Providence, R. I., against antistrike clause of Cummins bill; to the Committee on Interstate and Foreign Commerce.

Also, resolution of Rhode Island Branch of the American Legion, affirming adherence to the American's creed, Hon. William Tyler Page, author, and subscribing to the principles of patriotism and loyalty to the United States embodied in it; to the Committee on the Judiciary.

Also, resolution of Rhode Island Branch of the American Legion, pledging its members to use all lawful means to check and prevent extension of dangerous doctrines of Bolsheviki, anarchists, I. W. W., or kindred organizations; to the Committee on the Judiciary.

Also, resolution of Rhode Island State Branch of the American Legion, demanding enactment of legislation deporting all persons who withdrew their first naturalization papers to avoid performance of military duty in the recent war; to the Committee on Immigration and Naturalization.

Also, resolution of Rhode Island Branch of the American Legion, favoring granting of Federal and State bonuses; to the Committee on Military Affairs.

Also, resolution of Rhode Island Branch of the American Legion, protesting against the development of Bolshevism and urging the Government to take such steps as may be necessary to curb this menace to free institutions; to the Committee on the Judiciary.

Also, resolution of Rhode Island Branch of the American Legion, urging investigation and passage of legislation to enable the children of deceased and disabled veterans to acquire a suitable preparation for life; to the Committee on Military Affairs.

Also, resolution of Rhode Island Branch of the American Legion, recommending passage of legislation for increase of pay for officers and men in the Army, Navy, and Marine Corps; to the Committee on Military Affairs.

Also, resolution of Rhode Island Branch of the American Legion, urging that a clause be placed in all contracts made by Federal, State, city, and town governments making provision for veterans of the Great War to be given preference on employment eligibility tests; to the Committee on Reform in the Civil Service.

Also, resolution of Rhode Island Branch of the American Legion, favoring Federal legislation enabling veterans of the war to borrow from the Government 100 per cent of the value of a building to be used personally as his home in any part of the United States at a low rate of interest payable over a long period of years; to the Committee on Military Affairs.

By Mr. MICHENER: Petition of Women's Foreign Missionary Society of the First Methodist Episcopal Church of Adrian, Mich., favoring House bill 8063; to the Committee on Foreign Affairs.

By Mr. O'CONNELL: Petition of the American Bankers' Association of New York, forwarding resolutions adopted at annual convention held at St. Louis, Mo.; to the Committee on Banking and Currency.

Also, petition of Associated Fruit and Vegetable Industries of Eastern and Western New York, protesting against House bill 9521; to the Committee on Agriculture.

SENATE.

WEDNESDAY, *November 12, 1919.*

(Legislative day of Monday, November 10, 1919.)

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

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

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

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

Ashurst	Hale	La Follette	Phipps
Ball	Harding	Lenroot	Pittman
Brandegee	Harris	Lodge	Poindexter
Calder	Harrison	McCormick	Pomerene
Capper	Henderson	McCumber	Ransdell
Chamberlain	Hitchcock	McKellar	Reed
Colt	Johnson, Calif.	McNary	Robinson
Cummins	Johnson, S. Dak.	Moses	Sheppard
Curtis	Jones, N. Mex.	Nelson	Sherman
Dial	Jones, Wash.	New	Simmons
Dillingham	Kellogg	Newberry	Smith, Ariz.
Edge	Kendrick	Norris	Smith, Ga.
Elkins	Kenyon	Nugent	Smith, Md.
Fall	Keyes	Overman	Smith, S. C.
Frelinghuysen	King	Page	Smoot
Gay	Kirby	Penrose	Spencer
Gronna	Knox	Phelan	Stanley
Sterling	Townsend	Walsh, Mont.	Wolcott
Sutherland	Trammell	Warren	
Swanson	Underwood	Watson	
Thomas	Wadsworth	Williams	

Mr. CURTIS. I wish to announce the absence on official business of the Senator from Maryland [Mr. FRANCE].

Mr. REED. I wish to announce that the senior Senator from Tennessee [Mr. SHIELDS] is detained at his home by illness.

Mr. UNDERWOOD. My colleague the senior Senator from Alabama [Mr. BANKHEAD] is detained by illness.

Mr. SHEPPARD. The Senator from Rhode Island [Mr. GERRY], the Senator from Massachusetts [Mr. WALSH], the Senator from Oklahoma [Mr. GORE], and the Senator from Florida [Mr. FLETCHER] are absent on official business.

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

THE RACE PROBLEM.

Mr. SPENCER. If there is no objection, I ask to have printed in the RECORD certain recommendations of the Southern Sociological Congress with regard to the race question. The question is one of such exceeding importance that I am sure these suggestions and recommendations will prove of great value.

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

The matter referred to is as follows:

[Editorial in the Outlook of Sept. 10, 1919.]

THE RACE PROBLEM.

"The race problem is national in scope, but its final solution must be locally determined. It is a problem of human relationship, and this human relationship is reducible in the final analysis to the one white man, face to face with one negro. The national race problem is really only a multiplication of the problem of this individual relationship.

"This is why the Outlook has always insisted that the negro problem of the South could be solved only by the South. The North can advise and aid, and that is all. Now that the North is becoming acutely aware of the fact that it possesses a race problem of its own, while the situation is reversed, the principle still remains the same. East St. Louis—an Illinois, not a Missouri, city, we ask our readers to observe—and Chicago, Washington, Knoxville, and Atlanta, to each its peculiar problem, to each its own solution. But the intensely local character of the race problem should not prevent the broadest national consideration of its causes and effects. The North can learn from the South and the South from the North. But upon each section and locality must rest the responsibility for putting into effect the conclusions reached in general discussion and study.

"It is this dual character of the problem in its local and national aspects which lends peculiar interest to the proposal recently put forward by the Southern Sociological Congress, of which Bishop Theodore D. Bratton is president.

"This proposal, at the suggestion of President Wilson, was laid before the conference of the governors of the several States recently in session at Salt Lake City, Utah. The governors' conference broke all precedents in permitting Bishop Bratton to speak at one of its sessions. The resolution which Bishop Bratton proposed was made a part of the official records of the conference, and received high praise from many of the governors present.

"The resolution laid before the governors' conference and the program called for therein are of such merit and importance that we republish them here in full. The resolution reads:

"'Recognizing that the negro is a permanent and increasingly important factor in the development of our national life, the Southern Sociological Congress considers the solution of the problem of race relations as the most delicate and difficult single task for American democracy. We believe that no enduring basis of good will between the white and colored peoples in this country can be developed except on the fundamental principles of justice, cooperation, and race integrity. The obligations of this generation to posterity demand that we exert our utmost endeavor to preserve the purity of our democratic ideals expressed in the American Constitution, as well as the purity of the blood of both races. With this belief the Southern Sociological Congress has worked out a program for the improvement of race relations which we respectfully submit to the conference of governors in the earnest hope that this body of distinguished leaders may lend its beautiful influence toward making this program effective throughout the Union.

"'The program is—

"'First, that the negro should be liberated from the blighting fear of injustice and mob violence. To this end it is imperatively urgent that lynching be prevented—

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

"'1. By the enlistment of negroes themselves in preventing crimes that provoke mob violence.

"'2. By prompt trial and speedy execution of persons guilty of heinous crimes.

"'3. By legislation that will make it unnecessary for a woman who has been assaulted to appear in court to testify publicly.

"'4. By legislation that will give the governor authority to dismiss a sheriff for failure to protect a prisoner in his charge.

"'Second, that the citizenship rights of the Negro should be safeguarded, particularly—

"'1. By securing proper traveling accommodations.

"'2. By providing better housing conditions and preventing extortionate rents.

"'3. By providing adequate educational and recreational facilities.

"'Third, that closer cooperation between white and colored citizens should be promoted (without encouraging any violation of race integrity)—

"'1. By organizing local committees, both white and colored, in as many communities as possible for the consideration of interracial problems.

"'2. By the employment of negro physicians, nurses, and policemen as far as practicable in work for sanitation, public health, and law enforcement among their own people.

"'3. By enlisting all agencies possible in fostering justice, good will, and kindliness in all individual dealings of the members of one race with members of the other.

"'4. By the appointment of a standing committee by the governor of each State for the purpose of making a careful study of the causes underlying race friction with the view of recommending proper means for their removal.'

Resolution on lynching adopted by the Southern Sociological Congress in annual session at Knoxville, Tenn., May 12, 1919.

"The Southern Sociological Congress strongly condemns lynching and mob rule, which are un-American and subversive of law and order. We pledge ourselves to do everything possible to prevent lynching, and we call upon the editors of the public press, the ministers, the teachers, and other leaders responsible for creating public sentiment to proclaim against this practice, which constitutes both a disgrace and menace in our own land and also discredits American democracy abroad, and we urge the immediate exercise of all possible State and Federal power to put a speedy end to these outrages throughout the country."

RAILROAD STATISTICS.

The PRESIDENT pro tempore, as in legislative session, laid before the Senate a communication from the chairman of the Interstate Commerce Commission acknowledging the receipt of Senate resolution 222, directing the Interstate Commerce Commission to investigate and report to the Senate the facts in connection with the present or prospective ownership or control by the Government of the Dominion of Canada of any line or lines of railway, or part thereof, situate within the territory of the United States, which was ordered to lie on the table.

UNITED STATES SHIPPING BOARD.

The PRESIDENT pro tempore laid before the Senate a communication from the chairman of the Shipping Board, acknowledging receipt of Senate resolution 226 requesting certain information with respect to the requisitioning of ships under construction in American shipyards for Norwegian citizens and the amount of claims accruing out of such requisitioning, which was ordered to lie on the table.

PETITIONS AND MEMORIALS.

Mr. GRONNA. I ask unanimous consent to have printed in the RECORD resolutions adopted by the Pennsylvania Federation of Labor, affiliated with the American Federation of Labor, relative to the so-called Sterling bill establishing a department of education.

There being no objection, the resolutions were referred to the Committee on Education and Labor and ordered to be printed in the RECORD, as follows:

PENNSYLVANIA FEDERATION OF LABOR,
Harrisburg, Pa., November 10, 1919.

Hon. Senator GRONNA,
United States Senate, Washington, D. C.

DEAR SIR: By order of a special convention of the Pennsylvania Federation of Labor, held in Pittsburgh recently, I forward to you a copy of a resolution there adopted:

Resolution 8, introduced by resolutions committee.

"*Resolved*, That the Pennsylvania Federation of Labor, in convention assembled, protests most emphatically against United States Senate bill No. 3317, introduced by Senator STERLING, which, ostensibly, aims to punish with heavy penalties any advocacy of a change of government by violence or violent resistance to Government authority, but which may readily be construed, as was the espionage act, to apply to any vehement protest against existing conditions.

"The orderly forces of Pennsylvania labor realize the sinister menace of this bill to the American liberties of the working people; therefore be it further

"*Resolved*, That we call upon the Congress of the United States to defeat this bill; and be it further

"*Resolved*, That copies of these resolutions be sent to Senators PENROSE, KNOX, FRANCE, MCCORMICK, CAPPER, LA FOLLETTE, GRONNA, and NORRIS."

Thanking you for giving it your fullest consideration, I am,

Very truly, yours,

C. F. QUINN, *Secretary.*

Mr. GRONNA. I also present resolutions adopted at the national convention of the American War Mothers, assembled in Washington, D. C., September 29 to October 2, 1919. These resolutions have been sent to me by Mrs. Siver Serumgard, of Devils Lake, N. Dak., and I ask that they may be printed in the RECORD.

There being no objection, the resolutions were referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

The American War Mothers in national convention assembled in Washington, D. C., from September 29 to October 2, 1919, adopted the following resolutions:

"*Resolved*, That we ask Congress to select the most remunerative of the many soldiers' bonus bills now before them and adopt it quickly."

The officers of the American War Mothers met with the Gold Star Mothers during the national convention in Washington and adopted the following resolutions:

"*Resolved*, That a request be sent to our Congressmen to grant the wishes of the parents in regard to the burial of the bodies of our sons and daughters who died in the cause and return to them the bodies of their dead if they so desire; and be it further

"*Resolved*, That Congress be requested to cause the return to this country of all the American dead, to be buried together in one cemetery near the center of the United States, except in individual cases where parents wish the body to remain on foreign soil or be buried in private plats; and be it further

"*Resolved*, That a suitable monument in such a cemetery be erected to our beloved dead, to be paid for by voluntary subscriptions, Congress to appoint a commission of five, two War Mothers and three war fathers, representing the North, South, East, and West, and center of the United States, to receive donations, this fund to be known as the memorial monument fund; and be it further

"*Resolved*, That the State which shall be selected to have the honor of being the last resting place of our dead heroes should donate the space."

MRS. ALICE M. FRENCH,
National War Mother.
MRS. RICHARD M. COLEMAN,
Secretary.

Mr. GRONNA. I present resolutions adopted by the National Federation of Construction Industries in relation to the needs of the construction industry, which I ask to have printed in the RECORD.

There being no objection the resolutions were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

NATIONAL FEDERATION OF CONSTRUCTION INDUSTRIES,
Philadelphia, Pa., November 8, 1919.

Hon. ASLE J. GRONNA,
Committee on Banking and Currency,
United States Senate, Washington, D. C.

SIR: I beg to call your attention to the attached memorial of the National Federation of Construction Industries in relation to the needs of the construction industry, to the Senate and House of Representatives of the United States of America in Congress assembled, and to the attached resolution of the National Federation of Construction Industries relative to bill S. 2094, Sixty-sixth Congress, first session.

Copies of this memorial and resolution have been sent to the Vice President of the United States, the Speaker of the House of Representatives, and to the members of the Senate Committee on Banking and Currency and the House Committee on Ways and Means.

Respectfully,

JOHN C. FRAZEE,
Executive Secretary.

Memorial of the National Federation of Construction Industries in relation to the needs of the construction industry.

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

Your petitioners respectfully represent that they are an association of persons and national and local organizations concerned as manufacturers or contractors or otherwise in the building or construction industry of the United States.

That the present condition of shortage in building and structures has been largely brought about through the curtailment of the construction industry by the Government during the war.

That the tendency of the Federal Reserve System, admirable in its general effect upon the business of the country, has been to promote the use of capital upon short-term loans, made through national and other banks.

That the attraction of capital to such loans has drawn capital away from long-term loans based upon mortgages on real estate.

That the erection of the required dwellings and manufacturing buildings, by increasing the plant facilities of the United States, will tend to increase production and decrease prices.

That there is a need at the present time in the United States for from 600,000 to 1,000 000 new dwellings as homes for workmen and others, and of many other buildings for business and other purposes, which constitute cumulated requirements caused by the nearly complete cessation during the war of building for other than war purposes.

That the preference created by the Federal reserve law for the investment of capital in commercial discounts and other like forms of investment has resulted in withdrawing large sums of money from availability for loans on building and real estate, and has thus greatly hindered the construction industry and increased the difficulty attendant upon the restoration of normal conditions in the construction industry.

After careful consideration of the situation, as above outlined, the National Federation of Construction Industries is convinced that a comprehensive study should be made of the sources of capital available for home and other building purposes, the recent withdrawal of capital from long-term mortgages on real estate, the causes of such action, the unfortunate results to the construction industry and to those who desire to own and occupy buildings for production or for dwelling purposes, and the possibility of legislative correction of the evils unintentionally created by otherwise beneficial legislative action.

The National Federation of Construction Industries therefore respectfully memorializes the Congress of the United States that a subcommittee of the Committee on Banking and Currency of the Senate and Ways and Means of the House of Representatives, or a joint committee of both Houses of Congress, be appointed to make an investigation of the matters above outlined, to the end that there may be developed a modern system of long-term banking, complementing but not conflicting with the Federal Reserve System, so that the Nation's wealth may be more completely mobilized both for times of peace and for times of emergency, and so that national development may be promoted during the period of reconstruction.

ERNEST T. TRIGG, *President.*

Attest 31st October, 1919:

JOHN C. FRAZEE,
Executive Secretary.

Resolution of the National Federation of Construction Industries relative to bill S. 2094.

Whereas the operation of the revenue and banking laws of the United States has caused a steady withdrawal of capital available for loans upon real estate and has thus seriously interfered with the progress of building construction and national development; and

Whereas it is highly important not only to the construction industry but to the welfare of the Nation at large that the erection of homes and other needed buildings shall be speedily resumed; and

Whereas loans upon real estate should be at least as attractive as other forms of investment if the erection of homes and other needed buildings is to continue: It is therefore

Resolved, By the directors of the National Federation of Construction Industries that they heartily indorse the purpose of and earnestly recommend the passage of S. 2094, introduced by Senator WILLIAM M. CALDER, of New York, entitled "A bill to encourage the building of homes by providing for exemption from taxation of the income from mortgages on real estate," modified as Congress in its wisdom may deem necessary, because the passage of this bill will tend to restore the balance in attractiveness to investors between loans upon real estate and other forms of investment, which balance has been destroyed through the operation of the existing laws, and because such restoration will encourage the construction of homes and other buildings now requisite to the happiness and prosperity of the people of the United States.

Resolved further, That the executive secretary be requested to communicate to Senator CALDER, Representative NOLAN, and Representative MCLAUGHLIN the appreciation of the directors of their interest in this important matter, and that a copy of these resolutions be laid before them.

Resolved further, That a copy of these resolutions be sent to the Committee on Banking and Currency of the Senate and to the Committee on Ways and Means of the House.

ERNEST T. TRIGG, *President.*

Attest 31st October, 1919:

JOHN C. FRAZEE,
Executive Secretary.

Mr. GRONNA. I have received resolutions adopted by the Friends of Irish Freedom at a mass meeting of over 10,000 citizens and voters of Detroit, Mich., relative to the independence of Ireland, which I ask to have printed in the RECORD.

There being no objection, the resolutions were referred to the Committee on Foreign Relations and ordered to be printed in the RECORD, as follows:

DETROIT, MICH., *November 6, 1919.*

Senator ASLE J. GRONNA,
Washington, D. C.

MY DEAR SENATOR: Inclosed you will find a copy of resolutions adopted at a mass meeting of over 10,000 citizens and voters of the city of Detroit.

Will you be good enough to acknowledge receipt of these resolutions, and advise what disposition has been made of them?

Respectfully, yours,

FRIENDS OF IRISH FREEDOM,
JAMES F. MURPHY, *Secretary.*

Resolutions adopted by the Friends of Irish Freedom at Detroit meeting, October 16, 1919.

Whereas we hold, with the signers of our own Declaration of Independence, that Governments derive their just powers from the consent of the governed, a principle reiterated by the United States on our entering the World War, and later confirmed by President Wilson, when he said:

"No peace can last or ought to last which does not recognize and accept the principle that Governments derive their just powers from the consent of the governed."

And

Whereas Ireland, by a vast majority of its people, has determined itself as an independent Republic, by ballot in orderly election: Be it

Resolved, That we, citizens of Detroit, Mich., in mass meeting assembled, request our Government to act in accordance with America's declared principles and officially recognize that Republic of Ireland and its duly elected Government; and

Whereas the ratifying of the proposed covenant of the league of nations in its present form, without the previous recognition of Ireland's independence, would be, in effect, to disregard Ireland's rights, to admit Britain's claim to rule Ireland as a part of her legitimate possessions, and to commit the United States to the maintenance of Britain's rule in Ireland by pledging our strength as a Nation to Britain against any nation which might seek to assist Ireland to regain her liberty: Be it further

Resolved, That we call upon our Senate, in particular upon Michigan's Representatives, Senators TOWNSEND and NEWBERRY, to oppose and vote against the said covenant; and

Whereas England is expending, approximately, at the rate of $60,000,000 per year on her army of occupation in Ireland alone, not to mention the still larger sums spent in maintaining armies of occupation amongst other subject peoples: Be it further

Resolved, That we call upon Congress to withhold further loans or financial accommodations to Great Britain until she withdraws her army of occupation from Ireland.

Copies of these resolutions to be sent to the President of the United States, to Senators TOWNSEND and NEWBERRY, all other Members of the Senate, and all Members of the House of Representatives.

Mr. KNOX presented a petition of the Board of Trade of Philadelphia, Pa., praying for the passage of the so-called Edge bill, providing for an international banking exchange, which was referred to the Committee on Banking and Currency.

He also presented a memorial of the Board of Trade of Philadelphia, Pa., remonstrating against the establishment of a Federal home-loan board, which was referred to the Committee on Banking and Currency.

He also presented a memorial of the Robert Emmet Branch, Friends of Irish Freedom, of Houtzdale, Pa., remonstrating against the deportation of certain Hindus, which was referred to the Committee on Foreign Relations.

He also presented a petition of Local Grange No. 1733, Patrons of Husbandry, of Fawn Grove, Pa., praying for the enactment of legislation prohibiting strikes among railroad employees, coal miners, and sympathetic strikes, and for the enforcement of the present laws against illegal and unjust labor agitators, rioters, and inciters to violence against men who wish to work, which was referred to the Committee on Education and Labor.

He also presented a memorial of sundry citizens of the boroughs of Mount Olivet and St. Clair, in the State of Pennsylvania, remonstrating against the establishment of a department of education, which was referred to the Committee on Education and Labor.

REPORTS OF COMMITTEES.

Mr. NEW, from the Committee on Foreign Relations, to which was referred the bill (S. 2782) for the purchase of the embassy building and grounds of the United States at Santiago, Chile, reported it without amendment.

Mr. FERNALD, from the Committee on Public Buildings and Grounds, to which was referred the bill (S. 3187) to dispose of a certain strip of public land in Waterville, Me., reported it without amendment.

BILLS INTRODUCED.

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

By Mr. LODGE:

A bill (S. 3417) to authorize the Railroad Administration to determine by arbitration the rental value of the Cape Cod Canal; to the Committee on Interstate Commerce.

By Mr. CALDER:

A bill (S. 3418) to amend an act entitled "An act to provide for the lading or unlading of vessels at night, the preliminary entry of vessels, and for other purposes," approved February 13, 1911; to the Committee on Commerce.

WITHDRAWAL OF PAPERS—JOSEPH C. BOGGS.

On motion of Mr. SWANSON, it was—

Ordered, That the papers accompanying the bill S. 1418, Sixty-third Congress, for the relief of Joseph C. Boggs, be withdrawn from the files of the Senate, there having been no adverse report thereon.

TREATY OF PEACE WITH GERMANY.

The Senate, as in Committee of the Whole and in open executive session, resumed the consideration of the treaty of peace with Germany.

The PRESIDENT pro tempore. The question is upon the amendment proposed by the Senator from Montana [Mr. WALSH] to reservation No. 3, proposed by the Senator from Massachusetts [Mr. LODGE] on behalf of the Committee on Foreign Relations.

Mr. REED. Mr. President, yesterday when we approached the hour of 5 o'clock, anticipating that a recess would be taken, I discontinued my remarks with an argument half completed. I am sorry that the Senator from Arkansas [Mr. ROBINSON], my very good friend, did not wait until I had completed the subject, because I think if he had he would not have found much occasion to disagree with me.

I am not interested in any controversy or discussion with my friend further than this: I am unwilling that my position should be wrongly stated to the country. In the impetuosity of debate, and particularly when feeling is tense, we are all very likely to be impressed with some particular statement to the exclusion of its context. I think that is the occasion for nearly all the criticism of the Senator. Very briefly now I desire to refer to his remarks merely for the purpose of setting the record right.

In the first place he accused me of bitterly assailing the Senator from Nebraska [Mr. HITCHCOCK] and of charging that

he had said that merely because ex-Senator Root had made a statement that statement bound the United States.

Mr. President, the words are in the RECORD. I shall not consume the time of the Senate to reread them, but taking all that I said together it amounted to this: I was repudiating the doctrine that any man, even the President of the United States himself, except when acting within the purview of his official authority duly granted by the Constitution and laws of the United States, could bind the Government of the United States to any policy or commit it, and as an extreme illustration of the doctrine which had been announced I said that four times it had been stated with great emphasis, indeed those who were here will remember with great vehemence, that Elihu Root had said we ought to stay over in Europe for five years.

Mr. McCORMICK. Mr. President——

The PRESIDENT pro tempore. Does the Senator from Missouri yield to the Senator from Illinois?

Mr. REED. I do.

Mr. McCORMICK. As I was compelled to leave the Chamber yesterday, I wondered if it developed who Mr. Root represents, if anybody, at this time, that he should declare the public policy of the United States?

Mr. REED. There was nothing said about it. Of course, we all know that ex-Senator Root is a distinguished citizen of the United States, formerly a Senator; he is a very able lawyer; and it appears that he was handed the German treaty for examination some weeks before the Senate of the United States was favored with it, and that it passed into his hands through an international banker, who is now advocating the organization of a great corporation to refinance Europe and control the shipment of goods to Europe.

Mr. McCORMICK. The same international banker who has been nominated by Stephen Lausanne for viceroy of Constantinople.

Mr. REED. I am not attacking former Senator Root; I do not care what his connections are; whether his connections are with financial interests or whether he has no such connections or whether his utterance was the patriotic voice of his soul or whether it was not. I prefer to assume that it was his opinion honestly expressed; but the point I make is that no individual can bind the Government of the United States or its people. The people speak through representatives whose power to commit this Government is limited by the authority granted to them by the people in the Constitution.

Regarding the next proposition that I call attention to I am much more seriously concerned. I refer to the declaration of the Senator from Arkansas, in effect, that I had argued that the United States ought not to have entered this war at all; that we should have remained neutral. I read what the Senator said:

> The whole course of the Senator's argument was to the effect that the doctrine of neutrality was the right doctrine, and that the United States ought to have stayed out of the war.

Again, he said:

> But, Mr. President, the whole course of his argument—
>
> That is, my argument—
>
> was to the effect that from the beginning of the war Germany had been disregarding our rights, and that we ought to have entered the war, if we were going to, sooner than we did enter it, in the interest of civilization.

Mr. President, neither of those statements is accurate. I shall not take the time of the Senate to read at length what I said regarding this matter. I shall content myself with the reading of a paragraph or two and with a simple word of explanation.

What I stated was that, if the doctrine now asserted that it is the duty of the United States to establish democracy throughout the world, if the allegation now made that it is the business of the United States to go into Europe and to stay in Europe and to compel Europe to live according to our ideas is true, that if it be true to-day, as is now alleged, that it was our duty to enter the war to save the world for democracy, and, therefore, that it is our duty to stay in Europe forever, then it was true long before we entered the war. I am denying that it is true to-day, as I am denying that it was true then. I am asserting that we did the proper thing when we stayed out of the war up to the time we entered it; and I am asserting that we should upon the conclusion of the war and upon having vindicated our right have returned to our home.

I do not say there may not be certain things that we ought to desire to have accomplished; I am not combating details; I shall discuss that question a little more at length. What I am asserting is that this broad doctrine that it is our business now to engage in setting up a supergovernment of the world and to pledge the lives and fortunes of our people to the maintenance of that government is contrary to every word that was written before we entered the war.

Now, what did I say? I am going merely to read a paragraph or two to show how unfair the criticism of the Senator was.

In commenting upon the devastation of Belgium, I said:

> I believed in the doctrine of neutrality. Yet I say, if we ever were to commit ourselves to the philosophy that it is our business to protect the world and to rescue the people of the world, then Theodore Roosevelt was right in what he said, and we should have acted then.

Again, I said, after the *Lusitania* had been sunk that—

> If we never knew before, we knew then that democracy was in peril. If we did not know it then, there was nothing that ever happened afterwards to show it to us. If it was our duty to interfere on behalf of the democracy of the world and the civilization of the world, those things that are rolled now in platitudinous volume from the lips of orators, were then apparent to all the world. Yet, sir, we did not enter the contest. We maintained neutrality in thought and deed as nearly as we could. Although the American people were being killed in that way, yet we adhered to these policies.

Again, I said:

> But, sir, if the doctrine that it was our business to enter to make the world safe for democracy; if the doctrine that it was our business to enter in order to set up new governments; if the doctrine that it was our business to establish in the world a new order of things is true to-day, it was just as true then, for Germany's fell purpose and hellish appetite was as well manifested then as it ever was. It was not our doctrine, as I shall show you. It was not the doctrine of the President.

Then I proceeded to read numerous quotations from the President, one of which I omitted and will put it in at this point.

In a speech before the New York Federation of Churches on January 27, 1916, the President said:

> *The passion of America is to be permitted to live her own life according to her own principle. The only thing that she profoundly resents or will ever profoundly resent is having her life and freedom interfered with.* These are the terms of self-respect upon which to deal with one another as individuals, and those are the terms of self-respect upon which nations deal with one another.

So, Mr. President, while it is not very important, I think I ought to say so much in order to clarify the situation. I have no quarrel with the Senator from Arkansas, although he seems to be particularly irritated when I say anything on this subject.

Mr. President, I called attention on yesterday, not from any light purpose or for any partisan reason, to the fact that we all cheered the wonderful speech for neutrality that was made by Gov. Glynn in the Democratic convention. I said, turning to my colleagues on this side of the Chamber, that they cheered—I do not remember the exact words I used in describing it—I cheered, we all cheered, sir, we all indorsed that doctrine; and we indorsed it, as I said on yesterday, when the German heel was upon the breast of France and of Belgium and when her sword was at their throats. We indorsed it for the reasons that were given in the nominating speech, for reasons that were given in other speeches made in the convention, and for reasons given by the President in accepting a second nomination. The whole point that I am arguing is this, that the doctrine "of saving Europe" and "saving democracy" and setting up "a government to rule the world" is a thing that was born, so far as the President is concerned, after we entered the war. Yet the occurrences that pointed the fell purpose of Germany had occurred before that time, with the single exception so far as we were concerned that just before we declared war she threw the glove squarely in our face and challenged us to mortal combat.

Let me pause here to say, lest I may forget it later on, that the intimation that I stood for neutrality at that time I know my friend from Arkansas did not mean to make, for he will remember, I think, that before the President asked permission to arm our merchant ships, when he came here to the Capitol much agitated because of the change in the German policy, and told us of their repudiation of the agreement with regard to submarine warfare, when the President called in Senators to consultation in a semipublic way in his room but a few yards from where I stand, I was one of the Senators who, along with the Senator from Arkansas, said that I believed the time had come for serious action, and that if the President thought he needed congressional legislation I was ready to stand for it, and I did stand for it; and, Mr. President, when we could not get a vote on the measure providing for the arming of merchant ships because the bill was brought forward in the last days of the session and speeches consumed the time, I was one of the 75 Senators who signed the round robin, along, I think, with my friend from Arkansas, for I know he signed it if he was here.

Mr. ROBINSON. I wrote it.

Mr. REED. And I signed it. We signed it because we wanted to certify to the world that there was a solidarity of sentiment; that the time had come when this Government would no longer tolerate a violation of its rights.

I made a speech for the war, I voted for the war, I voted to give the President every soldier he asked, every ship he asked, every dollar he asked. The Senator did not mean, of course, to impute any other motive to me than that I was ready to go on

with the war when the time came. I changed my mind about the question of staying out of the war, I guess, at about the same identical time that all of us did, because Germany did a particular act.

I am leading up to that, but I want to call attention to the further events of the convention, because I want to settle for all time that it was our policy to remain out of this struggle until the moment that Germany forced us in by the act to which I have already referred and to which I shall refer again.

Let me see if I can not further emphasize what I said yesterday by the words I am about to read. This is the speech of the great Senator who presided over the Democratic national convention, made at the convention. I refer to our lamented friend, Senator Ollie James:

No President during the life of this Republic has ever had to deal with so many delicate and dangerous problems as those which have confronted President Wilson during the last two years of his incumbency in office. [Applause.] With more than half of the world in arms in Europe, with Mexico in revolution at our border, these difficult and complicated international problems have confronted him almost daily, and he has handled them as becomes a patriot and a statesman. [Applause.] When the *Lusitania* was sunk the militant voice of Theodore Roosevelt cried out for war, and if he had been President of the United States at that time to-day 500,000 brave American sons would be contending around the forts of Verdun in this mighty maelstrom of blood—thousands would have been buried in the ditches. Our President, patient, patriotic, far-sighted, the real statesman, handled this question with the greatest ability, and won for America its greatest diplomatic victory. [Applause.]

We all joined in that applause.

Some gentlemen in Congress undertook to take out of the President's hands the right of handling our foreign situation. Congress met that quickly, decisively, and said that they stood, as every American should stand, back of the President of the United States. [Applause.] When the President sent his ultimatum to Germany he was criticized by two elements—one contending that he was seeking to force the country into war and the other that he was too cowardly to engage in the conflict. There are happily two kinds of courage—the courage of the man who is willing to undertake the danger himself and the courage of the man that sends others to the conflict.

The latter is the kind of courage we are manifesting when we ratify this league of nations.

The courage of the man who wishes himself to enter the conflict may be rash, for he alone is to suffer, but the courage to take a nation into war, where millions of lives may be sacrificed, is another kind of courage. [Applause.] It is a courage that must be able to stand bitter abuse; a courage that moves slowly, acts coolly, and strikes no blow as long as diplomacy may be employed, the honor of the country upheld, the flag respected, and the lives of Americans protected. [Applause.] Woodrow Wilson has both kinds of courage—the courage of conflict and the courage to act coolly and sensibly when he is dealing with the lives of others—the fate of a nation. [Applause.] It was no time for divided counsel. The interference of Congress would have created chaos in this country, contempt for our honor and our country abroad, and would have destroyed the power of America to either maintain its honor or protect the rights of the neutrals of the world. [Applause.]

Then the Senator proceeded to discuss our conduct in the Mexican situation.

There are other statements of this great orator which I might read, but I pass on. It was another one of the great speeches of the Democratic convention which determined the policy of that convention.

Mr. President, the same orator, Senator James, was the head of the delegation sent to formally notify President Wilson of his renomination; and the President in his address in response, carefully written, carefully prepared, certainly wrote the thing that was in his heart; he surely must have expressed the honest sentiments of his soul. I repeat, so that I may not be misunderstood, the point I am arguing now is "that this doctrine that it is our business to save the democracy of the world and to impose our will upon mankind is a new doctrine, born after the war occurred."

Let me read what the President said:

In foreign affairs we have been guided by principles clearly conceived and consistently lived up to. Perhaps they have not been fully comprehended because they have hitherto governed international affairs only in theory, not in practice. They are simple, obvious, easily stated, and fundamental to American ideals.

We have been neutral not only because it was the fixed and traditional policy of the United States to stand aloof from the politics of Europe and because we had no part either of action or of policy in the influences which brought on the present war, but also because it was manifestly our duty to prevent, if it were possible, the indefinite extension of the fires of hate and desolation kindled by that terrible conflict and seek to serve mankind by reserving our strength and our resources for the anxious and difficult days of restoration and healing which must follow when peace will have to build its house anew.

The rights of our own citizens, of course, became involved; that was inevitable. Where they did, this was our guiding principle: That property rights can be vindicated by claims for damages when the war is over, and no modern nation can decline to arbitrate such claims, but the fundamental rights of humanity can not be. The loss of life is irreparable. Neither can direct violations of a nation's sovereignty await vindication in suits for damages. The nation that violates these essential rights must expect to be checked and called to account by direct challenge and resistance.

That is exactly the ground on which we afterwards entered the war.

The nation that violates these essential rights must expect to be checked and called to account by direct challenge and resistance. It at once makes the quarrel in part our own. These are plain principles, and we have never lost sight of them or departed from them, whatever the stress or the perplexity of circumstances or the provocation of hasty resentment. The record is clear and consistent throughout and stands distinct and definite for anyone to judge who wishes to know the truth about it.

The seas were not broad enough to keep the infection of the conflict out of our own politics. The passions and intrigues of certain active groups and combinations of men amongst us who were born under foreign flags injected the poison of disloyalty into our own most critical affairs, laid violent hands upon many of our industries, and subjected us to the shame of divisions of sentiment and purpose in which America was contemned and forgotten. It is part of the business of the year of reckoning and settlement to speak plainly and act with unmistakable purpose in rebuke of these things in order that they may be forever hereafter impossible. I am the candidate of a party, but I am above all things else an American citizen. I neither seek the favor nor fear the displeasure of that small alien element amongst us which puts loyalty to any foreign power before loyalty to the United States.

It is important in considering these words, Senators, to remember that the President at that time had in mind the outrages that had been perpetrated within our own borders, the conspiracies of the German Government that had already been unearthed, manifest wrongs that had been perpetrated upon our commerce upon the seas, the wickedness of the sinking of the *Lusitania*, the cruelties and brutalities that had defaced the world and placed an indelible stain upon the character of the German Government. All these passed in review before his mind, and yet he announced the doctrine of neutrality, and declared that unless we were directly assailed it was our business to abide the day of settlement subsequent to the war. This I say in reply to some remarks made yesterday to the effect that it was because of the discovery of German intrigue in this country that we were forced into the war. That was known to the President when he accepted the nomination, and the fact is proven by his address of acceptance, which I have just read.

Mr. President, as we proceeded with the campaign we assured the American people that the traditional policy of noninterference with the affairs of Europe, the traditional policy that we would not entangle ourselves in alliances, would still be the guiding principle of those occupying the Government if they were continued in power.

The Democratic convention was held in June, 1916. A few days before the convention sat and on April 13, 1916, the President in an address at the Jefferson Day banquet at Washington declared:

Gentlemen, are you ready for the test? *God forbid that we should ever become directly or indirectly embroiled in quarrels not of our own choosing and that do not affect what we feel responsible to defend.* But, if we should ever be drawn in, are you ready to go in *only where the interests of America are coincident with the interests of mankind and to draw out the moment the interest centers in America and is narrowed from the wide circle of humanity?* Are you ready for the test?

