes are unsecured. The makers of the notes have paid interest quarterly, and, in addition, Talbott, sr., has paid $3,492.87 on the principal of his note, reducing it to $270,000, and Talbott, jr., has paid $26,746.43 on the principal of his note, reducing it to $110,000. It appears that Mr. Kettering has made payments of $6,000. This transaction left the Talbotts and Kettering as the owners of the Moraine plant, which the Dayton Wright Airplane Co. was operating, and the stock of the Dayton Wright Airplane Co., for which they had subscribed, had not been paid in.

The payment of the subscriptions for the stock of the Dayton Wright Airplane Co., the concurrent payment by that company for two plants (the Moraine plant, already mentiond, and another at Miamisburg), and the transfer of its stock, thus paid for, to the Dayton Metal Products Co. were effected by an exchange of checks on December 1, 1917. Shortly before the Miamisburg plant had been acquired by Talbott, sr. (for the syndicate), for the sum of $60,000 and was turned over to the Dayton Wright Airplane Co. at $127,202, the profit being divided between himself, Kettering, and Talbott, jr., according to their respective interests in the syndicate. To accomplish the desired result the following procedure was adopted:

The Dayton Wright Airplane Co. gave to the syndicate its check for the sum of $955,071.25, made up of the purchase price of the Moraine and Miamisburg plants ($836,401.08 less an item of interest ($8,531.83) for the Moraine, or main plant, and $127,202 for the Miamisburg plant). The Dayton Metal Products Co. gave its checks to the syndicate for $183,459.55, for various balances of accounts, and for $999,500, the purchase price at par of the stock of the Dayton Wright Airplane Co. (less 5 shares retained). The syndicate thus received checks to the aggregate amount of $2,138,030.80. The syndicate gave their check to the Dayton Wright Airplane Co. in payment of the capital stock of $1,000,000 and another check to the Dayton Metal Products Co. for $1,136,537.20 as the purchase price of certain securities which the Dayton Metal Products Co. sold to the syndicate, making the total of the syndicate's checks $2,136,537.20. The Dayton Wright Airplane Co. gave its check to the Dayton Metal Products Co. in repayment of advances for $44,928.75, the difference between the sum of $955,071.25 paid by the company for the plants and the sum of $1,000,000 received for its stock. The transaction was accomplished with a minimum use of cash (less than $1,500), and as a result the Dayton Metal Products Co. had all the stock (save 5 shares) of the Dayton Wright Airplane Co., the Dayton Wright Airplane Co. had the Moraine and the Miamisburg plants, Messrs. Talbotts and Kettering had the securities which they had purchased from the Dayton Metal Products Co., and the Domestic Building Co. (owned by Deeds and Kettering) continued to hold the notes which the Talbotts and Kettering had given to that company on the settlement in November.

On the transfer by the syndicate of the shares of the Dayton Wright Airplane Co. to the Dayton Metal Products Co. it was agreed that all dividends in excess of 7 per cent per annum on the transferred stock and in excess of 8 per cent per annum on the common stock should be paid to Talbott, sr., Kettering, and Talbott, jr., in the proportion of two-fifths, two-fifths, and one-fifth. Why they should have desired these profits to be divided in the syndicate proportions instead of taking the profits through their dividends in the proportions in which they held the stock of the Dayton Metal Products Co., the purchaser of the shares, has not been made clear. The Talbotts and Kettering also took an option from the Dayton Metal Products Co. to repurchase all the shares at any time within five years for the sum of $999,500.

DAYTON METAL PRODUCTS CO.

Col. Deeds originally held one-fourth of the stock of this company, or 500 shares. It appears from the minutes of the board of directors that at a meeting of the board in Dayton on May 21, 1917, President Talbott stated that the company had been advised by the Ordnance Department of the Army "that, in all probability, the entire facilities of the company would be utilized for munition work, and in all probability contracts would be given to the company as soon as appropriations were made by the Government." It is further set forth "that Mr. E. A. Deeds explained that he had been called to Washington and requested to take place on some of the committees of the Council of National Defense; that he had been to Washington and that he had accepted the call; and he therefore desired it that he might act as uninterested, directly or indirectly, in any manufacturing plant which was contemplating business with the Government, and that he desired to offer his resignation as vice president and as director of the company." The minutes show the acceptance of this resignation and that Mr. Kettering was elected vice president. The minutes of the meeting of May 21, 1917, conclude with the following statement:

"At this meeting Mr. Deeds offered for sale and discussed probable purchasers for his stock in the Dayton Metal Products Co., and Mr. Deeds offered to the directors his entire holdings of stock at its book value less 15 per cent to cover costs and probable losses in view of the possibility of no future Government contracts being secured and the business of the company would have to be readjusted into lines being developed by the experimental department."

Some time subsequently—in the early part of the year 1918—the accountant drew a line across the last-mentioned statement in the minutes. He explains that he did not consider it "a corporate record," but a matter between the stockholders.

The testimony of the parties concerned is that Talbott, sr., Kettering, and Talbott, jr., purchased all Deeds's shares in the Dayton Metal Products Co. at their book value as of May 1, 1917, less 15 per cent, and gave in settlement of the purchase price their notes as follows:

H. E. Talbott, 200 shares	$207,706
C. F. Kettering, 200 shares	207,706
H. E. Talbott, jr., 100 shares	103,853

The notes were dated May 22, 1917, were payable to Deeds's order one year after date, with interest at 4½ per cent, and were placed in the hands of George B. Smith, the confidential agent of Deeds and Kettering. The notes were wholly unsecured. According to the stock certificate book the old certificates were canceled and new certificates issued to the Talbotts and Kettering under date of May 22, 1917.

It is not only open to doubt whether the transaction described in the minute book took place on May 21, 1917, but on all the evidence it is reasonably clear that it did not take place on that date. The minutes are typewritten and pasted in the minute book. No one of the parties is willing to testify positively that the proceedings described in the minutes took place on that day. Mr. S. S. King, of the Dayton Lumber & Manufacturing Co., has testified that he and Deeds went to Washington on the same train on May 18, 1917, and that they were in communication every day in Washington, from May 19 to 23. Furthermore, it appears that on May 21, 1917, when Mr. Deeds is represented as making his statement at the meeting of directors in Dayton, he was making his first appearance, according to the minutes of the Aircraft Production Board, at a meeting held by that board on that day in Washington. He himself testifies that he was in Washington on that day. While Mr. Deeds is represented as resigning his office as vice president of the Dayton Metal Products Co. in May, 1917, he continued to draw his salary until the end of June, 1917. The notes were placed in the custody of the confidential agent, Smith, but he made no entry in Deeds's bills receivable book of these notes until September. It does not satisfactorily appear, in view of the nature of some of the items, that the adjustment of accounts in fixing the book value and the determination of the amounts of the notes could have been made before June 30, 1917. There are stock certificates bearing the date of May 22, 1917, and purporting to have been issued after the issue of the new certificates to the Talbotts and Kettering for the Deeds shares, but these certificates were issued to members of the Talbott family, dividing the shares he had formerly held.

Upon all the evidence it is not established that the stock was purchased as early as May 22, 1917, and there are many indications that the transaction was dated back to that date.

However, Col. Deeds's stock was actually transferred on the books of the company, and the notes dated May 22, 1917, were given, apparently, not later than September, 1917.

On December 31, 1917, interest was paid by the makers on their respective notes to that date, and interest was paid quarterly thereafter. On January 18, 1918, Talbott, sr., paid $7,706 on account of the principal, reducing his note to $200,000; in February, 1918, Talbott, jr., paid $3,853 on account of the principal, reducing his note to $100,000, and on September 11, 1918, Kettering paid, on account of his note, the sum of $10,000.

If the transaction was a bona fide sale of the stock, Col. Deeds thereby parted with all his stock interest in the Dayton Metal Products Co., and thus did not have, by virtue of an interest in that stock, an interest in the profits of the Dayton Wright Airplane Co. The parties all deny that there is any secret agreement or option or understanding of any sort for a retransfer of the shares to Col. Deeds or for a sharing of profits with him.

To conclude: The fact is that the transfer of the shares in the Dayton Metal Products Co., which owns the stock of the Dayton Wright Airplane Co., was made to Col. Deeds's intimate business associates on their unsecured notes, which are overdue and unpaid save to a small extent. But there is no proof upon which it can be charged that Col. Deeds retained an interest in the Dayton Metal Products Co. and thereby in the Dayton Wright Airplane Co.

OTHER AVIATION ACTIVITIES CENTERED AT DAYTON—THE WILBUR WRIGHT FIELD.

This is a tract of about 2,245 acres leased to the Government by the Miami conservancy district, of which Mr. Deeds was the head. It was a portion of the area selected by the Miami conservancy district for the impounding of waters in the event of a serious flood. The property was acquired by the Government for a flying field and was developed by the erection of hangars, barracks, a storehouse, and other structures. Upward of $3,000,000 has been expended by the Government in this development.

On April 30, 1917, Maj. (now Gen.) Foulois was directed to inspect land sites for aviation purposes at various places, including Dayton, and several tracts at Dayton were examined by him and by Capt. (now Col.) Edgar on May 8. These officers were met at Dayton by Mr. Deeds, and both Deeds and Orville Wright accompanied them on their inspection of the tracts in the vicinity. As to these, on May 11, 1917, Maj. Foulois reported as follows:

"The largest tract of land inspected is about 10 miles from Dayton and contains about 4,000 acres. This tract of land is admirably suited for aviation purposes, is under the control of the conservancy directors, and any portion of it can be acquired by the Government at a very low cost. The purpose for which this land has been set aside by the State of Ohio makes it extremely desirable for aviation purposes, in that it will be always used for agricultural purposes only and no buildings or other obstacles will ever be erected within the area set aside. Options on this tract of land or any portion thereof will be mailed to this office within the next few days."

On May 15, 1917, Gen. Squier recommended that the approval of the Secretary of War be obtained for the rental of several aviation training sites, including the one at Dayton, which was thus described:

"Approximately 2,500 acres in the vicinity of Dayton, Ohio, at the rate of $17,500 per year, with the privilege of renewal for three years, and the option of purchase at $350,000, the cost of crop destruction being $75,000. This will provide a four-squadron training field."

Mr. Coffin, as chairman, indorsed the proposal, stating that it was "in the judgment of the committee a wise and necessary action," and the project was approved on behalf of the Secretary of War by the Acting Chief of Staff. On May 19, 1917, Gen. Squier authorized Capt. Edgar to lease this site and others, and to proceed with the contracting for the necessary buildings. The first lease was signed on May 22, 1917 (by Capt. Edgar for the Government and Mr. Deeds for the conservancy district), for 2,075 acres for the period ending June 30, 1917, at the rental of $2,000, the Government also agreeing to pay $73,000 to cover damages to crops. There was an option for renewal for the year beginning July 1, 1917, at the rental of $17,660, and for a further renewal for the year beginning July 1, 1918, for a tract containing 2,500 acres (including the 2,075 acres first mentioned) at a rental of $20,000, and for further annual periods ending July 1, 1922; and there was also an option to purchase the 2,500 acres for $350,000.

Of the proposed tract of 2,500 acres, 505.27 acres were found to be marshy and were withdrawn and 250.47 acres, said to be of equal value, were added. This left a tract of 2,245.20 acres, for which a new lease was executed on July 1, 1917, for the period ending June 30, 1918, at the rental of $18,404.59, with annual options of renewal at a rental of $20,000 until June 30, 1922, with the option to purchase at the same price. The rental for the first year is explained by the fact that there were 210.47 acres of which possession could not be taken until March 1, 1918. Soon after that date the commanding officer at the field stated that 34.94 acres were in the possession of the Government, but that the remaining acres were available for occupancy, but "were very low and swampy and in the present condition of no value to the Government." For the Miami conservancy district it was stated that it had settled with the tenants at considerable expense in order to get possession and it was unwilling to take back the land from the Government.

There is an adjoining tract of 32 acres (part of the original 2,500 acres) which with 8 acres additional were sold to the Government as a site for a warehouse.

It appears from the testimony of Ezra M. Kuhns, the secretary of the Miami conservancy district, that at the time of our entry into the war the district had been able to secure options on only about 300 acres of the tract in question, but when negotiations with the Government began there was swift action. Mr. Deeds had brought the matter to the attention of Mr. Waldon as early as April 24, 1917, and had sent to him one of the district's engineers with maps. The following telegrams show the activity of Deeds and Talbott:

Telegram Deeds to Kuhns, April 30, 1917:

WASHINGTON, D. C., *April 30, 1917.*

EZRA M. KUHNS,
Miami Conservancy District, Dayton, Ohio:

Subject of our trip yesterday moving very rapidly and very satisfactorily. There is no doubt in my mind but what we will be successful. Avoidance of publicity very essential. Inspection will be made end of this week or first of next. You and Morgan [Morgan was the engineer of the Miami conservancy district] must plan now as though it was decided.

E. A. DEEDS.

Telegram Deeds to Kuhns, April 30, 1917:

WASHINGTON, D. C., *April 30, 1917.*

EZRA M. KUHNS,
Miami Conservancy District, Dayton, Ohio:

Options should be rushed in the vicinity of Fairfield, raising the price if necessary.

E. A. DEEDS.

Telegram Deeds to Kuhns, April 30, 1917:

WASHINGTON, D. C., *April 30, 1917.*

EZRA M. KUHNS,
Miami Conservancy District, Dayton, Ohio:

Ohio State University is ordered to-day to cooperate with the Dayton School and Magruder, Lord, and Knight instructed to report at Camp Borden, Canada, Monday to learn course of instruction. Publicity will follow these instructions, and no one outside of Signal Corps officers knows of our plan for the larger school, and so far as everyone is concerned Dayton School is the Wright Field civilian school. Think you should advise Wright, Morgan, Harold, Talbott, and Kettering so that they will not disclose anything inadvertently. The civilian school will continue regardless of what is done with the other plan, and Ohio State will give the preliminary instruction in military tactics and all class-room work, while the Wright Field Co. will give the instruction in aviation. Harold Talbott should be the channel through which publicity is given out, and there is no objection using the last statement if called upon.

E. A. D.

Telegram Deeds to Talbott, May 11, 1917:

WASHINGTON, D. C., *May 11, 1917.*

H. E. TALBOTT, *Dayton, Ohio:*

Think your whole plan is ideal.

E. A. DEEDS.

Telegram Talbott to Deeds, May 11, 1917:

MAY 11, 1917.

E. A. DEEDS,
Care New Willard, Washington, D. C.:

Contracts remaining secured to cover 2,500 acres will be closed by tomorrow evening. Will start Monday on immediate possession of land, so the fields will be ready when buildings are finished. This applies to central 1,000 acres in front of new building. Builders may retain use of buildings and barns for a few months and in some cases until winter, but main fields must be prepared without delay if they are to be used this fall. Think best to give no reason for immediate possession and feel sure we can arrange it. We can arrange financial matters as suggested. Wire if you approve.

H. E. TALBOTT.

Telegram Deeds to Talbott, May 11, 1917:

WASHINGTON, D. C., *May 11, 1917.*

H. E. TALBOTT,
City National Bank Building, Dayton, Ohio:

With few exceptions owners can, if necessary, continue to live in their houses for a year, thus avoiding necessity of moving this summer. Their teams will be employed, giving revenue to them. District wants to try out flying on large scale and wants to try experiment at once. This is only a suggestion. You doubtless may have a better one. May be necessary to exercise option at once; and if so, I will gladly go on District's note for full amount.

E. A. DEEDS.

Telegram Deeds to Talbott, May 12, 1917:

WASHINGTON, D. C., *May 12, 1917.*

H. E. TALBOTT,
City National Bank Building, Dayton, Ohio:

Suggest Kuhns, Emmett, Grant, and Brown be here Monday morning for conference on conservancy, bringing description of entire 2,500. Tax value and tax rate of property under discussion. Will be helpful. Publicity can be delayed at this end without difficulty. Everything moving nicely.

E. A. DEEDS.

The partiality for this site does not appear to have been warranted by any advantages it can be said to possess. Indeed, no satisfactory reason appears for the securing of so large a tract, as apparently 1,400 or 1,500 acres would have answered the purpose.

Fields of about 650 acres were selected at Rantoul and Detroit for two-squadron fields, and the field at Dayton was for four squadrons. Both the leasehold interest and the option to purchase are subject to a flood easement. The evidence is that in case of a flood such as that of the year 1913, the impounded water (that is, after the completion of the dam, which it is understood will be completed in two or three years) would cover the lowland to a depth of about 40 feet; the lowest hangar would have 24 feet of water, that is, over the eaves, and the highest hangar would have 13 feet of water. The barracks and various buildings, which stand on higher ground, would not be seriously affected. The warehouse itself (a large structure) is in a dry place, and the suggestion that some of the property stored there during the past year has suffered from moisture is not supported. Aside from the consequences of flood in the Miama Valley and the use of the area as a detention basin, it should be added that a considerable part of the tract consists of swamp land, which is unsuitable for the use for which it was leased.

There is no evidence that Deeds himself had any interest in the land acquired. He was head of the Miami conservancy district, but this was a public enterprise not organized for profit. Apparently at an earlier period advances had been made by the Dayton Metal Products Co. (a portion of which had originally been charged to Deeds personally and later credited back to him and charged to the maintenance account of the company, which had been used for the purchase of options for the district. The result of this transaction was to leave the Dayton Metal Products Co. a creditor of the enterprise but without interest in the land. Mr. Deeds had been appointed on the Munitions Standards Board in March, 1917, and he accepted appointment on the Aircraft Production Board on May 11, 1917. At this time, however, he was acting only in an advisory capacity, and it was before the passage of the act of August 10, 1917. He testifies that his only interest in this project was as a citizen of Dayton.

THE CONTRACT FOR THE DEVELOPMENT OF THE WILBUR WRIGHT FIELD.

The next step was the placing of the contract for development. The contract was signed by Capt. Edgar, under the direction of the Chief Signal Officer, and its terms were not unreasonable. It was on a cost-plus basis with a sliding scale, which as applied to the amount actually expended gives the contractor a commission of 7 per cent, with a maximum limit of $140,000. The contractor, the Dayton Lumber & Manufacturing Co., was recommended by Deeds. This company had done nothing in an extensive way for several years, having been engaged since the year 1908 in selling material and in operating a planing mill and a lumberyard. Its capital stock was $75,000. Prior to April, 1917, one S. S. King had owned 117 of the 750 shares. King's holdings were then increased to 417 shares, and in acquiring these 300 shares King was backed by H. E. Talbott, who as president of the City National Bank of Dayton arranged for a loan of $60,000 for the purpose. King wrote to Talbott on April 25, 1917: "As to the ownership of the stock, if you see fit to back me up in it, this can be determined in any manner that you see fit." It was not long after the control of the Dayton Lumber & Manufacturing Co. was thus acquired that the arrangement was made for giving to this company the contract to develop Wilbur Wright Field. King's narrative of the circumstances in which this contract was obtained is very illuminating and affords a notable contrast to the difficulties of many who unavailingly sought contracts with the Government.

King was sent for by Talbott and informed that he (King) had been "recommended down at Washington to assume the responsibility of putting up some buildings for Wilbur Wright Field," and suggested that he immediately set about effecting an organization for the purpose. This was on Saturday, May 17, 1917, and on Sunday Talbott telephoned to King, asking him to leave immediately for Washington. Accordingly King went to Washington on Sunday afternoon, taking the same train with Deeds. It was arranged that King should call the next day at Deeds's office, which he was informed was on the same floor with that of the contracting officer, Capt. Edgar. Accordingly on the following day, May 19, Deeds introduced King to Capt. Edgar, and in two or three days, on May 23, the contract was signed. As Col. Edgar testifies: "King was brought down here by Col. Deeds and recommended to us as a proper contractor, the most available in Dayton for the work."

The following is a portion of the correspondence between Deeds and Talbott relating to this contract:

Telegram Deeds to Talbott, May 23, 1917:

WASHINGTON, D. C., *May 23, 1917.*

H. E. TALBOTT,
City National Bank Building, Dayton, Ohio:

King probably returns to Dayton this evening. He is undertaking something which he alone is unable to get through with. It will be important that you give him a vision of this job and some very definite suggestions how to hit it in a big way. This is the biggest undertaking that has ever been put across in Dayton.

E. A. DEEDS.

Telegram Deeds to Talbott, May 23, 1917:

WASHINGTON, D. C., *May 23, 1917.*

H. E. TALBOTT, *Dayton, Ohio:*

Suggest you personally direct publicity regarding contract to be given soon, so that it will avoid criticism and at the same time tell the story. This is particularly vital because of Capt. Waring to start work Friday and the visitors whom I am bringing, who may read the papers. Your good judgment is needed on this.

E. A. DEEDS.

Telegram Deeds to Talbott, May 24, 1917:

WASHINGTON, D. C., *May 24, 1917.*

H. E. TALBOTT,
City National Bank Building, Dayton, Ohio:

In arranging for contract do not overlook a local contractor and lumberman in Osborne. Ezra Kuhns knows his name. He has been friendly to us, and I promised him something to do on this job.

E. A. DEEDS.

Telegram Talbott to Deeds, May 28, 1917:

MAY 28, 1917.

E. A. DEEDS,
Care New Willard, Washington, D. C.:

Just to remind you, chartered accountants of Government selection, expense to be paid by contractor and charged to cost of work. Piecework for labor only on various unit sections in various classifications of work will do much toward speed and economy. Each individual transaction to have the approval of officer in charge before it is effected.

H. E. TALBOTT.

Telegram Deeds to Talbott, May 31, 1917:

MAY 31, 1917.

H. E. TALBOTT, Sr., *Dayton, Ohio:*

Wire what progress has been made on Dayton Field. This is for our report to the council. If foundations have been started, for instance, and how many men on the job. This only needs to be a rough estimate.

DEEDS,
Aircraft Production Board.

Telegram Talbott to Deeds, June 1, 1917:

JUNE 1, 1917.

DEEDS, *Aircraft Production Board,*
War Department, Washington, D. C.:

Steam shovel and large trench digging machine now in place. Three cutting gangs at work. Teams and tractors on ground. Carpenters finishing sheds and office for construction purposes. Foundation excavations in progress. Have plant and equipment for six concrete gangs which will be at work early in the week. Sidewalks progressing. Repairing highways to facilitate trucking operations from Dayton. Purchased five new Packard trucks to augment transportation over the existing available trucks. Next week will see everything booming along. All material, lumber, cement, planks, board roofing located and on the way. Wish you would think over method of authority which can be given me to rush transportation of railway cars. This looks like the main point of congestion. All departments of construction now organized with experienced and competent supervisors and foremen. All this in spite of the fact that it has rained every day since Waring has been here.

H. E. TALBOTT.

Despite the indications of these messages, and of his transactions with King, Mr. Talbott testifies positively that he had no interest in the enterprise, except as a citizen of Dayton and got nothing out of it beyond 6 per cent interest received by the Dayton Metal Products Co. on money loaned.

King had no capital available for the enterprise, nor had the Dayton Lumber & Manufacturing Co. King's testimony is:

"Q. Did you have the capital to swing that?—A. Not without assistance.

"Q. Where did you expect to get the assistance?—A. When I talked to Mr. Talbott he told me on the Saturday afternoon, I said, 'Well, this will take a good deal of money.' He said, 'Yes, but,' he said, 'you need not worry about that. We will work out some way for that.' He said, 'I do not know how we will work it out, but we will work out some way for that.'"

The financial assistance that King needed was obtained upon the credit of the Dayton Metal Products Co., supported by the personal guaranties of H. E. Talbott and C. F. Kettering. Notes of the Dayton Lumber & Manufacturing Co. to the extent of $400,000 were discounted by the Dayton Metal Products Co. with the American Exchange National Bank, of New York. It was originally contemplated that these notes should be indorsed by Deeds and Talbott, as is shown by the following extract of a letter to Mr. Talbott from W. H. Bennett, vice president of the American Exchange National Bank, under date of June 25, 1917:

"Referring to the conversation which the writer had with you on Thursday, I have conferred with Mr. Kenzel, assistant cashier of the Federal reserve bank, and upon your statement that the Dayton Lumber & Manufacturing Co. is under contract with the United States Government for the preparation of the aviation field at Dayton, and that said company is to receive payments on the 10th of each month on the presentation of receipted vouchers for work completed in the previous month; and that it is the intention of the Dayton Metal Products Co. to make advances to said Dayton Lumber & Manufacturing Co. of amounts necessary to carry on the work, he ruled that the paper executed by the Dayton Lumber & Manufacturing Co. and indorsed by the Dayton Metal Products Co. to cover said funds so advanced will be eligible for rediscount with the Federal reserve bank.

"Therefore, we feel that it will probably be of mutual advantage to provide for the advance of $400,000 requested from us by a three months' note executed by the Dayton Lumber & Manufacturing Co., to the order of the Dayton Metal Products Co. and indorsed by Mr. H. E. Talbott and Mr. E. A. Deeds. If you so desire, the indorsement of the individuals can be secured by an assignment from the Dayton Metal Products Co. of certain securities now in safekeeping with us to the individuals referred to."

It was subsequently arranged that the indorsements should be those of Talbott and Kettering, who also gave their separate agreement of guaranty. The avails of discounted paper were passed by the American Exchange Bank to the credit of the Dayton Metal Products Co. It appears from the accounts between the Dayton Lumber & Manufacturing Co. and the Dayton Metal Products Co. that, while the latter company ultimately paid the notes, their proceeds were used in large part from time to time for the benefit of the Dayton Metal Products Co.

The credit to the Dayton Lumber & Manufacturing Co., thus extended to it upon its notes, was furnished without security, or, as Mr. Talbott put it, with "no further security except in the man (King). I trusted the man; I knew his contract." After the contract had been obtained, King increased his stockholdings in the Dayton Lumber & Manufacturing Co. by the purchase of 104 additional shares, borrowing for the purpose $20,000 from the Dayton National Bank.

It appears that the total amount paid by the Government under the contract with the Dayton Lumber & Manufacturing Co. to August 14, 1918, amounted to $3,115,161.94. This represents the amount paid for the cost of the work; that is, for lumber, materials, etc. The commission or profits of the contractor, which had been paid to that date, amounted to $102,436.04. There has been considerable trouble in connection with the contract, and the accounts are far from being in satisfactory shape. An audit of the books of the company was made by Barrow, Wade, Guthrie & Co. to November 30, 1917. They reported that they found "the pay rolls very incomplete, full of errors, corrections, and erasures," and that there was "abundant evidence that great laxity and carelessness has been exhibited by the employees of the company, especially those in the paymaster's department." These statements are amply confirmed by the evidence in this investigation, and the accounts are in course of being reaudited by Government accountants. The consideration of the various irregularities in the accounts and of the questions to which they give rise must await the result of this examination. It will be observed that the Government has withheld a large part of the compensation of the contractor until a satisfactory adjustment has been made. Of the profits received from the Government it would appear that the moneys have been retained in the business of the company, except to the extent of a dividend of $37,500, that is, 50 per cent on the capital stock. Of this dividend King was entitled on the 521 shares acquired in his name to $26,050, and of this amount it appears that he had received 70 per cent, or $18,235, to July 1, 1918. He had paid $11,000 on account of his loan ($21,000) to the Dayton National Bank. He had paid nothing on the $60,000 loan from the City National Bank. No agreement has been proved for a division of profits on this contract, and there is no proof that Col. Deeds has had an interest in the contract or in the Dayton Lumber & Manufacturing Co. Even if it appeared that the Dayton Metal Products Co. was interested in the contract (which would explain transactions otherwise difficult to understand), this fact would not affect Col. Deeds, unless he were found to be interested in that company. The question would thus come back to the transfer of his stock in the Dayton Metal Products Co., which has already been considered.

M'COOK FIELD (FORMERLY KNOWN AS NORTH FIELD).

This is a field of approximately 200 acres in and adjacent to Dayton, which was leased by the Government from the Dayton Metal Products Co., and has been used for the purpose of making various tests. Lieut. Col. Vincent first suggested another field (South Field or Moraine Field) and brought the matter to the attention of Col. Deeds by whom that field was principally owned. On September 27, 1917, Col. Deeds sent the following telegram to Mr. Talbott:

WASHINGTON, D. C., *September 27, 1917.*

Mr. H. E. TALBOTT,
City National Bank Building, Dayton, Ohio.

Col. Clark takes letter regarding Moraine flying field with him to Dayton to-night. George McCann has another letter, for Mr. Kettering. Government will lease land, put up buildings, and operate experimental field. Lease will be for three years without privilege of purchase, as that is not necessary. Have complete description of property prepared, also statement of cost of buildings already erected and suggested monthly rent arrangement and have George McCann bring them to Washington to complete lease. Have him prepare deed for this property to Mr. Kettering, who in turn will lease it to the Government.

DEEDS, *Equipment Division.*

Talbott and Kettering refused to consent to this use of South or Moraine Field, as it was said to be needed for experimentation in connection with the Dayton Wright Airplane Co., and they suggested North Field, or what afterwards became known as McCook Field. The latter tract had originally been purchased by Deeds and Kettering, each of them bearing one-half of the cost, and they had made some improvements, such as leveling, removing trees, etc., and had erected one or two small buildings. The object of their purchase had been to develop a training field for airplanes, to be used by civilians, but this project could not be carried out. The suggestion was that this parcel, with approximately 82 acres of land adjoining, which was owned by the Dayton Metal Products Co., would be suitable for the Government's use as an experimental station. Deeds did not wish to be a party to the lease, and conveyed to Kettering his undivided one-half interest in the parcel owned by them in common, and Kettering then conveyed that parcel to the Dayton Metal Products Co., which thereupon leased the entire tract to the Government.

The lease was dated October 4, 1917. Col. Deeds was present at the conference at which the terms were settled and sent the following telegram to Talbott on October 3:

WASHINGTON, D. C., *October 3, 1917.*

Mr. H. E. TALBOTT.
City National Bank Building, Dayton, Ohio.

Have worked out a lease for the North Dayton Field, $12,800 a year without cash payment. It is the best thing that can be done under the circumstances, and suggest its acceptance. Craighead will discuss it with you in detail when you see him.

DEEDS, *Equipment Division.*

Lieut. Col. Edgar, under the authority of the Chief Signal Officer and the approval of the Chief of Staff and of the Assistant Secretary of War, signed the lease on behalf of the Government. The rental is at the rate of $12,800 a year with an option of renewal from year to year, until June 30, 1921. There is no option to purchase; the lessor agrees that at the expiration of the lease the lessee may remove the structures and improvements erected by it upon the premises.

The contract for the development of the field was made with the Dayton Lumber & Manufacturing Co., notwithstanding the fact that the contractor had failed to give satisfaction in connection with the Wilbur Wright Field. This is explained by Col. Edgar as follows:

"We had an organization at the Wilbur Wright Field. We had practically reorganized King's force, and it was determined to take them over to McCook Field, which was brought to us by Col. Deeds as a rush job which must be done immediately. * * * He personally brought the proposition to me as a proposition that had to be put through immediately. They had no place to test the planes that were coming out. We did not pick out McCook Field; we had nothing to do with its location. A contract was made for the rental of the ground of the McCook Field, and we were importuned to take our organization over there with this contractor and finish this job up and it was done.

"Q. Importuned by whom? A. By Col. Deeds."

The total amount expended by the Government upon McCook Field to August 14, 1918, amounts to $949,085.35, and the contractor's compensation is 7 per cent of the cost with a maximum limit of $46,200 The amount paid to that date as contractor's profit was $26,667.65 The remaining portion of the total compensation has been withheld awaiting the audit of the contractor's accounts.

There is no proof that Col. Deeds has had an interest in the contract for the development of this field. Nor does it appear that he had an interest in the lease executed by the Dayton Metal Products Co. to the Government, or in the rent reserved. While Col. Deeds originally owned a part of the tract leased to the Government, he conveyed—by what purported to be an absolute sale—his interest to Kettering, and was not interested in the lease by Kettering's grantee, the Dayton Metal Products Co., unless he was interested in the stock of that company, a question already considered. It is understood that the amounts advanced by Deeds in connection with the development of that portion of the tract in which he had an undivided one-half interest were taken into account in the settlement that was made in November, 1917, when the amount to be paid (by notes) to the Domestic Building Co. for the plant acquired by the Dayton Wright Airplane Co. was determined; but this fact is not sufficient to establish an interest in the lease so as to bring the matter within the range of the Federal penal statute.

SOUTH FIELD OR MORAINE FIELD.

This is a tract of about 110 acres lying south of the city of Dayton and a short distance from the plant of the Dayton Wright Airplane Co. The greater portion of the land belongs to Col. Deeds. It has been improved by the erection of a number of hangars and other buildings. This land was leased about November 30, 1917, to the Dayton Wright Airplane Co. for a period of three years at a rental of $1 per year. It is used by that company as a place of experimentation. The expenditures for hangars and improvements upon South Field which had been made by Col. Deeds had been taken into account in the settlement made with the Domestic Building Co.

ACCEPTANCE FIELD.

This is a field lying close to the plant of the Dayton Wright Airplane Co., upon which the airplanes it manufactures for the Government are taken out for trial. The greater part of this field belongs to the Moraine Development Co., and it appears that Deeds is interested in this field as a stockholder in that company. Deeds and Kettering each hold 2,055 shares out of a total of 10,003 shares, the majority of the stock being held by Adam Schantz. This field is leased to the Dayton Wright Airplane Co. The transactions relating to South Field and Acceptance Field were with the Dayton Wright Airplane Co., and not with the Government.

(3) COL. SIDNEY D. WALDON.

During the period in question Col. Waldon was a stockholder in the Packard Motor Car Co. This interest he retained, but he disclosed it to the Aircraft Production Board at its meeting of August 27, 1917, and to the Secretary of War, and it does not appear that he took part at any time in any proceedings of the board or in any other transactions in relation to the Packard Co. No interest on his part in any other concern having dealings with the Government is shown.

(4) COL. ROBERT L. MONTGOMERY.

At the time Col. Montgomery entered the service of the Government he was one of the directors of the J. G. Brill Co., of Philadelphia, holding one share of common stock. Col. Montgomery states that he resigned from the board of directors and sold his share of stock on September 22, 1917, before any contract was made by that company with the Government and that he did not negotiate the contracts in which that company is interested. Col. Montgomery further states that at the time he entered the Government's service it was agreed with his partners that no member of the firm should have any interest in any concern connected with aircraft work. It appears that the wife of one of his partners held for some time 200 shares of the stock of the Curtiss Aeroplane & Motor Corporation, which she had purchased in her own right, and then sold it, and that subsequently she bought some 500 shares of the stock of the Wright-Martin Aircraft Corporation. With these transactions Col. Montgomery had no connection.

Col. Montgomery's firm (Montgomery, Clothier & Tyler) in August, 1917, took an interest of $250,000 in an underwriting syndicate through the National City Co. for the flotation of $5,000,000 6 per cent notes of the Electric Auto-Lite Corporation. Later, Montgomery, Clothier & Tyler issued a circular offering the notes for sale to the public. These notes of the Electric Auto-Lite Corporation were secured, in part, as the circular states, by a specific pledge of collateral, among which were shares, amounting to $12,500,000 in par value, of the common stock of the Willys-Overland Co. The Farmers' Loan & Trust Co., of New York, was made trustee to receive the pledge. The sale of all the notes was completed by September 12, 1917, $116,000 being sold through Montgomery, Clothier & Tyler, who received $8,500 in settlement of their interest in the underwriting Col. Montgomery states that this transaction, with others, was undoubtedly mentioned to him by his partners at or about that time, but that he never saw the circular or had the transaction fully explained to him until May of this year. In August and September, 1917, at the time of this transaction, Col. Montgomery, on behalf of the Government, was negotiating contracts with the Willys-Overland Co. for the manufacture of engines for training planes. The Willys-Overland Co. not only made these contracts but also had a substantial interest in the Curtiss Aeroplane & Motor Corporation, which at the time had contracts with the Government for airplane engines. While the Electric Auto-Lite Corporation was affiliated with the Willys-Overland and Curtiss Cos., the transaction in question concerned the flotation merely of notes of the Electric Auto-Lite Corporation, and the interest of purchasers of these notes in the stock companies having dealings with the Government was only through the pledge of the Willys-Overland stock as collateral security. It appears that while Col. Montgomery's firm took part in the sale of the notes as members of the underwriting syndicate, none of the notes were actually purchased by his firm, either for firm account or for any individual partner, and in these circumstances it is believed that there would be no sufficient ground for holding the above-quoted statutes to be applicable.

Apart from the above matter, there is no evidence that Col. Montgomery has had an interest in any corporation, association, or firm with which he has dealt as an officer or agent of the Government.

Other officials.

LIEUT. COL. JESSE G. VINCENT.

In April, 1917, Mr. Vincent was vice president of the Packard Motor Car Co. in charge of engineering, with a salary of $25,000 a year. Under his contract with that company made in 1912 he was entitled to subscribe for certain shares of its stock. On August 15, 1917, having resigned his office, he made a settlement with the company, receiving his salary to that date and a bonus of $5,000 for the preceding year's work, and at the same time, through the exercise of his option, he acquired $15,000 of common stock at par, which, with the stock dividends previously declared thereon, gave him approximately 347 shares. He had purchased outside about 82 share, so that he became a stockholder in the Packard Motor Car Co. to the extent of 429 shares of the common stock of the par value of $42,900. This stock he has continued to hold since August, 1917; he has received dividends of 1¾ per cent quarterly, with the exception of one quarter, for which a dividend was passed.

From about May 27, 1917, until August 15, 1917, Mr. Vincent, while paid by the Packard Co., was actually at work for the Government in the development of the Liberty motor. It is said that for this period he was "loaned" by his company to the Government. On September 3, 1917, he received a commission in the Army with the rank of major, and later he was raised to the rank of lieutenant colonel. About July 1, 1917, he was put in charge, as a civilian, of the engine design section of the Signal Corps, and he remained in this service after he was commissioned and until October 1, 1917. On the latter date the airplane experimental department of the Signal Corps was established in charge of Lieut. Col. Clark, with headquarters at McCook Field, Dayton, and Maj. Vincent was associated with this department as its executive officer with his office at the Lindsey Building, Dayton. On February 6, 1918, he was put in charge of the airplane engineering department at Dayton and in command of McCook Field. He is now in charge of the airplane engineering division of the Bureau of Aircraft Production.

Both before and after Maj. Vincent received his commission in the Army he had transactions with the Packard Motor Car Co. in which he acted on behalf of the Government. On June 6, 1917, the Aircraft Production Board adopted a resolution which provides, after recitals, as follows:

"*Therefore be it resolved*, That the board proceed immediately to secure space wherein to bring together sufficient draftsmen under a competent engineering organization to produce complete designs of 8 and 12 cylinder motors, to be known as the US-8A and US-12A, respectively; that the design for the 4 and 6 cylinder motors follow as soon as practicable, these motors to be known as the US-4A and US-6A, respectively. These designs and drawings to be made to include the designs and drawings for the special tools necessary to produce the parts of these motors. The board should undertake to have the parts made wherever in its judgment they can be most quickly and advantageously done and have them sent to Washington and assembled here in space to be secured, parts to be made for five (5) US-12A and five (5) US-8A.

"*And be it further resolved*, That the board recommend to the office of the Chief Signal Officer that the sum of $250,000 be immediately set aside to carry on this work and that a disbursing officer be assigned to handle this fund."

This allotment, or $249,159.10, was paid to the Packard Motor Car Co. for drawings, models, tests, etc., and for six US-8A's and five US-12A's, which were to serve as standardized engines. No written contract for this work or written order for this work setting forth unit prices or specifying the terms on which the work was to be performed is found in the files of the Signal Corps, and in this respect the proceeding was very irregular. Instead of there being an appropriate agreement or written order, it appears that verbal orders were given from time to time by Mr. Vincent, which, it is testified, were confirmed in conversations with Mr. Deeds.

The first voucher presented by the Packard Co. for this development work was for $104,500, which was paid on August 11, 1917, upon a certificate of Mr. Deeds, then a civilian, in charge of the equipment division. While Mr. Deeds was familiar in a general way with the work, it does not appear that he or any one else acting for the Government, except Mr. Vincent, had detailed information as to what had been done or as to actual cost. The exact amount of the outlays could not then be stated either by the company or by Mr. Vincent, and while definite amounts were placed opposite the particular services and engines described in the voucher, these amounts were mere estimates. The voucher did not so state, but the payments were virtually payments on account. Included in this first voucher (paid August 11) were the salaries and traveling expenses, as estimated, of those in the engineering organization which Mr. Vincent had effected for this development work, including the salary of Mr. Vincent himself after he came to Washington as above stated. As he testified:

"In other words, this item was intended to cover not only the making of drawings, but the moving of engineers here to date and also a lot of traveling expenses incident thereto * * * that was all lumped under original design work. * * * Q. Was there any itemization of that anywhere? A. There was not, because it was impossible to make any such itemization. I knew roughly what it would cost. * * * Q. How much of that amount of $37,000 included in that voucher—that is, the voucher for $104,500—was for salaries? A. I should say about one-third. Q. For what period were those salaries allowed. A. They were allowed for the period that the men were actually on the job.

* * * * * * *

"Q. Is your salary included in the $37,000? A. I think it is."

Another voucher in similar form for $73,194.72 was presented by the Packard Co. on November 20, 1917. It was accompanied by a letter from Maj. Vincent, representing the engine-design section of the Signal Corps, to Col. Deeds, which stated:

"I have personally supervised this work and hereby certify that all of the above material has been delivered to the Government and is now being used for Government purposes.

"The prices at which the engines are billed are only approximately correct and may be high or low, but this can not be determined until a final checkup is made when the job is completed. There are several engines yet to be delivered, and before we pay for the final ones, I will arrange to have a checkup made in order to insure that the total amount paid for the entire job is entirely fair to both the Government and the Packard Motor Car Co. I would ask that payment be made the Packard Motor Car Co. promptly in this connection, as they are going to a great deal of trouble to do this experimental work for us."

A third voucher for $60,000, for three engines, which was also a mere estimate, was paid on December 6, 1917, on Col. Deeds's certificate.

The fourth, and final, voucher was paid on January 19, 1918, for the two remaining engines, which were put down at $5,732.19 each so as to bring the total amount expended for the development work within the above-mentioned allotment of $250,000. The Packard Co. at this time submitted an itemized statement of its outlays which Maj. Vincent examined and approved. This statement purported to show the total cost of the entire work; that is, the cost of material and labor, the direct expense (including traveling and other expenses of the organization which Mr. Vincent brought to Washington for the purpose of working

on the design of the Liberty motor) and the overhead charges. These items aggregate $221,474.75, to which a profit of 12½ per cent ($27,684.35) was added, making a total of $249,159.10. Maj. Vincent wrote the following letter to Col. Deeds in submitting the final voucher with his approval of the itemization of cost:

DAYTON, OHIO, *January 19, 1918.*

From: Maj. J. G. Vincent, airplane experimental engineering department, Lindsey Building, Dayton, Ohio.
To: Col. E. A. Deeds, Southern Railway Building, Washington, D. C.
Subject: Final payment on the Liberty engine development order.

1. I am inclosing herewith bills from the Packard Co. for the last, or No. 6, 8-cylinder engine, and the last, or No. 5, 12-cylinder engine. These bills have been held in abeyance until the Packard Co. could furnish us with a final accounting covering the cost of the job.

2. You will remember that the joint Army and Navy technical committee set aside an appropriation of $250,000 to cover the cost of this job. At the time they set aside this amount and asked me to have 10 engines built I was afraid it could not be done within the appropriation, but am glad to be able to advise you that altogether we built 11 engines, as well as 2 wooden models and ran several tests under this order and still kept within the appropriation. You will note that the last two engines are built at $5,732.19 each, as this just balances out the net cost to the Packard Co. plus 12½ per cent profit.

3. As a matter of general information I want to point out that the Packard Co. cooperated with us to the limit on this job, and many of their executives gave a great deal of their time to this work for which they received no pay whatsoever. It is also a fact that this work was put ahead of a great deal of other work, causing losses which can never be computed. They did this cheerfully because their heart was in the job, and my only object in mentioning it is to in some degree give them credit for their attitude, as I know no one at Washington can possibly realize what this brand of cooperation costs.

4. I want to go on record as stating that I do not know of any other place in the world where this job could have been done at anything like this cost

5. During the last two years that I was with the Packard Co. they spent approximately a half million dollars on aircraft development work. The spending of this money not only put me in position to know what should make an aircraft engine, but it also resulted in the development of an organization at the Packard plant which was ready and waiting to grab this Liberty job. I think you will find the brief résumé of costs entirely satisfactory, but I simply want to state that the Packard Co., of course, have a complete record of all the transactions, if they should ever be required. I think, however, that this job is so obviously reasonable that nothing else will be required. I want to urge that you have final payment made to the Packard Co. immediately, as they are carrying on a lot of development work for us and are, therefore, carrying considerable investment at all times.

(Signed) J. G. VINCENT,
Major, S. C., U. S. A.

The irregularity of proceeding in this manner without a contract or proper order in writing is apparent. No price had been fixed for the work or materials; if only outlays were to be reimbursed, it was necessary that outlays should be appropriately proved before payment was made, and this had not been done in the case of the first three payments. Nor does it appear that at the time the first voucher for $104,500 was passed, on or about August 11, 1917, Mr. Deeds had any authority in the absence of a written contract or a proper written order to give the certificate. The Chief Signal Officer testifies that he did not have such authority. Nor was his certificate itself accurate in its terms, as there was no agreement for a price, and if there was an agreement for the reimbursement of actual outlays, the voucher, being a mere estimate, was not in accordance therewith.

It should be said, however, that the evidence does not afford ground for the conclusion that the Government was defrauded or that there was any intent to defraud the Government on the part of any of the parties concerned. The work was development work, these first engines being made by hand in advance of tooling up for quantity production in order to standardize the design, and it does not appear that the services rendered were not worth the amount paid or that the estimates of the outlays were not fair estimates; that is, that the amounts as estimated were not actually expended as set forth in the final statement. Both Maj. Vincent and Mr. MacCauley, the president of the Packard Motor Car Co., testify that the amount paid under these vouchers as finally adjusted did not embrace any expenses incurred in the original work of the Packard Co. in developing an aircraft engine; that is, prior to the time when Mr. Vincent came to Washington on May 27, 1917. Viewed as an arrangement for services on a cost-plus basis, the allowance of profit does not seem to be excessive. While the vouchering was irregular, there is no sufficient basis for a charge under the statutes relating to false and fraudulent vouchers or the facilitating or obtaining of payments with intent to defraud the Government.

A distinct question, however, is presented as to Lieut. Col. Vincent. Section 41 of the Criminal Code explicitly prohibits any person who is directly or indirectly interested in the pecuniary profits or contracts of a corporation from acting as an officer or agent of the United States for the transaction of business with such corporation. It is manifest that Lieut. Col. Vincent acted as an officer and agent of the Government for the transaction of business with the Packard Motor Car Co., in which he was a stockholder, and that this was in violation of the statute.

LIEUT. COL. GEORGE W. MIXTER.

Lieut. Col. Mixter, formerly vice president of Deere & Co., of Moline, Ill., manufacturers of agricultural machinery, came to Washington in July, 1917, to undertake the organization of the inspection department of the aircraft engineering division of the Signal Corps. He was later chief of the inspection department of the equipment division of the Signal Corps. He was commissioned as an officer in the Signal Corps, with the rank of major, about August 15, 1917. The work of the inspection department covered the inspection or acceptance of material and manufactured articles furnished to the Signal Corps, including the inspection of airplanes and engines manufactured under contracts with the Government. As chief of the department, Maj. Mixter dealt with the matters of organization and personnel and exercised a general supervision over the department in matters of administrative policy. In May, 1918, Maj. Mixter was made production manager and on the reorganization which resulted in the establishment of the Bureau of Aircraft Production he continued to carry the title of production manager, being directly under Archer A. Landon, who is Director of the Production Division, which is broadly charged with the actual execution of the aircraft program after the receipt of engineering data.

Prior to his connection with the Government, Mr. Mixter held 25 shares (par value $2,500) of the preferred stock of the Curtiss Aeroplane & Motor Corporation. He has not disposed of this stock. He testifies that he had sold his common stock in the company about two years ago and that he had not given thought to the retention of the few preferred shares; that his personal accounts are kept at his office in Moline and are in charge of his secretary. The Curtiss Co. had important contracts with the Government for the production of aeroplanes, and Lieut. Col. Mixter was in charge of the organization of the inspection of materials and products at its plant as well as at other plants, and he visited the Curtiss plant from time to time in the exercise of his authority as head of the inspection department and as production manager, and as an officer of the Government he dealt with such questions at this plant as required attention.

The statutory phrase "transaction of business" is broad enough to embrace the activity of officers or agents of the United States who are heads of divisions having charge of the inspection of products under contracts requiring the action of Government inspectors in course of performance. It would be a narrow construction to hold that the statute (Crim. Code, sec. 41) is limited to the making of contracts or the placing of orders or transactions relating to payment or discharge. It would seem to be quite as important that the chief of a department of inspection, selecting the inspectors who act under his instructions at the plants of contractors, should be free from interest in the corporation whose work is inspected, as the inspectors themselves, and both the chief of an inspection department and the inspectors may properly be regarded as agents of the Government for the transaction of business with the corporation. The same would be true of the production manager having supervision of production under contracts with the Government. No ruling in the Federal courts with respect to the applicability of the statute to such an officer or agent of the Government has been found. In the view that the statute has the scope suggested, Lieut. Col. Mixter acted as an officer or agent of the United States, contrary to the prohibition, for the transaction of business with the Curtiss Aeroplane & Motor Corporation, in which he was a stockholder. His holdings were small, but it can not be said that for that reason the statute is inapplicable.

MAJ. HOWARD C. MARMON.