During the campaign the President continued to advocate the doctrine of noninterference. In a speech at Shadow Lawn on September 30, 1916, he said:

The certain prospect of the success of the Republican Party is that we shall be drawn, in one form or other, into the embroilments of the European war.

On January 22, 1917, the President delivered to Congress his celebrated message, "Peace Without Victory," in which he demanded or suggested that war ought to cease in Europe without anybody being victorious, although Germany had then invaded France and had her battle line within a few miles of the capital of the French Republic.

I think it will be serviceable if I attempt to set forth what we understand them to be.

They imply first of all that it must be a peace without victory. It is not pleasant to say this. I beg that I may be permitted to put my own interpretation upon it and that it may be understood that no other interpretation was in my thought. I am seeking only to face realities and to face them without soft concealments. *Victory would mean peace forced upon the loser, a victor's terms imposed upon the vanquished. It would be accepted in humiliation, under duress, at an intolerable sacrifice, and would leave a sting, a resentment, a bitter memory upon which terms of peace would rest, not permanently, but only as upon quicksand. Only a peace between equals can last. Only a peace the very principle of which is equality and a common participation in a common benefit.* The right state of mind, the right feeling between nations, is as necessary for a lasting peace as is the just settlement of vexed questions of territory or of racial and national allegiance.

That was on January 22, 1917, only a few months before we entered the war. Countless atrocities had then been committed. The black page was spread before the world. The danger to the democracy of the world, if it was ever manifest, was manifest now, and yet the President, adhering, as he had the right to adhere, to the doctrine of neutrality, was advocating "peace without victory." I did not then think the address would do any good. I did not think peace without victory was possible. Living in this practical, work-a-day world, I was sure, if somebody was not whipped in the war, and soundly whipped, a peace would

only be but an armistice, soon to be broken, certain to again engulf the world in the horrors of war.

I am seeking for the present merely to show and to show by the record that we entered this war in self-defense. I want to dissipate, if I can, the false claims that are now being made that we entered this war for a multitude of reasons, those reasons being limited only by the vain imaginings of men whose fertile brains seek to conjure up reasons to sustain their present desires.

A brief résumé of the facts appears to be necessary. The German Navy had almost from the beginning of the war been sinking our ships on the high seas. On May 8, 1916, Mr. Lansing had sent a note to the German Government in which he called attention again to these wrongs and replied to the German note of May 4. In that note the German Government had declared that it—

> Is prepared to do its utmost to confine the operations of war for the rest of its duration to the fighting forces of the belligerents.

Mr. Lansing construed it as meaning that the German Government is determined to impose upon all the commanders at sea the limitations of the recognized rules of international law upon which the Government of the United States has insisted. Mr. Lansing went on to say:

> Throughout the months that have elapsed since the Imperial Government announced on February 4, 1915, its submarine policy, now happily abandoned, *the Government of the United States* has been *constantly guided and restrained by motives of friendship in its patient effort to bring about an amicable settlement of critical questions arising from that policy.*
>
> Accepting the Imperial Government's declaration of its abandonment of the policy which has so seriously menaced the good relations between the two countries, the Government of the United States will rely upon a scrupulous execution henceforth of the new altered policy of the Imperial Government, such as will remove the *principal danger to* and interruption of the relations existing between the United States and Germany.
>
> The Government of the United States feels it necessary to state that it takes it for granted that the Imperial German Government does not intend to imply that the maintenance of its newly announced policy is in any way contingent upon the result of diplomatic negotiations between the Government of the United States and any other belligerent Government, notwithstanding the fact that certain passages in the Imperial Government's note of the 14th instant might appear to be susceptible of that construction.
>
> In order, however, to avoid any possible misunderstanding the Government of the United States notifies the Imperial German Government that it can not for a moment entertain, much less discuss, a suggestion that respect by the German naval authorities for the rights of the United States upon the high seas should in any way or in the slightest degree be made contingent upon the conduct of any other Government affecting the rights of neutrals and combatants. Responsibility in such matters is single, not joint; absolute, not relative.

That note was sent on May 8, 1916, and everybody remembers that the world was suddenly startled on the 31st day of January, 1917, by the announcement of the German Government that after the 1st day of February, to wit, the very next day, it would adopt a policy with regard to the use of submarines against all shipping seeking to pass through certain designated areas of the high seas over which, under the law of nations, every vessel had the right to proceed. It was because of that fact that the President appeared before Congress.

The notice of Germany was plain. She had mapped out the ocean in lanes. She had told us that she would graciously permit our vessels to pass through those certain lanes under certain conditions, and that if they went outside they would be liable to be sunk in a moment. And yet, sir, with that insult directly leveled at us, with the repudiation of its pledge thrown at our feet by Germany, with the notice that we were warned from the seas ringing in our ears, we still did not abandon our policy of neutrality. *We had not yet discovered the new doctrine that it was the business of the United States to save Europe and make the world safe for democracy.* We stood squarely upon the old rock that the fathers had occupied, that it is the business of this country to remain outside of European conflicts until and unless we have exhausted every honorable means to escape entering. So the President sought to exhaust the last of those means. Did he come to us and ask us to make war? He did not. He still hoped for peace. In his address to the Congress, after reciting the things that had transpired, he declared:

> I have therefore directed the Secretary of State to announce to his excellency the German ambassador that all diplomatic relations between the United States and the German Empire are severed, and that the American ambassador at Berlin will immediately be withdrawn; and, in accordance with this decision, to hand to his excellency his passports.
>
> Notwithstanding this unexpected action of the German Government, this sudden and deeply deplorable renunciation of its assurances given this Government at one of the most critical moments of tension in the relations of the two Governments, I refuse to believe that it is the intention of the German authorities to do in fact what they have warned us they will feel at liberty to do. I can not bring myself to believe that they will indeed pay no regard to the ancient friendship between their people and our own, or to the solemn obligations which have been exchanged between them, and destroy American ships and take the lives of American citizens in the willful prosecution of the ruthless naval program they have announced their intention to adopt. *Only actual overt acts on their part can make me believe it even now.*

And so, sir, we waited for the overt act. As a protest clearly indicating what our action would be if Germany carried her threat into execution, we gave, and we properly gave, to the German ambassador his passports; but with full notice of all the atrocities, I repeat, that had occurred, with the bloody page before our eyes, with the smoke of burning cities ascending to heaven to warn us of the German menace—with all these things, and with the repudiation of Germany's promise to us heaped on top of them, we still adhered to the policy of the Democratic convention, the policy of the fathers, the policy to which we were committed.

The President said, in substance, "we will wait your overt act," and we did. He continued:

> If this inveterate confidence on my part in the sobriety and prudent foresight of their purpose should unhappily prove unfounded, if American ships and American lives should be in fact sacrificed by their naval commanders in heedless contravention of the just and reasonable understandings of international law and the obvious dictates of humanity, I shall take the liberty of coming again before the Congress to ask that authority be given me to use any means that may be necessary for the protection of our seamen and our people in the prosecution of their peaceful and legitimate errands on the high seas. I can do nothing less. I take it for granted that all neutral Governments will take the same course.
>
> We do not desire any hostile conflict with the Imperial German Government. We are the sincere friends of the German people and earnestly desire to remain at peace with the Government which speaks for them. We shall not believe that they are hostile to us unless and until we are obliged to believe it; and we purpose nothing more than the reasonable defense of the undoubted rights of our people.

Let me read that last clause again:

> *And we purpose nothing more than the reasonable defense of the undoubted rights of our people.* We wish to serve no selfish ends. We seek merely to stand true alike in thought and in action to the immemorial principles of our people, which I sought to express in my address to the Senate only two weeks ago—seek merely to vindidate our right to liberty and justice and *an unmolested right.* These are the bases of peace, not war. God grant we may not be challenged to defend them by acts of willful injustice on the part of the Government of Germany.

Do you find anything there about making the world safe for democracy? Do you find anything in those words that can be construed into the voice of God calling the American people to regenerate the earth, to change the Governments that have existed? Is there aught in all this language to indicate anything except that, notwithstanding the horrors of the European conflict, we still would remain out, although Germany had by her manifesto or by her statements thrown the glove in our faces yet she had not followed that with a blow at the heart, and we awaited that blow?

This brings us, sir, very near the time of the struggle—February 3, 1917. Then, on February 26, 1917, 23 days afterwards—three weeks of fateful time—the President came before Congress. Did he then demand war? No. Did he then say we must make the world safe for democracy? No. Did he say that Germany's outrages on the world can no longer be borne, that the German atrocities cried to high heaven and we of the earth must hear the voice? No. Even then, three weeks having passed, and German submarines during all the time being engaged in sinking the vessels of other nations, Germany having refused in the slightest degree to modify her policy toward us, the President did not yet demand war. The overt act had not yet come. So, on February 26, he again addressed Congress. He referred to the unexpected action of the Imperial German Government in declaring its intention to disregard the promises she had made to our Government in April last—April a year before—and he said, and I think I ought to read it here:

> On the 3d of February I officially informed you of the sudden and unexpected action of the Imperial German Government in declaring its intention to disregard the promises it had made to this Government in April last and undertake immediate submarine operations against all commerce, whether of belligerents or of neutrals, that should seek to approach Great Britain and Ireland, the Atlantic coasts of Europe, or the harbors of the eastern Mediterranean, and to conduct those operations without regard to the established restrictions of international practice, without regard to any considerations of humanity even which might interfere with their object. That policy was forthwith put into practice. It has now been in active execution for nearly four weeks.
>
> Its practical results are not yet fully disclosed. The commerce of other neutral nations is suffering severely, but not, perhaps, very much more severely than it was already suffering before the 1st of February, when the new policy of the Imperial Government was put into operation. We have asked the cooperation of the other neutral Governments to prevent these depredations, but so far none of them has thought it wise to join us in any common course of action. Our own commerce has suffered, is suffering, rather in apprehension than in fact, rather because so many of our ships are timidly keeping to their home ports than because American ships have been sunk.

I presented the President's February 26, 1917, message for the purpose of showing that at that late day the President was not in favor of making war for the democracy of the world; that at that late day his policy was still the policy he had adhered to

throughout, that the United States would remain out of this conflict unless forced to enter by direct insult or attack.

I continue reading:

Two American vessels have been sunk, the *Housatonic* and the *Lyman M. Law*. The case of the *Housatonic*, which was carrying foodstuffs consigned to a London firm, was essentially like the case of the *Frye*, in which, it will be recalled, the German Government admitted its liability for damages, and the lives of the crew, as in the case of the *Frye*, were safeguarded with reasonable care. The case of the *Law*, which was carrying lemon-box staves to Palermo, disclosed a ruthlessness of method which deserves grave condemnation, but was accompanied by no circumstances which might not have been expected at any time in connection with the use of the submarine against merchantmen as the German Government has used it.

In sum, therefore, the situation we find ourselves in with regard to the actual conduct of the German submarine warfare against commerce and its effects upon our own ships and people *is substantially the same that it was when I addressed you on the 3d of February, except for the tying up of our shipping in our own ports because* of the unwillingness of our shipowners to risk their vessels at sea without insurance or adequate protection, and the very serious congestion of our commerce which has resulted, a congestion which is growing rapidly more and more serious every day. This in itself might presently accomplish, in effect, what the new German submarine orders were meant to accomplish, so far as we are concerned. We can only say, therefore, that the overt act which I have ventured to hope the German commanders would in fact avoid had not occurred.

But, while this is happily true, it must be admitted that there have been certain additional indications and expressions of purpose on the part of the German press and the German authorities which have increased rather than lessened the impression that if our ships and our people are spared it will be because of fortunate circumstances or because the commanders of the German submarines which they may happen to encounter exercise an unexpected discretion and restraint rather than because of the instructions under which those commanders are acting. *It would be foolish to deny that the situation is fraught with the gravest possibilities and dangers.* No thoughtful man can fail to see that the necessity for definite action may come at any time, if we are in fact, and not in word merely, to defend our elementary rights as a neutral nation. It would be most imprudent to be unprepared.

What are we calling for here? Power to defend our elemental rights as a Nation; power to defend our shipping; power to see to it that citizens of the United States can sail the seas without being sent to the bottom.

The President continues:

I can not in such circumstances be unmindful of the fact that the expiration of the term of the present Congress is immediately at hand, by constitutional limitation; and that it would in all likelihood require an unusual length of time to assemble and organize the Congress which is to succeed it. I feel that I ought, in view of that fact, to obtain from you full and immediate assurance of the authority which I may need at any moment to exercise. No doubt I already possess that authority without special warrant of law, by the plain implication of my constitutional duties and powers; but I prefer, in the present circumstances, not to act upon general implication. I wish to feel that the authority and the power of the Congress are behind me in whatever it may become necessary for me to do. We are jointly the servants of the people and must act together and in their spirit, so far as we can divine and interpret it.

No one doubts what it is our duty to do.

Now, here is our duty outlined. Let us see if it was to democratize the world. Let us see if it was to make new maps. Let us see if it was to stay in Europe indefinitely and organize a society to control all other nations. Let us see if it was to pledge our sons to die in the quarrels of other countries, as is solemnly provided in article 10:

No one doubts what it is our duty to do. *We must defend our commerce and the lives of our people in the midst of the present trying circumstances, with discretion but with clear and steadfast purpose.* Only the method and the extent remain to be chosen, upon the occasion, if occasion should indeed arise. Since it has unhappily proved impossible to safeguard our neutral rights by diplomatic means *against the unwarranted infringements they are suffering at the hands of Germany*, there may be no recourse but to *armed neutrality*, which we shall know how to maintain and for which there is abundant American precedent.

Armed neutrality as a last resort; not war to regenerate mankind, not war to control all peoples, nations, kindreds, and tongues, but, at that late hour, armed neutrality to protect our commerce, our ships, and our people; and if that had been successful there would have been no entrance into this war.

The President continued:

It is devoutly to be hoped that it will not be necessary to put armed force anywhere into action. The American people do not desire it, and our desire is not different from theirs. I am sure that they will understand the spirit in which I am now acting, the purpose I hold nearest my heart and would wish to exhibit in everything I do. I am anxious that the people of the nations at war also should understand and not mistrust us. I hope that I need give no further proofs and assurances that I have already given throughout nearly three years of anxious patience that I am the friend of peace and mean to preserve it for America so long as I am able. I am not now proposing or contemplating war or any steps that need lead to it. I merely request that you will accord me by your own vote and definite bestowal the means and the authority to safeguard in practice the right of a great people who are at peace and who are desirous of exercising none but the rights of peace to follow the pursuits of peace in quietness and good will—rights recognized time out of mind by all the civilized nations of the world. No course of my choosing or of theirs will lead to war. War can come only by the willful acts and aggressions of others.

It appears that afterwards the President changed his mind.

At a meeting of the Foreign Relations Committee of the Senate with the President, on August 19, 1919, the subject under discussion being the league of nations, the following colloquy between Senator McCUMBER and the President took place:

Senator McCUMBER. Would our moral conviction of the unrighteousness of the German war have brought us into this war if Germany had not committed any acts against us without the league of nations, as we had no league of nations at that time?

The PRESIDENT. I suppose it would eventually, Senator, as things developed.

Senator McCUMBER. Do you think that if Germany had committed no act of war or no act of injustice against our citizens we would have gotten into the war?

The PRESIDENT. I do think so.

Senator McCUMBER. Do you think that we would have gotten in anyway?

The PRESIDENT. I do.

But, this, I repeat, was not his opinion before we entered the war. That has already been sufficiently demonstrated.

A little further on in his address of February 26, 1917, the President said:

I am thinking not only of the right of Americans to go and come about their proper business by way of the sea but also of something much deeper, much more fundamental than that. I am thinking of those rights of humanity without which there is no civilization. My theme is of those great principles of compassion and of protection which mankind has sought to throw about human lives, the lives of noncombatants, the lives of men who are peacefully at work keeping the industrial processes of the world quick and vital, the lives of women and children and of those who supply the labor which ministers to their sustenance. We are speaking of no selfish material rights but of rights which our hearts support, and whose foundation is that righteous passion for justice upon which all law, all structures alike of family, of State, and of mankind must rest, as upon the ultimate base of our existence and our liberty. I can not imagine any man with American principles at his heart hesitating to defend these things.

Mr. President, the armed-ship bill failed, but the President proceeded to arm the ships under his general authority.

Then, only a few days later, on March 5, came the President's inaugural address, and I find this in it:

We stand *firm in armed neutrality, since it seems that in no other way we can demonstrate what it is we insist upon and can not forego.* We may even be drawn on, by circumstances, not by *our own purpose or desire*, to a more active assertion of our rights as we see them and a more immediate association with the great struggle itself. But nothing will alter our thought or our purpose. *They are too clear to be obscured. They are too deeply rooted in the principle of our national life to be altered.* We desire neither conquest nor advantage. We wish nothing that can be had only at the cost of another people. We have always professed unselfish purpose and we covet the opportunity to prove that our professions are sincere.

In this address he outlined the desire for limitation of national armaments, and so forth, and then said:

That the community of interest and of power upon which peace must henceforth depend imposes upon each nation the duty of seeing to it that all influences proceeding from its own citizens meant to encourage or assist revolution in other States should be sternly and effectually suppressed and prevented.

That brings us, Mr. President, up to the 4th of March. Congress was speedily assembled after that, and on the 2d of April, 1917, the President made an address before Congress. I am coming now to the address in which the Senator from Arizona [Mr. ASHURST] is so interested. I will read any parts of it to which he calls my attention. I do not intend to read the entire address, not because it is not a splendid state paper, but it is a public document, and need not all be repeated. He said:

I have called the Congress into extraordinary session because there are serious, very serious, choices of policy to be made, and made immediately, which it was neither right nor constitutionally permissible that I should assume the responsibility of making.

On the 3d of February last I officially laid before you the extraordinary announcement of the Imperial German Government that on and after the 1st day of February it was its purpose to put aside all restraints of law or of humanity and use its submarines to sink every vessel that sought to approach either the ports of Great Britain and Ireland or the western coasts of Europe or any of the ports controlled by the enemies of Germany within the Mediterranean. That had seemed to be the object of the German submarine warfare earlier in the war, but since April of last year the Imperial Government had somewhat restrained the commanders of its undersea craft in conformity with its promise then given to us that passenger boats should not be sunk and that due warning would be given to all other vessels which its submarines might seek to destroy, when no resistance was offered or escape attempted, and care taken that their crews were given at least a fair chance to save their lives in their open boats. The precautions taken were meager and haphazard enough, as was proved in distressing instance after instance in the progress of the cruel and unmanly business, but a certain degree of restraint was observed. The new policy has swept every restriction aside. Vessels of every kind, whatever their flag, their character, their cargo, their destination, their errand, have been ruthlessly sent to the bottom without warning and without thought of help or mercy for those on board, the vessels of friendly neutrals along with those of belligerents. Even hospital ships and ships carrying relief to the sorely bereaved and stricken people of Belgium, though the latter were provided with safe conduct through the proscribed areas by the German Government itself and were distinguished by unmistakable marks of identity, have been sunk with the same reckless lack of compassion or of principle.

I was for a little while unable to believe that such things would in fact be done by any government that had hitherto subscribed to the humane practices of civilized nations. International law had its origin in the attempt to set up some law which would be respected and observed upon the seas, where no nation had right of dominion and where lay the free highways of the world. By painful stage after stage has that law been built up, with meager enough results, indeed, after all

was accomplished that could be accomplished, but always with a clear view, at least, of what the heart and conscience of mankind demanded. This minimum of right the German Government has swept aside under the plea of retaliation and necessity and because it had no weapons which it could use at sea except these which it is impossible to employ as it is employing them without throwing to the winds all scruples of humanity or of respect for the understandings that were supposed to underlie the intercourse of the world. I am not now thinking of the loss of property involved, immense and serious as that is, but only of the wanton and wholesale destruction of the lives of noncombatants, men, women, and children, engaged in pursuits which have always, even in the darkest periods of modern history, been deemed innocent and legitimate. Property can be paid for; the lives of peaceful and innocent people can not be. The present German submarine warfare against commerce is a warfare against mankind.

It is a war against all nations. American ships have been sunk, American lives taken, in ways which it has stirred us very deeply to learn of, but the ships and people of other neutral and friendly nations have been sunk and overwhelmed in the waters in the same way. There has been no discrimination. The challenge is to all mankind. Each nation must decide for itself how it will meet it. The choice we make for ourselves must be made with a moderation of counsel and a temperateness of judgment befitting our character and our motives as a Nation. We must put excited feeling away. Our motive will not be revenge or the victorious assertion of the physical might of the Nation, but only the vindication of right, of human right, of which we are only a single champion.

When I addressed the Congress on the 26th of February last I thought that it would suffice to assert our neutral rights with arms, our right to use the seas against unlawful interference, our right to keep our people safe against unlawful violence. But armed neutrality, it now appears, is impracticable. Because submarines are, in effect, outlaws when used as the German submarines have been used against merchant shipping, it is impossible to defend ships against their attacks, as the law of nations has assumed that merchantmen would defend themselves against privateers or cruisers, visible craft giving chase upon the open sea. It is common prudence in such circumstances, grim necessity indeed, to endeavor to destroy them before they have shown their own intention. They must be dealt with upon sight, if dealt with at all. The German Government denies the right of neutrals to use arms at all within the areas of the sea which it has proscribed, even in the defense of rights which no modern publicist has ever before questioned their right to defend. The intimation is conveyed that the armed guards which we have placed on our merchant ships will be treated as beyond the pale of law and subject to be dealt with as pirates would be. Armed neutrality is ineffectual enough at best; in such circumstances and in the face of such pretensions it is worse than ineffectual; it is likely only to produce what it was meant to prevent; it is practically certain to draw us into the war without either the rights or the effectiveness of belligerents. There is one choice we can not make, we are incapable of making; we will not choose the path of submission and suffer the most sacred rights of our Nation and our people to be ignored or violated. The wrongs against which we now array ourselves are no common wrongs; they cut to the very roots of human life.

With a profound sense of the solemn and even tragical character of the step I am taking and of the grave responsibilities which it involves, but in unhesitating obedience to what I deem my constitutional duty, I advise that the Congress declare the recent course of the Imperial German Government to be in fact nothing less than war against the Government and people of the United States; that it formally accept the status of belligerent which has thus been thrust upon it; and that it take immediate steps not only to put the country in a more thorough state of defense but also to exert all its power and employ all its resources to bring the Government of the German Empire to terms and end the war.

What this will involve is clear. It will involve the utmost practicable cooperation in counsel and action with the governments now at war with Germany, and, as incident to that, the extension to those governments of the most liberal financial credits, in order that our resources may so far as possible be added to theirs. It will involve the organization and mobilization of all the material resources of the country to supply the materials of war and serve the incidental needs of the Nation in the most abundant and yet the most economical and efficient way possible. It will involve the immediate full equipment of the Navy in all respects, but particularly in supplying it with the best means of dealing with the enemy's submarines. It will involve the immediate addition to the armed forces of the United States already provided for by law in case of war at least 500,000 men, who should, in my opinion, be chosen upon the principle of universal liability to service, and also the authorization of subsequent additional increments of equal force so soon as they may be needed and can be handled in training. It will involve also, of course, the granting of adequate credits to the Government, sustained, I hope, so far as they can equitably be sustained by the present generation, by well conceived taxation.

Now I omit a part, interesting as it is. He continues:

While we do these things, these deeply momentous things, let us be very clear, and make very clear to all the world, what our motives and our objects are.

My own thought has not been driven from its habitual and normal course by the unhappy events of the last two months, and I do not believe that the thought of the Nation has been altered or clouded by them. I have exactly the same things in mind now that I had in mind when I addressed the Senate on the 22d of January last; the same that I had in mind when I addressed the Congress on the 3d of February and on the 26th of February. Our object now, as then, is to vindicate the principles of peace and justice in the life of the world as against selfish and autocratic power and to set up amongst the really free and self-governed peoples of the world such a concert of purpose and of action as will henceforth insure the observance of those principles.

Mr. ASHURST. Will the Senator permit an interruption?

Mr. REED. I yield.

Mr. ASHURST. I have been following the Senator; I do not wish to flatter him, but I am following him with interest. If that language does not clearly imply that after having assisted the other civilized nations of the world in terminating this menace to civilization that we are going to continue to assist them until they are on their feet what does the language mean?

Mr. REED. It does not mean either of the things——

Mr. ASHURST. What does it mean?

Mr. REED. It does not mean either of the things that the Senator draws from it. The thing with its context and with all that precedes is his declaration that he has not changed his views from what they were, and simply means this, that Germany has violated the law of nations, and having violated the law of nations and injured us, we and all other nations had a common interest in vindicating the principles of justice in the life of the world. In other words, Germany had violated that law and knew that we were coming to war with Germany to fight for it. If any man can get out of that language the idea that we proposed to go over in Europe and change the map and stay there, then he has a power of construction that I do not possess. To my mind the question is not debatable. Taken in connection with its context, it does not mean what the Senator from Arizona thinks it means.

He goes on to say:

Neutrality is no longer feasible or desirable where the peace of the world is involved.

In other words, he says that Germany has been at this war all these years and had been perpetrating these outrages all of these years and had finally violated our rights. The President was summoning the nations of the world to whip Germany, and it was very adroitly and splendidly done, but it pledged us to nothing. If he had attempted to so pledge us he could not have done it. The President by making a speech in Congress can not pledge this Nation. I say that with all the respect in the world for him. The King of England by making a speech to Parliament can not pledge the British Nation. The Emperor of Germany could not pledge the German Nation by making a speech.

Mr. ASHURST. Mr. President——

Mr. REED. What did he ask us to do? He asked us to declare that Germany had made war on us. I have already read that——

Mr. ASHURST. Will the Senator yield at that point?

The PRESIDING OFFICER (Mr. GRONNA in the chair). Will the Senator from Missouri yield to the Senator from Arizona?

Mr. REED. Yes; I yield.

Mr. ASHURST. Of course, I know the Senator does not mean to infer that I even harbor such a fantastic idea as that anybody's speech, be he President or Senator or private citizen, could make any pledge that would bind the people. The President's address, as I conceive it, upon that occasion was simply an argument——

Mr. REED. Certainly.

Mr. ASHURST. One of the many arguments as to why we should go to war.

I call attention at this point to the fact that the President said upon that occasion, in the line which the Senator just read:

Set up amongst the really free and self-governed peoples of the world such a concert and purpose of action as will henceforth——

Mr. REED. Oh, yes.

Mr. ASHURST (reading)—

henceforth insure the observance of those principles.

Mr. REED. Of course.

Mr. ASHURST. And if the Senator does not object, I would like to call his attention to another paragraph.

Mr. REED. I do not object, of course.

Mr. ASHURST. It is a paragraph some 20 lines below and which reads:

A steadfast concert for peace can never be maintained except by a partnership of democratic nations. No autocratic government could be trusted to keep faith within it or observe its covenants. It must be a league of honor, a partnership of opinion.

Mr. REED. Is that what you are getting up now—a partnership of opinion?

Mr. ASHURST. I am not getting up anything.

Mr. REED. Oh, is that what the league of nations is—a mere partnership of opinion?

Mr. ASHURST. Of course, if the Senator wants to have my opinion, if it is worth anything, I would be glad to give it. I simply say this: I was trying in my feeble way to point out that in the President's address of April 2, 1917, which was only an argument that the President had the constitutional right to make, the President was pointing out, or at least trying to point out, that in order to preserve the peace of the world a concert of free nations was to be brought about, and that there must be a community of thought and opinion as to how the peace of the world should be preserved.

I respectfully assert that nobody was entrapped, after the war had begun, in the idea that we were making the world safe for freedom, because in the President's message of April 2 he

used that phrase, "We are going into the war to make the world safe for democracy."

Mr. REED. Oh, no. Where is that?

Mr. ASHURST. The world must be made safe for democracy.

Mr. REED. Where is that? I want to get the context.

Mr. ASHURST. I would not be so unfair in debate as to wrench one sentence from its context——

Mr. REED. Oh, I am not thinking that at all. The Senator must exculpate me from that.

Mr. ASHURST. I am interested in the Senator's address because the charge has been reiterated over and over again with considerable force and considerable eloquence in various places that after we got into the war and after the soldiers were in the field and after the enormous expenditure was brought about, then suddenly, just like Minerva from the brow of Jove, there sprung from the President the idea that now I repudiate all that I have formerly said and we are going to work to make the world safe for peace.

I assert here that if a Senator had risen in the Senate when we were debating the war declaration and said, "Mr. President, I do not believe in making war for Serbia; I do not believe in making war for Belgium; I believe in making war simply and solely in order to protect American rights," that that Senator could stand up to-day and argue. But having, when one of his colleagues objected to the war declaration, stated that his colleague went perilously near to treason, the Senator was so earnest for war himself; he knew what the message was; he knew that we were not only going into this war to protect American rights but we had announced to the world this was a war to protect liberty and civilization, whether it be in the antipodes or in America. Surely nobody was deceived as to that.

I am trying if I can to break the force of the Senator's argument. He is trying to make the point that the President suddenly shifted his bearings, suddenly shifted his course from one direction to another. The Senator is one of the ablest lawyers in the country. He can not, in my judgment, however, with his great eloquence, his superb eloquence, and his ingenuity, convince the country that we went into the war simply and solely and only to protect American rights. The President said at the time, and said in numerous speeches after we went into the war, that we were not only in to protect American rights but to protect all civilization as well. I thank the Senator.

Mr. REED. The Senator has absolutely proven my case. If there is any difference between us, it may be a difference of 10 days in time.

I have gone through the records and have shown that the President, as late as the 26th day of February, had reiterated that our purpose was to defend our own rights, and brought the matter up to the very day that Congress adjourned. I have shown that to have been his position without the least shadow of turning.

Mr. ASHURST. Mr. President——

Mr. REED. Let me conclude what I was saying.

Now comes the President and calls Congress to declare war, In that he asserts, and I read the language, *that our purpose is no different than the purpose as outlined in his previous message, namely, to defend our rights and vindicate our honor*, but in the course of his argument he goes on then to denounce the Imperial German Government, the purposes of the Imperial German Government, to say that it is assailing the rights of men everywhere, and to call upon the democracies of the world to assist. Of course, if we were going into the war, the President very properly would want to bring in everybody else he could on our side, as is shown by the messages I have just read. He had already consulted with other neutral powers and asked them to join with us. As the Senator knows, they failed to join with us to any extent that made any difference, and we carried the war along.

Of course, the President did utter some language here which, taken from its context, could be twisted into a declaration by the President at that time that he had some other object in view. But I repeat that if he had it in view and if he made his speech, it bound nobody; it did not bind——

Mr. ASHURST. Mr. President——

Mr. REED. Let me continue for a moment, please.

Mr. ASHURST. The Senator has been very kind; I realize that.

Mr. REED. It did not bind me and it did not bind the Congress, no matter what he recommended, no matter what views he expressed.

Let me show you to what a foolish extent we would go if we were to take that view of it. Did we bind ourselves to this expression of opinion?

> Does not every American feel that assurance has been added—

I am reading now immediately after the part that has been read by the Senator from Arizona—

> to our hope for the future peace of the world by the wonderful and heartening things that have been happening within the last few weeks in Russia? Russia was known by those who knew it best to have been always in fact democratic at heart, in all the vital habits of her thought, in all the intimate relationships of her people that spoke their natural instinct, their habitual attitude toward life. The autocracy that crowned the summit of her political structure, long as it had stood and terrible as was the reality of its power, was not in fact Russian in origin, character, or purpose; and now it has been shaken off, and the great, generous Russian people have been added in all their naïve majesty and might to the forces that are fighting for freedom in the world, for justice, and for peace. Here is a fit partner for a league of honor.

Did we bind ourselves to that, when Russia had broken her honor, when Bolshevism had reared its ugly head, and assassins were gaining control and anarchy was unfolding its red flag? Of course, the President did not know that at the time. If he had he would not have said this. But did that bind the American Nation or the world? Congress does not act in that way; the American people do not act by virtue of some man's argument. That is what I am talking about. The President's message was entitled to great consideration by us; we ought to have weighed every part of it; and we did. We were not called upon to stand here on the floor at a time like that and cavil at anything that was said. It was our business to act; and what did he ask us to do? He asked us not to declare war, but to declare that Germany had made war on us. That was the sum total of it. So, up to the very time I am speaking of our policy had been one of neutrality, and then of armed neutrality. Finally the President said to us the fateful hour had come; that Germany had violated not only her agreements but had followed that violence by overt acts; and that it was clear that the hour had come when we must go to our defense. Then he summoned the kingdoms, the nations, and tongues—and he did right when he did it—and tried to get every aid which he could. I do not agree with the part of it——

Mr. ASHURST. Mr. President, will the Senator from Missouri yield at this time?

Mr. REED. I will yield for a question.

Mr. ASHURST. Will the Senator read the last paragraph of the President's message? I know he will be glad to do so.

Mr. REED. Of that particular message?

Mr. ASHURST. Yes.

Mr. REED. I will read that when I come to it.

Mr. ASHURST. Before the Senator reads that, if he will let me say it again, I desire to repeat that while I have great respect for anything any President may say, I again assert that what an Executive may say is only an argument, as a Senator might argue; but I do assert, if the Senator will pardon me, that the President in his message of April 2 reiterated that we were going to war to protect the rights of smaller nations as well as our own rights.

Mr. REED. Of course.

Mr. ASHURST. Will the Senator read the last paragraph of that message?

Mr. REED. I will read it. I am willing to read the whole message; I am willing to have it blazoned on the dome of the Capitol. Among other things, I read this:

> We enter this war only where we are clearly forced into it because there are no other means of defending our rights.

That was our only reason for entering the war. The Senator from Arizona will not get much consolation for his theory out of that sentence.

Mr. ASHURST. I am not looking for consolation.

Mr. REED. Well, for his theory. The President continues:

> It will be all the easier for us to conduct ourselves as belligerents in a high spirit of right and fairness because we act without animus, not in enmity toward a people or with the desire to bring any injury or disadvantage upon them, but only in armed opposition to an irresponsible government which has thrown aside all considerations of humanity and of right and is running amuck.

We entered in opposition, and only in opposition, to that.

> We are, let me say again, the sincere friends of the German people, and shall desire nothing so much as the early reestablishment of intimate relations of mutual advantage between us—however hard it may be for them, for the time being, to believe that this is spoken from our hearts. We have borne with their present government through all these bitter months because of that friendship, exercising a patience and forbearance which would otherwise have been impossible. We shall, happily, still have an opportunity to prove that friendship in our daily attitude and actions toward the millions of men and women of German birth and native sympathy who live amongst us and share our life, and we shall be proud to prove it toward all who are in fact loyal to their neighbors and to the Government in the hour of test. They are, most of them, as true and loyal Americans as if they had never known any other fealty or allegiance. They will be prompt to stand with us in rebuking and restraining the few who may be of a different mind and purpose. If there should be disloyalty, it will be dealt with with a firm hand of stern repression; but, if it lifts its head at all, it will lift it only here and there and without countenance except from a lawless and malignant few.

I come now to the last part of the message which the Senator from Arizona asked me to read. I read the former part of the message for the sake of the context:

It is a distressing and oppressive duty, gentlemen of the Congress, which I have performed in thus addressing you. There are, it may be, many months of fiery trial and sacrifice ahead of us. It is a fearful thing to lead this great peaceful people into war, into the most terrible and disastrous of all wars, civilization itself seeming to be in the balance. But the right is more precious than peace, and we shall fight for the things which we have always carried nearest our hearts—for democracy, for the right of those who submit to authority to have a voice in their own governments, for the rights and liberties of small nations, for a universal dominion of right by such a concert of free peoples as shall bring peace and safety to all nations and make the world itself at last free. To such a task we can dedicate our lives and our fortunes, everything that we are and everything that we have, with the pride of those who know that the day has come when America is privileged to spend her blood and her might for the principles that gave her birth and happiness and the peace which she has treasured. God helping her, she can do no other.

Now, I say to the Senator from Arizona frankly that in the words I have just read there is a statement that we are going to fight for small nations; there is a statement that we are going to fight for liberty; but, taken in connection with what precedes it, I give it no other construction, and I gave it none other then, and the Senator ought not to give it and the Senate never gave it any other construction than that we were entering the war to vindicate our own rights, and, of course, to help smash the great autocratic machine that was devastating the world and threatening us along with the remainder of the world.

Mr. ASHURST. Mr. President——

Mr. REED. I do not think there can be very much use of spending time upon it. The whole message has been read and is here for construction; but, of course, I will yield to the Senator.

Mr. ASHURST. I will merely observe that the Senator has made, as I thought he would, a frank and manly statement, which does him credit, that the President's address does say in terms that we were going into the war to fight for democracy and for the rights of the smaller nations.

Mr. REED. Oh, no; I do not think the message says that. I do not get that construction out of it at all. I say that the President indicated there that we expected——

Mr. ASHURST. Will the Senator let me read this?

Mr. REED. The trouble with the Senator from Arizona is that he wants to take one sentence alone. I say that the President uses this language:

But the right is more precious than peace, and we shall fight for the things which we have always carried nearest our hearts—

He has told us what that was—

for democracy, for the right of those who submit to authority to have a voice in their own governments, for the rights and liberties of small nations, for a universal dominion of right by such a concert of free peoples as shall bring peace and safety to all nations and make the world itself at last free.

Those are the first words that I have ever read from President Wilson that indicate that he had in his mind any other object; that he then was taking the view that if we got into this thing we would lick Germany, and that we might go further than the whipping of Germany. You can get that out of those words taken alone, but taken in connection with the context I gave them at that time no such sinister meaning as is now put upon them.

Mr. ASHURST. The Senator——

Mr. REED. Just a moment. I gave them the construction, the country gave them the construction, that we were summoning to our aid all the nations of the world; we were going to fight against the great power which was menacing us; we were entering the war to protect our own rights; but I ask again, what difference does it make? Suppose the President at that time had outlined his league of nations. It would not have bound this country, and no Senator was required to get upon his feet and repudiate it. It was a time for silence, a time when we would throw no apple of discord into our councils; and when the Congress came to act the official declaration of the Congress was the yardstick by which to measure America's purpose in entering the war, and I am about to present that.

Mr. ASHURST. Mr. President, if the Senator will yield at that point, I could agree with all the Senators says; but I insist that the only point I have to make is that the last expression the President ever made by way of argument in public urging Congress to declare war was the last paragraph of his address.

Mr. REED. Very well.

Mr. ASHURST. Wherein he said:

But the right is more precious than peace, and we shall fight for the things which we have always carried nearest our hearts—for democracy, for the right of those who submit to authority to have a voice in their own governments, for the rights and liberties of small nations, for a universal dominion of right by such a concert of free peoples as shall bring peace and safety to all nations and make the world itself at last free.

The argument may not have been listened to by any Senator; no Senator may have considered that part of the argument; it may not have been binding upon the vote or the voice of any Senator; the argument may have been rejected; but, nevertheless, I consider my point made when I assert that at least before we declared war the President made that argument. That is the only point I have ever made or tried to make.

Mr. REED. Very well; it is a very unimportant point whether he said that on the 2d day of February or whether he said it within 30 days——

Mr. ASHURST. If the Senator will yield, it is a very important point. The Senator's able speech is all directed along the theory that suddenly—I will not say clandestinely, but suddenly—the President shifted the scene and said, "We are now fighting for the rights of other people, and we are fighting for civilization"; and the Senator wishes, or, at least, as I gather his argument he has tried, to make out that the President asserted, or pretended to assert, that before we declared war we were fighting only for the rights of America, but that after we got in he suddenly said we were fighting for the rights of other people.

Mr. REED. Very well; it is a difference between tweedledee and tweedledum. My argument has been that the President adhered to the policy of neutrality; that he subsequently came to armed neutrality; and that finally, as the President said, the United States did not declare war, but declared that Germany had made war upon us, and that the doctrine that we were fighting to make the world safe for democracy was a thing that did not exist at first. I have contended from the beginning that it appeared a short time after war was declared.

The Senator found a loose expression in one of the President's speeches 10 or 12 or 13 days earlier; but what difference does that make? What I have been trying to show is that we did have an adherence to the American policy, and we had it the very day when war was to be declared.

Now, I will read to the Senator a statement I have already referred to in which the President outlined his policy as late as April 13, 1916, which, in my opinion, was the correct policy for us to follow. He was speaking at the Jefferson Day banquet of the Common Council Club and said:

Gentlemen, are you ready for the test? God forbid that we should ever become directly or indirectly embroiled in quarrels not of our own choosing, and that do not affect what we feel responsible to defend; but if we should ever be drawn in, are you ready to go in only where the interests of America are coincident with the interests of mankind, and to draw out the moment the interest centers in America and is narrowed from the wide circle of humanity? Are you ready for the test?

Mr. ASHURST. The Senator does not contend that that utterance was made in 1917?

Mr. REED. I said that it was delivered in 1916.

Now, I will tell you something that was said in 1917. It was said on the 12th day of May, in an address at the dedication of the Red Cross Building in Washington:

It is plain enough how we were forced into the war. The extraordinary insults and aggressions of the Imperial German Government left us no self-respecting choice but to take up arms in defense of our rights as a free people and of our honor as a sovereign Government. The military masters of Germany denied us the right to be neutral—the war was begun by the military masters of Germany, who proved to be also the masters of Austria-Hungary. These men have never regarded nations as peoples—men, women, and children of like blood and frame as themselves—for whom governments existed and in whom governments had their life. They have regarded them merely as serviceable organizations which they could by force or intrigue bend or corrupt to their own purpose.

That is how we got in.

Mr. President, what did Congress do? Now, I am coming to what binds this country; and when it did what I shall show it did do, it acted strictly in accordance with the recommendation of the President. He did not recommend that we should declare war, but that we should declare that war had been made upon us. Congress declared—

Whereas the Imperial German Government has committed repeated acts of war against the Government and the people of the United States of America: Therefore be it

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That the state of war between the United States and the Imperial German Government which has thus been thrust upon the United States is hereby formally declared; and that the President be, and he is hereby, authorized and directed to employ the entire naval and military forces of the United States and the resources of the Government to carry on war against the Imperial German Government; and to bring the conflict to a successful termination all of the resources of the country are hereby pledged by the Congress of the United States.

That was our declaration. It was the official act; it declared the purpose of our Government; and it is the only thing that binds us.

Later, in the same language, we declared a state of war to exist between ourselves and Austria-Hungary.

Thus, Mr. President, we are brought to this situation:

We entered this war to *defend ourselves against attacks being made upon us, upon our commerce.* We entered on the 6th day of April, 1917, by declaring that Germany *had made war upon us;* and on December 7, 1917, we, for the first time, *made the same declaration with reference to Austria-Hungary.* It was on January 8, 1918, that the President, in an address to Congress, set out his 14 points.

Let us inquire, now, who is bound by the 14 points? Clearly the President, but whom else? Whenever you admit that because the President stands up in Congress or sends a message to Congress declaring a certain thing to be his opinion, that thereby binds this Nation, you end the legislative authority in this Government; you terminate Congress. All he has to do is to send down a decree, and we would simply register it. The President makes no such contention. He never has made such a contention. He has, with tremendous force and marvelous skill, presented his views from time to time to the Congress, and frequently he has used the Congress as a forum through which he could address the world.

A notable instance of that is found in his address that he delivered here on woman suffrage. He walked into the Senate one day and proceeded to make a speech, I believe on September 30, 1918. He told the Congress that to pass the woman-suffrage resolution was vitally necessary to the winning of the war. Did that bind the Congress? Did that bind the country? Did that commit us to woman suffrage, or did it commit the world not to win the war because we did not pass the resolution?

At that time, sir, we had 2,500,000 American troops in France. Only 500,000 of them had been employed upon the battle line, and yet those 500,000, one-fifth only of our troops, had stiffened the British line until its retreat was stopped, had stiffened the French line until its retreat was stopped, had given them the force so that they had begun winning skirmish after skirmish and battle after battle, and had rolled the Germans back from the Marne. It had given courage to the entire body of the Allies. Then had come Chateau-Thierry, in which the German military wave broke upon the rock of American courage; then St. Mihiel and Belleau Wood. Bulgaria had thrown down her broken sword. Her army was surrendering by regiments; her cities were yielding to the Allies. The Crown Prince of Germany had unofficially asked for terms of armistice. The German was in full retreat. Every day was bringing its victory. We were within 40 days of the final surrender; yet the President told us that the adoption of the woman-suffrage resolution was vitally necessary to the winning of the war!

I did not rise in my place to repudiate that. Was I therefore bound to his conclusion? I think one Senator argued the question out with him, the Senator from Alabama [Mr. UNDERWOOD]. We did not pass the woman-suffrage resolution, and we did win the war. We had it already won.

What a monstrous doctrine it is to claim that every time the President speaks the world trembles and nature yields from the womb of fate the child that answers to his word! I have the utmost respect and kindest regard for the President. I differed from him on many important questions. I probably will differ many times in the future. The President of the United States is a human being, occupying a very exalted position, possessed of a great intellect and a high responsibility. But, sir, there are at least 10,000 men in the United States who are capable of making good Presidents of the United States, and each of those 10,000 men may solve the problem that may have puzzled the mind of the occupant of the White House, whoever he may be. Indeed, it is the common experience of men, however wise or learned they may be, to find that an old farmer sitting in front of his door in the eventide may have solved some problem of state that has puzzled their minds and confused their intellects. So the fact that the President expresses an opinion or Elihu Root expresses an opinion does not bind the Congress or settle the fate of this Nation or of the world.

Mr. PENROSE. Mr. President, I have been listening to the Senator's remarks very attentively, and as the Senator is speaking at some length I would like to call his attention to an admirable editorial from a well-known English magazine speaking highly of the action of the Senate in this connection and bearing out the Senator's argument. It will not take long to read it, and I think perhaps it would help the argument, if the Senator would permit it to be read now.

Mr. REED. I have no objection to it, although I have not seen the article.

Mr. PENROSE. The Senator from Massachusetts [Mr. LODGE] tells me that the writer, L. J. Maxse, is a well-known and prominent writer of England. I hope the Senator will listen to this. It is an editorial by Mr. L. J. Maxse in the National Review, a leading magazine published in England.

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

The Secretary read as follows:

Considering that the league of nations would not have been so much as mentioned at the peace conference but for President Wilson, to whom it is a sort of "King Charles's head," to be brought into every discussion, Englishmen are entitled to resent the suggestion of American propagandists that the covenant is a Machiavellian British trap into which crafty John Bull has lured the guileless gentleman from Washington. The more we think of it, the more convinced we become that the league of nations must have originated in a Boche brain, because it is so admirably calculated to promote Boche interests; but its place in the peace terms is manifestly American handiwork, for which President Wilson is entitled to all the credit as to any detriment. To ascribe it to Gen. Smuts, Lord Robert Cecil, or any other British statesman is not "playing the game." They worked at the draft covenant to please the President and because they were told and believed that the American people had set their heart on a league of nations, the creation of which was alleged to be the main cause of their being in the war. Had Col. Roosevelt happened to represent the United States in Paris in place of President Wilson it would never have been heard of. We can not, therefore, consent to have this abortion fathered upon us, and it is unfair of the Republican opponents of Wilsonian policy to thus arouse prejudice at the expense of Great Britain. On the other hand, the British have every reason for gratitude toward the Republican Party for refusing to buy a pig in a poke and for insisting that this question be discussed. In this respect the Senate has done infinitely better than our House of Lords. The House of Representatives is setting a good example to the House of Commons. We can assure Americans that outside our front benches, whose occupants are, generally speaking, "back numbers," and pacifist circles, the league of nations has no visible following in these islands. It is impossible to mention it anywhere in public or in private without provoking a smile. It is a portentious piece of political humbug which would not survive one serious discussion. Therefore it is undiscussed at Westminister. Unfortunately for the league's prospects, the Republican Party in the United States not only insist on discussing it but are in a position to destroy it. At the outset Mr. Wilson elected to ignore the Senate when he went to Paris, and his journalists gave us to understand that the Senate was a negligible factor and that the President was, so to speak, "It." Kaiser Wilhelm's autocracy was a joke to that of "Kaiser Wilson," as he has been called by angry Americans. It is time the British press showed more discernment in discussing the politics of Washington and abandoned the delusion that every Anglo-American problem is solved by chanting "Great is Diana of the Ephesians." At this moment, to use an expressive Americanism, Diana cuts little enough ice abroad and still less at home.

Mr. REED. Mr. President, on account of a lamentable occurrence that will be announced to the Senate in a few moments—the death of Senator MARTIN—I intend to conclude what I have to say on this branch of the case by asserting that unless it can be found in the language in the President's message asking for war, to which the Senator from Arizona [Mr. ASHURST] called attention, and which I think he misconstrued, there is not to be discovered anything from the President, as far as I know, that in any way could be said to have indicated this broad desire to democratize the world, until we come to the announcement of his 14 points. Those 14 points were given to us on January 8, 1918, nearly one year after we entered the war. I would not be misunderstood as asserting positively the statement that I make, but I am not aware of any such declaration.

At this point, and for reasons that will be obvious in a moment, I yield the floor.

DEATH OF SENATOR THOMAS S. MARTIN.

Mr. SWANSON. Mr. President, it is with profound sorrow and regret that I announce the death of my colleague, Senator THOMAS S. MARTIN of Virginia. He died at 1.30 o'clock to-day at Charlottesville, Va. He met death with that calm composure and courage with which he faced all the problems that presented themselves to him in life.

In his death a strong, sturdy character of heroic proportions disappears from public life. For more than 24 years he served as one of the most influential and potential Members of this body. Few Senators possessed in so high a degree the esteem, affectionate friendship, and good will that Senator MARTIN possessed, irrespective of political divisions. All appreciated his courteous consideration, his manly character, his kindly heart and feelings.

As majority leader and as chairman of the Appropriations Committee during the late war he assumed burdens and responsibilities that far exceeded his strength. Despite repeated warnings of his physician, despite the urgent suggestions of friends, he remained at his post of duty in the perilous and troublous times, and his death was a sacrifice on the altar of public service and public duty.

In his death the Senate loses one of its most influential, esteemed, and worthy Senators, the country one of its wisest and most sagacious legislators, and Virginia her most distinguished citizen, her most highly esteemed son, and her most beloved Senator. At a more appropriate time I shall ask the Senate to set aside a day to pay tribute to his achievements and record as a Senator and to his worth as a man.

Mr. LODGE. Mr. President, I have been in the Senate with Senator MARTIN for nearly a quarter of a century. This is not

the time, for it will come later, to speak of his long and distinguished service as it deserves. He was a high-minded, honorable man, who devoted all his strength, all his abilities, I may say all his life, to his public duties, for he wore himself out in the service. At this moment I can only think of the personal loss which comes to me in the death of an old friend whom I so much valued, and I am sure that feeling is shared by everyone who had the honor and satisfaction of serving with Senator MARTIN in the Senate.

Mr. SWANSON. Mr. President, I offer the resolutions which I send to the desk and ask for their adoption.

The resolutions (S. Res. 229) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow of the death of the Hon. THOMAS STAPLES MARTIN, for more than 24 years a Senator from the State of Virginia.

Resolved, That a committee of 18 Senators be appointed by the President pro tempore to take order for superintending the funeral of Mr. MARTIN, to be held in Charlottesville, Va.

Resolved, That the Secretary communicate a copy of these resolutions to the House of Representatives.

The PRESIDENT pro tempore appointed as the committee under the second resolution Mr. SWANSON, Mr. LODGE, Mr. CUMMINS, Mr. HITCHCOCK, Mr. SIMMONS, Mr. KNOX, Mr. FLETCHER, Mr. NELSON, Mr. OVERMAN, Mr. BANKHEAD, Mr. ROBINSON, Mr. SMITH of Arizona, Mr. SMITH of Maryland, Mr. UNDERWOOD, Mr. WALSH of Montana, Mr. WARREN, Mr. SMOOT, and Mr. WILLIAMS.

Mr. SWANSON. Mr. President, as a further mark of respect to the memory of my deceased colleague, I move that the Senate do now adjourn.

The motion was unanimously agreed to; and (at 2 o'clock p. m.) the Senate adjourned until to-morrow, Thursday, November 13, 1919, at 12 o'clock meridian.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *November 12, 1919.*

The House met at 10 o'clock a. m.

The Chaplain, Rev. Henry N. Couden, D. D., delivered the following prayer:

Father in heaven, our hearts go out in gratitude to Thee that the great coal strike which threatened untold misery to our people is at an end, in obedience to the mandates of law and order; that the new spirit of Americanism will have its rightful place in the vexed questions between labor and capital; and we pray that justice and equity may find its way among all concerned.

We thank Thee that armistice day was celebrated throughout our country with appropriate ceremonies—a day which brought joy and happiness to millions and struck the death blow to autocracy and militarism, brought the Hun to his knees in supplication; that our brave soldiers, led by their gallant officers, turned defeat to victory and received the encomiums of the liberty-loving people of all the world; that the living soldier is home among his friends and loved ones, that his dead comrade lives in the hearts of a grateful people, that the wounded and maimed will be cared for by a generous Republic, that the widow and orphan will be succored and comforted by a loving people; that democracy, liberty, truth, justice, and righteousness are the jewels which crown the victor with a diadem of imperishable glory.

"Hail with songs that glorious era,
When the sword shall gather rust;
And the helmet, lance and falchion
Sleep at last in silent dust."

And songs of praise we will ever give to Thee. In the spirit of the Master. Amen.

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

THE RAILROAD BILL.

Mr. ESCH. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10453, and pending that I ask unanimous consent for a reprint of the bill and the report to the extent of 2,000 copies each, the supply being entirely exhausted.

The SPEAKER. The gentleman from Wisconsin asks unanimous consent that 2,000 copies of the bill H. R. 10453 and report be reprinted. Is there objection? [After a pause.] The Chair hears none.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10453, with Mr. WALSH in the chair.

The CHAIRMAN. The House is in Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 10453, which the Clerk will report by title.

The Clerk read as follows:

A bill (H. R. 10453) to provide for the termination of Federal control of railroads and systems of transportation; to provide for the settlement of disputes between carriers and their employees; to further amend an act entitled "An act to regulate commerce," approved February 4, 1887, as amended, and for other purposes.

Mr. ESCH. Mr. Chairman, I yield five minutes to the gentleman from Washington [Mr. JOHNSON].

Mr. JOHNSON of Washington. Mr. Chairman, the morning newspapers have brought the information that four veterans of the great World War were shot down in cold blood at Centralia, Wash., in the district which I have the honor to represent, while marching in a parade to celebrate armistice day. They are the victims of a long premeditated conspiracy to bring about an armed revolution in the United States. I have sent the following telegram to the mayor of Centralia:

WASHINGTON, D. C.,
November 12, 1919.

Mayor ROGERS,
Centralia, Wash.:

Kindly express to relatives and friends of those young men who were assassinated in Centralia on armistice day by the enemies of the United States Government my profound sympathy. History will record these heroes as among the first to fall in an attempt at armed revolution against the United States, and for which every man who has been preaching syndicalism, communism, and class hatred is responsible.

[Applause.]

This is the attempt at revolution with bullets and rifles that these enemies of law and order have been calling for these years past. We of the Pacific Northwest have long seen it coming. We have been patient, have avoided bloodshed under every provocation, only to see these young men murdered in the streets of Centralia.

Their death will arouse the loyal people of the United States as nothing else could have done. This country must be purged of its seditionists and revolutionists to the last one, and if this means war, then the quicker war is declared on them the better.

ALBERT JOHNSON.

[Applause.]

These soldiers, marching on armistice day, were shot down from the windows and roofs of the I. W. W. headquarters in the city of Centralia. They were murdered for the purpose of bringing on class hatred. For a dozen years, Mr. Chairman, we of the Pacific Northwest have seen this thing coming. We have been patient in the extreme. We have avoided bloodshed. We have known just what Victor Berger and men of his stripe have meant when they have preached revolution to be fought with bullets and not with ballots, and when they have urged workers to have rifles and ammunition in their homes. Out in the third congressional district of Washington we have avoided bloodshed and summary action against these enemies of the Government. We have endured much—destruction of property, practice of sabotage, burning of buildings, and interference generally—but when our soldier sons are singled out and shot down from ambush during a patriotic parade and celebration of the ending of the World War, while bands are playing and flags flying, we have come to the limit. Every man who preaches sedition, advocates or practices revolution, must be run down and given summary punishment. If our laws are not sufficient, they must be made so. Every alien agitator who is here working might and main for the overthrow of this Government must be sent out of the country. There is no time for further delay. I have received the following telegram:

HOQUIAM, WASH.,
November 11, 1919.

Hon. ALBERT JOHNSON, M. C.,
Washington, D. C.:

Wanton and deliberate murder of four comrades of the American Legion by lawless I. W. W.'s occurred at Centralia to-day. We demand immediate and final action by Congress in curbing all enemies of our country and flag. A vascillating program can no longer be tolerated in dealing with the murderers of our comrades. Hoquiam Post, No. 16, American Legion, requests that you do your utmost to hasten through needed deportation and citizenship legislation. In this connection we pledge our support.

(Signed) HOQUIAM POST, No. 16.

That telegram reflects the spirit of all soldiers and sailors and all law-abiding citizens throughout my district and throughout the United States. The time for a clean-up is here. For years these plotters and schemers have been at work, and now they are breaking out in open defiance of law here, there, and everywhere.

Mr. BLANTON. Will the gentleman yield?

Mr. JOHNSON of Washington. Yes; I will yield.

Mr. BLANTON. In the face of all this, why are we now sidestepping on this railroad bill? Why do we not stand up and write a provision into the bill that will prevent the recurrence of such happenings in our country?

Mr. JOHNSON of Washington. I am glad to answer the gentleman. Let all understand that revolutionists, socialists, syndicalists, dynamiters, bomb throwers, I. W. W.'s, and all of such classes have been for 20 years engaged in a persistent and determined effort to break down honestly organized, contract-keeping labor. The I. W. W. and honest federated labor can not live in the same community. Should the former break down the latter, it will be a sorry day in the United States. I have seen these traitors "boring in" for years. I have warned the people over and over again. I have warned the labor unions. I have seen the spread of I. W. W.'ism, and know how destructive it is to everything that the people of the United States hold dear. My contention has been that that branch of labor which is organized and orderly should be sustained and encouraged, for sooner or later we must all stand together against the element which demands mob rule, chaos, and destruction.

Mr. BANKHEAD. Will the gentleman yield?

Mr. JOHNSON of Washington. I shall be glad to yield in a moment. The time has come to deal with those who are determined to have revolution, and, my friends, I beg to assure you that the great bulk of laboring men in the United States are with us and against any form of disorder, anarchy, Bolshevism, soviet, or any kind of a government other than that of the United States under its Constitution. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. JOHNSON of Washington. May I have five minutes more?

Mr. ESCH. The time is all allotted.

Mr. SIMS. Mr. Chairman, I yield 30 minutes to the gentleman from Texas [Mr. RAYBURN]. [Applause.]

Mr. RAYBURN. Mr. Chairman, I should not have taken any time in general debate if it had not been for the fact that some of my friends in the House were partial enough to me to say they would like to know what I thought about the bill in general and in some particulars. That I shall undertake to state, and, contrary to my usual course, I hope that I may say what I have to say without interruption. This bill, as has been so well stated on the floor of the House by the chairman of the committee and by those who have followed him, had the longest and most painstaking consideration by the members of the full committee in the hearing, by the subcommittee in this work, and by the full committee. No piece of legislation, where there are 21 members on a committee, is entirely satisfactory to every member of that committee. It could not be in the nature of things. This bill is not in every particu[illegible] what even the chairman of the committee, who so ably pr[illegible]ed it yesterday, desires or desired that it should be. I take it that in our compromises not only in the subcommittee but in the full committee we were all to some extent disappointed in what went into the bill. For the simple reason I object to some provision in the bill is no reason why we should make a tirade against the whole bill. If I object to some minor provisions of a bill I shall take potluck with my colleagues and try to correct that, as long as the bill is in the jurisdiction of the body of which I am a Member. As far as this bill in its general tenor goes, as far as it being an improvement upon the present system of the regulation and control of interstate commerce, I will say that it meets with my entire approval, and the bill in general, I think, is one of the greatest and most constructive ever presented to the Congress of the United States. It may be the gentlemen who are interested in water transportation find some things to criticize in this bill. The subcommittee was criticized because it put water transportation under the jurisdiction of the Interstate Commerce Commission, thinking that we would iron out that difference and that we would be able to satisfy those who were interested in water transportation, so we struck all of that out of the bill, and my opinion at that time was that those who advocated transportation by water and represent that interest were well pleased with the bill, yet I find my friend from Louisiana [Mr. SANDERS], a member of the committee, on account of that and a few minor provisions, thought if this bill, containing 84 pages, is the best that this committee can give birth to, then Government ownership is the solution.

I do not agree with the provision in the bill for a statutory rule of rate making. I am against guaranties to railroads, and that is one of the reasons why I am so intensely and unalterably opposed to Government ownership of railroads. It seems to me that it is fundamental that when you rob the railroads of this country of the incentive of competition and service, you have taken away from the railroads the greatest incentive to perform a great public service to the people.

A statutory rule of rate making, it seems to me, is the next thing to a guaranty, and is the very kind of a guaranty we should not have. When we start out to name the things that should go in and be considered by the Interstate Commerce Commission in arriving at what they will consider in setting a just and reasonable rate, we are likely to leave out some things that ought to go in, and we are likely to put in some things that ought to stay out. We have had the question of the reasonableness and fairness of rates passed upon by many courts of this land. It is my opinion that now, if we in this bill establish a statutory rule of rate making and say what the Interstate Commerce Commission shall take into consideration in setting a rate, we are laying ourselves liable for every rate adjustment that comes out of the Interstate Commerce Commission to tread the long and weary path from court to court to the Supreme Court of the United States. [Applause.] And I say that in this I am not criticizing the subcommittee that drew this bill, for the simple reason that every member of the subcommittee unanimously opposed the statutory rule of rate making placed in this bill. I believe that the House can do nothing better, when it comes to consider this proposition, than to strike that provision from this law.

Another feature that is contained in this bill, put in in the full committee over the protest of the subcommittee, is the settlement that shall be made between the railroads and the Government. It is my opinion that the rule laid down by the subcommittee, that had the indorsement of the Railroad Administration and those in charge there who were going to have to make the settlement of the railroads in the future, is a provision that should have remained in this law, and that the provision placed in it by this full committee should be stricken from the bill.

I believe, my friends, that the labor provision in this bill, on the theory that the subcommittee acted and upon the theory that the full committee acted——

Mr. OVERSTREET. Will the gentleman yield?

Mr. RAYBURN. I can not yield. I do not have the time.

Mr. OVERSTREET. For just one question?

Mr. RAYBURN. No; I can not yield. If I yield to the gentleman, I must yield to others.

That theory on which they wrote it is as good as could be had. I am firmly of the opinion, though, that the country expects and is entitled to expect of this Congress a law that will go further than the provisions of the House bill with reference to strikes. After the bill was considered in the subcommittee and then in the full committee, and after many weary months of hearings before the committee, I must say my views upon this question were somewhat modified. I believe that in this hour of unrest and discontent, when it seems that the world is in turmoil, and we are trying to get back to normal conditions, it would be a mistake to pass a drastic strike provision which would take in and penalize every member of the railroad brotherhoods. And one of the reasons for that is that I believe it will be practically impossible of administration and execution. But I do believe that this House should go far enough to put out of business, if it can, the men whom I believe are not only the enemies of this country, but the worst enemies of organized labor. [Applause.] I refer to the walking delegate, who can never be satisfied at all, for the simple reason that if he is satisfied, and says he is satisfied, he is out of a job. The agitator is the one that I try to reach by an amendment that I presented to the full committee, and which I will present here. I believe that the boards constituted in this bill are as fair and as just as boards could be. I believe they should have the support of the people of the United States as a whole and not as a class. I believe that a tribunal is set up here where labor and capital and the public may be heard fully, and that a just and impartial decision may be rendered. I believe that prior to the submission of a labor dispute to the adjustment board, while it is pending before the adjustment board, while it is before the labor appeals board, when the men who labor are willing for the Government to handle their case, that any officer, agent, or representative of one of these unions who during that period of trying to adjust the differences between the laboring men and the railroads in any way conspires to bring about a strike and a tie-up of the commerce of this country should be subject not only to a heavy fine, but he should be placed, in the discretion of the court, behind prison bars. [Applause.] I shall, therefore, at the proper time offer this amendment:

Prior to submission of a dispute to the adjustment board, or during the pendency of a dispute before such board or before the board of labor appeals, it shall be unlawful for any officer, agent, or representative of any union which, or a member of which, is a party to the dispute to aid, abate, counsel, command, induce, procure, or consent to a strike, or in any manner to conspire to bring about a strike. Violation of this provision shall be punishable by a fine of not less than $100 nor more than $1,000 or by imprisonment for a period of not less than 30 days or more than 6 months, or by both such fine and imprisonment, in the discretion of the court.

It seems to me this course ought at least to protect the public and to protect the honest laboring man upon the railroads of this country from this agitator who goes around to disseminate his doctrines among peaceful, law-abiding, and satisfied men, in order to collect a fee and keep up his work. It seems to me that that provision is as mild a one as could be written, and certainly if this House and this Congress is not willing to adopt one of that character, then it is not willing to adopt any. I am frank to say that I would like to see a provision go further than that. I am trying to get results and not trying to appeal to the grand stand.

I am very happy to note also another provision in this bill, a provision in which the House of Representatives has been a pioneer, and, I might say, a provision in which my State of Texas has been a pioneer. That is a provision for the regulation of the issues of securities by common carriers. Many years ago my State passed a law that before any railroad company operating in that State should issue new securities for any purpose they must come before the proper regulating tribunal of the State, lay their case before it, and prove that they needed the money they applied for.

In 1910 a bill for the regulation of securities was before the Congress, offered by the present author of this bill and of the provision in this bill. In 1914 I had the honor of sponsoring a bill for the same purpose. That bill passed the House of Representatives by practically a unanimous vote. The bill at that time, as upon former occasions, died in the Senate. The bill that came from the Senate Committee during this session contains practically, word for word, the provisions of the bill that I sponsored in 1914 and which is incorporated in toto in this bill.

As was so well said by the chairman of the committee [Mr. ESCH], this provision of the bill will cause a house cleaning among the railroads of this country. If it had been in operation in the last 10 years, we would not have the disgraceful proceedings of a Rock Island, of a Pere Marquette, of a New Haven, and other railroads. The railroads of this country have stood before the country for the last 20 years and preached against the constituted authorities of this Government. They have announced it from the housetops that the Interstate Commerce Commission has destroyed the credit of the railroads; they have preached it from the housetops that the railroads have no credit. And then they complain, after making those admissions and those assertions, that when they go out into the market to borrow money they can not borrow money. Is there a business institution in this land that would stand for 30 days if it went out before the public and admitted that it was facing absolute bankruptcy? I know that the credit of the railroads of this country is bad.

I know that the public looks with suspicion upon the acts of railroads in general, and the reason for that is that the public heretofore has had the awful and the criminal example of these railroad wreckers who were able under the laws of the States through which they operated to issue spurious securities, based upon wind and water, and which when sold to a trusting public represented in their hands nothing but a hope, but that was a vanishing hope.

Of course the credit of the railroads has been destroyed. But if we write into the law of the land a statute to the effect that before a railroad can issue new securities, before it can put them on the market, it must come before the properly constituted governmental agency, lay the full facts of its financial situation before that body, tell that body what it intends to do with the money derived from the sale of the issue of securities, and after it has received the approval of that regulating body and it goes out and puts those securities on the market, then the Interstate Commerce Commission by this law is empowered at any time to call it to account and have it tell to that regulating body that it expended the money, the proceeds of the sale of securities, for the purposes for which it had made the application. Then we shall have railroad securities that will stand for value in the markets of this country and in the markets of all the world. That is what they should stand for—railroad security based upon value, and not upon wind and water; not upon a criminal hope of some man to wring from the public unjustly that which he should not have, but security that will create confidence in the mind of the investing public that it represents value and represents a hope of some man that there will be an honest return upon that investment in the future.

The railroad problem is a great one. We do not hope to settle it with this bill. It will not be settled this year. It will not be settled next year. But I do not despair on that account at all. This Government was at one time a small Government. No great enterprises were in it. No great railroads spanned this continent. It was easy to conduct the Government then. You could operate the Government with few laws at that time. But with our expanding population, with our expanding wealth, the Congress of the United States may not hope to settle any question at any time for all the future.

I do not despair because we can not settle this question in a day and therefore say that we must go off after the wild vagaries of the disordered mind of some theorist. I do not think that because criminals have been in the railroad business, because men have mismanaged this property, we should plunge this Nation into the chasm of socialism by taking over the railroads to be owned and operated by the Government. [Applause.] That would do more to unsettle the question than any other issue that has ever vexed this country. It would do more to place the question in politics than anything else that could be done.

You can see how that could be so when we add 3,000,000 men to the civil pay roll of this Government, when their political influence and political force would be exerted in every presidential and every congressional campaign; when each party, as it has too much done in the past, would go around electioneering, trying to trade with one special interest and another in order to get the votes. And when I say "special interests" I do not mean the moneyed interests, I do not mean the railroad interests, I do not mean any one interest alone; I mean any special interest, be it capital or be it labor, that hangs around the legislative halls of this Congress and of every State in this Union asking, and too often getting, special favors. [Applause.]

I hope when this law is passed it will in some degree take this question out of politics. I had also hoped that the labor question would be solved in a way that would take it out of politics to a degree. But I am convinced, I am sorry to say, that the labor question is almost beyond solution; that it will always be with us to fret us; that it will never be settled finally. But it is the duty of this Congress, representing the great people of this land fearlessly and conscientiously and justly, to the best of its ability, to solve it as best it can in the light of present conditions. It is to be hoped that the fullest and freest debate will be given upon all of the provisions of this bill. The committee, I am sure, has no false pride of authorship in this legislation. Every one is anxious that this bill shall be improved if the brain of this Congress is able to improve it.

This, in my opinion, is the best bill upon the railroad question as a whole ever presented to this Congress, and one of the reasons why I indorse it and am happy to vote for it is that it does not seek to uproot all that we have done in the past, it does not seek to overturn and to wipe out every statute that we have had in the past and every landmark that we have set up in the past, but it takes the broad foundations of the general act to regulate commerce and builds upon that what we believe is a structure that will be beneficial to all the people of this land. You may hope to get out of the conference a better bill than is presented here. If the people of the other body and of the country would listen to the many and unanswerable, it seems to me, objections to the bill presented in the other body, outlined by the gentleman from Wisconsin [Mr. ESCH] yesterday, it would be an easy matter to lay aside many of the things that are contained in that bill. But men do not look at these questions the same. They view matters from different angles.

Still I hope that when this bill shall come out of this House it will be even a better bill than it is now. But if it is not improved and remains as it is, even with some of the objectionable features, to my mind, which I have called attention to, I shall cheerfully support it as being much better than what we have at the present time, and it is a bill that will not plunge the railroad question deeper into politics, as a transportation board would, as a separate body to fix rates and wages would, or as a secretary of transportation placed in the Cabinet would, to be changed every four years at the whim of any political party. This bill is so much better than many of us hoped to get that I say to my friends in this House that I trust they will look upon its main features at least with sympathy, and I hope with approbation. [Applause.]

Mr. WINSLOW. Mr. Chairman, I yield 15 minutes to the gentleman from Illinois [Mr. DENISON].

The CHAIRMAN. The gentleman from Illinois [Mr. DENISON] is recognized for 15 minutes. [Applause.]

Mr. DENISON. Mr. Chairman and gentlemen, as a member of the committee I want to express, for myself at least, appreciation of the hearty approval and response with which the bill has been received by the Members of the House, as far as we have been able to discover from expressions by the Members.

I do not see how any measure could have received more careful and conscientious and industrious consideration by any committee of Congress. As explained by the chairman [Mr. ESCH], we began hearings on this bill early in July, and all

during the rest of the summer and this fall, up to the day it was brought into the House, the committee have sat mornings and afternoons; all during the long, hot days of summer, when some of us wanted to go home, or when we wanted to be on the floor of the House or answer roll calls, we could not do so, because we had to stay and hear those who were testifying upon this bill. So the members of the committee neglected their personal interests, and their desire to participate in the discussions on the floor of the House, and even to vote upon bills that were before the House, in order that we might conclude the hearings on this bill and report it in time for it to be enacted at this session of Congress.

The hearings on this bill, in my judgment, constitute the most valuable discussion of the principles of railroad economics that has ever been published, and it will pay any of the Members of the House to secure a copy of the hearings for your own libraries and for future reference. The colleges of the country are sending for them to be used in their studies, and all who are interested in railroad legislation ought to have them. All of the best railroad economists, men who have had the most valuable and longest experience in practical railroad operation, came before the committee and testified. So I do not see how there could possibly be a more complete and thorough presentation of the various phases of railroad economics than will be found in the hearings on this bill.

I had expected, gentlemen, to have at least an hour in which to present what I wanted to say about this bill, but now I find through later developments that I have only 15 minutes. Therefore I am not going to attempt to present my views upon the bill. I can not do so in that short time; so I am going to eliminate practically all I had intended to say to the committee and confine myself to a few brief references to the proposed amendment that is going to be offered on that section with reference to the refunding of the railroad debt. I believe something ought to be said upon that question.

There was adopted in the committee an amendment to the bill that was reported by the subcommittee, and I believe it has been referred to here as the Merritt amendment. It has reference to the refunding of the debt which the railroads of the country owe to the Government. As I understand it, this amendment will be offered on the floor, and if adopted it will put the bill back into the condition in which it was reported by the subcommittee.

The difference between the two propositions presents a question that is to the laymen almost insoluble. It is a question of intricate railroad financiering. I do not know whether I could explain it to you satisfactorily or not. I am not going to attempt to do so, because I can not do it in the time I have. I can only show you the difference in the results of the two propositions. If I can make that clear to you, I will be satisfied, and then the Members of the House can determine which proposition they want to approve.

In presenting this important question I will endeavor to give you briefly the results of two years of Government operation of the railroads. I know that the Members of Congress and the country are interested in knowing concretely what are the results of this experiment in Government operation, which is generally conceded to have been a war necessity.

During the time of Government operation the Government has made a great amount of expenditures for what are known as additions and betterments to the railroads of the country. Those expenditures are ordinarily made by the railroads by the issuance of securities, so-called capital expenditures, as distinguished from current expenses. For instance, when a railroad replaces an old bridge with a new steel or concrete bridge, the additional expense over and above the cost of the original structure is charged to capital expenditure. In the same way, when they build a new station or any other expensive improvement of that kind, that part of the expenditures over and above the cost of the old structure is charged to capital expenditures, and they do not ordinarily pay that out of current revenues, but by an issue of new securities. It is a capital expenditure.

Now, the total expenditures made by the Government during this period of two years for betterments and improvements on all the railroads amount to the tremendous sum of $1,147,551,000. That amount has to be paid back by the railroads in some way.