Maj. Marmon joined the Signal Corps about June, 1917, and almost immediately was sent to Europe with the Aeronautical Commission. On his return he was assigned to duty with the airplane experimental department at McCook Field, Dayton. Prior to his service with the Government he was vice president and engineer of the Nordyke & Marmon Co., of Indianapolis, which was engaged in manufacturing mill machinery and motor cars, and he held $15,000 in par value of the stock of that company, its book value being several times its par. On entering the Army, he gave to his brother a power of attorney to dispose of his shares, and they were transferred to his mother, Mrs. Elizabeth C. Marmon, and have since stood in her name. The transfer was a gift; Maj. Marmon testifies that he has no interest in the stock. His mother turns over to him the income of other property which is the equivalent of the salary he had previously received from the Nordyke & Marmon Co.

The Nordyke & Marmon Co. has a contract for 3,000 Liberty engines and spare parts, and previously had a contract, which was filled, for 1,000 Hall-Scott engines and spares. The evidence is that Maj. Marmon had no part in the negotiations relating to these contracts or with the supervision of inspection, production, or payments. He has been engaged in the airplane experimental department, or engineering department at McCook Field. It does not appear that he has had any transaction with the Nordyke & Marmon Co. save that he sent to that company, with others, from McCook Field, the blue prints for the Liberty engine. It also appears that he signed a communication from McCook Field relating to a Marmon automobile which had been ordered by Lieut. Col. Vincent for that department. Taking all the facts into consideration, there is no sufficient ground for a charge of violation of the statute in his case.

SECOND LIEUT. SAMUEL B. VROOMAN, JR.

In a subsequent portion of this report reference is made to the Mahogany Manufacturers and Importers Association, a voluntary association of the leading mahogany manufacturers of the United States, which was formed last January in connection with negotiations for the purchase by the Government of mahogany for airplane propellers. One of the members of the association is the S. B. Vrooman Co., of Philadelphia. Second Lieut. Vrooman is the son of Samuel B. Vrooman, who was the head of this company until his death, a short time ago. Second Lieut. Vrooman is 31 years of age, and for upward of nine years was at work in his father's company handling lumber, inspecting, and selling. On his marriage, in June, 1917, his father gave him $10,000 in par value of the company's stock, which for some years has paid 20 per cent dividends annually. This stock he still holds. In addition to the dividends on his stock, the S. B. Vrooman Co. has continued to pay him since he entered the service of the Government the sum of $50 a week, which is the equivalent of the compensation he previously received for his services to the company.

In December, 1917, S. B. Vrooman, jr., became identified with the Equipment Division of the Signal Corps as a civilian and was made an inspector of mahogany purchased by the Government. In February, 1918, he was put in charge of the inspection of all propeller lumber. He selected the district officers, who in turn selected the inspectors. Mr. Vrooman issued instructions to the district officers, visited the plants to see that the inspectors were doing their duty, and passed on disputed points. He has continued in this service, and in July, 1918, received a commission as second lieutenant. Among the plants subject to his jurisdiction as head of inspection of propeller lumber is that of the S. B. Vrooman Co., which has had contracts with the Government and is within the territory assigned to the district office at New York. S. B. Vrooman, jr., selected the head of this office, Mr. McCullough, who was responsible to him for the efficiency of the inspection and for the carrying out of his instructions, which related to the inspection at the Vrooman plant as well as others. The conclusion is not to be escaped that S. B. Vrooman, jr., was the agent of the Government directly responsible for the proper inspection of the mahogany delivered by the S. B. Vrooman Co. to the Government under its contracts, and that his acting as such agent for the transaction of business with the corporation in which he was a stockholder was in violation of the statute.

Fourth. The aircraft program.

At the time of our entry into the war we had no combat planes and only a few planes for training and scouting purposes. Approximately 100 airplanes had been delivered to the Army up to the year 1917. There were few flyers and still fewer who had any acquaintance with

aviation engineering. The airplane manufacturing industry was in its infancy in this country. But these difficulties were not concealed. The necessity of prompt endeavor to surmount them and of securing at once the full benefit of foreign experience was obvious.

On May 22, 1917, the Joint Army and Navy Technical Aircraft Board, consisting of officers of the Army and Navy especially qualified by reason of aeronautical experience, made a series of recommendations to the Secretary of War and the Secretary of the Navy, which were duly approved by each Secretary. It was recommended that there should be purchased by the Army (from the Curtiss Aeroplane & Motor Corporation) "700 Curtiss JN-4 advanced training planes, equipped with the Curtiss OX-5 engines, with 50 per cent extra engines and appropriate amount of engine and airplane spares." The purchase of 100 Gnome engines (40 for the Navy and 60 for the Army) from the General Vehicle Co., was also advised. It was recommended "that no action be taken on the suggestion by the Aircraft Production Board for the purchase of the Standard J airplanes, pending tests of this machine by Army flyers." Other recommendations were as follows:

"9. The board recommends that the Aircraft Production Board take immediate steps to obtain complete working drawings, complete machines for use as samples, and to arrange for the manufacture in this country of the following airplanes and engines:

"AIRPLANES.

"Sopwith, 1½ strutter.
"Spad, 1-place pursuit type.
"S. E. 5, 1-place pursuit type.
"Sopwith, 130-horsepower Clerget, 1-place pursuit type.
"D. H. 4, 2-place reconnoissance.
"B. E. 2 D, 2-place reconnoissance.
"White, Gnome pusher, seaplane.
"Two types of Fairey seaplanes; 130-horsepower Clerget type; and also a Campania type.
"Farman, with a 150-horsepower Hispano-Suiza engine, seaplane.

"ENGINES.

"Lorraine-Dietrick, 250 horsepower.
"Clerget, 130 horsepower.
"Hispano-Suiza, 200 horsepower.
"Rolls-Royce, 270 horsepower.
"B. H. P., 200 horsepower.
"Gnome Mono-soupape, 170 horsepower."

The same board on May 23, made further recommendations to the Secretary of War and Secretary of the Navy, which were also approved, as follows:

"3. It is estimated that the needs of the United States Army for heavier-than-air aircraft until July 1, 1918, will be as indicated hereinafter, and it is recommended that a building program to accomplish these needs be started at once.

Under the present conditions in order to meet the needs of the United States Army only:

TRAINING.

Type of airplane.	Number required.	Type of engine.	Number required.
JN-4	3,500	OX-5	7,000
DeH-4	1,750	RR or equivalent	3,500
SE-5	600	HS	1,200
SPAD	600	HS	1,200
Sopwith	600	Clerget 130	1,200
JN-4 (stop-gap order)	0	Hall-Scott A7a	1,000

In the event that the United States are called upon to train foreign fliers in addition to United States Army fliers:

TRAINING.

Type of airplane.	Number required.	Type of engine.	Number required.
JN-4	5,000	OX-5	10,000
DeH-4	2,500	RR or equivalent	5,000
SE-5	800	HS	1,600
SPAD	800	HS	1,600
Sopwith	800	Clerget 130	1,600

"6. It is recommended that the Aircraft Production Board of the Council of National Defense take steps immediately to advise concerning the formulation of the plans how best to obtain in this country the following airplanes and engines, with the designs of these airplanes and engines and the rights to manufacture them in this country.

AIRPLANES.

Type.	Number.	Type.	Number.
DeH-4	2	R-R	4
SE-5	2	H-S	4
SPAD	2	Do	4
Sopwith	2	Clerget 130	4
BE2C	2	RAF	4
Farman seaplane	2	H-S	4
Martinsyde	2	R-R-190	4
Sopwith 1½ strutter	2	Clerget 110	4
Handley-Page twin	4	R-R	16
Caproni	2	CUR 92 Rh 110	4
Savoya	2	With engine	4
Do	2	Do	8

"7. In addition all such modern German airplanes complete with engines as it may be possible to obtain. These may be obtained either from the allies or from Holland.

"8. Additional engines desired:
"Four Lorraine-Dietrick, 250 horsepower.
"Three Clerget, 130 horsepower.
"Two Hispano Suiza, 200 horsepower.
"Three Rolls-Royce, 270 horsepower.
"Two B. H. P., 200 horsepower.
"Four Gnome Mono soupape, 170 horsepower."

REPORT OF AERONAUTICAL COMMISSION.

Two months after we had entered the war an aeronautical commission was sent to Europe. This commission, which sailed on June 17, 1917, in charge of Maj. (afterwards Col.) R. C. Bolling, was composed of Army and Navy experts and civilians. Capt. Virginius E. Clark and Capt. Edgar S. Gorrell represented the Army, and Navy Constructor G. C. Westervelt and Lieut. Warren G. Child represented the Navy.

Maj. Bolling's report was sent from Paris on August 15, 1917. The governing principle for the American production program was stated by Maj. Bolling to be:

"First. The United States must first provide itself with all airplanes and engines required for training purposes in America.

"Second. The United States must next provide the airplanes and engines necessary for use strictly in connection with the operation of American forces in the field. It is best known in Washington what will be the size and composition of the American forces in the field at any given dates in the future. You have the information as to the number of types of airplanes required in direct connection with military operations of these forces. We have learned nothing to change the views on that matter which were held by Maj. Foulois when we left Washington.

"Third. After these first two considerations comes the American program of putting into the field next year air forces in excess of the tactical requirements of its Army in France. It is greatly desired that the United States shall do this. Such air forces should consist of fighting airplanes and bombers." (Then follows a statement of the proportions deemed advisable.)

The conditions of European production were described, and the advisability of obtaining through foreign orders the supply of airplanes and engines required for use at the front and in training abroad for a period extending to July 1, 1918, was strongly emphasized, as is shown by the following extract from the report:

"In our opinion, these American needs may be divided into two periods: First period, from the present time to July 1, 1918. Second period, subsequent to July 1, 1918. With every confidence in the ultimate performance of the American production program our investigations of production experience over here and of the sea tonnage situation have convinced us that airplanes and engines produced in America can not be actually delivered at the front in any great quantity prior to July 1, 1918. Subsequent to July 1, 1918, we believe that American production will not only take care of our needs but may become a large factor in maintaining the air forces of our allies. In considering the period between now and July 1, 1918, due weight must be given to the experience of all foreign countries and manufacturers in the delays in airplane and engine production which were not and could not be foreseen. Only at close hand can one appreciate how many and how great those delays have been. * * *

"After long and careful consideration of this subject, we and all others here have come to the very strong conviction that most of the airplanes and engines for American use at the front and for our training here between now and July 1, 1918, must be produced either in France or Italy, where effective and successful methods of production are already in full operation. Because we consider this imperative and absolutely essential to prevent failure of our air campaign next year, an arrangement has been made with the French Government under which they are to produce for us the airplanes and engines shown on the attached table, which also includes a schedule of guaranteed deliveries. * * *

"You will also find annexed a schedule of approximate prices of these airplanes and engines and a draft of the proposed agreement between the American and French Governments which is now in the final stages of execution, although the orders have been actually placed by the French Government with its manufacturers. This agreement has been prepared after conference with the Judge Advocate General and his staff here and considerations of the arrangements under which England is having engines built in France."

Foreign orders.

Accordingly Maj. Bolling reported that the following orders had been placed abroad:

In France.

TRAINING PLANES.

Seven hundred and twenty-five Nieuports, with Le Rhone engines, and 150 Spads, with Hispano engines. Deliveries to be in time to meet United States training program in France.

SERVICE AIRPLANES.

	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	June.
1,500 Breguet (Renault & Fiat)	60	60	460	460	460	.....	.....	.....
2,000 Spad (200 HP Hispano)	.....	.....	.....	135	300	400	550	615
1,500 New Spad (150 Gnome)	.....	.....	50	100	200	300	350	500
or								
1,500 Nieuport (150 Gnome)	.....	.....	300	400	400	400	.....	.....

SERVICE ENGINES.

	Nov.	Dec.	Jan.	Feb.	Mar.	Apr.	May.	June.
1,500 Renault (300 HP)	60	60	460	460	460	.....	.....	.....
4,000 Hispano (200 HP)	.....	.....	135	375	565	755	945	1,225
3,000 Gnome (150 HP)	.....	.....	400	400	400	600	600	600

In Italy.

Five hundred S. I. A. 6 B (reconnaissance and day bombing airplane similar to the Breguet). Deliveries to begin October and be completed in December.

Two hundred to three hundred Caproni biplanes with the new Isotta-Fraschini engine. Deliveries prior to June 30, 1918.

A formal contract was made between Gen. Pershing and the French Government under date of August 30, 1917, for the 5,000 service planes and 8,500 engines above described. The French Government entered into this contract upon the express condition that the United States should furnish the machine tools and raw materials, which were fully listed. In order to perform this condition a contract was made under date of October 4, 1917, by the United States Government with the J. G. White Engineering Corporation, by which the latter was to act as an agent for the purchase of the required materials on the basis

of cost plus three per cent as compensation. It turned out that there was great difficulty in obtaining these materials, as the French specifications in important instances could not be met at the time by American manufacturers. While the contract with the French Government called for deliveries of materials for planes two and one-half months before delivery of the finished planes, and materials for engines three and one-half months before delivery of finished engines, and that all materials advanced by the French production service should be replaced not later than November 1, 1917, it appears that only 14 per cent of the required materials had been placed at points of embarkation in the United States by November 1 for shipment to France, 46 per cent by January 1, 1918, and 67 per cent by March 1, 1918; 91 per cent was delivered at points of embarkation by June 1, 1918, and 99 per cent before the end of August. From information recently received it appears that all materials shipped under the contract arrived safely in France, and that substantially all have been satisfactory as to quality. For the materials thus delivered during the fiscal year ending June 30, 1918, there had been paid to the J. G. White Engineering Corporation $9,005,074.31, of which $8,742,412.29 represents the purchase price and $262,662.02 the agreed compensation.

It is understood that in December, 1917, in view of the existing conditions and the serious need for airplanes on the part of the French, the original contract was modified by a new contract calling for about one-quarter of the deliveries within the period contemplated in the first contract. The exact terms of the second contract are not now available here. It is also understood that further orders were placed with the French Government from time to time.

The deliveries originally contemplated on the foreign orders were not made; most likely by reason of the delays on the part of the United States in furnishing the required materials and the increased pressure of the needs of the allies.

DELIVERIES ON FOREIGN ORDERS.

Up to February 1, 1918, it appears that only about 600 planes had been received under the orders placed with the French Government, of which only about 70 were fighters and bombers. The situation as it then existed is disclosed in the cable from Gen. Pershing under date of February 16, 1918:

P. 610, Paragraph 1-A.

Dated FEBRUARY 16, 1918.

Conference to-day between Chief of Air Service, A. E. F., and French undersecretary of state for aeronautics develops fact that due to non-arrival in France of sufficient raw materials French production of aeroplanes and engines is insufficient to meet needs of French and American air service during the next three months. Nine American squadrons will be available for front-line service next month, and if military necessity requires that they be put into front-line service several of these squadrons must be equipped with inferior types of aeroplanes purchased from the French Government, a procedure which is strongly disapproved. Urgently important every effort be made to expedite remainder shipment of J. G. White & Co. materials destined for France—almost 14,000 tons—and also urgently request no delay in shipment of service aeroplanes from the United States.

PERSHING.

PLIGHT OF OUR CADETS ABROAD.

There may also be noted at this point the serious delays which occurred in securing adequate provision for the training of American cadets abroad. Hundreds of these cadets were held at concentration camps and other places for several months without suitable training. This was the more regrettable because these students embraced a large number who were exceptionally proficient, and who had gone abroad early on the assumption that they would have important and superior advantages in training. It is said that their numbers were larger than the capacity of the French and British schools which it was expected would receive them.

In his cable of March 13 Gen. Pershing speaks of the plight of these cadets as follows:

P. 726, paragraph 1.

MARCH 13, 1918.

For Chief Signal Officer. Approximately 700 cadets are now under flying training in Europe. These cadets had to wait an average time of three months before commencing flying training. Approximately 700 cadets in Europe awaiting flying training. These cadets have already waited from three to five months for training, and it is estimated that some of them will have to wait at least four months before their training can be commenced. All of those cadets would have been commissioned prior to this date if training facilities could have been provided. These conditions have produced profound discouragement among cadets. In order to remedy injustice and to relieve cadets in Europe on equitable basis of rank with cadets trained in the United States request approval of plan to immediately issue to all cadets now in Europe temporary or reserve commissions in Aviation Section, Signal Corps, subject to revocation in all cases where on completion of training cadets so commissioned are found not to have requisite qualifications for officers in the Air Service If plan approved, will recommend cadets by groups according to seniority. Strongly recommend approval.

PERSHING.

The Secretary of War observed this condition during his visit to France in the spring and cabled that these cadets should at once receive their commissions, which were to be held subject to revocation if later they were not found to be qualified. Gen. Pershing stated in his cable of March 30, 1918, that this relieved the principal difficulty so far as training was concerned, and the situation as it then existed was "difficult because of lack of machines for front, and not because of lack of training facilities."

LACK OF INFORMATION HERE AS TO EXACT STATUS OF FOREIGN ORDERS.

Despite constant interchange of cables information was lacking here as to the exact status of the foreign orders. While cable inquiries had been made from time to time, it appears from a letter written by Lieut. Col. Horner for the Chief Signal Officer to Col. Bolling, as late as March 12, 1918, that the desired information had not been obtained. There had been apparently an utter lack of an adequate system of communication by which proper records could be kept here of the transactions abroad. Tables and charts of the foreign orders and deliveries were finally received here, but it seems that there still was considerable uncertainty as to the extent of the foreign obligations, and at the beginning of this investigation the extraordinary statement was made by Lieut. Col. S. E. Wolff, then head of the finance division, that notwithstanding repeated inquiries, extending over many weeks, he had been unable to ascertain within $100,000,000 what obligations had been incurred abroad.

AGREEMENT WITH FRENCH GOVERNMENT OF MAY 3, 1918.

On May 3, 1918, a new agreement was made with the French Government by which the contract of August 30, 1917, was canceled. Provision was then made by the French Government for the acceptance of orders of the American Government for aeronautical material and for the acceptance by the American Government of orders of the French Government for raw materials and other supplies. As these orders would be intended to meet, in the common interest, the military needs of each country presenting them, it was agreed that each Government should fill the orders so far as compatible with its own requirements and resources. It was further agreed that upon the arrival in France of the raw materials included in the contract of August 30, 1917, they should be delivered to the French Government on the assurance that they would be utilized in accordance with the conditions set forth in the new agreement; and also, that until the American Army should be able to meet its own requirements in aeronautical material, the French Government should place at the disposal of the American aviation units, and such instruction units as may be required, the same aviation material as used by the corresponding French units, both as to quality and quantity.

It would seem that by May 23, 1918, there had been delivered by foreign governments for our use abroad about 1,400 training planes and about 350 service planes. Since that time there have been additional deliveries, and according to a list obtained by Gen. Kenly the approximate number of airplanes received by our forces from European sources to July 31, 1918, were as follows:

School or training planes	1,617
Service or combat planes	1,512

Production in the United States.

RECOMMENDATIONS OF BOLLING COMMISSION.

While Maj. Bolling's commission, in anticipation of delays here, placed large orders abroad, it is evident that the speediest production in this country that was possible, of a variety of airplanes and engines, was contemplated. The Bolling commission recommended for production here:

"AIRPLANES.

"Advanced training Bristol Scout, with 80 Le Rhone.

"Division or Corps d'Armée Bristol Fighter, with 200 Hispano.

"Long-range reconnoissance and day bombing DH-4, with Rolls-Royce or some other equivalent engine to be later adopted. Fiat 300 has proved successful here.

"Fighting or pursuit (fixed engine) Spad, with 200-horsepower Hispano.

"Fighting or pursuit (rotary engine) new Spad, with 150 Gnome. (This airplane is now undergoing final tests.)

"Night-bombing Caproni triplane, with 3 Isotta-Fraschini 270-horsepower engines, or other equivalent engine to be later adopted. For very long distance bombing with heavy loads the Italians are now arranging to use the Caproni biplane with three Isotta-Fraschini engines instead of the heavier Fiats now used. For distances of 400-500 miles (out and back included) the much greater consumption of gasoline and oil by the triplane gives it little greater bomb-carrying capacity than the biplane with Isotta-Fraschini engines, and the biplane can be produced much more quickly and in greater quantities. It is also much easier to house at the front. For bombing at shorter distances nothing gives such great bomb-carrying capacity as the triplane.

"ENGINES.

"Eighty Le Rhone for training purposes.

"Two hundred Hispano Suiza for fixed engine one-place fighters and division or corps d'armée airplanes.

"One hundred and fifty Gnome Monosoupape for rotary engine fighters.

"Rolls-Royce for United States production only under some special arrangement of a Rolls-Royce factory in the United States. This engine is not considered suitable for great quantity production. It also requires very skillful mechanics to keep it in commission at the front.

"While we have investigated many other excellent engines such as Renault, Fiat, Isotta-Fraschini, and S. P. A. all of them are too heavy per horsepower to be recommended as engines for great quantity future production in the United States. Renault, Fiat, and Isotta-Fraschini all have new designs now under test which may prove very desirable. The Bugatti engine appears perhaps to offer the most interesting future development for light weight per horsepower and ease of quantity production. The developments with our United States engine now under test are probably the most important consideration in this question of engine production in the United States. Of course, we are without any adequate information over here as to these developments."

RECOMMENDATIONS OF ARMY AND NAVY TECHICAL MEMBERS OF BOLLING AERONAUTICAL COMMISSION.

Capt. Clark, U. S. A. S. C.; Capt. Marmon, U. S. A. R. S. C.; Naval Constructor Westervelt, U. S. N.; and Lieut. Child, U. S. N., the Army and Navy technical members of the Bolling commission, on their return to the United States made a report to the Secretary of War and the Secretary of the Navy under date of September 4, 1917, which embraced the following recommendations:

"23. So far as land airplanes are concerned, the types at present indicated as necessary are the following:

"(A) Primary training—dual control—about 90 horsepower.

"(B) One or two types of machines for training toward the fast fighter—single seater—using for the present the 80-horsepower Le Rhone rotary engine.

"(C) Army observation—two seater—using probably between 225 and 250 horsepower.

"(D) Single-seater fighter—using a rotary engine of about 170 horsepower. (If a water-cooled engine can be built which will, at altitudes, give more power per total weight than the rotary, this type of aeroplane should be eliminated.)

"(E) Single-seater pursuit—should mount an engine which will give about 150 horsepower at 20,000 feet altitude.

"(F) Day bomber—should mount one engine which will give about 325 horsepower at 15,000 feet.

"(G) Night bomber—should mount two or three of the engines mentioned under (F).

"In order to minimize the number of types of engines, it might be desirable to use the same engine in the Army observation and in the single-seater pursuit. Such an engine should be given about 180 horsepower at 15,000 feet."

RECOMMENDATIONS OF CAPT. (AFTERWARDS LIEUT. COL.) CLARK.

Capt. Clark, who had a larger experience in aeronautics prior to our entry into the war than any other member of the commission, was the expert largely relied upon to make suggestions as to the planes which should be manufactured. He visited numerous factories in England, France, and Italy and also observed the types of planes in operation at the front. He testifies that his final recommendations on his return to this country in early September, 1917, after learning the situation with respect to engine production here, were for the production of the following types of planes:

Day bomber DeH–9, with the Liberty direct drive, 12-cylinder high-compression engine.

Army observation Bristol fighter, with the same engine.

Night bomber, a Caproni triplane with three Liberty low-compression geared engines (Handley-Page an acceptable substitute).

Two-seater fighter, a Bristol fighter with a Liberty 8-cylinder, or with that number of cylinders which should be developed.

Single-seater pursuit—the Spad, with the Hispano-Suiza.

Single-seater combat with a rotary engine, 150-horsepower Gnome.

Advanced training machine. Bristol Scout, with 85-horsepower Le Rhone.

Program as adopted.

ELEMENTARY TRAINING PLANES.

There were selected for production to be used as elementary training planes the Curtiss type known as the JN4–D, with the OX–5 engine, and the standard type, known as SJ–1, with the Hall-Scott or A–7a engine. The program called for 4,800 JN–4Ds (later reduced to 3,700, and this number was somewhat increased after May, 1918), for 1,600 SJ–1s, for 7,950 OX–5 engines, and 2,750 Hall-Scott, or A–7a, engines (reduced to 2,250).

ADVANCED TRAINING PLANES.

For advanced training it appears that there were originally chosen the Bristol Scout, with the Le Rhone 80 horsepower engine, the Thomas Morse S–4, with Gnome 100 horsepower, and the United States Training, with the Hispano (150 horsepower). There were modifications which resulted in the adoption of the types known as S4–B (with Gnome 100 horsepower), the S4–C (with Le Rhone 80 horsepower), the JN4–H and JN6–H (with the Hispano 150 horsepower), and the Penguin (with the Lawrence 28 horsepower).

SERVICE OR COMBAT AND BOMBING PLANES.

The type first selected for production were the Spad (single-seater pursuit), with the 200-horsepower Hispano Suiza engine; the Spad, using the U. S.–8 engine; the Spad Monocoque, using 150 horsepower Gnome engine; the Martinsyde; the De H–9; the Caproni and the Handley-Page, with the Liberty engine (U. S.–12). Subsequently the Martinsyde and the Spads were rejected, the production of the De H–9 was first limited and then postponed, the Caproni and the Handley-Page was not treated as a part of the immediate program, and the plans for production were centered on the De H–4 and the Bristol Fighter, with the 12-cylinder Liberty engine (U. S.–12).

The program charts which were prepared show extraordinary variations with respect to quantities and surprising expectations as to deliveries. Thus the program for De H–4s shows a total program on August 2, 1917, of 8,000; August 16, of 7,500; August 22, of 5,000; August 24, of 6,000; August 25, of 15,000; August 31, of 6,000; September 4, of 15,000; October 17, of 250; October 29, of 1,000, at which number it appears to have been continued until January 18, 1918, from which time it was increased until 4,500 appear in the program of February 11, 1918, and 8,000 in that of February 19 and thereafter.

According to this program or schedule it seems to have been anticipated on August 2, 1917, that 25 De H–4s would be delivered in October, 100 in November, 425 in December, 750 in January, and 1,000 in February, and more in each of the succeeding months. Even as late as September 4, 1917, the schedule shows expected deliveries of 62 in October, 1917; 250 in November; 1,063 in December; and in the program of November 5, 50 were scheduled for delivery in December, 100 for January, etc.

The program of September 5, 1917, for the De H–9s calls for 2,000 of this type; that of October 9, for 4,000; October 17, 6,750; October 25, 7,750; October 29, 7,000; at which it was continued until January 18, 1918, when it became 7,500, to be reduced on February 1 to 5,400, and on February 12 the De H–9 schedule was canceled.

On September 5, 1917, according to this schedule, deliveries of De H–9s were expected as follows: November, 1917, 50; December, 200; January, 250; and 300 in February, March, April, and June. On November 5, 1917, 50 seem to have been expected in January and 300 in February, 1,050 in March, 1,500 in April, 1,900 in May, and 2,200 in June. As late as January 18, 1918, 40 are scheduled for March and 500 for April.

The program for the Bristol Fighters started on August 2, 1917, with 1,000. It appears to have been raised to 3,000 on August 16, 1917, within one week it was dropped again to 1,000, and on November 26 the program was finally raised to 2,000. It seems that on August 2, 1917, deliveries of 25 were scheduled for October, 50 for November, 100 for December, 125 for January, etc. On November 5, 1917, the schedule calls for 50 in January, 150 in February, 200 in March, etc.

On August 9, 1917, the Caproni program called for 500; on August 16, for 9,000; on August 22, for 2,000; on August 24, for 500, and there were other variations until the program appears to have settled down after September 28, 1917, to 1,000. On February 19, 1918, the program dropped to 50; it called for 250 on May 3, 1918, and was afterwards increased to 1,000.

On August 9, 1917, when the program for Capronis called for 500, monthly deliveries of 100 were scheduled to begin in February, 1918. A week later, on August 16, 1917, when the program was increased to 9,000, deliveries of 900 were scheduled for December, 1,350 for January and each month thereafter. When the schedule was dropped to 1,000 deliveries appear to have been expected of 100 in February, and in February deliveries of 100 seem to have been looked for in May.

The Handley-Page program shows on September 5, 1917, a total of 1,500, with anticipated deliveries of 100 in December, 300 in January, 400 in February, etc. As late as January 8, 1918, deliveries were scheduled for February of 110, 190 for March, 200 for April, etc. On March 18, 1918, the program had dropped to a total of 50.

These programs, with their variations and schedules of deliveries, appear to be grotesque in the light of the actual facts, but they bear the imprimatur of the planning department of the equipment division with the countersign (except in the case of the DeH–9s) of official approval.

SUSPENSION OF THE PROGRAM FOR SINGLE-SEATER PURSUIT PLANES.

On October 5, 1917, in reporting the failure of the Spad Monocoque, the cablegram from our representatives overseas also contained the following advice as to single-seater pursuit planes with rotary engines:

"Recommend you build no rotary engine single-seater pursuit airplanes to be sent to Europe; existing machines this type will be outclassed by changing time yours arrives; build only what you need for use in United States training purposes."

This, however, did not touch the Spad intended to be used with the fixed engine—that is, with the Hispano Suiza engine. That machine was not experimental. As early as July 15, 1917, there was official advice that "200 H. P. Hispano Suiza (is) now fighting on front in Spad aeroplanes." Col. Bolling reported in his cablegram of August 1, 1917, that the Spad with that engine is "the best-fixed engine fighter now in service." There is no reason why this fighting plane should not have been produced here in quantity many months ago. The failure to do so was not due to lack of facilities, but simply to a change of opinion at a critical time as to what was advisable.

Responding to repeated and urgent recommendations for production of Spads in this country, an order for 3,000 Spads was placed with the Curtiss Aeroplane & Motor Corporation under date of September 19, 1917. But this order had barely been placed when doubt was cast upon the enterprise, and after preparation for production was well under way the order was canceled on November 7, 1917. This is the date of the cancellation, as testified to by Mr. Morgan, then vice president of the Curtiss Co. It was nearly six months later that the production of a single-seater pursuit plane (the S. E. 5) was undertaken, and thus there was a serious loss of time through a reversal of judgment, which was in turn reversed.

It should be noted that virtually all the cables of advice sent by our military representatives abroad are signed "Pershing," but doubtless they most frequently come from subordinate officers and, with respect to the subject under consideration, from those in charge of the Air Service overseas. In a cablegram received here on October 5, 1917, the following appears:

"If USA 8 cylinder heavier than Hispano Suiza pounds per horsepower build no monoplace pursuit airplanes with USA 8 cylinder engines. Machine will be useless by time it arrives here. Increase number DH 4s or DH 9s by number monoplace pursuit airplanes. This is necessary provided USA 12 is success. Useful loads increasing so rapidly here that engines now in United States are not considered powerful enough meet requirements. Two-place pursuit airplanes considered most urgently needed airplanes next year."

The view thus set forth found support in influential quarters here. On October 27, 1917, Lieut. Col. Clark, in a memorandum sent to Mr. Coffin, expressed the opinion that "all fighting and bombing by day will be done in two-seaters flying in regular formation." And he added, "The single-seater will be eliminated." A few days later the following cablegram was received:

NOVEMBER 8, 1917.

No. 252 (S. D. 2709), paragraph 1:

"Your 359, paragraph 7, and other cables concerning American engine program. Situation here has changed much during three months since original recommendations and continues changing constantly. Following general principles appear clear to us: First. Single-seater fighter will probably become obsolete general use next year, although small numbers will always be used special purposes. Recommend you to produce number already actually under contract and started. Believe we can obtain here all this type required future above number actually under contract here and America. This applies both single-seater fighting airplanes and engines. Second. Two-seater fighter airplane with stationary engine will supersede single-seater. Four hundred horsepower probably sufficent next six months, after that 500 horsepower necessary. This summarizes cables already sent you."

It will be observed that while this message recommended against further production, it distinctly stated that the number, already under contract and started, should be produced. But this was not done.

On November 30, 1917, Col. Deeds cabled:

"Curtiss company have completed drawings and ordered material for Spad for 220 H. P. geared Hispanos. We have canceled that order. Tulasne suggests possibility of helping the French program by building Spad planes here to be equipped with 220 H. P. geared Hispano engines built in France. We could get production in February without materially affecting output of two-place fighters. We are not urging this because of the fact that we have ordered material which can be utilized in other machines, but if it would help your program here is a quick source for these machines."

To this there was a reply (from London) on December 14, 1917, as follows:

"* * * With reference to paragraph 1 your cablegram 461 do not recommend unionized production Spad airplanes for France. No such request received from French here. Believe they can produce all these airplanes they need. Think our only efforts should be applied airplanes and engines already on our program. United States should leave production single-place fighter to Europe."

The Spad contract having been canceled and preparations for the production of single-seaters in this country abandoned, in less than two months there was an urgent request from our military representatives abroad that Spads be produced here. As early as February 10, 1918, it was recommended that steps be taken to "put into production 1,000 Spads one-place with 220-horsepower Hispano Suiza engines for earliest possible delivery in France." It was said that "French delivery of one-place Spads very uncertain and can not be depended upon. Should have more definite information next two weeks as to whether your production Spud one-place fighter should be further increased." While this new proposal was evidently the result of the breakdown in the French deliveries, it seems that a closer inquiry into the progress of our deliveries of raw material abroad and the conditions of French manufacture would have revealed the serious importance of continuing the production of single-seaters in this country in accordance with the original program.

However, the authorities here were not then ready to follow the new recommendation, and two weeks later, on February 25, 1918, they cabled the following reply:

"Production of Spads with 220-horsepower Hispano Suiza engines does not fit well into our program because engines can not be put in production without material delay. Probably first deliveries in France in December. We could somewhat more easily produce the 300-horsepower Hispano Suiza engine. We are now producing large number of 150-horsepower engines for training planes, and could even increase production. We believe with this information you will probably decide not to request production of Spads here. Please give us your full advice."

It was not until March 9, 1918, that this cablegram was answered, with the statement that "question being considered. Will advise you soon." On April 6, 1918, Mr. Potter cabled that the British Air Board had advised that they could supply at once 200 SE-5 planes without engines. He added: "We can arrange production for 180-horsepower Hispano Suiza engines for same at rate of five per day within 30 to 60 days. Shall we arrange engine supply? If so, will you arrange contract for planes?" On the same day Col. Deeds cabled:

"We could within four weeks begin to supply 180-horsepower high-compression direct-drive Hispano Suiza engines to be shipped to England, to be installed in the planes by the plane manufacturer. Would this type of fighting machine be of value to you, and if so shall we proceed to provide them for you? We are advised that this type is in successful use by the British on the front."

On April 19, 1918, the following urgent message was received from our representatives abroad:

"The United States should make immediate preparations for the production of single-seater machines to supplement those we may receive from France and England."

But on April 21, 1918, there was a further cablegram (referring to Mr. Potter's cable of April 6, 1918), stating that the whole subject was still under consideration. This message was (in part) as follows:

"Will the production of 180-horsepower Hispano Suiza engines be interfered with by contracts placed by French or English? If not, we strongly recommend production of this motor for our needs this year on following basis." (Giving delivery dates.) * * * "The situation with reference to single-seater fighters for remainder of 1918 is as follows: Both France and England have a plane production in excess of their engine production, and as the 180-horsepower Hispano Suiza is already in production in the United States in small quantity, our only practical means of securing the necessary number of single-seater fighters will be for the production of this engine for overseas duty to be increased so as to provide the number indicated and for us to distribute these engines here month by month as conditions require. The entire question of the provision of single-seater aeroplanes for 1918 and 1919 is being thoroughly investigated, and a comprehensive report, with all data necessary, will be forwarded by an officer familiar with the entire situation."

On April 24, 1918, Mr. Potter cabled that contract could be made with the British Government for SE-5s at the rate of 30 per week beginning July 1; that 180-horsepower high-compression Hispano Suiza motors could be supplied from here for those planes at the same rate, and that the same machine could be put into production here and shipments begun in September. He asked quick advice if arrangements were desired which would permit of "quickest possible delivery of single-seater fighting planes on the front," and he added "SE-5 equipped with 180 Hispano is the only machine we can produce quickly."

To this an answer was received on May 4, 1918, disapproving the production of SE-5s, as follows:

"Production of SE-5 for 180 Hispano in America disapproved, since it appears that necessary planes for this engine can be obtained in Europe, either SE-5, Spad, or both."

This was followed on May 12, 1918, however, by a cablegram stating that the question was still open pending final report of board of air service officers and that final recommendation would be cabled in about 10 days.

On May 15, 1918, Mr. Potter cabled referring to the message from overseas of April 19, 1918, urging immediate preparation for production of single-seater fighters, and calling attention to the fact that the cablegram of May 4, 1918, was an exact reversal of the former recommendation. He said:

"We took immediate action on this recommendation, and have given orders for 1,000 SE-5s. Your 1052, paragraph 2-A, exactly reverses these recommendations. In view of this inconsistent information, and also due to requests for production of SE-5 from Air Division for training purposes, we have decided not to change our orders for production on these machines, and request that samples be sent promptly in accordance with our London 81, paragraph 3."

The final result is that there has been no renewed order for the production of Spads and that the order for SE-5s is being proceeded with, but that the American machine of this type is still in an experimental stage. It is understood that the machines are being tested, and that the questions which have arisen and have been brought to the attention of the authorities are receiving their consideration. We have not as yet sent from this country to the battle front a single pursuit or combat plane, as distinguished from the heavy observation or bombing planes, and, after giving due weight to all explanations, the fact remains that such pursuit planes could have been produced in large quantities many months ago had there been prompt decision and consistent purpose.

DELAYED PROGRAM FOR THE HANDLEY-PAGE AND CAPRONI BOMBING PLANES.

Although the Handley-Page and Caproni planes remained in the program, production was delayed. Both these types of bombing planes were included in the modified recommenadtions of the Joint Army and Navy Technical Board on November 21, 1917, and these recommendations were approved by the Secretary of War and the Secretary of the Navy.

HANDLEY-PAGE PLANES.

On January 25, 1918, a resolution recommending a contract for Handley-Page planes with the Standard Aero Corporation was tabled by the Aircraft Board, in view of the fact that such an order might interfere with work already undertaken by the company. On February 8 the board discussed the advisability of concentrating upon the manufacture of a single type of night bomber, and it was stated that, due to the lack of history as to the comparative performance of the Handley-Page and Caproni, the decision had been made to put both types into production in the United States. Arrangements had been made for the assembly in England of Handley-Page machines for the American service, and on February 19 the minutes of the Aircraft Board show that a cable had been received on February 14 by the British War Mission indicating that it would be serious to cancel these arrangements. The minutes add that in view of "a cable received February 18 from Gen. Foulois recommending the building of both the Handley-Page and Caproni types, because of the military needs for the immediate future, it was decided that at present both types should be constructed," and the Secretary was asked to keep before the board's attention the necessity of making a decision prior to July 1 concerning the concentration on the manufacture of one of these types for the year 1919.

On March 19 the Aircraft Board recommended that a contract be placed with the Standard Aircraft Corporation for the assembling of 500 Handley-Page planes and the furnishing of such parts (other than wood parts) as the Government might require, these planes to be assembled and taken down and disassembled and packed for export shipment to such extent as the engineering department should require, but not more than 10 per cent of these—that is, 50 planes—to be fully assembled for testing and flying in this country. Orders for 1,000 sets of wood parts and for various metal parts of the Handley-Page were placed. In a letter to Col. Bloomfield, Air Division, under date of March 20, 1918, M. W. Kellogg, director of production, thus summarizes what had been done up to that time:

"2. Some time ago miscellaneous orders were placed from time to time, either by letter or word of mouth, with people that our production department felt could facilitate this matter by having manufacturers start on the work. These manufacturers, as per list attached, have done more or less work. The ones that are further advanced are the W. R. Mullins Co., of Salem, Ohio, who are supplying approximately 75 per cent of the metal parts to be used, also the Grand Rapids Airplane Co., of Grand Rapids, Mich., on the wood parts, they having at this time received about 250,000 feet of spruce, and I understand that a large part of this has been in the kilns and they will start work in a short time, which we would judge to be approximately from a week to 10 days, manufacturing some of the parts. The other manufacturers are in a more indefinite condition. We are now trying to adjust the questions between them and the Signal Corps by giving them a formal contract, and at the same time ascertaining as far as possible the exact conditions of their detail part of the work. Some of these subcontractors have very small items. As an example, the two tire companies have only been instructed to develop and make the molds for the tires and have manufactured a very few tires each. Other companies have only made dies for a very small percentage of the stampings, etc.

"3. We gave a contract a week ago for the assembling of the machines that are going to be assembled, to wit, 50, and for the marking, listing, packing, etc., for export abroad for 450, to the Standard Aircraft Corporation who, in connection with our engineers, will use their best efforts to push the work.

"4. We are just starting at this time to line up our production department on an aggressive assembling of this material and a correlation of same with a view that if it develops that any of the manufacturers are in such a position that they would seriously delay the work, to put pressure upon them to try to overcome such a condition.

"5. We are advising you of all these facts to as clearly as possible give you a picture of the situation so that you can use your own judgment and do as he sees fit in this connection.

"6. You will note that while we have ordered numerous parts for 1,000 planes, our assembling contract only covers 500. This was done with the distinct understanding that if the contractors did their work efficiently and well and in proper time, we would favor them with a further order of not less than 500 more machines."

The first Handley-Page plane assembled in this country was flown in the early part of July.

The Standard Aircraft Corporation, it appears, was able to produce the first Handley-Page machine within 90 days from the time they were given full authority for that purpose, and the testimony is that making allowance for whatever advantage existed by reason of the fact that previous contracts had been let for certain parts the first machine could have been produced, at the outset, within 120 days. Further time, of course, would have been required for quantity production, but for the long postponement of the program of the Handley-Page no satisfactory reason is shown.

CAPRONI PLANES.

In the minutes of the Aircraft Board, under date of February 12, 1918, it was recited that the Italian manufacturer Caproni had sent to this country samples of his triplane and biplane, with his production engineer, Capt. D'Annunzio, expert flyers, and 13 factory experts to assist the United States in placing Capronis into production. On February 7 the board had recommended that a contract be made with the Standard Aircraft Corporation for the manufacture of 50 Caproni planes. Mr. Coffin urged on February 20 that plans be laid for quantity production of Capronis, to be assembled in Italy, but it was the feeling of the board that the matter should be held in abeyance until the production of sets of Caproni parts for the Italian Government were under way.

On April 11, 1918, it appears to have been the sense of the Aircraft Board that the Caproni should be put into immediate production in view of (1) repeated cable advices to that effect; (2) the actual experience in Europe with the Caproni; (3) the fact that Capt. D'Annunzio had assured the Signal Corps that there would be no difficulty in the installation of the Liberty motor. On March 21, 1918, Mr. Potter advised the board that the Italian Government did not desire a contract for the manufacture of Caproni parts in this country, because of the remoteness of contemplated deliveries, and inquired the disposition of the board as to the manufacture of 50 complete Capronis, as recommended on February 7. On March 26, 1918, the question of manufacturing the Caproni was again raised in the board and after discussion was referred to the Chief Signal Officer for the consideration of Col. Waldon, with especial reference to the question of the establishment of an assembly plant in France. On April 2 a letter addressed by the Italian ambassador to the Chief Signal Officer was referred to the board, inquiring whether the American Government intended to build Caproni planes for its own use, and if so, how many. Discussion was had of the question, "in view of cables recently received urging such production and the expense already incurred by the Government in prepartion therefor."

On April 23 Mr. Potter stated to the board that a verbal order had been given to the Fisher Body Corporation for 250 Caproni planes, and that preparations for production were under way. On May 9 it was further stated by Mr. Potter that arrangements had been made with the Fisher Body Corporation and Capt. D'Annunzio for the manufacture of 500 sets of Caproni parts by that company, contract for which would be let as soon as funds were available and that preparation for production was under way, which, however, was not promised before September. Contracts were made in June, 1918, with the Fisher Body Corporation and the Curtiss Aeroplane & Motor Corporation, each for 500 Capronis. There were arrangements several months ago, apparently of a tentative character, with the Standard Aircraft Corporatiton for four Capronis, of which one has been built.

There appears to be no adequate reason for this long delay in putting the Caproni planes into production. If it was due to congestion in plants selected for production, this could have been obviated by a better and wider distribution of work. This is, of course, so far as the matter of plane production is concerned. The immaturity of the Liberty motor doubtless, had its effect, but it would seem that orders for the motors sufficient to meet all appropriate demands should have been distributed in such a way that there could have been no occasion for delay in the building of planes because of the lack of orders for the engines to go with them.

POSTPONEMENT OF THE DE HAVILAND 9.

In his recommendation, on his return from Europe in September, 1917, the DeHaviland 9 was preferred by Capt. Clark, as the DeH-4 appeared to him to be obsolescent at the time the Bolling commission was in England, and the DeH-9 was designed along the same general lines as the DeH-4, but with its weaknesses, from a military standpoint, corrected. In other words, he regarded the DeH-9 as far better suited for bombing than the DeH-4. The principal distinction is that on the DeH-9 the rear man—the gun fighter—is moved back about 20 inches from his position on the DeH-4; the pilot is moved back so that he is placed immediately in front of the gun fighter; the fuel is moved forward so that it is near the engine, and between the fuel tank and the pilot is a bomb compartment.

The contracts with the Dayton Wright Airplane Co., the Fisher Body Co., and the Standard Aircraft Corporattion, originally called for DeH-9s. When, on September 22, 1917, the program, as it then stood, was submitted to Col. Bolling on behalf of the Chief Signal Officer, it called for 2,000 DeH-9s, and the reply was that the number was not sufficient and should be doubled. It may also be noted that in the same cableg ram (Sept. 22) from the office of the Chief of the Signal Officer it was stated that the first deliveries of the DeH-9 with the Liberty 12, and synchronized Marlin piston-type airplanne gun, would be made in November, 1917.

The sample machine, however, which was first received from England was the DeH-4. The DeH-9 had not yet been put into service at the front. Apparently there was no sample DeH-9 available here until at the end of February, 1918, and it seems to have been thought that progress had been made to such a degree in the developing of the design of the DeH-4 for production that it was advisable to concentrate upon the production of the DeH-4 to the virtual exclusion of the DeH-9. Consequently, in the substitution of contracts, the DeH-4 took the place of the DeH-9, and it appears that in February, 1918, directions were received from Col. Deeds and Col. Montgomery that orders for DeH-9s were to be canceled for the present, pending information from abroad.

It seems that with an adequate production program, this improved type, or its American equivalent, could have been produced here some time ago, but it has not yet been put into quantity production. It is said, however, that the DeH-9 is now "being put out of production abroad" because of the "coming in" of the DeH—9A, which is a further improvement.

RESULT.

For obvious reasons, it is not deemed advisable to make public the details of the present aircraft program. That can be stated by the military authorities whenever they think it wise to do so. For the present purpose it may be said that the abandonment of the program for the Spads left us, until recently, without any program for single-seater pursuit planes, and that also, until recently, so far as service planes were concerned, there remained a program for immediate production which was virtually limited to De Haviland 4s and Bristol Fighters.

The Bristol Fighter as redesigned to take the Liberty motor proved to be a failure and after a series of fatal accidents was discarded. The Bristol was so far removed from a machine that could carry an engine of that power that it has been admitted by high authority that it was "a very foolish thing to put the two together."

Thus, nothing is left of last fall's program for service planes save the De Haviland 4s. The course of production of these planes is hereafter stated. It appears that after the remedying of various defects, they are being successfully used as observation and bombing planes. There are certain limitations, which it is not necessary to describe, of their military effectiveness for this purpose, and machines of the later and improved types are to be provided. By reason of a lack of maneuverability the De Haviland 4s can not serve the purpose of a pursuit plane.

ENGINES FOR SERVICE AIRPLANES.

The Bolling commission's recommendations for the production of engines in the United States for service airplanes embraced the 200 H. P. Hispano-Suiza for fixed engine single-seater fighters, the 150 Gnome for rotary-engine fighters, and the Rolls-Royce for United States production only under some special arrangement for a Rolls-Royce factory in the United States. It was said that the Rolls-Royce engine was "not considered suitable for great quantity production. It also requires very skillful mechanics to keep it in commission at the front." It was added that the Renault, Fiat, Isotta-Fraschini, and S. P. A. were too heavy per horsepower to be recommended for great quantity production in the United States and that the first three mentioned had new designs under test which might prove very desirable. Special attention was directed to the development of the Bugatti engine. And this statement of the Bolling commission concluded with the observation that the developments in connection with the United States (Liberty) engine now under test "are probably the most important consideration in this question of engine production in the United States."

ROLLS-ROYCE AND SUNBEAM ENGINES—BRITISH EXPERIENCE.

There has been considerable testimony as to the feasibility of securing, in the year 1917, the early production of certain foreign engines, notably the Sunbeam and the Rolls-Royce. In order that there might be an authoritative statement of British experience, there was obtained, through the courtesy of the British ambassador, a memorandum under date of June 22, 1918, which has the authority of the British air ministry. From this it appears that when we entered the war, in April, 1917, the British had in use the following airplane engines: 160 H. P. Beardmore; 150 H. P. RAF4-A; 130 H. P. LeRhone; 130 H. P. Clerget; 190 H. P. Rolls-Royce; 150 H. P. Hispano-Suiza; 275 H. P. Rolls-Royce; 320 H. P. Cossack Sunbeam; 230 H. P. RAF3-A. The following engines at that time (April, 1917) were "coming on": 150 H. P. BR-1; 180 H. P. Viper Hispano; 220 H. P. Geared Hispano; 200 H. P. Arab Sunbeam; 220 H. P. B. R. 2; 270 H. P. Falcon, Rolls-Royce; 140 H. P. Clerget; 375 H. P. Eagle Rolls-Royce; 260 H. P. Maori Sunbeam. With respect to these engines, the memorandum furnished by the British ambassador contains the following statement:

"Of those 'in use' in April, 1917, all were good reliable engines, but it was obvious that they could not remain in the front rank for very much longer.