There is $372,000,000 of that amount that has been paid out for new equipment, cars and locomotives by the thousands and thousands that the Railroad Administration has bought and allocated to the different railroads. That $372,000,000 they have arranged to pay for by the organization through certain bankers of the country of what is called a national equipment trust, which is going to take over the financing of that amount, and pay to the Government $200,000,000 in cash and give to the Government their securities for $172,000,000, or the balance. That is going to be done by this national equipment trust plan, provided Congress passes the necessary enabling act, which has already been passed by the Senate, and is now pending before the House, and ought to be passed before we adjourn.

If the enabling act for this national equipment trust plan is passed and becomes a law, the Government will finance the $372,000,000 which has been expended for cars and locomotives. This will be done by the acceptance of $200,000,000 in cash from the equipment trust and $172,000,000 in approved securities. That amount subtracted from the $1,147,551,000 which the Government has expended for betterments and improvements will leave $775,551,000 of so-called capital expenditures that will have to be funded when the railroads are turned back to their owners.

If the amendment to the bill which will be offered either by myself or some other member of the committee is approved and made a part of the bill, there will be deducted from that amount whatever the Government owes the railroads on their standard return, less certain exemptions, the sum of $415,016,000, leaving the balance of $360,535,000 that will have to be funded by the railroads by giving to the Government their secured notes. According to the plan embodied in the proposed amendment these notes will be payable in 10 annual installments, beginning five years after the return of the railroads and ending 15 years thereafter.

Under this plan there will also be due the Government from all of the railroads on open accounts, which will have to be evidenced by demand obligations, the sum of $105,646,000.

There will also be due the Government from certain railroads—namely, the New York, New Haven & Hartford and the Boston & Maine—for money which the Government advanced on long-time loans to take care of obligations which matured about the time the Government took over the railroads, the additional sum of $68,375,000.

There will also be due the Government for certain additions and betterments to other properties and on open accounts which will have to be funded the sum of $53,000,000.

Mr. HUDSPETH. Will the gentleman yield?

Mr. DENISON. Yes.

Mr. HUDSPETH. Will the gentleman state how the notes are to be secured?

Mr. DENISON. They are to be secured, according to the provisions of the bill, by first-mortgage liens, if they can be obtained; otherwise by the best security that the President can get.

Mr. HUDSPETH. In my State there are certain debts which are made first liens by statute, and therefore the roads in my State could not give a first mortgage.

Mr. DENISON. Under those circumstances the bill provides that the President must accept the best security that will be practicable.

In addition to the above amounts, which will be due the Government from the railroads for expenditures made by the Government, there is an additional amount of $14,342,000, which the Government has expended for equipment to be used on the inland waterways, purchasing and building boats, barges, and so forth, and which the Government will have to realize on as best it can by the sale of such equipment.

In addition to these amounts, which may be considered obligations of the railroads on which the Government hopes to realize full payment in time, the Government has sustained an actual loss in the operation of the railroads in the sum of $646,777,000. That amount represents the difference between what the Government has had to pay to the railroads for standard return, in excess of the amount which the Government has realized in actual earnings while it was operating the roads. In other words, the roads have earned $646,777,000 less than the amount which the Government has had to pay to the railroads in standard return, as provided for in the Federal control act. That at least is the actual loss to the Government.

Mr. RAMSEYER. Will the gentleman yield?

Mr. DENISON. I will.

Mr. RAMSEYER. Is there any hope of the Government being reimbursed for that amount?

Mr. DENISON. No; that amount must be charged off as the Government's first loss in the experiment of Government operation of the railroads.

Mr. KELLER. Will the gentleman yield?

Mr. DENISON. Yes.

Mr. KELLER. Is that estimate up to January 1 of next year?

Mr. DENISON. As accurately as could be estimated, up to January 1.

Mr. KELLER. What is the amount from July to the 1st of January?

Mr. DENISON. I can not give that to the gentleman.

Mr. KELLER. These figures are high; have they not been reduced during that time?

Mr. DENISON. I am giving the figures of the Railroad Administration itself, and I assume that they are not too high. I have assumed that the roads will be returned the 1st of January.

Now, if you add this $646,777,000, which the Government has actually lost in the operation of the railroads, to the other amounts which the Government has expended for the railroads and for which the Government will have to accept the obligations of the railroads, you will have the total sum of $1,421,020,000, which represents the amount that the Government will have invested in the railroads if the amendment that will be proposed is approved by the House and embodied in the bill.

You will remember, of course, that the Federal control act appropriated the sum of $500,000,000 as a revolving fund to be used in connection with the operation of the railroads. Since then Congress has made additional appropriations for this revolving fund of $750,000,000, making the total amount which Congress has appropriated for the Railroad Administration of $1,250,000,000.

Now, by subtracting this $1,250,000,000 which Congress has already appropriated from the $1,421,020,000 which is the amount that the Government has lost and expended for the railroads, you will have left the sum of $171,020,000, which will represent the deficit, as nearly as can now be estimated, for which Congress will have to make an appropriation in December if this bill is amended as I have mentioned.

Mr. RAMSEYER. Will the gentleman yield?

Mr. DENISON. Yes.

Mr. RAMSEYER. Under the bill you provide for guaranteeing the roads the standard return for six additional months; how much is the Government going to lose by that?

Mr. DENISON. That I do not know.

On the other hand, if the amendment that will be offered to the refunding title of the bill is not approved, and if the bill is passed as reported to the House, the accounts will stand as follows:

As stated above, there has been expended by the Government $1,147,551,000 for betterments and improvements, of which, as I have stated, $372,000,000 will be provided for by the national equipment trust plan that I have already mentioned. This will leave $775,561,000 in capital expenditures which will have to be funded.

Under the present provision of the bill only a part of the amount due from the Government to the railroads on their standard return can be set off or deducted from this amount. Deducting the amount that can be set off, $133,911,000, from the $775,551,000 leaves $641,640,000, which the railroads will have to fund by giving to the Government their notes maturing annually, beginning five years after the return of the railroads and ending 15 years thereafter.

Under the present provision of the bill there will be due from the railroads to the Government on open account the sum of $16,876,000.

The other items of indebtedness I have mentioned above will, of course, be the same under both plans. Therefore, the total amount of both funded and demand indebtedness of the railroads—excluding the $372,000,000 of allocated equipment—will be $779,891,000 under the provision of the bill as reported, or will be $587,556,000 if the amendment that will be proposed is approved.

Accordingly, the total amount of money that will be required by the Government to complete the financing of the railroads under the plan proposed in the bill will be $1,613,355,000, as against $1,421,020,000 under the plan of proposed amendment.

Deducting the amount already appropriated—$1,250,000,000—from this first amount will leave $363,355,000, which will represent the deficit under the plan of the bill as reported, and for which an appropriation will have to be made by Congress during the coming December.

Stated briefly, the practical effect of the amendment that will be offered will be that the funded and demand indebtedness of the railroads to the Government will be $587,556,000, as against $777,891,000 under the provision of the bill. And Congress will have to appropriate $171,020,000 more for the Railroad Administration as against $363,355,000 under the provision of the bill.

The expenditures of the Government have been so tremendous, and the Government has invested so much money in operating and financing the railroads, it seems to me that Congress should hesitate to approve legislation here that will necessitate this additional large appropriation simply in order that some of the wealthiest of the railroads may collect from the Government what the Government owes them when they themselves owe the Government for betterments and improvements and other advancements such a tremendous amount of money.

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

Mr. SIMS. Mr. Chairman, I understand that the gentlemen on the other side are to use the balance of their time in one speech.

The CHAIRMAN. The gentleman from Tennessee has 26 minutes remaining and the gentleman from Wisconsin 32 minutes remaining.

Mr. SIMS. The gentleman yielded back 1 minute and that made me 27 minutes.

The CHAIRMAN. General debate closes at precisely 12 o'clock, and the gentleman from Tennessee has used up one minute in deciding which gentlemen shall use the time.

Mr. SIMS. Mr. Chairman, I yield 20 minutes to the gentleman from Minnesota [Mr. ELLSWORTH], a member of the committee.

Mr. ELLSWORTH. Mr. Chairman, much has been said—and especially by those who believe that this bill is a great achievement—about the prowess of America, about our wealth, about what we can and ought to do to sustain our transportation system. I sometimes wonder whether or not Members on the other side of the aisle do not see in the future a fundamental principle involved here. When I say that I say it not in a spirit of criticism but with the feeling that at this time in our history we ought to proceed with caution where fundamental principles are involved. When the Constitution was framed, Jefferson, whom they love to look to as the great leader in the history of their party, rushed back from Europe to prevent centralization of power being given in the Constitution.

And for many administrations there was a contest constantly between the two parties, one seeking to secure a more centralized power in the Government, and the other striving to keep from drifting toward it. This bill will vest in a governmental agency extreme power. It vests in the Interstate Commerce Commission the power to adjust railroad rates, freight and passenger, almost arbitrarily and based upon a purely artificial basis.

I sometimes wonder whether or not upon our side of the House we Republicans who are so solicitous because you on the other side during an emergency expended billions, and might have been extravagant in the letting of war contracts, or in some of the shipbuilding yards, or in France, in the conduct of the war—I sometimes wonder whether or not in the days to come, in the campaigns in which our party must meet the other in the conflict of debate, we may not be accused of extravagance along a different line in this bill. The sum of $250,000,000 is authorized in this bill for new loans. We have taken over the railroads and we are about to turn them back. We propose to offset accounts, as between indebtedness for equipment and additions and extensions, amounts owing the Government, against amounts which the Government owes the railroad companies for the unpaid guaranteed standard returns. We propose for six months after Federal control ceases to pay a further guaranty based on a three-year test period. In addition, we then propose to make new loans to the railroads. The railroads at the time we took them over were practically bankrupt.

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

Mr. ELLSWORTH. Not now. I prefer to proceed without interruption until I finish my statement, then I would be pleased to yield. They were bankrupt at that time and they are bankrupt now, and they probably will be for years to come. What I fear is that this bill will establish a wrong permanent policy, and I do not have in mind now whether they are entitled to a guaranty for six months or not, for I regard that as a trifling matter in principle, even though it may mean a lot of money, for it is temporary. But in the establishment of a permanent governmental policy, in the matter of the performance of a duty of Congress toward the people of the country, I feel deeply concerned. As I regard our duty at this time, it is that the Congress should insure to the country a proper transportation system. And when I say that I do not mean simply a proper railroad transportation system, but a transportation system of all facilities of transportation, whether it be rail, water, or motor. When I say that I believe it is the duty of Congress at this time to insure to the people, to the commercial business of the Nation, which from interstate commerce and from foreign commerce must make the incomes from which they pay taxes into the Treasury—the money which we will dispense in this bill for the upkeep of that same transportation system which enables them to transact the business

out of which they make the taxable profit—when I say I believe that we should keep up and maintain and insure to the people of this country a transportation system, I am looking to the future.

Looking ahead 15 or 20 years—and certainly that ought not to be a long time for us to project our minds into the future if we desire to legislate and establish fixed principles in legislation—I would predict the following conditions: Some of the railroads will have been granted money time and again. The Government will have taken their bonds or the best securities it can get under the provisions of this and other future legislation. Finally, there will come a time, as there has repeatedly in Italy, when the individually owned railroads will be taken over and operated by the Government, just as purchasers at receivers' sales of railroads have done in the past. And notwithstanding we do not determine a Government policy, the Government will be forced to embark upon the system of Government-operated if not both Government owned and operated railways. And right here let me say that in preference to a system of fostering financial dependency, of granting practically a subsidy, through direct loaning or preferential rates, with the result of stifling water and motor transportation development, I would prefer Government ownership and Government operation. This bill will, in my opinion, launch us on the policy of sustaining an exclusive railway trunk-line transportation, which will demand a complete abandonment of any and all other facilities. It will result in a double undue burden on the people of our country through the maintenance of an artificial rate structure coupled with an increased tax burden to supply constantly increasing deficits to the favored system.

I can not subscribe to the establishment of a principle of special assistance and exclusive rights to be granted by the Government to one form of transportation in preference to all others. It is true that we have one-third of all the railway mileage in the world. Yes; but we had also at the commencement of the war in Europe some 60,000 more automobiles than all of the rest of the civilized world in its entirety. This wonderful industry, now going into the most intensified motor-truck development, and a proper and free development of our great inland waterways and coastwise shipping, ought to give to America the best and cheapest universal transportation service that it is possible to secure. Any other system is but the imposition of an undue burden which means wasted energy, tribute to selected private interests, and handicap in competing in the world's markets without corresponding benefit to the producer of the raw material or the worker in the industrial establishment.

The proponents of the bill answer, "But we have given water transportation and motor transportation a free hand." To that I say it was proposed and strenuously maintained that the Interstate Commerce Commission should be given the power to regulate water transportation rates, and some even proposed that motor-truck transportation be regulated. The launching of the policy contained in this bill will mean the subjecting of all other forms of transportation to regulation whenever it appears that competition from other forms threatens railway transportation.

I object to providing for emergencies exactly as we did during the war and not looking ahead to the future in any respect. I regard it the duty of Congress to provide the best possible and the cheapest and the most universal transportation system that can be provided. I believe it is our duty to so adopt principles in our railway legislation that they may be safely followed by future Congresses, because the example of this bill, the creation of the relation of guardianship which exists in this bill, the paternal proposition involved in making new loans to the railroads, and fixing rates on the basis proposed, will invite those railroads to come back to Congress again and again for financial assistance as they go down into a condition of worse bankruptcy than exists now, or than existed before there was Government operation or during Government operation. I say that it is our duty to establish a permanent Government policy and not to follow a sentiment resultant from artificial and temporary conditions.

There is nothing in the present situation which points to any certain determination of a permanent future policy as to operation or ownership and operation of the railroads, whether by the companies or by the Government, except that the provisions of the pending bill will not solve the problem. If you will talk with any railroad employee—any engineer, fireman, conductor, brakeman, or yardmaster—you will find that railway management was in a state of abeyance so far as the requirements in the actual operation of trains was concerned during Government operation of roads. The spirit of officials in management during Government operation, as demonstrated in contact with the employees, approached the status of farce comedy during the Government's operation, and it is an open secret that the delicate hand of officialdom was little feared or little felt during such period. So that while deficits and constantly depreciated service causes sentiment to demand flying from one extreme to another I do not believe a return to any such system or policy as this bill contemplates is justified. I would not enter upon a policy of subsidy to trunk-line railroads. I would not embark upon discrimination against other forms of transportation. I would not tax the people of the United States to sustain an artificial rate system for trunk-line railroads, or railroads in general upon the basis of insuring "necessary operating revenues" or a "fair return," as provided in the bill, with the inevitable result that it means the embarking upon a policy which must stifle water and motor-truck transportation and the consequent denial of cheaper transportation and the sustaining of an artificial system of rate structure to give "a fair return" to the system which stifles our natural facilities. It is burning the candle at both ends. The American people ought not to be burdened with such a system. I do not think they will be burdened with it long, and my prediction is that in a very few years Congress will be compelled to reverse the policy which it is now about to adopt. [Applause.]

The CHAIRMAN. The gentleman from Tennessee has 6 minutes and the gentleman from Wisconsin has 32 minutes.

Mr. SIMS. I yield six minutes to the gentleman from Pennsylvania [Mr. BURKE].

Mr. BURKE. Mr. Chairman, I sat here yesterday forenoon and closely listened to the able and eloquent address delivered by Mr. ESCH on this bill.

Last night I talked with and listened to the representatives of over 2,000,000 railroad men who are affected by this bill, and every one of the representatives of the men were fearful of the provisions of this bill where it governed them; these men believed, and I am of the same opinion, that with the creation of such boards and the powers granted them by this bill the hands of labor are tied; that labor is shut off from further advancement, further progress; and that even a new contract or agreement would be a thing of the past. For the first time in history by legislation it is proposed to put a club in the hands of corporate interests to use over labor organizations to the extent that it can reach into the treasury of the organizations and seize their funds.

The bill provides for the welfare of the railroads; it proposes to finance them, to see that they are in position to successfully operate when returned to private ownership; it protects property rights but it destroys human rights. If the roads are to be returned to private ownership, then the least thing this Congress can do is to return the roads the same as they found them when they took them over, with free men in the service. It is an injustice, a crime, to shackle the railroad men, to fasten upon them restrictions, to violate the privileges and rights they have always had, and which they have never abused. It is a poor return for their loyal and patriotic service.

Another thing, with the great unrest existing it would be a greater wrong for this Congress to add to this unrest by creating a law that would only make worse the existing state of discontent. You can not destroy the rights of citizens of this country; you can not make slaves of freemen and expect the people to accept the condition without protest. Injustice breeds resentment.

Congress should exert every effort and energy to bring about a feeling of stability and security in the country—to restore confidence in the hearts of the people. This can never be accomplished by unjust, unwise legislation. The bill before us has been in the hands of the committee for 10 weeks, and yet yesterday morning I gleaned from the remarks made by Mr. ESCH that that part of the bill dealing with the formation of the board he was not quite sure himself about its features. This bill has only been in the hands of Congress a little over 24 hours; it consists of 86 pages, and I believe it is too important a piece of legislation, too far-reaching in its effects, to be railroaded through here at the closing days of this Congress. In the interest of the people it affects, and in order that every Member should have ample time to study the bill and familiarize himself with its features and their consequences, it is my conviction that the wisest, safest, and best thing to do is to place it on the calendar, and when Congress meets again in December take up the bill and strip it of the provisions that are unjust, harmful, and injurious to the railroad employees.

The CHAIRMAN. The time of the gentleman has expired. The gentleman from Massachusetts [Mr. WINSLOW] is recognized for 32 minutes.

Mr. WINSLOW. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to revise and extend his remarks. Is there objection? [After a pause.] The Chair hears none.

Mr. WINSLOW. And also that I may proceed without interruption.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that he may proceed without interruption. Is there objection? [After a pause.] The Chair hears none.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. PLATT having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Crockett, one of its clerks, announced that the Senate had passed with amendment the bill (H. R. 9821) to amend an act entitled "An act relating to the Metropolitan police of the District of Columbia, approved February 28, 1901, and for other purposes," had requested a conference with the House of Representatives on the bill and amendment, and had appointed Mr. SHERMAN, Mr. CALDER, and Mr. SHEPPARD as the conferees on the part of the Senate.

The message also announced that the Senate had passed bill of the following title, in which the concurrence of the House of Representatives was requested:

S. 1229. An act to amend an act approved August 22, 1914, entitled "An act to amend and reenact section 113 of chapter 5 of the Judicial Code of the United States."

THE RAILROAD BILL.

The committee resumed its session.

Mr. WINSLOW. Mr. Chairman and gentlemen of the committee, my purpose is not to make any argument for or against any provision of this bill, but to explain the mental processes which controlled the subcommittee and the full committee in respect of the provisions which they have set forth in the bill.

I have been told by those of long experience that it is not quite in the line of House etiquette to speak too freely of what takes place in committee. In order, however, that everybody here may understand the situation, I wish to tell you that the full committee agreed unanimously that the best thing to do was to bring out the final conclusions of the majority of the committee in respect of this, that, and the other provision, but with the full understanding that each member was free to disagree in respect of any provision, and to make his views known on the floor without any prejudice as to his good faith in the matter and without any reservation.

The reason for that is simple enough. Everybody who worked on this bill learned very shortly that it was a tremendous undertaking, and the more we worked on it the more we realized that fact. We realized that there were a number of points, all important, on which men differed. The full committee was almost evenly divided on several important features of the bill. On one or two provisions we had a change of opinion, as expressed by vote of the committee, due to the fact that on one occasion there was one set of men present, and on another the personnel shifted just enough to carry the other way, but still always in good faith and in good feeling. When, therefore, I make an explanation to you of the measure it will be in no sense out of accord with the determination of the committee.

There are many headings which might be taken up, but it seems to me, after listening to the debate here for the greater part of two days, that there are two which I ought to speak of especially, and I am sure I will no do more than that in the time that is at my command.

We had weeks of hearings, long, interesting, and very complete. No man who had a right to be heard or who asked to be heard was shut off. The committee members were long-suffering. The temptation at the outset was to get through as soon as possible. The argument, however, was that we had better learn all we could, and we became convinced of that more and more as we went on, because it was very apparent to most of the members that the more they heard the more they realized they had much yet to learn. We finally got through the hearings, and the subcommittee was appointed to draft the bill.

That subcommittee, before undertaking to go into the bill, from a technical viewpoint, decided to determine what its purposes really were, and we concluded that we must tackle this job with the idea of doing the best we could for this country, from one corner to the other, and from every confine to every other confine; that we must be just to the Government of the United States; that we must be fair; yes, generous, with the railroads of this country. And on that platform we went at our business. At no time in the meetings of the subcommittee did the question of locality interest ever arise. Locality considerations were represented by people from outside, and influences of an entirely proper order brought to bear in the interest of locality, but the committee never wavered from the general trunk-line route of heading on to what would be a national railroad policy, and the establishment of a railroad institution for this country which would be best for all the country. Unfortunately, I think—and I will not dwell long on this now—we have had a little touch of local consideration in this debate; but later, under the five-minute rule, we can get after that. We have proposed that at no stage of the game should the tail wag the dog.

Now, in the consideration of the railroad interests, which, by the virtual elimination of water carriers, has come to be the important interests in the bill, although no more important for the well-being of the country than the water interests, we felt obliged not to consider particularly the well-being of the very prosperous railroad, nor to bear in mind as a primary consideration the well-being of all the most impoverished and most impossible railroads, but to try to work along in the interest of the average road, yielding a little of the time in favor of the poorer road, which by virtue of generosity on the part of the Government might be helped on its way and headed on toward business prosperity. When you bear in mind that there are 2,000 railroads, more or less, in this country, running all the way from the highly successful to two streaks of iron rust across the country, you will realize that general legislation is quite impossible which the owner of each and every road thinks is entirely fair to his road. We can not do it in this bill.

While I am not a prophet, as one of my colleagues on the committee is, as to what will happen in the future, it seems to me quite likely we can never legislate here in one bill for 2,000 roads with almost 2,000 different conditions. The best we can do, I think, is to strike an average along the line, by virtue of which the strong road will look out for itself, the road which can not get along will be cared for, and so along down to the standpoint where we will help every road that is entitled to help as we can see the means to do it.

The two particular points that I wish to speak of are the refunding proposition and the financial provision, and if I have an opportunity I would like to say a little on the labor question, but I would rather make the refunding proposition clearer, because I expect that will be more difficult for the Members to understand than the labor proposition.

I wish to set forth a comparison, without argument, of two plans which affect the financial interests as covered by this bill. The plan proposed by the subcommittee was based on the line of thought that, first of all, we must get the roads out of the hands of the Government, so far as Federal control is to be considered. In order to do it, they must square accounts or otherwise provide for them. In short, they must make an accounting. So, then, the first thing we said to ourselves was, "What is necessary to consider in the way of accounting to close the books and end the contract, so far as that part of it goes?" We realized that we must have a refunding of some sort, and we squarely made up our minds that that refund, caring for the debts, must be divided into two classes—one which you would call permanent funding; the other a funding of a floating nature, in the order of notes.

The next thing was, having turned the railroads loose, should we turn them loose without a home, without any care, without any help, but simply say "Go forth and do your best"? We concluded, on the whole, bearing in mind the interest of the great majority of the railroads approaching the average line of prosperity, that it was only fair to give them a guaranty. That provision was in the bill. Then, the next question was, "What will we do for those roads for working capital?" And that provision is in the bill and will be duly explained later.

Then came on the consideration of the provision of funds with which to extend and make their improvements, betterments, and so on, for the future. All those points were taken up. The bill was brought into the full committee, and there arose an entirely proper and reasonable difference of opinion as to the method of procedure in respect of the refunding. In every other way we were in accord, with no difference whatever, so that, so far as this House is concerned, in respect of the immediate discussion of the two plans, you can bear in mind that the refunding scheme proposed is the only one which is under discussion, so far as the committee knows.

The refunding proposition is divided into two parts—what you might call the more or less permanent funding, and then the funding which is evidenced by notes. The discussion comes between the two sides to the contention in respect of the permanent funding and the interest rate. I do not think it is worth while to take very much time now in respect of the interest rate. That will come out fully in the consideration of the bill under the five-minute rule.

We are, then, brought down to the real difference between the two sides on this discussion. I shall not go into figures unless you call for them, with the single exception of the

mention of one sum, because I am well aware that the figures and their size and variety as they exist in the accounting commission would simply dazzle the observer. It is difficult, at the headquarters of the Railway Administration, to get them to tell you the same exact story on two successive days. In fact, they can not do it, because the financial conditions are changing from day to day. The railroads owe the Government, we will say, $1,100,000,000. The provision is to take care of a part of that through a car trust. The Government will get its money there. That will all be explained. There is no difference of opinion in respect to that. That will be explained in debate under the five-minute rule. The Government is supposed to owe—and we will say it does owe—the railroad companies a certain amount. We approach this point.

Now mark this; it is the whole story: We agree as to the amount that these railroads owe the Government, subject to funding, as provided in the bill. We all agree that the Government owes the railroads. Now, the question is—and I will illustrate it in smaller figures, which some of us will be able to comprehend—the railroads owe the Government, say, $100. Those small amounts are strange words here in these days, but they are comprehensible, perhaps. The railroads owe the Government $100. The Government owes the railroads $25. Query: Shall we offset the $25 against the $100, and fund that under the subcommittee's plan, or shall we not? If we do not, how do we take care of the $25 that the Government owes the railroads? Under the bill as now presented the proposition is that the Government shall pay the $25, and give it to the railroads to do what they want with; that it shall not make an offset.

Now, the argument, as I understand, then falls on the question of the wisdom with respect of providing a working capital for the railroads. The subcommittee felt that the working capital would be provided through other means in the bill which I will explain. Those who held other views as represented by the bill now before the House said, "No; they can not get that working capital so conveniently, so easily, and so thoroughly as they ought to if there is an offset." The subcommittee felt that if the Government offset and funded the balance—if they allowed the railroads to finance their floating indebtedness, betterment account, and other accounts, which could not be charged to capital account; if they furnished the railroads an opportunity for a guaranty of six months and the chance to get advances from the very beginning if they indicated a desire for higher rates and the need of more money; if they provided a method for the railroads to borrow money needed for extensions in the future; and if they furnished them, as they have to-day under the contract now in existence under the Federal control act, with the money to take care of all debts outstanding for current expenses, the railroads would be well provided for as to a means for getting necessary working capital.

Now, the broad theory of the subcommittee was that our purpose is to get the Government's hands off the operation of these railroads. But that is not all. Our purpose is to make these railroads go out in the world and be real railroads and hustle like other people hustle who do business. We do not want to pamper the railroads, the dubious and doubtful roads which run into the hundreds so that they will lie down and not have any incentive to get out from under the Government. We feel that we have provided to the railroads the means of obtaining sufficient working capital on favorable terms, and they can start out free from current debts, a thing which has not happened to them before within the memory of man.

If the other plan as proposed in this bill is adopted, some of the roads might get easy money, which they did not need; some of them might get some that they needed very much; some might get less than they need. The only difference between the two plans is as to the method; whether you want to fund to the greatest extent or whether you wish the Government to keep a controlling hand on its loans and watch the railroads and be able to say to them at any time, "We do not like your ways; we want you to do business more wisely," and so forth.

I believe that everybody on the committee is of the mind that the railroads can be run under either system and that the Government will be virtually as secure under one system as under the other. The only question comes as to the pressing needs of the railroads and the extent of the generosity of the Government.

There is nothing more, perhaps, that I need to say about that subject now; but as the provisions of the bill are read and we consider them under the five-minute rule, I shall hope to take part in that debate on the different sections.

Now, the other subject that I want to talk about is the labor question. Intricate and troublesome as the financial proposition has been to everybody, both on the subcommittee and on the full committee, I am sure it has not tried the souls of the members as has this labor proposition. That was the subject entering into the discussion of every phase of the construction of this bill. We were never without it. Its shadow was over us from the beginning to the end. We referred to it from time to time, and finally got down to the point where we had to consider it specifically, and for four days and a half we worked on that labor problem, and I think every member was dreaming of it every night. We had all sorts of suggestions, all the wild-eyed schemes you could think of, every sort of ism and squism that you could imagine. [Laughter.]

They were all brought in before the committee. We had the suggestion of the man who would "eat 'em alive." We had the suggestion of the man who would not pay any attention to them at all, God bless them, and there we were. Everybody of that subcommittee had the feeling in his soul that if any operative of a railroad did anything nasty or mean or willful or disloyal or unpatriotic, to the extent of creating an interference with the public good, he ought to be handled in some way, and that if anybody willfully did anything that was reprehensible and rotten, he ought to be taken by the throat and squeezed back on his job. That is the inner heart of every man in this House, and it is the inner heart of every man outside. It is the inner heart of the inside of the labor organizations, if in any particular case a man's toes or the toes of his family are stepped on. [Applause.]

And so on down the line. It gets down to every man for himself. In this recent trouble in Boston nobody was so much down on those rotten policemen as the laboring man who had a brick go through his window and hit his wife in the face, or spill the soup on the kitchen stove. [Applause.] That is not guesswork. It was worked out. When we came to test it out in Massachusetts we had no politics in the campaign, and I do not bring it up on that point. It was a clear case of law and order against disloyalty and rowdyism. [Applause.]

What is the result? We know and can demonstrate, as well as you can demonstrate anything of the kind, that thousands and tens of thousands of members of labor organizations voted for the champion of law and order. I will not even call him by a party name, so as to keep politics out of this discussion. They voted that no set of fellows could endanger the well-being of the public. And, mind you, every man who belonged to a labor organization found that he was one of the public about the time these outrages were going on. [Applause.]

So we realize that everybody has it in for the man who is doing the wrong thing, if it can be established that it is wrong. Up there in Massachusetts we treated it by moral suasion, by having the State Guard march up and down the streets for drill, and they gave an imitation of what they would do if there was a mob, but the mob never came out for practice purposes. [Laughter.] So they finally got up to public opinion. And, mark you, I believe nothing of that kind will take place in Massachusetts for many a day, because they have learned there the lesson that this whole country ought to learn, and that is, that at the last call those who have long been asleep, the Rip Van Winkles of the time, will come to the front when law and order and common decency are at stake. [Applause.] We took courage in our committee from that fact. Just at the time when we were at the height of the consideration of this matter they had the unhappy outcome of the council to adjust labor matters here in Washington. We were in the midst of several turmoils and troubles.

As time is fleeting, I will boil it down. We analyzed the situation as well as we could, and there were some in that subcommittee who did not give up the idea of putting long, hard second molars into the bill—not milk teeth, but real molars that might be expected to stay for a while. But the more we tried to apply the principle of coercion by force, the more we tried to work out penalizing provisions, the more we realized that the task was difficult. Legal objections came up on this side, practical objections born of experience on the other. The great human element that must be considered in this matter above everything else, before we will ever work it out, all seemed to tend to the establishment of a conclusion that, no matter what we did about eating 'em alive, no matter what we did about shooting them at sight, first of all we must be righteous, we must be decent, and give every man in this country a chance in the beginning to discuss his troubles and settle them like men and gentlemen. [Applause.] So then we said, "We will go to work on that line, and if the teeth business has to come along and we have to make a set, we will do that after we have tried the peaceful and friendly proposition."

Now, when we got to the establishment of the friendly method which has been set up in this bill and which we can discuss

in detail later, we all agreed that there was only one real weapon with which we could vanquish the foe, and that was the great public opinion of the country, and we framed that bill so that the contenders could rub their noses together at a different stage of the game, force them right into the pit, rat and pup, without regard to which is which, and let them go at it. If they can learn to live and eat out of the same saucer, well and good; they will find it out and it will be easier for them to do it the next time, and the generations to come will have no trouble about it. But the very minute it becomes a fight to the finish, we know the results, because we have been living in that atmosphere. So in the subcommittee we never got to the point of applying a penalty in the sense of having teeth in it, and when it came into the full committee the rest of them finally came to feel the same way.

Some Members felt that we ought to be firmer, that we ought to be stronger, and some of them, I fancy, will so express themselves on this floor; but the majority of them came to feel that after all the subcommittee were right, so we left the bill as it is. That is the reason for it. That is the argument. And I want to tell you, my friends, if any of your neighbors tell you that the committee, or you if you support the committee, are lacking in moral courage in not putting in a provision with teeth in it, you just tell them for me—and I have had more of it by a darned sight than I wish I had had—that it takes a great deal more courage to stand up and extend the right hand to a fellow you are against, and say, "Well, now, God bless you, let's see if we can't get together," than it does to square off and hit him if you think you are big enough to get away with it. [Applause.]

The CHAIRMAN. The gentleman yields back two minutes.

Mr. ESCH. Mr. Chairman, I ask the Clerk to read the bill under the five-minute rule.

The CHAIRMAN. The Clerk will read the bill for amendment under the five-minute rule.

The Clerk read as follows:

Be it enacted, etc.—

TITLE I.—DEFINITIONS.

SECTION 1. This act may be cited as the "commerce act, 1919."

Mr. HUDDLESTON. Mr. Chairman, I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to proceed for 10 minutes. Is there objection?

There was no objection.

Mr. HUDDLESTON. Mr. Chairman, the account of this bill and of its passage through the House as it will probably be given will be a reminder of the renowned nursery rhyme which gives an account of the birth, life, and death of one "Solomon Grundy."

This bill was introduced on Saturday night after everybody had gone to bed. It became available to Members on Monday and was reported by the committee on the same day.

Taken up on Tuesday; debated on Wednesday; amended on Thursday, Friday, and Saturday; and probably finally passed on Monday.

"And that was the end of Solomon Grundy."

And the victim of this farcical haste is the long-suffering public—always despoiled, always neglected, always cheated and discriminated against.

I believe that in the history of Congress there has never been a measure of similar importance of which the membership of this House was given such a meager opportunity for consideration. If it were parliamentary and I felt that it would be good manners to do so, I would like to ask the Members of this House who are present now in the Chamber, how many have read this bill—have even so much as read it, not to speak of having studied it? Then, having brought out what I imagine would be not over half a dozen outside of the members of the committee which reported the bill, I would like to ask that half dozen if there be a man among them who has the boldness to say that he fairly understands all the terms and provisions of the bill?

Oh, of course the committee has held long hearings, but of what benefit are those hearings to other busy Members of the House, who have many other important matters to consider and to attend to? We have not read the hearings; no one has read them. The committee has given much consideration to provisions later incorporated into the bill, but of what benefit is that to those not on the committee, unless we are willing to accept the opinions of the committee without having any convictions of our own on the subject? There is a wide variance of opinion even among members of the committee. Many important provisions of the bill are favored by a bare majority of the committee only. I have my own responsibility in this matter. I must have some convictions of my own. I can not shift my burden to the shoulders of the committee. The fact is, gentlemen of the House, we are considering this bill without any adequate knowledge of its provisions being possessed by the body of the Members of the House.

The bill to me is impossible even with the little I know about it. It is impossible for a number of reasons pointed out by various members of the committee themselves. I can not under any circumstances support it for a dozen reasons, and I have no doubt there are dozens of other reasons hidden in the bill in the form of jokers, obscure provisions, and equivocal phrases and things that can not be readily understood which would forbid me from voting for it on final passage.

To me the bill is impossible, because of the method of accounting which is provided for between the railroads and the Government. There is such a discrimination against the people of the United States and in favor of the owners of the railroads in that manner of accounting that I can not support it or even find it tolerable. I will not agree that the Government shall not be permitted to set off against a railroad the debt which it owes the Government against what the Government owes it, and that the Government must wait 10 years for what the railroad owes it, yet must pay in cash what it may owe the railroad.

But more, the bill is intolerable to me as capitalizing and making good all the billions of dollars of water injected into the securities of the railroads of this country by dishonest speculators and promoters. It is proposed not merely by this bill to make this water good to the owners, but to tax the people of the United States—those who are now here and children yet unborn—to pay interest and remuneration to the roads on all the water injected into their stock.

The bill is impossible because it contains the unjust and intolerable guaranty of remunerative income and rates to the railroad.

It is intolerable because it lends the credit of the United States, your credit and mine, and that of our humble constituents far away in Alabama, in Illinois, in Montana, and throughout the country—it lends their credit to private enterprise. It enables private parties who are in the business of owning railroads for the money they can get out of it, to use the credit of all the people of the United States for their private gain. It grants a subsidy to the railroad owners in the most vicious form. I can not vote for the bill because of that.

Why, just let me say it all in a few words. We took over the railroads because their owners were unable to run them. They could not meet the emergency; they did not have the money nor the credit; they did not have the brains and character to run the roads under the stress of the circumstances of the war. We took over the railroads because the men who owned the railroads wanted us to do it as a favor to them. They could not run them. They would have been in bankruptcy long ago had we not taken them over. We took them over and spent the money of the people of the United States in rehabilitating them.

Mr. MADDEN. Will the gentleman yield?

Mr. HUDDLESTON. I have but little time, and——

Mr. MADDEN. We will get the gentleman more time.

Mr. HUDDLESTON. If the gentleman will get me more time, I will answer the gentleman in that time.

Mr. MADDEN. I would like to have the gentleman state a few facts in his remarks. [Laughter.]

Mr. HUDDLESTON. I could not hope to get any help from the gentleman from Illinois along that line. [Laughter.]

Mr. Chairman, we took over the railroads, we have rehabilitated them, refurnished them, rebuilt them, and reequipped them out of the Treasury of the United States. We have paid their owners an extravagant compensation for their use. And now we are turning them back to the owners, and paying them to take them back, and lending them the credit of the United States. That is the situation. That is rank and vicious class legislation, legislation in behalf of a very small minority—the people who own the railroads of the country.