"Of those 'coming on' the two Rolls-Royce engines and the 180 Viper Hispano were practically certain to be a success.

"The others were undeveloped and could not have been recommended at that time; so that in April, 1917, no Sunbeam engine could have been recommended for manufacture in America, and the general opinion in England was that the Rolls-Royce was quite unsuited to American methods of production."

A further communication from the British ambassador states that what is quoted above on the Rolls-Royce and Sunbeam may be taken to apply equally to July and August, 1917. It should be added that in 1917 Col. Bolling cabled advising against the production of the Sunbeam engine in the United States.

THE HISPANO-SUIZA ENGINE.

A different situation existed with respect to the Hispano-Suiza engine, which had been used extensively abroad. In the summer of 1917 the 150 H. P. Hispano-Suiza engine was in production at the plant of the Wright-Martin Aircraft Corporation at New Brunswick, N. J. That company had received an order from the French Government in February, 1916, for 450 of these motors. Although the contract was to be fully performed by the late summer of 1916, there was serious delay and deliveries did not begin until March, 1917. This delay was due in large part to the difficulty of putting into production an article of very fine workmanship and material which was entirely new to American shop practice. The greatest problem in this sort of work has been the procurement of materials of proper refinement and texture. The delay was also apparently due in considerable measure to conditions which could have been remedied, and a comparatively small force was engaged on the Hispano-Suiza motor work during the year 1916, the main effort of the company at that time being motor-car production. (Since the fall of 1917 virtually all the facilities at the New Brunswick plant of the Wright-Martin Corporation have been engaged in the manufacture of airplane engines.) By September 1, 1917, 202 engines had been delivered under the French contract, and by October, 1917, the difficulties had been surmounted; in that month 117 were produced and the French contract was completed in November, 1917.

The Signal Corps placed a number of contracts with this company, reflecting changing purposes. Under date of July 31, 1917, it placed a contract for 500 of the 150-horsepower Hispano (type A). In September, 1917, a further contract was made for 500 of the same type, and this was canceled on October 2, 1917. On the latter date the company received a contract for 4,000 of the 220-horsepower Hispanos (type F), which were the 150-horsepower engines geared to high speed. This contract was canceled on November 13, 1917, and was replaced by the contract of that date for 1,000 150-horsepower Hispanos (type A). On November 20, 1917, the company received a contract for 3,000 300-horsepower Hispanos (type H), which was modified by two contracts in the present year postponing the delivery dates, the second of which (May 11, 1918) provided for the manufacture of the 300-horsepower Hispanos in Long Island City and for a further postponement of deliveries. On February 2, 1918, another contract was awarded to the company for 1,000 150-horsepower Hispanos (type A). On February 25, 1918, a contract was made for 1,000 type E or I Hispanos, and on May 25, 1918, another contract for 1,000 type E or I Hispanos was placed with the same company. Type E is Type A modified as to connecting-rod construction, magneto-drive construction, and the piston design so as to make possible the carrying of a higher compression and thereby greater power—that is, 180 horsepower at normal speed. Type I is 150 horsepower and has all the improvements of type E except the high compression.

The 300-horsepower Hispano (type H) was in an experimental stage last November, and the first deliveries now due of type H are in October. Under the contract of July 31, 1917, for 500 150-horsepower Hispanos deliveries were to begin 90 days from date of contract and determination of final details. Subsequently October 25, 1917, was fixed as the date from which the 90 days were to be reckoned, and the deliveries were actually completed in February. Under the contract of November 13, 1917, for 1,000 150-horsepower Hispanos deliveries were to be completed in April, 1918, and, with the exception of one motor, they were completed in May, 1918. Under the contract of February 2, 1918, for 1,000 150-horsepower (type A) motors deliveries were to be completed in July, and by the end of July 988 had been delivered.

The type A, or the 150-horsepower Hispano, has been used for the advanced training plane known as the JN-4H. The 180-horsepower Hispano is adapted to single-seater pursuit planes, such as the Spad or the SE-5, and is now in course of delivery.

On July 25, 1917, the Wright-Martin Aircraft Corporation submitted to the Aircraft Production Board a schedule for proposed deliveries of the Hispano-Suiza motor "of either direct driven or geared specifications" amounting to approximately 7,000 over and above the deliveries then due on the French contract. The offer was on the condition that "orders are placed with us or some definite arrangement made for same at once, so that we have sufficient assurance to warrant us in making the necessary capital expenditures and providing further that arrangements can be made for the Government to furnish us with the necessary working capital in excess of our present resources."

There is ample basis for the conclusion that had there been a sustained effort to produce single-seater pursuit planes, and with this definite purpose adequate orders had promptly been given so as to justify the provision of additional facilities by this company and the speedy utilization of its highest capacity engines for these pursuit planes could have been delivered in quantity through the winter and spring and large numbers of these engines would have been available by July 1, 1918, in addition to the production needed for advanced training planes and without interfering with the development of the high-power Liberty motor. This is aside from what could have been accomplished through timely arrangements made for production by other companies.

ROTARY ENGINES.

In the cable of October 5, 1917, in Gen. Pershing's name, it was recommended that "no rotary engine single-seater pursuit aeroplane" should be built here to be sent to Europe. On November 8, 1917, Brig. Gen. Saltzman, Acting Chief Signal Officer, requested the opinion of the Joint Army and Navy Technical Board as to the extent to which rotary motors should be included in the building program for airplanes and engines in the future. In response the Joint Army and Navy Technical Board replied that as "the tendency in the design of fighting airplanes" appeared to point toward two-seater fighters of maximum power, it was believed that in the general building program for the coming year "rotary engines should be considered of secondary importance." It was added, however, that in order "to anticipate improvements in the art or changes in the military situation" it was desirable that the art of building rotary engines be retained in the United States, and that for this purpose "the organization skilled in rotary engine production be preserved." Referring to the schedule of production of rotary engines, the board expressed the opinion that the order for 2,500 80-horsepower Le Rhone engines was larger than was necessary to preserve the art, and that this order should be reduced to the minimum number that

would accomplish the purpose, and it was further recommended that steps be taken to preserve the possibilities of production of the 160-horsepower Gnome engine. The immediate occasion of this inquiry was the pending question whether the Government should purchase the plant of the General Vehicle Co., of Long Island City, which was manufacturing Gnome motors. This purchase was made, but the manufacture of Gnome motors was continued at this plant for a time. In May arrangement was made for the use of the plant by the Wright-Martin Aircraft Corporation in the building of 300-horsepower Hispano-Suiza. Additional orders have been placed for Le Rhone engines. The rotary engines have been used for advanced training planes.

THE LIBERTY ENGINE.

In the latter part of the year 1914 the Packard Motor Car Co. decided to go extensively into the development of air motors. It had received one of the Mercedes motors, used by the Germans in their airplanes, which had been imported in a racing chassis. Taking certain features from that motor and from other motors, an engine was designed in 1915, a duplicate of which was used in a racing car. This engine developed 140 horsepower at 3,600 revolutions per minute. Another model, with greater power, was completed in December, 1916, and was also used in a racing car; this was rated at 200 horsepower at 2,180 revolutions per minute. It was described in a pamphlet exhibited at the Aeronautical Show in New York in January, 1917, as "the Packard aircraft engine," exhibited "as a stimulant to the new aviation industry." The work of developing these motors had been under the direction of J. G. Vincent, then vice president of the Packard Motor Car Co., in charge of engineering. In the latter part of May, 1917, Mr. Vincent took his drawings to Washington for the purpose of laying before the Government the plan of the Packard Co. to manufacture these engines in large quantities through enlisting the aid of other automobile manufacturers who had experience in high-grade motor work. Mr. Vincent met Mr. Deeds, Mr. Waldon, and others. The design was not deemed to be adequate for the needs on the western front, and it was necessary to increase the horsepower of the motor with lighter weight per horsepower. Mr. Vincent worked in Washington in conjunction with Mr. E. J. Hall, of the Hall-Scott Co., making sketches for the purpose of improving the motor, and in a few days a new motor was designed, embodying to a considerable extent the engineering features which had been developed during the past two years of experimental work. The first efforts were directed to the development of an 8-cylinder motor, and in a few days Mr. Vincent returned to Detroit, taking the Washington sketches for the purpose of having a wooden model made by the Packard Co., and this was done. At the request of the authorities, Mr. Vincent was loaned by the Packard Co., in order that he might take charge of the engineering division of the Aviation Section of the Signal Corps. The Packard Co. made a full-sized operating model, which was sent to the Bureau of Standards on July 3.

Later, about August, 1917, the production of an 8-cylinder engine was postponed and the immediate production of a 12-cylinder engine of the same type was decided upon. In developing the design for the purpose of quantity production, various difficulties were encountered. Aside from minor changes found to be necessary in the course of production, the crank shafts, connecting rods, and bearings in the first 1,000 engines were too light, creating a dangerous condition. The crank shafts, connecting rods, and bearings had to be redesigned. It was also found to be advisable to change the system of lubrication, and again it was difficult to obtain a development of radiators that were suitable for a motor of this size. As late as June 25 of this year Gen. Pershing's cable described a series of defects in the motors which had been shipped abroad, and these, it is understood, were speedily remedied.

It now appears to be conclusively established that the Liberty engine is a great success for observation and bombing planes, and for this purpose it has found high favor with the allies. It is too heavy for the lighter pursuit planes. The following statement furnished by the British ambassador with respect to British opinion of the Liberty motor was received on June 22, 1918:

"No bench tests have been applied to the Liberty engine in England, but tests in the air similar to those applied to British engines have been carried out on a DH 9-A with satisfactory results. Bench tests in France were observed by members of the British technical department and were satisfactory. The tests carried out in France were the standard French tests, and do not differ very largely from the standard English tests, except that the power output was taken with a fan brake instead of a Froude water brake, as generally used in England. The results were excellent, except that the design of crank shaft and connecting rod was found to be faulty, but this was well known and had been modified in the United States. The carburation was also found to be unsatisfactory, but is now in course of being remedied.

"The official opinion of the Liberty engine is that it is an engine which, with a natural development in the perfecting of its details, will prove reliable and up to the power and consumption standards that have been claimed. It is eminently suited for bombing and reconnoissance aeroplanes, but not for fighting aeroplanes. The number of engines actually ordered for the British Government is 980, but 4,500 are required by the end of the year. The British Government would have prepared to place an order for 3,000 at once, but at the desire of the American Government the order was limited to 980, the number which was allocated for delivery up to the end of June. Up to date 205 engines have been delivered from the works.

"The following is the text of a telegram received from the air ministry on June 8:

"'The British technical authorities have reported to the air minister that the Liberty engines have now been subjected to sufficient air experiment in England to warrant confidence in this engine. Excellent results have so far been obtained which place the engine at once in first line of high-powered air engines. Naturally, service experiment in the field is still to be obtained, but the Liberty engine will be a most valuable contribution for the allied aviation program, and the United States should develop production with every confidence.'"

The following further statement was supplied by the British air ministry under date of September 27, 1918:

"No severe bench tests on the Liberty engine were carried out in England, owing to the extensive tests in America.

"The only bench test in England was one short test at nine-tenths power for data re oil and fuel consumption. The result was quite satisfactory.

"One engine was stripped after 100 hours' flying and was found to be in good condition.

"Tests in the air have been carried out in De Haviland 9-A and De Haviland 10 machines. In these the engines have performed uniformly satisfactorily.

"The performance of the Liberty engine is at least as good as that of the Rolls-Royce in identical machines. The information officially expressed four months ago, that the Liberty engine would prove satisfactory in service, is wholly confirmed."

The facts as to production will be given later.

Fifth. Selection of contractors and distribution of work.

SELECTION OF CONTRACTORS.

For engines to be used in training planes there were orders (to June 30, 1918) for 7.950 OX-5s distributed among the Curtiss Aeroplane & Motor Corporation, the Willys-Morrow, and Willys-Overland Cos. Orders for the Hall-Scott engines (2,250) were placed with the Nordyke & Marmon Co. and the Hall-Scott Motor Co. The General Vehicle Co. received an order for 111 Gnome engines (100 horsepower), and the unfilled portion of this order was taken over by the Aeronautical Engine Co., which also received certain additional orders for engines of the same type when the latter corporation was organized to conduct operations at the plant of the General Vehicle Co. after its purchase by the Government. The Union Switch & Signal Co. had orders for 2,500 Le Rhone engines (80 horsepower). The orders for the Hispano-Suiza engines placed with the Wright-Martin Aircraft Corporation have already been sufficiently detailed (ante, p. 96). In addition, orders for 450 of the Lawrence engines (28 horsepower) were placed with the Excelsior Motor Manufacturing Co. and an order for 2,000 Bugattis was given to the Duesenberg Motor Corporation.

In the summer and fall of 1917 contracts were entered into for the manufacture of 22,500 Liberty motors, as follows:

Aug. 31, 1917, Lincoln Motor Co	6,000
Sept. 4, 1917, Packard Motor Car Co	6,000
Sept. 7, 1917, Nordyke & Marmon Co	3,000
Sept. 11, 1917, Trego Motor Corporation	500
Nov. 22, 1917, Ford Motor Co	5,000
Dec. 11, 1917, General Motors Corporation	2,000
Total	22,500

The contract with the Trego Motor Corporation was subsequently canceled. [It is understood that it has been taken over by the Ordnance Department for tanks. It is canceled so far as its relation to aircraft is concerned.] Only one engine being delivered.

For the production of elementary training planes of the type known as the JN4-D reliance was placed chiefly upon the Curtiss Aeroplane & Motor Corporation, which had already made planes for the British Government. Substantial orders were also given to the Springfield Aircraft Co. and the Canadian Airplane Co. (Ltd.), of Toronto. A number of small orders were placed from time to time with various concerns. The total orders to June 30, 1918, were for 3,975 of the JN4-D type.

The orders for the Standard-J training planes were distributed among the Dayton Wright Airplane Co., the Fisher Body Corporation, and the Standard corporations (Standard Aero Corporation and Standard Aircraft Corporation). The total orders were for 1,600 of this type.

For advanced training planes there were orders given to the Curtiss Aeroplane & Motor Corporation (to June 30, 1918) for 919 JN-H and 479 JN6-H; to the Thomas Morse Aircraft Corporation (for 100 S4-B and 400 S4-C), and to the Breese Aircraft Corporation (for 300 Penguins).

With respect to both elementary and advanced training planes there were also various orders for spare parts.

In service planes the production of the De Haviland 4s was pivoted upon the work of the Dayton Wright Airplane Co. in connection with the designing of the plane for American production, as hereafter explained. There were contracts for 8,500 of the DH-4s, as follows:

Dayton Wright Airplane Co	4,000
Fisher Body Corporation	4,000
Standard Aircraft Corporation	500
Total	8,500

The contract for the Bristol Fighters (2,000) was given to the Curtiss Aeroplane and Motor Corporation.

In view of the exigency, it was inevitable that the responsible officials of the Signal Corps intrusted with the duty of aircraft production should exercise a broad authority, virtually unhampered by restrictions, in the selection of contractors. The Aircraft Board, in which the responsible Army officers sat as members, afforded a useful opportunity for the comparison of views, but not a legal, and only to a limited extent a practical, check. There have been numerous complaints from individuals and corporations who sought contracts unsuccessfully. The extent to which activities were centered at Dayton, the profitable contract promptly given to Col. Deeds's former business associates, and the preference of a small group of manufacturers in the allotment of the large contracts created a feeling of distrust which finds frequent expressions in the record of this inquiry.

There could be no well-founded objection to a well-directed effort to standardize products for production in large quantities under conditions favoring the most economical and efficient work. So far as orders for production of planes in small quantities and various spare parts are concerned, to give an adequate statement of the facts with respect to the companies who received, or which asked and were refused, contracts would require a great variety of detail which it is impracticable to set forth. It does not appear that in the award of these contracts there was adherence to any clearly-defined principle. It is sufficient to say that in many instances the parties complaining have no ground for their complaints, save that others in no better situation obtained what the complainants were denied. For while offers or requests of some manufacturers went unheeded because of alleged lack of proper facilities or of assured financial ability, in other cases contracts were made with parties equally destitute of adequate resources. Among those whose facilities were apparently adequate, some were taken and others were left.

But aside from any question of discrimination between manufacturers, it is obvious that the exigency demanded that important and needed sources of supply should not be neglected, and in this connection, without attempting to make a comprehensive statement of other available resources, the case of the Singer Manufacturing Co. deserves special attention.

SINGER MANUFACTURING CO.

While this company had no experience in the building of airplanes, it had perhaps the largest plant in the country for cabinetwork and one of the largest veneer plants, and its facilities available for the

processes demanded in aircraft production were hardly excelled in the country. As Col. Waldon testifies, "There was every reason why they should be successful in airplane manufacture." The officers of the company were not seeking contracts, but they offered its facilities to the Government, and these were not utilized. As early as July 14, 1917, Mr. Waldon, of the Aircraft Production Board, requested an interview with the vice president of the Singer Sewing Machine Co., and this was had. Later representatives of the Singer Co. visited the plants of the Curtiss Co., the Dayton Wright Co., and the Canadian Airplanes (Ltd.), of Toronto, and an interview was then had with Mr. Deeds and Mr. Waldon, on August 14. Up to that time the manufacture by the Singer Co. of 3,000 training planes had been under consideration, but it was then suggested that it should build 1,000 service planes of the DeH-4 type. Before undertaking this work the representatives of the Singer Co. desired to examine the sample DeH-4 at the plant of the Dayton Wright Airplane Co. The letter of introduction to that company, however, revealed the fact that the whole proposition was still very indefinite. The letter (Aug. 15, 1917) stated:

"We are asking the Singer Sewing Machine Co. to conduct such investigations as is possible while we are making up our minds as to the part of our program they are to fulfill. When they were here yesterday we suggested that they should help in the DeH-4 production. This is not definitely settled, and they may be given some other part of the program, but we would like to have them given the privilege of an opportunity to study the details of the DeH-4, inasmuch as it represents the latest type of barge war machine from abroad."

On receiving this letter the vice president of the Singer Co. telegraphed Mr. Waldon that it was so indefinite that the trip would be postponed until it was decided whether it was desired that they should undertake the building of the DeH-4. To this Mr. Waldon replied, under date of August 16, as follows:

"We are promptly in receipt of your telegram about the indefiniteness of our letter of August 15. Since your visit we have received a cablegram which indicates that there will be a very important change in our program, in all probability causing us to change the type of machine you would build. This was the reason I stated in my answer that it was not definitely settled that you would build the DH-4. It will be in your hands, however, whether you go to Dayton and look over the DH-4 as a sample of an up-to-date war machine. The one we have in mind now that we would ask your assistance upon would be quite a little larger than this."

On August 17 Mr. Waldon telegraphed "change in program will probably make it necessary to assign a type other than DH-4." On August 20 the Singer Co. informed Mr. Waldon that they had decided to postpone their trip to Dayton "until it is more definitely settled what you wish us to do for you." In a postscript to this letter it was stated that the Singer Co. had been requested by the British Government to duplicate their order from that Government for certain airplane parts (universal joints), and they asked whether there was any objection to their undertaking this additional work. An answer was received on August 23 that this was entirely satisfactory. This additional work for the British Government required the services of perhaps 100 persons and left the Singer Co. quite free to undertake the making of planes for the Government, but no further word was received and no order was given to the Singer Co. In the light of the correspondence no explanation has been given of the failure to enlist its important resources for the purpose of aircraft production.

ENGEL AIRCRAFT CO., OF NILES, OHIO.

In view of the former connection of Mr. Harry E. Baker, the brother of the Secretary of War, with the Engel Aircraft Co., the facts with respect to its organization and its contracts with the Government should be set forth.

The company was organized about August, 1917, under the laws of Ohio. Mr. Harry E. Baker testifies that it was originally intended to have a capital stock of $3,000,000 (preferred $1,000,000 and common $2,000,000), but this was subsequently reduced to $1,500,000 (preferred $500,000 and common $1,000,000). Mr. Harry E. Baker, of Cleveland, was president and general manager. His associates in the organization of the company were Mr. Engel, vice president and production manager, and Mr. Patterson, secretary and treasurer.

Mr. Baker had taken an option in the spring of 1917 for the plant at Niles, Ohio, formerly owned by the Engel Airplane & Motor Co., and this was taken over by the new company, which, in effect, issued its preferred stock therefor, at a cost of about $225,000. The remainder of the preferred stock was sold for cash. The preferred stock was entitled to 7 per cent cumulative dividends, and, as Mr. Baker states, was to be retired at par before the common stock participated in earnings. The common stock was issued to Mr. Baker and his associates for services in promotion. As an officer of the company Mr. Baker received a salary at the rate of $7,000 a year.

On October 9, 1917, the Aircraft Board recommended that an order be placed with the Engel Aircraft Co. for spare parts for 100 JN4-D training planes, at the aggregate price of $80,827.80. At the meeting of the Aircraft Board on October 19, 1917, it was recited that the equipment division had recommended that a larger order be placed with the Engel Co., and the board thereupon rescinded its resolution of October 9 and recommended that an order be placed with the Engel Co. for spare parts for 700 JN4-D airplanes, at a total cost of $585,077.50. Following this contract for 700 sets, Mr. Baker states that there were further orders from the Government during his connection with the company for 200 sets of spares for JN4-D's, 200 sets of spares for JN4-H's, and another order of 100 sets of spares for JN4-D's, the aggregate orders being for 1,200 sets of spares at a price of about $1,000,000. Mr. Baker testifies that he ceased his connection with the Engel Co. on January 21, 1918.

The Secretary of War testifies that either before or after our entry into the war his brother (Harry E. Baker) asked him whether there was any reason why he should not go into the manufacture of a certain flying boat for the Navy, in association with one Engel. The Secretary told him that he knew of no reason why he should not. Later his brother informed the Secretary casually that they were going to make airplanes, and asked if the Secretary objected. The Secretary replied that he had no right to object, but did not wish to be consulted about it; that he had nothing to do with it. Later the Secretary discovered that the Engel Aircraft Co., of which his brother was president, had a contract with the Government, which was not a competitive contract, but one which had been given upon an inspection of the facilities of the aircraft company. The Secretary sent for Gen. Squier and asked for the facts. The Secretary regarded the situation as intolerable and directed that the contract should be canceled. Thereupon it was immediately canceled by telegraph and arrangements were made, through Mr. Eugene Meyer, jr. (acting for the Secretary), for the separation of Mr. Harry E. Baker from the company. The Secretary thought it was just that his brother should be paid on the basis of the value of any services he had rendered, but that his complete separation from the company was necessary before a contract should be regarded as possible.

Mr. Harry E. Baker testifies that in January last he was informed by telephone that all of the contracts of the Engel Co. had been canceled; that he immediately went to Washington and had an interview with Assistant Secretary of War Crowell, who told him that his association with the aircraft business was embarrassing to the Secretary of War and that he should retire from it. He said that he had no desire to furnish cause for embarrassment, and accordingly, after an interview with Mr. Meyer, he turned back to the treasurer of the company all of the stock that he had in his name and resigned as president and general manager. Mr. Baker testifies that the company paid him nothing for his stock. In addition to the payments of salary which, according to his testimony, he had received for two months at the rate of $7,000 a year, Mr. Baker says that he was paid on his retirement the sum of $15,000 in consideration of the services that he had rendered.

Being assured that the separation of his brother from the company had been effected, the Secretary notified Gen. Squier that the capacity and merits of the company were the only matters to be considered. All the contracts were immediately reinstated on the same terms. Subsequently an additional order was given to the Engel Co. for 500 sets of spares for De Haviland 4's, at an estimated cost of $2,275,000.

DISTRIBUTION OF WORK.

Quite as important as the selection of contractors and the development of adequate sources of supply, was the distribution of work so as to insure prompt and efficient production. Each type of plane requires special preparation and the demands of varied sorts of work may easily be mutually restrictive and demoralizing. A conspicuous instance of this is furnished in the case of the Standard Aircraft Corporation. This company, with its predecessor (the Standard Aero Corporation), had the unusual features of being a manufacturing corporation under the direction of two lawyers, Harry Bowers Mingle and Max J. Finklestein, of the firm of Mingle & Finklestein, of New York City. It is unnecessary to review the financial history of the two Standard corporations, with their plants at Elizabeth and Plainfield, N. J. It is sufficient for the present purpose to say that from the time of the organization of the Standard Aircraft Corporation in November, 1917, it has been the operating company, except that recently the Standard Aero Corporation has been availed of, and it has taken the plant at Plainfield for the purpose of handling fixed-price orders, the cost-plus contracts being in course of performance at the large plant at Elizabeth. Both these corporations are controlled by Mitsui & Co., a leading Japanese firm, which holds all the preferred stock and a majority of the common stock of each company. The orders which have been given by our Government to one or the other of these Standard companies exhibit an extraordinary range of types, embracing training planes of the Standard J type, 6 machines and spares of the JR-1B type for the Post Office, advanced training planes of the M Defense type, 4 Capronis, the assembly of Handley-Page planes, 500 De Haviland 4's, as well as flying boats for the Navy and various orders for small parts. The effect was to put in this plant almost every variety of airplane work, a proceeding which has no justification from a production standpoint. Mr. Charles H. Day, the chief engineer of the Standard companies, whose ability is generally recognized, frankly admits the serious disadvantage of this multiplicity of orders. He says:

"There is a natural amount of confusion in having a multiplicity of those parts. * * * The engineering personnel is limited by the number of different machines you have to produce, and the executive force is limited by the same amount. The physical layout of the factory itself is very seriously affected. * * * We have on the HS boat job made entirely our own drawings. It was out of the question to work to the drawings which were supplied us and we therefore redrew the entire job. That occupied a great amount of time of the drafting room and the engineering departments of the Standard Aircraft. Then a great amount of drawing has been necessary on the De Haviland 4, it being impossible to get Van Dyke drawings from the Signal Corps, and we have attempted to draw up a great deal of that machine, and we have redrawn in its entirety the Handley-Page machine. That involves the engineering department and the drafting department and the bill of materials department, sometimes known as the specification department, which is one of the most important we have, inasmuch as under the present regulations we are not allowed to purchase material except we bill the material. The approvals officer will not approve the materials except on the basis of a bill of materials supplied, and making the bills of materials and completing the drawings on all these different machines has been extremely difficult.

"Q. Have you had in your drawing department the HS boats for the Navy, that is the seaplane, the Handley-Page planes, and the De Haviland planes, all being worked out at the same time?—A. Yes, sir."

On the same point, Mr. Day again testified:

"The order for the De Haviland 4s is a very small order comparatively. * * * If we were to turn over our plant entirely into building the 500 De Haviland 4s and had a go-ahead on 500 De Haviland 4s, it would not last very long. We expected early in this year and were preparing to take over a large order for Capronis. That was before we had the De Haviland machines, and it was supposedly to be a thousand Capronis. That was a fair-sized order, and we expected we would have that alone and nothing else. But that was withdrawn, and the order for 700 sets of spare parts for the Bristol and 1,500 sets of spare parts for the De Haviland 9 was given us, and that was a pretty fair-sized order. That in itself would have been sufficient for some length of time, but both of those orders were recalled. The interference, so far as spare parts of machines is concerned, would have been less than the interference caused by two orders for complete machines. It has been impossible for us to obtain a large enough continued order to actually know what we were going to do and to prepare for doing it."

Criticisms upon the management of the corporation do not excuse such a state of affairs. If a manufacturing corporation is to be intrusted with work, it is manifest that it should be given the work it can handle efficiently; and if its efficiency is distrusted, there is still less reason for embarrassing it with confusing orders. On the other hand, if it is deemed capable of successful production it should have a suitable opportunity to develop it. The effect of placing such an assortment of orders, coupled with the difficulties besetting production in this new industry, has not only interfered with production, but has promoted waste, made it exceedingly difficult to maintain proper cost accounts, and has confused responsibility for delays.

Other illustrations of a poor distribution of work might easily be given; the result of it is that one part of the Government's program has stood in the way of another.

Sixth. The course of production—Delays—Misleading public statements.

It is not deemed to be necessary to review in detail in this report such delays as occurred in the delivery of training planes and engines therefor. As early as February 16, 1918, 1,733 had been delivered of the JN4–D and 683 of the SJ–1 elementary training planes. As already stated, 2,972 of the JN4–D had been delivered by June 30 and the total order for the SJ–1 (1,660) was completed by May 11, 1918. By February 16, 1918, there had been delivered 1,438 of the OX–5 engines and 1,083 of the A–7a engines and deliveries continued from week to week.

The elementary training planes of the JN–4D type seem to have been satisfactory. In connection with this phase of the execution of the aircraft program it should be said that the general average of accidents in training for all the camps in the United States, is one accident for every 3,200 to 3,600 hours of actual flying. The worst school, in this respect, is one accident for every 1,900 hours of flying and the best school shows one accident for every 4,800 hours of flying. While it is somewhat difficult to obtain comparative statistics with respect to accidents in French and British training camps, it is believed from reports from our officers serving in the English and French schools that we have about twice as much flying per accident as either of the other nations.

The condemnation of the SJ–1 plane as dangerous, because of the Hall-Scott engine, has already been mentioned. It is to be noted that as early as February 12, 1918, the Joint Army and Navy Technical Aircraft Board passed a resolution reciting the opinion of the board "that the Standard airplane as completed with the Hall-Scott engine is not a satisfactory training machine" and recommending "that if it is necessary to make further purchases from the Standard Co. of types that have been developed by them, that such machines be of the type designed for the installation of the Hispano-Suiza engine and the 150 Hispano-Suiza engines be purchased for these machines." The Standard J training plane with the Hall-Scott engine continued to be used until it was condemned in June, 1918, on Gen. Kenly's return from overseas and after his careful examination of its operation. The order of Gen. Kenly, under date of June 6, 1918, is as follows:

"1. Due to the shortage of training-type airplanes in the past it was necessary to use a certain number of Standard J–1 airplanes for training as filler-in until there were sufficient JN–4 machines manufactured for all schools.

"2. At the present time there are sufficient JN–4 machines in storage to entirely replace all Standard machines in use. The director of military aeronautics therefore desires that no more Standard airplanes be used in flying training and that steps be taken at once to entirely replace the Standard J–1 machines now in use by JN–4 airplanes. The Standard machines can be utilized in mechanics' training schools, ground schools, and any other schools where it is not necessary that they be taken into the air."

With respect to advanced training planes, it may be said that by February 16, 1918, 60 had been received of the S–B and 105 of the JN4–H. The delivery of Penguins did not begin until the middle of April, and of S4–Cs until May. There had been delivered by February 16, 1918, 121 of the Gnome (100 horsepower) and 444 of the Hispano (150 horsepower) engines. Deliveries of the Lawrence (28 horsepower) began in March and of the LeRhone (80 horsepower) in May, 1918.

SERVICE PLANES.

As already stated, the program during the period under consideration and until recently has been practically limited to the De Haviland 4s and the Bristol Fighters.

THE DE HAVILANDS.

The contracts for these planes, after the substitution of De H–4s, for De H–9s, called for 8,500 De H–4s, viz., Dayton-Wright Airplane Co., 4,000; Fisher Body Corporation, 4,000; Standard Aircraft Corporation, 500.

Under the first contract with the Dayton-Wright Airplane Co. (dated Sept. 7, 1917), deliveries of the De H–9s then provided for were to begin in November, and the entire 2,000 were to be delivered by the end of June, 1918. Under the modified contract (Jan. 17, 1918), for 1,000 De H–4s and 3,000 De H–9s, deliveries were to begin in January and to be completed by the end of July, 1918. Under the final contract (Apr. 1, 1918), substituting 4,000 De H–4s, the latter were divided into two lots of 2,000 each, the first lot for immediate production to be delivered by August 1, 1918, and the remainder to be delivered as ordered.

The first De H–4 was shipped from the plant of the Dayton-Wright Airplane Co. on February 5, 1918. It was intended for the American Expeditionary Forces in France, but it was not completely equipped; it did not have any bomb gear that would work. On February 14, 1918, the following telegram was addressed by Mr. Talbott to Col. Deeds:

"Wire received reference Secretary Redfield and Dr. Stratton. Maj. Shepler advises first 100 De Havilands to remain in this country. If so, will you recall plane shipped for foreign shipment, allowing us to substitute plane completely equipped. Progress here encouraging."

However, the plane already shipped was not recalled. The transport containing it sailed on March 22, and, on account of engine trouble in the Azores, it did not reach Europe until May 4.

Nine additional De H–4s were shipped by the Dayton-Wright Airplane Co. in February for the use of various fields—two on the 15th, one on the 16th, and two on the 17th, intended for Gerstner Field in Louisiana; one on the 21st for McCook Field (which was sent to South Field); one on the 22d for the Fisher Body Corporation; one on the 23d for the Standard Aircraft Corporation; and one on the 25th for McCook Field. Four were shipped in March—two for Gerstner Field on the 9th and 12th, one for McCook Field on the 10th, and one on the 21st was delivered to the property officer at the Dayton-Wright Airplane Co.

There were no shipments for the American Expeditionary Forces between February 5 and April 3, 1918, when four were shipped; four more were shipped on April 14 and four on April 22, and there were no more shipped for use abroad until May 2, 1918. That is to say, up to May 2 there had been 13 De H–4s shipped for our forces abroad. It was in May, 1918, that what may properly be called quantity production of De H–4s began. By the end of that month 193 De H–4s and by the end of June 529 De H–4s had been delivered by the Dayton-Wright Airplane Co. Of these 529 it appears 381 had gone to ports of embarkation, 116 to the Navy, and 32 to various destinations in this country, including training fields.

On June 25 advices were received that there were serious defects in the planes which had been received abroad. At the meeting of the Aircraft Board on July 31 Col. Arnold stated that all planes shipped to Europe by the Army which were found on arrival to have weaknesses were rebuilt at the aircraft production centers. At the same meeting Mr. Potter stated that the De Haviland planes for the Navy which had been shipped from the factory but were not yet floated should be sent back to the Dayton-Wright Co. to be rebuilt.

From June 30 to October 11, 1918, the Dayton-Wright Airplane Co. delivered 1,320 De H–4s, making 1,489 in all to the latter date.

In the contract with the Fisher Body Corporation (Nov. 6, 1917) provision was originally made for 3,000 De H–9s, the deliveries to be completed before July 1, 1918. For these there were subsequently substituted 4,000 De H–4s, of which 2,000 were to be delivered by September 1, 1918—afterwards extended to November 1, 1918—and 2,000 more at dates to be fixed. Up to June 30, 1918, no deliveries of De H–4s had been made by the Fisher Body Corporation. This company got into quantity production in August, and had delivered 452 up to October 11, 1918.

For the order of 500 De H–9s placed with the Standard Aircraft Corporation (Jan. 26, 1918), there were eventually substituted 500 De H–4s by the contract of March 28, 1918. No deliveries had been made up to June 30, 1918, and only 49 had been delivered up to October 11, 1918.

The total deliveries of De H–4s to October 11, 1918, amounted to 2,350. Of these, 1,617 had been floated, 388 were at ports or in transit, 177 had been shipped to camps and training fields, and 168 are described as being for "manufacturers and miscellaneous."

BRISTOL FIGHTERS.

The contract with the Curtiss Aeroplane & Motor Corporation called for 2,000 Bristols to be delivered by August 31, 1918.

There was no definite release for production until February, and then only to the extent of 25 machines. Four hundred were released for production in the latter part of March and 400 more on April 24. As already stated, only 27 were delivered in all, and the order was canceled in July.

LIBERTY ENGINES.

The deliveries were to be completed as follows:

	Lincoln Motor Co.	Packard Motor Car Co.	Nordyke & Marmon Co.	Ford Motor Co.	General Motors Co.
November	5	50	.....	.....	.....
December	80	200	.....	.....	.....
January	160	500	25	.....	.....
February	275	800	125	.....	.....
March	700	1,000	550	.....	.....
April	1,400	1,200	700	200	.....
May	1,900	1,200	800	800	25
June	1,480	1,050	800	1,000	125
July	.....	.....	.....	1,000	250
August	.....	.....	.....	1,000	300
September	.....	.....	.....	1,000	400
October	.....	.....	.....	.....	500
November	.....	.....	.....	.....	400

These were the actual deliveries: (There are slight discrepancies between the factory records and the Government reports, and the latter apparently based on actual receipts are used in this tabulation.)

	Lincoln Motor Co.	Packard Motor Car Co.	Nordyke & Marmon Co.	Ford Motor Co.	General Motors Co.	Total.
November	.....	1	.....	.....	.....	.....
December	.....	25	.....	.....	.....	.....
January	.....	43	.....	.....	.....	.....
February	7	96	.....	.....	.....	.....
March	24	153	.....	.....	.....	.....
April	134	314	.....	.....	.....	.....
May	106	439	.....	.....	.....	.....
June	309	556	.....	53	130	.....
July	484	724	16	197	244	.....
August	701	543	24	459	398	.....
September to Oct. 11	1,022	970	117	1,212	371	.....
Total	2,787	3,864	157	1,868	1,013	9,689

The total deliveries of Liberty motors (US–12s) to October 11, 1918, amounted to 9,689, of which 6,895 were for the Army and 2,794 for the Navy. Of those for the Army, 3,555 had been floated, 456 were at ports or in transit; and there had been delivered 990 to allied Governments, 260 to flying fields, 1,429 to manufacturers, etc., the remainder, or 205, being turned over to the Navy.

Contracts have recently been made for the production of the Liberty 8 (US–8), but no deliveries had been made to October 11, 1918.

MISLEADING PUBLIC STATEMENTS.

In the face of the delays in production a series of misleading public statements were made with official authority. While these statements were authorized by the Secretary of War, he states that they were issued in reliance upon information furnished by the Chief Signal Officer, Gen. Squier, and by Col. Deeds, who were acquainted with the actual conditions. It is unnecessary to review the delusive predictions and exaggerations contained in these utterances.

But particular attention should be directed to the official statement released for publication in the papers of February 21, 1918, which contained the following:

"The first American-built battle planes are to-day en route to the front in France. This first shipment, though in itself not large, marks the final overcoming of many difficulties met in building up this new and intricate industry."

This statement had its origin in a conversation between Col. Deeds and a representative of the Committee on Public Information a week or two before the completed statement was issued. A draft was first prepared and submitted to Col. Deeds, who examined it and made some corrections. The statement contained in the paragraph above quoted was not only left unchanged, but was the subject of special inquiry. Col. Deeds was asked what was meant by the "first shipment," and he replied, "They are on the water now, on the way to France." He was then asked, "How many?" and he answered, "I do not know, but I

do not think more than 10." His statement in its final form was then presented to the Secretary of War, who permitted it to be issued upon the understanding that it had been verified by Gen. Squier and Col. Deeds.

[At the time this statement was issued (February 20) only one plane had been delivered for shipment to the American Expeditionary Forces, and while this had been shipped from the factory on February 5, it did not leave the United States until March 22. The only other service planes which had been delivered were five DeH-4s, which had been shipped for use at Gerstner Field, La. No additional shipments of airplanes for the use of our forces abroad were made until April 3. Actual production in quantity did not really begin until May.]

Col. Deeds admits that this statement was brought to him before its publication, and that he went through it. He examined it minutely enough to correct with his own hand one of the paragraphs following that above quoted, which gave the number of men required on the ground for every plane in the air, his correction making it 46 instead of 45. Col. Deeds denies, however, that he said in response to the inquiry upon the point that the battle planes were "on the water now, on the way to France." That he did make this statement is testified to directly and unequivocally by John W. McConaughy and Marlen E. Pew, representing the Committee on Public Information.

When Col. Deeds was examined as a witness before the Committee on Military Affairs of the Senate, on April 2, 1918, he was asked this question and gave this answer:

"Senator WADSWORTH. Did you see, or do you know whether any other responsible officers in your aviation section of the Signal Corps saw the statement given out by Secretary Baker on February 21 before it was published?

"Col. DEEDS. No, sir; I did not see it. I do not know of anybody seeing it."

Col. Deeds admits giving this testimony. He testified that he did not then recall the paper in question.

Col. Deeds further testifies, in explanation, that when the paper was before him his information was that "four planes were on the cars en route to France," and that it later developed that only one was sent and the others were diverted to Lake Charles—that is, to Gerstner Field—for tests on radiators. The shipments to Gerstner Field, however, had been made directly from the Dayton Wright Airplane Co. on February 15, 16, and 17, and these planes had not been shipped from the factory for the American Expeditionary Forces. There is evidence, also (ante, p. 113), that on February 14 Mr. Talbott had telegraphed to Col. Deeds that Maj. Shepler advised that first 100 De Havilands should remain in this country and asking on this assumption for the recall of the one plane "shipped for foreign shipment," so that another could be substituted "completely equipped."

There is no question but that this grossly misleading statement was published on the authority of Col. Deeds and that the Secretary of War relied upon the fact that it had Col. Deeds's approval in giving it his official sanction. While this conduct of Col. Deeds does not come within the scope of the Criminal Code, it deserves the prompt attention of the military authorities.

Gen. Squier testifies that he had nothing to do with the statement that was issued for publication on February 21 and that he did not know of it before it was published. He testifies that when it was brought to his attention, he did not regard it as a proper statement to have been sent out, but that he did not institute an inquiry to ascertain who was responsible for it. It is evident that the matter called for immediate investigation and for suitable disciplinary measures, but no steps were taken either for correction or punishment.

The Secretary of War states that the responsibility for the statement clearly rested with Gen. Squier and Col. Deeds, and that he did not learn of the inaccuracies of the statement until his return from Europe in the latter part of April.

There were earlier statements of a delusive character as to the progress of aircraft production, but the particular statement to which attention has been called was inaccurate in its specific statement of facts, and its misleading character was obvious to anyone having knowledge of the actual conditions.

Seventh. Causes of delay in production.

FIRST. LACK OF KNOWLEDGE AND EXPERIENCE.

This was a fundamental difficulty affecting production in all its stages. The industry was new, and there was a lack of engineers and skilled workmen. Novel problems were encountered at every step and lack of knowledge bred indecision and confusion. Experience in other manufacturing enterprises gave no assurance of facility in this untried field. In addition, it was necessary to develop new sources of supply of needed materials, and the difficulties of the main contractors had their counterparts in the plants of subcontractors by which various sorts of material or fabricated parts were supplied.

SECOND. DEFECTIVE ORGANIZATION IN THE SIGNAL CORPS.

The duty of providing an adequate organization for aircraft production was left to the Signal Corps. It is quite clear that this undertaking was beyond the competency of the Chief Signal Officer, who had neither training nor experience for such a large industrial enterprise, and those who were brought to the task in his department failed to produce an organization which was adapted to meet the exigency.

The contracts were for production, and presupposed that the manufacturers should have an established design. The contractors agreed to produce the described machines in accordance with drawings and specifications to be furnished by the Government. In order to secure production of types of planes unknown to our manufacturers, it was necessary that the Government should create an engineering department which should settle the design and furnish adequate and accurate drawings and specifications. But this essential condition of achievement was not met.

Undoubtedly, the lack of airplane engineers was a serious obstacle. Still, there were a few in the country who had devoted themselves sedulously for a considerable time to the study of aviation problems, and it does not appear that there was a suitable effort to draw to the Government's service such talent as was available. Whether or not much assistance could have been obtained in this way is a question which can not be answered in the absence of an appropriate test. It was, however, entirely obvious that the exigency called for the most efficient organization, and that to add to inexperience the lack of a suitable organization and the confusion of a divided responsibility would inevitably lead to serious delays and threaten the entire program.

There was an engine design section established about July 1, 1917, in charge of Mr. Vincent, who had been engineer of the Packard Motor Car Co., but had no experience in the designing of airplanes; and this department did not have anything to do with the designing of airplanes as distinguished from airplane engines.

Capt. (afterwards Lieut. Col.) Virginius E. Clark, who had had perhaps as much aeronautical experience as anyone in the Army, had been in charge of airplane designing, but he was absent in Europe with the Aeronautical Commission from June until about September 1, 1917. On his return he resumed the work of airplane designing, and the Airplane Experimental Department was organized about October 1, 1917, in charge of Lieut. Col. Clark, who was put in command at McCook Field, Dayton. This organization continued until February 6, 1918. Lieut. Col. Vincent testifies that he had been arguing for an "engineering department" with the idea that it would take entire charge of engineering as it pertained to engines and planes" and "definitely straighten out" what he thought to be "an unsettled condition." By this he meant that "an attempt was being made to put planes into production in this country without having complete drawings or a complete understanding as to just what equipment such planes were to carry." But for the purpose of settling designs of airplanes and furnishing drawings to the manufacturers the Airplane Experimental Department proved to be hopelessly inadequate, and the result was that it was largely left to the manufacturers themselves to work out the designs of service planes, an undertaking for which they were ill equipped.

When the Airplane Experimental Department failed to give satisfaction, instead of strengthening it and making it adequate to the engineering work which had to be done, an additional department was created (about Jan. 1, 1918) which was called the Production Engineering Department. This department was also located at Dayton, because the Dayton Wright Airplane Co. was at that place, and there the department remained until the middle of April. It was said to be its function to supply manufacturers with engineering information, drawings, specifications, etc., from which they could produce in quantity what they were to manufacture; to specify materials, to decide upon details of design, etc. It was not, however, established merely as an aid to the manufacturer in producing according to a settled design—that is, to enable the manufacturer to cope with the difficulties which were sure to arise in the course of production, but this department was largely placed in control of the airplane design itself, which the Airplane Experimental Department had failed to establish satisfactorily. The new department was never informed or equipped so that it could perform its function adequately. It was under the general supervision of the head of the production department of the equipment division, who was inexperienced in airplane engineering or in airplane production, and this creation of another inadequate department failed to solve the difficulty.

On February 6, 1918, the Airplane Engineering Department was established in charge of Lieut. Col. Vincent, who was put in command at McCook Field. Lieut. Col. Vincent at once began to direct the efforts of the new department toward getting some well-known machines ready for production, rather than doing the purely experimental or research work, and he obtained permission from Mr. Potter to take the De Haviland 9 from the Dayton Wright Co. at South Field "and put it through McCook Field." But this new department did not have a definite function with respect to the types of service planes already under contract—that is, the De Haviland 4 and the Bristol—and these were left apparently as before, subject to the inadequate direction of the Production Engineering Department.

The consequences are easy to trace. When the model DeH-4 was received in this country it was accompanied by the English drawings. It was necessary to redesign the plane to accommodate it to the Liberty motor. The model was sent to the Dayton Wright Airplane Co., and this company which, under its contract, was to produce in accordance with drawings and specifications furnished by the Government, appears to have undertaken the work of redesigning and making the new drawings. These were made and the DeH-4 as redesigned was flown on October 29, 1917. When, later, changes were required, the company expected drawings to be furnished by the Signal Corps; the Production Engineering Department apparently expected the drawing to be provided by the company. Rapid and successful production, which demanded clearly defined responsibility, could not be expected under such conditions. About February 21, 1918, the Production Engineering Department having been unable to secure production, the work on the DeH-4 was virtually taken out of its hands and placed in charge of Lieut. Col. E. J. Hall for the purpose of a swift effort to get results. Lieut. Col. Hall proceeded to get necessary information as to equipment, developed a little organization of his own, at once built three model planes (one for the Dayton Wright Airplane Co., one for the Fisher Body Corporation, and one for the Standard Aircraft Corporation) and sought to remove as rapidly as possible the various hindrances to production. In this way production in quantity was finally attained. But this was not the perfecting of the organization, but, in substance, was a desperate effort outside the regular instrumentalities of the Equipment Division, because those instrumentalities could not be relied upon.

With respect to the development of the Bristol, similar conditions existed. When Lieut. Col. Hall had made sufficient progress at the plant of the Dayton Wright Airplane Co. to warrant it, he turned his attention to the production of the Bristol, at the plant of the Curtiss Aeroplane & Motor Corporation. As he testifies, "They were worse than at a standstill." "It would have been easier," he says, "for me to have taken and designed the whole machine around the equipment if they had not had the material started" He found that "practically all they did was to get in a row, so that the condition when I went in there was that everybody was damning everybody else." This was about April 11, 1918.

It appears that Capt. Clark in the fall of 1917 began the work of redesigning in order to adapt the Bristol to the Liberty motor, and about the last of October the model Bristol, with a large number of drawings, was sent to the Curtiss Co. Mr. Mueller, who was the chief engineer of the Curtiss Co., states that they were unable to make the plane from the drawings, that "the dimensions would not check up," and that "it was impossible to get the machine together from the parts made from the details of the Signal Corps drawings." In January, 1918, the Production Engineering Department took over the work on the Bristol, but differences with the contractors speedily arose, and at the end of January, for the purpose of reconciling these differences, a conference was held between the representatives of the Signal Corps and of the company, respectively, and it was determined that engineering decisions should thereafter be left to the engineer of the Curtiss Co. This authority apparently was exercised for two or three weeks, but opposition developed and there was no real progress. Lieut. Col. Hall took the matter up in April and an effort was made to drive through to production. It is apparent, however, that this plane never got beyond an experimental stage, and yet 400 were released for production in March and 400 more in April. This was evidently in response to criticism of delays. But the plane as designed for the Liberty motor was doomed to failure. Had there been an adequate engineering department to settle the matter of design and make the necessary en-

gineering tests and decisions before production was entered upon, much time and money expended in fruitless effort would have been saved.

Throughout this period the equipment division of the Signal Corps presented an organization with a host of sections and departments, with ill-defined functions, creating disorder and confusion rather than sustained, well-directed, and expert effort. There was a vast amount of lost motion. Manufacturers were brought into contact with various divisions with overlapping powers; earnest and able scientific men, who were brought into particular sections, found themselves lacking in authority or in conflict with other sections; and uncertainty, indecision, and vacillation enfeebled the entire undertaking. Military organization was another obstacle to the rapid prosecution of what was essentially an industrial enterprise. Whatever might be accomplished by such an organization in a thoroughly understood activity, it was certainly unsuited to an entirely new industrial endeavor of this sort. A mobile force in which men could readily be moved about, tested, elevated, and disposed without regard to military rank or precedent was absolutely required. The inherent difficulties of the situation were thus greatly increased by defective organization. No doubt, also, the swift creation of a large force of inspectors, without the qualification of experience in their line of work, not only opened the door to abuses but to an extent retarded production.

The situation, as it appeared to Archer A. Landon (Mr. Coffin's assistant) more than six months after we had entered the war, is strikingly shown in his letter to Mr. Coffin, dated October 16, 1917, in the course of which Mr. Landon said:

"* * * The lack of organization and continuity of responsibility is so apparent that success will be a miracle. * * * If we are to be successful, there must be fixed, from the Secretary of War or the Secretary of the Navy down almost to the office boy, a direct line of responsibility that will make every individual assume the absolute responsibility for the work he is undertaking and under no circumstances should any conflict of authority or responsibility occur. Industrial men of known responsibility and capacity for the particular work undertaken must be selected. They should be peculiarly fitted for the positions they occupy and should be responsible for their work as in civil life. * * *

"We men who have come here in an effort to assist you find ourselves very seriously embarrassed, and justly so. We are started off to do what seems to be an important piece of work, only to find that this work has been delegated to somebody else in some other department and that we are treading on other people's toes. The result is that we do not get the information we want and we do not get anywhere. They do not throw us out, but they are all adept at pulling the latest Washington game of 'passing the buck,' or else frankly resenting our appearance in the matter.

"Take the spruce situation as an example of dilly-dallying through a lack of organization. The first I knew of the spruce situation was around the latter part of July or the 1st of August. At that time it was one of your great worries. The entire aircraft program was and is now endangered by the lack of ability to get spruce; and yet from that time until now, notwithstanding repeated conferences, there was nothing done on the spruce situation, either toward closing contracts or increasing production, until October 13, when Col. Disque was sent West on the situation; a loss of time of practically three months. If this had been your own business the men would have been on their way west the day after the matter was first brought up. The only reason that there was no action in July was because we do not possess an organization of direct responsibility, and on that account these inefficiencies are possible, and they will continue to occur until such time as somebody wakes up and thoroughly organizes the work."

After giving a further illustration, Mr. Landon continued:

"This is not intended as a criticism of Gen. Squier or the other officers, but it is intended to be a very vigorous criticism of methods of organization that make such a condition possible; and I submit to you, sir, that if this same condition exists in all departments and continues to exist, we might as well submit to the Germans now, because the one way you can beat efficiency is to match it with efficiency, and efficiency can only be obtained by a thorough organizing of our responsibilities and following them through to a definite conclusion, which conclusion should be the winning of the war."

Mr. Landon, leaving the aircraft work in October, 1917, returned to it in June, 1918, then becoming chief of the production of aircraft in the Bureau of Aircraft Production. Up to that time the policy he had recommended had not been carried out. He testifies that he "could see practically no change in the organization in six months"; that is, prior to the new organization through the Bureau of Aircraft Production, which had just been instituted.

It should be understood, of course, that the complaint so emphatically voiced was not directed at the Aircraft Board, as this, as Mr. Landon stated in his letter, was "merely an executive advisory board." The responsibility lay with the officers intrusted with the duty of effecting an adequate organization for aircraft production.

THIRD. LACK OF INFORMATION AS TO THE EQUIPMENT REQUIRED FOR SERVICE PLANES.

The model De Haviland 4 was not received until about the beginning of August, 1917, and, as already stated, it was necessary to redesign it and make new drawings. But whatever delay was due to a failure to obtain a model earlier, or to the necessity of redesigning the plane, was greatly increased by the lack of needed information as to the equipment which was to be put on it. From the time the model machine, as redesigned, was completed and flown on October 29, 1917, several months elapsed before its equipment was finally determined upon. The engineer of the Dayton Wright Co. testifies that "the information which we were anxious to receive and which was necessary for production was not forthcoming until the middle of April."

There appear to have been several reasons for this. There was always the difficulty created by lack of experience in equipping airplanes for service in war, and there was considerable trouble in obtaining some portions of the equipment. But, in addition, it appears that there was a lack of exact and detailed information as to just what was required. The drawings and the specifications which accompanied the sample plane sent here were supposed to designate definitely the apparatus to be put upon the planes and its location. The testimony is that these drawings and specifications "did not check up with the actual plane," and there was resulting uncertainty as to what should be done. Communications with the other side were had frequently with regard to instruments, accessories, and various parts of equipment, but, despite this, the uncertainty seems to have continued for a long period, and there was apparently an inability to frame a definite bill of material which could be given to the manufacturer. The showing indicates either an extraordinary lack of decision on the part of those whose duty it was to decide, or an even more remarkable absence of administrative efficiency in seeking and obtaining necessary information.

About February 10, 1918, definite instructions were received from the other side as to the armament and instruments of the DeH-4, but these instructions involved serious changes in the plane. And, subsequently, there were further chances in equipment, as stated below, causing still further delay.

FOURTH. CHANGES IN DESIGN AND EQUIPMENT OF SERVICE PLANES.

The following statement, set forth in the testimony of Mr. Schoonmaker, the engineer of the Dayton Wright Airplane Co., which is substantially uncontroverted by the representatives of the Signal Corps, is an illuminating description of the delays in production incident to changes in design made necessary by changes in equipment so far as the DeHaviland 4 is concerned, and also indicates the waste thereby occasioned. It will be observed that changes were made necessary not only by new requirements as to equipment, but by inaccuracies in drawings and various defects. Mr. Schoomaker testifies:

"The first sample DeHaviland machine was received on August 14, 1917. This was accompanied by an incomplete set of drawings, but with the machine as a sample and with what drawings we had at hand, we were able to complete the necessary lay-out from which to build one sample machine, which was flown on October 29, 1917. This plane was satisfactory in every detail as a machine and practically no changes have been made in the construction except where they were affected by the equipment which the machine was to carry.

"We were advised at that time, in answer to our request for information on guns, that the machine was to be equipped with the Vickers gun, and that the gun mounts would necessarily be the same as the English gun mounts. This information was requested by the Dayton Wright Co. during August, when the preliminary lay-outs of the machine were being made. At a late date we were advised that the Marlin gun would supplant the Vickers and that the Signal Corps would take care of the necessary design of gun mount, etc. The front gun-mount design was received on January 8; after a conference with Signal Corps men it was decided that this mount would not be satisfactory and, therefore, was discarded. The Dayton Wright Co. produced a design of gun mount and cartridge box which was built and installed and accepted by the Signal Corps after a firing test on January 26.

"Owing to the fact that the Marlin gun was not similar to the Vickers, a complete rearrangement of the cowling over what had already been designed was necessary. The first drawing of the Marlin gun which we received was delivered to us on February 12, but no bill of material on the complete gun equipment accompanied same. On February 26 we were requested to mount two stationary guns on the forward cowling. This necessitated a redesign of the gun mount already ordered into production, and this work was carried on by the Signal Corps. This also affected all cartridge boxes of which drawings had been made and which were released to production. A redesign of the cartridge boxes for the double gun mount was furnished by the Signal Corps on March 5. This design was not satisfactory, as the drawings were incorrect, and the pieces manufactured from them did not assemble in the machine. A new redesign was furnished by the Signal Corps on March 15; parts were made from these drawings and were released to production. On April 1 the Dayton Wright Co. was ordered by the Signal Corps to again redesign the cartridge boxes, changing certain dimensions; since that date few minor changes have been necessary, but nothing which directly interfered with the production of these parts.

"Changing the gun equipment as mentioned above necessarily changed the shell chute lay-out. The first drawing which we received from the Signal Corps for the left-hand gun chute came to us on March 5. Parts made from these drawings were not satisfactory, as they did not assemble in the machine. The Signal Corps corrected these drawings, and sample parts were made, and the Dayton Wright Co.'s drawings were released for production several days later. The Signal Corps found, however, that these samples were not satisfactory, and they were rejected, as there had been an error in the drawings. The Dayton Wright Co. redesigned the chute for the left-hand gun on March 29. Samples were made from these drawings which were satisfactory to the Signal Corps, and released to production on April 7.

"The first right-hand shell chute was laid out by the Signal Corps on March 6. Samples manufactured from these drawings were not satisfactory and did not assemble properly in the machine. The Signal Corps proceeded on the correction of these drawings, and they were released for the production of sample. These drawings were very difficult to work to, and samples manufactured from them were not satisfactory and were rejected.

"The Dayton-Wright Co. produced a new design of this shell chute on March 29, which before samples could be made and tried out it was seen that a new design would be necessary, due to the change of location of the electric generator for the electrically heated clothing. A new design was started by the Dayton-Wright Co. on March 30.

"A design along entirely different lines had been started in the meantime by some Signal Corps men at South Field on March 29, and this type was approved on March 31 by the Signal Corps and drawings were made and released to production. This design was tested out on the evening of April 2 and proved unsatisfactory. Another new design was started by the Signal Corps on April 3, which, after a few modifications, was released to production on April 11.

"The same procedure of redesign and development as was required for the shell chutes applies also to the cartridge box and shell-chute covers.

"Our first request for information on the synchronizing device was in November, 1917, but up to February 14 no bill of material or complete set of drawings had been delivered. We received on January 23 a few parts which were intended for production; however, the assembly was incomplete and the parts made would not fit the engine. We received drawings of the hand pump on February 5. During January a sample hand pump was delivered to South Field; no drawing or instructions accompanied this to show mounting and this office was never advised as to its use. When assembled on the machine in January it was found that an interference was encountered with the gasoline shut-off cocks and strainer, necessitating a redesign of these parts and the transferring of them to the other side of the fuselage. This in turn caused an interference of the spark and throttle controls, necessitating scrappage of parts then on hand and redesign of this layout.

"The first synchronizing outfit which we received caused a considerable amount of trouble and upon examination of the trigger motors it was found that practically no two of them were alike and it was almost impossible to get a pair of guns on a machine which would function correctly. The first synchronizers were delivered directly to us instead

of the engine builder and they were not made so as to be directly interchangeable with the motor crank shaft, the result being that a considerable amount of hand work had to be done in the fitting up of these synchronizers.

"On April 2 it was found that the synchronizer generator did not have a satisfactory lubrication system and it was necessary to connect it to the motor oiling system. This necessitated the dissembling of the synchronizer head and welding on a special boss for the attachment of this oil line. This has been done on all of the synchronizers to date.

"Information, drawings, and bill of material for the gun sights were requested on October 19, 1917. A list of different types of sights were received on January 4, but no bill of material or drawings. Drawings for wind-vane sights were received February 6. No drawings were ever furnished on any of the sight mounts; however, the sight locations were approved February 13.

"This will recall that it was advised that the old English De Haviland be used for the mounting of guns and sights so that all of the difficulties which were likely to be encountered could be worked out on this job. Our engine cowling was held within the limit of the cowling used on the English job so that no interference would occur. On November 20 it was called to the attention of the Signal Corps that no use had been made of this machine to date, and early in the spring was shipped to Wilbur Wright Field.

"On April 6 the location of the Aldis sight was removed and changed to the left-hand side of the right gun, this necessitating a change of all the parts which had been made up for the old sight and which were already released to production.

"Our first instructions regarding the bomb-dropping gear were to equip the De Haviland machine with two rails similar to the English machine. Information had continually been requested on bombing apparatus, but no drawings could be furnished. On January 18 we received our first information from the Ordnance Department on bomb gear. This was merely an unlocking device and we gave space in our drafting room for several Ordnance Department men to complete their drawings for application to the machine, they being turned over to me on February 1. On going over these drawings it was found that they were not complete, and about a week later more drawings were received which assisted in production of the first model gear. The delivery of this apparatus had been sadly deficient, it being necessary to ship a large number of planes without it, as some of this is built in the floor of the fuselage and must be put in during the various assembly operations. A further change on the operating mechanism of the bombing gear is coming through, which will be incorporated possibly on the five-hundredth machine.

Information was requested during October, 1917, on the camera and camera mounts. We were advised at that time that the camera mount which the English De Haviland was equipped with would also be used on the American-made machine. On January 19 we received from the Signal Corps a camera which would not fit the English mount. As the English mount was already built into a number of our fuselages, it was impossible for us to change this part on our early shipments. A new design of mount was made by the Signal Corps and installed in the sample machine in our shop. On February 25 this was rejected by the Signal Corps and a new design started and drawings furnished on same May 27.

"The focusing lens retainers were designed at the direction of the Signal Corps for a 4-inch by 5-inch lens. The location of these was shifted several times, and the size of the lens was changed by the Signal Corps to 5-inch by 6-inch and the drawings for retainers were furnished on April 2.

"Up to February 14 we had no information on oxygen apparatus, except that it was to be part of the equipment. As late as April 6 we had no samples of the apparatus or drawings showing installation of same. Final approval of the oxygen installation was received June 10.

"Drawings for the radio equipment and first information regarding same came to us February 1. These were recalled for changes and new set issued, which were illegible. These were returned, and on February 8 a new set of drawings were received for the bonding together of all metal parts on the machine; these drawings could not be followed on a production basis. The Dayton-Wright Co. then prepared a sample machine, and drawings were made from this and accepted by the Signal Corps March 25. Radio instruments were received February 20, and installation according to Signal Corps drawings was stopped February 25 and new installation directed. The Dayton-Wright Co. prepared drawings for this installation and wiring according to the sample which was prepared.

"On March 28 the generator mount on the side of the fuselage was abandoned. A new installation was furnished by the Signal Corps, but it was found that it interfered with the landing gear strut. On April 10 the new design from the Signal Corps showing the correct location of the generator was received.

"Considerable trouble was encountered with the installation of the Holt flare lamps, as there was a misunderstanding between the Dayton-Wright Co. and Signal Corps as to who was to furnish them. The first Holt flare lights were received on February 25.

"The first navigation light samples were received on March 20, and wiring instructions for same were delivered a few days later.

"The electric generator for lighting and heating was received on March 15. The Signal Corps drawings showed the location on the side of the fuselage. This was unsatisfactory, as the generator propeller interfered with the rear flying wires of the wing structure. The Signal Corps prepared new drawings for the relocating of this generator, but these were unsatisfactory, owing to the interference with the landing gear strut. On April 9 a new set of drawings were received showing the correct location of this generator.

"Radiator and water lines were approved by the airplane engineering department, Signal Corps, on November 21 after flying test. At this time, of course, there was practically no information at hand regarding the equipment of the De Haviland plane, which necessarily added considerable weight, so that the radiators which we had ordered for production were considered unsatisfactory by the production engineering division. The radiators furnished by the Signal Corps were 1 inch deeper in the core, which necessitated redesign of the shutter assembly. At a late date it was decided to make a further change on radiator design, making it 4 inches longer. This affected the under cowling of the motor, the forward cowling, water lines, and numerous other details, entailing a large amount of scrappage and reoperation of parts.

"The Signal Corps advised that they would furnish us short radiators for our first 150 ships and long radiators for the next 100, after which we were to supply our own. A shortage of 50 radiators was encountered in the first agreement, which necessitated us going to the long radiator job 50 machines earlier, which caused a serious delay and complication in the shop.

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"Drawings were received from the Airplane Engineering Division, Signal Corps, November 21 on gas and air lines. From these drawings all parts were ordered into production. All gas and air-line connections were changed by the Signal Corps and final information received on this change April 5. This necessitated scrappage of all parts on hand, and a delay was occasioned in securing necessary new material."

The delays at the plant of the Dayton Wright Airplane Co. due to these changes in design also caused delay in the other plants, which were to produce De Haviland 4s, for both the Fisher Body Corporation and the Standard Aircraft Corporation were awaiting a definite design and a determination of equipment and proper drawings before proceeding to production. The Dayton Wright Airplane Co. was in advance simply because it had the advantage of the possession of the model, and it was working out the necessary drawings.

It will be observed that these changes were required in the course of production. That is, instead of proceeding with production on the basis of a given equipment, where changes in equipment would cause serious delay, and introducing different equipment in the planes subsequently produced, virtually the entire production was held up to accommodate the new demands. As Lieut. Col. Horner testifies, "We would go on changing this way and that way and let that change go through production, when it could be done without interfering with production, and if we had done it we would have had a thousand more planes on the French front to-day than we now have without any question."

It is unnecessary to review the changes in the ill-fated Bristol. They were numerous and related to the structure of the plane itself. Production was, of course, impossible while these changes were in progress. The real effect of the changes, however, in view of the result, was not to retard the production of a useful plane, but to cause an unnecessary expenditure.

FIFTH. CONDITIONS IN MANUFACTURING PLANTS.

The conditions in certain plants engaged in the manufacture of airplanes were unfavorable to production, not only because of lack of experience and the absence of mechanics trained in that class of work, but because of defective organization and want of efficiency. The Dayton Wright Airplane Co. had the difficulties inherent in a new organization, but in view of the changes that were required in the course of production it would be impossible to define to what extent, if any, production was retarded by reason of the fact that the organization was a new one. The lack of competent organization at the North Elmwood plant (Buffalo) of the Curtiss Aeroplane & Motor Corporation is commented upon later (post, pp. 150, 156), but in view of the cancellation of the Bristol order it need not be considered here. Whatever delay there was was in the course of an attempt to make an impossible plane. At the plant of the Standard Aircraft Corporation conditions were also far from satisfactory, but for the same reason, so far as service planes are concerned, its capacity for production was not put to a proper test. It should be added that at this plant the first Handley-Page was assembled and successfully flown within 90 days after the company had been given full charge of the matter.

There have not been lacking indications of sinister influences at various plants. The opportunities of workmen at aircraft plants to retard production or to injure material and product are quite obvious, and the necessity of keeping the plants free of enemy influences is emphasized in another part of this report. But so far as the delays in production of service planes are concerned, it is impossible in view of interrupted work and changing plans to attribute the delays in any definite measure to such a cause.

SIXTH. CHANGES IN THE LIBERTY ENGINE.

In any proper estimate of what should have been accomplished in carrying out the aircraft program it is necessary that regard should be had to the development of the Liberty motor. The airplane must have its motor, and it was inevitable that in the development of a new high-power airplane engine, with the object of securing higher power with a lower weight per unit of power, that changes would be found necessary. Needed improvements were constantly suggested by experimentation, and the number of changes looms very large in the testimony of the experienced engineers who were endeavoring to get into quantity production. It is unnecessary to attempt a review of these numerous changes, for whether time could have been saved by greater expertness is a matter of opinion, and in view of the time that has frequently been spent in the development of new types of motors, there is slight ground for criticism by reason of loss of time in perfecting the Liberty motor. The difficulties were inherent in the task and the task itself was worth while. As has been said, there was no reason why the development of the Liberty motor should have stood in the way of the production of other motors, such as the Hispano-Suiza for use in single-seater pursuit planes to which the Liberty engine was not adopted. But, so far as the heavier observation and bombing planes are concerned, the weight of opinion is that it would have taken about as long to put any other high-power motor into successful quantity production in this country, according to our methods of manufacture, as it has taken to develop the Liberty motor. The attempt to secure planes and motors through foreign production for service pending this development has already been reviewed. By pursuing different methods it is possible, as testified by Lieut. Col. Hall, that there might have been a small preliminary production of Liberty motors two or three months earlier, but, making due allowances for the inevitable course of experimentation, the Liberty motor could not have been put into large production much earlier than it was. What has been called the "immaturity" of the Liberty motor placed a time limitation upon the program for the planes that were made to take this motor, but it may be observed that by May 4, 1918, 778 Liberty motors (U. S. 12s) had been made, of which 390 were taken by the Army, and only 36 De H-4s had at that time been delivered, and no other Army planes to take this motor were available. It can hardly be said that unnecessary delays in service-plane production, caused by bad organization and lack of a settled design, were excused by unforeseen difficulties in the development of the Liberty engine; and it should also be observed that if, in the light of general experience in motor building, delay in the development of the Liberty engine was to be feared, there was the greater reason for making sure, to the full extent of ability, of the immediate production of single-seater pursuit planes for which other engines could be provided.

Eighth. Contractors' profits.

Under the various fixed-price contracts it is probable that large profits have been gained, but definite information as to their extent would not be available without a survey in detail of manufacturing conditions and costs in a considerable number of plants—an undertaking which would have been wholly impracticable in this inquiry. The profits allowed by the cost-plus contracts present a distinct question.

The justification for cost-plus contracts was found in the fact that the undertakings were novel and that the manufacturers did not have accurate data upon which to make a satisfactory estimate of the cost of production. This was conspicuously true in the case of airplanes of types with which manufacturers in this country had been unacquainted previously. For production in large quantity either new plants or greatly enlarged facilities at existing plants, as well as special tools, would be required to meet an exigency of uncertain duration, and it would also be necessary to procure the requisite labor and materials for the new undertakings in a rising market and to provide working capital for long periods; and, while motors had been manufactured here upon a large scale, the newly-designed engines for the service airplanes required such a reduced weight per horsepower and such delicacy of construction that it was felt that the enterprise had many elements of uncertainty. In these circumstances it was not an unreasonable conclusion that if contracts for the new types of airplanes and for the new engine were offered solely on a fixed-price basis, either manufacturers would not undertake the work or would insist upon high prices as a safeguard against the chances of ultimate loss. It was deemed inexpedient for the Government to undertake the manufacture directly, and it was decided to adopt the alternative of an assumption by the Government of the cost of manufacture through contracts upon a cost-plus basis. This practice, however, could not properly outlast the reasons which may have justified it at the outset. Contracts of this sort lead to waste, foster abuses, and impose an almost intolerable burden of cost accounting, in itself a hinderance to rapid production. Early in this inquiry it was abundantly shown that it was highly important to establish reasonable fixed prices whenever experience afforded a fair basis for estimates.

The principal features of the cost-plus contracts for airplanes and engines may be said to be these:

(1) The payment by the Government of the contractor's outlays for labor and materials and for the overhead charges incident to the work;

(2) The payment by the Government for special tools and certain "increased facilities" located in the contractor's plant, but owned by the Government;

(3) Reimbursement by the Government for depreciation;

(4) A fixed profit to the contractor; and

(5) The fixing of an estimated cost, or "bogey," and a division of whatever saving was effected under this estimate so as to give 25 per cent of this saving to the contractor as additional profit.

It will be observed that by this method the contractor is assured not only the payment of the cost of labor and material used in the process of manufacture, but of administrative outlays for management and supervision, and an allowance for depreciation of plant. To the extent that these payments are made promptly and at short intervals, the working capital required would be reduced. Provision has also been made for the supply of needed assistance by means of advances through the War Credits Board where these are deemed to be justified. The contractor is guaranteed a certain profit regardless of cost. This is called the "fixed profit." And finally, the fixing of a "bogie" cost was designed to counteract the temptation to wastefulness by giving the contractor a substantial share in the fruits of economy. And it may here be noted that the popular impression that under this form of contract the contractors receive the same amount of profit, however wasteful they may be, and have no incentive to avoid unnecessary outlays, is without foundation. The bogey costs were in all cases placed so high that the contractor had every reason to expect that the actual cost would be much less and that through its share in this saving the contractor would be able to derive an increased profit from economical management. It is apparent, however, that with a large fixed profit guaranteed the incentive to economy is not as strong as when the entire venture is at the contractor's risk. And particularly when interruption of work and changes in design vex production managers, and it is difficult to maintain economical methods, there may easily be bred an indifference to an excessive cost where its burden falls upon the Government. At least this is to be inferred from conditions in certain plants, and the conclusion is unescapable that the cost-plus system of contracts for the manufacture of commodities, as distinguished from such contracts for mere service, is a vicious system and is to be tolerated only during such period as it is found to be absolutely necessary to secure immediate production.

The fact, however, that a cost-plus system is deemed advisable for a time does not justify an exorbitant fixed profit. It has already been pointed out in the case of the Dayton Wright Airplane Co. that the contract for De Haviland-4s originally called for a fixed profit of $875 per plane. This was arrived at on the basis of 12½ per cent of the bogey cost of $7,000. This, however, was not an actual cost and, as the event has shown, was very far above the actual cost. If it had been thought fair that there should be a profit of 12½ per cent per unit produced, it would have been a simple matter to have given this percentage of the actual cost, as the actual cost was to be ascertained in the course of the accounting, and provide for payments from time to time on account. There is no conceivable reason for giving a percentage of the bogey cost, if the object were merely to assure the contractor a profit equivalent to a given percentage of cost. The actual cost of the De Haviland-4s at the plant of the Dayton Wright Airplane Co. despite all the difficulties of production and the enhanced cost of the first lot of machines produced during a period of many changes in designs is understood to be under $4,400. A fixed profit of 12½ per cent on the actual cost of each machine would have been about $550, instead of the $875 which was fixed by making the calculation on the bogey cost.

Again, in a contract for manufacturing articles at the contractor's plant, the agreed profit upon a cost-plus basis should have a proper relation to the contractor's actual investment and risk. The contractor is not only reimbursed for his outlays for labor and material but for expenses of management included in overhead charge—including such reasonable salaries of officers, managers, etc., as may properly be allocated to the Government work. There is no sacred formula by which the Government is bound to pay a profit per unit of production regardless of the time in which capital is turned over. The extent to which the Government supplies the needed working capital, either by payments on account of work and materials supplied or through advances, should also be considered. A percentage of outlays, or of a bogey cost, although small in itself, may give an exorbitant profit as applied to each unit of a large production.

SERVICE AIRPLANE CONTRACTS.

In the case of the Dayton Wright Airplane Co. the paid-in capital was $1,000,000, invested in plant. Advances by the Government to the extent of $2,500,000 were authorized, and in December and January last advances of $1,000,000 were actually made. These were followed by additional advances, and the balance of total advances on June 30, 1918, was $1,405,222.57. Approximately $750,000 of the money thus borrowed from the Government at interest is represented by investment in fixed assets. The plant is exclusively devoted to Government work, and outlays for labor, materials, and overhead, as provided in the contract, are met by the Government.

The operations of this company relating to production may be said to have begun about August 1, 1917. The total fixed profit on the 400 Standard-J planes was $620 per plane, and the fixed profit on the 4,000 De Haviland 4s was $875 per plane, making a total of $3,748,000. With the saving as now estimated of approximately $2,600 under the original bogey cost of $7,000 the additional profit of 25 per cent of this saving would amount to $650 per plane, making the total profits on the De Haviland contract about $1,525 per plane. At the present rate of deliveries the contract for 4,000 De H-4s will be completed before March 1 next. The total profits on the 4,000 De H-4s would have amounted to upward of $6,100,000, and it is safe to say that, including the profit on the Standard-J planes, the company would have earned a profit of more than $6,350,000 under the original contract. This does not include whatever profits would have been made on its experimental contract or on the spares for D H-4s. It should also be added that under its contract it was provided, in substance, that at the completion or cancellation of its contract the Government should pay the difference between the cost of its plant, including real estate, building, machinery, and appliances built or otherwise acquired for the performance of the contract, less what was found to be the fair market value at the time when the contract was completed or canceled, and that in determining (through a board of appraisers) this fair market value, the need or requirement of such a plant in the neighborhood, and the probability of securing a tenant promptly, or having an established business available, should be considered as one of the important factors.

In the case of the Fisher Body Corporation, which had the other large order for De Haviland 4s (4,000), as well as an order for 400 Standard-Js, the profits would certainly not have been less. Instead of establishing a new plant, as did the Dayton Wright Co., the Fisher Body Corporation had already effected a highly efficient organization and had an established plant which required, however, a considerable expansion of plant facilities and special equipment. The net investment in fixed assets, including building, land, and machinery, which was made by the Fisher Body Corporation for the Government work, amounted, to May 31, 1918, to $860,849.05. The corporation was aided by an advance through the War Credits Board of $2,000,000, made last December. Waiting for the necessary drawings, it got into production later than the Dayton Wright Co. and up to October 11, 1918, had only delivered 452 planes. But it should complete its production of the entire 4,000 within the next six months.

As already stated, in accordance with letters obtained at the time the contracts were made with the Dayton Wright Airplane Co. and the Fisher Body Corporation, which promised an equitable readjustment if it was found that the bogey cost was too high, it appears that contracts are now being negotiated for the reduction of the bogey cost of the De H-4s to $5,000 and the fixed profit to $625 per plane. The total profit per plane with the percentage of saving (exclusive of profit on spare parts) under the new contract would amount to about $775 per plane, or $3,100,000 in all, which, with the profit on spare parts, would make the total profit on the De Havilands not less than $3,500,000.

LIBERTY ENGINE CONTRACTS.

The bogey cost, as first fixed in the contracts for Liberty engines, was $6,087. This was approved by Mr. R. H. White, of Cleveland, and Mr. Henry May, of Buffalo, to whom the propriety of the estimate had been submitted by the Secretary of War. The fixed profit as originally stipulated was 15 per cent of this bogey cost, or $913.05 per engine. Lieut. Col. Hall (who had had large experience in engine manufacture) testifies that he made an estimate about the time that contracts were being let, and told Col. Deeds that $2,400 would cover the cost of labor and materials for the Liberty engine, without overhead charges.

In December, 1917, the bogey or estimated cost was reduced to $5,000 and the fixed profit put at 12½ per cent of this sum, or $625 per engine, and the contracts with the Packard, Lincoln, and Nordyke & Marmon companies were modified accordingly. This was in consideration of further allowances for depreciation and provision for advances by the Government. In last May the contract with the Ford Motor Co. was modified by the same reduction of the bogie cost and fixed profit. The contracts with the General Motors Co. were put upon the same basis.

Even at this reduced bogie and percentage the profits allowed were very large.

By September 6, 1918—that is, within a year from the date of the contract—the Packard Co. had delivered (according to the Government's report) 3,100 Liberty 12s, and the agreed fixed profit on these amounted to $1,937,500. In the following month it produced 560, and its should complete its deliveries of the 6,000, first contracted for, not later than January, 1919, and on these 6,000 engines the agreed fixed profits would be $3,750,000. This profit it would earn within 17 months after it received the contract, and if it could have completed the deliveries as contemplated when the contract was made—that is, according to contract schedule—the profit would have been earned in 11 months. Only the fixed profit has been mentioned, as this was definitely guaranteed, but in addition to this the company was entitled to 25 per cent of its saving under the bogey of $5,000. The Government's estimate is that the actual cost of the first 600 Liberty engines produced at the Packard plant was $3,873 per engine, and that the average cost of the first 1,200 motors was thus $3,442 per engine. It would seem that the actual cost of the entire 6,000 is likely to be somewhat under $3,200 per engine. But on the basis of $3,200 there would be an additional profit, through the contractor's percentage of saving, of $450 an engine, which would make $2,700,000 additional profit, or, with the fixed profit of $3,750,000, a total profit of approximately $6,450,000 earned on the 6,000 engines, within a year and five months, despite delays in production. To this there should still be added a considerable amount for profits on spare parts on the 6,000 engines which may be estimated at upward of $1,500,000, and thus the aggregate profits on the Liberty engine (exclusive of the original development work) would reach about $8,000,000.

The Packard Co. estimated that on May 31, 1918, from the standpoint of plant values, the total investment exclusively for aircraft motor work was $11,808,404.47. This included, however, advances by the Government for working capital amounting to $2,145,568, and

inventory and other items which would be represented in the cost of labor and material ultimately defrayed by the Government. The proportion of its plant, less depreciation, employed on aircraft work was estimated by the company at $5,500,000. It should also be noted that in the contract reducing the bogey cost and fixed profit it was provided that on the termination of the contract the Government should pay for depreciation upon the heat-treating building and equipment erected by the contractor for the purpose of carrying out the contract, the difference between their cost and "the value thereof to the contractor for use in its business," as determined by a board of appraisers, and that in determining this value the appraisers should be guided by the use the contractor "shall have for said building and equipment at the termination of said contract, in the ordinary operation of its business of manufacturing motor cars and trucks, and shall not include the value, if any, which the same may have to the contractor in the manufacture of further aviation motors." The Government was also to pay the full cost of facilities for testing and inspecting the engines, including the building and equipment erected by the contractor therefor, and should also reimburse the contractor for the machine tools purchased, especially for the construction of aviation engines, to be used by the contractor without rental, but to remain the property of the Government.

The contract with the Ford Motor Co. was for 5,000 Liberty engines. The company did not begin its deliveries until the 14th of June. It was estimated by its officers that deliveries would reach 1,500 in October, and that the entire contract would be completed by the 1st of December. It is behind its schedule, but between September 6 and October 4 it delivered, according to the Government's records, 768, and it may be expected that it will complete its contract for 5,000 by the end of January, 1919. Under the original contract it would then be entitled to fixed profits on the 5,000 engines of $3,125,000 and the additional percentage of the saving under the bogey cost of $5,000. With its well-known efficiency and in view of the fact that by beginning later it did not have as much difficulty as the Packard Co. had experienced, it may be assumed that the actual cost of the 5,000 engines at the plant of the Ford Co. will be less than $3,200 per engine and at the rate of $450 an engine (that is, 25 per cent of the difference between $3,200 and $5,000) its additional profits would amount to $2,250,000, or its aggregate profits on the 5,000 engines would be $5,375,000, earned by January, 1919. The plant investment required for this production certainly can not be regarded as any greater than that on the part of the Packard Co. The Ford Co. has not received advances from the Government. The Ford Co. also has a contract for 400,000 cylinder forgings for the Liberty engine on a fixed-price basis of $8.25 each; these are supplied to the other manufacturers. The contract with the Ford Co. for the Liberty engines provides that there shall be allowed for depreciation on the machinery and buildings especially acquired for the performance of the contract, in addition to the facilities already owned by the contractor, the difference between the fair cost and the fair market value as determined by appraisers at the time of the completion or cancellation of the contract.

The Lincoln Motor Co. has its special feature in that it was a new organization and established a new plant which is devoted exclusively to the manufacture of Liberty engines for the Government. It has a highly expert organization, with Mr. Henry M. Leland at the head. When the bogey or estimated cost was reduced from $6,087 per engine, with a fixed profit of 15 per cent, to $5,000 per engine, with a fixed profit of 12½ per cent, the Government made a special agreement with reference to depreciation, which is thus summarized in a resolution of the Aircraft Board:

"That the Government make an allowance for depreciation of the company's heat-treating plant equal to the difference between the cost thereof and the value to the company of the business at the termination of the contract; further, that the cost of the company's testing plant be allowed as a part of the production cost of the engines to be manufactured; further, that the machinery and equipment used by the company in the performance of the contract be depreciated 40 per cent over the term of the contract."

The Government made advances during the last fiscal year to the extent of $6,500,000; additional advances were made in July and August of $4,300,000, in order to discharge obligations and maintain a capacity of 1,500 engines a month, making the total sum advanced by the Government of $10,800,000.

The Lincoln Motor Co. had delivered, according to the Government's reports, only 580 motors by the end of June, but it had reached a production of over 600 per month by October 4, and doubtless will soon be at full capacity, so that the first 6,000 motors will probably be delivered before the end of January. For the first 600 motors the cost of production at the plant of the Lincoln Motor Co. was $3,583, which was nearly $300 per motor less than that of the Packard Motor Car Co., and it may be assumed that its average cost for the entire 6,000 will be not much, if any, more than $3,000. That is the figure which appears in the company's estimate of profit. But on the basis of an actual cost of $3,200 per motor the Lincoln Motor Co. would have earned by January, 1919 (through fixed profits and percentage of saving), on the delivery of the 6,000 motors about $6,450,000. There would also be profits on spare parts, which are estimated at upward of $1,500,000 more, making an aggregate profit of about $8,000,000. This would be exclusive of allowances by way of depreciation.

The investment in real estate, buildings, machinery, and equipment (exclusive of the special tools to be paid for by the Government, and the cost of testing and inspection facilities on which there is to be a depreciation allowance of 100 per cent) amounts to approximately $7,150,000, of which about $3,460,000 is the cost of machinery, tools, and equipment (to July 31, 1918), on which the Government is to pay a depreciation allowance of 40 per cent, in addition to profits. The entire paid-in capital of the company amounts to $850,000. At the outset the company obtained on the credit of its officers about $2,000,000, which served its purposes until it obtained the amounts needed for its plant, equipment, and working capital, through advances by the Government. It is pointed out very clearly that the company has provided an excellent plant for the manufacture of Liberty engines, and that ultimately its profit, after paying taxes, will represent only an equity in its plant, without any assured business, as it has been devoted exclusively to Government work. On the other hand, it may be said that there is a very liberal flat depreciation allowance on machinery, tools, and equipment; that the plant is a permanent one, admirably designed for commercial work, and not merely for a temporary exigency, and that there is every prospect that it can be successfully utilized. It should also be said that from the standpoint of the Government it was free to make arrangements with existing plants, and the amount of the profits it should allow should be determined accordingly.

It is unnecessary to review the original contracts with the Nordyke & Marmon Co., which is very far behind in its deliveries, and with the General Motors Co. (Cadillac and Buick plants). The profit allowed per engine was the same as in the other contracts, but the contracts were for fewer engines, 3,000 in the case of the Nordyke & Marmon Co. and 2,000 in that of the General Motors Co. The Nordyke & Marmon Co. received advances of $2,000,000. There were no advances to the General Motors Co.

The large percentage of the contractors' profits which will be taken by the Government in taxation is strongly emphasized, and, of course, what the Government takes back through taxation should fairly be taken into account But the contemplated tax does not justify an extravagant scale of profits which, even after payment of taxes, would permit an excessive return upon the capital invested, in view of the greatly reduced risks of the contractor under the cost-plus contracts.

REVISED CONTRACTS FOR LIBERTY ENGINES.

What has been said above relates to the original contracts for Liberty engines. During a recent period the contracts with the Lincoln Motor Co., the Packard Motor Car Co., and the Nordyke & Marmon Co. have been revised and put upon a fixed-price basis of $4,000 an engine.

The revised contract with the Lincoln Motor Co. is dated July 31, 1918. The former contract for 6,000 engines is canceled and superseded and the new contract provides for 9,000 United States twelves and necessary spare parts, with an option to the Government to require the production of 8,000 additional engines and spare parts. The schedule of deliveries provided for in the new contract is as follows:

Previous to Aug. 1, 1918	1,000
August	750
September	1,000
October	1,500
November	1,500
December	1,500
January, 1919	1,500
February	250

The price is $4,000 an engine. The spare parts are to be delivered on a schedule basis corresponding to a total price of $4,000 for a completed engine. The contract provides for payments by the Government, by way of amortization, upon a basis of 100 per cent of the actual cost of all testing and inspecting facilities provided by the contractor with the approval of the Government; for payment by the Government, by way of amortization, upon a basis of 40 per cent of the actual cost of the heat-treating building and equipment theretofore provided by the contractor; and payment by the Government, by way of amortization, upon a basis of 40 per cent of the actual cost of machinery, tools, and other items furnished by the contractor. It is further agreed that in case the Government shall not order from the contractor the 8,000 additional engines for which it has an option, or the contractor is prevented by termination of the contract from manufacturing and delivering the 9,000 engines contracted for and the 8,000 additional engines, the Government shall pay to the contractor a sum equal to 40 per cent of the difference between the actual cost of its plant, including real estate, buildings, machinery, and equipment built or otherwise acquired by it for the purpose of performing the contract (exclusive of any allowance of interest) and any and all payments previously made by the Government on account of depreciation or amortization. While the new contract is on a fixed-price basis, provision is made for payments by the Government within 10 days of the determination of the various items, on account of the cost of direct materials, supplies, and labor, and also for the payment monthly of amounts equal to proper ordinary depreciation, and other proper items of overhead expense not previously paid by the Government. It is also provided that in case the actual cost of manufacture shall be increased or decreased by reason of any changes in specifications or in the rates of labor, material, supplies, or equipment, varying from the rates in force at the date of the revised contract, upon satisfactory proof, the contractor shall be paid the total amount of such increases, in addition to the fixed price, or in case of a decrease the fixed price shall be reduced accordingly.

Up to October 4 the Lincoln Co. had delivered, according to the Government's report, 2,566 engines, instead of the 2,750 required by the schedule to Octooer 1, and it is likely to be somewhat behind its schedule in the total deliveries, but its deliveries of 9,000 should be completed by March next. It may be assumed, as the company assumes in its own estimate, that the 9,000 motors can be produced on an average cost of $3,000 each, which would leave $1,000 profit per engine, exclusive of the spare parts, making a profit on the engines of $9,000,000 earned, it may be expected, by April 1; and assuming that the profit on spare parts will be 25 per cent of the profit on the motors, there would be an additional profit of $2,250,000. On this basis the entire profits earned by the company on the Liberty engine contract would be $11,250,000.

The new contract with the Nordyke & Marmon Co. was made under date of August 31, 1918. The former contract for 3,000 Liberty engines is canceled, and the substituted contract calls for 5,000 U.S.-12s and spare parts, with the option of the Government to order 2,000 additional. The schedule of deliveries is as follows:

1918.	
August	50
September	70
October	250
November	300
December	400
1919.	
January	400
February	475
March	500
April	500
May	500
June	500
July	500
August	500

The contract is on the basis of a fixed price of $4,000 per engine, with a provision for increase or decrease in case of a change in the actual cost of manufacture, similar to that contained in the revised contract with the Lincoln Co. The contract also contains a provision for special depreciation, which is somewhat involved and need not be set forth.

The revised contract with the Packard Motor Car Co. was made under date of September 2, 1918. It supersedes the original contract and provides for 12,000 U.S.-12s at a fixed price of $4,000 per engine, and spare parts on the basis of this price for a completed engine. It contains provision as to an increase or decrease of price in case of a

change of the cost of manufacture similar to that found in the other revised contracts above mentioned. The Packard Co. agrees to deliver the articles at the rate of 600 engines a month, beginning with September 2, 1918. As the Packard Co. has delivered 3,660 engines up to October 4, 1918, the entire 12,000 will be delivered approximately by December, 1919. It is likely that the cost, distributed over the 12,000 engines, will not be more than $3,000 an engine, and at this rate the profit on the 12,000 engines will amount to $12,000,000, with probably $3,000,000 more as the profit on spares, making about $15,000,000 in all.

Under the original cost-plus contracts for the Liberty engines—that is, with the bogey cost of $5,000, a fixed profit of 12½ per cent thereon, and an additional profit of 25 per cent of the savings under the bogey cost—the total profits per engine would amount to $1,075 on the basis of an actual average cost of $3,200 per engine, or to $1,125 on the basis of an actual average cost of $3,000 an engine. It will thus be seen that the change from the cost-plus contracts to the fixed-price contracts saves the Government from about $75 to $125 (or possibly a little more) per engine on the fixed-profit allowance, and also whatever expense may be saved by the reduced requirements of cost supervision and accounting and in connection with material. Upon the new fixed-price contracts the contractor's profits, though reduced, still remain very liberal.

It is understood that it has been arranged that similar revised contracts on a fixed-price basis will be made with the Ford Motor Co. and the General Motors Co., but these had not yet been executed according to the latest information received.

Ninth. Supervision of production—Waste.

Little need be said with respect to the supervision of the production of engines. Although the numerous changes in the Liberty engine and the remedying of the defects which were disclosed necessarily involved considerable outlays, the losses due to these causes can hardly be said to be greater than would naturally be expected in the development of a new high-powered motor for airplanes. It has already been pointed out that the actual cost of the first lot of 600 motors at the plant of the Packard Motor Car Co., which was earliest in production, was as high as $3,873 per engine, and that this cost was subsequently reduced so that the average cost of the first 1,200 motors was $3,442, and that it is expected that the cost per engine at this plant will fall below $3,200. Again, the actual cost of the first lot of 600 motors at the plant of the Lincoln Motor Co. was $3,583, and it is believed that motors can now be produced at this plant at a little, if any, over $3,000 per engine. The enhanced cost of the first lots of engines may be said to reflect in large measure the expenditures which could have been avoided had there been no changes in design, but these outlays fell within the range of reasonable experimentation and can not justly be regarded as showing a lack of careful supervision.

The chief losses, which may be properly characterized as waste, have been in connection with the production of airplanes. A statement has already been made (ante, p. 15) of the cost of the Standard J-1 training planes which were condemned as dangerous in June, 1918, because of the unsuitability of the type of engine. The expenditures on the Standard J-1 planes, including the engines, to September 30, 1918, amounted to about $17,500,000, and the amount which may ultimately be saved if these planes are utilized with another engine can not now be stated.

The changes in the De Haviland 4s which have been detailed (ante, pp. 126–131) caused great additional expense which could have been avoided had there been a more efficient organization and prompt decisions as to equipment. The most serious waste, however, in connection with service planes was in the work and materials thrown away on the Bristol Fighter, which was in course of production at the plant of the Curtiss Aeroplane & Motor Corporation and was finally condemned in July, 1918 (post, p. 157).

Under the cost-plus contracts it was of the utmost importance that there should be the most careful supervision of production and an adequate system of cost accounting so that useless expenditures should be avoided and actual costs carefully determined. This undertaking was difficult in itself, but it was rendered even more difficult by the demand for haste and the necessity of quickly providing a large force of inspectors and accountants in a novel undertaking. Manufacturers were in constant opposition to what they regarded as unnecessarily technical requirements by accountants, and the Government representatives themselves were admonished by their superior officers not to let strictness stand in the way of production. And it could hardly be expected that this large matter of industrial supervision and cost accounting could be adequately handled under the restrictions of military organization. Moreover, not only was efficiency hampered, but the door was open to abuses, and despite the fidelity of many who sought to protect the Government, wasteful conditions were permitted to exist which were wholly inexcusable. It should also be said that a large outlay has been caused by the fact that the Army and Navy each maintains a complete staff of accountants so that, for example, in the North Elmwood plant of the Curtiss Co., where both Army and Navy work is being done, there are two sets of Government employees at work in all branches of cost-plus accounting under the respective contracts.

LABOR.

Labor conditions generally were unsatisfactory. In the labor market the Government was largely competing with itself. At the plant of the Packard Co. the labor turnover is from 400 to 600 per cent a year, which would mean 40,000 to 60,000 men coming and going in order to maintain an organization of 10,000 to 11,000 men. The larger portion of this "floating," as it is called, occurs among probably 4,000 to 5,000 men, and the testimony is that in some departments there has been a complete change about 15 times a year. Women have largely been employed in many plants with satisfactory results. The plant of the Wright Martin Aircraft Corporation at New Brunswick, N. J., is a conspicuous exception, few, if any, women being employed in the shops. The testimony is that the local labor organization has taken a stand against the employment of women, and accordingly this has not been pushed by the management.

In the case of the Wright Martin Co. also it was apparent that a very large proportion of the employees were within the draft age as fixed by the selective-service law of May 18, 1917. The records show that on August 15, 1918, 41.36 per cent, or 2,300 of the total number of employees (5,560) at the New Brunswick plant, were within the draft age, and of this number 15.83 per cent were in class 1. The report by the representatives of the Government at this plant states that the method used by the company for securing deferred classification and indefinite furloughs is as follows: When a man is employed who is in class 1 of the draft, he is given a week to "make good." If he then is found to be efficient, his foreman induces an application for deferred classification, and if this is refused by the district board and the employee is called to camp, a request is made by the company to the personnel department of the Bureau of Aircraft Production for his return on indefinite furlough. Prior to August, 1918, the operations of the draft department of the company were open to serious criticism and exhibited many irregularities. In one case a man, whose duties were such that anyone who could handle a screw driver could do his work, was drafted and immediate steps were taken to have him returned as a "motor builder." Previous to his employment by the company he had been employed as a stock clerk by a manufacturer of gowns, and he had no previous mechanical experience. In another case a man who was considered a deserter by his local board was finally located at the plant of the Wright Martin Co., where he was arrested and inducted into the Army. Affidavits were immediately presented for his return from camp upon industrial grounds, and he was returned accordingly. One who had been a clerk of a carpet company, without mechanical experience, and who had a minor assembly job, was drafted and was returned on indefinite furlough as a necessary employee. A former proof reader, a former skating instructor, and a former coupon clerk who had obtained employment at the Wright Martin plant were drafted and similarly returned. In other cases men whose work was entirely clerical secured deferred classification on industrial grounds. Cases of this sort have now been brought to the attention of the Provost Marshal General. It is stated by the Government representative that at present the draft department of the Wright Martin Co. is in competent hands, and it appears that its work is being done with a better regard for the interests of the Government.

LABOR COST.

To establish the labor cost under cost-plus contracts it was necessary that there should be proper time records and suitable provision for the identification and check of employees as they entered and left the factory. The opportunities for irregular pay rolls through laxity or connivance are obvious. The conditions in this respect at the North Elmwood (Buffalo) plant of the Curtiss Aeroplane & Motor Corporation were especially bad. It was at this plant (completed last fall) that the cost-plus work was done on the Bristol fighter for the Army and the HS-1 seaplane for the Navy. [The Curtiss Aeroplane & Motor Corporation has seven distinct plants—at Buffalo the Churchill Street group (including the Churchill Street plant, where training planes are made, and the plants at Niagara Street, Bradley Street, and South Elmwood, making parts for Churchill Street); the Austin Street plant, doing Navy work, including contracts for the British Government; and the North Elmwood Avenue plant. At Hammondsport, N. Y., motors are manufactured exclusively. The work, except at the North Elmwood plant, is on a flat-price basis.] There is abundant testimony, with picturesque detail, which can not be given here, to the effect that at the North Elmwood plant large numbers of employees were kept on the pay rolls when they were not needed; through an utter lack of a decent system men and women were paid when they did not work; employees were able to leave the factory without being detected and remain absent for hours while recorded as on duty; employees would ring one another's time cards; men who were without work enough to keep them busy during the day were employed overtime at increased rates; men were brought to the plant on Sundays when there was virtually nothing to do; and for many months there was such demoralization at this plant that it became the subject of contemptuous gossip among the employees and in the community. One of the inspectors for the Navy testifies that as late as July he, with others, went through the plant at night on a tour of inspection, and not only were they able to go from one end of the plant to another without being asked for their passes, but they found absurd conditions of idleness. In one room "the foreman and three men (were) sprawled out on the floor," and, as he put it, there were "slackers from one end of the plant to another."