When the railroad employees brought out the Plumb bill, the reactionaries of the country hooted, and their newspaper organs called it "Bolshevism," because they said it was class legislation. Now, I ask, How can you discriminate between legislation for the benefit of employees and legislation for the benefit of the owners of the roads. The only difference, as far as I can see, is that in one case you legislate for the benefit of a great multitude of men who toil and in the other you legislate for the benefit of a few soft-handed gentry who sit in swivel chairs clipping coupons in the back rooms of the banks. What is the

difference in principle, assuming that the charge that the Plumb plan is class legislation? If the Plumb plan is Bolshevism, then what is this that you are doing here to-day?

As bad as the bill is, I congratulate the committee for having done even as well as it has. God knows they were up against influences such as never confronted a committee of Congress in this country before when they undertook to hold even-handed the scale of justice between the people of this country and the vast domineering interests that own the railroads of this country. Oh, they did well. Think what they were up against. In the first place, here were a lot of men fighting to capitalize some eight billions of water. Here were a lot of men playing for a stake of $8,000,000,000, trying to validate fraudulent stock and guard it and make it safe for all time to come.

They have had their lobbyists in Washington for a year, the strongest and best financed lobby ever in Washington, for they were playing for the biggest stake. They have had the best brains that money could buy, the ablest lawyers that could be induced for a price to work against the public interest. They have collected astute representatives from every quarter of the country. They have used every art known to political and financial influence and of social prestige. The committee has been besieged from day to day by these representatives of selfish interests. They are not inexperienced men. They are men trained in the railroad school. The interests which have besieged the committee are the same interests which through all these weary years have corrupted the politics of the States and swayed courts, legislatures, and executives. They are old and seasoned in this work. They are apt in deception, in the framing of jokers in legislation, in the injection of phrases not easily understood.

The wonder, then, grows that the Committee on Interstate and Foreign Commerce have been able to bring out a bill which in any measure protects the public interest. Again I congratulate the committee, for evidently they have withstood many of the influences brought to bear. I respect the judgment of the members of the committee. They are splendid gentlemen, but the fight was unequal. They were handicapped. It is too much for my credulity to believe that they have come as victors out of this conflict with these vast and invincible selfish interests.

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

Mr. HUDDLESTON. Mr. Chairman, I would like to have five minutes more in which to answer the gentleman from Illinois.

Mr. MADDEN. Mr. Chairman, I object.

The CHAIRMAN. The gentleman from Illinois objects.

Mr. LONGWORTH. Mr. Chairman, I move to strike out the last two words for the purpose of asking a question suggested by the remarks of the gentleman from Alabama [Mr. HUDDLESTON]. The gentleman from Alabama objects to the consideration of this bill at this time on the ground that he does not understand it, and I think perhaps his remarks indicate that he does not understand it. He says that because he does not understand it, he will vote against it. I suggest that if every gentleman here took that ground we would never pass this or any other legislation. But I want to be quite certain as to the necessity, the pressing necessity, for action on this subject at this time. My understanding is that the President of the United States has declared that with or without legislation he proposes to return the railroads to their owners on the 1st of January. I should like to ask the chairman of the Interstate Commerce Committee what, in his opinion, would be the effect upon the railroads and the public if the railroads were returned, as the President indicates he intends to return them, on the 1st of January in the absence of legislation, and I yield to the gentleman to answer the question.

Mr. ESCH. Mr. Chairman, in the first place, on, say, the last day of December of this year it would put the railroads in the status they occupied on the 30th day of December, 1917, at which time they did not have the increase of 25 per cent in freight rates and 50 per cent in passenger rates. A return of the railroads at that time, without legislation, would put them back to the precontrol status in respect to revenues, and in the meantime the cost of labor would remain as it is to-day, because probably under no circumstances would the present wage scale go back to the precontrol status; hence receiverships would be likely to result.

Mr. LONGWORTH. And what would be the consequent effect upon the public of such a condition?

Mr. ESCH. You can not jeopardize the financial standing of the greatest industry in the United States, outside of agriculture, without jeopardizing the financial standing of all the industries. [Applause.]

Mr. LONGWORTH. What the gentleman has said shows beyond question the pressing necessity for this legislation, and his answer justifies, in my opinion, its passage as speedily as possible.

Mr. BLANTON. Mr. Chairman, I move to strike out the last three words. I was not able to use the time allotted to me a short while ago in general debate, as just at that moment a constituent called me out of the Hall on important business. If I could, I would supplement the splendid speech of the gentleman from Washington [Mr. WEBSTER] on this bill, as I thoroughly indorse some of his criticisms. Like him, I am in favor of such a bill in the main, but certain parts of it I would like to see changed.

If it were necessary to follow a text, I would take the one, applicable alike to the carriers and to the employees, in the admonition of one of the greatest expounders of the law in the history of mankind, which I want to read to you—something I do not often do—and I read from the third verse of the third chapter of First Timothy, wherein St. Paul says:

> Not given to wine, no striker, not greedy of filthy lucre; but patient, not a brawler, not covetous.

On the 15th day of July, 1913, this Congress foisted upon the general public——

Mr. MONAHAN of Wisconsin. Mr. Chairman, will the gentleman yield?

Mr. BLANTON. I would gladly yield, but I have only five minutes. If the gentleman will get me more time, I will yield.

Mr. MONAHAN of Wisconsin. I was just going to ask the gentleman whether that Epistle from St. Paul was addressed to him. [Laughter.]

Mr. BLANTON. It was addressed to every human being who walks the face of the earth from now until eternity. St. Paul never made an idle admonition. It was addressed to every man who lived then, who exists now, or who comes hereafter. Mr. Chairman, I was about to say that on the 15th day of July, 1913, Congress foisted upon the general public one of the most farceful acts that has ever been kept from a movie screen, when it inaugurated what we call the Board of Mediation and Conciliation, which has been productive of nothing except expense to this Government, a tribunal without decision, a tribunal without the authority of making its decisions good. Show me a business man who has ever come in contact with the Board of Mediation and Conciliation and I will show you a man that will tell you that it is a farce. He will tell you that every conciliator who has attempted to settle disputes of the various branches of industry has had but one purpose and has been influenced by but one desire, and that has been to make those branches of industry comply with the demands made upon them by organized labor. This board has been under the absolute influence and domination of the Secretary of Labor, who is an avowed advocate of unions. We are proposing now to have a second board of mediation and conciliation. One is not enough, because it is impotent, and we are asking for another one with stronger impotency, if there could be such a thing. How are these two boards provided for in this bill to be inaugurated and created? I will pass the adjustment board, because we know that it will mean nothing. We know that it will mean nothing to the people of this country, but let us get down to the proposed board of labor appeals. How is it to be created and how is it to be inaugurated? First, we have to have nine members on this board, each one of them to draw not the $7,500 salary of a United States Senator or a Representative in Congress. That is too small for him. He is to draw $2,500 more than a United States Senator or a Representative in Congress. We are to have nine members on this board, each drawing $10,000 a year, and how are they to be selected? Three representing the unions, three representing the carriers, and three representing the general public. So far so good, but it does not stop there. The wings are clipped with respect to one part of this triumvirate. The three representing the public are members in name only, having neither vote nor participation in any decision to be reached. Let me show you further. Every one of those three representatives of the carriers, before he can sit on that board and render a decision——

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

Mr. BLANTON. Mr. Chairman, I ask unanimous consent to proceed for five minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BLANTON. Every one of those representatives of the carriers before he can sit on that board and render a decision

must cut loose from every bit of railroad stock that he may have owned theretofore.

He must cut loose from every position which he occupied connected with the carrier. If he owns railroad stock, he has got to sell and give it up before he can sit on the board; but the union man, the union man who represents the employees, all he gives up is just to separate himself from the union temporarily, and being separated he will not lose any of the old-time feeling that he had with regard to the union any more than the Secretary of Labor has lost his for the United Mine Workers of America, of which he was formerly a ruling officer. What about the decision? Is it to be rendered by these three interested parties—the carrier, the union men, and the public? Oh, no! The public representatives can sit and hear the testimony and talk in meeting, but they can not take part in, vote, or help render a decision. They have not any voice in the final outcome of the transaction. In other words, they just simply sit and draw their salaries. Can we expect any good to come out of such a tribunal as that? Even if they have the power of decision we could not expect anything. Why? Because yesterday morning we were advised that there was an all-night session in the city of Washington night before last to decide what? To decide not whether organizations would carry out the recommendations of a labor appeal board. No. But to decide whether or not organizations would obey the law of the land. If they will first arrogantly threaten not to obey the law of the land, as was done by President John L. Lewis, President Alexander Howat, and even by the so-called conservative Samuel Gompers, and then if they sit up all night to decide that one question—whether or not they will obey the law—how can we expect them to carry out the recommendations of a tribunal that has no power of mandatory decision, no power to impose a penalty, or to make their decision effective? Can we expect it when they have ignored and disobeyed the appeals of the President? I want to say it is just adding another expensive board of mediation and conciliation that will be meaningless to the people of this country, except to saddle upon them an immense additional burden of expense. Are you colleagues ready to sidestep again? Are you ready to evade this issue again? Are you ready to shunt it over to the other side of the Capitol again, like it has been shunted back and forth for years past until the present time? This issue must be faced and finally decided some time. Why not now? I want to say to you that the people of this country are expecting you to see to it that there is a proper wage-dispute tribunal established in this country that shall do justice to every man—do justice to the employers, do justice to the employees, and, above all, to do justice to the 110,000,000 people of the country of the United States whose interests have been so vitally affected. Shall we wait until every railroad in the land is tied up before we act? I want to say that I am not going to shirk my duty. I am going to stand up here and vote to carry out the suggestion made by that splendid young Congressman [Mr. WEBSTER], who made a magnificent speech here on this subject last night. I want to say that so far as they go I am in favor of the suggestions made by my colleague [Mr. RAYBURN], but they do not go far enough. We ought to face and properly decide this momentous issue now and for all time while we have this opportunity. Do you know how expensive it is? Let me show you what this ineffectual compromise measure is to cost the people. There are not only nine men drawing $10,000 a year, but, on page 37, it is provided that each one of these boards is to appoint a secretary at $5,000 a year, to be paid by the people. Each one of them is to have the power of appointing and removal of such officers, employees, and agents, and to make such expenditures for rent, printing, and telegrams, telephones, law books——

The CHAIRMAN. The time of the gentleman has expired.

Mr. BLANTON. May I have one minute more?

Mr. BURKE. Mr. Chairman, let him have five minutes more. [Applause.]

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. BLANTON. I am sincerely glad that the House has so unanimously applauded the gentleman from New York [Mr. LAGUARDIA], who has just entered the Hall, and who will shortly leave us for other honorable duty. I am always willing to suspend and take a back seat in the presence of any man who wore the uniform of our country. [Applause.] I want to thank the distinguished gentleman from Pennsylvania for acquiescing in extending my time and also thank my other colleagues. Now, what else does this bill provide? That these boards each shall have the power not only to appoint all of these employees whose names I have read, but they shall have the power to fix their salaries, assuming another function of Congress, if you please, in that respect. What else do they expend? They are authorized to make expenditures for rent, printing, telegrams, telephones, and law books. What do they want with more law books? Why, every time we provide for any kind of a board we have to give them law books. God knows that probably they never look into one—law books, books of reference, periodicals, furniture, stationery, office equipment, and other supplies and expenses not itemized, including these salaries, and providing they can fix the salaries. I am not ready to give up all the functions of Congress with respect to fixing the salaries of employees of this Government. I want to say that we ought to amend this bill. If we are going to do something for merited relief of the people of this country, if we are going to provide such a board, we ought to so arrange this law that it shall be absolutely fair and square to every single person interested, the employers, the employees, and the public, and when it decides the question, let this board have the power to make that decision good and to force the controversial parties to abide by it, and then the interests of the people of this country will be protected. Why, you take the biggest multimillionaire Member of this House and let him have a financial difference with the biggest multimillionaire Member of the Senate at the other side of the Capitol involving millions of dollars. Can they settle that difference under the laws of this country in a way that will menace the safety of every individual in this land? No. The law compels them to go into the courthouse and submit their differences to a jury and a court, and when that verdict is rendered, no matter how unfair it appears to any one of them, they have got to obey the law of the land. [Applause.] I want to say that we ought to provide a sure-enough labor appeal tribunal. We ought to establish this tribunal and clothe it with proper functions and powers in a way that it will mean something to the parties to the controversy and also to the people of this country. Let us adopt the amendment that is to be offered by the distinguished gentleman from Washington [Mr. WEBSTER] and let us put teeth in it. Let it mean something both to the carriers and the employees. One thing further. They say, "Oh, but we are going to enforce the contracts which the railroads and the brotherhoods may make with each other." The railroad's contracts do not have to be enforced. If they violate their contract, the employees injured go into court, sue, and recover a big judgment and take, if necessary, every bit of property they have in satisfaction of the judgment, but when in this bill the committee has sought to provide for the satisfaction of a judgment against any of these organizations, they exempt every bit of property such organizations usually own, hence how can the judgment be satisfied? What would the judgment be worth against them? There is nothing whatever in this bill to force the brotherhoods to do anything more than they are compelled to do now under present law. There is nothing in this bill that will prevent railroad strikes. After this proposed law is passed, and we expend hundreds of thousands of dollars more of the people's money, railroad employees will still be able to strike and absolutely tie up every railroad in the United States.

Why, practically the only property that such an organization has is the benefit funds that are paid in by all the members. When you exempt those benefit funds you absolutely fix it where, if you had the biggest judgment in the world against any of the brotherhood organizations, you could not collect a cent. If you are going to have a law that is fair and square to the employee, why not have one that is fair and square to the carrier? I never represented a corporation in my whole life. I have always been on the other side of the question in the courthouse, and in several hundred cases have represented citizens suing railroads. I have never ridden on a railroad pass in my whole life, and I never expect to. I have never owned one dollar's worth of stock in a corporation. My sympathies have always been with the man who labors. But the general public must be protected by the assurance of law and order at all times.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BURKE. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Iowa [Mr. GREEN] is recognized.

Mr. GREEN of Iowa. Mr. Chairman, I wish to take issue with the one assertion of fact made by the gentleman from Alabama [Mr. HUDDLESTON], namely, that this bill recognizes and would pay dividends upon $8,000,000,000 of watered stock—wind and water, I think he said, to use his exact words.

I got this bill last Sunday. I have made, I think, a careful study of its provisions, sufficient so that I can assert that there is not a line or a syllable in it that could by any means be tortured into a recognition of any requirement to pay dividends

or interest upon watered stock or inflated values. The only provision there is in the bill to regulate these matters provides for the payment of rates that are just and fair, and provides also what may be taken into consideration in estimating those rates. The items that are set forth are those that are absolutely necessary in determining what would be just and fair.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. GREEN of Iowa. I can not yield. I have only five minutes.

Mr. Chairman, I have had occasion heretofore to examine and study at some length the matter of watered stocks and fictitious securities. It fell to me to institute the investigation against the Rock Island Railway Co. and, in a humble way, to assist its being carried out by the Interstate Commerce Commission. That investigation showed that the Rock Island Railway had been robbed of millions of dollars, but that robbery did not cost the public at large one cent. The consequences of it, as well as the results of robbery of such railroads as the New Haven, the Frisco, and others, fell upon the unfortunate stockholders and bondholders who had invested their hard-earned money in the securities of those railways. Those were the people who had to make up the difference or suffer the loss. In the case of the Rock Island, a heavy cash assessment was levied upon the stockholders in order that the railroad might go on with its proper functions. In other cases, such as have been mentioned in debate by the distinguished chairman of the committee presenting the bill, the stockholders, instead of receiving dividends, have gone for years without a penny of return. Whether they will ever see any returns upon their money is another question. But this bill makes no provision for the payment of anything more than a fair and just rate for the services which are to be rendered by the railroads.

Now, where the gentleman from Alabama got his idea that watered stock was to be recognized by this bill, I can not imagine.

Mr. HUDDLESTON. If the gentleman will yield, I will tell him.

The CHAIRMAN. Does the gentleman from Iowa yield?

Mr. GREEN of Iowa. The gentleman had 15 minutes, and failed to tell us where he got that idea. I have much less time, and must leave him to state it hereafter, if he can.

The credit of the railroads is gone. We all admit that. We may disagree as to why it has gone. I think myself that the railroad officials are largely responsible for its disappearance, because they have been for years claiming that a sufficient rate was not authorized by the Interstate Commerce Commission in order to have them keep the roads in proper condition, notwithstanding the fact, as stated by the distinguished chairman of this committee, that the last three years before the Government took over the railroads were the three most prosperous years they ever had in succession. Moreover, the cases of the railroads which have been looted have made the public suspicious of all railroad securities.

The CHAIRMAN. The time of the gentleman has expired.

Mr. GREEN of Iowa. Mr. Chairman, I ask unanimous consent that I may have three minutes more.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent for three minutes more. Is there objection? [After a pause.] The Chair hears none.

Mr. HUDDLESTON. Will the gentleman yield now?

Mr. GREEN of Iowa. No; I want to finish this line of remarks.

As a consequence of the propaganda that has been carried on, I think, by the railroad officials the credit of the railroads has disappeared, and if we pass them forth now, turn them loose, without giving them any assistance from the Government, there can be but one result—they will simply fail to give the public the service necessary, because they do not have a credit and standing which will enable them to obtain funds for proper operation.

I know of no more dangerous proceeding than it would be to simply cast the railroads loose, without making any provision for their credit, for means to obtain additional cars and equipment, to provide for the maintenance of their way—in short, for means to carry on the business of this country, for which they have at this time, as everyone concedes, insufficient resources at their command. That would invite a disaster such as was never known before in the business history of this country if we should undertake it. On the other hand, we are in no danger of loss by extending credit to the railroads. All of them have property in large amounts. It is easy to make these loans that may be made to them first liens upon some of their property or other revenues and make them secure. I see no occasion for the Government ever losing a dollar on the extension of these loans, unless it be in some isolated case where the road was bankrupt when taken over and can not be operated at a profit. The rate of interest provided for in this bill, it seems to me, is a rather high one, but this will insure payment as early as possible. For these reasons, Mr. Chairman, it seems to me the provisions in the bill in this respect ought to be approved. [Applause.]

Mr. DENISON. Mr. Chairman, I rise in opposition to the pro forma amendment.

I rise particularly, gentlemen, to express for myself as one of the committee, and I think perhaps for the other members of the committee, a regret that the gentleman from Alabama [Mr. HUDDLESTON] made the remarks here that he did a few moments ago. Whether they were intended to do so or not, of course, I am not going to say, but they might have the effect of discrediting the work of the Committee on Interstate and Foreign Commerce and of discrediting the bill not only here but before the country.

Now, I shall be glad to have every Member point out any specific objections that they may have to the bill and offer any amendments they may wish, and let them be considered in the regular way; but I hope these general impeachments of the committee, these general abuses of the bill, will not be indulged too freely, as they only tend to unjustly discredit us in the eyes of the country. I have sometimes heard speeches like that made in industrial communities by agitators who were attempting to arouse the public against some supposed abuses, and so forth, but I regret to hear remarks of that kind made on the floor of this House in the consideration of a serious and important measure of this kind. Now, I presume the gentleman from Alabama [Mr. HUDDLESTON] is in favor of the so-called Plumb plan. If he is, he is the only one of the House whom I know or of whom I have heard that is in favor of it. And, judging by the way he attacked this bill, I presume if the committee had reported the Plumb plan here the gentleman from Alabama would have gotten up and made a general attack upon that.

Mr. HUDDLESTON. Will the gentleman yield?

Mr. DENISON. Not now, but in a moment.

Mr. HUDDLESTON. The gentleman makes a reference to my views, which is very unfair without yielding to me.

The CHAIRMAN. Does the gentleman from Illinois [Mr. DENISON] yield?

Mr. DENISON. If I made any misstatement of fact, of course I will yield.

Mr. HUDDLESTON. The gentleman has just made one.

Mr. DENISON. What is it?

Mr. HUDDLESTON. By saying that I favored the Plumb bill. The gentleman does not know anything about what I favor.

Mr. DENISON. Does not the gentleman favor the Plumb bill?

Mr. HUDDLESTON. I would say, if I had the time, that as between this vicious bill and the Plumb bill, I would take the Plumb bill.

Mr. DENISON. That is what I say.

Mr. HUDDLESTON. But I do not have to take either one.

Mr. DENISON. I am glad to know that the gentleman favors the Plumb bill.

Mr. HUDDLESTON. I have not expressed my views. I prefer to express my own views on this floor. The gentleman has undertaken to express my views for me. The gentleman has not enough facts before him.

Mr. DENISON. The gentleman stated this bill is providing a great income on $8,000,000,000, as I understood him to say, of water or wind, or whatever it was.

Now, gentlemen, no man can come on the floor of this House and make any proof whatever of that fact. In the year 1918 the amount of property of the railroads, the property investment accounts of all the railroads of the country, amounted to $18,574,297,873. In 1906, when the railroads began accounting to the Interstate Commerce Commission for every dollar of cash that was put into the railroads in the form of capital investment, the property investment of all the companies in the United States was $12,420,287,938. So that since that time, when actual accounting began under the law and under the rules of accounting of the commission, there has been the difference between $12,420,287,938 and $18,574,297,873, or more than $6,000,000,000, put into the roads in actual cash, which is accounted for with the Interstate Commerce Commission.

Now, the gentleman says that of the $12,420,287,938 that all the railroads had invested before that time there was $8,000,000,000 of water. Under an act of Congress the Interstate Commerce Commission for several years past has been making

an investigation of that subject, and actually valuing the physical properties of the railroads. Until they have completed their work, until they have made an actual physical valuation of the railroads——

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

Mr. DENISON. I ask unanimous consent for four minutes more.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to proceed for four minutes more. Is there objection?

There was no objection.

Mr. DENISON. Until they have completed that work, I do not think anyone can properly go before the public with a statement like that which the gentleman from Alabama [Mr. HUDDLESTON] has made, to the effect that there is $8,000,000,000 of their value that is water. We all know that it is not true. It is unreasonable. It could not be true, because we know that all the money that has been expended on railroads in this country prior to 1906 was more than $4,000,000,000. Now, we hope that the Interstate Commerce Commission will continue its work rapidly and conclude it soon, and have all the physical properties of the railroads of the country valued according to their actual value; then the country will know what their physical properties are actually worth, and if the valuation as shown by their books is found to be incorrect it can be corrected. In the meantime we can only take the best evidence we have, which is that shown by the records of the railroads themselves and by the records of the Interstate Commerce Commission.

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

Mr. DENISON. Yes.

Mr. DEWALT. Does the gentleman bear in mind the further fact that the issuance of all securities now in the shape of bonds and stocks by the railroad companies is under strict supervision, not only by State authorities, but under the Federal Government, and is especially provided for in this bill?

Mr. DENISON. Yes. The gentleman from Pennsylvania is right. Of course, I think in the early days there may have been here and there improper issues of stocks and bonds and so-called water put into the railroad securities. But if so, it did not amount to a great deal, I think, in comparison with the entire amount of money invested in all the railroads of the country. Not only that, but there has been a great deal of money put into the railroads in the form of betterments and improvement that were paid for out of current revenues and that is not reflected in their stocks and bonds. And further than that, the property of the railroads has increased in value since the money was invested, so that any water put into them during the early days may have been more than absorbed by the general increases in values since that time.

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

Mr. DENISON. Yes.

Mr. HOWARD. Has the gentleman got an estimate of the total valuation of the railroads up to this time?

Mr. DENISON. Yes. In 1918 it was $18,574,279,873. That has been increased to some extent since the Government took control over the railroads.

Mr. HOWARD. That was the capitalization when we took them over?

Mr. DENISON. Yes. As I showed here a while ago, in my remarks under general debate, the Government has increased that amount by over $1,000,000,000 since the Government took possession of the roads, so that now the property investment account of all the railroads amounts to over $19,000,000,000. And I do not think there is any justification at all for the criticism of this bill made by the gentleman from Alabama.

The CHAIRMAN. The time of the gentleman from Illinois has again expired. All time has expired on all amendments.

Mr. HUDDLESTON. Mr. Chairman, I move to strike out the section.

The CHAIRMAN. The gentleman from Alabama moves to strike out the section.

Mr. HUDDLESTON. Mr. Chairman, in response to the question of the gentleman from Iowa [Mr. GREEN] as to my authority for saying that the "book value" of the railroads must be taken into account in fixing rates which are supposed to give fair and remunerative returns to the railroads, I refer Members of the House to page 65 of the bill, lines 9 to 21, inclusive, and to the clause which extends the standard return provided by the Government-control law to this bill. I venture to believe that not a single member of the committee will read over those lines, study the situation presented, and then put his reputation for intelligence at stake by saying that "book values" are not to be taken into consideration. Here is the law proposed:

The commission shall be charged with the duty and responsibility of observing and keeping informed as to the transportation needs and the transportation facilities and service of the country, and as to the operating revenues necessary to the adequacy and efficiency of such transportation facilities and service. In reaching its conclusions as to the justness and reasonableness of any rate, fare, charge, classification, regulation, or practice, the commission shall take into consideration the interest of the public, the shippers, the reasonable cost of maintenance and operation (including the wages of labor, depreciation, and taxes), and a fair return upon the value of the property used or held for the service of transportation.

Now, the gentleman from Illinois [Mr. DENISON] complained that I made general criticisms. Members of the Committee on Interstate and Foreign Commerce bringing out this bill have taken all the time for general debate, practically. Within the little time I am able to get under the five-minute rule I could not and can not go more fully and further into details.

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

Mr. HUDDLESTON. The gentleman will excuse me. I have only five minutes, and the committee will not extend my time. If the gentleman can get me an extension of time, I will be glad to yield to him in the extension, but I do not want him to take up the little time I have.

Mr. MONTAGUE. I have not taken any time at all.

Mr. HUDDLESTON. Did the gentleman ask for time?

Mr. MONTAGUE. We have consumed the time here.

Mr. HUDDLESTON. The gentleman, if he had asked the committee for time, being a member of the committee, of course, would have gotten time. The committee took all the time it wanted. Let us not quibble about that.

Now, as I say, I do not know how much water there is in the railroads. Nobody knows. That is what I am complaining about. I am complaining of validating this water and giving it the value of real money without knowing how much water there is.

Experts have estimated that there is something like $8,000,000,000 of water in the railroads. I am not a statistician, and I do not know. I have introduced a resolution, House resolution 243, to investigate that matter. That resolution is now pending before the Committee on Rules. I have done the best I could to get hearings, and the committee has been kind enough to give me a couple of hours, but we have never been able to get a quorum of the committee together; three members is the most we could get. In that little time I have been able to lay before the Committee on Rules facts and statements which, in my judgment, amply justify the statement I made a moment ago, that there is a vast volume of water, perhaps $8,000,000,000 of water, in the securities, stocks, and bonds of the railroads.

The gentleman from Illinois [Mr. DENISON] apologizes and says all the water has been squeezed out. How has it been squeezed out? That is what I would like to know. Why, so far as it has been squeezed out, to that small extent it has been squeezed out by the railroads capitalizing the gifts that the Government made to them of all the vast millions of acres of land by which the Government subsidized them and by plowing into railroad assets the fruits of the excessive charges and rates that they have taxed the people of this country to pay. I want to say to you that I for one hold that no such assets, no such gifts, and no such excessive rates and charges should ever or can ever justly become the basis of a tax upon the people of the United States in order to pay interest upon investments and remunerative returns.

The CHAIRMAN. The time of the gentleman from Alabama has expired. The question is on the motion to strike out the section.

Mr. HUDDLESTON. I withdraw the motion.

The CHAIRMAN. Is there objection to the gentleman withdrawing his motion?

There was no objection.

The Clerk read as follows:

SEC. 2. When used in this act—

The term "commerce act" means the act entitled "An act to regulate commerce," approved February 4, 1887, as amended;

The term "commerce-court act" means the act entitled "An act to create a commerce court, and to amend an act entitled 'An act to regulate commerce,' approved February 4, 1887, as heretofore amended, and for other purposes," approved June 18, 1910;

The term "Federal control act" means the act entitled "An act to provide for the operation of transportation systems while under Federal control, for the just compensation of their owners, and for other purposes," approved March 21, 1918, as amended; and

The term "Federal control" means the possession, use, control, and operation of railroads and systems of transportation, taken over or assumed by the President under section 1 of the act entitled "An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes," approved August 29, 1916, or under the Federal control act.

Mr. SANDERS of Louisiana. Mr. Chairman, I move to strike out the last word. As a member of the committee I do not want the membership of the House to get the impression that all of

the committee spoke through the mouth of the gentleman from Illinois [Mr. DENISON] when he spoke of what the gentleman from Alabama [Mr. HUDDLESTON] had said.

Gentlemen may contend that this bill does not breathe the breath of life into valueless securities of the railroad companies, but the bill does; and when gentlemen state that their opinion is that it does not, they merely admit that they have not had time to read understandingly the provisions of this bill since its introduction day before yesterday. It is in evidence and undenied that the securities, good, bad, and indifferent, bonds, stocks, and shares of the railway companies of America, approximate between $18,000,000,000 and $19,000,000,000. That includes all. The standard return paid by the Government under the Federal control act was over $900,000,000, approximating $1,000,000,000, and that is at the rate of 5 per cent on every share of stock and every bond, whether it is good, bad, or indifferent, and that guaranty has been projected for at least six months in this bill, with the difference that I spoke of yesterday that it only guarantees the road that does not make that much. The road that makes more than the standard guaranty pockets it. So, therefore, in so far as that is concerned, the gentleman from Alabama [Mr. HUDDLESTON] was absolutely correct when he said that this bill does breathe the breath of life into all railroad securities, good, bad, and indifferent.

Mr. DUNBAR. I move to strike out the last two words. I do this for the purpose of asking a question for information as to how the building of railroads in the future will be affected by this bill. The bill deals with the refunding of the debt due to the Government. It deals with the adjustment of the labor situation and other provisions which it is thought must be adjusted before the railroads of the country can successfully function as intended by their organization and as expected by the people of this country. Under the provisions of the bill, as has just been stated by the gentleman from Louisiana [Mr. SANDERS], there is to be an endeavor to stabilize these securities so as to enable their holders to receive a return upon their investment, but I submit that it is a fact that securities which have honestly come into the hands of holders will not be realized upon to the extent to which their holders are entitled under business conditions and business regulations. I will ask the chairman of the committee in what way will the provisions of this bill affect the construction of railroads in the country? Suppose it is thought desirable, in order to develop territory, to build a railroad 500 miles long or 1,000 miles long. What encouragement will any investor get from the enactment of this bill that will cause anybody to invest the necessary capital sufficient to construct a 500-mile railroad or a 1,000-mile railroad? Is it not a fact that under the provisions of this bill the rates will be regulated by public-service commissions and the return on the investment limited to such an amount that there will be no opportunity for investors to realize more than what could be obtained by loaning money at regular rates of interest? If there is any time left to me, I would like to have some member of the committee answer that question.

Mr. ESCH. The bill does not give any guaranty, I will say to the gentleman.

Mr. DUNBAR. Then, judging by past experience, would a new railroad ever be built?

Mr. ESCH. Yes; and thousands of miles of railroad have been built under the rule of rate making that has been in effect up to this time, and dividend-paying roads prior to Federal control have averaged 5.61 per cent. I understand, of course, that hereafter there may not be the large development of new lines as prior to Federal control, because the trunk lines of the country are now practically established. The new construction will be more in the nature of short lines—to extend and develop and connect with the trunk lines.

Mr. DUNBAR. Then you do not anticipate that railroads will be built in the new territory where railroads are not now in existence?

Mr. ESCH. I think they will be built if there is traffic enough to justify their building. The trouble with many of our short-line roads is that they were constructed in territory where the commerce and business did not justify their construction. Hereafter communities so situated may doubtless be supplied by motor trucks at a cheaper rate.

Mr. DUNBAR. Then you expect that under the provisions of this bill there is not much opportunity or hope for new railroads to be constructed?

Mr. ESCH. I hope that under the administration of this bill, with the powers granted to the Interstate Commerce Commission and with the increased level of rates likely after Government control ceases, there will be developed a reasonable rate of return on legitimate railroad investment.

Mr. SIMS. Mr. Chairman, in my time I ask unanimous consent to have printed in the RECORD a communication from the National Live Stock Shippers' League and the American Live Stock Association, signed by Mr. S. H. Cowan.

The CHAIRMAN. The gentleman asks unanimous consent to print in the RECORD the communication referred to. Is there objection?

There was no objection.

The communication is as follows:

H. R. 10453. Objections to requirements of section 417, paragraph (1), page 65, lines 14 to 21, specifying matters to be taken into consideration by the commission in determining matters of justness and reasonableness.

The sentence containing the requirements is as follows: "In reaching its conclusions as to the justness and reasonableness of any rate, fare, charge, classification, regulation, or practice, the commission shall take into consideration the interests of the public, the shippers, the reasonable cost of maintenance and operation (including the wages of labor, depreciation, and taxes), and a fair return upon the value of the property used or held for the service of transportation."

This provision should be stricken out, because it is an attempt on the part of Congress to place a limitation upon the facts to be considered and the results arrived at, or it is nothing; if the latter, why should it be inserted; and if the former, it should be sufficiently comprehensive to include all of the matters to be considered. Neither proposition can be supported, because the commission has never, except in the Import case, limited its decisions so as to in any wise exclude hearing the evidence and giving due consideration to each and all of the matters specified in the quoted section to which this objection is directed, together with all other pertinent facts.

In the case of Texas & Pacific Railway *v.* Interstate Commerce Commission (166 U. S., 197), the commission refused to consider the fact that traffic from New Orleans to California was imported and certain traffic originating at New Orleans destined to California was domestic. In determining whether a lower rate on the import traffic, as compared to domestic traffic, was unreasonable the Supreme Court, on page 219, thus states the rule respecting matters to be considered.

"The very terms of the statute, that charges must be reasonable, that discrimination must not be unjust, and that preference or advantage to any particular person, firm, corporation, or locality must not be undue or unreasonable, necessarily imply that strict uniformity is not to be enforced, but that all circumstances and conditions which reasonable men would regard as affecting the welfare of the carrying companies and of the producers, shippers, and consumers should be considered by a tribunal appointed to carry into effect and enforce the provisions of the act."

Thus no defined limitations should be attempted.

There are innumerable cases before the commission which by right the complainant is entitled to invoke the judgment of the commission; sometimes the complaint may involve an extensive and substantial part of the railroad traffic like lumber or coal and affect the system of rates thereon wherein these specified matters or part of them should be considered; in other cases the given controversy applies to a single commodity between certain points only which can not be judged at all by consideration of all of these comprehensive matters applicable to cases covering the bulk of the traffic. To place these restrictions upon the discretion of the commission in performing its function is to deprive the shipper of a fair consideration of his case by requiring a consideration of matters which can not for the most part affect the ultimate correct conclusion respecting his rights.

A fair return on the value of property is a right which a carrier may exact only on condition that the rates collected to produce it are just, fair, and reasonable. What is fair in turn depends on a multitude of matters, location, volume of business, management, waste, improvidence, and the like. It is universally held that the measure of that rate can not be predicated upon the mere necessities of the carrier. (Smyth *v.* Ames, 169 U. S., 466; Reagan case, 154 U. S., 366; Gill case, 156 U. S., 649.) This doctrine is firmly established by the Supreme Court, universally recognized. If it is not intended by the provisions of this bill to change that rule it should be so stated; if it is intended to change it, then it has no advocate and would be a piece of reprehensible legislation.

We assert with absolute confidence that Congress can not specify in advance the facts that are to be considered by the commission or by the courts in order to determine what is reasonable in the multitude of cases and complexity of the varying conditions affecting the shippers, public, and carriers in cases to arise. This is demonstrated in the thousands of decisions rendered by the commission.

This provision has the distinction of being, so far as we are advised or have been able to ascertain, the first attempt to specify by statute the matters which the commission is to take into consideration. It is a tribunal appointed to exercise its expert judgment after ascertainment of pertinent facts. Let it do that.

The inclusion of taxes in connection with labor costs as an operating expense, which would cover war tax, if purposely included, is wrong; if by inadvertence, it only indicates how little consideration the public is to receive when everybody else must pay his share of the war tax and leave the carriers free; in neither case is it an operating expense like labor costs.

In behalf of the shipping interests and a fair and workable law to secure the ends of justice, we urge that this provision be stricken from the bill.

NATIONAL LIVE STOCK SHIPPERS' LEAGUE,
AMERICAN NATIONAL LIVE STOCK ASSOCIATION,
S. H. COWAN,
CLIFFORD THORNE,
GRADDY CARY,
Attorneys.

WASHINGTON, *November 11, 1919.*

Mr. BEE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state his parliamentary inquiry.

Mr. BEE. Are we proceeding under the bill for amendment by sections, or discussing the general bill without regard to the sections?

The CHAIRMAN. The bill is being read by sections for amendment.

Mr. HERSEY. Mr. Chairman, I ask unanimous consent that I may proceed for 15 minutes.

The CHAIRMAN. The gentleman from Maine asks unanimous consent that he may proceed for 15 minutes. Is there objection?

There was no objection.