It is urged in palliation that the cancellation of the Spad order and the difficulties encountered in the development of the Bristol created a state of confusion and that the management was constantly expecting to be able to get into production and felt it necessary to maintain an adequate force for this purpose. That the force was increased heavily at the North Elmwood plant during the early period despite the fact that there were serious difficulties with the Bristol design and the company was not ready for large production is beyond question. In October, 1917, the average number of men working at the North Elmwood plant was 578. In December this was increased to 4,142; in January to 5,970; in February to 7,029; there was a decrease of a few hundred in March and April, and an increase in May to 7,557, and in June the average number at work was 9,788. To approximately 60 per cent of its capacity this plant was either idle or working only in connection with the Bristol. The employment of men on a large scale when there was not work enough for them had much to do with the virtual destruction of the morale at the plant. But whatever loss the Government has sustained in this way is not nearly as large as it might otherwise have been by reason of the fact that a careful reaudit is in progress, which should be strictly prosecuted, and final settlement of payments awaits a satisfactory determination of actual outlays.

EMPLOYMENT OF ALIEN ENEMIES.

Among the regulations established by proclamation of the President on April 6, 1917, was the following:

"An alien enemy shall not approach or be found within one-half of a mile of any Federal or State forest, camp, arsenal, aircraft station, Government or naval vessel, navy yard, factory, or workshop for the manufacture of munitions of war or of any products for the use of the Army or Navy."

Under the authority granted by the President to the Attorney General for the administration of the alien enemy regulations, the Department of Justice developed a permit system whereby alien enemies could obtain permits to be employed within a munitions factory, including one engaged in the manufacture of aircraft, within the half-mile zone. The granting of such permits is intrusted to the United States marshal of the district, who is authorized to issue them if he is satisfied that such action will be in no respect dangerous to the community or the United States. He is required before issuing a permit to confer with the special agent of the Department of Justice in the locality, to make a thorough investigation, to get the approval of the United States attorney or assistant United States attorney of the district, and also to obtain from the employer a certificate in writing to the effect that he desires to employ the applicant, and that he is satisfied that such employment will not be to the injury of the community or the United States. Sponsors or bonds may be required, and all such permits are revocable.

It will be observed that while the precaution has been taken to require suitable investigation by agents of the Government, the cooperation of the employer, who has special opportunities for obtaining accurate information, is expected. It is manifest that unless the Government is in possession of facts showing the inadvisability of the employment, the certificate of the employer in compliance with the regulations is likely to be most persuasive.

There is considerable difference in the practice of the various companies engaged in the manufacture of aircraft as to the employment of enemy aliens under these regulations. The following illustrations will suffice:

The Fisher Body Corporation states: "We do not employ any German aliens in our aeroplane factory or in our aeroplane divisions." On May 22, 1918, Mr. Kepperley, the vice president and general manager of the Curtiss Co., gave instructions that under no circumstances should alien enemies be employed. Despite this instruction some alien enemies who had previously been employed on permits were retained in positions of importance. One of these, who began work for the Curtiss Co. last fall, was put in charge of the milling-machine department in the machine shop and became assistant general foreman of the machine shop at the North Elmwood plant. Another German subject (having a brother in the German Navy), who began to work in the Curtiss plant in February, 1917, became foreman in the welding department at the North Elmwood plant and has been at work on all the tubing work and tail units for the Bristol fighter as well as on the engine braces for the HS flying boats. Another, who had himself served one year in the German Army and was discharged on account of wounds, was employed as toolmaker at the Curtiss plant until some time in June.

The Lincoln Motor Co. states: "It is our endeavor to employ none but American citizens or friendly aliens. We are careful and using every precaution to not employ enemy aliens." The Nordyke & Marmon Co. is equally careful. Their statement is: "At this date there are no alien enemies employed in the airplane engine division. A very few have been employed in this division from time to time, but for only short periods at a time, as it has been our settled policy from the beginning of the war to keep alien enemy employees out of our Government departments, notwithstanding the individual man might be perfectly harmless. As fast as these men have been discovered they have been discharged."

About 200 enemy aliens (including Austrians and Hungarians) are employed by the Packard Motor Car Co. About 200 enemy aliens (not Germans, but Austrians and Hungarians) are employed at the plants of the Wright-Martin Aircraft Corporation in New Brunswick and Newark. No enemy aliens are employed by that company at its Long Island City plant.

The Ford Motor Co. has about 250 German aliens who are employed in departments dealing with Government work. One hundred and forty-three of these are in departments in which from 20 to 60 per cent of the work done is Government work; 35 are at the blast furnace, and 61 are at the shipbuilding plant, which is doing Government work exclusively. These enemy aliens are working under special permit granted on the company's recommendation.

GERMAN SYMPATHIZERS.

The serious risk that is taken in permitting men of known pro-German sympathies, whatever their citizenship, to work in aircraft plants in any important capacity is generally recognized. The opportunities are abundant for delays and interferences in production through the action or inaction of those controlling the progress of production. It is the assumed sympathy with his nation which makes the employment of the German subject dangerous, and the danger may be quite as great in the case of one who, although not an enemy alien, is more friendly to Germany than to the United States.

There have been persistent rumors of pro-German sympathies on the part of employees of the Curtiss Co., but it has been impossible to ascertain to what extent, if any, the demoralization that until recently has existed at the North Elmwood plant of that company was due to any influence of this hostile description. The conditions that existed naturally bred distrust which was reflected in common talk, but facts warranting a definite conclusion as to disloyalty on the part of employees in important positions are lacking.

In the case of the Ford Motor Co., one of the company's employees (who formerly had been in the educational department and had represented the American Protective League) testified as to his inquiry into cases of disloyalty. The reports obtained by him exhibit utterances of employees in antagonism to the Government, insulting references to the President, and praise of the Kaiser. In an extreme case, in which the employee reviled and even threatened the President, there was a prosecution and a plea of guilty. The man was fined $300, was released, and the testimony is that he resumed work in the Ford plant. The reports were numerous, and the employee who obtained them testified that there were about 200 employees whose loyalty was seriously open to question, but how many of these were employed in Government work he could not say. So far as the Liberty engine was concerned, his investigation related to half a dozen cases in the drafting department in the Ford Co. In this department there was a serious situation which engaged the attention of the management. Its importance was manifest from the fact that the drafting department embraces the tool design and drafting room in which the drafting work upon the Liberty engine is done, and it is possible for one in that department to bring about delays, the causes of which, in view of the multiplicity of drawings involved, it would be difficult satisfactorily to trace. This department was in charge of Carl Emde. There were repeated reports of pronounced pro-German utterances by Emde. A former employee, who had left the plant voluntarily and had later been found with plans and photographs of the plant, was a close friend of Emde's and had been employed in his department. This man, it is understood, has been interned. While nothing conclusive could be established against Emde in relation to his work, the advisability of removing him from a position of such strategic importance was clear to some of the most important men in the management. A conference was held on the subject at which Mr. Ford and the factory managers were present. According to the minutes of this conference reports were read "from various members of the drafting department who were in touch with the situation, and who felt that the department was practically a pro-German institution." Several conferees expressed the opinion that Emde should be removed, and one said that in his opinion "in the very nature of things Mr. Emde could not give us everything required to assist the Government of the United States." Mr. Ford, however, was opposed to that course and overruled his associates. Mr. Ford's position and his reasons are thus set forth in the minutes:

"Mr. Ford deliberated and stated that he had heard numerous rumors, but in speaking of all he had heard there had not been one thing shown him which would make him change the present head of the drafting department. He felt that it was a time of sacrifice—that in the next few years every man would be called upon to make some sort of sacrifice, and that possibly Mr. Emde, German born, was making his sacrifice now when making drawings for the Liberty motor to be used ultimately against Germany."

This statement of attitude is sufficiently expressive and requires no comment. The proposed removal did not take place. There has been a laxity at the Ford plant with respect to those of German sympathies which is not at all compatible with the interests of the Government. In deference to Mr. Ford's view, those in direct charge of production, who were alive to the situation, have had to pursue a policy of constant watchfulness and supervision instead of being free to take the precautions which the exigency demanded.

MATERIALS.

The leading causes of waste in material were engineering changes and faulty workmanship. As material was rendered useless it was scrapped, and there is no little evidence of a lack of care in securing salvage. For the losses due exclusively to changes in design after authorized production had begun, the manufacturers can not be regarded as responsible; and these losses, while they can not be accurately computed, are undoubtedly heavy. Their extent, of course, is proportioned to the stage of production reached when changes were directed; and with respect to the service planes the history of production at the Dayton-Wright Airplane Co., the Fisher Body Corporation, and the Standard Aircraft Corporation discloses the same conditions varying only in degree as to the delay and waste caused by repeated changes.

With respect to the intelligence and efficiency of the inspection and the extent to which rejections have been on sound grounds, there are naturally differences of opinion and complaints and countercomplaints, the basis for which can not be satisfactorily determined. It is to be noted that the rejection of spruce which has gone into production has reached a high percentage. Even at one of the best plants the Government representative puts the percentage as high as 60 per cent after allowing for salvage, and at other plants the percentage of rejections was probably higher.

A poor industrial organization such as existed at the plants of the Standard Aircraft Corporation and the Curtiss Co. (North Elmwood plant) did not favor economical production, and in the case of the former company conditions were aggravated, as already pointed out, by the assignment to that company of a large number of small orders for varied work. At the North Elmwood plant of the Curtiss Co. the waste, which was incident to delay and changes, was vastly increased by irregular practices. Thus, in order to keep men busy who apparently had no proper work to do, there was excessive production of parts. A production order might be for 500 parts, but the actual production might run to 5,000 or even more of these parts until this unwarranted conduct was discovered and stopped. There is instance after instance of excessive production which served to increase the size of the scrap heap when a change made the parts useless.

Again at this plant, when a change would lead to an order stopping the production of parts, production often would continue despite the order. As an illustration, one witness testified that he had personally given a stop order on certain metal parts and found two weeks after, in going through the metal shop, that they were still making the parts, sending them through the various operations and working overtime on their production. During periods of idleness employees devoted their time to making clocks and toys out of the materials at their command in the factory. Excess material was scattered about the factory without a proper record being kept of it. And it appears that material would be sent to the scrap heap instead of being properly salvaged, in order to cover mistakes.

There was also a lack, at the Curtiss plant, of proper records of material. In the case of steel stores there was confusion between what had been supplied for the Army work, for the Navy work, and for the Curtiss fixed-price work, so that accurate accounting based on the ledger entries was wholly impossible. And in addition to other manifest delinquencies, there was an absence of proper plant protection. The situation of the company in view of its experience with both the Spad and Bristol orders was undoubtedly a difficult one, but the lack of competent industrial administration is too clear to admit of dispute and has freely been confessed.

There has been little evidence at the North Elmwood plant of the exercise of the broad powers of the Government to prevent these abuses, and the fact that conditions were permitted to continue reveals the failure of the representatives of the Signal Corps to take proper steps for the protection of the Government's interest. There was, however, such an absence of system on the part of the company in the keeping track of parts, and so many changes in the persons employed, that while there is abundance of general testimony it is practically impossible at this time to trace particular instances of dereliction to individuals in order, with suitable particularity, to support definite charges. The divided responsibility which resulted in giving the design of the Bristol so largely into the control of the representatives of the Curtiss Co. was also a source of embarrassment, and the extreme haste to make up for lost time added to the confusion. Conditions through the winter and early spring were chaotic, and the improvement that has been made since that time has been unnecessarily slow. It is fair to say, however, that recently there have been changes which promise a needed betterment in the industrial organization.

So far as the loss of the Government in connection with the Bristol is concerned, the payments already made to the Curtiss Co., according to the Government accounts, amounts to upward of $2,000,000, exclusive of advances, and, as already stated, the Government has estimated that the loss, including claims growing out of the cancellation, may reach $6,500,000 (ante, p. 16). The Government, however, has a margin of security by reason of deferred payments, and a reaudit is in progress which must be completed before a final settlement is made for materials furnished. The loose methods employed by the company should be taken into consideration and a final settlement should be reached only upon satisfactory proof of proper outlays.

OVERHEAD CHARGES.

In the course of production payments have been made on account of overhead charges upon the basis of a general estimate—that is, by taking a percentage of other outlays, which seems to be justified in the experience of the plant, as representing the overhead expense. The overhead expense embraces general administrative outlays, including

executive salaries, and the theory of the cost-plus contract is that the Government pays the expense of superintendence as a part of the cost.

It is, of course, important that fair salaries should be allowed, and all exorbitant demands rejected. Reference has already been made to the salaries paid to the executive officers of the Dayton Wright Airplane Co., who were at the same time the stockholders in a close corporation and divided their time with other companies from which they received high salaries. There appears to be no justification for even the temporary allowances to the Talbotts and Kettering of annual salaries aggregating $100,000, and the explanation furnished that the "relations with the contractor were somewhat delicate at first, and, moreover, the company was in crying need of cash, and any withholding of amounts due was sure to create much friction," is not convincing; inasmuch as the individuals, and not the company, got the money, and it is difficult to see how "friction" in this matter could have injured the Government. It is also stated that when the salaries were allowed in the fall of 1917, dating from August 1, 1917, it was felt that it was a matter of considerable importance "that would have to be passed by Col. Deeds, who was in charge of the Equipment Division," but Col. Deeds testifies that he knew nothing of the salaries that were paid to these officers.

It should be said, however, that these allowances, under the terms of the contract, should be regarded as tentative, and that it is within the authority of the finance department in its final settlement to adjust the matter on a fair basis. And that is the position of that department.

Even more extraordinary was the salary paid by the Standard Co. to its president, Mr. Mingle, at the rate of $63,000 a year, which is sought to be charged as a part of the cost of operations. This, however, has not been allowed. The question what would be a proper allowance has been under consideration. Several vouchers have been passed which represent merely payments on account, or payments "subject to adjustment," and it is stated that the amount of Mr. Mingle's salary thus far actually allowed is at the rate of $15,000 a year.

The adjustments of overhead expense, as are the other payments on vouchers under the cost-plus contracts, are subject to a revision of accounts and it is within the power of the finance division in the ultimate adjustment of cost in accordance with the terms of the contract to protect the Government against any claims on the part of the contractors which may be found to be unjustified.

Tenth. Special matters.

1. PURCHASE OF THE PLANT OF THE GENERAL VEHICLE CO.

In November, 1917, the Government purchased the plant of the General Vehicle Co. at Long Island City, N. Y., for $1,527,568. The purchase embraced all the real estate, building, and machinery constituting the plant, and all other assets, except that patents (other than those relating to internal combustion rotary aircraft engines), franchises, good will, cash, bills, and accounts receivable, specified securities, and all inventory assets not acquired and used in connection with the manufacture of Gnome engines, were retained by the General Vehicle Co. The company also agreed to release for the use of the Government its administrative and manufacturing organization, so that the Government might take over the plant property and organization as an active manufacturing establishment in full readiness for production. Upon a physical valuation and inspection of the books of the company by Government appraisers and accountants, showing that the price was a fair one on the basis of prices previous to the war, and upon an opinion of the Judge Advocate General as to the legality of the purchase and as to the propriety of the form of contract, the purchase was recommended by the Aircraft Board.

The advisability of the purchase, however, was doubted at the time by officers of the Government. It appears that at the outset, in formulating the aircraft program, it was supposed that the Gnome rotary engine would be a factor of some importance, and a small order for Monosoupape motors was placed with the General Vehicle Co., but in view of doubts as to the planes to be built, with which such engines would be used, further orders were not placed. Later, on word from overseas that Gnome rotary engines should be put into production, there were negotiations with the General Motors Corporation looking to the acquisition of the General Vehicle plant and the manufacture of these engines in large quantities. Before the matter was closed the instructions from abroad were changed and the proposed transaction was abandoned. The considerations underlying the purchase are stated in the recitals of the Aircraft Board in the resolution adopted at its meeting of October 19, 1917. It was stated that advices from France indicated a doubt as to the future demand for rotary engines in aviation, but that nevertheless these engines would be used to a greater or less extent for a considerable period to come; that it was desirable that "the technique of manufacture of rotary engines should in any event be studied and developed in the United States in case of need"; that the General Vehicle Co. had "the only plant and organization of substantial size in the United States equipped and organized with the necessary facilities and experience for the manufacture of such engines"; and that the present and future demand for rotary engines was "not sufficient in amount or sufficiently continuous to justify a manufacturer in the maintenance of a plant and organization adequate for a prompt supply of such engines and for the proper study and development of the technique of that type of engine."

In a previous part of this report (ante, p. 98), reference has been made to the opinion of the Joint Army and Navy Technical Board, given on November 16, 1917, that in the program for the coming year rotary engines should be considered of secondary importance, but that it was deemed desirable that the art of building rotary engines should be retained in the United States and that for this purpose the organization skilled in rotary-engine production should be preserved. While it was thought that an order which had been given to the Union Switch & Signal Co. for 2,500 80-horsepower LeRhones was larger than was necessary to preserve the art, it was further recommended that steps be taken to maintain the possibilities of production of the 160-horsepower Gnome engine. The resolution of the Joint Army and Navy Technical Board did not in terms approve the purchase of the General Vehicle Co.'s plant, nor did it express opposition in any definite way.

The actual necessity of the purchase of the General Vehicle Co.'s plant is not apparent. As soon as the Government made the purchase, a corporation called the Aeronautical Engine Co., with a nominal capital, was incorporated for the purpose of building Gnome engines at the plant and contracts were made for the manufacture of small quantities at cost without profit. This, however, did not continue long. It was found that the Union Switch & Signal Co. had mastered the art of making LeRhone engines, and although these were of a different type, it seemed that the necessity of keeping the organization in existence at the plant purchased from the General Vehicle Co. soon ceased or was very much minimized. In April last it was proposed that the plant at Long Island be leased to the Wright-Martin Co. for the manufacture of the 300-horsepower Hispano-Suiza engines, and an arrangement for this purpose was made soon thereafter, one of the reasons being stated to be "the practical abandonment of the manufacture of Gnome motors."

At the time of the purchase of this plant by the Government the General Vehicle Co. had outstanding notes amounting to $1,530,000, which were held by the Peerless Truck and Motor Corporation. The purchase price paid by the Government was substantially equivalent to the amount of these notes and thus provided for their retirement. The purchase, however, was made on the basis of the value of assets, and whatever difference of opinion there may be as to the advisability of the purchase there are no facts warranting the conclusion that it was not made in good faith or that the amount paid was in excess of the fair value of the property acquired.

2. MAHOGANY MANUFACTURERS AND IMPORTERS' ASSOCIATION.

True mahogany is a desirable wood (ranking, in the opinion of the Government's production engineers, next to black walnut) for the making of propellers for service, or combat, airplanes. To meet this demand contracts had been made for mahogany in the fall of 1917, but with only one responsible corporation; that is, Lewis Thompson & Co. A contract with one of the companies selected was canceled because it was apparently without financial resources and could not provide a bond, and in the case of another contractor no deliveries were made.

In the beginning of January, 1918, it appeared that there was a serious shortage in the Government's supply of wood for service-plane propellers and through the War Trade Board the leading mahogany manufacturers of the United States were invited to a conference in Washington. This conference was held on January 21, and at that time, or in the later conferences, the following corporations and firms were represented: Huddleston-Marsh Mahogany Co.; Ichabod T. Williams & Sons.; George D. Emery Co. (said to be closely affiliated with I. T. Williams & Sons) and the Astoria Veneer Mills & Dock Co., of New York; Palmer, Parker & Co., of Boston; Lewis Thompson & Co. and S. B. Vrooman Co., of Philadelphia; Freiberg Lumber Co., of Cincinnati; C. C. Mengel & Bro. Co., of Louisville; Talge Mahogany Co., of Indianapolis; C. L. Willey Co., of Chicago; and the Otis Manufacturing Co., of New Orleans. At the first conference the manufacturers were notified of the Government requirements for propeller stock, their cooperation was sought, and they were asked to advise the Government of the quantity which each could furnish and the price.

The representatives of the War Trade Board suggested the advisability of an organization of the manufacturers to secure effective cooperation with the Government, and accordingly an association of the manufacturers was at once formed, which appointed a war committee composed of A. S. Williams, of the Astoria Veneer Mills & Dock Co.; C. H. Thompson, of Lewis Thompson & Co.; F. C. Leary, of Ichabod T. Williams & Sons; F. G. Otis, of the Otis Manufacturing Co.; and J. C. Wickliffe, of the C. C. Mengel & Bro. Co. The committee met at once and passed a resolution expressing the opinion that the best interests of the Government would be served by the purchase by the Government "of all Central American mahogany logs now under contract with the members of the association at a price to be agreed upon; the Government to arrange transportation of said logs; the manufacturing of the logs into lumber to be done by the mills represented by this association at a price to be agreed upon." At the same meeting the officers of the association were elected: Thomas Williams, of Ichabod T. Williams & Sons, president; R. S. Huddleston, of the Huddleston-Marsh Co., treasurer; and Charles H. Thompson, of Lewis Thompson & Co., secretary. This proposition was rejected by the representatives of the Signal Corps for reasons stated at length, which were in substance that it was deemed inadvisable that the Government should arrange for the purchase of logs directly from the loggers in Central America and Mexico in view of the unfamiliarity of the Signal Corps with the logging business, or that the Government should take over existing contracts for purchases of logs on account of the complications that might arise, or that the Government should become directly involved in log purchases. Recognizing the difficulties in the disposal of a largely increased quantity of lumber, the representatives of the Signal Corps felt disposed to pay "a higher price than prewar or existing prices for propeller stock" in order that the mahogany manufacturers might offset any loss due to the low market value of rejected material. It was then recommended by the Signal Corps that the manufacturers should make a proposition as to the price to be paid for propeller stock, and it was stated for the manufacturers that they could not quote prices on the basis of the existing Signal Corps specifications, as these were too restrictive as to the grade to be selected and permitted the Signal Corps to accept or reject the material based upon the judgment of the inspector.

It was finally suggested that the manufacturers should submit a proposition based on what are called "National Hardwood Inspection" rules (that is, the rules of the National Hardwood Lumber Association), quoting a separate price on "firsts and seconds, selects, and No. 1 common." Discussions continued between the war committee of the association and representatives of the Government, among the latter being Lieut. Ryerson, who was in charge of propeller parts in the plane production section, Joseph S. Otis, who, as the result of a disagreement, had recently severed his connection with the Otis Manufacturing Co. and had offered his services to the Government as a mahogany expert, and representatives of the lumber committee of the Council of National Defense. At the meeting on January 23, according to Lieut. Ryerson's report, the war committee of the association suggested prices for propeller mahogany according to "National Hardwood Inspection" rules as follows: Firsts and seconds $350 per M feet; selects, $320; No. 1 common, $270. After these figures were submitted a discussion of costs followed, in which Joseph G. Otis, representing the Government, and J. C. Wickliffe, representing C. C. Mengel & Bro. Co., gave their respective estimates of cost. Mr. Otis's estimate was considerably lower than the other and was contested by Mr. Wickliffe. The question of specifications was again discussed and the Signal Corps representatives stated that it would be impossible to place orders on the basis of "National Hardwood Inspection" rules, which permitted widths considerably less than those required for propeller stock. After further parley, Lieut. Ryerson stated that it would be preferable to negotiate with the various manufacturers and importers individually for the purchase of such mahogany as they were in a position to offer. It was considered that if negotiations could not be brought to a close on the basis of the prices quoted that it might be desirable for the Government to fix a price for the purchase of propeller stock and agree to provide in its contracts that after partial performance there should be an audit of costs and a readjustment of prices upon a fair basis.

After the negotiations had thus proceeded for several days the manufacturers submitted to the officials of the Signal Corps the opinion that Joseph S. Otis was not competent to advise the Signal Corps with

respect to mahogany costs and suggested that action should be taken by which some one should be put in charge of the purchases of mahogany for the Government "who could develop the actual facts and be fair to the industry." Joseph S. Otis left the Signal Corps on January 29. On January 31 Henry Lockhart, jr., was placed in charge of the "Materials Department, Foreign and United States," which had the duty of procuring the materials necessary for the production of airplanes, with the exception of motors and instruments. About February 5 Henry K. S. Williams, who had formerly been in the lumber business as a member of the firm of Ichabod T. Williams & Sons (being a brother of Thomas Williams, of that firm), but had retired several years before, was put at the head of the hardwoods section, which was a subdivision of the Materials Department, and had charge of the orders for woods required for propeller stock. Shortly after, on February 25, J. C. Wickliffe, who had been for 10 years secretary of the C. C. Mengel & Bro. Co., of Louisville, and had been active as a member of the war committee of the Mahogany Manufacturers' and Importers' Association, entered the service of the Government as assistant to H. K. S. Williams in the hardwoods section. The suggestion that he should take this position was made about the middle of February in a conversation between H. K. S. Williams and Mr. Mengel, when the latter was asked if he could spare Mr. Wickliffe from his organization. On March 4, 1918, J. Edward McCullough, who had been superintendent at the mill of the George D. Emery Co., one of the members of the Mahogany Manufacturers' and Importers' Association, was made district inspector of mahogany, as well as other woods in the New York district, embracing Boston, New York, Philadelphia, and New Orleans. He was selected by S. B. Vrooman, jr., who, about February 10, was given general charge of the inspection of all propeller lumber throughout the country. Prior to his connection with the Government (he started as an inspector in December, 1917) S. B. Vrooman, jr., had been in the service of the S. B. Vrooman Co., also one of the members of the Mahogany Manufacturers' and Importers' Association; he was, and has continued to be, during his service with the Government one of the stockholders of that corporation (ante, p. 68).

Mr. Wickliffe during his connection with the C. C. Mengel & Bro. Co. had owned five shares of its preferred stock, which he disposed of some years ago. His wife owned five shares of the common stock, which were sold when he entered the Government service. His salary as secretary of the Mengel Co. had been $500 a month. His compensation from the Government was at the rate of $4,000 a year. When it was suggested that he should become connected with the Government he said that he could not afford it, but he was informed that Mr. Mengel had offered to continue his salary "as a donation to the Government during the war." Mr. Wickliffe replied that he did not like the arrangement, would not accept it without Mr. Lockhart's approval, and in any event would not consent to be paid more than enough to defray the living expenses of himself and his family. Mr. Wickliffe was paid by the Mengel Co. in addition to his salary from the Government, $250 on March 25, $250 on March 29, and $250 on April 15, a total of $750. This was subsequently adjusted on the basis of $350 for the period to April 1, and $400 was returned by Mr. Wickliffe to the Mengel Co. This was explained in Mr. Wickliffe's letter to Mr. Mengel as follows:

"628 LEXINGTON PLACE,
"*Washington, April 13, 1918.*

"Mr. C. R. MENGEL,
"*President C. C. Mengel & Bro. Co., Louisville, Ky.*

"DEAR MR. MENGEL: The Signal Corps having fixed the salary I am to receive from them at the highest figure they can pay of $4,000 per annum, I want to let you know that I think it necessary now that you reduce the amount that you are remitting me monthly to $350 per month. As near as I can estimate it, I can get by on Washington living expenses and do such official entertaining as I shall have to do on the sum of these two amounts. If I find that I can not, I shall frankly let you know the condition. But I feel that living here and doing the necessary at my present job on this figure is about the equivalent of the salary I had when I was with you in Louisville. Therefore kindly give the necessary instructions to have the remittance cut down.

"Again thanking you and the company through you, I am,

"Very truly, yours,

"J. C. WICKLIFFE."

The arrangement with C. C. Mengel & Bro. Co. was approved by H. K. S. Williams in his letter of April 24, 1918, as follows:

"WASHINGTON, D. C., *April 24, 1918.*

"From: Office of the Chief Signal Officer.
"To: C. C. Mengel & Bro. Co., Louisville, Ky.
"Subject: Services.

"1. In line with the request of your president, Mr. C. R. Mengel, this section desires to give you this letter stating that at the time it asked you for the services of your former secretary, Mr. J. C. Wickliffe, it was fully understood by it that you or the mahogany industry would pay him an amount of money per month over and above the salary the Signal Corps was authorized to pay him, so that the sum of these two would be sufficient to cover his and his family's expenses during his service with the Signal Corps. This was done with the full knowledge of Mr. Henry Lockhart, jr., head of the materials department, because of the fact that the hardwood section needed his services, and in view of the further fact that your offer to do this was made with the distinct understanding that he should sever all connections with your company and with the mahogany industry and assume his new duties, of course, entirely as a member of the Signal Corps organization. This section would also set forth the fact that your offer was specifically asked by you to be considered in the light of a donation to the war.

"By direction of the Acting Chief Signal Officer.

"HENRY LOCKHART, Jr.,
"*Materials Department, Foreign and United States,*
"By H. K. S. WILLIAMS,
"*Hardwood Section.*"

The salary which S. B. Vrooman, jr., had received from the S. B. Vrooman Co. has been continued by that company, and when J. Edward McCullough entered the service of the Government the George D. Emery Co. paid, until the arrangement mentioned below, the difference between his Government pay and his former compensation from the company.

It was soon arranged that the Mahogany Manufacturers and Importers' Association should assume the payment of the additional compensation to Mr. Wickliffe and to Mr. McCullough. Accordingly, for the period beginning with April, this compensation was paid to both in checks from Mr. Huddleston, the treasurer of the association. The amounts were raised by voluntary contributions of various members of the association. The minutes of the association show the following action in the matter:

"The matter of the difference in compensation between the amount paid by the Government for services to J. C. Wickliffe and to Mr. McCullough and the amount of compensation previously received was discussed. The following resolution was then presented, duly seconded, and adopted by the affirmative vote of all present:

"*Resolved*, That such excess compensation be paid by the various members of the association in the form of an annual subscription, which is made up by various amounts subscribed by the mahogany firms, amounting in total to $5,700.

"The motion was duly made, seconded, and carried by the affirmative vote of all present that a copy of this resolution be sent to Mr. H. K. S. Williams."

Mr. Wickliffe testifies that this arrangement was made "because it was felt that it was not right for any one individual firm to pay it all." Mr. Huddleston testifies that it was "purely a question of cooperation with Mr. Mengel." Early in May there was correspondence between H. K. S. Williams and Mr. Huddleston, the treasurer of the Mahogany Association, in which a letter in the following form, addressed by Mr. Huddleston to Mr. Wickliffe, was first submitted to H. K. S. Williams and approved by him:

"347 MADISON AVENUE,
"*New York, N. Y., May 10, 1918.*

"Mr. J. C. WICKLIFFE,
"*Materials Department, Foreign and United States, Hardwood Section, Washington, D. C.*

"MY DEAR MR. WICKLIFFE: A few days ago, when the heads of the various mahogany importing and manufacturing concerns met for general discussion, attention was called to the fact that by virtue of your recent appointment as assistant to Mr. H. K. S. Williams your annual income had been cut something in excess of 50 per cent.

"After a general discussion, it was agreed that it would not be fair that you stand alone the burden imposed on you by your services to the Government in this particular department; therefore it was mutually agreed that the various mahogany firms, feeling as patriotic as you have demonstrated yourself to be, will make up the difference between your former income and what you are now receiving from the Government, provided such an act would meet with the approval of Mr. H. K. S. Williams, the head of your department.

"I am pleased to advise you that I am to-day in receipt of a letter from Mr. H. K. S. Williams, approving of this transaction; so, acting in the capacity of treasurer, I will mail you each month a check for $350, beginning the month of April, which, I am informed, will make up the difference in your salary."

A similar letter was written, with the approval of H. K. S. Williams, to Mr. McCullough. Mr. McCullough was paid by the association for April, May, June, and July, at the rate of $91.67 a month. He returned to his former employment early in August. In the case of Mr. Wickliffe the arrangement continued until it was officially disapproved on August 20, 1918, by Mr. J. Gilmore Fletcher, on behalf of the Bureau of Aircraft Production, in the following letter:

WAR DEPARTMENT,
BUREAU OF AIRCRAFT PRODUCTION,
Washington, August 20, 1918.

Mr. J. C. WICKLIFFE,
Hardwood Section, 119 D Street NE., Washington, D. C.

Mr. DEAR MR. WICKLIFFE: In view of the fact that the Government looks with disfavor upon your receiving from the Mahogany Manufacturers and Importers' Association your present monthly remittance, which I shall refer to here as a salary of $350 per month, I deem it best, and hereby request, that you immediately refuse to accept any further payments from that source, or any other source which comes in direct line with your duties in the Hardwood Section, the Raw Materials Department, Division of Aircraft Procurement, Bureau of Aircraft Production.

I shall at once take the proper steps to have the salary now paid you by the Government, namely, $4,000 per year, increased to $8,200 per year, and shall make every effort to expedite a decision on the point of allowing you this increase.

Yours, very truly,

J. GILMORE FLETCHER,
Chief of Aircraft Procurement.

Mr. Wickliffe immediately requested Mr. Huddleston to discontinue the payments, and accordingly there has been no payment of additional compensation since the payment for the month of July.

Early in February, 1918, arrangements were made with some of the manufacturers for the taking over of certain mahogany which had been under contract for delivery to British merchants, but the amount was relatively small. After H. K. S. Williams took charge of the hardwood section, and also after J. C. Wickliffe became his assistant, negotiations were continued with the manufacturers composing the Mahogany Manufacturers and Importers' Association for the purchase by the Government of mahogany in large quantity for propeller stock. On the appointment of H. K. S. Williams, his brother, Thomas Williams (of Ichabod T. Williams & Sons) had resigned as president of the association, and C. R. Mengel was elected in his stead. On February 14, 1918, new specifications had been adopted by the Signal Corps (No. 15028-A) modifying and liberalizing the prior specifications which had been adopted in the previous December. At about the same time (Feb. 13) the manufacturers had submitted two proposals, one under the Signal Corps specifications (No. 15028-A) at $400 per M feet for firsts, seconds, and selects, and $320 per M feet for lower grades, f. o. b. cars eastern mills (with corresponding prices for other points according to estimated freight rates), and another proposal under the national hardwood rules for specified sizes at $350 per M feet for firsts, seconds, and selects, and $280 per M feet for No. 1 common, f. o. b. cars eastern mills. These had been refused. The important difference was with respect to the inspection.

In this situation a conference was held on March 6 between the manufacturers and H. K. S. Williams, J. C. Wickliffe, and S. B. Vrooman, jr., representing the Government. The minutes of this conference show that H. K. S. Williams opened the meeting with the announcement that "it was the purpose of the Signal Corps to grant as liberal an inspection as could be given consistent, of course, with the principle that no lumber could be taken that would not make propeller blades." After a discussion of the matter of utilizing lumber which showed scattered pin-worn holes, and the opinion having been expressed by Mr. Vrooman that such stock could be used where it did not affect the strength of the board, Mr. Williams stated that he would endeavor to have the inspec-

tion department accept such lumber. This, as Mr. Wickliffe testifies, was accomplished. The minutes show that Mr. Williams "stated that Mr. Vrooman is going to be in charge of the inspection all over the country; that he will appoint verious men to do the inspecting at the various mills, and shall show them what is to be done. Mr. Williams further stated that his object in having Mr. Vrooman at this conference was that "the interpretation of the Signal Corps specifications might be as easy as such interpretation could be made consistent with the principle of accepting only propeller material, but that the Government might get all such material that it could get." Mr. Williams then requested that each manufacturer advise him of the cost of its logs placed alongside steamer at Central American and Mexican loading points, and these estimates were given.

Another conference was held on the same day between the manufacturers and H. K. S. Williams and J. C. Wickliffe, representing the Government, at which, after considerable discussion, Mr. Williams stated that he would recommend the payment by the Government of the following scale of prices on Mexican and Central American mahogany propeller stock under Signal Corps specifications No. 15028-A, as follows: $350 per M feet for firsts, seconds, and selects, and $280 for lower grades, f. o. b. eastern and middle western points, and $330 and $265, respectively, at New Orleans; and the same schedule of prices was stated for African mahogany f. o. b. eastern and middle western points. At these conferences Mr. Wickliffe was in attendance as Mr. Williams's adviser. He reviewed the manufacturers' estimates, and made calculations for Mr. Williams as to costs, and in view of his extensive experience there can be no doubt that considerable reliance was placed upon his opinion and advice. The terms of the contracts were virtually settled, in accordance with Mr. Williams's proposal, at the second conference on March 6, and these terms were subsequently approved by Mr. Lockhart. The formal contracts were not made until some time later. On March 26 the Aircraft Board recommended the execution of the contracts on the above terms for the following quantities:

For African mahogany:

	Minimum.	Maximum.
	Feet.	*Feet.*
Astoria Veneer Mills Dock Co.	2,000,000	3,500,000
I. T. Williams & Sons	500,000	1,500,000
Palmer & Parker Co.	600,000	1,500,000
C. C. Mengel & Bro. Co.	[1] 2,800,000	2,800,000
Talge Mahogany Co.	2,130,000	2,450,000

[1] Amended to read 1,700,000 minimum.

For Central American and Mexican mahogany:

	Minimum.	Maximum.
	Feet.	*Feet.*
Huddleston & Marsh Mahogany Co.	1,750,000	3,000,000
Astoria Veneer Mills & Dock Co.	1,500,000	2,500,000
Lewis Thompson & Co.	1,500,000	2,000,000
Otis Manufacturing Co.	1,000,000	2,000,000
Frieburg Lumber Co.	500,000	1,250,000
I. T. Williams & Sons	750,000	2,000,000
Palmer & Parker Co.	300,000	750,000
C. C. Mengel & Bro.	2,800,000	2,800,000

On April 16 the Aircraft Board recommended the making of a contract with the S. B. Vrooman Co. for Central American or Mexican mahogany 500,000 feet minimum and 1,500,000 maximum.

It is hardly necessary to say that it was a gross impropriety for corporations or firms, either individually or collectively, to pay additional compensation to an employee of the Government, and for the employee to receive such compensation, for services in relation to contracts and transactions in which the corporations or firms were directly and pecuniarily interested. It is not found, however, that there is any statute making this a criminal offense unless it is a case within the statute against bribery or proves to be part of a fraudulent scheme to take advantage of the Government or part of an endeavor to induce a violation of law.

The act of March 3, 1917 (ante, p. 25), making it a crime to pay additional compensation to an employee of the Government or for an employee to receive such additional compensation, only applies to such contributions after July 1, 1919. The occasion of this statute, it is understood, was criticism of payments of additional compensation made to experts in the employ of the Government where, however, the employee in the Government service was not acting in matters in which the person or corporation contributing had any pecuniary interest or motive of gain. Contributions for the support of those who have made sacrifices in undertaking war work for the Government are doubtless made in many instances, but there is no analogy between cases of this general description and payments of additional compensation to employees of the Government by those having direct pecuniary interest in the transactions in which the employee acts as the Government's agent. But under the statute against bribery (Criminal Code, secs. 39, 117) it must be proved that the payment was made or received with intent to influence the decision or action of the representative of the Government on a question which may be brought before him in his official capacity or in his place of trust or profit or to influence him to commit, aid, collude in or allow a fraud, or to make opportunity for the commission of a fraud, on the United States, or to induce the employee to do or omit to do an act in violation of his lawful duty. Whether in the present case, in the circumstances disclosed, any charge of this sort could properly be made would largely depend upon the question whether the terms and prices secured by the mahogany manufacturers were fair and reasonable or could be deemed excessive and the result of improper influence.

In view of the intimate relation of the representatives of the Government, who took part in the negotiations, to the manufacturers, it is obviously appropriate that there should be a fair and impartial examination of the transactions by a body competent to make a survey and determination of questions of costs and profits. Testimony has been given in the present inquiry tending to show that the prices were high. Lower prices under prior orders and offers are referred to. On the other hand, the manufacturers urge that in view of the peculiar conditions of the industry, the difficulties attending the procurement of logs, and the risks taken by reason of the small percentage of lumber suitable for propeller material, the prices and terms were in all respects fair; that Mr. Williams, Mr. Wickliffe, Mr. Vrooman, and Mr. McCullough took their positions simply because of the necessity of having men in their respective places who were qualified by experience, and that throughout the transactions all the persons concerned have been moved solely by the desire to serve the Government. It was manifestly impossible in the course of the present inquiry to make such a survey of the mahogany industry as to reach a satisfactory conclusion with respect to the cost of producing the required mahogany, and as to the fairness of prices and terms. This sort of investigation would require special facilities of the kind which are at the command of the Federal Trade Commission, and through its instrumentality it is believed that such a survey of the industry and a determination of fair costs and profits can be made. Upon its report as to the cost of producing the required mahogany, it can readily be decided whether there is ground for prosecution by reason of the transactions which have been disclosed in this inquiry.

AFRICAN MAHOGANY.

Attention should be called to the fact that the contracts with the mahogany manufacturers called for considerable quantities of African mahogany. It appears that prior to the war large importations of mahogany had been made from Africa. Thus, in 1914 out of total importations of mahogany logs of 70,914,000 feet, there were 31,177,000 feet of African mahogany. At the first conference with the Government representatives on January 21, 1918, as the minutes kept by these representatives show, Mr. Mengel had suggested the increased supply which could be obtained from Africa, and Mr. Leary, of Ichabod T. Williams & Sons, "described his efforts to induce the Signal Corps to use African mahogany." Offers of African mahogany were made in proposals by several of the mahogany manufacturers under date of March 6. Thus, in the proposal then sent to the Signal Corps by C. C. Mengel & Bro. Co., it was stated that his company had at Axim, Africa (on the gold coast) "awaiting steamers 3,000,000 feet of sound, fresh, logs"; and also at Axim "now in streams tributary to it and available for the June rains 4,000,000 feet, and these logs, located as they are, and from the best information we have, pretty nearly sure to be delivered at Axim on the June rains, as they were put in pretty good, safe streams by our own men in our own employ and paid by us, and put in streams selected so that they would come out on light water."

The advisability of using African mahogany as propeller material, however, was far from clear. It was not regarded as within the original specifications, but the modified specifications adopted on February 14, 1918 (No. 15028-A), stated that African mahogany (Khaya senegalensis mahogani) was approved by the Signal Corps. Despite this statement the question was not regarded as settled. On February 13, 1918, H. S. Betts, Acting Assistant Forester, in reply to a letter of Capt. Oakleaf, of the Signal Corps, stated that it was "undoubtedly true that the term 'African mahogany' without further specifying as to kind of wood would include several species which are inferior in quality for propellors," but after referring to various tests quoted a report from the Forest Products Laboratory that the African mahogany was "practically the equal of the Central American species and could be substituted satisfactorily for the latter."

On February 26, H. K. S. Williams wrote to Maj. Gray, of the Production Engineering Department, that he was "anxiously awaiting information as to whether African mahogany has been approved for use for the manufacture of propellers for battle and bombing aeroplanes." He said that he had reported the matter a number of times to his superiors and had been told to communicate with Maj. Gray, and after referring to communications he had received on the subject, he asked for a reply by telegraph. On March 1 the Production Engineering Department telegraphed its answer to H. K. S. Williams, as follows:

"This department is not favorably disposed toward African mahogany for combat propellers and does not see why it should be shipped here and then back to Europe. Can not arrangements be made to have walnut for English diverted to our propeller manufacturers and to ship African mahogany to England? There is much poor African mahogany on American market. In any event for safe use African mahogany would have to be inspected at the source to make sure that we obtained the proper varieties and proper wood. We feel further that with provision for splicing which has been adopted there should be enough of other woods available to meet the propeller requirements."

Before this was received a telegram was sent on the same day to Maj. Gray, with the signature of the Materials Department, to the effect that they were "anxiously awaiting telegraphic reply to letter February 26;" and on March 2 the Production Engineering Department, notwithstanding the statements in its telegram of March 1, telegraphed to the Materials Department as follows:

"Regarding use of African mahogany for combat and bombing airplane propellers, advise that such wood is acceptable for use in these propellers."

And on March 16 the Airplane Engineering Department (by Mr. Caldwell, on behalf of Maj. Marmon) wrote to Maj. Gray, of the Production Engineering Department, referring to tests of propellers made of African mahogany at Langley Field and McCook Field, and stated the following order of preference for propeller woods: (1) Walnut; (2) Honduras mahogany; (3) cherry; (4) African mahogany; (5) quarter-sawed poplar; (6) quarter-sawed white oak. Mr. Caldwell stated further that the following species of African mahogany were acceptable: (1) Grand Bassan; (2) Lagos; (3) Benin; also that there was an African wood similar to mahogany known as "Iroko" which had been found acceptable in the English propeller construction. On March 21 Mr. Caldwell wrote to Lieut. Col. Horner, of the Equipment Division, stating that they had definitely ascertained that the wood they had tested came from Axim, and that "this wood would be acceptable at least to the extent of three or four million feet." Mr. Wickliffe, on behalf of Mr. Lockhart, of the Materials Department, sent the following memorandum to the contract section on the same day (Mar. 21):

"It is only recently that the use of African mahogany has been authorized in the construction of propellers, and therefore the entrance of purchase request to cover the quantities of African mahogany shown in the attached proposals" (of the mahogany manufacturers) "has been withheld pending such authorization. Permission has now been received for the use of this wood and purchase requests are being sent to the priority section to-day covering the quantity of African mahogany shown in the proposals of Astoria Veneer Mills & Dock Co., Palmer & Parker Co., Ichabod T. Williams & Sons, and C. C. Mengel & Bro. Co."

In view of the heavy demand for shipping facilities, a serious question arose with the Shipping Board as to the necessity of getting in the African mahogany. In a conference between Mr. Karl de Laittre, representing the Shipping Board, and Mr. Sibley and Mr. Wickliffe, of the Signal Corps, on May 4, Mr. Wickliffe's attention was called to the lack of shipping space, and he replied (according to the stenographer's minutes produced by Mr. de Laittre):

"Yes; but this is a matter of contract. We make our contracts in good faith on both sides. It is not permissible for the Government to break these contracts; it would break the people making them. * * * We can not let these people down on the African product."

At another point in the conference Mr. Wickliffe said:

"If the timber from Africa is not brought forward, coming in June, and is allowed to deteriorate, the first part that will be hit will be the outside of the log, out of which the aircraft material comes. If we do not get this African lumber, we have exhausted every resource in walnut and cherry and in Central American mahogany. We do not yet know as to the use of quarter-sawed oak. Then if we do not get this timber we can not get any African logs before June of the following year."

Meanwhile the subject had been taken up for investigation by representatives of the War Trade Board and of the Forestry Service. Its importance lay in the fact that there was an abundance of white oak available in this country, and it developed that there was opinion of considerable weight in favor of the use of oak on combat propellers.

On June 2 a conference was held between representatives of the production engineering department, the airplane engineering department, the propeller inspection department, the propeller purchase section, and the wood inspection section of the Signal Corps. Mr. Caldwell, who had written the letter of March 21, represented the airplane engineering department. Lieut. Ryerson's memorandum of this conference contains the following:

"The question of the advisability of, and necessity for, importing African mahogany was carefully considered and it was the unanimous opinion that it would be possible to meet our present and future propeller lumber requirements from domestic or South American supplies, and that because of the difficulty of inspecting African mahogany its further use in propellers should be discouraged."

On August 3, 1918, Lieut. Ryerson, of the propeller section, having been asked for a statement of the requirements of woods for propeller stock, requested the production engineering department for "an up-to-date formal statement" as to the kinds of lumber to be specified for combat propellers in their order of preference. This brought a reply under date of August 7 from the production engineering department, through Prof. J. S. MacGregor (head of the physical testing department, school of mines, Columbia University), as follows:

"Answering your memorandum of August 3, requesting information on kinds of wood for propellers, we advise you herewith that this department has authorized the use of the following woods for combat propellers. The list is given in the order of their preference:

"Black walnut.
"True mahogany (Honduras).
"Cherry.
"Quarter-sawed white oak.
"African mahogany."

The objection to African mahogany (aside from the shipping problem) was that it varied considerably in quality and that inspection of it so far from its source would make it difficult to be sure that the right species was received. Throughout the controversy Mr. Wickliffe has expressed his views with considerable emphasis and has thrown the weight of his influence in favor of contracts for African mahogany and of the provision of shipping facilities to bring it in. In support of his position he has produced a memorandum, under date of August 23, signed by Charles Day, as special assistant to the Secretary of War, to the effect that "while oak propellers are being used with satisfactory results in connection with our training planes, they have not been adopted for planes for active service overseas on account of unsatisfactory results obtained abroad when their use has been attempted for any considerable period."

Mr. Wickliffe has also presented a letter under date of July 19 from Lieut. Hollande, in charge of wood purchasing for the French Government, in which it is said that "we are buying a very great quantity of African mahogany in France direct from our colonies"; also a letter received from the office of the British War Mission giving information to the effect that "the home authorities proposed during 1919 to use British Honduras and West African mahogany exclusively for propeller construction, cutting out walnut completely," and that demands from factories in England for propeller lumber are met "indiscriminately by the supply of either British Honduras or West African mahogany, the latter being considered as equivalent to the former for all purposes."

On the other hand, a very recent cablegram (September 28) from the scientific attaché to the American Embassy in London, in answer to an inquiry of the Research Information Service here, states that "authorities, British opinion, and practice placing walnut and Kanduranian, Nicaraguan, Cuban mahogany ahead of African. British would not use African if sufficient quantities of above were available. African used only in combination with other woods." The statement to the contrary as to British practice is said to be incorrect, and it is added: "British have not tested oak, cherry, poplar sufficiently to make comparison. American Army wood experts now here state A. E. F. satisfied with oak and have advised Washington, D. C., accordingly. Poplar has also showed up well on tests. British unable to see any justification for United States using African mahogany in view of other furnishings available."

It is understood that ships for African mahogany were finally provided. Upon the evidence, it is apparent that the matter was the subject of discussion and presented grounds for differences of opinion. The interest, however, of some of the leading mahogany manufacturers in obtaining contracts for the delivery of African mahogany is apparent, and while the efforts to induce its purchase and transportation may have been based upon the belief that the wood was better than that available here, and that the supply was needed by the Government, the matter is one which should receive consideration in connection with the survey of the industry which has been suggested for the purpose of determining the fairness of the mahogany contracts and of the action taken under them.

3. SABOTAGE ACT—GRAND JURY PROCEEDINGS.

There have been occurrences in various plants indicating efforts to injure war material, or to make it defective, or to conceal defects, but on investigation it has generally been very difficult to find sufficient basis for criminal prosecution, either for lack of evidence as to the particular individual who had committed the act, or because on close examination it appeared that the condition of the material could be fairly attributed to carelessness, and evidence of criminal intent was wanting.

HAMMONDSPORT PLANT OF THE CURTISS CO.

In the course of this inquiry information was received that frequent attempts had been made to conceal defects in motors and their different parts which were in course of manufacture at the plant of the Curtiss Aeroplane & Motor Corporation at Hammondsport, N .Y. Evidence having been obtained as to specific instances of this practice, there was an investigation in July last before a grand jury in the western district of New York, John W. Ryan, Esq., of Buffalo, being appointed special counsel for the purpose, which resulted in the return of indictments against Lewis Longwell and Hector Bordeau, subforemen in the assembly room of the Hammondsport plant, under section 3 of the sabotage act of April 20, 1918. Demurrers to these indictments have been overruled and the cases are awaiting trial.

NORTH ELMWOOD PLANT.

In view of the conditions found at the North Elmwood plant of the Curtiss Aeroplane & Motor Corporation, there was a special investigation through special agents of the Department of Justice for the purpose of discovering violations of the sabotage act, with the result that evidence was brought before the grand jury in the western district of New York, John W. Ryan, Esq., acting as special counsel, and indictments were obtained in September against Richard Eastman, foreman of the propeller department; Frank Truell, an assistant foreman; and David Rogovan, a workman, under the sabotage act. On October 9 these defendants pleaded guilty and were fined $500 each.

LIBERTY IRON WORKS.

Testimony given in this inquiry in relation to alleged irregularities at the Liberty Iron Works at Sacramento, Cal., led to a special investigation in charge of John W. Preston, Esq., special assistant to the Attorney General, before the grand jury at Sacramento in September last. Considerable testimony has been taken, but no indictments have been returned.

4. CROSS-LICENSE AGREEMENT AS TO RIGHTS UNDER AIRPLANE PATENTS.

In view of claims under alleged patent rights, and with the object of facilitating aircraft production by providing for manufacture on a definie basis, a corporation was formed under the laws of the State of New York known as the Manufacturers' Aircraft Association (Inc.). This corporation entered into an agreement with its "subscribers"—that is, its stockholders—called the cross-license agreement. The Government is not a party to the agreement, but it was recommended by the National Advisory Committee for Aeronautics, was indorsed by the Aircraft Board, and received the approval of the Secretary of War and the Secretary of the Navy.

By the cross-license agreement the subscribers grant to each other licenses under all airplane patents now or hereafter owned or controlled by them in the United States, its territories and dependencies (except foreign patents and certain specified patents); the corporation is designated as the agent of the subscribers to execute licenses accordingly; each subscriber agrees that it will not enter into any agreement or arrangements whereby its privileges under United States airplane patents or inventions will be diminished or surrendered so as to exclude or restrict the operation of the agreement, and that it will not grant licenses under any such patents for use in airplanes with reference to which it is receiving royalties under the agreement, to any other person, firm, or corporation on more favorable or lower terms of royalty than those provided in the agreements, or which may become more favorable or lower during the term of the license. Under the agreement in its original form, in providing for the payments to be made by subscribers, it is stipulated that each subscriber shall pay to the corporation $200 for each airplane sold and delivered by the subscriber until the Wright-Martin Aircraft Corporation and the Curtiss Aeroplane & Motor Corporation (these corporations claiming to hold basic patents) had each been paid the sum of $2,000,000. A supplemental agreement has since been made modifying the provision for payments by subscribers and providing that the aggregate payments to both the Wright-Martin Corporation and the Curtiss Co. should be $2,000,000 instead of $4,000,000.

The agreement has been criticized upon the ground that its provisions constitute a hindrance to the progress of invention in the important airplane field and as being in restraint of trade. Whatever ground for criticism exists in this respect is to be found in the terms of the agreement itself, as these are quite definite and determine its operation and effect. I shall not deal with the question of the legality of the agreement, as the question was specifically submitted by the Secretary of War to the Attorney General whether the association and the agreement were in contravention of the antitrust statutes of the United States, and the opinion was expressed by the Attorney General that they were not. That disposed of the question, in the absence of a contrary decision by the courts so far as the action of the Executive department is concerned.

To the question whether the patents of the Wright-Martin Co. and of the Curtiss Co. are basic patents, and whether the payments for which the agreement provides constitute a proper compensation for the rights conferred, it would require an exhaustive examination of the patent situation to give a satisfactory answer, and this inquiry has furnished no opportunity for such examination. For this reason no opinion is expressed upon the point further than to say that, if the validity of the agreement be assumed, the amount of the payments was a matter of sound administrative discretion, and there is no ground for the conclusion that the amount as fixed in the supplemental agreement could not fairly be allowed. It is also asserted that the Government is left liable to other claimants, but this also requires an opinion upon the validity of certain patent claims which could not be dealt with in this inquiry.

GENERAL CONCLUSIONS AND RECOMMENDATIONS.

1. The controlling facts and the conclusions in relation to the matters reviewed have been stated under appropriate headings. It would be impossible to restate them in a brief summary. The defective organization of the work of aircraft production and the serious lack of competent direction of that work by the responsible officers of the Signal Corps, to which the delays and waste were chiefly due, were matters for administrative correction through unification of effort under competent control. The provisions of the criminal statutes do not reach inefficiency.

It is not within the province of this report to make recommendations with respect to administrative policy, but it should be said that under the direction of Mr. Ryan and Mr. Potter there has been improvement in organization, and progress has been made in gratifying measure.

2. The evidence discloses conduct, which, although of a reprehensible character, can not be regarded as affording a sufficient basis for charges under existing statutes, but there are certain acts shown, not only highly improper in themselves but of especial significance, which should lead to disciplinary measures. The evidence with respect to Col. Edward A. Deeds should be presented to the Secretary of War to the end that Col. Deeds may be tried by court-martial under articles 95 and 96 of the Articles of War for his conduct (1) in acting as confidential adviser of his former business associate, H. E. Talbott, of the Dayton Wright Airplane Co., and in conveying information to Mr. Talbott in an improper manner, with respect to the transaction of business between that company and the division of the Signal Corps of which Col. Deeds was the head; and (2) in giving to the representatives of the Committee on Public Information a false and misleading statement with respect to the progress of aircraft production for the purpose of publication, with the authority of the Secretary of War.

3. The absence of proper appreciation of the obvious impropriety of transactions by Government officers and agents with firms or corporations in which they are interested compels the conclusion that public policy demands that the statutory provisions bearing upon this conduct should be strictly enforced. It is therefore recommended that the officers found to have had transactions on behalf of the Government with corporations in the pecuniary profits of which they had an interest should be prosecuted under section 41 of the Criminal Code.

4. The Federal Trade Commission should be requested to report upon the proper cost of mahogany for airplane propellers, to the end that upon the coming in of its report the question of the propriety of further action with respect to the transactions of the Mahogany Manufacturers and Importers' Association may be determined.

5. It is recommended that the representatives of the Department of Justice should keep in touch with the progress of the reaudit of accounts, so that it may be advised of the complete enforcement of the rights of the Government in final settlement of accounts and that the Government has been fully protected against unnecessary loss through waste and the absence of suitable factory supervision.

6. Permit me also to suggest that a special division or subdivision of the present Bureau of Investigation in the Department of Justice should be assigned to the consideration of suggested delinquencies in connection with aircraft production, so that the work already done may be appropriately followed up. In particular it is recommended that the activities in relation to spruce production, which, being largely centered on the Pacific coast, it was impracticable to embrace in the present inquiry, should be carefully scrutinized.

I have the honor to remain,

Respectfully, yours,

(Signed) CHARLES E. HUGHES.

APPENDIX B.

Report of Gen. Pershing.

NOVEMBER 20, 1918.

MY DEAR MR. SECRETARY: In response to your request, I have the honor to submit this brief summary of the organization and operation of the American Expeditionary Force from May 26, 1917, until the signing of the armistice November 11, 1918. Pursuant to your instructions, immediately upon receiving my orders I selected a small staff and proceeded to Europe in order to become familiar with conditions at the earliest possible moment.

The warmth of our reception in England and France was only equaled by the readiness of the commanders in chief of the veteran armies of the allies and their staffs to place their experience at our disposal. In consultation with them, the most effective means of cooperation of effort was considered. With French and British Armies at their maximum strength, and all efforts to dispossess the enemy from his firmly intrenched positions in Belgium and France failed, it was necessary to plan for an American force adequate to turn the scale in favor of the allies. Taking account of the strength of the central powers at that time, the immensity of the problem which confronted us could hardly be overestimated. The first requisite being an organization that could give intelligent direction to effort, the formation of a General Staff occupied my early attention.

GENERAL STAFF.

A well-organized General Staff, through which the commander exercises his functions, is essential to a successful modern army. However capable our division, our battalion, and our companies as such, success would be impossible without thoroughly coordinated endeavor. A General Staff broadly organized and trained for war had not hitherto existed in our Army. Under the Commander in Chief, this staff must carry out the policy and direct the details of administration, supply, preparation, and operations of the Army as a whole, with all special branches and bureaus subject to its control. As models to aid us we had the veteran French General Staff and the experience of the British, who had similarly formed an organization to meet the demands of a great army. By selecting from each the features best adapted to our basic organization, and fortified by our own early experience in the war, the development of our great General Staff system was completed.

The General Staff is naturally divided into five groups, each with its chief, who is an assistant to the Chief of the General Staff. G. 1 is in charge of organization and equipment of troops, replacements, tonnage, priority of overseas shipment, the auxiliary welfare association, and cognate subjects; G. 2 has censorship, enemy intelligence, gathering and disseminating information, preparation of maps, and all similar subjects; G. 3 is charged with all strategic studies and plans, movement of troops, and the supervision of combat operations; G. 4 coordinates important questions of supply, construction, transport arrangements for combat, and of the operations of the service of supply, and of hospitalization and the evacuation of the sick and wounded; G. 5 supervises the various schools, and has general direction and coordination of education and training.

The first chief of staff was Col. (now Maj. Gen.) James G. Harbord, who was succeeded in May, 1918, by Maj. Gen. James W. McAndrew. To these officers, to the deputy chief of staff, and to the assistant chiefs of staff, who, as heads of section, aided them, great credit is due for the results obtained not only in perfecting the general staff organization but in applying correct principles to the multiplicity of problems that have arisen.

ORGANIZATION AND TRAINING.

After a thorough consideration of allied organizations it was decided that our combat division should consist of four regiments of Infantry of 3,000 men, with three battalions to regiment and four companies of 250 men each to a battalion, and of an Artillery brigade of three regiments, a machine-gun battalion, an Engineer regiment, a trench-mortar battery, a signal battalion, wagon trains, and the headquarters staffs and military police. These, with medical and other units, made a total of over 28,000 men, or practically double the size of a French or German division. Each corps would normally consist of six divisions—four combat and one depot and one replacement division—and also two regiments of Cavalry, and each army of from three to five corps. With four divisions fully trained, a corps could take over an American sector with two divisions in line and two in reserve, with the depot and replacement divisions prepared to fill the gaps in the ranks.

Our purpose was to prepare an integral American force which should be able to take the offensive in every respect. Accordingly, the development of a self-reliant Infantry by thorough drill in the use of rifle and in the tactics of open warfare was always uppermost. The plan of training after arrival in France allowed a division one month for acclimatization and instruction in small units from battalions down, a second month in quiet trench sectors by battalion, and a third month after it came out of the trenches, when it should be trained as a complete division in war of movement.

Very early a system of schools was outline and started which should have the advantage of instruction by officers direct from the front. At the great school center at Langres, one of the first to be organized, was the staff school, where the principles of general staff work as laid down in our own organizations were taught to carefully selected officers. Men in the ranks who had shown qualities of leadership were sent to the school of candidates for commissions. A school of the line taught younger officers the principles of leadership, tactics, and the use of the different weapons. In the Artillery school at Saumer young officers were taught the fundamental principles of modern artillery, while at Issoudun an immense plant was built for training cadets in aviation. These and other schools, with their well-considered curriculums for training in every branch of our organization, were coordinated in a manner best to develop an efficient army out of willing and industrious young men, many of whom had not before known even the rudiments of military technique. Both Marshal Haig and Gen. Petain placed officers and men at our disposal for instructional purposes, and we are deeply indebted for the opportunities given to profit by their veteran experience.

AMERICAN ZONE.

The eventual place the American Army should take on the western front was to a large extent influenced by the vital questions of communication and supply. The northern ports of France were crowded by the British Armies' shipping and supplies, while the southern ports, though otherwise at our service, had not adequate port facilities for our purposes, and these we should have to build. The already overtaxed railway system behind the active front in northern France would not be available for us as lines of supply, and those leading from the southern ports of northeastern France would be unequal to our needs without much new construction. Practically all warehouses, supply depots, and regulating stations must be provided by fresh constructions. While France offered as such material as she had to spare after a drain of three years enormous quantities of material had to be brought across the Atlantic.

With such a problem any temporization or lack of definiteness in making plans might cause failure even with victory within our grasp. Moreover, broad plans commensurate with our national purpose and resources would bring conviction of our power to every soldier in the front line, to the nations associated with us in the war, and to the enemy. The tonnage for material for necessary construction for the supply of an army of three and perhaps four million men would require a mammoth program of shipbuilding at home, and miles of dock construction in France, with a corresponding large project for additional railways and for storage depots.

All these considerations led to the inevitable conclusion that if we were to handle and supply the great forces deemed essential to win the war we must utilize the southern ports of France—Bordeaux, La Pallice, St. Nazaire, and Brest—and the comparatively unused railway systems leading therefrom to the northeast. Generally speaking, then, this would contemplate the use of our forces against the enemy somewhere in that direction, but the great depots of supply must be centrally located, preferably in the area included by Tours, Bourges, and Chateauroux, so that our armies could be supplied with equal facility wherever they might be serving on the western front.

To build up such a system there were talented men in the Regular Army, but more experts were necessary than the Army could furnish. Thanks to the patriotic spirit of our people at home, there came from civil life men trained for every sort of work involved in building and managing the organization necessary to handle and transport such an army and keep it supplied. With such assistance the construction and general development of our plans have kept pace with the growth of the forces, and the Service of Supply is now able to discharge from ships and move 45,000 tons daily, besides transporting troops and material in the conduct of active operations.

As to organization, all the administrative and supply services, except The Adjutant General's, Inspector General's, and Judge Advocate General's Departments which remain at general headquarters, have been transferred to the headquarters of the services of supplies at Tours under a commanding general responsible to the commander in chief for supply of the armies. The Chief Quartermaster, Chief Surgeon, Chief Signal Officer, Chief of Ordnance, Chief of Air Service, Chief of Chemical Warfare, the general purchasing agent in all that pertains to questions of procurement and supply, the Provost Marshal General in the maintenance of order in general, the Director General of Transportation in all that affects such matters, and the Chief Engineer in all matters of administration and supply, are subordinate to the Commanding General of the Service of Supply, who, assisted by a staff especially organized for the purpose, is charged with the administrative coordination of all these services.

The transportation department under the Service of Supply directs the operation, maintenance, and construction of railways, the operation of terminals, the unloading of ships, and transportation of material to warehouses or to the front. Its functions make necessary the most intimate relationship between our organization and that of the French, with the practical result that our transportation department has been able to improve materially the operations of railways generally. Constantly laboring under a shortage of rolling stock, the transportation department has nevertheless been able by efficient management to meet every emergency.

The Engineer Corps is charged with all construction, including light railways and roads. It has planned and constructed the many projects required, the most important of which are the new wharves at Bordeau and Nantes, and the immense storage depots at La Pallice, Montoir, and Gievres, besides innumerable hospitals and barracks in various ports of France. These projects have all been carried on by phases keeping pace with our needs. The Forestry Service under the Engineer Corps has cut the greater part of the timber and railway ties required.

To meet the shortage of supplies from America, due to lack of shipping, the representatives of the different supply departments were constantly in search of available material and supplies in Europe. In order to coordinate these purchases and to prevent competition between our departments, a general purchasing agency was created early in our experience to coordinate our purchases and, if possible, induce our allies to apply the principle among the allied armies. While there was no authority for the general use of appropriations, this was met by grouping the purchasing representatives of the different departments under one control, charged with the duty of consolidating requisitions and purchases. Our efforts to extend the principle have been signally successful, and all purchases for the allied armies are now on an equitable and cooperative basis. Indeed, it may be said that the work of this bureau has been thoroughly efficient and businesslike.

ARTILLERY, AIRPLANES, AND TANKS.

Our entry into the war found us with few of the auxiliaries necessary for its conduct in the modern sense. Among our most important deficiencies in material were artillery, aviation, and tanks. In order to meet our requirements as rapidly as possible, we accepted the offer of the French Government to provide us with the necessary artillery equipment of 75s, one 55-millimeter howitzer, and one 55 G. P. F. gun from their own factories for 30 divisions. The wisdom of this course is fully demonstrated by the fact that, although we soon began the manufacture of these classes of guns at home, there were no guns of the calibers mentioned manufactured in America on our front at the date the armistice was signed. The only guns of these types produced at home thus far received in France are one hundred and nine 75-millimeter guns.

In aviation we were in the same situation, and here again the French Government came to our aid until our own aviation program should be under way. We obtained from the French the necessary planes for training our personnel, and they have provided us with a total of 2,676 pursuit, observation, and bombing planes. The first airplanes received from home arrived in May, and altogether we have received 1,379. The first American squadron completely equipped by American production, including airplanes, crossed the German lines on August 7, 1918. As to tanks, we were also compelled to rely upon the French. Here, however, we were less fortunate, for the reason that the French production could barely meet the requirements of their own armies.

It should be fully realized that the French Government has always taken a most liberal attitude and has been most anxious to give us every possible assistance in meeting our deficiencies in these as well as in other respects. Our dependence upon France for artillery, aviation, and tanks was, of course, due to the fact that our industries had not been exclusively devoted to military production. All credit is due our own manufacturers for their efforts to meet our requirements, as at the time the armistice was signed we were able to look forward to the early supply of practically all our necessities from our own factories.

The welfare of the troops touches my responsibility as Commander in Chief to the mothers and fathers and kindred of the men who came to France in the impressionable period of youth. They could not have the privilege accorded European soldiers during their periods of leave of visiting their families and renewing their home ties. Fully realizing that the standard of conduct that should be established for them must have a permanent influence in their lives and on the character of their future citizenship, the Red Cross, the Young Men's Christian Association, Knights of Columbus, the Salvation Army, and the Jewish Welfare Board, as auxiliaries in this work, were encouraged in every possible way. The fact that our soldiers, in a land of different customs and language, have borne themselves in a manner in keeping with the cause for which they fought, is due not only to the efforts in their behalf but much more to other high ideals, their discipline, and their innate sense of self-respect. It should be recorded, however, that the members of these welfare societies have been untiring in their desire to be of real service to our officers and men. The patriotic devotion of these representative men and women has given a new significance to the Golden Rule, and we owe to them a debt of gratitude that can never be repaid.

COMBAT OPERATIONS.

During our periods of training in the trenches some of our divisions had engaged the enemy in local combats, the most important of which was Seicheprey by the Twenty-sixth on April 20, in the Toul sector, but none had participated in action as a unit. The First Division, which had passed through the preliminary stages of training, had gone to the trenches for its first period of instruction at the end of October, and by March 21, when the German offensive in Picardy began, we had four divisions with experience in the trenches, all of which were equal to any demands of battle action. The crisis which this offensive developed was such that our occupation of an American sector must be postponed.

On March 28 I placed at the disposal of Marshal Foch, who had been agreed upon as commander in chief of the allied armies, all of our forces to be used as he might decide. At his request the first division was transferred from the Toul sector to a position in reserve at Chaumont en Vexin. As German superiority in numbers required prompt action, an agreement was reached at the Abbeville conference of the allied premiers and commanders and myself on May 2 by which British shipping was to transport 10 American divisions to the British Army area, where they were to be trained and equipped, and additional British shipping was to be provided for as many divisions as possible for use elsewhere.

On April 26 the First Division had gone into the line in the Montdidier salient on the Picardy battle front. Tactics had been suddenly revolutionized to those of open warfare, and our men, confident of the results of their training, were eager for the test. On the morning of May 28 this division attacked the commanding German position in its front, taking with splendid dash the town of Cantigny and all other objectives, which were organized and held steadfastly against vicious counterattacks and galling artillery fire. Although local, this brilliant action had an electrical effect, as it demonstrated our fighting qualities under extreme battle conditions, and also that the enemy's troops were not altogether invincible.

The Germans' Aisne offensive, which began on May 27, had advanced rapidly toward the River Marne and Paris, and the allies faced a crisis equally as grave as that of the Picardy offensive in March. Again every available man was placed at Marshal Foch's disposal, and the Third Division, which had just come from its preliminary training in the trenches, was hurried to the Marne. Its motorized machine-gun battalion preceded the other units and successfully held the bridgehead at the Marne, opposite Chateau-Thierry. The Second Division, in reserve near Montdidier, was sent by motor trucks and other available transport to check the progress of the enemy toward Paris. The division attacked and retook the town and railroad station at Boureseches and sturdily held its ground against the enemy's best guard divisions. In the battle of Belleau Wood, which followed, our men proved their superiority and gained a strong tactical position, with far greater loss to the enemy than to ourselves. On July 1, before the Second was relieved, it captured the village of Vaux with most splendid precision.

Meanwhile our Second Corps, under Maj. Gen. George W. Read, had been organized for the command of our divisions with the British, which were held back in training areas or assigned to second-line defenses. Five of the ten divisions were withdrawn from the British area in June, three to relieve divisions in Lorraine and the Vosges and two to the Paris area to join the group of American divisions which stood between the city and any farther advance of the enemy in that direction.

The great June-July troop movement from the States was well under way, and, although these troops were to be given some preliminary training before being put into action, their very presence warranted the use of all the older divisions in the confidence that we did not lack reserves. Elements of the Forty-second Division were in the line east of Rheims against the German offensive of July 15, and held their ground unflinchingly. On the right flank of this offensive four companies of the Twenty-eighth Division were in position in face of the advancing waves of the German infantry. The Third Division was holding the bank of the Marne from the bend east of the mouth of the Surmelin to the west of Mézy, opposite Chateau-Thierry, where a large force of German infantry sought to force a passage under support of powerful artillery concentrations and under cover of smoke screens. A single regiment of the Third wrote one of the most brilliant pages in our military annals on this occasion. It prevented the crossing at certain points on its front while, on either flank the Germans, who had gained a footing, pressed forward. Our men, firing in three directions, met the German attacks with counterattacks at critical points and succeeded in throwing two German divisions into complete confusion, capturing 600 prisoners.

The great force of the German Chateau-Thierry offensive established the deep Marne salient, but the enemy was taking chances, and the vulnerability of this pocket to attack might be turned to his disadvantage. Seizing this opportunity to support my conviction, every division with any sort of training was made available for use in a counteroffensive. The place of honor in the thrust toward Soissons on July 18 was given to our First and Second Divisions, in company with chosen French divisions. Without the usual brief warning of a preliminary bombardment, the massed French and American artillery, firing by the map, laid down its rolling barrage at dawn while the infantry began its charge. The tactical handling of our troops under these trying conditions was excellent throughout the action. The enemy brought up large numbers of reserves and made a stubborn defense both with machine guns and artillery, but through five days' fighting the First Division continued to advance until it had gained the heights above Soissons and captured the village of Berzy-le-sec. The Second Division took Beau Repaire farm and Vierzy in a very rapid advance and reached a position in front of Tigny at the end of its second day. These two divisions captured 7,000 prisoners and over 100 pieces of artillery.

The Twenty-sixth Division, which, with a French division, was under command of our First Corps, acted as a pivot of the movement toward Soissons. On the 18th it took the village of Torcy while the Third Division was crossing the Marne in pursuit of the retiring enemy. The Twenty-sixth attacked again on the 21st, and the enemy withdrew past the Chateau-Thierry-Soissons road. The Third Division, continuing its progress, took the heights of Mont St. Père and the villages of Chartèves and Jaulgonne in the face of both machine-gun and artillery fire.

On the 24th, after the Germans had fallen back from Trugny and Epieds, our Forty-second Division, which had been brought over from the Champagne, relieved the Twenty-sixth, and, fighting its way through the Forêt de Fère, overwhelmed the nest of machine guns in its path. By the 27th it had reached the Ourcq, whence the Third and Fourth Divisions were already advancing, while the French divisions with which we were cooperating were moving forward at other points.

The Third Division had made its advance into Roncheres Wood on the 29th and was relieved for rest by a brigade of the Thirty-second. The Forty-second and Thirty-second undertook the task of conquering the heights beyond Cierges, the Forty-second capturing Sergy and the Thirty-second capturing Hill 230, both American divisions joining in the pursuit of the enemy to the Vesle, and thus the operation of reducing the salient was finished. Meanwhile the Forty-second was relieved by the Fourth at Chéry-Chartreuve and the Thirty-second by the Twenty-eighth, while the Seventy-seventh Division took up a position on the Vesle. The operations of these divisions on the Vesle were under the Third Corps, Maj. Gen. Robert L. Bullard, commanding.

BATTLE OF ST. MIHIEL.

With the reduction of the Marne salient we could look forward to the concentration of our divisions in our own zone. In view of the forthcoming operation against the St. Mihiel salient, which had long been planned as our first offensive action on a large scale, the First Army was organized on August 10 under my personal command. While American units had held different divisional and corps sectors along the western front, there had not been up to this time, for obvious reasons, a distinct American sector; but, in view of the important parts the American forces were now to play, it was necessary to take over a permanent portion of the line. Accordingly on August 30 the line beginning at Port sur Seille, east of the Moselle and extending to the west through St. Mihiel, thence north to a point opposite Verdun, was placed under my command. The American sector was afterwards extended across the Meuse to the western edge of the Argonne Forest, and included the Second Colonial French, which held the point of the salient, and the Seventeenth French Corps, which occupied the heights above Verdun.

The preparation for a complicated operation against the formidable defenses in front of us included the assembling of divisions and of corps and army artillery, transport, aircraft, tanks, ambulances, the location of hospitals, and the molding together of all of the elements of a great modern army with its own railheads, supplied directly by our own service of supply. The concentration for this operation,

which was to be a surprise, involved the movement, mostly at night, of approximately 600,000 troops, and required for its success the most careful attention to every detail.

The French were generous in giving us assistance in corps and army artillery, with its personnel, and we were confident from the start of our superiority over the enemy in guns of all calibers. Our heavy guns were able to reach Metz and to interfere seriously with German rail movements. The French Independent Air Force was placed under my command, which, together with the British bombing squadrons and our air forces, gave us the largest assembly of aviation that had ever been engaged in one operation on the western front.

From Les Eparges around the nose of the salient at St. Mihiel to the Moselle River the line was roughly 40 miles long and situated on commanding ground greatly strengthened by artificial defenses. Our First Corps (Eighty-second, Ninetieth, Fifth, and Second Divisions), under command of Maj. Gen. Hunter Liggett, restrung its right on Pont-a-Mousson, with its left joining our Third Corps (the Eighty-ninth, Forty-second, and First Divisions), under Maj. Gen. Joseph T. Dickman, in line to Xivray, were to swing in toward Vigneulles on the pivot of the Moselle River for the initial assault. From Xivray to Mouilly the Second Colonial French Corps was in line in the center and our Fifth Corps, under command of Maj. Gen. George H. Cameron, with our Twenty-sixth Division and a French division at the western base of the salient, were to attack three difficult hills—Les Eparges, Combres, and Amaramthe. Our First Corps had in reserve the Seventy-eighth Division, our Fourth Corps the Third Division, and our First Army the Thirty-fifth and Ninety-first Divisions, with the Eightieth and Thirty-third available. It should be understood that our corps organizations are very elastic, and that we have at no time had permanent assignments of divisions to corps.

After four hours' artillery preparation the seven American divisions in the front line advanced at 5 a. m. on September 12, assisted by a limited number of tanks manned partly by Americans and partly by the French. These divisions, accompanied by groups of wire cutters and others armed with bangalore torpedoes, went through the successive bands of barbed wire that protected the enemy's front line and support trenches in irresistible waves on schedule time, breaking down all defense of an enemy demoralized by the great volume of our artillery fire and our sudden approach out of the fog.

Our First Corps advanced to Thiaucourt, while our Fourth Corps curved back to the southwest through Nonsard. The Second Colonial French Corps made the slight advance required of it on very difficult ground, and the Fifth Corps took its three ridges and repulsed a counter attack. A rapid march brought reserve regiments of a division of the Fifth Corps into Vigneulles in the early morning, where it linked up with patrols of our Fourth Corps, closing the salient and forming a new line west of Thiaucourt to Vigneulles and beyond Fresnes-en-Woevre. At the cost of only 7,000 casualties, mostly light, we had taken 16,000 prisoners and 443 guns, a great quantity of material, released the inhabitants of many villages from enemy domination, and established our lines in a position to threaten Metz. This signal success of the American First Army in its first offensive was of prime importance. The allies found they had a formidable army to aid them, and the enemy learned finally that he had one to reckon with.

MEUSE-ARGONNE OFFENSIVE, FIRST PHASE.

On the day after we had taken the St. Mihiel salient much of our corps and Army artillery which had operated at St. Mihiel and our divisions in reserve at other points were already on the move toward the area back of the line between the Meuse River and the western edge of the forest of Argonne. With the exception of St. Mihiel, the old German front line from Switzerland to the east of Rheims was still intact. In the general attack all along the line the operation assigned the American Army as the hinge of this allied offensive was directed toward the important railroad communications of the German armies through Mezieres and Sedan. The enemy must hold fast to this part of his lines or the withdraw of his forces with four years' accumulation of plants and material would be dangerously imperiled.

The German Army had as yet shown no demoralization and, while the mass of its troops had suffered in morale, its first-class divisions, and notably its machine-gun defense, were exhibiting remarkable tactical efficiency as well as courage. The German general staff was fully aware of the consequences of a success on the Meuse-Argonne line. Certain that he would do everything in his power to oppose us, the action was planned with as much secrecy as possible, and was undertaken with the determination to use all our divisions in forcing decision. We expected to draw the best German divisions to our front and to consume them while the enemy was held under grave apprehension lest our attack should break his line, which it was our firm purpose to do.

Our right flank was protected by the Meuse, while our left embraced the Argonne Forest, whose ravines, hills, and elaborate defense screened by dense thickets had been generally considered impregnable. Our order of battle from right to left was the Third Corps, from the Meuse to Malancourt, with the Thirty-third, Eightieth, and Fourth Divisions in line, and to Third Division as corps reserve; the Fifth Corps, from Malancourt to Vauquois, with Seventy-ninth, Eighty-seventh, and Ninety-first Divisions in line, and the Thirty-second in corps reserve; and the First Corps, from Vauquois to Vienne le Chateau, with Thirty-fifth, Twenty-eighth, and Seventy-seventh Divisions in line, and the Ninety-second in corps reserve. The Army reserve consisted of the First, Twenty-ninth, and Eighty-second Divisions.

On the night of September 25 our troops quietly took the place of the French who thinly held the line in this sector which had long been inactive. In the attack which began on the 26th we drove through the barbed-wire entanglements and the sea of shell craters across No Man's Land, mastering all the first-line defenses. Continuing on the 27th and 28th, against machine guns and artillery of an increasing number of enemy reserve divisions, we penetrated to a depth of from 3 to 7 miles, and took the village of Montfaucon and its commanding hill and Exermont, Gercourt, Cuisy, Septsarges, Malancourt, Ivoiry, Epinonville, Charpentry, Very, and other villages. East of the Meuse one of our divisions, which was with the Second Colonial French Corps, captured Marcheville and Rieville, giving further protection to the flank of our main body. We had taken 10,000 prisoners; we had gained our point of forcing the battle into the open and were prepared for the enemy's reaction, which was bound to come, as he had good roads and ample railroad facilities for bringing up his artillery and reserves.

In the chill rain of dark nights our engineers had to build new roads across spongy, shell-torn areas, repair broken roads beyond No Man's Land, and build bridges. Our gunners, with no thought of sleep, put their shoulders to wheels and dragropes to bring their guns through the mire in support of the infantry, now under the increasing fire of the enemy's artillery. Our attack had taken the enemy by surprise, but, quickly recovering himself, he began to fire counter attacks in strong force, supported by heavy bombardments, with large quantities of gas. From September 28 until October 4 we maintained the offensive against patches of woods defended by snipers and continuous lines of machine guns, and pushed forward our guns and transport, seizing strategical points in preparation for further attacks.

OTHER UNITS WITH ALLIES.

Other divisions attached to the allied armies were doing their part. It was the fortune of our Second Corps, composed of the Twenty-seventh and Thirtieth Divisions, which had remained with the British, to have a place of honor in cooperation with the Australian Corps on September 29 and October 1 in the assault on the Hindenburg line where the St. Quentin Canal passes through a tunnel under a ridge. The Thirtieth Division speedily broke through the main line of defense for all its objectives, while the Twenty-seventh pushed on impetuously through the main line until some of its elements reached Gouy. In the midst of the maze of trenches and shell craters and under cross-fire from machine guns the other elements fought desperately against odds. In this and in later actions, from October 6 to October 19, our Second Corps captured over 6,000 prisoners and advanced over 13 miles. The spirit and aggressiveness of these divisions have been highly praised by the British Army commander under whom they served.

On October 2–9 our Second and Thirty-sixth Divisions were sent to assist the French in an important attack against the old German positions before Rheims. The Second conquered the complicated defense works on their front against a persistent defense worthy of the grimmest period of trench warfare and attacked the strongly held wooded hill of Blanc Mont, which they captured in a second assault, sweeping over it with consummate dash and skill. This division then repulsed strong counterattacks before the village and cemetery of Ste. Etienne and took the town, forcing the Germans to fall back from before Rheims and yield positions they had held since September, 1914. On October 9 the Thirty-sixth Division relieved the Second, and in its first experience under fire withstood very severe artillery bombardment and rapidly took up the pursuit of the enemy, now retiring behind the Aisne.

MEUSE-ARGONNE OFFENSIVE, SECOND PHASE.

The allied progress elsewhere cheered the efforts of our men in this crucial contest as the German command threw in more and more first-class troops to stop our advance. We made steady headway in the almost impenetrable and strongly held Argonne forest, for despite this reinforcement it was our Army that was doing the driving. Our aircraft was increasing in skill and numbers and forcing the issue, and our Infantry and Artillery were improving rapidly with each new experience. The replacements fresh from home were put into exhausted divisions with little time for training, but they had the advantage of serving beside men who knew their business and who had almost become veterans overnight. The enemy had taken every advantage of the terrain, which especially favored the defense, by a prodigal use of machine guns manned by highly trained veterans and by using his artillery at short ranges. In the face of such strong frontal positions we should have been unable to accomplish any progress according to previously accepted standards, but I had every confidence in our aggressive tactics and the courage of our troops.

On October 4 the attack was renewed all along our front. The Third Corps tilting to the left followed the Brieulles-Cunel road; our Fifth Corps took Gesnes while the First Corps advanced for over 2 miles along the irregular valley of the Aire River and in the wooded hills of the Argonne that bordered the river, used by the enemy with all his art and weapons of defense. This sort of fighting continued against an enemy striving to hold every foot of ground and whose very strong counterattacks challenged us at every point. On the 7th the First Corps captured Chatel-Chehery and continued along the river to Cornay. On the east of Meuse sector one of the two divisions cooperating with the French captured Consenvoye and the Haumont Woods. On the 9th the Fifth Corps, in its progress up the Aire, took Fleville, and the Third Corps, which had continuous fighting against odds, was working its way through Brieulles and Cunel. On the 10th we had cleared the Argonne Forest of the enemy.

It was now necessary to constitute a second army, and on October 9 the immediate command of the First Army was turned over to Lieut. Gen. Hunter Liggett. The command of the Second Army, whose divisions occupied a sector in the Woevre, was given to Lieut. Gen. Robert L. Bullard, who had been commander of the First Division and then of the Third Corps. Maj. Gen. Dickman was transferred to the command of the First Corps, while the Fifth Corps was placed under Maj. Gen. Charles P. Summerall, who had recently commanded the First Division. Maj. Gen. John L. Hines, who had gone rapidly up from regimental to division commander, was assigned to the Third Corps. These four officers had been in France from the early days of the expedition and had learned their lessons in the school of practical warfare.

Our constant pressure against the enemy brought day by day more prisoners, mostly survivors from machine-gun nests captured in fighting at close quarters. On October 18 there was very fierce fighting in the Caures Woods east of the Meuse and in the Ormont Woods. On the 14th the First Corps took St. Juvin, and the Fifth Corps, in hand-to-hand encounters, entered the formidable Kriemhilde line, where the enemy had hoped to check us indefinitely. Later the Fifth Corps penetrated further the Kriemhilde line, and the First Corps took Champigneulles and the important town of Grandpre. Our dogged offensive was wearing down the enemy, who continued desperately to throw his best troops against us, thus weakening his line in front of our allies and making their advance less difficult.

DIVISIONS IN BELGIUM.

Meanwhile we were not only able to continue the battle, but our Thirty-seventh and Ninety-first Divisions were hastily withdrawn from our front and dispatched to help the French Army in Belgium. Detraining in the neighborhood of Ypres, these divisions advanced by rapid stages to the fighting line and were assigned to adjacent French corps. On October 31, in continuation of the Flanders offensive, they attacked and methodically broke down all enemy resistance. On November 3 the Thirty-seventh had completed its mission in dividing the enemy across the Escaut River and firmly established itself along the east bank included in the division zone of action. By a clever flanking movement troops of the Ninety-first Division captured Spitaals Bosschen, a difficult wood extending across the central part of the division sector, reached the Escaut, and penetrated into the town of Audenarde. These divisions received high commendation from their corps commanders for their dash and energy.

MEUSE ARGONNE—LAST PHASE.

On the 23d the Third and Fifth Corps pushed northward to the level of Bantheville. While we continued to press forward and throw back the enemy's violent counterattacks with great loss to him, a regrouping of our forces was under way for the final assault. Evidences of loss of morale by the enemy gave our men more confidence in attack and more fortitude in enduring the fatigue of incessant effort and the hardships of very inclement weather.

With comparatively well-rested divisions, the final advance in the Meuse-Argonne front was begun on November 1. Our increased artillery force acquitted itself magnificently in support of the advance, and the enemy broke before the determined infantry, which, by its persistent fighting of the past weeks and the dash of this attack, had overcome his will to resist. The Third Corps took Aincreville, Doulcon, and Andevanne, and the Fifth Corps took Landres et St. Georges and pressed through successive lines of resistance to Bayonville and Chennery. On the 2d the First Corps joined in the movement, which now became an impetuous onslaught that could not be stayed.

On the 3d advance troops surged forward in pursuit, some by motor trucks, while the artillery pressed along the country roads close behind. The First Corps reached Authe and Châtillon-Sur-Bar, the Fifth Corps, Fosse and Nouart, and the Third Corps Halles, penetrating the enemy's line to a depth of 12 miles. Our large caliber guns had advanced and were skillfully brought into position to fire upon the important lines at Montmedy, Longuyon, and Conflans. Our Third Corps crossed the Meuse on the 5th and the other corps, in the full confidence that the day was theirs, eagerly cleared the way of machine guns as they swept northward, maintaining complete coordination throughout. On the 6th a division of the First Corps reached a point on the Meuse opposite Sedan, 25 miles from our line of departure. The strategical goal which was our highest hope was gained. We had cut the enemy's main line of communications, and nothing but surrender or an armistice could save his army from complete disaster.

In all 40 enemy divisions had been used against us in the Meuse-Argonne battle. Between September 26 and November 6 we took 26,059 prisoners and 468 guns on this front. Our divisions engaged were the First, Second, Third, Fourth, Fifth, Twenty-sixth, Twenty-eight, Twenty-ninth, Thirty-second, Thirty-third, Thirty-fifth, Thirty-seventh, Forty-second, Seventy-seventh, Seventy-eighth, Seventy-ninth, Eightieth, Eighty-second, Eighty-ninth, Ninetieth, and Ninety-first. Many of our divisions remained in line for a length of time that required nerves of steel, while others were sent in again after only a few days of rest. The First, Fifth, Twenty-sixth, Forty-second, Seventy-seventh, Eightieth, Eighty-ninth, and Ninetieth were in the line twice. Although some of the divisions were fighting their first battle, they soon became equal to the best.

OPERATIONS EAST OF THE MEUSE.

On the three days preceding November 10, the Third, the Second Colonial, and the Seventeenth French Corps fought a difficult struggle through the Meuse Hills south of Stenay and forced the enemy into the plain. Meanwhile, my plans for further use of the American forces contemplated an advance between the Meuse and the Moselle in the direction of Longwy by the First Army, while, at the same time, the Second Army should assure the offensive toward the rich iron fields of Briey. These operations were to be followed by an offensive toward Chateau-Salins east of the Moselle, thus isolating Metz. Accordingly, attacks on the American front had been ordered, and that of the Second Army was in progress on the morning of November 11, when instructions were received that hostilities should cease at 11 o'clock a. m.

At this moment the line of the American sector, from right to left, began at Port-Sur-Seille, thence across the Moselle to Vandieres, and through the Woevre to Bezonvaux in the foothills of the Meuse, thence along to the foothills and through the northern edge of the Woerve forests to the Meuse at Mouzay, thence along the Meuse connecting with the French under Sedan.

RELATIONS WITH THE ALLIES.

Cooperation among the allies has at all times been most cordial. A far greater effort has been put forth by the allied armies and staffs to assist us than could have been expected. The French Government and Army have always stood ready to furnish us with supplies, equipment, and transportation and to aid us in every way. In the towns and hamlets wherever our troops have been stationed or billeted the French people have everywhere received them more as relatives and intimate friends than as soldiers of a foreign army. For these things words are quite inadequate to express our gratitude. There can be no doubt that the relations growing out of our associations here assure a permanent friendship between the two peoples. Although we have not been so intimately associated with the people of Great Britain, yet their troops and ours when thrown together have always warmly fraternized. The reception of those of our forces who have passed through England and of those who have been stationed there has always been enthusiastic. Altogether it has been deeply impressed upon us that the ties of language and blood bring the British and ourselves together completely and inseparably.

STRENGTH.

There are in Europe altogether including a regiment and some sanitary units with the Italian Army and the organizations at Murmansk, also including those en route from the States, approximately 2,053,347 men, less our losses. Of this total there are in France 1,338,169 combatant troops. Forty divisions have arrived, of which the Infantry personnel of 10 have been used as replacements, leaving 30 divisions now in France organized into three armies of three corps each.

The losses of the Americans up to November 18 are: Killed and wounded, 36,145; died of disease, 14,811; deaths unclassified, 2,204; wounded, 179,625; prisoners, 2,163; missing, 1,160. We have captured about 44,000 prisoners and 1,400 guns, howitzers, and trench mortars.

COMMENDATION.

The duties of the General Staff, as well as those of the Army and corps staffs, have been very ably performed. Especially is this true when we consider the new and difficult problems with which they have been confronted. This body of officers, both as individuals and as an organization, have, I believe, no superiors in professional ability, in efficiency, or in loyalty.

Nothing that we have in France better reflects the efficiency and devotion to duty of Americans in general than the Service of Supply, whose personnel is thoroughly imbued with a patriotic desire to do its full duty. They have at all times fully appreciated their responsibility to the rest of the Army, and the results produced have been most gratifying.

Our Medical Corps is especially entitled to praise for the general effectiveness of its work both in hospital and at the front. Embracing men of high professional attainments, and splendid women devoted to their calling and untiring in their efforts, this department has made a new record for medical and sanitary proficiency.

The Quartermaster Department has had difficult and various tasks, but it has more than met all demands that have been made upon it. Its management and its personnel have been exceptionally efficient and deserve every possible commendation.

As to the more technical services, the able personnel of the Ordnance Department in France has splendidly fulfilled its functions, both in procurement and in forwarding the immense quantities of ordnance required. The officers and men and the young women of the Signal Corps have performed their duties with a large conception of the problem and with a devoted and patriotic spirit, to which the perfection of our communications daily testify. While the Engineer Corps has been referred to in another part of this report, it should be further stated that the work has required large vision and high professional skill, and great credit is due their personnel for the high proficiency that they have constantly maintained.

Our aviators have no equals in daring or in fighting ability and have left a record of courageous deeds that will ever remain a brilliant page in the annals of our Army. While the Tank Corps has had limited opportunities, its personnel has responded gallantly on every possible occasion and has shown courage of the highest order.

The Adjutant General's Department has been directed with a systematic thoroughness and excellence that surpassed any previous work of its kind. The Inspector General's Department has risen to the highest standards and throughout has ably assisted commanders in the enforcement of discipline. The able personnel of the Judge Advocate General's Department has solved with judgment and wisdom the multitude of difficult legal problems, many of them involving questions of great international importance.

It would be impossible in this brief preliminary report to do justice to the personnel of all the different branches of this organization which I shall cover in detail in a later report.

The Navy in European waters has at all times most cordially aided the Army, and it is most gratifying to report that there has never before been such perfect cooperation between these two branches of the service.

As to Americans in Europe not in the military services, it is the greatest pleasure to say that, both in official and in private life, they are intensely patriotic and loyal, and have been invariably sympathetic and helpful to the Army.

Finally, I pay the supreme tribute to our officers and soldiers of the line. When I think of their heroism, their patience under hardships, their unflinching spirit of offensive action, I am filled with emotion which I am unable to express. Their deeds are immortal, and they have earned the eternal gratitude of our country.

I am, Mr. Secretary, very respectfully,

JOHN J. PERSHING,
General, Commander in Chief
American Expeditionary Forces.

To the SECRETARY OF WAR.

LEAGUE OF NATIONS FOR PEACE.

Mr. McKELLAR. Mr. President, I had expected to begin a little earlier in the afternoon, but Senator CHAMBERLAIN'S speech took longer than I expected and, therefore, I am going to ask Senators, if they will, to let me proceed without interruption until I have concluded the main argument and then I shall be delighted to answer any questions that any Senator may wish to ask. I am going to speak for a few moments in behalf of the policies and principles advocated by a distinguished American who is temporarily outside of the boundaries of the United States, as everybody in the world knows; an American citizen who has gone to Europe on a very important mission on behalf of the United States, of which he is the legal representative and spokesman. Attacks have been made upon him since he left, attacks from the rear, attacks that I think ought not to have been made, and certainly not during his absence on a perfectly lawful and entirely proper mission involving the best welfare of our Nation. To these attacks I wish to reply for a short time this afternoon.

Mr. President, on Wednesday, December 18, the junior Senator from Pennsylvania [Mr. KNOX], and on Saturday, December 21, the senior Senator from Massachusetts [Mr. LODGE], respectively, made speeches in this body in effect taking President Wilson severely to task for insisting upon the first four and the last of his celebrated 14 points, as stated by him on January 8, 1918, being taken up, considered, and agreed upon at the ensuing peace council at Versailles. Both gentlemen argued most ably and strenuously in favor of the peace conference postponing to a later date any consideration of the President's points involving secret diplomacy, freedom of the seas, economic barriers, or disarmament, or a league of nations to secure peace. Both substantially predicted failure of the President's peace proposals, and both, if we believe the reports of the newspapers, virtually served notice on the President that if the forthcoming peace treaty contained any provision on these five subjects the treaty would not be ratified by the Senate. I assume that these two distinguished Senators essayed to speak for the party that will be dominant in this body after March 4.

Mr. President, being a new Member of this body, I can not hope that anything I may say on this subject will be considered as a reply to the able speeches made by these distinguished gentlemen, and I realize that I am taking a risk of being called presumptuous in daring to oppose their conclusions; and yet,

differing from the views expressed by them, as I do, believing that their premises are totally unsound; believing that their fears are wholly unfounded; believing that their opinions can work nothing but disaster to American aims and American ideals in the forthcoming conference; believing that the announcement and publication of such views just in advance of the opening of the conference are calculated to mislead our allies as well as our former enemies and to work incalculable harm to our beloved country, I can not refrain from giving to the Senate and to the country the views that I have on this vital subject.

AMERICA MUST LEAD.

On August 23, 1918, in delivering a speech in this body, Senator LODGE, among other things, said:

The United States occupies virtually a position in which she will be able to speak with a powerful voice. We seek no territory, no material gain for our country. We seek only the safety of civilization and freedom, and the assurance of our own absolute independence and our right to live our own lives and settle our own problems in our own way. There is no territory by which we could be bribed or influenced; no trade advantage by which we could be tempted. There is no personal profit which can turn us from our one great object.

These were the words of wisdom uttered by the distinguished senior Senator from Massachusetts as late as the latter part of last summer. He seems to have changed his mind since the war has been won, and especially since the November election.

Mr. President, it is conceded by all thoughtful persons that the ensuing peace conference will be the most important gathering, the most epochal council of men that ever assembled together in the world's history. The result of this conference will either mean a permanent and an enduring world peace or it will be but the prelude and the incitement to other wars. If calm, deliberate, and disinterested counsel prevails, the world will never see again such a horrible cataclysm of war as it has witnessed since August, 1914. On the other hand, if doubt, if distrust, if national or international jealousies, or national or international greed, or a spirit of national or international injustice prevails, then, whatever the result of the council, it will be but a short time before the unavoidable happens and the nations will be at war again.