Mr. HERSEY. Mr. Chairman, I have taken no part in the general debate. I have asked for 15 minutes that I may express my views on the pending bill. I approve of the bill as one written very comprehensively and clearly for the return of the railroads of the United States to private ownership, for the settlement of all matters arising out of Federal control, and for the refunding of the carriers' indebtedness to the United States. Also for continuing the existing rates, for the guaranty to the railroads after termination of Federal control, for new loans to the railroads, for the settlement of disputes between carriers and employers, first, by a railway labor board, and, second, by a railway court of labor appeals. Also for the settlement of car service, for the use of terminals and connections, for the consolidation, merger, and pooling, and for the issue of stocks and bonds.

I listened, as you all did, perhaps, to the very interesting explanation given by the chairman of the Committee on Interstate and Foreign Commerce yesterday. The bill is very plain, easily to be understood, and I believe it should be enacted as it comes from the committee. The bill does not stand for further Government ownership by the Government of the United States. During the past two years the railroads, while under Government control, have been virtually under Government ownership.

On February 23, 1918, speaking upon the railroad bill providing for Government control, I said:

> When the war is over the question of Government ownership will have been settled forever, for I am sure that the future operation of the railroads by the Government during the war will result in such a failure to better our conditions that we shall be only too glad to return those roads to their rightful owners.

Mr. McAdoo, who took charge of the railroads for the administration under Government ownership, was glad after a few months to relinquish and abandon them. The President, who had charge of the railroads and stood once for Government ownership, was very pleased to say to Congress a few days ago that on the 1st day of January next he would return the roads to their owners.

The history of Government ownership in the United States of the railroads of the United States during the past two years, when written and understood, will disclose great extravagance of the Nation's funds, reckless and incompetent methods of administration, and must forever settle the question of Government ownership of railroads. I have not time in the few moments given me to discuss the absolute and utter failure of Government ownership for the last two years.

Mr. RANDALL of California. Will the gentleman yield for a question?

Mr. HERSEY. For a brief question.

Mr. RANDALL of California. In view of the statement that Government ownership has resulted in a failure, what does the gentleman say about the fact that the expert railroad men of the railroads of the country were brought here to run the railroads after the Government took control? Why has it been a failure?

Mr. HERSEY. There is a great difference between experts running a railroad owned by the Government and running a railroad owned by themselves.

Mr. RANDALL of California. What is the difference?

Mr. HERSEY. One great difference is the matter of incentive to make the roads better.

Mr. RANDALL of California. Then the experts wanted it to be a failure.

Mr. HERSEY. They did not care; they had no responsibility.

Mr. ANDREWS of Nebraska. Will the gentleman yield?

Mr. HERSEY. Yes.

Mr. ANDREWS of Nebraska. Could anybody have violated the trust without the permission of Director General McAdoo, and if he had violated a trust, would not the director general have the right and the power to dismiss him at once?

Mr. HERSEY. I am not spending my time defending Mr. McAdoo. Now, Mr. Chairman, I wish to insert as a part of my remarks the very clear statement of our able Speaker, Mr. GILLETT, on the failure of Federal ownership or control of railroads during the past year, given by him recently before the Republican Club of Massachusetts.

The CHAIRMAN. The gentleman from Maine asks unanimous consent to insert as a part of his remarks the matter indicated. Is there objection?

Mr. BLANTON. Reserving the right to object, and I shall not object, I want to ask the gentleman if it was a political speech?

Mr. HERSEY. No, sir; there is no politics in it.

The CHAIRMAN. Is there objection?

There was no objection.

The statement follows:

GILLETT DENOUNCES FEDERAL OWNERSHIP—WARNS THAT UNDER IT RAIL EMPLOYEES WOULD CARRY WAGES INTO POLITICS—CLASS RULE IS FOSTERED—WANTS ROADS TURNED BACK AND GIVEN LEEWAY TO UNITE UNDER CONTROL.

Opposition to Government ownership of the railroad and telegraph lines was voiced at a Republican club luncheon yesterday by Representative FREDERICK H. GILLETT, of Massachusetts, ranking Republican member of the House Committee on Appropriations and mentioned for Speaker.

"As a rule," Mr. GILLETT said, "I do not think operation of a business by a republic is efficient. It has a tendency to check initiative and invention, to locate improvements on the principle of the pork barrel rather than on real necessity, and to charge part of the cost of operation to the taxpayers rather than to the patrons. Our experience of the last year has not made Government ownership more popular.

WAGES ENTER INTO POLITICS.

"But there is another angle from which a member of an appropriating committee is forced to view it. All Government employees look to Congress to determine their scale of wages, so that becomes a political question. To the men interested it is the most important political question. And the opinion of each Member of Congress on that question, regardless of his other qualifications, is likely to determine the vote of those constituents who are interested.

"When the number of such constituents is small it is not important, but when they become numerous and organized they might profoundly affect elections. And a class is created (every one a voter, as Mr. McAdoo said) who have an interest in the election quite separate from others and of a nature so personal and vital to them as to be apt to control their vote.

"When some great and overshadowing issue sweeps the country, when our emotions are appealed to, as by the recent war, such questions of salary may be disregarded. But in normal times the Congressman who is seeking election will always have the selfish incentive to promise his vote for increased salaries and privileges quite irrespective of their merits, and the larger that class of Government employees becomes the more difficult will it be for a man to be elected who does not pledge himself to regard the interests of one class of his constituents first and the interests of the people as a whole second.

NO REMEDY DISCERNIBLE FOR THIS.

"That is a danger inherent in Government ownership for which I see no remedy. No one would advocate here the plan once adopted in England of disfranchising Government employees because they could not cast a disinterested vote.

"And so this is, to my mind, another practical argument in favor of turning back the operation of the railroads to their owners, give them a free hand to make such combinations and restrictions as tend to economical traffic, and then prevent them from exploiting the shipper and traveler by Government supervision.

"We ought never to go back to the preposterous and expensive condition which prevailed before the war, with numerous conflicting jurisdictions and authority and responsibility separate, but I trust we shall as soon as possible escape from the dangerous condition which prevails to-day."

Mr. HERSEY. Mr. Chairman, I have not the time to call your attention to only one or two other things. In view of the able discussion of the gentleman from Illinois [Mr. DENISON], who presented, a few moments ago, the figures showing the utter failure of Government ownership of railroads, I want to say that down in my State the Maine Central Railroad is one of the best-managed railroads in the Nation, and it has been so in the past. Their rolling stock, their equipment, and everything was complete at the time the railroads were taken over by the President. And yet, after a billion dollars had been given the railroads by the Government, these Government railroad managers came down in my State and went to the president of the Maine Central and wanted to give him a lot of this money. He told them that the road was complete, that they did not need any stock or equipment. But, in spite of that they sent to the Maine Central, during Government control, locomotives and box cars of the latest pattern, the best from the shops, to the amount of $3,215,392.48.

Mr. BLANTON. Mr. Chairman, will the gentleman yield for a question?

Mr. HERSEY. I can not at this time. The Maine Central refused to receive those cars and locomotives, which they did not need at all, but they have been delivered and charged up to the Maine Central, as they have in the case of many other railroads throughout the country. Railroads have been robbed and ruined by the Government in time of war by sending them equipment which they did not need, and charging it up to them, for which they must settle and pay in the days to come.

I wish to call attention, in passing, to something that happened here last evening. The very able and eloquent gentleman from Washington [Mr. WEBSTER], a new Member of the House, presented in a lawyerlike manner his views upon this bill in regard to an amendment to be offered by him placing an anti-strike provision in this bill, something like that in the Cummins bill in the Senate. I am opposed to that. I think any anti-strike provisions whatever placed in this bill making a strike unlawful, which would call for an injunction, would be not only an injury to the bill but to the industries of the country, and would widen the breach between capital and labor instead of healing it. Labor to-day in this country is in the hands of the radicals; it is in the control of the lawless foreign element.

The best part of the labor organizations have lost control. I want to see them get control again. You can not get that by making labor strikes unlawful in legislation. You can accomplish it better by an arbitration board, such as this bill provides, where labor and capital can get together, and where the decision of that board will meet the approval of the public, and public opinion will settle the matter after arbitration, and there will be no strike.

Mr. Chairman, when this House, a Republican House, cheers a Democratic Attorney General for his stand for law and order, when a Democratic President sends congratulations to a Republican governor elected in Massachusetts for his stand for law and order, when this House with but one dissenting vote expels from membership an anarchist, it is no time for us to widen the breach between capital and labor. [Applause.]

I wish, in closing, to call attention to my position in this House. I stand with the New York Commercial. In an editorial in that paper a few days ago headed "A call for real statesmen," it expressed opinions with which I fully agree, and I want you to listen to every word of it while I read it:

[From the New York Commercial.]

A CALL FOR REAL STATESMEN.

We may be approaching a crisis in our domestic affairs, if it has not already arrived. Judging by the hysteria manifested in official circles, one would think that there was no doubt on that score, and unless there is more poise shown in responsible quarters there certainly will be a crisis. Yet there need not be. Statesmanship of a high order can avert it. Radicalism has tried to seize control of affairs, and the attempt is sure to be harmful if it is not met with calmness and courage. Both in the administration and in Congress there are men who have made a keen study of economics, and they must know, and do know, how impossible are the proposals now being made or how destructive any attempts would be to put them in operation.

There should be no swerving from the course to be pursued. If it is right, it should be plainly stated and then adhered to. Because the radical element is making a loud noise is no reason why those who have the responsibility of action should cower and run or even compromise. The radicals have charted a wrong course, which should not be followed. It may come to a showdown. It may be that the issue will have to be met. If so, then we must meet it.

A knife applied to a cancer at its inception can cure it. If, through fear of giving pain, it is allowed to grow, it results in long-drawn-out suffering and death. The radical proposals now stirring Washington must be treated as they deserve. The best interests of the entire country must be considered, and not those of any particular class. The people of this country are naturally conservative. In times past they have been swept off their feet, temporarily, by unique proposals, but in the end they come back to common sense. In the present circumstances yielding, even to a degree, will be productive of harm that can not be undone by any subsequent change of opinion or policy. Is there not enough wisdom and courage in Washington to hold the ship of state steadily to its course?

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

Mr. HERSEY. Yes.

Mr. MADDEN. I merely want to call the attention of the gentleman to the fact that the oldest Member of this House, the gentleman from Illinois, Uncle JOE, became a great-grandfather this morning, and he was seriously disappointed because his grandchild is not a boy. [Applause.]

Mr. HERSEY. I envy my colleague from Illinois.

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

Mr. HERSEY. Yes.

Mr. BLANTON. The gentleman has read into the RECORD a statement from our distinguished Speaker asserting the utter failure of the Railroad Administration to properly function. May I ask the gentleman whether since May 19 our distinguished Speaker, who has been in absolute charge of legislation in this House, has done a single thing, or whether his party has done a single thing, to properly remedy that failure?

Mr. HERSEY. Yes.

Mr. BLANTON. What?

Mr. HERSEY. I have not the time in the minute remaining me to go through the record.

Mr. BLANTON. I wish the gentleman would take two hours and try to tell us.

Mr. HERSEY. I wish I had two hours, and I will get them some day if I can on that point.

Mr. SANDERS of Indiana. The Senate and House passed Senate bill 641, which materially aided the situation.

Mr. HERSEY. Oh, a great many bills have aided the situation.

I wish to say again, in conclusion, that this is no time to widen the breach between capital and labor. This is a time to bring back what labor once wanted, a court of arbitration in labor matters. Establish a court like that provided for in this bill, perfectly impartial to both sides, and you will settle labor troubles on the railroads of this country, and the same principle can afterwards be extended to other labor troubles. I think if you remove from labor its one weapon—the strike—and give it nothing in its place you will have revolution in this country. I believe labor should be treated fairly, and we should not follow Mr. Lewis, nor Mr. Foster, nor even Mr. Gompers, but we should follow the men who stand for Americanism and not internationalism in this Nation.

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

Mr. CANNON. Mr. Chairman, I ask unanimous consent that the gentleman's time be extended for two minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. CANNON. The bill provides for a quasi court of arbitration. I am content with that provision, but pending that arbitration should a conspiracy to strike be lawful?

Mr. HERSEY. I will answer the gentleman. I consider under the present laws of this land, that a labor strike under certain circumstances can be made a conspiracy and be punished accordingly.

Mr. CANNON. The bill ought, then, to so provide. One other question. The gentleman, I think, with all of us, is delighted that the Federal court enjoined that conspiracy? [Applause.]

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

Mr. HERSEY. Yes.

Mr. COOPER. In answer to the question of our good friend from Illinois [Mr. CANNON] I would like to say to him that I do not know of any strike that the railroad emplyees have developed while they have been considering the question in dispute. I do not believe they have had a strike of any magnitude since 1894.

Mr. CANNON. May I take just one minute?

Mr. HERSEY. I yield.

Mr. CANNON. I do not recollect whether the gentleman was present in 1916, when we passed the Adamson bill. I stand by the recommendations of the President made at that time.

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

Mr. HERSEY. Mr. Chairman, I ask for one minute, in order to make a further statement.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. HERSEY. Mr. Chairman, I wish to say this in answer to the questions propounded, that I am in favor of an amendment to this bill in the matter of the arbitration court, providing that if labor does not abide by the arbitration decision that a strike then would be an unlawful act [applause], and then the strike would be enjoined.

Mr. CANNON. What does my friend say pending the arbitration—I am for the arbitration part of it—but pending that time, should labor which has resorted to arbitration be permitted to strike?

Mr. HERSEY. No. [Applause.]

Mr. CANNON. I agree with the gentleman.

Mr. BURKE. Mr. Chairman, I ask unanimous consent to address the House for 15 minutes.

The CHAIRMAN. Is there objection to the request of the gentleman from Pennsylvania?

Mr. SEARS. Mr. Chairman, reserving the right to object, I would like to know what the policy of the House will be. On several occasions I have permitted my colleagues to speak as long as they desired. The House has listened to them patiently, and I enjoyed their speeches, but when I ask unanimous consent to proceed for 10 minutes or some Member on this side asks consent to proceed, the House becomes impatient. I desire to ask if it is the policy of the chairman of the committee to be just and liberal and not shut off debate; and if so, I will not object. I have ever since we met at 10 o'clock this morning and started the debate tried to get the chairman's eye, but it has been deflected to his left, and I have been unable to do so. I am not complaining, but I wish to know of the chairman of the committee what his policy will be. This is the third Member on the majority side who has spoken. However, I will not object.

Mr. BLANTON. Mr. Chairman, reserving the right to object, I will not object; but may I say to the gentleman from Florida that notwithstanding the fact I have objected to the gentleman from Pennsylvania speaking, he was kind enough and magnanimous enough to ask that my time be extended, and I hope the gentleman from Florida will not object.

The CHAIRMAN. Is there objection?

Mr. SEARS. Mr. Chairman, reserving the right to object, the gentleman from Pennsylvania does not have to buy me off, and I am glad he is not doing it.

The CHAIRMAN. Is there objection?

Mr. ESCH. I shall object to 15 minutes, but I will not object to 10 minutes. The gentleman will have to make it 10 minutes.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the gentleman from Pennsylvania may speak 10 minutes. Is there objection?

Mr. KEARNS. Mr. Chairman, reserving the right to object, I do not intend to object to the gentleman from Pennsylvania

proceeding for 10 minutes, but I want to serve notice here that whenever I am in the House from now on or until Saturday evening—and I will not be in the House a great deal of the time because of committee work—I am going to object whenever I am here to anyone proceeding for more than five minutes. [Applause.]

The CHAIRMAN. The gentleman is recognized for 10 minutes.

Mr. BURKE. Mr. Chairman, I want to thank the gentleman from Texas [Mr. BLANTON] for his fairness in asking for the 10 minutes' time for me. I also want to answer a challenge made by the gentleman from Texas [Mr. BLANTON] this morning as to what good results have been obtained by the mediation and conciliation boards. Right here, running into Washington when the men on a certain railroad property were about to leave the service, the management of that property asked for mediation and the railroad organization bowed to it and accepted mediation, and a settlement was effected that was agreeable to both sides, and in my opinion mediation is the only solution and the only way to settle differences. [Applause.] If I have a grievance and you do not agree with me, the only thing to do is to have somebody that will bring us together so we can consult, and when we do agree, then it is satisfactory to all concerned. That is the only method. [Applause.] Now, speaking again of what good the mediation and conciliation board has done, in answer to my good friend from Illinois [Mr. CANNON], I will say, in 1916 the railroad organizations, while meeting in New York and representing all the railroad men in transportation service, were within a few hours of sending out notices withdrawing the men from the service because no settlement could be effected with the managers' committee. Again they bowed to mediation and the request of the President of the United States, and two hours after the President's request was made to the brotherhoods the representatives were on the way to Washington.

I have sat here day after day listening to Members of Congress blaming and accusing other Members of Congress with truckling to the railroad organizations. That is not the fact. The organizations, if anything, truckled to Congress when they obeyed the demand made by the board of mediation and the President and came here, although it is my opinion that one of the wisest things President Wilson ever did was to head off a great calamity, which was not of the railroad men's making. [Applause.] Now, again, the gentleman from Texas [Mr. BLANTON] said this morning that organized labor sat up the night before last talking about the strike, and I presume the position taken by the Attorney General. If this was done, the result was that once more organized labor put its Government above itself and bowed to that Government. [Applause.]

Almost since the beginning of this session of Congress I have sat here and listened to abuse heaped upon the workingmen of my country and upon the leaders of organized labor, and I have previously remarked upon the floor of this Chamber that this is not the place to air hatred and hostility to the working classes, that this is not what Congress is here for, and it is not what is expected of this Congress.

On Tuesday evening, October 28, 40,000 American men and women, residents of this great city, held a demonstration of welcome in honor of that "grand old man," President Gompers, of the American Federation of Labor. The demonstration was a sincere and voluntary tribute of love and confidence, and yet on the following day, October 29, the gentleman from Texas [Mr. BLANTON] tells this Congress that these 40,000 men and women were forced to march in the parade or pay a fine of $5. Another incorrect statement.

On the same evening that this parade was held I sat with other Members of Congress on the platform and listened closely and attentively to Mr. Gompers addressing an audience of nearly 10,000 people, and in all the words Mr. Gompers uttered there was not one word of abuse, not one uncharitable thought, not one un-American sentiment, only a plain statement of facts and a request for a square deal for the workingmen of this country.

Mr. KEARNS. Will the gentleman yield? What audience was that, what date was that?

Mr. BURKE. To 10,000 of the 40,000 American men and women who paraded.

Mr. KEARNS. When was that?

Mr. BURKE. On October 28. And in all the words Mr. Gompers uttered there was not one word of abuse, not one uncharitable thought, not one un-American sentiment, only a plain statement of facts and a request for a square deal for the workingmen of this country.

On Saturday afternoon, November 1, in this Congressional Chamber, for over an hour I listened to an argument about the hanging of the working people and the hanging of labor leaders, and one would have thought they were going to start right out on the hanging crusade. While all this was going on I thought of the great army of working people who served their country so loyally during the war, of the sacrifices they made for democracy. While Mr. BLANTON was making his talk my memory was busy recalling pictures of some of the men close to me who are in the labor movement. I thought of one of the leaders, James A. Nee, general chairman of the trainmen's organization on the Baltimore & Ohio Railroad, with four sons serving their country during the war, one of them now filling a soldier's grave; Mr. John Clair, another leader, and former general chairman of the Brotherhood of Locomotive Engineers on the Baltimore & Ohio system, with four sons in service; innumerable men in all crafts of labor whom I know personally, who are active organization men, whose sons have been in service, some of them now lying in foreign graves, some of them returned home crippled for life. Twenty years ago a young sister of mine, dying, left her little family in my care; four of these boys, sons of a locomotive engineer, served their country; two of them are crippled for life, and one of them, 22 years of age, lies in a soldier's grave. Two boys of another deceased sister, their father a telegraph operator, served their country, but, fortunately, returned home safe.

There is hardly a time now that I make a railroad journey by night that I am not awakened by some one pulling the curtains of my berth, and I find some member of the crew, a heartbroken father, saying to me, "Bill, my boy lies in France. Is there not some way we can get his remains over here?"

Hardly a workingman's home but has felt the heavy hand of sorrow and care, either due directly to the war or to the epidemic of influenza that swept this country and which has been attributed to the war.

This is the reconstruction period of our country, the transition time from war to peace.

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

Mr. BURKE. Mr. Chairman, can I have five minutes more?

Mr. BLANTON. Mr. Chairman, I ask that the gentleman's time be extended five minutes.

Mr. VARE. Mr. Chairman, I ask that the gentleman may have five minutes.

The CHAIRMAN. Is there objection?

Mr. ESCH. Mr. Chairman, in the interest of expeditious action on a bill that the Members of the House desire to have passed, I shall hereafter have to exercise my right in making objections.

The CHAIRMAN. Does the gentleman object now?

Mr. ESCH. Not now.

The CHAIRMAN. The gentleman from Pennsylvania is recognized for five minutes.

Mr. BURKE. Never before in the history of our Nation was there greater need of level heads, sober judgment, and sane thought from the national representatives of the people as at the present time. [Applause.] Prejudice and biased feelings should be obliterated and every energy bent in an effort to bring about a feeling of stability and security in the country.

We are confronted with a wave of dissatisfaction and industrial unrest sweeping over the country—not confined to one class of workers in particular but to all classes in general, and this applies not only to the organized worker but to the unorganized.

There is some undercurrent at work, some hidden hand, some unseen and powerful force which is subtly getting in its work, using whatever means and power it can command to further its interest and procure its end. In my mind the fault is not with the working people of the Nation, but it is with that sinister, unseen power and force, representing the corporate power and wealth of the country, which has brought every pressure to bear to dishonor labor, and which has deemed this the opportune time to attempt to put the chains of slavery on the working people and destroy their organized effort.

What are the working people of this country confronted with? Attempts made on all sides to oppress them; criticism and abuse heaped upon them because they had the manhood to ask for an adjustment of grievances and relief from the exorbitant cost of living. Wages have not kept pace with the cost of living, the necessities of life are beyond the reach of many a workingman and his family, but he must suffer, his children must want, they must go without sufficient nourishment so that the profiteers may continue their profiteering and the dollars pile up at the cost of humanity.

I want to say to this Congress that I have sat here and listened to some Members who have taken advantage of this critical time to throw off the mask and show themselves in their true colors, the archenemies of labor, the foes of the

working people. My blood has boiled with indignation at some of their absurd statements, their incorrect statements, their bitter and venomous attacks on the working people; and the only ray of comfort I could find was in the fact that if the poeple made the mistake of sending such men to Congress to protect their interest and to preserve the welfare of the Nation the mistake will never occur again, for they have showed in unmistakable terms that they are not representative of the people but of the special interests. And let me say here, too, that the special interests of the country are the instigators of the present industrial conflict. It seems to me that there is a well-defined movement on the part of organized capital started to destroy organization of the workers.

The power to strike is the only weapon labor has for the betterment of its condition in dealing with the combined power of corporate wealth and greed. No individual can protect his rights in dealing with organized capital, and it is a hard struggle and uphill work to do it collectively. And yet we hear talk of antistrike laws; in fact, bills carrying this feature have been presented for action. Everything and anything is being done to strip the workingman naked of any power of redress, of any means that will help him secure justice and enable him to live as an American workingman should live. You can not enact into law any bill that will make slaves of freemen. The people of the country will not stand for it. Instead of a Nation of law-abiding citizens we would have a Nation of lawbreakers. Compulsory servitude has no place in this Republic; the American people will not tolerate it, and the American people will not wear the chains of slavery.

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

Mr. BURKE. Just one minute, and I will have finished.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BURKE. Just one minute.

The CHAIRMAN. The Clerk will read.

Mr. BURKE. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to extend his remarks in the RECORD. Is there objection?

Mr. BLANTON. Mr. Chairman, reserving the right to object, I shall not object so long as the gentleman from Pennsylvania does not go beyond what he has written here.

Mr. BURKE. There is only one page.

Mr. BLANTON. I will not object if there is only one page.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. MOORE of Virginia. Mr. Chairman, I would like to ask the gentleman from Wisconsin if he is willing now to take up the suggestion that I made a moment ago. The amendment involves the suggestion that the word "commission" in the bill be made to mean the "Interstate Commerce Commission," and so save using the term "Interstate Commerce Commission" throughout the bill.

Mr. ESCH. Very well.

The CHAIRMAN. The gentleman from Virginia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Mr. MOORE of Virginia offers the following amendment: Page 2, line 17, after the word "act," insert a new paragraph, as follows:

"The term 'commission' means the Interstate Commerce Commission."

Mr. ESCH. Mr. Chairman, if that be done, we ought to strike out the word "and," in line 10, and insert it after the word "act," in line 17.

Mr. MOORE of Virginia. Yes, sir.

The CHAIRMAN. Without objection, the amendment will be modified as suggested by the gentleman from Wisconsin [Mr. ESCH]. The Clerk will report the modified amendment.

The Clerk read as follows:

Mr. ESCH moves to modify the amendment: Page 2, line 10, after the word "amended," strike out the word "and" and insert the same word after the word "act," in line 17.

Mr. ESCH. Changing the period after the word "act" to a semicolon.

The CHAIRMAN. Is there objection to the modification? [After a pause.] The Chair hears none. The question is on agreeing to the amendment as modified.

The question was taken, and the amendment was agreed to.

Mr. ESCH. Mr. Chairman, I move that the Clerk be authorized to change the words "Interstate Commerce Commission" to "commission" wherever they occur in the bill subsequent to this provision here.

The CHAIRMAN. The gentleman from Wisconsin asks unanimous consent that the Clerk be authorized to change the words "Interstate Commerce Commission" and substitute the word "commission" wherever appearing in the bill subsequently to the amendment just adopted. Is there objection? [After a pause.] The Chair hears none.

The Clerk read as follows:

GOVERNMENT-OWNED BOATS ON INLAND WATERWAYS.

SEC. 201. At the end of the last day of the month in which this act is passed all boats, barges, tugs, and other transportation facilities, on the inland, canal, and coastwise waterways (hereinafter in this section called "transportation facilities") acquired by the United States in pursuance of the fourth paragraph of section 6 of the Federal control act (except the transportation facilities constituting parts of railroads or transportation systems over which Federal control was assumed) are transferred to the Secretary of War, who, through the Chief of Engineers, shall utilize or operate such transportation facilities and assume and carry out all contracts and agreements in relation thereto entered into by or through the President in pursuance of such paragraph prior to the time above fixed for such transfer. All payments under the terms of such contracts shall be made out of moneys available under the provisions of this act for adjusting, settling, liquidating, and winding up matters arising out of or incident to Federal control. Moneys required for such payments shall, from time to time, be transferred to the Secretary of War as required for payment under the terms of such contracts. All other payments after such transfer in connection with the construction, utilization, and operation of any such transportation facilities, whether completed or under construction, shall be made by the Secretary of War out of funds now or hereafter made available for that purpose.

The utilization and operation of such transportation facilities shall be subject to the provisions of the commerce act, as amended by this act or by subsequent legislation, and to the provisions of the "shipping act, 1916," as now or hereafter amended, in the same manner and to the same extent as if such transportation facilities were privately owned and operated; and all such vessels while operated and employed solely as merchant vessels shall be subject to all other laws, regulations, and liabilities governing merchant vessels, whether the United States is interested therein as owner, in whole or in part, or holds any mortgage, lien, or interest therein. For the performance of the duties imposed by this section the Secretary of War is authorized to appoint or employ such number of experts, clerks, and other employees as may be necessary, for service in the District of Columbia or elsewhere, and as may be provided for by Congress.

Mr. ESCH, Mr. MADDEN, and Mr. MONTAGUE rose.

The CHAIRMAN. The gentleman from Wisconsin, the chairman of the committee, is recognized.

Mr. ESCH. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Wisconsin offers an amendment, which the Clerk will report.

The Clerk read as follows:

Committee amendment: Page 4, lines 18 and 19, strike out the words "at the end of the last day of the month in which this act was passed" and insert in lieu thereof the words "on the termination of Federal control, as provided in section 200."

Mr. ESCH. Mr. Chairman, section 200, providing for the termination of Federal control, was inserted by the committee, but through some oversight we neglected to make a like limitation in section 201. So this amendment is offered to make the same day of termination, if possible. I ask for a vote.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Wisconsin [Mr. ESCH].

The question was taken, and the amendment was agreed to.

Mr. MONTAGUE. Mr. Chairman——

The CHAIRMAN. The gentleman from Virginia, a member of the committee, is recognized.

Mr. MONTAGUE. I hope the distinguished chairman of the committee will accept the amendment I now suggest. I move to amend on page 5, line 1, by striking out the word "War" and inserting the word "Commerce." In other words, that the operation of the transportation of these boats, barges, and tugs be transferred to the Secretary of Commerce rather than to the Secretary of War.

The CHAIRMAN. The gentleman from Virginia offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. MONTAGUE: Page 5, line 1, strike out the word "War" and insert in lieu thereof the word "Commerce."

Mr. MONTAGUE. Mr. Chairman, there is no possible reason, that I can conjecture, for concluding that the War Department has any special fitness for the operation of ships or water craft, to conduct the operation of barges and other floating craft upon canals and other waterways of our country. It is contended that the Engineering Corps of the War Department is best qualified. But the amendment I suggest does not interfere with the work of the Engineering Department, and the Engineering Department of itself has no special qualifications to deal with the actual operation of water craft.

Indeed, I think if you would search the Government over you would not find a department of the Government whose inherent qualifications more unfit it for this particular task than the War Department. I do not make that as a criticism of the War Department, but simply as a statement of the conditions inherent in the nature, object, and work of the War Department itself. There is no reason why a soldier should know how to operate water craft. The Navy Department might natu-

rally be considered, but I do not think that department would be specially qualified for the particular marine work incident to the operation of barges. It is a commercial undertaking, and it seems more appropriate and more in keeping with the purposes of the act that the Department of Commerce should do this work rather than the War Department.

Mr. ESCH rose.

The CHAIRMAN. The gentleman from Wisconsin is recognized.

Mr. ESCH. Mr. Chairman, I hesitate to oppose an amendment offered by the gentleman from Virginia, or to oppose his judgment in matters of this kind. But the committee and the subcommittee, after full consideration, thought it wise to give this jurisdiction over operation on inland waters and canals, through the War Department, to the Chief of Engineers. The amendment of the gentleman from Virginia merely substitutes the word "Commerce" for the word "War," but that would still leave untouched the language in the bill, namely, that this power that you confer upon the Secretary of Commerce should be exercised through the Chief of Engineers. That, it seems to me, would be rather incongruous.

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

Mr. ESCH. Certainly.

Mr. MONTAGUE. My purpose was, if this amendment were agreed to, to propose a similar change in subsequent paragraphs of the bill to comport with it.

Mr. ESCH. I am glad to note that; but that does not go to the objection that I mentioned. I do not think there is any agency in the Government up to the present time that has had more to do with the inland water transportation than the War Department, through the Chief of Engineers. They have jurisdiction of the improvements of inland navigation upon the inland waters. They have large experience in transportation matters, because they have their fleets in every district along these rivers, and they have an equipment already of boats, barges, towboats, house boats, and so on, and they, therefore, have had some experience in operation.

But the main thing is that we, by the rivers and harbors act of 1914, put in a provision for $500,000 to be expended by the Chief of Engineers in the construction of experimental tows and barges to be operated on the Mississippi River, and that work has been going on under the auspices of the Secretary of War, through the Chief of Engineers, so that they have had that experience. The Chief of Engineers sent officers to Europe to find out the best plans for tows and barges. They have investigated various types of tows and barges and the loading and unloading devices to be found in every city and every port of any importance in Europe. They have had a vast fund of experience, and therefore it seems to me there is no other agency in the Government to which we can designate these duties of operating these Government fleets upon the inland waters than the Corps of Engineers.

The CHAIRMAN. The time of the gentleman from Wisconsin has expired. All time on the amendment has expired.

Mr. SMALL. Mr. Chairman, I move to strike out the last word.

Mr. ROWE. Mr. Chairman, I want to speak in opposition. I ask unanimous consent to proceed for five minutes. Does the Chair say that all time has expired?

The CHAIRMAN. Yes.

Mr. ROWE. Then I move to strike out the last word.

The CHAIRMAN. The gentleman from New York moves to strike out the last word.

Mr. ROWE. Mr. Chairman, I speak in behalf of the Committee on the Merchant Marine and Fisheries of the House, and I would like to ask that all amendments to this paragraph, in so far as they are related to the instrumentality for the operation of these ships and boats on inland waters, be passed over for the day, inasmuch as the Committee on the Merchant Marine and Fisheries has called a special meeting for to-morrow morning at 10 o'clock to consider this very paragraph and other paragraphs in the bill.

The CHAIRMAN. The gentleman from New York asks unanimous consent that action on the amendment to this paragraph transferring jurisdiction from the Secretary of War to other parts of the Government be passed over until to-morrow. Is there objection?

Mr. OLIVER. I object.

The CHAIRMAN. The gentleman from Alabama objects. Does the gentleman from New York desire to use the remainder of his time?

Mr. ROWE. I do.

It is true, Mr. Chairman, that the Secretary of War has operated, through the War Department, a large number of ships during this war; but now many of the ships on the ocean operated by the Secretary of the Navy, and a large proportion of those operated by the Secretary of War, have been turned back to the United States Shipping Board. The Shipping Board has a department of operations. They are better qualified to-day to take over this work than any other department. They are the one organization in the whole Government that is equipped to operate ships from the commercial point of view. It seems to me that the Shipping Board should have the opportunity to make this operation and to control these ships and boats on the inland waters.

I therefore offer a substitute for the gentleman's amendment, that in place of the Secretary of War we substitute the words "United States Shipping Board."

The CHAIRMAN. The gentleman from New York offers an amendment by way of a substitute, which the Clerk will report.

The Clerk read as follows:

Substitute offered by Mr. ROWE for the amendment offered by Mr. MONTAGUE: Page 5, line 1, after the word "of," strike out "Secretary of War" and insert "United States Shipping Board."

Mr. SMALL. Mr. Chairman, I think either the amendment of the gentleman from Virginia [Mr. MONTAGUE] or the amendment of the gentleman from New York [Mr. ROWE] is preferable to the provision in the bill reported by the committee.

The War Department is inappropriate for the operation of these boats. What boats are referred to in this paragraph? Under section 6 of the Federal control act the President was authorized to build certain boats and operate them upon the inland waterways of the United States. Under that authority the United States Railroad Administration are engaged in building boats for operation on the lower Mississippi between St. Louis and New Orleans, and on the Warrior system of rivers, and are also constructing and operating boats on the Erie Barge Canal. The President, out of a fund which he controlled, early in the war authorized an allotment out of that fund for construction of boats on the upper Mississippi River between St. Louis and St. Paul, but it is my understanding that the necessary funds were subsequently allotted by the Shipping Board. They represent attempts to operate water lines upon very important waterways of the country. The country is very much interested that the demonstration which is being made shall be successful. Success depends upon training, skill, and experience; and while yielding to no one in my admiration for the Corps of Engineers in their particular sphere, I submit that neither by training nor experience are they skilled as transportation operators.

Now, I think the chairman [Mr. ESCH] is mistaken about the operation of towboats on the Mississippi by the Chief of Engineers of the War Department. They were authorized, in a river and harbor act some years ago, to investigate and experiment for the purpose of devising the best type of towboats and barges, and they have made a valuable and voluminous report, and are probably studying the matter further. Now, as between the amendment of the gentleman from Virginia and the substitute of the gentleman from New York, I prefer the substitute of the gentleman from New York; that is to say, that they be turned over to the United States Shipping Board.

At a conference held here in Washington between some Senators and Representatives and a number of other gentlemen throughout the country who considered this matter, after careful deliberation they determined that the United States Shipping Board was the best Federal agency to whom to turn over these boats; and if the amendment of the gentleman from Virginia shall not be adopted, I hope that the substitute of the gentleman from New York will receive the approval of the committee.

I have no purpose in this discussion except to contribute to the success of water transportation upon these very important waterways of the country.

The CHAIRMAN. The time of the gentleman from North Carolina has expired. All time has expired.

Mr. McLAUGHLIN of Michigan. I ask unanimous consent that the time of the gentleman from North Carolina be extended five minutes.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the time of the gentleman from North Carolina be extended five minutes. Is there objection?

There was no objection.

Mr. MONTAGUE. I ask unanimous consent that I may be permitted to withdraw my amendment and accept the amendment of the gentleman from New York. It is very satisfactory to me.

The CHAIRMAN. The gentleman from Virginia asks unanimous consent to withdraw his amendment. Is there objection?

There was no objection.

Mr. SMALL. I yield to the gentleman from Michigan [Mr. McLAUGHLIN].

Mr. McLAUGHLIN of Michigan. I understood the gentleman from North Carolina to say that the very boats he mentioned here have actually been turned over by the War Department to some other authority and are now being operated by others than the War Department.

Mr. SMALL. I was referring to the upper Mississippi River between St. Louis and St. Paul, and I said it was my understanding that the original fund for the construction of towboats and barges to operate on the upper Mississippi was allotted by the President out of a fund at his disposal, but that subsequently the Shipping Board took independent action and allotted money out of their own funds for their construction, and that they are engaged in the construction of those boats. As to that I am not entirely sure. It may be that the War Department is constructing the boats, but the money is furnished by the Shipping Board. I am quite sure that is correct. But the point I am endeavoring to emphasize is that this is not an engineering matter. It is a question of operation of common carriers by water, and we need skill and experience in order to demonstrate that they can be successfully and profitably operated in the interest of the public. We have an opportunity to rehabilitate commerce upon the great Mississippi River and to use the Warrior system, one of the most important systems of rivers upon the Gulf, upon which Congress has expended millions of dollars. We have an opportunity to help duplicate the success of the Erie Canal. Let us have these boats operated by men who are familiar with the needs of commerce and the operation of these boats.