Mr. President, America must take the lead in bringing about a just peace and a righteous settlement of all the controversies in this war or which have grown out of this war, for the reasons that were so splendidly stated by Senator LODGE in that part of his August speech quoted above. I say America must lead not solely because I believe America is better than any other nation, though I do believe that, but more particularly because America is so situated that she can best take the lead. As Senator LODGE in August so well pointed out, but which views he now seems to have forgotten, she is virtually asking for nothing in this war; she is asking for no territory; she is asking for no indemnity; she is asking for nothing except the right to work out her own destiny in her own way, and that every other nation, great or small, shall have precisely the same right. Her attitude throughout this world war has been altruistic in the extreme. She entered the war with the most exalted of purposes. She entered the war in defense of her own rights on the seas and to prevent all Christian civilization, including her own, from being obliterated from the earth. Under these favorable circumstances, therefore, America is in a peculiar position that no other of the great nations is in. Each and every one of the other belligerents has selfish interests at stake. They are making demands for indemnity. They are asking restitution of territory. They are seeking larger rights, and therefore they are not in a position as America is to fight for these principles and ideals which caused America to go into the war and which have brought about the successful prosecution of the war.

WAR FOUGHT ON WILSON'S 14 PRINCIPLES.

Mr. President, these principles and ideals were expressed by our President in his message to the Congress on April 2, 1917, as a result of which the Congress declared war on Germany immediately. They were again expressed by him in an address to the Congress on January 8, 1918. This was the address in which the celebrated 14 points were set forth by the President amid the plaudits of the world. Again these principles were announced and elaborated in an address at Mount Vernon on July 4, 1918. They were further elaborated in an address at New York City September 27, 1918. At the time these various messages and speeches of the President were delivered, setting forth the great principles for which we were fighting, the war was in full blast. Each and every one of these pronouncements was immediately after its publication approved by every leading statesman in this country and by every leading statesman in Europe whose government was cooperating with us in this war. It was approved by the press of the world. Not one word of criticism, except by our enemies. Not one word of dissent, except in Germany and in Austria. Every word was a word of praise. Many Senators on both sides of this Chamber gave out newspaper statements indorsing each and every one of the pronouncements of our President above referred to. I may say right here that several of the men who have been loudest in their criticisms of the President since the war has ended and since the election in November were before that time strongest in their indorsement of every word that he uttered on the subject. Representatives of the British Government, of the French Government, of the Italian Government, all applauded these speeches of President Wilson. They were so just, so fair, so well put, so timely, that intelligent men everywhere on this side of the water and on the other side of the water immediately indorsed them, and even Germany, Austria, and Turkey, our enemies in this war, later came along and indorsed these principles and asked that the war be settled in accordance with them.

FIRST DISSENT HEARD IN AMERICA AND IN ENGLAND.

The first word of dissent, the first word of criticism, the first word of question, came after the war was ended. As I recall, it first came from certain English newspapers, and immediately opponents of the President in this Chamber came along and reuttered what those English papers and those English statesmen were saying. At first these dissents and criticisms were not open, but lately the two distinguished Senators that I have mentioned, both able and vigorous men of long service, both men of distinguished rank in the Senate—one of them a former Attorney General, former Secretary of State, and for a long time a Senator in this body, and one of the great lawyers of the country, and the other a former Congressman and a Senator for a quarter of a century nearly, and a writer that is second to none in this country, a master of the English language—these two have come forward at this time, not to uphold the principles which they formerly applauded, not to uphold and defend the head of our Government in his fight for a righteous and enduring peace, not to uphold the high ideals which our Nation has so gloriously stood for in this war, but to tear down, to disrupt, to postpone, and apparently to prevent, if possible, as it seems to me, the fulfillment of the high aims and principles for which this country went into this war.

THE KNOX RESOLUTION.

Mr. President, I desire to discuss the resolution and the speech of the Senator from Pennsylvania first. The resolution of the Senator from Pennsylvania sets up, in substance, that we went to war "to vindicate the ancient rights of navigation as established under international law and in order to remove forever the German menace to our peace"; that we are now entitled only to "restitution, reparation, and guaranties against the German menace." Note in both cases the Senator limits our purposes and our rights in the ensuing treaty to a disposition of the "German menace." Mr. President, if that is all that we fought for, if that is all that we went into this war for, we need not have representatives at the peace table at all. The collapse of Germany and the consequent armistice have already taken care of these things. We have already vindicated the ancient rights of navigation, and surely Germany is no longer a menace to our peace. With her navy in the hands of ourselves and allies, with her merchant marine largely in our hands, with her government in the hands of the Bolshevists, and almost in bankruptcy, with her armies worn out and defeated, with her Emperor and his son abdicated and in exile and his family scattered to the four winds, with large portions of German territory in the hands of the allies, with her entire country hemmed in and guarded by her victorious enemies, surely Senator KNOX or no one else believes that America need go to a peace conference to protect herself from the German menace. The armistice already signed guarantees everything that the Knox resolution demands except reparation, and it is well known that our Government will not ask for reparation, and even Senator KNOX argues against reparation. If we are to follow Senator KNOX's resolution, there is not only no necessity for America taking part in the conference, but she has no right to be there. She has done all that she proposed. It is true that he says we should set up new free States in "Mittel Europa" as guaranties against "a powerful nation such as Germany," and suggests that such new free States may need protection; but then again he immediately becomes hopeless of such a task and explains that we must "look for limits to the obligations which America could wisely share with Europe." How helpless and hopeless is America in her position at the peace table in the opinion of Senator KNOX.

SENATOR KNOX'S SPEECH.

The Senator, after setting forth his resolution and discussing our aims, then says:

Can we not perceive emerging from these facts a new American doctrine? I will state this great new doctrine in these words: If a situation should arise in which any power or combination of powers should,

directly or indirectly, menace the freedom and peace of Europe, the United States would regard such situation with grave concern as a menace to its own peace and freedom and would consult with other powers affected with a view to concerted action for the removal of such menace.

Further on in his speech he says:

If this had been the avowed and understood policy of the United States from July, 1914, it is in my judgment very improbable that the war would have occurred.

Again, he says:

Let us suppose, for example, that there should be proposed a permanent entente of the English-speaking peoples and of the French, Italians, and Japanese to enforce this peace; to consult together to maintain peace; to cooperate economically, each recognizing the other's leadership in its peculiar field, and to form a permanent committee for consultation on these subjects. The question could then arise as to whether the United States should for general purposes join in or remain outside such an entente. I think the day has gone by for the rejection on principle of our close association of this Government with governments of other countries. To dogmatize against any possible entente under any possible circumstances would be almost as unreasonable as to wish to rush headlong into some Utopian world league.

Mr. President, in these statements the learned Senator admits the necessity and the effectiveness of precisely what President Wilson is trying to do at the peace council, namely, to remove the cause of international disturbances and to prevent future wars. If the announcement of such a simple doctrine by the United States as that just stated by the Senator would have prevented the present war, the most destructive war in all history, how vastly more effective would be the same doctrine stated, ratified, and agreed upon with mutual covenants, not only by the United States alone but by all the great nations of the world. Apparently Senator KNOX not only believes in the efficacy of a world agreement to secure peace but he has a plan for it. He shows that he believes that the peace of the world can be maintained by a concert of the powers without the necessity of a world republic, which no one is advocating. The only difference between these statements and the statements believed in by the President seems to be that Mr. KNOX calls it an entente and the President calls it an association or league of nations.

SUPERREPUBLIC BUGABOO.

The Senator from Pennsylvania then sets up a superrepublic bugaboo, and by innuendo suggests that the President of the United States is negotiating for such a government to be called the league of nations, with a view to putting such a government over and above the United States of America. He points out several unconstitutional features of such a government.

Mr. President, of course we could not, under our Constitution, create such a government. Of course we could not devolve upon such other government the right that only the Congress has to declare war. Of course we could not impart to some other government the sovereignty that belongs to America, and everybody knows that the President and no one else in authority is attempting to provide such an unconstitutional league of nations. The Senator simply sets up a straw man and then proceeds to knock him down.

POSTPONEMENT PLEA.

After demolishing his straw man, after proving that we must not have an unconstitutional league of nations, which nobody is demanding, after showing that he believes in an entente of nations for the prevention of future wars, the real purpose and intention of his speech is set forth in its last paragraphs, which I here quote:

1. That the issues of the war were issues between the central powers and the allies and ourselves. The function of a peace treaty is to settle these issues.

2. The issues as to a league of nations and a revision of the laws of the seas are issues between the allies themselves and between them and each of them and all of the neutral powers.

3. I have shown conclusively that upon these latter issues there exists the widest diversity of opinion, and I have concluded that it is wise not to force upon a conference that must adjust the comparatively simple demands of the one the complexities and confusions of the other.

I am astounded at this logic of the Senator. I am one of his great admirers. I admire his mentality, his vigor, and his fairness on ordinary occasions. But it seems quite remarkable that the Senator is willing to say that the creation of a new Poland, or the establishment of a Czecho-Slav or a Jugo-Slav nation, or that the taking of territory from Germany and giving it to a neutral, or that the opening of private channels of commerce to all the world are "comparatively simple demands," while the revision of the laws of the seas or an agreement of nations to guard against wars in the future are so complicated that they ought not even to be considered. It is a strange logic, it is a strange contention, and, in my judgment, one wholly without merit. Before this peace conference is over it will be found that more time will be given, more diversity of opinion will arise about the creation of new States than can possibly arise from the consideration of any other question.

POSTPONEMENT IS WEAPON OF ENEMY DEFENSE.

Mr. President, the Senator from Pennsylvania is a great lawyer. He is familiar with every phase of legal pleading and practice. This war may be likened to a great lawsuit. The only difference is that in a lawsuit the parties apply to the arbitrament of the courts. In this war the parties have applied to the arbitrament of arms. This war is a military lawsuit between all the allied nations on the one side and the central powers on the other. It has been decided by the arbitrament of arms in favor of the allies. The pleadings are all in. The proof has all been taken. The decision has been reached. The case is ready for a decree. The only thing that is necessary in this great military lawsuit is for a final decree to be spread upon the minutes of the last court, which, in this case, is the ensuing peace conference. Can it be said that any one of these points pressed by the President is not within the pleadings of the evidence? Surely the distinguished Senator would not say that the freedom of the seas is not in issue in this war, when it was one of the basic reasons for America entering the war. Surely the Senator would not argue that the preservation of peace was not one of the basic grounds of our entering into the war and one of the leading issues in the pleadings. I do not believe that he would so contend for a moment, because not only these two points but every one of the points raised by President Wilson are not only within the pleadings as a matter of fact, but they were put there in so many words by the President himself in making up America's case, and then affirmed and confirmed not only by all the thoughtful men in this country but by all thoughtful men in all the civilized nations of the world. The pleadings were specific. The contentions were pronounced. The war has been won upon them. The whole world has had notice that these were the pleadings in the case, and to my mind the decree should be as full and complete as can be had under the terms of the pleadings, under the issues that have been made up, and under the proof that is now all in. But the Senator says:

The object of my resolution is not to condemn in advance any league of nations (and least of all the existing entente, or a permanent understanding of all the English-speaking peoples) of a kind that might in time commend itself to the considered judgment of the American people. The object of my resolution is simply to postpone the larger and very disputable question of some comprehensive league of nations for that separate and very deliberate consideration that its nature demands and that an act of Congress has already sanctioned. After all, why such hurry? If a league of nations is a good thing, surely its merit will be the better appreciated after careful study.

WHY POSTPONE?

Mr. President, I do not understand this reasoning of the Senator. I do not understand this demand for a postponement of the decree. What is the motive behind it? What is the reason for it? We have won the judgment. The issues have all been decided in our favor. Why not enter the decree of record? Why should we receive a part of the fruits of victory now and postpone the remainder until some other time? I can understand always why the lawyer for a defendant desires to enter a partial decree, but I can not understand why the representative of the complainant is unwilling to take a full decree after he has obtained a decision in his favor. It can not be explained by the statement that the relief sought is too complicated. If America was strong enough, was able enough to win the fight, she has got men strong enough and able enough to secure in a decree the objects and purposes for which she fought, and it is immaterial whether the fruition of these objects and purposes is to be called an entente, as named by the Senator from Pennsylvania, or a league of nations, as named by the President of the United States.

ADDRESS OF SENATOR LODGE.

And then comes the learned Senator from Massachusetts and coincides with the position taken by Senator KNOX and elaborates upon it and says he is willing for a judgment to be entered upon nine of the President's issues, but that he positively objects to a judgment upon the five main issues at this time. The issues which the learned Senator from Massachusetts objects to a judgment upon now are the following demands of President Wilson:

1. Open covenants of peace, openly arrived at, after which there shall be no private international understandings of any kind, but diplomacy shall proceed always frankly and in the public view.

2. Absolute freedom of navigation upon the seas, outside territorial waters, alike in peace and in war, except as the seas may be closed in whole or in part by international action for the enforcement of international covenants.

3. The removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions among all the nations consenting to the peace and associating themselves for its maintenance.

4. Adequate guaranties given and taken that national armaments will be reduced to the lowest point consistent with domestic safety.

And then the fourteenth point, which is as follows:

A general association of nations must be formed under specific covenants for the purpose of affording mutual guaranties of political independence and territorial integrity to great and small States alike.

The learned Senator then proceeds to take these five points up and discuss them and declare that their consideration ought to be entirely postponed at this time.

By the way, I was very much amused this morning, as I suppose a number of you were who heard the distinguished Senator from Massachusetts, and as well the distinguished Senator from Pennsylvania. The burden of both their speeches was, "What do these points mean? We do not understand them; we can not understand them; why could they not have been given to us in plain everyday English?" But, lo and behold, no less a personage than ex-President Taft came out in an article, printed on the front page of the Washington Post this morning, trying to explain what the Senator from Massachusetts [Mr. LODGE] meant in his speech the other day. It looks as if somebody else is using language that needs explanation. According to ex-President Taft, Senator LODGE did not mean that he was opposed to a league of nations. His language surely intimated he was, but ex-President Taft construes the language and puts another interpretation on it. Somebody must have been hearing from over across the water lately. He did not mean what his language implied; he just meant a very gentle postponement of these important measures. What does a "gentle postponement" in this case mean? It means the defeat of these great principles for which our President has gone across the water. Everybody knows that in this case postponement means defeat. President Taft explaining what Senator LODGE means is indeed funny.

THE KIND OF PEACE SENATOR LODGE WANTS.

Ah, Mr. President, I wish now to quote Senator LODGE before the election as compared with the speech of Senator LODGE since the election. There is no man in this country, not even the President himself perhaps, as some of Senator LODGE's friends claimed at the time, who could have expressed the war aims of this country better than they were expressed by Senator LODGE on August 23 last. Here is what he said:

They include the restoration of Belgium, the return of Alsace-Lorraine to France, of the Italia Irrendenta to Italy, the establishment of a Jugo-Slav State, and of an independent State formed by the Czecho-Slovaks. They include also the security of Greece, the settlement of Albania and Montenegro, the restoration of Roumania, the consolidation of all the Roumanian people under one government, as well as the neutralization of the straits, the putting of Constantinople under international protection, with Greece perhaps as the mandatory of the powers to administer the affairs of the city, the independence of Armenia, the return of those portions of Asia Minor where Greeks are predominant to Greece, the protection of Syria and Palestine from the Turks, a large, powerful, and independent Polish State, the independence of Russia's Baltic Provinces, the return of Danish Schleswig to the Danes, and the neutralization of the Kiel Canal.

A splendid statement of the war aims of this country. Then, Mr. President, he goes on to say:

These physical guaranties which I have thus far suggested have but one object, and that is to hem Germany in so she can not attempt conquest in Russia or in the East, and that the Slavic populations, which she has mercilessly used in her wars, can never be used by her again.

He then says:

There must be heavy indemnities paid by Germany for the ruin she has wrought in Belgium and northern France and in Italy, and for her destruction of vessels, both neutral and belligerent, through the use of submarines.

He then suggests what disposition of German colonies shall be determined, affirming we can not shirk the world Russian question; that the Empire of China must be dealt with for our protection. Senator LODGE has changed his views since he made that August speech.

SUCH A PEACE WORTHLESS TO EVERYBODY.

There are the questions that the Senator from Massachusetts admits must be determined by the ensuing peace council. What a strange position. We must do all these things; we must readjust the maps of Europe and of Asia and of Africa, but we must take no united step to guarantee that the decree will be carried out. For instance, we must set apart a new Poland, but make no international guaranty that the new Poland will remain as we have ordained. We must make a Jugo-Slav State, but we must make no agreement to see that the Jugo-Slav nation is permitted to live and work out its own destiny. We must make a Czecho-Slovak State, but we must take no allied precaution to see that the Czecho-Slovak State might be permitted to work out its own destiny. We must mark out new boundaries for Roumania, but we must make no lasting agreement that will be binding alike upon all the nations to uphold the boundaries that we have made. We must even make a new Russia, but make no international agreement to uphold the new Russia to which we give life, and so on all down the line.

It is true that Senator LODGE says:

We are as much bound, not merely by interest and every consideration for a safe future but by honor and self-respect, to see that the terms of peace are carried out as we were to fulfill our great determination that the armies of Germany should be defeated in the field. We can not halt or turn back now. We must do our share to carry out the peace as we have done our share to win the war, of which the peace is an integral part.

We can not leave the Jugo-Slavs, the Czecho-Slovaks, and the Poles, the Lithuanians, and the other States which we hope to see formed and marching upon the path of progress and development unaided and alone.

The distinguished Senator says that we, the United States, must protect all of these States, that we must uphold them in their territorial boundaries, that we must see that they work out their destinies in their own way, but we must have no international agreement for this purpose. The other nations must not help us, we must make no contract with them to help us. How can we help them, how can we uphold them, how can we maintain them unless we enter into a formal agreement with the nations of the world setting forth the terms and the obligations thereof? It would take a standing army of 2,000,000 men.

If we follow out the doctrine of these two distinguished Senators, we give to these new nations a paper decree that anybody may break at will, for America by herself can not protect them all. We will be doing for them just what these Senators know has been done to many others—to Bulgaria, to Turkey, to Greece, to Serbia and Montenegro, and other small nations.

Referring again to my simile of the lawsuit:

If we follow the advice of Senator KNOX, we win on the pleadings and the decree, but we lose on the judgment. If we follow the additional advice of Senator LODGE, we win on the judgment, but we lose on the execution. In either event, we lose what we have been fighting for. Ah, Mr. President, if this peace council has a right to take up the various subjects of controversy that are set out by the Senator from Massachusetts, and no one questions that right, then it must follow as night follows day that some international arrangement must be made to enforce the decrees that we make in reference to these various States and as to these various questions. It will be utterly useless to write the decree unless we have the international force and power behind it to enforce it. The United States can not and should not do it alone.

THE LEAGUE OF NATIONS.

Mr. President, in my humble judgment the great mistake that is being made by these distinguished Senators, and by those who follow their lead, is that they are giving to the term "league of nations" a meaning that they should not give to it, a meaning that the President of the United States has never given to it, a meaning that no other representative of a great nation has ever given to it. Apparently they assume that a league of nations is to be a supergovernment established for the world, and that the various nations of the earth are to be merely subject States to that government. Apparently they regard a league of nations as a government with the power to tax, a government with the only army and navy on earth, and a government with jurisdiction over the earth and sea and air and over all other governments now in existence.

Mr. President, if it was desired by anybody to form such a supergovernment, I for one would never agree to it. I for one would never be willing to give up American sovereignty. I should never, for instance, be willing to give up the Monroe doctrine. I should never be willing to give up the power of America to exclude from her borders any persons whom she saw fit to exclude. I would not be willing to violate any provision of the American Constitution. In other words, I would not be willing to give up any part of American sovereignty as a nation. I would not have the right to do so under the Constitution. I have been sworn to uphold and protect and defend the Constitution of the United States. I would never besmirch that instrument or do aught against the terms of that instrument directly or indirectly.

Mr. President, there is no such purpose, as I believe, upon the part of anyone believing in a league of nations to secure peace; but what is desired is that this peace conference about to convene at Versailles shall, for the purposes of enforcing the results of this war, of bringing about a lasting peace, of securing to the peoples of each nation, great and small, the right to work out its own destiny in its own way, of securing for all nations the right to trade freely with each other and unmolested upon the high seas, of cutting down armaments to save taxes upon the people, of providing for open and aboveboard international agreements—these are the objects which we ask to be secured by this great peace conference. The whole question has been argued from time immemorial. The Senator from Pennsylvania says that all such great movements have been argued for many years prior to their accomplishment, and that is true; and so I will

say to the Senator this great movement has been argued for many years and there never was such a time for its accomplishment as right now.

All nations at the table will be willing to give up something in return for that which each may want most. All want to have the right to live in peace. Surely with the great ability that will be found in this conference an international arrangement can be made by which the rights of nations shall be protected along the lines suggested by our own great President. Senators say there should be no league of nations. My reply is there is a league of nations now. Both Senators aver that, and I agree with them on this point. There is indeed no technical league existing between the United States and the other allies, but in reality and truth we find Great Britain, the United States, France, Italy, Belgium, Serbia, Roumania, Japan, and a number of the South American countries, portions of Africa, portions of Asia, all acting together for the purpose of putting an end to the autocratic, military, and inhumane power of Germany, and at the same time prohibit any nation to act like Germany has acted recently. They are all parties to the lawsuit; there is no reason why a final decree should not be made as to the rights and interests of every one of them. The league that we have already is the beginning of a splendid league. It is wholly immaterial whether we invite Germany to come in or not, or Austria to come in or not, or Turkey to come in or not, or whether Bulgaria comes in or not. None of them will have any great influence. No league of nations ought to be created out of the whole cloth, as it were. It should be simply an orderly development of the present league, which has already been created by this world war, and for the present without regard to Germany, save to destroy forever her autocratic and ambitious power. It is idle to talk about not being willing to create a league of nations when the war has already brought forth an inchoate association, and all that is necessary to be done now is to give this league, which has been cooperating without specific agreement, a definite, fixed international agreement in writing by which its future acts can be measured and enforced in behalf of the peace of the world and the freedom of all nations, great and small. The scope, powers, and duties of this league must necessarily be left to the combined wisdom of the peace council creating it. No league of nations must be created say these distinguished Senators. My answer is that it has already been created in fact by the war, and all the President asks and all that the American people ask is that the terms upon which the league has already in fact been founded, and the purposes which have already been in fact agreed to, shall be promptly ratified by the peace council, and so amplified as to make future wars impossible.

Mr. WILLIAMS. Mr. President——

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

Mr. McKELLAR. I yield.

Mr. WILLIAMS. In that connection and in further reinforcement of what the Senator has just said, I want to call his attention to the existence and the significance of a precedent. There is the British Empire, although it had better be called a confederacy of British Commonwealths. There is no word of written agreement binding together Canada, Australia, New Zealand, and South Africa to the home country of Great Britain, and yet when this war broke out Canada, Australia, New Zealand, and South Africa came very near outdoing the mother country herself in furnishing men, money, and munitions. That is an instance of putting moral force behind the effort to prevent war. The moral force of the British confederacy, Commonwealths—not one but five great English-speaking peoples—was behind the desire of the British Empire to enforce the rights of small nationalities and to fight the war for civilization, and they fought it.

Now, I wish to call the attention of the Senator to a further fact. We speak of the United States, but it is not "this United States" but "these United States," composed of 48 States. We had no word of alliance, we had no political connection, but the minute we found that the rights of humanity and of the peace-loving peoples everywhere were being outraged we went with the forces of the English-speaking race and, together with them, we won this war. There is no doubt about that, because if we had left it to the continent of Europe, Germany would have run over the entire continent.

I wish to call the Senator's attention to the language of Mr. Wilson the other day when he referred to organizing the moral force of the world for the prevention of war and for the keeping of peace. Then I wish to call attention to our own history. When we began our existence we had just a loose confederacy of States.

Mr. McKELLAR. I will say to the Senator that I expect to dwell on that a little later.

Mr. WILLIAMS. However weak it might have been to preserve peace amongst ourselves—and we confessed that it was too weak for that—it was strong enough to unite us in opposition to foreign aggression, and always was, even prior to the adoption of the present Constitution.

Mr. McKELLAR. Mr. President, I thank the Senator for the statement which he makes. It is certainly a strong presentation and in furtherance of the very idea that I am trying to suggest to the Senate and to the country.

SHOULD THE LEAGUE OF NATIONS BE POSTPONED?

It is claimed that we ought to postpone the plan for a league of nations. Senator KNOX's resolution, if passed, would so declare. Senator KNOX, in his speech, earnestly favors postponement. Senator LODGE says to attempt to form a league now would only be to embarrass the peace that we ought to make at once with Germany, and he thinks, too, that it ought to be postponed.

Mr. President, there never was a better time for America to get results than in this peace conference now about to convene. Every nation represented in that council will want something and want it badly. England will want indemnities. She will want all the colonies she can get. She will want all the warships she can get. She will want all the merchant vessels she can get. She will want all the territory that she can get. France will want indemnities. She will want restoration of territory. She will want as many colonies as she can get. She likewise will want ships, merchant and war.

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

Mr. McKELLAR. In just a moment I will yield. I desire to finish this idea. Italy will want indemnities, colonies, ships, and restoration of territory. Serbia and Montenegro will want territory and access to the high seas and should have it. Roumania will want indemnities, restoration of territory, and future protection from her enemies. Belgium will want restoration of property destroyed and taken, indemnities, protection, and guaranties that will not be scraps of paper. Spain will want commercial arrangements. Japan will want many things, and so will China, Australia, and other eastern countries; and Sweden, Norway, Denmark, Holland, Russia, Siberia, and Poland will also want many things and should have them; and Poland and Czecho-Slovakia and Jugo-Slavonia and perhaps other new States will want to be upheld and protected in their new dominions. On the other hand, the United States will stand alone in wanting no material advantage of any kind, nature, or description. She will stand alone as wanting only a square deal for all. Take the United States and her fight for freedom of the seas, for equal justice to all nations, great and small, for open diplomacy, for disarmament, for a guaranty of future peace; if you take all these out of this conference, the conference will degenerate into a second treaty of Vienna, which was simply a disgraceful fight over the spoils of the Napoleonic wars. Indeed, war actually broke out again before the treaty was published. There never was such a time, Mr. President, for America to get an enduring peace and all else that she has so justly asked for, as at this time when all the other nations have selfish demands they are putting forward and when America desires nothing but the right. Postpone her demands for peace and right and justice until after the other nations have divided the spoils of war, and I doubt if enough interest could be aroused in Europe as to the President's five contentions to get a peace meeting, much less accomplish anything. No one knows that better than those who are opposing the President in his aims, both on this side of the ocean and the other.

I now yield to the Senator from Utah.

Mr. KING. What I was about to say is not quite germane to the last utterance of the Senator, and perhaps is not very important; but I think, in the interest of historic accuracy, we ought to say that England has disclaimed any desire for the German colonies and has besought the United States to take the colonies or at least to devise some plan by which they can be administered, and has expressly stated that she did not want one single foot of territory as the result of this war.

Mr. McKELLAR. I am glad to hear the Senator make that statement. I have not seen that publication from any official source. It is probably correct. I am glad to know that it is so; and, by the way——

Mr. WILLIAMS. It is absolutely correct, with this limitation: South Africa has insisted upon her retaining Southwest Africa, which was conquered from the German Empire, just as the American colonies forced Great Britain to retain Canada when we had partially conquered it ourselves.

Mr. McKELLAR. I accept the statements that are made about the intentions of England in this controversy. I am glad

to know that she has that kind of view, and I hope she will maintain it in the peace conference; and since the President's timely visit to England I believe she is going to live up to what she agreed to while the war was going on.

SECRET DIPLOMACY.

Every well-informed man knows what secret diplomacy means. Senators refer to it as if it was vague and indefinite. They even sneer at this proposal. Everyone knows that in Europe there were treaties of peace between the various nations that were generally known, and that other secret understandings as to the balance of power and various other international subjects were entered into secretly between the great nations. As an illustration of this: In 1911, I believe it was, during the Balkan wars Serbia and Montenegro won the war and won a sea front and then there was a treaty of peace, and the peace conference was held in accordance with a secret understanding between Germany and Austria and Great Britain and Italy and the peace treaty restored the status quo. In other words, to use my judicial simile again, Serbia and Montenegro won the war on the evidence and in the field of arms, but they lost on the judgment, and they failed to get that which they had fought for and won, and they still have no seacoast. Why? It was because of the secret understanding between the great powers, and this was what the President aimed at, and the only thing he aimed at, as I believe. The secret agreements constitute one of the most prolific causes of war. The doctrine is absolutely good. It should be upheld in this peace conference, and there should be no private, secret understandings, and I do not believe there will be, and I hope there is not a Senator on this floor that would vote against the coming treaty of peace because it had a provision in it patterned along the lines of President Wilson's first point upon the subject of secret diplomacy, regardless of what may be said in this debate. With all due respect, the taunting criticisms of Senator LODGE about the prevalence of secret diplomacy in this country under President Wilson's administration are wholly without foundation. No agreement has been made or even considered of which the American people and the world have not been fully advised.

The Senator from Massachusetts said, I believe, that the only secret agreements that he knew of were the secret agreements made by this administration. I am sure the Senator did not intend to suggest that secret diplomacy referred to the conduct of diplomacy in the United States. "Secret diplomacy," referred to by the President, does not mean any such thing as that; and besides Senator LODGE was in error as to the facts in this country, because under this administration there has been no secret agreement. There has been no agreement on the part of this Government that not only the American people but the people of all the world have not known; and I challenge the Senator to present a single concrete case where there has been a secret agreement made in this country.

Mr. WILLIAMS. Mr. President, I want to call the attention of the Senator from Tennessee to the fact that under American institutions and the American Constitution there can not be a secret agreement.

Mr. McKELLAR. Why, of course, there can not be, and there never has been.

Mr. WILLIAMS. Because every treaty and every agreement entered into by the United States must be discussed in the Senate of the United States and ratified by the Senate of the United States.

Mr. McKELLAR. Why, of course, and published to the world.

FREEDOM OF THE SEAS.

Senators LODGE and KNOX want no freedom of the seas now. It will be remembered, Senators, that Germany staked off a large portion of the seas in front of Europe and notified all nations, belligerents and neutrals, that if they sent their ships in those waters thus staked off that German submarines would sink them without warning. It was one of the very causes—indeed, the principal cause—for which America entered the war, namely, to protest against this unlawful use of the seas, and yet these distinguished Senators say that after having won the war we can not have a judgment and a guaranty that Germany shall not do so again and other nations shall not do in the future as Germany did in the past in this regard. If it was wrong for Germany to mark off these seas in defiance of neutral rights, it would be wrong for any other nation to mark off the seas in like manner. If we have a right in this decree to take charge of German U-boats and sink them, we have a right to say that no more U-boats shall be built in the future by any nation. If we have a right to say that Germany shall not stake off the seas in the future, then we have a right to say that no other nation shall hereafter stake off the seas, and we have a right to enforce that policy by this decree. It can only be done by common consent of the league which has already been inchoately formed and which needs only a constitution mutually agreed upon to keep it in effect for all time. But we must go further than that. Our own country is on the verge of becoming a great maritime nation. We should provide in this decree that not only shall the waters of the seas be free and that no other nation, great or small, shall have the right to interfere with our peaceful commerce, or the peaceful commerce of any other nation, wherever such commerce may go; that no nation shall have the right of search and seizure of neutral vessels on the high seas; that no nation shall have the right to require aught of our passenger and freight vessels as long as they are upon the high seas; and right here and now I believe that if President Wilson returns with a peace treaty providing for the freedom of the seas that there is not a Senator in this body that will vote against the treaty because of such provision.

ECONOMIC BARRIERS.

Now, Senators, it seems to me that such a provision on economic barriers in the peace terms as suggested by the President would come as a matter of course. Here are all the nations of the earth gathered together at the end of the greatest war in all history. The allies all agree. Their antagonists are all willing to agree. They can not keep from agreeing if they wanted to. It is a question of right and fair and square dealing between all of these nations that already have formed an informal league. Practically all of these nations have already associated themselves together to secure the peace of the world. We all know that in the past economic barriers have been the most prolific causes of war. There is no reason for this, and surely this great peace council, larger than ever gathered before, larger perhaps than will ever gather in the hereafter, will be the one of all councils to agree upon the removal, as far as possible, of all economic barriers to trade and commerce on the seas. This does not mean that a nation shall give up its right to place import duties or export duties. It does not interfere with the internal rights of any nation, but it merely means that an agreement shall be reached, in the words of the President, for "the removal, so far as possible, of all economic barriers and the establishment of an equality of trade conditions."

America is just beginning her career of a great maritime nation; she is just beginning to build the greatest merchant fleet that will probably ever exist in the history of the world. No other nation has more at stake; no other nation will profit more than she by the removal of economic barriers in the future. All nations should be treated exactly alike. When we send our ships on every sea, nothing will be more conducive to trade with us than for all economic barriers to be removed. I hope to live to see the day when America's trade on the ocean will be greater than that of any nation on the earth. We can only make it so by removing the trade barriers that have heretofore existed against us and take our chances with the rest of the world. What are we building this great merchant marine for if it is not to take advantage of the great opportunities that are to come to us to trade in the four corners of the earth? Surely no man who loves his country, who believes in its future, no man who votes to appropriate millions and even billions of our money to build up a merchant marine would dare to vote to put up economic barriers or permit other nations to put up economic barriers by which that trade can be done away with or even lessened.

DISARMAMENT.

Mr. President, the question of disarmament has been one that has troubled the world for years. The Czar of Russia, the Emperor of Germany, the King of England, the President of France, a Republican President of the United States, and many distinguished writers have from time to time submitted principles looking to international disarmament. It is a question that has been alive and been before the world public for a long time. The building of great navies by various nations, the maintenance of great navies by great nations, has been one of the things that has been looked upon with the greatest disfavor by thinkers of many ages. Thoughtful men of every country have desired to reduce these armaments and thereby reduce the taxes on the people of the various nations, because these armaments are expensive to a degree. The President, believing it was necessary to reduce the German armament which formerly existed and now to reduce all armaments for the benefit of the people, says that the people of all the nations should not be taxed in the future as in the past to maintain great navies, and therefore he puts this provision among the reasons why this country was at war. It was accepted then by all the nations, England as well as all the rest of them, but now this is one of the points that some people in England do not want to agree to. It is one of the points that certain Americans do not want to agree to, though Senator LODGE approved it only a short time ago.

Well, let us see, Mr. President, how it will work. Let us be fair and frank with one another. My forefathers on one side came from Scotland and the other from England. I have by inheritance not a drop of blood other than British blood in my veins. I am a great admirer of the British Nation and the British people. Blood of our blood, bone of our bone, flesh of our flesh. We all admire their genius for government, their love of right, their dogged tenacity of purpose, their lofty ideals, and their splendid ambitions. We admire the English for what they have done, for what they have accomplished in the world, for what they have stood for; and for these reasons it seems to me that at a time like this we should counsel fully and fairly one with the other. We should be frank. There is not the slightest doubt that whatever England and America agree upon will be done. Their agreement alone will furnish all the power necessary. We should have the manhood to speak our minds. The only nation, perhaps, that will object to disarmament is the English Nation. Why should she? She believes it will do her no good not to agree to disarm. It will be but natural for her to agree to a reasonable disarmament rather than to contend for the maintenance of an unreasonable armament. Why? The reason is simply this: That America is going to continue to build her Navy unless England reduces hers. It might as well be understood now as any other time. There is no use postponing that question. We would be unfair and unjust to our English friends and cousins and brethren if we did not tell them frankly and fairly what we propose to do. We propose to become their friendly rivals for trade wherever we can get it. We propose to protect that trade wherever it goes; and if England wishes to continue the burdensome taxation upon her people to keep up the great navy that she has, then America will be compelled to build her Navy larger to give her the protection she is entitled to. While the war was in progress her people and her press approved President Wilson's appeal for disarmament. They should stand by their admission made at that time. I believe they will do so. England is not the kind of a nation to go back on her agreement, expressed or implied. There is no conflict between the principle of disarmament and our Navy building at this time. We must take no chances.

On the subject of disarmament Senator LODGE is specifically estopped. On August 23, 1918, he said that the peace treaty ought to provide for disarmament. Why this change? A change of policy in four months is a pretty fast change.

IS A LEAGUE OF NATIONS POSSIBLE?

These gentlemen say that a league of nations is essentially impossible; that if such a league is formed and given the power to tax, the power to decide what nations shall be taken in, with an army and navy to enforce its decisions, then it will become either a world-dictating nation or it will be simply the more productive of wars. On the other hand, unless such a central authority is given full powers, it will be a meaningless organization like The Hague tribunal.

Mr. President I do not subscribe to this doctrine. I am one of those who believe that it is possible to form a league that will be effective and at the same time not put all other nations in a state of subserviency. I recognize its difficulties; I know that the task is great, but I have faith that this peace council, composed of the great statesmen from each nation of the world, will be able to accomplish it. There have always been wiseacres in the world, Mr. President, who have said that seemingly impossible things could not be done, and yet they have been done. In comparatively recent times it was thought that it was impossible ever to chain or use the lightning, and yet now it is one of the most perfect servants of man. Less than a hundred years ago it was thought impossible to send a message by lightning, and yet to-day the occurrence is so common that its difficulty is never even thought of. It was once thought to be impossible to hear out of hearing distance, and yet to-day, through the marvelous invention of the telephone, we can hear practically all over the world. Later on it was believed to be impossible for messages to be communicated without wires upon which to communicate them, and yet to-day we have not only wireless telegraph sending messages throughout the face of the earth, whether on land or sea, but we even have the wireless telephone by which we can communicate to airships thousands of feet in the air. It used to be thought that a heavier-than-air vehicle could never be invented. It was one of the impossible things, and yet to-day, through the ingenuity of man, men not only fly through the air, but they even fight in the air, and aircraft has become one of the greatest inventions of modern warfare. And so, Mr. President, I do not subscribe to the impossibility of a righteous league of peace being organized by which wars can be prevented in the future.

Let us change the illustration for just a moment. There were Tories in this country in the century before the last who said that we never could have an American Republic like the one that we have. Why, our forefathers along about 1770 first tried a Continental Congress, and it was wholly inefficacious. Later on they tried what was known as a Confederation, and that proved to be a rope of sand; and later on it took five years of bargain and compromise and arrangement and splendid ability to consummate the present Constitution that we have. Impossible? I say, look to your own Constitution, and you can see that nothing is impossible to men who have the ability and who believe and know that they stand for the right. So I say that when this peace conference assembles next month it will be found that it can work out a plan.

NO WILSON PLAN.

Great stress is laid by Senators LODGE and KNOX and the newspapers supporting them that the President has not disclosed his plans for a league of nations to preserve peace. Senator KNOX says:

> We must know what we are to agree to, and no one has yet thought it well to tell the people of the United States what they are to agree to when a league of nations is formed.

This is true, and it should be true. There should be no plan. Mr. Wilson's plan or no other single individual's plan should go through. No league of nations that is the plan of any single individual could possibly be of any worth to the world. What would have likely resulted had Washington attended the Constitutional Convention with a cut-and-dried plan? There would have probably been no Constitution. Washington was too wise for that. So is Wilson.

Mr. President, I am not the spokesman of the President. I am not even in his confidence on this subject. I have no knowledge whatsoever of his proposals save what is published in the papers. In these public statements all he asks is that the parties to this peace conference shall form a general association of nations under specific covenants and affording mutual guaranties that all nations, great and small, will have political independence and territorial integrity guaranteed to them. In his New York speech of September 27, 1918, he added:

> That indispensable instrumentality is a league of nations formed under covenants that will be efficacious.

He has asked for no supernation. He has asked for no republic of the world, which shall control all other republics and nations, nor will he do so, nor will any other sane man do so. All the President says is that one of the specific purposes of our entering the war was to secure an enduring peace. Every full-grown man in this country knows that this is so. The President does not want another war like this or any other war at all. He believes that civilized nations can covenant to prevent war. He knows that all the allied nations agreed to do this in advance when they accepted his proposals, and he is seeking to have them live up to that agreement. It seems to me it is fair to assume that he has offered no plan, because he wants to counsel with all on the most important question of all, namely, the saving of future destruction of life and property by reason of war. He has not yet reached a final conclusion on it and can not do so. Only the council itself can, by deliberation and debate and by yielding and compromise, bring about the much-desired arrangement by which this peace can be secured for all time. If the President had gone over to attend the council with a plan already mapped out, the first ones to have criticized him would have been those who are criticizing him now for not having any plans at all. They would have declared that it was indecent for a judge to have gone to the hearing of a case with an opinion on the case already prepared in his wallet. They would have called him a world dictator. They would have attributed to him ulterior and perhaps personally selfish motives. The allied nations, too, might well have misunderstood him had he done so. But now, when he presents no specific plan, but contents himself with the principles announced nearly a year ago and then approved and applauded by the whole civilized world and asking only that the peace conference shall itself counsel together and agree upon the specific covenants and agreements to carry out these plans already agreed upon, our friends his enemies over here, our friends with selfish interests on the other side, raise a great hue and cry about his failure to disclose plans which, perforce, because not disclosed, can only be deep, dark, and sinister. According to these gentlemen, he is damned if he does and damned if he does not. Be careful, gentlemen. Sometimes it is dangerous to damn Wilson too soon. He has a way of having a California secreted about his person that is sometimes disconcerting to his damners.

THREATEN TO DEFEAT TREATY.

Much has been said about the Senate's rights and obligations and duties in connection with the forthcoming treaty of peace. Some have thought that, inasmuch as the Senate has equal rights with the President in the making of treaties, the President ought to have selected one or more Senators as peace commissioners,

This could have been done, of course, but it was not essential. Indeed, in the history of this country of nearly 130 years no Senator has ever been appointed a peace commissioner except after the Spanish War of 1898, and when Senators were appointed President McKinley was charged with an ulterior purpose in appointing them. It was stated upon the floor of the Senate in executive session, as I am reliably informed, that President McKinley appointed these three Senators in order that he might get their votes and influence and thereby secure the ratification of the treaty that he was desirous of making. There is no doubt about the Senate's right to reject or amend a treaty. The Senate can reject or amend this treaty. But will it do so? My answer is that it will not. If President Wilson sends into this Senate a treaty embodying provisions covering the five points now objected to by Senators LODGE and KNOX, namely, secret diplomacy, disarmament of nations in whole or in part, no economic trade barriers, freedom of the seas, and a league of nations to enforce peace without violating American sovereignty, there is no more doubt that this Senate will confirm the treaty than there is about the existence of the United States itself.

Mr. President, when President Wilson last winter announced the policy for which he stood, known as the 14 points, 5 of which are now objected to by the two distinguished Senators, he was applauded by men everywhere within the confines of civilization. He was applauded by the Senators in this body on both sides of the Chamber; he was applauded by Representatives in the House on both sides of the Chamber; he was applauded by the English, by the French, and by the Italians; he was applauded everywhere, save in Germany, for enunciating these very principles which it is now said we must postpone or reject; and if the newspapers are correct—I do not know whether they are correct or not—the speeches of Senator LODGE and Senator KNOX were a threat that whatever treaty of peace was made by the President in Europe, if it contained these principles, these five points, was going to be rejected by a Republican Senate when it came into being. I wish to say that I hope that that is not correct, and I want to give a word of warning, not only to our own people, but to the people across the seas: Do not pay too much attention, gentlemen, to this threat to reject the treaty before President Wilson negotiates it. I do not believe that Senators LODGE and KNOX have expressed the sentiments and wishes of even any considerable number of the plain people of this country.

KALEIDOSCOPIC CHANGE OF POSITIONS.

Mr. President, there have been some kaleidoscopic changes of views since America turned the scale and won this war and since the November election. The President made his speech containing the 14 points on January 8, 1918. The Evening Star, a Republican paper, in its issue of January 9, 1918, said:

> The President's address was approved by the leaders of both parties in Congress.

That is, the 14 points, including the 5 that the two Senators are against.

There were interviews from Senators LODGE, WADSWORTH, SUTHERLAND, and former Speaker CANNON, Mr. LONGWORTH, and J. HAMPTON MOORE, and many other distinguished Republicans—some ex-Presidents were in the number, as I recall—everyone applauding these five points that they say now ought to be postponed.

Senator LODGE said:

> It was a very able message and a very concrete proposition.

Senator WADSWORTH said:

> It was splendid.

These statements were published in the Star of January 8 and in other papers throughout the country.

The Star, after publishing these expressions, said in its editorial on that date:

> Clear in its terms and wise in its time of deliverance, the President's address to Congress to-day states the principles upon which peace, acceptable to the allied powers, may be secured.

The Washington Post then took a similar view, but now is strong for postponement. It now stands by the Senator from Massachusetts and the Senator from Pennsylvania in their advocacy of postponement and says that all these questions should be relegated to the rear. We must have only the issues of this war settled by the peace conference. But on July 5, 1918, that paper again voiced the sentiments of the Republicans upon the President's propositions as amplified in his Mount Vernon speech of July 4. In an editorial of the 5th, the Post said:

> Mr. Wilson spoke not only for America but for the allied nations and for every nation that seeks only its own and is willing to be fair to its neighbors. The robbers among nations, the powers that prey, and the rulers that secretly plot against others are the only ones that will disagree with the statement of humanity's cause and aspirations as expressed by President Wilson.

Less than six months ago this now great Republican paper was saying that the only ones that disagreed with these five points of President Wilson were the robbers among the nations, the powers that prey, and the rulers that plot secretly. But now the paper sings a wholly different tune:

> He condenses the allied aim in one sentence—the reign of law based on the consent of the governed and sustained by the organized opinion of mankind. In order to achieve these aims predatory nations and rulers seeking to injure their neighbors must be destroyed or made powerless; settlements of all questions must be made with the acceptance of the nations concerned; and the nations must agree upon a system of mutual protection.

On August 23, as shown by the CONGRESSIONAL RECORD, Senator LODGE thus expressed our aims:

> We are fighting, and our allies are fighting with us, for security, for independence, for the right of nations great and small to govern themselves in their own way, for organized races and peoples to have the opportunity to govern themselves in independent States, for the sanctity and observance of treaties—

He rejects it now; but listen to this statement made as late as August—

> for the general disarmament of nations. How are these things to be secured? The details are really far more important than the general propositions, in which we all agree. (CONGRESSIONAL RECORD, Aug. 23, p. 9393.)

He was for "the general disarmament of nations" then, but now he wants to postpone the general disarmament of nations to a more convenient season.

This sounds much like Wilson's language and like Wilson's policies. Further along in his speech the Senator from Massachusetts discusses Lord Lansdowne's statement, and here is what he said about it:

> Lord Lansdowne, and he not alone, appears to think that this war can be ended by a peace formulated by eminent representatives of the nations in the old way. He does not seem to have gone beyond the methods of 1815 and the Congress of Vienna. As this war is utterly different from any war that the world has ever known, so must the peace which concludes it be utterly different from any peace which the world has ever known. It can not be a peace of bargain, of give and take, and of arrangement. (CONGRESSIONAL RECORD, Aug. 23, p. 9394.)

Less than four months ago the distinguished Senator from Massachusetts was telling the country in language that only he can use that this must not be a peace like that flowing from the treaty of Vienna, a treaty in the old way, but that new conditions had arisen. Indeed, Mr. President, in August, after this speech of Senator LODGE was delivered, many of his admirers thought his statement as to America's aims was a more perfect literary production than the President's statement, and the viewpoint of each was alleged to be identical.

And even as late as October 7, as shown by the CONGRESSIONAL RECORD, page 11160, Senator LODGE says:

> *Nobody else wants more war, and the world does not mean to have more war.*

Mr. President, as long as the war was being fought, as long as America was in danger, as long as the allied cause was in danger, the distinguished Senator from Massachusetts never dissented from all of the 14 points as expressed by President Wilson. Our Republican friends generally upheld them. It was understood all the time that Senator LODGE upheld them, but when the war is over, when the war has been won under the leadership of the President, we find one of the first of those to criticize the 14 points is the distinguished Senator from Massachusetts. But not only did our Republican friends in this country uphold Mr. Wilson's 14 points and applaud them but all the civilized nations of the world applauded them. On January 8, 1918, the Evening Star had an article entitled, "Held Magna Charta of future peace—President Wilson's war aims hailed by press of Britain," and citing the Westminster Gazette, the Evening News, and the Pall Mall Gazette. It then quotes the Westminster Gazette as follows:

> In such a world as that to which the President looks forward, with an association of nations, affording a guaranty of the political independence of all States, with open covenants, disarmament by mutual consent, and freedom as far as possible from economic barriers, this aspiration could have no terrors for the British.

And so similar views were expressed in England by Viscount Bryce and David Lloyd George and Premier Borden, of Canada, and also other leading English statesmen. The French papers took the same position. The Petit Parisien said:

> It is the finest piece of political literature of our times. It lays down the basis upon which the world, after being rid of the perpetual menace of armed conflicts, may be reconstructed.

Mr. President, what has come over the spirit of their dreams since the armistice was declared? There can be but one answer. The opposition to these views of the President came from selfish interests in Britain and in France. I do not believe they represent the real thought and mind and heart of Great Britain. I know they do not represent the real thought and mind and heart of France any more than they represent the real thought and heart and mind of this great country.

COL. ROOSEVELT'S ASTOUNDING PROPOSITION.

Mr. President, there is one other matter that I desire to call attention to—one other distinguished Republican whose views I wish to discuss for just a moment. I desire to have a word to say about Col. Roosevelt's astounding proposition.

On December 4, 1918, I read in the Washington Post an interview with Col. Roosevelt, a part of which is as follows:

"The British Empire imperatively needs the greatest navy in the world, and this we should instantly concede," said the colonel. "Our need for a great navy comes next to hers, and we should have the second navy in the world. * * * There must be no interpretation of the phrase that would prevent the English Navy, in the event of any future war, from repeating the tremendous service it has rendered in this war. * * * It is the British Navy and the French, British, and Italian Armies that have done the most to bring about the downfall of Germany, and therefore the safety of the United States. It is our business to stand by our allies."