Mr. BEE. I want to ask the gentleman from North Carolina whether the Shipping Board at this time is undertaking any control of inland-waterway transportation, or whether this is the first time it has come within its jurisdiction?

Mr. SMALL. I am very glad the gentleman asked that question. Under the act creating the Shipping Board they were denied jurisdiction of inland transportation, and the distinguished chairman of the committee so stated in his introductory speech; but that constitutes no reason why we may not now confer upon the Shipping Board authority to operate these boats upon inland waterways, and I think we made a mistake in excluding jurisdiction of inland waterways from the United States Shipping Board at the time the original act was passed.

Mr. OLIVER. Will the gentleman yield?

Mr. SMALL. I yield to the gentleman from Alabama.

Mr. OLIVER. I wish to ask the gentleman if the Engineering Corps of the War Department has not now representation on the Inland Waterways Committee, and if they have not been intimately acquainted with the operation of boats on the Warrior River as well as on the Mississippi, and is it not a fact that the most friendly governmental agency to the development of water transportation is the Engineering Corps of the War Department?

Mr. SMALL. The operation of these boats on the Warrior and other systems is by the United States Railroad Administration. The gentleman is assuredly correct in stating that the Army Engineers, many of whom are devoting a large portion of their time to river and harbor work, are, of course, in sympathy with the improvement of the rivers and harbors and their successful demonstration for the purposes of commerce.

The CHAIRMAN. The time of the gentleman has expired. All time has expired. The question is on the amendment of the gentleman from New York.

Mr. BARKLEY. Mr. Chairman, I move to strike out the last four words. I feel like apologizing to the committee for taking up any time on this amendment, but, in view of the fact that there ought not to be any controversy between the War Department and the Shipping Board, I feel justified in saying this: The river barges and boats now being operated by the Government are operated under the provision of the railroad-control act authorizing the President to invest a certain amount of money in the experimental operation of boats and barges upon the canals and waterways of the country. As was stated by the gentleman from Wisconsin [Mr. ESCH] and the gentleman from North Carolina [Mr. SMALL], the act creating the Shipping Board did not give them jurisdiction over inland waterways, and the Shipping Board has not exercised any such jurisdiction during its existence.

Therefore it has built up no organization within itself for the accumulation of information with reference to inland waterways, and knows no more about the situation of canals or rivers than any other Government body that has had nothing to do with them.

The Railroad Administration soon after its organization created an inland waterways division for the operation of boats, and in the management of that division they drew together a crew of experienced men on the inland waterways of the United States. The Railroad Administration is to cease when the roads are turned back and could not any longer operate the boats or barges.

When the committee considered to what agency they ought to be turned over, we found ourselves confronted with this situation: That there had to be created a new agency in place of the Inland Waterways Division in the Railroad Administration or to turn these over to some other agency already created. Nobody knows how long they will be necessary, because Congress can come in with a law at any time directing the Government to dispose of the boats and barges to some private purchaser.

Mr. BANKHEAD. Will the gentleman yield?

Mr. BARKLEY. Yes.

Mr. BANKHEAD. Can the gentleman inform us what provision there is in the Senate bill as to this matter?

Mr. BARKLEY. The Senate bill provides that they shall be turned over to the Shipping Board. There is no bureau of the Shipping Board that is authorized to operate boats. They do not even operate the vessels on the ocean; they have created within the Shipping Board an Emergency Fleet Corporation to operate ships which the Shipping Board constructs. There is no bureau of the Shipping Board for the operation of boats. So if the Senate provision should prevail and the Shipping Board should be given jurisdiction, they will have to create an independent agency within the Shipping Board to operate the boats, because under the law they have no jurisdiction to do that.

In view of the fact that the Corps of Engineers is better acquainted with the traffic, that they have had charge of river and harbor improvement, we felt that they were better qualified to manage the operation of boats and barges until some permanent policy should be adopted by Congress than any other agency.

Mr. WHITE of Maine. Will the gentleman yield?

Mr. BARKLEY. Yes.

Mr. WHITE of Maine. While the gentleman is correct in the statement that the Shipping Board as such does not now operate the vessels, but that this is done by the Emergency Fleet Corporation, the original shipping act contemplated that the Fleet Corporation should go out of existence and that its functions should be taken over by the Shipping Board, and the legislation passed by the House last week reinforced and emphasized this and clearly provided that the Shipping Board should in due course of time take up the work.

Mr. BARKLEY. Nobody can predict whether that will become a law or not, and we are trying to meet the present situation.

Mr. GREENE of Massachusetts. Mr. Chairman, I rise in opposition to the amendment. It will be recalled that on Saturday last the House of Representatives nearly unanimously passed the first merchant marine act, and in that act it was provided that certain measures should be carried out by the United States Shipping Board. I am in full accord with the proposition that they should take up this part of the work, and I favor the amendment offered by the gentleman from New York. I think the amendment should prevail in the interest of what will be best for the merchant-marine interests of this country. I hope that the amendment will be adopted.

Mr. ESCH. Mr. Chairman, I move to strike out the last three words. Mr. Chairman, the amendment offered now is to put the operation of these Government boats on inland waters into the hands of the Shipping Board, and it will not in my opinion bring about the result desired because in the Shipping Board act there is no power given the Shipping Board to operate vessels. It is not an operating agency or instrumentality of the Government. The operating agency is the Emergency Fleet Corporation. I do not believe that we should give control over operation to the Shipping Board.

Mr. OLIVER. Mr. Chairman, I rise in opposition to the amendment. The Engineering Corps of the Army is now fully acquainted with all present plans and methods for the operation of barges on the Mississippi and the Black Warrior Rivers. They have had much to do with the construction of these barges and have been associated with the Inland Waterways Commission in the operation of the same, and much of the work of the Inland Waterways Commission has been performed by the Army Engineers. I have yet to hear complaint from friends of these waterways against the Engineer Corps of the Army. If you wish to feel absolutely assured that the operation of these barge lines are in hands friendly to water transportation, leave it to the Engineer Corps of the Army. They have in the past fought the battles of water transportation, and it would be a

serious mistake on the part of those friendly to inland waterways to suffer any change in the recommendation of the committee that this work be transferred to the Secretary of War, acting through the Chief of Army Engineers. I happen to know that the Army Engineers are intimately acquainted with almost every phase of this work on the Black Warrior River, and there is no waterway promising a better demonstration of the success of water transportation than does this river.

Mr. GREEN of Iowa. Mr. Chairman, will the gentleman yield?

Mr. OLIVER. Not now. A number of improved barges are now in course of construction to be operated on the Black Warrior and the Mississippi. The Engineer Corps of the Army is thoroughly familiar with what has been and is now being done. They have been associated with the Waterways Commission in all of its work, and are equipped and prepared to carry on this work. They have officers stationed at New Orleans, Mobile, and St. Louis who are thoroughly familiar with the entire project. You can thus make no mistake in adopting the recommendation of the committee in this matter, and only in this way can you know that no one unfriendly to river transportation will be intrusted with this important work during its experimental test.

The CHAIRMAN. The question is on the amendment offered by the gentleman from New York [Mr. ROWE].

The question was taken; and on a division (demanded by Mr. SMALL) there were—ayes 21, noes 61.

So the amendment was rejected.

Mr. MADDEN. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. MADDEN: Page 4, line 10, strike out lines 10 to 16, inclusive, and insert——

The CHAIRMAN. The Chair would suggest that that paragraph has been passed.

Mr. MADDEN. Mr. Chairman, I desire to say to the Chair that I was ready to offer this amendment when the Clerk started to read the first line of the next section, but I did not get the opportunity to do so. I rose in my place to do it, but the Chair did not recognize me. There was no intention upon his part not to do that, but I ask unanimous consent now to return to that section for the purpose of offering this amendment.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent to return to the previous section for the purpose of offering the amendment. Is there objection?

Mr. HUDDLESTON. Mr. Chairman, reserving the right to object, I want to call the attention of the gentleman from Illinois to the fact that I do not object.

Mr. MADDEN. I do not care, if the gentleman wishes to do so.

The CHAIRMAN. No objection is heard, and the Clerk will report the amendment.

The Clerk read as follows:

Page 4, line 10, strike out lines 10 to 16, inclusive, and insert:

"(c) So much of section 1 of the act entitled 'An act making appropriations for the support of the Army for the fiscal year ending June 30, 1917, and for other purposes,' approved August 29, 1916, as authorizes the President in time of war to take possession and assume control of any system of transportation, or part thereof, and utilize the same, is hereby repealed."

Mr. MADDEN. Mr. Chairman, the President took over the railroads of the United States under the act which I seek by this amendment to repeal. Under Government control we find the country in this condition: Railroad rates were increased to yield an additional revenue of about $1,100,000,000 a year. For the two years of Government control $2,200,000,000 will have been collected in excess freight and passenger rates. Five hundred million dollars were appropriated by Congress when the roads were turned over to the Government. Two hundred and thirty-eight million dollars were reported at the end of the first fiscal year as a deficit, making in all $1,838,000,000 of expense to the people of the United States for the experiment.

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

Mr. MADDEN. In one moment, when I have finished my statement. At the beginning of the present fiscal year, or rather since this session of Congress began, Congress appropriated $750,000,000 more, and the reports from the Railroad Administration indicate that for the first three months of the year there was a loss of $250,000,000. The $750,000,000 and the $250,000,000 added to the $1,100,000,000 which the Government will collect as excess freight and passenger rates, if no other loss follows, will make $2,100,000,000 for this year, and that, with what we have expended during the past year, will make an expense to the American people of $4,000,000,000, substantially, for the Government experiment in the operation of the railroads.

I do not believe that the law under which the President was permitted to take the railroads over should be allowed to stand. If another emergency shall arise in the future, the Congress of the United States could authorize the President at that time to do whatever may be needed under the circumstances. To say that because the President did take over the railroads by authority of Congress when an emergency arose before is reason why that authority shall continue forever, can not be justified. The Congress will be in existence as long as the country lasts, and I assume that Members of it will be as patriotic in the future as they always have been in the past. They will be ready to accord to the President any power that may be needed to meet any emergency that may arise, whenever that emergency may come, but until the emergency does arise there should be no power in the President of the United States to take over the property of the people, whether it be in railroads or anything else. If the Congress of the United States declares war, and it is the only body of the country that has that power, when it does so, the emergency is here.

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

Mr. MADDEN. Mr. Chairman, I ask unanimous consent to proceed for two minutes more.

The CHAIRMAN. Is there objection?

Mr. KEARNS. Mr. Chairman, I object.

Mr. DEWALT. Mr. Chairman, I rise in opposition to the amendment proposed by the gentleman from Illinois [Mr. MADDEN], for several reasons. First, the gentleman's amendment is based upon the assertion, which is in large measure true, that the taking over of the railroads by the Federal Government under the provisions of the act, now existing, made it extremely expensive to the public, and he cited figures to show that that assertion is correct. There is no denying that fact, but what is one of the potent reasons why that expense was entailed? One of the reasons why the expense was entailed was because there was no act existent at that time authorizing Federal control of the railroads during the emergency. In other words, the Congress passed the act after considerable labor and study, and after it was passed the administration thereof necessarily was in part defective by reason of its newness, and therefore this large expenditure, waste, and extravagance, if any there was. Therefore if we have upon the statute books an existing law permitting the Government in time of crisis and in a period of impending war to take over the railroads, we necessarily, in my judgment, avoid a large proportion of this expense of which the gentleman complains. Now, let me state another reason. History has shown that England passed a law years and years ago giving the Government power to take over the roads in the very instant that war was declared or whilst war was imminently impending, and the consequence was that when this war was declared on the other side of the ocean England was ready at once to take possession of the railroads and its transportation facilities as a means to the advancement of the prosecution of the war. One of the great delays we had in preparing for the war, in getting our munitions to the seaboard, in transporting troops, in making the necessary arrangements for transportation to get into the war, which we knew was to come certainly, arose from the fact that we did not have then an existing law similar to that of England, namely, that instanter there should be a conversion of the railroads for war purposes——

Mr. MADDEN. Will the gentleman yield?

Mr. DEWALT. Certainly.

Mr. MADDEN. I would like to have the gentleman tell the committee, if he will, whether or not it might not be wise to repeal this for the reason that in the passage of another act we may provide different terms than the terms we now provide, namely, that payment shall be made to the railroads for the period of Government control based on the average earnings for three years, whereas we might not do that the next time?

Mr. DEWALT. I grant you, my dear sir, that possibly this act now upon the statute books is in part defective, but we can remedy that by amendment instead of by repeal.

Mr. BLACK. Will the gentleman yield for a suggestion?

Mr. DEWALT. Certainly.

Mr. BLACK. The provision which the gentleman from Illinois seeks to strike out is only that section of the national defense act passed in 1916 that enables the President to take over the roads in time of war and does not have reference to the details of compensation that we fix in the emergency act of 1918.

Mr. DEWALT. Another thing is to be said, if there be defect in the existing law in regard to taking over the railroads in time of emergency by the President of the United States and the director general, all those defects can be remedied from time to

time as they become apparent, and it seems to me it would be suicidal to repeal now an existing law, because we may have an emergency at any moment.

The CHAIRMAN. The time of the gentleman has expired; all time has expired.

Mr. KELLER. Mr. Chairman, I move to strike out the last word. I want to ask one question. The gentleman from Illinois made the statement here awhile ago that we have lost about $4,000,000,000 in our transactions with the railroads under Federal control. The committee states it at $600,000,000. Now, the gentleman from Illinois is an old Member here and he is probably correct. If he is, I would like to know how he accounts for the difference between the $4,000,000,000 and the $600,000,000?

Mr. MADDEN. Does the gentleman ask me?

Mr. KELLER. Yes.

Mr. MADDEN. I wish to call the attention of the committee to the fact that in any statement made by the committee reporting this bill that they always overlook the fact that the Railroad Administration has collected $2,200,000,000 in excess freight and passenger rates and have expended it all, and, while it does not come out of the Federal Treasury, it has come out of the pockets of the American people, which is the same thing. Then they overlook the fact that we are not going to get, in my judgment, any money back we appropriated for any losses that have been sustained by the Railroad Administration, in which case there will be an item of $4,000,000,000 rather than $600,000,000 as the committee reported.

Mr. KELLER. Mr. Chairman, the gentleman from Illinois, of course, puts an entirely different light in regard to the amount of money that has been expended in connection with the Government-managed railroads. Now, the committee also tells us that if the railroads are returned to private ownership again we are going to have a reduction in rates, or at least the same rates we have now, and also that we are going to have efficient management of the railroads. But, in the opinion expressed by one of the men connected with the railroads, he said that if the conditions next year are the same as they are now in regard to operating expenses that they have to have a 25 per cent increase in freight rates. Now, that does not quite clear up the situation. If we are going to return these roads to private ownership, we then ought to have the assurance we are going to have the same rates we now have or possibly a reduction and not a substantial increase.

Mr. SIMS. Mr. Chairman, I rise in opposition to the amendment. Gentlemen, there is no use now in using language that misleads or deceives anybody or is likely to do it. Now, let us look the question fairly and squarely in the face. When we use the word "deficits" in ordinary use, it means a deficit in expenses of operation; that is, that the railroad has not paid its way. Now, the meaning of deficit referred to here is that the Government lacked that much of having made operating expenses and the rental due the roads. Now, last year my recollection is that the net earnings of the roads that could have been used in payment of dividends were as large or larger under war control than they were prior thereto.

But Congress authorized the making of an extravagant contract of the rental, and did it purposely. We gave them a rental equal to the average net earnings for the three best years the roads ever had since railroading began in the United States. Now, do you suppose, if we had not taken them over, they could have made such a return under war conditions? I do not think so. The rental was severely criticized on this side and on the Republican side of the House. It was severely criticized in the Senate as being extravagant. But, as I said, we had to take the railroads over. The very necessity of operating them in a way to win the war made it necessary to take them over. It will be some time after the war is over before ordinary conditions will return which have been disturbed by reason of war operations. And the deficit was not a deficit at all in the ordinary sense. We lost on our rental contracts. That is all there is of it. Talking about the deficit in the first year means that we did not make the rent contract in addition to expenses of operation. To whom does this extravagant rent go? To the owners of the railroads. Who are they? The people of the United States—the stockholders and bondholders. It is not a loss at all to the whole country. It may be a loss to the Treasury, but all the people put the money in the Treasury, and it is paid back to a part of them. It was no loss at all; that is, no loss to the Nation as a whole.

Mr. BUTLER. Will the gentleman yield?

Mr. SIMS. Yes.

Mr. BUTLER. You say they took the money away from me, and will pay it back to me. They increased my railroad fare, and I have no railroad bonds. Where do I get my money back?

Mr. SIMS. Where would you have gotten it if the railroads had increased the fares, as it would have been absolutely necessary if the roads had not been taken over?

Mr. BUTLER. Well, I have traveled for 2 cents a mile.

Mr. SIMS. The roads increased rates 15 per cent before being taken over, and may have increased rates much more than they have been. They could not have gotten along without it.

Mr. CALDWELL. Mr. Chairman, I move to strike out the last word.

I oppose this method of meddling with the military legislation of this country. We have been treated time after time to a situation such as is about to be presented here now. The Military Committee of this House has been in continuous session and has produced a line of military law the like of which no country in the world has ever enjoyed before. And when the Military Committee of this House finds that it can not hold its sessions during the time that this House is in session, but must get permission from this House to continue in session while the House is in session, while all of the Members of that body, that is making a special study of the military plans of this country, are absent, attending to the military affairs of this Nation, men come into this House and propose amendments to the military law which sets at naught——

Mr. MADDEN. Will the gentleman yield?

Mr. CALDWELL. In just a minute. That sets at naught the labor of this committee that has been appointed by this House to do that particular kind of work.

Mr. MADDEN. Will the gentleman yield to me now?

Mr. CALDWELL. Yes.

Mr. MADDEN. Does the gentleman from New York know that the legislation which my amendment proposes to repeal did not emanate from the Military Committee?

Mr. CALDWELL. If the gentleman would have waited about two minutes I would have told him that thing. It so happened that we passed in this House a national-defense act, reported by the Military Committee of the House of Representatives, in which a clause very similar to the one now sought to be repealed, that was put into an appropriation bill by the Senate committee on a general military appropriation——

Mr. BLACK. It was your own appropriation.

Mr. CALDWELL. It was, but it was put on by the Senate and the members of the Military Committee were here and agreed to it, and it went on the bill then. And to repeal this act now only destroys half of the legislation that is now on the statute books, because the Hay bill provision has never been repealed, and should not be repealed, for this reason: When we were taking over the various properties of the United States for war purposes, among them factories and buildings of all kinds, it was found that we could go to men who otherwise would not part with their property or the possession or control of it for anything like a reasonable figure and show them the Hay bill that carried this provision; then if they did not let us have it for a price we thought was fair we would put an appraisal upon it, and if they did not let us have it at the appraised value we could pay them 75 per cent of it and let them sue in the courts for the balance. On almost every one of those occasions the propositions made by the Government were accepted, and the people were glad to get what the Government offered them as being a fair value, and profiteering was at a minimum. The same thing was expected to be done here. But that was not accomplished to a full extent. We passed the railroad measure, and, as the gentleman from Tennessee [Mr. SIMS] said, the criticism on that side of the House was that we were paying too much, but the Members of this House and of the Senate realized it was necessary to take these transportation facilities and take them at once; and, to keep out of the courts, decided that if it was necessary to pay too much to buy our peace, we would pay it and get a peace with the arms of our country from the enemy abroad and after that we would settle with the railroads. That is what we are doing now.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SANDERS of Indiana. Mr. Chairman, I move to strike out the last two words.

I do this, Mr. Chairman, for the purpose of correcting what I think is an erroneous statement of the provisions of the Federal-control act with reference to compensation to the carriers. The gentleman from Tennessee [Mr. SIMS] and the gentleman from New York [Mr. CALDWELL] have said that the bill was criticized at the time it passed the House because it carried a provision for too much compensation for the railroads. I desire to recall to the attention of the House the fact that the provisions of the Federal-control act did not cover the definite amount of compensation, and the only thing that that act did was to provide that the executive department

should not pay beyond a certain maximum fixed in the Federal-control act. And that act has this provision:

SECTION 1. That the President, having in time of war taken over the possession, use, control, and operation (called herein Federal control) of certain railroads and systems of transportation (called herein carriers), is hereby authorized to agree with and to guarantee to any such carrier making operating returns to the Interstate Commerce Commission that during the period of such Federal control it shall receive as just compensation an annual sum, payable from time to time in reasonable installments, for each year and pro rata for any fractional year of such Federal control, not exceeding a sum equivalent as nearly as may be to its average annual railway operating income for the three years ended June 30, 1917.

If there is any criticism coming to any branch of this Government with reference to overpayment to the carriers, that criticism should be directed to the executive department of the Government. I am not making the criticism. It is a matter which would have to be investigated before anyone would have any opinion of value, but it is not accurate to undertake to make any criticism against Congress for fixing a definite sum which was excessive in payment for the use of the railroads.

Mr. BLACK. Mr. Chairman, I rise in opposition to the amendment.

The CHAIRMAN. All time has expired on the amendment—upon the pro forma amendment.

Mr. BLACK. Have I not the right to oppose the amendment?

The CHAIRMAN. The gentleman can move to strike out the last three words.

Mr. BLACK. Yes; I move, Mr. Chairman, to strike out the last three words.

The CHAIRMAN. The gentleman from Texas is recognized.

Mr. BLACK. Mr. Chairman, I am glad that the purpose of this bill is to provide for the early return of the railroads to their owners and for private operation thereafter under a more effective and comprehensive public control than has heretofore been the case. I have no disposition to criticize the Railroad Administration in its management and operation of the roads while they have been under Government control. Criticism is always easy to indulge in, and especially is this true as to activities during a great war when conditions are so abnormal. There have been large increases in freight and passenger rates since the Government took control, and heavy additional expenditures for wages, materials, and other elements which enter into railroad operation, and on account of the fact that these expenditures have increased in a greater ratio than the rate increases a large deficit has ensued and has been met by payments from the Public Treasury; but when we stop to consider the decreased purchasing power of the dollar which the war brought about and the consequent rise in the value of all materials that go into the cost of operation, and also the necessary increases in wages, we are forced to admit that a large increase in the expenditures of the railroads under Government management was to have been expected, and that much of it may justly be charged off as a war loss.

But, even so, making allowance for all these things, and entirely free from any feeling of hostility and criticism of the Railroad Administration, I think that the experience has been a convincing one that Government ownership and operation would not be wise and that private ownership and operation, under effective public control, will bring out a greater degree of individual initiative and enterprise and will render a large and more satisfactory service to the public than any other system. There is nothing new or novel about this experience, and it only conforms with that which events have demonstrated to us time and time again in the past.

Under a system of government which has given approval and encouragement to private initiative and individual ability, our Nation has far outstripped other countries where greater socialistic tendencies have prevailed, and nowhere on earth, in Europe, Asia, Africa, or far-away Australia, is prosperity so generally distributed and the standards of living so high as here in the United States of America. Of course, these standards are not as high as we want them to be, and are not as high as we are, in fact, going to have them to be as time goes on, but it would be the height of folly for us to throw away the machinery and tools which have made possible our achievements in the past and take up some of the visionary and untried experiments which are being urged at the present time.

Under our system of private ownership of railroads capital has had a better encouragement and a safer return than in any nation in the world; labor has received higher wages and has had better working conditions than in any other country; and, most important of all, the public has received a better service at a lower cost over what is admittedly the greatest system of railway transportation in all the world than is given anywhere else. Therefore we would be foolish to abandon it for the more socialistic experiment of Government ownership under the Plumb plan or any other guise.

Ever since the war began we have had a considerable number of theorists and political tinkers press on to Washington proposing that every field of private endeavor shall be invaded by the Federal Government. Railroads, mines, telegraph and telephone systems, schools, land, and almost everything else has been the object of their solicitude and care, with the end in view to own and operate them from Washington by functionaries and huge armies of Government employees. Under their system some fifteen-hundred-dollar clerk would be more powerful than the governor of a State, for he would write an order and some bureau chief would sign it, and the citizens of the country would disobey it at their peril. The American people expect us to be on guard and see to it that this country is not transformed into a bureaucracy.

John Fiske, the great historian, said: "If the day should ever arrive—which God forbid—when the people of the different parts of our country shall allow their local affairs to be administered by prefects sent from Washington, on that day the progressive political career of the American people will have come to an end and the hopes that have been built upon it for the future happiness and prosperity of mankind will be wrecked forever." There does not seem to be any impending danger of any calamity like that happening to our Government at least during the present generation. For the heart of the American people is evidently sound to the core and determined to protect itself from foes within and foes without.

The cause of excessive costs when governments undertake business activities is simple. All the activities of any government are necessarily carried on by political machinery, and that machinery is wholly unsuited to the economic field. The field of government and the field of business are dissimilar and separate. The proper field of government is mainly the regulation of conduct and the protection of the rights of the individual. The field of business is the production and the utilization of material things. The principles, the methods, and the machinery of government are wholly different from those of economic activities and are not adapted nor adaptable to the latter. To say this is in no way to criticize and belittle the Government in the exercise of its legitimate functions. It is true that Government operation of the railroads has been, at least prior to the Great War, measurably successful in Germany, but the very reasons which under the Prussian system made it fairly successful in that country are the reasons why under our form of government, with the spirit and traditions of the American people, I think it would be unsuccessful here. Here in this country we have government by political parties, with the power to change President every four years and the power to change the complexion of Congress every two years, and it would be little short of disaster to get the whole great question of transportation, freight rates, wages of railroad employees, and other related questions tied up in political controversies and made the football ofpolitics. I can not conceive of anything which would be more likely to array one section of the country against the other or one group of citizens against the other than this would. It would be impossible to prevent it under our policy of party government and political contests.

I think we have the best Government in the world, and will continue to have so long as we confine our activities to governmental functions, but when we branch out beyond that we are liable to meet with failure. Mr. Glenn E. Plumb, the author of the Plumb plan, admitted the weakness of Government ownership in his recent testimony before the Committee on Interstate and Foreign Commerce, where he appeared in advocacy of the Plumb plan. Mr. SWEET, of Iowa, a member of the committee, asked him this question:

If the United States Government is to put up the money to buy the railroads, then why should the United States Government not operate them itself instead of adopting your plan?

To which Mr. Plumb replied:

Because we do not believe in operation by any Government body. We do not believe this great industry can be conducted by a political autocracy. If we leave operation in the hands of political appointees, we would place the railway system ultimately in the hands of politicians, and that, we submit, can not safely be done.

I think there is much force in this statement, for the very reason which I have already given, but I do not agree that Mr. Plumb's plan would be any better, because there would be just as much danger from the system he suggests as the one he criticizes, and even more so, for under our system of government the party politician is responsible for his acts to the entire public, while under his plan the members of the board which he would put in control would have the strong temptation of regarding themselves responsible only to their own particular constituencies. But I will not enter into any comprehensive discussion of Government ownership at this time, because the

mind of the public seems to be pretty generally made up on that question, and therefore I shall content myself with what I have just said and what I have said on other occasions in the House on this particular subject.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Illinois [Mr. MADDEN].

The question was taken, and the Chairman announced that the noes appeared to have it.

Mr. MADDEN. Mr. Chairman, a division.

The CHAIRMAN. The gentleman from Illinois demands a division.

The committee divided; and there were—ayes 22, noes 67.

So the amendment was rejected.

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 203. The President shall have the right, at all reasonable times until the affairs of Federal control are concluded, to inspect the property and records of all carriers whose railroads or systems of transportation were at any time under Federal control, whenever such inspection is necessary or appropriate (1) to protect the interests of the United States, or (2) to supervise matters being handled for the United States by agents of the carriers, or (3) to secure information concerning matters arising during Federal control, and such carriers shall provide all reasonable facilities therefor.

Such carriers shall upon the request of the President, or those duly authorized by him, furnish all necessary and proper information and reports compiled from the records made or kept during the period of Federal control affecting their respective lines.

Any carrier which refuses or obstructs such inspection, or which willfully fails to provide reasonable facilities therefor, or to furnish such information or reports shall be liable to a penalty of $500 for each day of the continuance of such offense, which shall accrue to the United States and may be recovered in a civil action to be brought by the United States.

Mr. SEARS. Mr. Chairman, I move to strike out the last word.

The CHAIRMAN. The gentleman from Florida moves to strike out the last word.

Mr. SEARS. Mr. Chairman, far be it from me to criticize the committee that had this bill under consideration. I have had many letters from my district, asking me to tell them how I stood upon what is known as the Esch bill, and I have written back to the writers stating that the bill was in subcommittee, and from the subcommittee I could secure no information, and therefore I did not know what the bill would contain.

I find in the report the following: "The bill was introduced June 2, 1919." Then "The committee, after giving notice that hearings would begin on a given date, being delayed because of the necessity of giving consideration to and securing the passage of important measures, began hearings on July 17. These hearings continued with morning and afternoon sessions continuously until September 27. Some 3,500 pages of testimony have been printed. Exclusive of the printed hearings, numerous exhibits were filed. Proponents of various plans were first heard. These were followed by witnesses," and so forth.

Mr. Chairman, the "important measures" that we passed were for a bridge across the Susquehanna River; another one for a bridge across the Susquehanna River; another one for a bridge across the Susquehanna River; one for a bridge across the Snake River; another for a bridge across the Mississippi River; another for a bridge across the Pend Oreille River; one for a bridge across the Sulphur River; and several others, and the appropriation bills which were left over from the last session because of the filibuster. I do not criticize the committee because they could not take up this important bill in view of these important measures which were before the House; but I would like to state that this committee began its hearings on July 15 and continued them until September 27, or more than two months. The subcommittee had the bill under consideration from September 27 until about November 1, more than a month. The full committee considered the bill for 10 days, and while it was unanimously requested that the bill be published in the RECORD last Saturday night, in order that the country might know what it contained, the bill was not published in the RECORD and was only placed upon the desks of Members on Sunday.

Mr. ESCH. Will the gentleman yield?

Mr. SEARS. I yield to the gentleman.

Mr. ESCH. I tried to get the bill printed in the RECORD of Sunday morning, but I had only one copy, and that was used to have it printed in bill form.

Mr. SEARS. I am making no criticism at all of the chairman of the committee.

Mr. ESCH. But I did get the bill printed in bill form, and had copies put in the post office on Sunday morning.

Mr. SEARS. I am simply stating the fact that it was not published in the RECORD, and the country did not know what the bill contained. On last Monday morning this House received for the first time the report issued by the members of the committee.

Now, Mr. Chairman, I submit that this is the most important piece of legislation that has been before this House or that will come before this House for consideration. Senator CUMMINS, a distinguished Republican, made the statement a few days ago in the Senate, and I heard him make it, that the President nine months ago called the attention of Congress to the fact that on the first of the year the railroads would be turned back to their private owners and demanded of the majority that they give due consideration to some bill that would properly regulate and control the return of the railroads. It is all right for us to take up the bill, but since last June, until last Monday, no such bill has been before this House for consideration, and although we have a good many Members present there are 435 Members of this House, and I know that they have not had a chance to study the hearings or the report on the bill, because I myself have not had the opportunity to give this bill the consideration that I would like to give to it. We have confidence in the members of the committee, but I want to call the attention of the House to the further fact that on the budget bill, to which there was no opposition, and which was carried unanimously, 12 hours of debate were given to the membership of this House. Those 12 hours could well have been spent in arguing this railroad bill. I simply state these facts, because I believe the country should realize and know that this bill is being "railroaded" through Congress to keep the pledge of the majority leader that some constructive measure would be passed before Congress adjourned, however half-baked it might be. I make the further assertion that the bill that we are now considering will not be the bill that will go upon the statute book, but that the Senate, giving it the careful consideration that they usually give to bills, will substitute their own bill, and that much of the Senate bill will be agreed to by the conferees.

The CHAIRMAN. The time of the gentleman has expired.

Mr. SEARS. I ask unanimous consent that I may proceed for five minutes.

The CHAIRMAN. The gentleman from Florida asks unanimous consent that he may proceed for five minutes. Is there objection?

Mr. LAYTON. I object.

The CHAIRMAN. The gentleman from Delaware objects. The Clerk will read.

The Clerk read as follows:

CAUSES OF ACTION ARISING OUT OF FEDERAL CONTROL.

SEC. 204. Actions at law, suits in equity and proceedings in admiralty, based on causes of action arising out of the possession, use, or operation by the President of the railroad or system of transportation of any carrier (under the provisions of the Federal control act, or of such act of August 29, 1916) of such character as prior to Federal control could have been brought against any such carrier, may, after the termination of Federal control, be brought against such agent or agency as the President designates to adjust, settle, liquidate, and wind up matters arising out of Federal control. Such actions, suits, or proceedings may, within the periods of limitation now prescribed by State or Federal statutes and within two years from the date of the passage of this act, be brought in any court which but for Federal control would have had jurisdiction of the cause of action had it arisen against such carrier.

Process may be served upon any agent or officer of the carrier operating such railroad or system of transportation, if such agent or officer is authorized by law to accept service of process in proceedings brought against such carrier and if a contract has been made with such carrier by or through the President for the conduct of litigation arising out of operation during Federal control. If no such contract has been made, process may be served upon such agents or officers as may be designated by or through the President. The agent designated by the President to adjust, settle, liquidate, and wind up matters arising out of Federal control, shall cause to be filed, upon the termination of Federal control, in the office of the clerk of each district court of the United States, a statement naming all carriers with whom he has contracted for the conduct of litigation arising out of operation during Federal control, and a like statement designating the agents or officers upon whom process may be served in actions, suits, and proceedings arising in respect to railroads or systems of transportation with the owner of which no such contract has been made; and such statements shall be supplemented from time to time, if additional contracts are made or other agents appointed.

Mr. LANHAM. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment by Mr. LANHAM: Page 8, line 24, after the word "carrier," insert:

"*Provided*, That the period of Federal control shall not be computed as a part of the period of limitation in actions against carriers or in claims for reparation to the Interstate Commerce Commission for causes of action arising prior to Federal control."

Mr. LANHAM. Mr. Chairman, a provision somewhat similar to that proposed by this amendment was recently enacted in Senate bill 641, which was a bill to amend section 10 of the act entitled "An act to provide for the operation of transportation systems while under Federal control," and so forth.

The process of litigation has necessarily been in a somewhat chaotic state during the period of Federal control. Litigation has been held in abeyance, and litigants in many cases, ignorant of their rights, have failed to proceed, and it seems but a fair and just provision properly to safeguard their interests, to provide that the period of Federal control shall not be computed as a part of the period of limitation in causes of action arising before the Federal control began.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I want to ask a question of the gentleman from Texas.

The CHAIRMAN. The gentleman is recognized for five minutes.

Mr. GRAHAM of Pennsylvania. The gentleman's amendment, as I understand it, is intended to take the period of Government control out of the running of the statute of limitations?

Mr. LANHAM. Yes; it is.

Mr. GRAHAM of Pennsylvania. In reading this paragraph and in conversation with the chairman of the committee, I find that the paragraph is intended to fix an absolute limitation of two years, and those two years would not begin until after the date of the passage of this act.

Mr. LANHAM. That is to sue the agency which the President appoints in accordance with the provisions of the act, in cases in which the causes of action arose during Federal control, and this amendment is for matters arising prior to the operation of Federal control.

Mr. RAYBURN. Mr. Chairman——

The CHAIRMAN. All time on the amendment has expired.

Mr. RAYBURN. I want to prefer a request. I think this amendment would go better at the end of section 204, and I ask unanimous consent that it be offered at the end of line 22 on page 9, instead of at the end of line 24 on page 8.

Mr. LANHAM. That is agreeable to me.

The CHAIRMAN. The gentleman asks unanimous consent to transpose the amendment to the place indicated. Is there objection?

Mr. SANDERS of Indiana. Reserving the right to object, why is it not more appropriate at the place where it was offered, which deals with limitations of actions?

Mr. RAYBURN. It still applies to the same section.

Mr. SANDERS of Indiana. I have no objection.

The CHAIRMAN. Is there objection to the request of the gentleman from Texas? [After a pause.] The Chair hears none.

Mr. EVANS of Nebraska. Mr. Chairman, I would like to ask the gentleman from Texas [Mr. RAYBURN] a question. If I understand the statement made, this provision is to extend the statute of limitations as to claims existing prior to Government control?

Mr. RAYBURN. That is correct.

Mr. EVANS of Nebraska. Attached to this section, does the gentleman think it would have that effect?

Mr. RAYBURN. This is a new paragraph added to the section, and I think so.

Mr. EVANS of Nebraska. Mr. Chairman, I ask unanimous consent that the amendment may be again reported.

The CHAIRMAN. The amendment as modified will be again reported.

The Clerk again reported the amendment.

Mr. SANDERS of Indiana. Mr. Chairman, I move to strike out the last word. I think this amendment as offered should be adopted. The reason is because during the period of Federal control these claimants had no right to levy on the carriers' property, and many claimants were confused as to just how action should be brought. I think the chairman of the committee agrees with me.

Mr. ESCH. Mr. Chairman, I will state that practically this provision was incorporated as an amendment in S. 641, restoring to the Interstate Commerce Commission its prewar powers, but that would only pertain to the small remainder of time under Federal control.

Mr. BANKHEAD. Will the gentleman yield?

Mr. SANDERS of Indiana. Yes.

Mr. BANKHEAD. On page 8, line 21, it says "within two years from the date of the passage of this act." Is that intended to extend generally the period of limitation of two years in all States?