In other words, as I interpret the statements of Col. Roosevelt, he means to say that we should concede to England the right to control the seas and agree in advance to any settlement of the war that she approves. He substantially gives to her the credit of winning the war and saving America, and some of us had been innocent enough to believe, until instructed otherwise by the colonel, that America had entered the war at the crucial moment and saved England and the other allies! And even England and France seem likewise to have so believed! What a poor opinion the colonel seems to have of the American soldiers in this war!

Mr. President, in concert with millions of Americans all over this land, I greatly admire and respect the distinguished ex-President, but, Mr. President, when he says that this great Nation of ours must take a subservient place in this world, and, in effect, look to the English Navy for aid and protection in any future war, he makes a statement to which I can never agree. It is an un-American statement; it is an unpatriotic statement; it is a statement of which he will ever be ashamed in the future, because no American, however great his former position, can assert that the American Nation should take a subservient place on land or sea to any nation on earth. The colonel is, I am afraid, allowing his hatred of the President to sour his nature and warp his judgment. Our English cousins give our soldiers the credit for winning the war. Our French friends say likewise. All the allies are generous enough to give the American soldiers the credit, but the colonel says it was the allies who saved America, and not America who saved the allies. This is a proposition which will be difficult for the colonel to prove. I say to you that American soldiers at Chateau-Thierry and at other subsequent great battles in France turned the tide and won the victory that the allies are now enjoying and which we are enjoying.

A PEOPLE'S WAR; A PEOPLE'S TREATY.

Much is being written in Europe and America just now about the rejection of the Wilson treaty before it is made. It is being argued by those who oppose Mr. Wilson that the speeches of Senators LODGE and KNOX foreshadow the defeat of the treaty in the Senate. I want to say a word of warning to our enemies about this. Do not lay too much store upon these stories. The Senate has not acted yet. The Knox resolution has not passed, and unless I am very greatly mistaken it will never pass. I doubt if the distinguished Senator from Pennsylvania ever intended it to pass. I doubt if he ever brings it up.

And then, too, there is another equation that has to be reckoned with. That equation is the American people. Under the Constitution Congress, indeed, has the right to declare war, and nominally it does it. But in reality it is only done by Congress when the American people unmistakably so decree. And so it will be with peace. The American people will pass upon it, and when they do so the Senate will register their will, speeches of opposing Senators to the contrary notwithstanding.

AMERICAN PEOPLE ARE WITH WILSON.

There is no doubt that the American people favor these five demands of President Wilson. They want no secret diplomacy. No public man in this country can stand for secret diplomatic agreements when the issue is raised and live politically. And the same is true about freedom of the seas. The people may not have studied the question, but they want no interference with their rights on the seas. They want their ships to carry passengers and goods wherever they please on the seas without let or hindrance in peace or in war. They want no repetition of the *Lusitania* catastrophe. They want no more marking off of a dead line on the seas, as Germany did, the crossing of which dead line means destruction of vessels and loss of innocent lives. They want no more murder by lying in wait by U-boats, and these are the things they believe Wilson means when he says that he is in favor of the freedom of the seas. They want no more trade barriers to their commerce. They have had too many trade barriers lately to suit them. They have had to ask for too many visés. They have had to submit to too many regulations. They have had to ask for too many permits. They expect to have a merchant marine of their own. They expect to use it to their own commercial advantage. They want trade with all the nations of the world on the terms of equal opportunity and equal justice to all. They may not understand fully the technical meaning of trade barriers, but they believe that their foreign trade will improve when a treaty is made removing such barriers whatever they are. And then they want disarmament. Big navies and big armies are expensive. They are likewise extremely dangerous. They are dangerous in principle and deadly in practice. The plain people of the country believe that there would have been no war if Germany had not built up in the past such a great army and such a great navy. They believe that if England or France or Italy or America keeps or maintains great armies and great navies that there will be other trouble to come that will cost other millions of lives and other billions of property and other billions of taxation for the present and future generations to pay. Finally, they believe that there should be an end of war. They believe that it can be prevented by a concert or agreement of the nations now, as has been suggested by President Wilson. They believe it ought to be done now, not at some undetermined future time, as Senators LODGE and KNOX want it done, if at all. They believe that this war was fought for the holy purpose of self-defense and out of a desire to prevent all wars in the future by mutual agreement. They gave their sons for this purpose. They gave generously of their wealth to secure it. They bought bonds without stint to guarantee it. They have toiled and endured and suffered to put an end to militarism and to autocracy and to murder by wholesale on land and on sea. If President Wilson, as the chief negotiator for America under our Constitution, shall secure these things in a peace treaty that treaty will be confirmed beyond the shadow of a doubt. The immortal spirits of 60,000 American dead, their lifeless bodies moldering on foreign soil, mute but glorious sacrifices to the lofty principles for which they fought and gave up their lives, demand that there should be an end to war. The voices of millions of American fathers rise in protest against any shackles being placed upon the President to secure a treaty by which future wars can not be waged. The mothers of these splendid sleeping heroes in France, the mothers of millions of others who have offered their lives in this war, are unanimously in favor of the President's proposals. The American people want no more wars, and they want the other nations to covenant and agree with them to that righteous end.

REPUBLICANS HAVE RAISED THE ISSUE.

Mr. President, in the speeches of Senators LODGE and KNOX, leaders of the Republicans in the Senate, that party has raised an issue for the next campaign from which it will be difficult for them to escape. To be consistent they must put in their platform in 1920 that they are not in favor, at this time, of any disarmament of nations; that they are not in favor of the freedom of the seas; that they are not in favor of eliminating economic trade barriers; that they are not in favor of open diplomacy; and that they are not in favor of any league of nations which will bring about a permanent and enduring peace of the world. They want all these questions postponed. However much they may squirm, however much they may talk, this is the inevitable logic of the position that they are taking here in this Senate to-day, and have taken heretofore. Upon these issues, Mr. President, the Democratic Party will meet them with confidence. Our party will welcome nothing more warmly than for our Republican opponents to put into their platform next year the demand for the postponement or defeat of these five great and righteous proposals of the best American President who ever adorned that office.

THE PRESIDENT'S VISIT TO EUROPE.

When the President announced his purpose of going across the ocean in person to negotiate this peace treaty he was criticized for so doing. There was no reason why he should not, under the Constitution. There was no law which prohibited him from going, and as it has turned out there was every reason why he should have gone. Indeed, Mr. President, it is perfectly apparent now that there was a little coterie of men in England not really representative of England and a coterie of men on this side not really representative of the American people that had made up their minds to prevent the enactment of these great measures into a permanent peace. The President saw it, and he has gone over and taken charge of it in person, and I believe he will make good. I believe that he will

have enacted into a treaty all these contentions—every one of them—and when he does he will have won a more lasting triumph than he has even won in his successful leadership of the greatest military undertaking that ever occurred in all history. Success could have only been obtained by his personal visit to Europe. In going over he may have disturbed a precedent, but he violated no law, and if he gets the peace that the American people want, as I believe he will, then he is to be commended for breaking another precedent.

PRE-ELECTION PROMISES.

Mr. President, the distinguished Senators from Pennsylvania and Massachusetts, and the distinguished ex-President, Col. Roosevelt, are justly conceded to be the leaders and the spokesmen for the Republican Party. Before the November election these leaders and the other leaders of that party throughout the land asserted on every stump and in every Republican newspaper that the Republican Party had been more steadfast in its devotion to the President, the Commander in Chief of the forces of the United States, in this war than had the Democrats. This was not true, but many people believed it. The Republicans promised the people that, if given power, they would not hamper or embarrass the President in his peace negotiations. They assured the country that they were going to uphold and stand by the President in his demands for a just and permanent settlement of the issues of the war, and yet, no sooner is the election over, than we hear in this Chamber, than we see in every Republican newspaper in the land, criticisms of the President and of his policy, which are in direct violation of the promises these gentlemen made to the American people when they were asking the people to give them power in the next Congress. Mr. President, this heckling of the President, this stabbing him in the back while he is away upon this peace mission, these attacks upon the acknowledged peace negotiator of our country while he is engaged in the country's most important business, show the insincerity of the Republican Party and show that it will merit the condemnation which that party must receive at the hands of the American people for the betrayal of the promises made by it prior to the election.

Mr. President, we challenge the Republican Party to go to the country upon the five peace proposals asked to be postponed by the two distinguished Senators, a postponement which, if secured, everybody knows will mean the defeat of those proposals.

Ah, Mr. President, the day of reckoning will come! The American people do not believe in any party violating its pledges. The Republican Party pledged itself to uphold the American Government in the peace conference and to maintain these things for which it had fought. Under the leadership of President Wilson we have won the war; and now, since we have won it, and the election is over, the Tories on this side of the water are plotting to work against America and prevent our country from getting that to which it is entitled.

Mr. President, I have already talked longer than I had intended. I have studied this question and have come to the conclusion that if we want to avoid war in the future we should stand as one man behind the President in securing for this country a league of nations, a concert of nations, of all nations, which will prevent wars in the days to come. Do not let us stab him in the back; do not let us harass him; do not let us hamper him. I appeal to all men, Democrats and Republicans, men and women all over the country, let us stand by the policies and ideals upon which we won the war. If they were good enough to win the war, they are good enough to stand by and uphold and maintain now that the war is over, so that a just and righteous and an enduring peace may come to all the world.

PROMOTIONS IN THE ARMY.

Mr. KING. Mr. President, I offer the following resolution, and ask its reference to the Committee on Military Affairs.

The PRESIDING OFFICER (Mr. STERLING in the chair). The resolution will be read.

The resolution (S. Res. 398) was read and referred to the Committee on Military Affairs, as follows:

Whereas prior to the signing of the armistice a large number of enlisted men in the Army had been recommended for commissions and many officers had been recommended for promotion, and such recommendations were pending in the War Department when said armistice was signed; and

Whereas an order was issued by the Secretary of War which resulted in no action being taken upon said recommendations, or either of them; and

Whereas officers and enlisted men who were so recommended are being discharged from the service without said recommendations being acted upon; and

Whereas no good and sufficient reason appears for failure to act upon said recommendations, and justice and good faith would seem to require affirmative action thereon: Therefore be it

Resolved, That the Secretary of War be directed to report to the Senate whether a modification or revocation of said order is contemplated, and, if not, what reasons exist for failing to act upon said recommendations.

THE ARMY.

Mr. KING. I submit a resolution, and ask that it be read and lie upon the table. I shall ask its consideration when there are more Senators present.

The PRESIDING OFFICER. The Secretary will read the resolution.

The Secretary read the resolution (S. Res. 400) as follows:

Whereas representatives of the United States and the allied governments will soon meet at Paris for the purpose of negotiating terms of peace between the said governments and the central powers; and

Whereas under the law providing for the present military forces of the United States, most of said forces within a short period after the terms of peace have been signed will automatically be released and discharged from military service; and

Whereas it may be necessary for the United States to maintain military forces in Europe for a considerable period after peace conditions have been agreed upon, not only for the purpose of procuring a fulfillment of the necessary guaranties exacted from the central powers, but for other proper, legitimate, and imperative reasons; and

Whereas the unsettled and confused conditions existing throughout the world require that provision be made for the safety and security of this Nation and its interests, and for such purpose in addition to the maintenance of a strong Navy an Army of sufficient strength and size should be organized: Therefore be it

Resolved, That in the opinion of the Senate legislation should be enacted authorizing the organization of an Army of 500,000 men.

Mr. PHELAN. Mr. President, may I ask the Senator a question? Do I understand that by the provisions of the draft law the period of four months is fixed within which there must be demobilization?

Mr. KING. My understanding of the draft law to which the Senator refers is that at the end of four months after the proclamation of the President shall have been issued proclaiming peace all of the soldiers, except those that enlisted regularly under the General Statutes, shall be demobilized.

Mr. PHELAN. Automatically?

Mr. KING. Automatically.

Mr. McKELLAR. Does the Senator know how many of those soldiers there are that have enlisted in the Regular Establishment?

Mr. KING. No; I do not.

Mr. McKELLAR. Does not the Senator think it would be wise to find out how many of those there are? Suppose there are 500,000?

Mr. KING. Mr. President, I have made some inquiries and understand that there will not be that number. I am not asking for the consideration of this resolution now. I ask that it lie on the table and I shall bring it up at a future time.

Mr. SMOOT. Mr. President——

The PRESIDING OFFICER. Does the Senator yield?

Mr. KING. I yield, Mr. President.

Mr. SMOOT. I desire to state that the four-months' limitation applies only to the soldiers who are in a foreign country. The soldiers in the Army in continental America, I might say, or America, are to be demobilized immediately after peace is declared; and the four-months' period, as I state, has reference only to those who are serving in foreign lands.

Mr. KING. I understood that the inquiry of the Senator from California [Mr. PHELAN] was directed to those who were overseas.

Mr. PHELAN. It was clearly the intention of the legislature to provide for immediate demobilization, and the period of four months was given in which to transport them from overseas to continental America.

Mr. KING. That is the interpretation which I place upon the statute.

Mr. PHELAN. Then it is necessary, in the event of further trouble and a need for an army of occupation or policing, to pass new legislation?

Mr. KING. I think there is no question but that further legislation is required.

Mr. McKELLAR. May I interrupt to ask the Senator if he has considered the question, or has had it brought to his attention, concerning the National Guard of the various States?

Mr. KING. Yes.

Mr. McKELLAR. I do not recall just how many there are of the National Guard of the various States, but probably a number not far from what the Senator has mentioned.

Mr. KING. I think that is true; but, notwithstanding——

Mr. McKELLAR. Under a recent opinion of some subordinate officer of the Judge Advocate General's department—not by Gen. Crowder—an opinion has been delivered holding that the National Guard will be mustered out in exactly the same way that the National Army was, and that they would not be any longer members of the National Guard of their several States. I want to suggest to the Senator that I think that holding is absolutely without merit and will be overturned whenever presented to the proper authority, and that the matter of the National Guard should be considered in connection with

any legislation that may be brought up, whether the Senator's bill or some other bill.

Mr. KING. Mr. President, unquestionably there will be need for considerable legislation dealing with the entire subject of the military forces of the United States, and also dealing with the question of the National Guard of the various States, and the relation, if any, which they shall bear to the Government.

Mr. McKELLAR. Does the Senator think there is likely to be a proclamation of peace before the 1st of next September? Is there any reason why this matter can not go over to the next Congress?

Mr. KING. I am not asking, Mr. President, for immediate legislation. I do not think that could be had intelligently. I am merely expressing the opinion by this resolution that we ought to have and will soon require a standing Army of the proportions to which I have referred in the resolution.

CLAIMS AGAINST MEXICO.

Mr. KING. I ask that the following resolution be read and that it lie upon the table, and I will endeavor to call it up for consideration the next time the Senate shall convene.

The PRESIDING OFFICER. The Secretary will read the resolution.

The resolution (S. Res. 399) was read, as follows:

Whereas claims aggregating millions of dollars in compensation for damages to property and for personal outrages and destruction of life, suffered by American citizens in the Republic of Mexico, have been filed with the Department of State for presentation to the Government of Mexico; and

Whereas some years have already intervened between the commission of such damages and outrages and no progress is apparently being made toward the liquidation, settlement, and payment of such claims: Now therefore be it

Resolved, That the Secretary of State be, and he is hereby, directed to report to the Senate whether or not said claims have been presented to the Government of Mexico and what steps and measures are being taken to prosecute such claims and to liquidate and settle the same, and if said claims have not been presented, then to report to the Senate what steps and measures are contemplated to be taken with respect thereto and when the department will proceed with the same.

Mr. KING. Mr. President, I do not think there will be any objection whatever to the adoption of this resolution, but in view of the fact that there are so few Senators present I shall not ask for its consideration at this time.

The PRESIDING OFFICER. The resolution will lie on the table and be printed.

ADJOURNMENT.

Mr. MARTIN of Virginia. I move that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 15 minutes p. m.) the Senate adjourned until Thursday, January 2, 1919, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

MONDAY, *December 30, 1918.*

The House met at 12 o'clock noon.

The Chaplain, Rev. Henry N. Couden, D. D., offered the following prayer:

The grace of the Lord Jesus Christ be upon us, O God, our heavenly Father, that we may solve the problems thrust upon us, in accordance with Thy will and good purposes. Especially guide the entente powers in solving the world-wide problems, calculated to make the world a safer place for Thy children to dwell in; and thus may the light of heaven guide us to purity, liberty, justice for all mankind. In His name. Amen.

The Journal of the proceedings of Friday, December 27, 1918, was read and approved.

THE REVENUE.

Mr. KITCHIN. Mr. Speaker, I ask unanimous consent to take from the Speaker's table H. R. 12863, the revenue bill, and disagree to all the Senate amendments and agree to the conference asked by the Senate.

The SPEAKER. The Clerk will report the bill by title.

The Clerk read the title of the bill (H. R. 12863) to provide revenue, and for other purposes.

The SPEAKER. The gentleman from North Carolina asks unanimous consent to take from the Speaker's table the revenue bill, disagree to all the Senate amendments, and agree to the conference asked by the Senate. Is there objection?

Mr. MANN. Mr. Speaker, reserving the right to object, there are several amendments which, in the opinion of a great many Members, ought to be considered by the House, so that the House may have an opportunity to agree to the amendments, such as the child-labor amendment, the amendment providing that the so-called Reed provision shall be in effect in the District of Columbia, and possibly two or three other amendments. What arrangement is the gentleman from North Carolina going to make with the House relating to those amendments?

Mr. KITCHIN. The amendments as to which it has been suggested that the House conferees accept them, or that we have a vote upon them in the House, are the child-labor amendment, the tax on contributions for political purposes, and the bone-dry law for the District of Columbia. They are the three that have been suggested in the House and by Members to me.

Mr. FOSTER. And the soldiers' monthly pay.

Mr. KITCHIN. The War Department says that ought to be amended considerably.

Mr. MADDEN. I may add, if the gentleman from North Carolina will permit, that many of the Members would like to have a separate vote on the postal-zone amendment.

Mr. KITCHIN. I will say to the gentleman candidly that, so far as I am concerned, I will not agree to the postal-zone Senate amendment under any circumstances, unless the House instructs me to do it, and I doubt whether the House will instruct me to do it.

On the other propositions I feel that the overwhelming sentiment of the House is in favor of the child-labor amendment and of the bone-dry law substantially as they are in the bill.

As to the tax on political contributions, I think the overwhelming majority of the House are in favor of that, with some modifications of it. As it exists in the bill, it applies to contributions heretofore made, which would be manifestly unjust; and, in my judgment, if we are going to have such a tax, it ought to be a little broader, it ought to apply to more organizations than it does apply to it as it stands in the bill.

Now, I will say as to the child-labor amendment and the bone-dry law, as the overwhelming sentiment of the House is in favor of them, I think the House can trust the conferees to agree to those amendments.

Mr. MANN. The bone-dry amendment, or whatever it is called——

Mr. SIMS. The Reed amendment.

Mr. MANN. The Reed amendment is No. 600, and the child-labor amendment is 546.

Mr. MADDEN. If my colleague will permit, I think there is sufficient justification for discussion on the tax on political contributions to require it to be brought back to the House.

Mr. KITCHIN. I will say that in any event it would certainly require several modifications.

Mr. MADDEN. It ought to be brought back.

Mr. KITCHIN. I will agree to that.

Mr. MANN. As to the first two amendments that I spoke of, will the gentleman state to the House that he will bring those amendments back in disagreement if the House conferees do not agree to the Senate amendments?

Mr. KITCHIN. Will I do what? Will I bring them back to the House?

Mr. MANN. Will the gentleman agree to bring those two amendments back to the House in disagreement——

Mr. KITCHIN. If we do not agree to them.

Mr. MANN. If the House conferees do not agree to the Senate amendments?

Mr. KITCHIN. As to those two, I will.

Mr. FOSTER. And what about the campaign contributions?

Mr. KITCHIN. As to the campaign contributions amendment, yes; I will bring that back.

Mr. MADDEN. I think that ought to come back. I think that is an iniquitous proposition, to tax a man for a campaign contribution.

Mr. FOSTER. There is a difference of opinion about that.

Mr. KITCHIN. I do not think there is a gentleman in the House who would want to agree to the proposition as it is in the bill, no matter how much he believes in the justice of a tax on political contributions. There are several amendments that are required to that amendment. I understand that even the real author of that amendment does not want it to become a law in its present form.

Mr. MANN. Of course, under that amendment as it stands, if a Member of the House, such as my colleague from Illinois, has contributed to a campaign committee, where he is not required by law to do so, over $500, he would have to duplicate that payment to the Government.

Mr. KITCHIN. Under that amendment if he contributed a thousand dollars in the last campaign, under the amendment as it now stands he would have to pay the Government $500, because he had contributed $500 in excess of the $500 permitted, and he must pay the Government 100 per cent on the excess. I do not think the gentleman from Illinois would want us to agree to that.

Mr. FOSTER. Some modifications ought to be made of that, and the provision could be made much stronger and better than

it is, and I think we ought to have an opportunity to perfect that amendment so as to put it into law.

Mr. KITCHIN. I will agree to bring that back.

Mr. CANNON. Will the gentleman allow me?

Mr. KITCHIN. I yield to the gentleman from Illinois.

Mr. CANNON. Touching the prohibition amendment, I suppose this is the only chance that I may have to voice my objection to it. If I had the power, now or hereafter, it would be submitted to a vote of the people of the District of Columbia. That is all that I want to say about that. My understanding is, in regard to the contribution, that a member of Congress can contribute $5,000—that is the law as it now is. Frankly, I contributed $1,400, as I recollect, to my various county central committees. If this Senate amendment was agreed to, what would I have to pay?

Mr. KITCHIN. The gentleman, being a candidate himself, contributing for his campaign, would not pay anything under this amendment.

Mr. MANN. If he had made the contribution as one contribution, under the Senate bill, he would be taxed.

Mr. FOSTER. He contributes that money within the limit of the law.

Mr. KITCHIN. In my judgment the proper way to construe that in a case like this is, suppose I am a candidate for Congress and contribute to my campaign and expend $3,000 or $4,000. I would not be taxed at all under this amendment, although it is in excess of $500. But if the gentleman from Illinois contributes to my campaign $3,000 he would be taxed 100 per cent of the amount in excess of $500. Now, if you have any tax at all on political contributions you ought to include the amounts which candidates contribute in excess of the amount authorized by law. If I am authorized by law to contribute to my campaign expenses $5,000 and I contribute $6,000, I ought to pay a tax on the excess if anybody is going to pay taxes on excess contributions.

Mr. FOSTER. If the law limits him, he would not have a right to contribute beyond that.

Mr. KITCHIN. Under existing law there is no penalty attached to it.

Mr. RUCKER. Yes, there is.

Mr. FOSTER. A year in jail and $5,000 fine.

Mr. MANN. The penalty, however, is in the statute book, but not imposed in practice.

Mr. KITCHIN. A man may run it up to $100,000.

Mr. BARNHART. The State law in some cases fixes the maximum amount that a candidate may contribute different from that fixed by the Federal Government; then, if, like the gentleman from Illinois, he contributes the maximum amount under his State law, as I did, would he be taxed for the amount over $500?

Mr. KITCHIN. I think he would not.

Mr. BARNHART. There would be a complication in these matters between the State and the Federal Government that ought to be cleared up.

Mr. KITCHIN. This amendment does not cover the contributions of candidates. There has always been a conflict in the Federal State provisions limiting the amount that may be contributed. Some States allow more than the Federal statute and the Federal statute in some cases more than the States.

Mr. BARNHART. If an Indiana candidate for Congress should contribute the amount allowed in the Federal statutes he would be in jail the next morning after election because he would exceed the amount allowed by the State law.

Mr. PARKER of New Jersey. Will the gentleman yield?

Mr. KITCHIN. I yield to the gentleman from New Jersey.

Mr. PARKER of New Jersey. It is plain that a good many of these provisions are not for the purpose of raising money but are legislation under the guise of taxation. I wanted to ask the gentleman if it was not the sense of the committee that such a mode of legislating should not be permitted and that these amendments should be gotten rid of?

Mr. KITCHIN. If the gentleman wants my personal views, I say yes. I do not think we ought to hang on a revenue bill under the guise of taxation real affirmative legislation. If I had my way there would be a general rule in the House and Senate forbidding it. But since there is no rule forbidding it I will take the will of the House in the conference and act according to that. I am thankful that we did not get an amendment providing for Government ownership and woman suffrage.

Mr. PARKER of New Jersey. Does not the gentleman think it very dangerous to pass such legislation without the care that comes from the consideration of legislation in committee?

Mr. KITCHIN. I think, while I am in favor of the bone-dry law, that it ought not to be hung on a revenue bill. They have here an appropriation for discharged soldiers; that ought not to be put on a revenue bill. Those propositions should come from the proper Appropriations Committee. The bone-dry law should come from the proper committee and be considered alone on its merits. The child-labor proposition should also come from the proper committee and be considered by that committee, but we have no rule prohibiting that, and since there is a sentiment in the House overwhelmingly in favor of some of these propositions I would not go contrary to the will of the House.

Mr. PARKER of New Jersey. I have always objected to such amendments and have not been afraid to object.

Mr. AUSTIN. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. AUSTIN. In view of the statement the gentleman has just made, would he oppose as a member of the conference committee amendment 599 providing for a month's extra pay for officers and sailors honorably discharged since November 11, 1918?

Mr. KITCHIN. I would not object to that, but it ought to be amended as the gentleman will see if he analyzes it thoroughly. He will see that it requires amendment. I received a letter this morning from the Secretary of War saying that it requires an amendment, as it is not in proper form.

Mr. RUCKER. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. RUCKER. I want to ask the gentleman with reference to the tax in excess of $500 for campaign contributions. Who pays that tax?

Mr. KITCHIN. The man who contributes; he must give it in in the tax returns.

Mr. RUCKER. I do not understand that that is so.

Mr. KITCHIN. If the gentleman will read further, he will see that it says that he must return it in the taxable return.

Mr. RUCKER. I think the plain sense of it is that the party receiving it should pay the tax.

Mr. KITCHIN. If the gentleman will look at the bottom half of page 87 of the bill, he will find that every person required by "this title" to make a return shall state therein specifically each item, and the date of all gifts, contributions, and so forth.

Mr. RUCKER. Is there anything in the title that fixes definitely that where a man contributes more than he may contribute under the amendment hereafter to be adopted——

Mr. KITCHIN. Yes; this man must make his tax return, and in the tax return this item must be included.

Mr. RUCKER. I hope the gentleman is right, but I do not believe he is.

Mr. KITCHIN. That is the intention.

Mr. RUCKER. I think the gentleman is mistaken. I think, as a matter of fact, that the individual receiving the excess ought to be the one to make the return and to pay the tax on it.

Mr. KITCHIN. Also a political organization or political committee must make a return.

Mr. RUCKER. That is in the existing law. I came in while this colloquy was in progress. Is the House to express itself to-day upon this amendment?

Mr. KITCHIN. No. I have agreed to bring the three amendments back if we do not agree to them.

Mr. RUCKER. May I ask the gentleman whether he will receive some proposed amendments that I have drafted?

Mr. KITCHIN. Yes; I shall be very glad to receive them. I think the political-contribution proposition should not have been a tax proposition, but should have come from the committee of which the gentleman is chairman.

Mr. RUCKER. I think the gentleman is right about that as a matter of ethics and procedure, but those of us who have been trying to get legislation of this kind are glad to have it come from any source, and we shall make no question about that. The gentleman in the course of the discussion has expressed his admiration for proper procedure in legislation and also expressed some gratification that woman suffrage and public ownership have not been ingrafted on this bill. In that connection he also said the whisky amendment ought not to have been ingrafted on a revenue bill. Let me remind the gentleman that, in all probability, we would have to-day two saloons in this Capitol, as we did have for many years, if it had not been that the law which drove the whisky out of the Capitol was not brought in on a separate bill but was ingrafted as legislation upon an immigration bill, and, as a matter of fact, was voted for in derision by a good many gentlemen.

Mr. KITCHIN. It was put on as a sort of joke.

Mr. RUCKER. But it has stood there, and it has had a mighty good effect, as I know the gentleman will admit.

Mr. KITCHIN. Yes.

Mr. CANNON. Mr. Speaker, will the gentleman yield for a suggestion right there?

Mr. KITCHIN. Yes.

Mr. CANNON. My observation is that while they do not sell liquor down in the restaurant it is quite as easy to get liquor of any kind in the Capitol as it ever was.

Mr. RUCKER. I will say to the gentleman from Illinois that some Members of Congress would be glad if he would give them information respecting that, privately, and I want to see the gentleman myself and have a talk with him. [Laughter.]

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

Mr. KITCHIN. Yes.

Mr. KAHN. Will the House have an opportunity to vote on the so-called bone-dry amendment?

Mr. KITCHIN. I just said to the gentleman from Illinois [Mr. MANN] that if the conferees on the part of the House disagreed or could not come to an agreement upon the bone-dry proposition, we would come back with it to the House.

Mr. KAHN. But suppose the conferees agree to the Senate amendments?

Mr. KITCHIN. Then there would not be any coming back.

Mr. KAHN. Will there be a possibility of getting a vote upon it before it goes to conference?

Mr. KITCHIN. Of course there is a possibility, because I am asking now for unanimous consent to go to conference without taking these votes.

Mr. KAHN. If the bill should go to conference and the conferees should agree to the Senate amendment, we would not be able to get a record vote upon it here?

Mr. KITCHIN. No.

Mr. KAHN. Then I shall object.

Mr. MANN. Will the gentleman from North Carolina agree to bring that amendment back to the House and give the House an opportunity to vote upon it separately?

Mr. KITCHIN. I will.

Mr. SIMS. Why not have a vote upon that before you go to conference?

Mr. MANN. Because we have made an agreement not to do any business to-day.

Mr. KITCHIN. And I would say further to the gentleman that the reason I do not want to vote upon it now is because we would have to wait until January 4 or 5 to get the membership here to vote upon the proposition.

Mr. SIMS. I do not object to that at all, but I want the gentleman to have the power to agree, not to go to a conference manacled and hog-tied.

Mr. MANN. But the gentleman from Tennessee would not give him the power to disagree to the amendment, would he?

Mr. SIMS. No; not with my vote.

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

Mr. KITCHIN. Yes.

Mr. LUNN. I want to ask the gentleman if he will make the same provision he has just made in regard to the bone-dry amendment also in respect to Senate amendment No. 594, respecting the zone system?

Mr. KITCHIN. I have already said to the gentleman from Illinois that I would not agree to that.

Mr. LUNN. Then the House could not get a vote upon that amendment?

Mr. KITCHIN. They could not get a vote upon the amendment if the Senate should recede.

Mr. LUNN. I think we ought to get a vote upon that, because the situation is decidedly changed from what it was when the vote was first taken. The amendment proposed is much more favorable than what many Members voted upon.

Mr. KITCHIN. Very few of the Members voted against the House proposition on the record vote, and I think three-fourths of the House are against the Senate proposition.

Mr. RANDALL. The next regular meeting of the House will be on January 2.

Mr. KITCHIN. Yes.

Mr. RANDALL. Only two days will intervene between now and then, and one of those will be a holiday.

Mr. KITCHIN. Yes.

Mr. RANDALL. Is it likely the conference committee will do very much work between now and the regular meeting of the House on Thursday next?

Mr. KITCHIN. We are going to meet on the 2d, but we could not get a quorum until the 4th or 5th.

Mr. RANDALL. In view of the situation, and to relieve the gentleman of the embarrassment of having a bone-dry amendment on a revenue bill, I shall object.

Mr. FOSTER. The gentleman from North Carolina has agreed to bring back that amendment.

Mr. RANDALL. When will the gentleman bring it back? After the committee on conference has used it as a football, probably, for a week or two?

Mr. KITCHIN. Well, the Senate is strong for it and——

Mr. RANDALL. Mr. Speaker, the gentleman has just stated that no meeting of the conference committee will be held until the 2d. This House will have an opportunity to act upon this amendment on the 2d, and for that reason I object.

The SPEAKER. Is there objection?

Mr. KITCHIN. The gentleman will not have to object, because I have no idea there will be a quorum here until the 4th or——

Mr. FOSTER. The gentleman will be safe.

Mr. COOPER of Wisconsin. Mr. Speaker, a parliamentary inquiry. I desire to know just what is the request of the gentleman from North Carolina?

The SPEAKER. The gentleman from North Carolina asks unanimous consent to take from the Speaker's table this revenue bill, to disagree to all Senate amendments, and agree to the conference asked by the Senate.

Mr. KITCHIN. Now, I will say to the gentleman that before he came in I have agreed that if the House conferees do not agree with the Senate amendment on the child-labor proposition, in which the gentleman is very much interested, I will bring it back, but there is going to be no doubt about the conferees agreeing to it. If they do not, I agreed with the gentleman from Illinois at his request that I will bring that back and give a vote on it, so the gentleman will be perfectly safe.

Mr. COOPER of Wisconsin. Let me get that clearly in mind.

Mr. KITCHIN. That if the House conferees do not agree with the Senate on this amendment on the child-labor proposition, the House conferees will bring it back here for a vote on it.

Mr. PARKER of New Jersey. But suppose they do agree?

Mr. KITCHIN. Then the gentleman is satisfied.

Mr. PARKER of New Jersey. I thought the gentleman stated he would agree to bring it back anyhow.

Mr. KITCHIN. No.

Mr. PARKER of New Jersey. The gentleman said so.

Mr. KITCHIN. No; the gentleman from Illinois asked that if the House conferees did not agree on the child-labor amendment would we bring it back, and I said yes; but I can assure the gentleman——

Mr. COOPER of Wisconsin. Do I understand the proposition to be that if the House conferees do not agree with the Senate conferees as to the amendment the gentleman will bring it back, or that if the House conferees do not agree to the child-labor amendment as it is in the bill it will be brought back?

Mr. KITCHIN. Yes.

Mr. COOPER of Wisconsin. The last is the one?

Mr. KITCHIN. Yes.

The SPEAKER. Is there objection?

Mr. KEATING. Mr. Speaker, reserving the right to object, will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. KEATING. With reference to the child-labor amendment, do I understand the gentleman to have agreed that in case the House conferees do not accept the Senate amendment as proposed in the bill without modification he will bring it back?

Mr. KITCHIN. Yes.

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

The SPEAKER. Nobody knows what the question was or heard the answer.

Mr. KEATING. Mr. Speaker, I heard the answer. Just to make the point clear the question I asked the gentleman was, Would he accept the Senate amendment without modification, and in the event he could not accept it without modification would he bring it back to the House? And he said he would.

Mr. CAMPBELL of Kansas. What Senate amendment?

Mr. KEATING. The child-labor amendment.

The SPEAKER. Is there objection?

Mr. RANDALL. Mr. Speaker, I desire to ask the gentleman the same question in reference to the bone-dry amendment which the gentleman from Colorado asked about child labor. Will the gentleman bring it back to the House if there is a disagreement of any kind or any change whatever?

Mr. KITCHIN. I have agreed with the gentleman from California [Mr. KAHN] to bring it back, so as to have a vote, unless Mr. KAHN withdraws——

Mr. KAHN. I certainly do not.

Mr. KITCHIN. I knew he would not.

Mr. LUNN. Will the gentleman yield?

Mr. KITCHIN. Yes.

Mr. LUNN. I desire to ask the gentleman if he will make the same agreement in reference to the postal zone system? It seems to me it is fair to make the same agreement in reference to Senate amendment 594, which is a very different proposition from the original one.

Mr. KITCHIN. I think there is a great deal of difference in it, but the House has gone squarely on record on the question and the Senate went squarely on record on it. It is now a law in full operation. This is a provision affirmatively repealing that law, that was put on the statute books by an overwhelming majority in the Senate and the House, and I hope the gentleman will not ask us to bring that back.

Mr. LUNN. The Senate has changed it.

Mr. KITCHIN. Of course the Senate has changed it. The Senate has made more than 500 changes in the bill.

Mr. LUNN. It is only fair that the gentleman should make the same agreement with regard to that amendment as with regard to these other amendments, or I will have to object.

Mr. KITCHIN. I will say to the gentleman that I will not make that agreement.

Mr. LUNN. Then I object.

The SPEAKER. The gentleman from New York objects.

ADJOURNMENT.

Mr. KITCHIN. Mr. Speaker, I move that the House do now adjourn. Of course, the adjournment will be until Thursday.

The motion was agreed to; accordingly (at 12 o'clock and 34 minutes p. m.) the House adjourned until Thursday, January 2, 1919, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

1. A letter from the Secretary of the Treasury, transmitting copy of a communication from the Secretary of the Smithsonian Institution submitting a supplemental estimate of appropriation for the expenses of international exchanges during the fiscal year 1920, additional to the estimate for this object submitted in the Book of Estimates for 1920, page 673 (H. Doc. No. 1622); to the Committee on Appropriations and ordered to be printed.

2. A letter from the Secretary of the Treasury, transmitting estimate of appropriation, with the request that the same be included in the deficiency appropriation bill now pending in Congress (H. Doc. No. 1623); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. TAYLOR of Colorado, from the Committee on the Public Lands, to which was referred the bill (S. 1847) to authorize the addition of certain lands to the Wyoming National Forest, reported the same without amendment, accompanied by a report (No. 881), which said bill and report were referred to the House Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. PHELAN: A bill (H. R. 13560) to amend sections 7, 10, 11, and 25 of the Federal reserve act and section 5172 Revised Statutes of the United States; to the Committee on Banking and Currency.

By Mr. HERSEY: A bill (H. R. 13561) for the construction of a bridge across the St. John River between Medawaska, Me., and Edmunston, Province of New Brunswick, Canada; to the Committee on Interstate and Foreign Commerce.

By Mr. MOORE of Pennsylvania: A bill (H. R. 13562) to amend an act approved March 3, 1891, to incorporate the National Conservatory of Music of America; to the Committee on the Judiciary.

By Mr. KAHN: A bill (H. R. 13563) authorizing the President to appoint Henry S. Kiersted, late a captain in the Medical Corps of the United States Army, a major in the Medical Corps on the retired list; to the Committee on Military Affairs.

By Mr. WELLING: A bill (H. R. 13564) for the relief of occupants and claimants of unsurveyed public lands in township 8 north of range 2 west of Salt Lake Meridian, Utah; to the Committee on the Public Lands.

Also, a bill (H. R. 13565) to supplement an act of Congress approved October 5, 1918 (Public, No. 220), and to authorize the Secretary of the Interior, from the funds appropriated by said act, to determine, adjust, and pay losses sustained by investments preparatory to production of war minerals mentioned in said act; to the Committee on Mines and Mining.

By Mr. HOLLINGSWORTH: A bill (H. R. 13566) authorizing the Secretary of War to donate to the town of St. Clairsville, Ohio, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 13567) authorizing the Secretary of War to donate to the town of Carrollton, Ohio, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 13568) authorizing the Secretary of War to donate to the town of Lisbon, Ohio, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 13569) authorizing the Secretary of War to donate to the town of Cadiz, Ohio, one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 13570) authorizing the Secretary of War to donate to the city of Steubenville, Ohio, one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. DOOLITTLE: Resolution (H. Res. 486) expressing the will and desire of the House of Representatives that the allied armies shall occupy Berlin, to remain as long as the allied and United States military authorities shall deem proper; to the Committee on Foreign Affairs.

By Mr. POU: Resolution (H. Res. 487) for the consideration of House bill 13274; to the Committee on Rules.

By Mr. HOLLINGSWORTH: Joint resolution (H. J. Res. 375) requesting the Commission of Fine Arts to submit to the Congress certain suggestions; to the Committee on the Library.

By Mr. DENT: Joint resolution (H. J. Res. 376) extending the thanks of Congress and providing an appropriate medal to governors, adjutant generals, members of local and district boards, medical and legal advisory boards, and Government appeal agents, and for other purposes; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

Under clause 1 of Rule XXII, private bills and resolutions were introduced and severally referred as follows:

By Mr. BOOHER: A bill (H. R. 13571) granting an increase of pension to Edward M. Hayhurst; to the Committee on Invalid Pensions.

By Mr. ELSTON: A bill (H. R. 13572) granting an increase of pension to Margrethe Nelson; to the Committee on Pensions.

Also, a bill (H. R. 13573) granting an increase of pension to Frederick B. Clapp; to the Committee on Pensions.

Also, a bill (H. R. 13574) granting a pension to Charles B. Hopkins; to the Committee on Invalid Pensions.

By Mr. KENNEDY of Rhode Island: A bill (H. R. 13575) granting a pension to Leonard A. Asquith; to the Committee on Pensions.

By Mr. McARTHUR: A bill (H. R. 13576) granting an increase of pension to June MacM. Ordway; to the Committee on Pensions.

By Mr. PURNELL: A bill (H. R. 13577) granting an increase of pension to Amanda C. Deal; to the Committee on Invalid Pensions.

Also, a bill (H. R. 13578) granting an increase of pension to Reinhard Anschutz; to the Committee on Pensions.

Also, a bill (H. R. 13579) granting a pension to Alice Duncan; to the Committee on Invalid Pensions.

PETITIONS, ETC.

Under clause 1 of Rule XXII, petitions and papers were laid on the Clerk's desk and referred as follows:

By the SPEAKER (by request): Report of the grand jury of the District Court of the United States for the Southern District of Ohio, concerning violations of the espionage and sedition laws; to the Committee on the Judiciary.

By Mr. CARY: Resolutions by citizens in Fox River Valley, Wis., urging support of measure for league of nations; to the Committee on Foreign Affairs.

Also, resolutions by the retail division of the Milwaukee Association of Commerce, protesting against the inclusion of the proposed luxury clause in pending tax bill; to the Committee on Ways and Means.

Also, resolutions of Ed Schuster & Co., of Milwaukee, Wis., protesting against the passage of luxury taxes; to the Committee on Ways and Means.

Also, resolutions by Samuel Gompers, president of American Federation of Labor, requesting full support of Senate bill 4922; to the Committee on Education.

Also, resolution of county superintendents of Wisconsin, approving Senate bill 4987; to the Committee on Education.

Also, resolutions by the Common Council of the City of Milwaukee, urging legislation to effectively stop the dumping of sewage and trade waste into the Great Lakes; to the Committee on Rivers and Harbors.

By Mr. ESCH: Resolutions by Samuel Gompers, president of American Federation of Labor, requesting support of Senate bill 4922; to the Committee on Education.

By Mr. FULLER of Illinois: Resolutions of the Illinois Valley Manufacturers Club, of La Salle, Ill., concerning the merchant marine; to the Committee on the Merchant Marine and Fisheries.

By Mr. KETTNER: Resolutions from Leslie S. Everts, president of San Diego Rotary Club, indorsing November 11 as World's Liberty Day; to the Committee on the Library.

By Mr. LINTHICUM: Resolutions in behalf of self-determination for Ireland; to the Committee on Foreign Affairs.

By Mr. MOORE of Pennsylvania: Resolutions of Ancient Order of Hibernians, protesting against peace conference ignoring Ireland; to the Committee on Foreign Affairs.

Also, resolutions of the Philadelphia Chamber of Commerce, urging legislation to validate oral war contracts; to the Committee on Ways and Means.

By Mr. RAKER: Resolutions by the Ohio Commandery, indorsing the action of the Senate in passing Senate bill 130 and urging similar action by the House; to the Committee on Military Affairs.

By Mr. ROGERS: Resolutions by international mass meeting, Lowell, Mass., urging United States to withdraw armed forces from Russia and offer aid to the Soviet Government; to the Committee on Foreign Affairs.

By Mr. VARE: Resolutions of Jacob Reed's Sons (Inc.), of Philadelphia, Pa., in support of House bill 13274, relief for manufacturers; to the Committee on Military Affairs.

Also, resolutions of Henry F. Mitchell Co., of Philadelphia, Pa., regarding revision of postal rates; to the Committee on Ways and Means.

Also, resolutions of Quaker City Rubber Co., of Philadelphia, Pa., protesting against the adoption of the metric system in the United States; to the Committee on Coinage, Weights, and Measures.

Also, resolution of Alexander Bros., of Philadelphia, Pa., in support of House bill 13274, relief for manufacturers; to the Committee on Military Affairs.

SENATE.

THURSDAY, *January 2, 1919.*

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

Almighty God, we stand reverently before Thee, and submit our thought and will to Thy will. We recognize Thy right to rule. Thou art our Sovereign, our King, our God. Thy power has gotten us the victory, and we turn to Thee for Thy grace, that as we pursue the great ideals, born out of the calamities of the present time, we may have the divine guidance and blessing upon us.

We pray that Thou wilt draw us together as a people and that Thou wilt draw the nations of the earth together that we may establish a right relationship between men, based upon the revelations of Thy will concerning us. Hear us in our prayer, and bless us in the discharge of the sacred duties of this hour. For Christ's sake. Amen.

HENRY F. HOLLIS, a Senator from the State of New Hampshire, appeared in his seat to-day.

The Secretary proceeded to read the Journal of the proceedings of Monday last, when, on motion of Mr. ASHURST and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

SENATOR FROM MONTANA.

The VICE PRESIDENT. The Chair lays before the Senate the credentials of Hon. THOMAS J. WALSH, which will be read and placed on file.

The credentials were read and ordered to be filed, as follows:

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that on the 5th day of November, 1918, THOMAS J. WALSH was duly chosen by the qualified electors of the State of Montana a Senator from said State to represent said State in the Senate of the United States for the term of six years, beginning on the 4th day of March, 1919.

Witness: His excellency our governor, S. V. Stewart, and our seal hereto affixed, at Helena, this the twenty-eighth day of December, in the year of our Lord one thousand nine hundred and eighteen.

S. V. STEWART,
Governor.

By the governor:
[SEAL.]

C. T. STEWART,
Secretary of State.

SENATOR FROM MAINE.

Mr. HALE. I present the certificate of election of my colleague, Hon. BERT M. FERNALD, which I ask to have read and placed on file.

The credentials were read and ordered to be filed, as follows:

STATE OF MAINE.

To all who shall see these presents, greeting:

Know ye, that BERT M. FERNALD, of Poland, in the County of Androscoggin, on the 9th day of September, in the year of our Lord 1918, was chosen by the electors of this State a United States Senator to represent the State of Maine in the United States Senate for the term of six years beginning on the 4th day of March, 1919.

In testimony whereof I have caused the seal of State to be hereunto affixed.

Given under my hand at Augusta, the 10th day of October, in the year of our Lord 1918 and in the one hundred and forty-third year of the independence of the United States of America.

CARL E. MILLIKEN,
Governor.

By the governor:
[SEAL.]

FRANK W. BALL,
Secretary of State.

PAYMENT TO INVALID SOLDIERS (H. DOC. NO. 1629).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of War requesting the enactment of legislation to permit the War Department to make payment in full to enlisted men of the United States Army who are returning from overseas for treatment in the hospitals of the United States, which was referred to the Committee on Military Affairs and ordered to be printed.

TRAVEL OF EMPLOYEES IN WAR DEPARTMENT (H. DOC. NO. 1630).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of War, transmitting, pursuant to law, a statement of travel of officers and employees on official business from Washington to points outside the District of Columbia during the fiscal year 1918, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

EMPLOYEES IN ALASKA (H. DOC. NO. 1625).

The VICE PRESIDENT laid before the Senate a communication from the Secretary of the Interior, transmitting, pursuant to law, a statement showing for the first four months of the current fiscal year the average number of employees under the governor of Alaska receiving increased compensation at the rate of $120 per annum, which, with the accompanying paper, was referred to the Committee on Appropriations and ordered to be printed.

EMPLOYEES IN POST OFFICE DEPARTMENT (S. DOC. NO. 317).

The VICE PRESIDENT laid before the Senate a communication from the Postmaster General, transmitting, in response to a resolution of December 15, 1918, a report of the number of civil employees in the Post Office Department at Washington, D. C., on January 1, 1919, and the number separated during the previous two weeks, which was ordered to lie on the table and be printed.

WAR FINANCE CORPORATION (S. DOC. NO. 318).

The VICE PRESIDENT laid before the Senate a communication from the Managing Director of the War Finance Corporation, stating, in response to a resolution of the Senate, that the War Finance Corporation is a lending institution and at this time has no expenses chargeable to the war, which was ordered to lie on the table and be printed.

AFFAIRS IN RUSSIA.

Mr. JOHNSON of California. Mr. President, for the information of the Foreign Relations Committee, I read very briefly from this morning's newspaper, as follows:

YANKS DRIVE ON REDS—GAIN 14 MILES IN NORTH RUSSIA, FIGHTING STUBBORNLY—UFA FALLS TO BOLSHEVIKI—LENINISTS TAKE CAPITAL WEST OF URALS; GAIN NEAR BALTIC—RIGA TERROR STRICKEN AS BOLSHEVIK ARMY APPROACHES—RED NAVY EXPECTED TO DASH TO SEA FROM KRONSTADT—SWISS LEGATION PILLAGED IN RETALIATION FOR EXPULSION OF RUSSIAN ENVOYS BY SWITZERLAND.

ARCHANGEL, *Monday, December 30.*

An allied force composed of Americans, Russians, and Poles yesterday advanced 14 miles southward along the road bordering the Onega River. They met with considerable resistance from the bolsheviki, but captured more than a dozen villages and did not halt until they had taken the village of Gogoli.

Starting from the village of Kalovangi early Saturday morning, American forces took the village of Prilaki, where there is a large monastery. They continued the advance in hot fighting Sunday and had not yet been halted up to late Monday. Sleighs are being used to transport the allied soldiers.

RUSSIANS FIGHT WELL.

The advance, the first attempt of the winter, was carried out under semiarctic conditions and in the few hours of daylight which obtain in this region. The village of Gogoli is approximately 80 miles south of the town of Onega and about 40 miles west of the frozen swamp which forms the allied positions along the Vologda Railroad. The road along which the allies advanced leads in the general direction of Vologda and crosses the railway line at an important strategic center, from which the bolsheviki have been operating.

An important rôle in yesterday's fighting was taken by a Russian naval brigade, which had been trained by American and British naval officers. The Polish troops who participated distinguished themselves