Mr. SANDERS of Indiana. That is a restrictive provision.

Mr. WHITE of Maine. If the gentlemen please, I want to offer an amendment which I think will make that clear.

Mr. SANDERS of Indiana. I want to answer the gentleman from Alabama.

Mr. BANKHEAD. In my State the period of limitation is 12 months for a tort against corporations.

Mr. SANDERS of Indiana. The language is:

Such actions, suits, or proceedings may, within the periods of limitation now prescribed by State or Federal statutes and within two years from the date of the passage of this act, be brought in any court.

And so forth.

Mr. BANKHEAD. Why not strike out "within the period of two years"?

Mr. SANDERS of Indiana. I will say that that was put in at the very earnest request of the Railroad Administration—that these actions should all be brought at least within the period of two years, irrespective of the general statute of limitations that might obtain in different places, and it is only a restriction in case some statute should provide a period longer than two years.

Mr. BANKHEAD. Does not the gentleman fear that it means an enlargement of the period?

Mr. SANDERS of Indiana. I think not.

Mr. WHITE of Maine. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas has a pending amendment, which will first be disposed of.

Mr. ESCH. Mr. Chairman, will the gentleman strike out the word "provided" in his amendment?

Mr. LANHAM. Mr. Chairman, I ask unanimous consent to modify my amendment by striking out the word "provided."

The CHAIRMAN. Is there objection to the request of the gentleman from Texas?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The amendment was agreed to.

Mr. WHITE of Maine. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Page 8, line 21, strike out the words "and within" and insert in lieu thereof the words "but not later than."

Mr. WHITE of Maine. Mr. Chairman, as has been suggested, this language was intended to be a limitation on the right of action. I have been somewhat confused as to the wording of the paragraph as it is in the act. I think this suggestion of mine clears the matter up and makes it certain that without any regard to what the statute may be the right of action is limited to not later than two years from the termination of Federal control.

Mr. ESCH. Mr. Chairman, the committee has no objection to that amendment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Maine.

The question was taken, and the amendment was agreed to.

Mr. JEFFERIS. Mr. Chairman, I offer an amendment.

The Clerk read as follows:

Page 9, line 22, after the amendment already adopted, insert:
"All actions, suits, or proceedings of the character above described pending at the termination of Federal control shall not abate by reason of such termination, but may be prosecuted to final judgment, substituting the agent or agency designated by the President to adjust, settle, liquidate, and wind up matters arising out of Federal control."

Mr. ESCH. Mr. Chairman, will the gentleman offer his amendment to precede the amendment of the gentleman from Texas adopted a moment ago, making the amendment of the gentleman from Texas a separate paragraph?

Mr. JEFFERIS. I will accept that.

The CHAIRMAN. The gentleman from Nebraska modifies his amendment so that it shall be inserted preceding the amendment of the gentleman from Texas just adopted, so that the amendment of the gentleman from Texas will be a separate paragraph. Is there objection?

There was no objection.

Mr. BARKLEY. Mr. Chairman, would the gentleman yield for a suggestion? I suggest that he eliminate from the amendment the word "all," the first word of his amendment.

Mr. JEFFERIS. I accept that suggestion.

The CHAIRMAN. The gentleman asks unanimous consent to so modify his amendment as to eliminate the word "all." Is there objection?

Mr. BANKHEAD. Mr. Chairman, reserving the right to object, I think there are two or three other words in that amendment and in several other places in this section that ought to be eliminated. I refer to the words "and wind up." It seems to me that is inappropriate language in a bill of this kind.

Mr. BUTLER. It sounds like winding up a clock.

Mr. BANKHEAD. Or a ball of yarn. I think they ought to be eliminated. I merely call this to the attention of the chairman of the committee.

The CHAIRMAN. Is there objection to the elimination of the word "all"?

There was no objection.

Mr. JEFFERIS. Mr. Chairman, I think the criticism of the gentleman from Alabama [Mr. BANKHEAD] does not apply to the amendment that I have offered. The reason for this amendment, as it appeared to me, was that section 204 had reference to the bringing of suits, whereas we know that there are a number of suits already pending against the railroads or the administrator in charge of them, and in order that their rights may be continued definitely and certainly I offered the amendment.

The CHAIRMAN. The question is on agreeing to the amendment as modified.

The amendment was agreed to.

Mr. PARRISH. Mr. Chairman, I offer the following amendment, which I send to the desk and ask to have read.

The Clerk read as follows:

Page 9, line 14, after the word "States," insert "and of the several States."

Mr. PARRISH. Mr. Chairman, I offer the amendment for the purpose of putting the information as to whom it will be necessary to sue and serve within the reach of the bar of every trial court of the United States, so far as possible, the public generally, if the President should designate an agent or agents to close up the litigation that would be pending against any particular road arising out of Government operation and control. In my section one of the chief objections to the present bill has been that during Federal control it was very difficult to get promptly the rules and regulations of the Railroad Administration as same were passed and consequently were at a great handicap in trying to handle the business of our clients, often not knowing just how to proceed. This bill provides that amendments or additional contracts shall be filed or may be filed from time to time by the agent. In some sections of the country the district clerk is two or three hundred miles away from the United States district court, and I feel that it would not be an unreasonable thing to require that the agent file the information contemplated under this section of the bill not only with the clerk of the district court of the United States but also with the Clerk of the district courts of the several States in the Union or the trial courts having highest general jurisdiction.

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

Mr. PARRISH. Yes.

Mr. TILSON. In many States there are no such courts as "district courts." Courts of the several States are known by all sorts of different names, and it seems to me that the gentleman's amendment might serve a purpose in those States where there is such a thing as a district court, but that in other jurisdictions, where there is not such a thing, it would not.

Mr. PARRISH. I would be glad to modify the amendment so as to say in the district courts of the several States or in the highest trial court of record in each county, and I will modify my amendment so as to cover that.

Mr. SANDERS of Indiana. Mr. Chairman, will the gentleman yield?

Mr. PARRISH. Yes.

Mr. SANDERS of Indiana. I assume that the objection the gentleman has is that there are some States that do not constitute a district. That is, it takes more than one State for a district?

Mr. PARRISH. Oh, we have five districts in the State of Texas.

Mr. SANDERS of Indiana. Is it really the gentleman's purpose to have all of this information and data filed in each county?

Mr. PARRISH. Yes; that is our purpose. In some places we are some two or three hundred miles away from the clerk of the district court of the United States.

Mr. SANDERS of Indiana. I think there would be no objection—and I do not pretend now to be speaking for the committee—if the purpose of the gentleman was just to require the Director General, or whoever winds up the affairs under Federal control, to file this data, in addition to the provisions of the act, with the highest court in the State; for instance, with the clerk of the supreme court in the State.

Mr. PARRISH. But that would not help any.

Mr. SANDERS of Indiana. In fact, that would afford the same opportunity for the litigants to determine whom they should serve as is afforded in most States with reference to foreign corporations.

Mr. PARRISH. I would like to say in reply to the gentleman that there are districts in our State that are larger than several of the States of the Union, and that the object of this amendment is to put this information as near as we can into the hands of the general public and of the lawyers of the bar.

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

Mr. MOORE of Virginia. Mr. Chairman, I desire to be heard on the amendment. I think the view expressed by the gentleman from Texas [Mr. PARRISH] is correct. There is this, among other practical reasons, in support of his view: If the statement is filed only in the Federal court or filed only in the highest court of the State, then it would be necessary for everyone who wishes to use the fact expressed in the statement to pay for a certificate of the statement, and undoubtedly this would involve expense, which would be particularly prejudicial to people who have small claims.

While I am on my feet I would like to refer to another point which I think should receive the attention of the committee. On page 9 the provision is that process may be served upon any agent or officer of the carrier operating such railroad or system of transportation "if such agent or officer is authorized by law to accept service of process in proceedings brought against such carriers."

There will be a great many cases in which there is no State law that authorizes the acceptance of process, and it strikes me that there should be substituted this simple provision: "Processes may be served upon a carrier owning or operating such railroad or system of transportation." Then leave it to the Federal or the State law, as the case may be, to determine how process shall be served. While I am up, there is one other feature I would like to mention. Going back to the first paragraph of section 204, there seems to be an omission there of any right to assert causes of action, accrued heretofore, arising from torts committed by or the loss and damage to property involved in the operation of vessels owned by the Government and conducting business upon inland waterways. Now, as I understand, while Federal control is in effect such a suit can be brought against the Director General pursuant to orders issued by him, but upon the cessation of Federal control no such suit will lie against anybody unless this act provides for it, and this particular bill does not provide for it. This paragraph provides for a suit against any carrier whose system of transportation has been taken over, but does not cover cases where the Government has bought vessels and put them in operation. In those cases there may be valid claims which can not be asserted unless authority is given by this bill. Here is apparently an omission which I respectfully suggest to the distinguished chairman of the committee that ought to be taken care of at some stage or other.

The CHAIRMAN. The question is upon the amendment of the gentleman from Texas.

Mr. BEE. Mr. Chairman, I desire to be heard on the amendment.

The CHAIRMAN. All time has expired.

Mr. BEE. Mr. Chairman, I move to strike out the last word. Mr. Chairman, I want to follow the suggestion of the gentleman from Texas by calling attention to the situation in the western portion of Texas in reference to limiting it to the clerk of the Federal court. I think if you would make it the clerk of the district Federal court or courts of like general jurisdiction in the States it would fill a long-felt want for our people. While I am on the floor I want to ask the committee a few questions about section 204. As I understand, all these actions at law referred to here are such suits as personal injuries, suits on shipments, and matters of that kind which are now pending in various courts against the Railroad Administration. Am I correct in that?

Mr. SANDERS of Indiana. Yes.

Mr. BEE. Here is what I desire to ask the committee: Would it be possible, in behalf of the litigants, in behalf of the parties who have been injured by this corporation and who have brought suits against them and whose suits are transferred out of the general run of legislation, to transfer these suits by congressional enactment back from whence they come or from where they would have been had there not been Federal control? As I understand, this provision creates an agency to be appointed by the President, whose duty it shall be to adjust, settle, liquidate, and wind up matters arising out of Federal control. Now, then, this agency, as I understand it, to be appointed by the President for the purpose of adjusting, settling, and liquidating these matters, will not be the court in which the suits are brought, but will be a separate tribunal, and now I want to ask——

Mr. SANDERS of Indiana. The agency will no doubt be some one like a director general—that is, the agency for winding up affairs.

Mr. BEE. That is the agency that is contemplated.

Mr. SANDERS of Indiana. That will be the party defendant.

Mr. BEE. Then I understand the agent will be the party defendant substituted for the railroad administrator and will not be a separate agency set up, but the cases will continue in the court in which they were brought as originally instituted. Am I correct in that? Then may I ask the committee, Why do you not permit these suits brought by citizens against the railroad corporation temporarily under Government control when the Government control ceases to go back again as they were before Government control and let the litigants proceed in their own vicinage and before their own tribunals?

Mr. SANDERS of Indiana. I think rather than to have to answer specifically the questions the gentleman has asked I will state what this section provides as I understand it. This section deals in the first place with causes of action growing out of Federal control.

Mr. BEE. Torts?

Mr. SANDERS of Indiana. Yes.

Mr. BEE. Personal injuries?

Mr. SANDERS of Indiana. Yes.

Mr. BEE. Shippers' contracts?

Mr. SANDERS of Indiana. Yes.

Mr. BEE. Just the same as it was before Federal control?

Mr. SANDERS of Indiana. To be sure. Now, that will be part of the operating expenses; that application is part of the operating expenses.

Mr. BEE. Just like a receivership?

Mr. SANDERS of Indiana. Yes. Under Federal control the director general issued an order requiring all of these suits to be brought against him notwithstanding the provision in the Federal-control act. Now, then, the purpose of this section is to provide that these suits may be prosecuted, that the claims that have not yet been brought may be brought just the same——

The CHAIRMAN. The time of the gentleman has expired.

Mr. SANDERS of Indiana. Mr. Chairman, I rise in opposition to the gentleman's amendment.

The CHAIRMAN. The gentleman from Indiana is recognized for five minutes.

Mr. SANDERS of Indiana. Those causes of action which arise through Federal control are provided for in this section, and by an amendment pending actions are provided for, and this provides that a suit can be brought against the United States Government at any place in the country. It is a very liberal provision for suing the Government. The Government took over these railroads and operated them, and torts and contract obligations arose, and they are really actions against the Government, and in pursuance of that idea the director general provided that suits should be brought against him. This carries it on further and makes liberal provision that the United States may be sued in any jurisdiction of the land where he could have been sued.

Mr. BEE. Would it be feasible to insert in the law a provision directing the clerks of the various courts to transfer the suits thus directed against the Government back as against the owner?

Mr. SANDERS of Indiana. No; I think that would be an entirely wrong procedure, because this is a part of the operating expenses. It is the Government's obligation in practically every instance. While the Government was operating these railroads a tort occurred, a carrier is not liable. The Government is liable, and that is the procedure which they have pursued. The director general would be sued and that would be paid out of the operating expenses.

Mr. BEE. Would it be the same as if you had a receivership proceeding, and the judgment recovered would be paid out of the receivership fund and not out of the general fund of the corporation?

Mr. SANDERS of Indiana. They will not pay it out of the funds of the corporation. This will be a Government obligation and will be paid by the revenues that come in, or out of the revolving fund, or by appropriation.

Mr. BEE. And not by the general carrier?

Mr. SANDERS of Indiana. No.

Mr. GREEN of Iowa. For information in reference to this procedure, now, as I understand it, the Government is authorized through the President to make a contract with any of the carriers he sees fit to do so, and have them paid under this legislation?

Mr. SANDERS of Indiana. Yes.

Mr. GREEN of Iowa. As I understand the gentleman, it is expected the Government will in the long run pay all the expense in case the litigation is unsuccessful, or the expenses of the investigation, in any event, that are usually paid a party in any case?

Mr. SANDERS of Indiana. Yes.

Mr. GREEN of Iowa. Why did not the committee simply provide, in line with what the gentleman from Texas [Mr. BEE] said, that these cases should be transferred directly against the original railroad company, but that the Government should pay whatever the cost or the expense might be?

Mr. SANDERS of Indiana. It would be this situation: Suing the railroad company, they could get a verdict against the railroad company and the railroad company would not be liable under the law.

Mr. HUDSPETH. Where will the venue lie under this section? In the Federal court or a district court?

Mr. SANDERS of Indiana. A Federal court or a State court.

Mr. HUDSPETH. Or State court either?

Mr. SANDERS of Indiana. You can sue the Government in a justice-of-peace court under this section.

Mr. JONES of Texas. What is the purpose of having lines 3 and 4, on page 9, and requiring that the agent be such as is authorized to waive service of process? Could not those lines be cut out?

Mr. SANDERS of Indiana. Wherever the Government could make an arrangement with the carrier we wanted the suit to be brought, so that they could serve the agent in the same way as if they did not have it.

Mr. JONES of Texas. You provide that in the second part of this paragraph, but in the first part you require not only that the agent be an officer of the corporation, but you require that he shall be such agent or officer as the law permits to waive process. In our State a man can not waive process unless he is authorized by an act of the corporation.

Mr. SANDERS of Indiana. Where is the provision that says he shall waive process?

Mr. JONES of Texas. Lines 3 and 4, on page 9——

Mr. SANDERS of Indiana. That says "accept service."

The CHAIRMAN. The time of the gentleman from Indiana has expired. All time has expired.

Mr. SANDERS of Indiana. Mr. Chairman, I ask unanimous consent for two minutes more.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. SANDERS of Indiana. That term says "accept service"; not waive service.

Mr. JONES of Texas. "Accept service" is the same thing.

Mr. PARRISH. Mr. Chairman——

The CHAIRMAN. For what purpose does the gentleman rise?

Mr. PARRISH. I ask unanimous consent to modify the amendment I offered just a few moments ago.

The CHAIRMAN. The gentleman from Texas asks unanimous consent to modify his amendment. Will he state the modification?

Mr. PARRISH. On page 9, line 14, after the word "States," insert "and all nisi prius courts of the several States having the highest general jurisdiction."

The CHAIRMAN. The Clerk will report the modification proposed.

The Clerk read as follows:

Modified amendment offered by Mr. PARRISH: Page 9, line 14, after the word "States," insert "and all nisi prius courts of the several States having the highest general jurisdiction."

Mr. GOODYKOONTZ. Mr. Chairman, I object.

The CHAIRMAN. Objection is made to the modification. The question is on the amendment of the gentleman from Texas [Mr. PARRISH], which the Clerk will report.

Mr. PARRISH. Mr. Chairman, I offer that as a substitute for my amendment, if I may.

Mr. GOODYKOONTZ. Mr. Chairman——

The CHAIRMAN. The Clerk will report the amendment of the gentleman from Texas.

The Clerk read as follows:

Amendment by Mr. PARRISH: Page 9, line 14, after the word "States" insert "and of the several States."

The CHAIRMAN. The question is on the amendment.

Mr. SAUNDERS of Virginia. Did the gentleman ask leave to submit a substitute for his original amendment?

Mr. PARRISH. I did not ask that.

Mr. SAUNDERS of Virginia. Do you want to vote on the original amendment?

Mr. PARRISH. I left it as it is, as the gentleman objects to making a correction.

The CHAIRMAN. The question is on the amendment of the gentleman from Texas [Mr. PARRISH].

The question was taken, and the Chair announced that the ayes seemed to have it.

Mr. ESCH. Mr. Chairman, I ask for a division on that.

The committee divided; and there were—ayes 50, noes 57.

So the amendment was rejected.

Mr. BANKHEAD and Mr. PARRISH rose.

The CHAIRMAN. The gentleman from Alabama [Mr. BANKHEAD] is recognized.

Mr. BANKHEAD. Mr. Chairman, I offer an amendment to cover the suggestion I made a while ago.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Alabama.

Mr. BANKHEAD. In line 18, page 8, after the word "settle," insert the word "and"; and, after the word "liquidate," strike out the words "and wind up," so that it will read "adjust, settle, and liquidate matters arising out of Federal control." I do not care to discuss the amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: Page 8, line 18, after the word "settle," insert the word "and"; and, after the word "liquidate," strike out the words "and wind up."

Mr. ESCH. Mr. Chairman, that would involve a change in several other parts of the bill. The attention of the committee was called to the use of those words "wind up" when we were considering the bill both in the subcommittee and in the full committee, and while some objection was made to the phrase because it may not have a legal standing, we retained it because it has a well-known meaning in the business and financial world, and no other two words could more clearly and fully express the thought of closing up than the words "wind up."

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Alabama [Mr. BANKHEAD].

The question was taken, and the amendment was rejected.

Mr. GARRETT. Mr. Chairman, I offer an amendment to follow the Lanham amendment.

The CHAIRMAN. The gentleman from Tennessee offers an amendment to follow the amendment offered by the gentleman from Texas [Mr. LANHAM], previously adopted.

The Clerk read as follows:

Amendment offered by Mr. GARRETT, to follow the amendment offered by Mr. LANHAM: Page 9, line 22, insert: "*Provided*, That hereafter no suit against a railroad company, brought in a State court of a State in which the cause of action arose, shall be removed to any court of the United States on the ground that the parties are citizens of different States, if the suit is brought in the county where the cause of action arose or is in the county where the defendant is served with process or the plaintiff resides."

Mr. SANDERS of Indiana. Mr. Chairman, I make a point of order on that amendment.

The CHAIRMAN. The gentleman will state his point of order.

Mr. SANDERS of Indiana. Mr. Chairman, this section deals with actions against the Federal Government. This proposed amendment deals with the question of removal of Federal causes of action, an entirely different subject matter, and the amendment is not at all germane to the general provisions of this section.

Mr. GARRETT. Mr. Chairman, except for the fact that the Lanham amendment has been adopted, I am not sure but that I should agree with the gentleman from Indiana [Mr. SANDERS].

If I understand his point of order, it is that it is not germane to this section. This section does deal with the causes of action arising out of Federal control, and I am prepared to concede that this amendment would not be germane to the section of the bill as reported by the committee. But an amendment has been adopted by the committee, offered by the gentleman from Texas [Mr. LANHAM], which goes outside this section. The Lanham amendment provided that the statute of limitations—that is, in cases generally, not with reference to Federal control cases, but any cause of action that existed on the part of any citizen, if I understood the Lanham amendment, prior to the time of Federal control, may now be tried—the statute of limitations being extended. In other words, the Lanham amendment goes entirely beyond the subject matter of the bill as reported by the committee, and I have proposed this as a proviso to be added to the Lanham amendment. For that reason I respectfully submit that it is in order.

Mr. SANDERS of Indiana. Mr. Chairman, I do not think that the amendment that has been added to the section changes the situation. There were some provisions in here generally with reference to limitations of action, and the other amendment may have been germane for that reason. That amendment dealt with the question of Federal control and excluded the period of Federal control, the very subject matter with which we were dealing, from the statute of limitations. But this has nothing to do with Federal control. There is not anything here with reference to Federal control. It is merely a separate and independent proposal, as follows—I call the particular attention of the Chair to it:

That no suit against a railroad company—

It does not matter whether it was under Federal control or had ever been tried under Federal control—

brought in any State court in the State in which the cause of action arose shall be removed to any court of the United States on the ground that the parties belong to different States.

That goes to the general question of procedure and would revolutionize our laws with reference to procedure and the removal of causes of action. If we could suddenly thrust that question in here it would certainly bring a novel and important question out of this question of actions arising during Federal control.

Mr. DENISON. Mr. Chairman, I desire to be heard on the question of order.

Even if the position of the gentleman from Tennessee [Mr. GARRETT] were correct, even if the amendment offered by the gentleman from Texas [Mr. LANHAM] does enlarge the scope of the bill, which I do not think is the case, still the amendment of the gentleman from Texas pertains merely to the question of limitation of actions. The question of removal of causes of action proposed by the amendment of the gentleman from Tennessee is in no sense germane to that proposition. Therefore, in either case the latter proposal is not germane and is out of order.

The CHAIRMAN. The gentleman from Tennessee [Mr. GARRETT] offers an amendment which, in effect, provides that hereafter no suit against the Federal Government brought in State courts can be removed to United States courts on account of diversity of citizenship if the suit is brought in the county where the cause of action arose or within the county where the process was served and the plaintiff resides. That amendment is offered to a section of the bill dealing with causes of action arising out of Federal control. The amendment of the gentleman from Texas [Mr. LANHAM], to which the gentleman from Tennessee [Mr. GARRETT] refers, was to the effect that the period of Federal control should not be considered as a part of the statute of limitations in actions against carriers or claims against the Interstate Commerce Commission for causes of action arising prior to that.

That amendment sought to eliminate the period during which carriers have been under Federal control from the statute of limitations against actions on claims. The amendment offered by the gentleman from Tennessee, however, deals with an independent and entirely different subject, namely, the removal of causes of action from State courts to the United States courts on the ground of diversity of citizenship. The Chair thinks there is nothing in the language of the paragraph or section now under consideration which deals with the removal of causes of action in any way, nor is there anything in the section as thus far amended which would make an amendment of this sort germane. Therefore the Chair sustains the point of order.

Mr. JONES of Texas. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The gentleman from Texas offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. JONES of Texas: Page 9, line 3, strike out all of lines 3 and 4.

Mr. JONES of Texas. Mr. Chairman, under the provisions of the first part of this paragraph, which deals with causes of action arising during Federal control or operation, in order to secure the service of process upon any defendant it is necessary not only to find an agent or officer of that corporation but also to find an agent or officer who is authorized by law to accept service of process in proceedings brought against such carrier. Now, I think, the first part of the provision is wise, to wit, that service of process must be had on an agent or officer of the corporation, but in some of the States, at least, there is no agent or officer of any corporation who is authorized by law to accept service. In such States it would be impossible to secure service under the terms of this bill. There is no agent or officer of any corporation in the State of Texas who is authorized by law to accept service, unless he is authorized by his own corporation to accept service.

Mr. BARKLEY. Will the gentleman yield?

Mr. JONES of Texas. Yes.

Mr. BARKLEY. This does not mean that the agent must be authorized to waive the formalities of service, but he must be an agent whom the law says may be served.

Mr. JONES of Texas. That is not the way it reads. If the gentleman will change it to read in that way, I will withdraw

my amendment. It says that process may be served upon any agent or officer if such agent or officer is authorized by law to accept service. I want to call the particular attention of the chairman of the committee to that. I am sure it is not his intention to deprive anyone who has a just claim against a railway company of the right to sue. Yet, if such provisions are placed in the bill as to make service of process impossible in certain jurisdictions, that will be the effect of it.

Mr. MOORE of Virginia. Does the gentleman think that to amend it in the way I now suggest would express his view—to make the paragraph read in this way:

Process may be served upon the carrier owning or operating such railroad or system of transportation—

And so forth.

Mr. JONES of Texas. Perhaps that would reach the same end, but I think it would be better to designate the agent or officer.

Mr. MOORE of Virginia. Is that not the way in which a statute ordinarily prescribes the method of service of process?

Mr. JONES of Texas. In my State it provides that it shall be an agent or officer of the corporation. I do not think that makes any material difference.

Mr. MOORE of Virginia. An important feature of the matter is that the right of service should not be confined to the carrier operating the railroad, but should be extended to the carrier owning as well as the carrier operating.

Mr. JONES of Texas. I think the gentleman's suggestion is a good one. That is apart from my amendment, however.

Mr. MOORE of Virginia. I think that point should be considered.

Mr. JONES of Texas. I think that might well be covered.

Mr. MOORE of Virginia. I offer a substitute for the gentleman's amendment.

The CHAIRMAN. The gentleman from Virginia offers a substitute, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. MOORE of Virginia as a substitute for the amendment of Mr. JONES of Texas: Page 9, line 1, after the word "upon," strike out the words "any agent or officer of," and the words "if such agent or officer is authorized by law to accept service of process in proceedings brought against such carrier and," and after the word "carrier," in line 3, insert the words "owning or," so that the paragraph will read "process may be served upon the carrier owning or operating such railroad or system of transportation."

And so forth.

The CHAIRMAN. The question is on the substitute offered by the gentleman from Virginia [Mr. MOORE].

The question being taken, the substitute was rejected.

Mr. MOORE of Virginia. I ask the attention of the chairman of the committee for a moment.

The CHAIRMAN. The question now is upon the amendment of the gentleman from Texas [Mr. JONES].

Mr. DENISON. Has all debate on that amendment closed?

The CHAIRMAN. It has.

Mr. DENISON. I should like to be heard on it, and for that purpose I move to strike out the last word of the amendment.

The CHAIRMAN. The gentleman moves to strike out the last word.

Mr. DENISON. Gentlemen, I think the purpose of that amendment is simply to comply with the State law. The gentleman from Texas states that in his State nobody is authorized to accept service on a railroad. I think the gentleman is mistaken, although you can not get service upon a railroad by serving a paper on a wiper or some employee of that kind. You have got to serve a recognized agent who is authorized to receive service.

Mr. JONES of Texas. We have in Texas a provision which designates the person upon whom service may be had, but that person is not authorized by law to accept service. You can serve any agent or officer of a corporation in Texas, but that officer can not accept service unless his corporation authorizes him to accept it.

Mr. DENISON. That is what I understand the amendment to mean. It means to limit the right to bring suit by service on those officers who are authorized by law to be served. That is what I understand it to mean.

Mr. STEVENSON. Will the gentleman yield?

Mr. JONES of Texas. Yes.

Mr. STEVENSON. The term "accept service" has been defined by nearly all courts to mean an agent who is authorized to sign an acceptance of service. "I hereby accept service in behalf of the railroad company." An officer in the State of South Carolina is not authorized to accept service, but the statute says that service on certain officers shall bind the corporation. The term "authorized to accept service" means limiting it to this officer to whom authority had been committed by the railroad company to accept service generally. There is only one officer authorized to do that, and that is the officer of a foreign corporation whose authority is filed with the secretary of state. This is the rule in many States, but not in all States.

Mr. DENISON. If the position of the gentleman from South Carolina is correct, then the proper way to get at it would be to substitute the words "to be served with process" instead of the amendment offered by the gentleman from Texas.

Mr. STEVENSON. Authorized by law to be served with process.

Mr. SAUNDERS of Virginia. Mr. Chairman, I wish to say that the meaning given by the gentleman from South Carolina, according to the law of his State, of "accept service" is precisely the meaning given to it in the State of Virginia.

Mr. DENISON. I think the gentleman is right about that.

Mr. SANDERS of Indiana. Will the gentleman yield?

Mr. DENISON. Yes.

Mr. JONES of Texas. Mr. Chairman, I will accept the modification suggested.

Mr. DENISON. Mr. Chairman, I will offer a substitute for the amendment of the gentleman from Texas.

The Clerk read as follows:

Page 9, line 3, after the word "law," strike out the words "to accept service or" and insert in lieu thereof "to be served with."

The CHAIRMAN. The gentleman from Texas asks unanimous consent to withdraw the amendment. Is there objection?

There was no objection.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Illinois.

The question was taken, and the amendment was agreed to.

Mr. HUDDLESTON. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD on the bill.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to extend his remarks in the RECORD on the bill. Is there objection?

There was no objection.

Mr. HUDDLESTON. Mr. Chairman, another reason why I find this bill impossible is found in the labor sections. These sections are confused, uncertain, and misleading. After considerable study I find them almost unintelligible. But gathering the best meaning I can out of them, I can not escape the conclusion that they are intended to give the railroad companies a chance to get at the funds of the labor organizations for any damages which may result on account of strikes.

I will not take up the time of the committee to discuss these provisions in detail. I object to them as a whole and to the details also. I object to the principle on which they are based, so there is no need to point out objections to details.

I can not understand why the committee presenting this bill should assume that it is necessary or proper to bring in a bill with labor sections, providing for a scheme of labor control, which did not exist before the Government took over the railroads. Why is it necessary now to hand back to the owners these railroads under different laws applicable to their employees from those under which the railroads were taken? What has happened since the Government assumed control of these roads that makes it necessary or proper that we should change the conditions of labor?

Some members of the committee seem to take credit because there is no clause in this bill providing for a jail sentence for a striking railroad employee. I want to say to the committee that the railroad employees find the provisions of this bill more offensive and more objectionable from their point of view than the antistrike provision of the Cummins bill. They would rather you would make a frank provision of law sending a man to jail for striking than to fix it so that the arm of the railroads may reach into the treasuries of the organizations of laboring men and strip them of the savings that they have been accumulating throughout the years. They realize full well that you can not imprison 2,000,000 railroad employees. They realize that you can not bring an indictment against a great multitude of people like that, for public sentiment would never tolerate it. But they know also that if it becomes merely a matter of financial considerations the railroads may be permitted to reach in and get their funds that they have laid up for a rainy day.

What has happened during the past two years? We have fought a successful war, which we said was for the purpose of promoting the cause of democracy, for making the world safe for common men, ameliorating the condition of the poor, the humble, the weak, and the oppressed. We have brought that war of idealism to a successful conclusion, and I am not amazed that we find men coming out of it unwilling to go back to the same harsh labor conditions that we had before the war. I would expect them to want better conditions, not worse.

What has happened during the two years of Government control to now justify a change in public policy toward the men who work for the railroads? They have been loyal. They supported the war with their blood and their earnings. They stood like a stone wall. They made their sacrifices upon the battle field and in their humble homes. They showed themselves patriotic and loyal Americans, both as soldiers in the field and as workmen in the shops. What have they done to excite suspicion or hostility? No just man can bring an accusation against them.

What, then, is the reason for discriminating against the railroad employees, for tying them hand and foot and turning them over to the railroads? Why should we now embark on a change of policy? Some may answer that it is because of the strike of the Boston policemen; but this is not a true answer. Policemen struck in Cincinnati, and yet no such coercive measures were then proposed. Policemen are public servants. Their situation is entirely different. Railroad employees when Government control is ended are employees of private interests. Besides that, the drastic antistrike provisions of this bill were proposed and urged long before the Boston strike.

Some may answer that it is on account of the steel strike. We have had steel strikes and great labor disturbances for many years in this country. Drastic laws against strikes did not follow, and, besides, the drastic antistrike provisions reflected in this bill were proposed long before the steel strike was heard of.

No; it is not because there have been recent strikes; it is not because of any misconduct of men who toil. No such excuse for the labor sections of this bill can be found. It is because a general drive is being made against labor all over this country. A nation-wide propaganda has been carried on by the employers ever since the armistice was signed, and even before that. The employers, nearly all of them, made fortunes out of the war. Millions of war profits are in their pockets, and with the added strength of these tainted millions they propose now to make a drive against labor, to crush labor, and to thwart its fair aspirations.

The workingmen of America fought the Great War upon the basis of idealism, with the hope in their hearts for better and higher lives to come out of victory. They hoped not to have to go back to the old struggle between employer and employee, the old struggle of strikes and contentions over wages and hours of labor. They hoped some new, more humane, and more enlightened way might be found for the settlement of labor complications. The leaven of this idealism touched the breast of nearly every worker. It inspired the deeds of valor of our soldiers on the fields of France. It has, indeed, caused new aspirations and kindled new hopes. These aspirations the hard-fisted employer would crush, these hopes he would destroy. The campaign is being made not merely against public employees like policemen, not merely against men connected with public utilities, like railroad employees, not merely against men working in the great basic industries like steel and coal. It is a campaign against common men—wage earners everywhere and in all grades.

The truth is that the employers and financial class and those affiliated with them, and their parasites and hangers-on, are frightened by conditions in Europe. They fear the workers. They dread the aspirations of the people toward nobler lives and things more worth while. They talk in their corners of "Bolshevism" and "anarchy" and look at each other with blanched faces. They see spooks in broad daylight, and shiver with fear when danger is far away. In their stupid terror they answer aspiration by seeking to crush it. Their remedy for the boiler strained to bursting is another weight on the safety valve. They would crush labor with an iron hand early and before it has had time to ferment. Their epithets of "red," "anarchist," and "agitator" are flung like stones, not only at workingmen who seek better wages but at any who may be bold enough to speak for them. It is the old story.

The exploiting classes, the employers and their kind, are unnecessarily alarmed. Laboring men are as good Americans as they are, love our institutions more than they do, and have a more intelligent understanding of what Americanism is. Disappointed though he may be to find that the employer holds to old notions and has failed to grasp the idealism of a new and better day, the worker will go back to his old task of fighting the battles of labor in the old orderly and lawful way. He will take up the struggle, if need be, where it was left off when he went to war. He will do this if the employer class will fight fair, if they will not resort to unjust means, if they do not drive him too hard, if they do not carry oppression too far. Let not the employer by his dominating influence, his prestige, wealth, and opportunity call the instrumentalities of government, the courts, executives, and legislatures, to aid him in crushing the reasonable hopes of labor. Let him not be so foolish as to overreach himself and for the sake of mere temporary advantage impair the confidence of the great mass of the people in their judges and governors and other public officers. It is only when the people believe that their Government is fair and just and is equally the government of rich and poor that they can and will support it.

I am hoping that the employers will forbear in their campaign against labor. I am hoping for a new vision for them. Their interests, as well as the public welfare and the safety of our Nation, require concessions, justice, humanity, and reasonableness in their dealings with labor and moderation in their demands for governmental interference in their disputes with their employees.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HUDDLESTON. I ask for five minutes more.

The CHAIRMAN. The gentleman from Alabama asks unanimous consent to speak for five minutes. Is there objection?

Mr. KEARNS. I object.

Mr. PARRISH. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Page 9, line 14, after the word "States," insert "and of the nisi prius courts of the several States having highest general jurisdiction."

Mr. PARRISH. Mr. Chairman, I feel that this amendment as it now reads ought to be adopted. The reason for asking for the adoption of the amendment is that it will put this important information in the hands of practically every bar in the United States.

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

Mr. PARRISH. Yes.

Mr. BARKLEY. Why does the gentleman use the phrase "nisi prius," which, of course, we all understand, but which is not usually put into the statutes that are enacted. Why would not a provision for filing this statement with the clerks of the courts of general jurisdiction suffice instead of using the words "nisi prius courts of the highest general jurisdiction"? Courts of general jurisdiction are understood to be courts that have jurisdiction for trying actions of all sorts, and using the words "nisi prius" seems to be unnecessary.

Mr. PARRISH. I used the phrase because it referred particularly to trial courts—trial courts having the highest general jurisdiction.

Mr. BARKLEY. Any court of general jurisdiction is a trial court.

Mr. PARRISH. Yes. I have no objection to changing the wording, if the words are objectionable.

Mr. BARKLEY. They are not objectionable, but they seem unnecessary.

Mr. PARRISH. They mean the same thing as the gentleman would have them mean.

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

Mr. PARRISH. Yes.

Mr. ESCH. Would it meet the needs of the situation if it read—

Shall cause to be filed * * * in the office of the clerk of each district court of the United States and of the secretary of state of each State.

Mr. PARRISH. No; that would not meet the situation.

Mr. ESCH. You would find it there, and anybody by telegram or telephone could get the information sought.

Mr. PARRISH. In reply to the chairman of the committee, I would say that that is the very thing that we are seeking to avoid. We feel that this is a public business, a public undertaking, and it will only cost a very little additional expense on the part of the Railroad Administration to put this information into the hands of the bar of practically every court in the United States, whereas if you do not adopt the amendment I have offered you will force the bar and the public to send telegrams for certified copies, and since your bill provides that additional contracts may be filed the public would not have notice of the filing, and since in many instances the courts are many miles away it will work a particular hardship. The result would be that the public would have to expend thousands of dollars in telegrams, whereas the Railroad Administration or the agent that is in charge of closing up this business could have a few extra copies filed with the clerk of the trial courts of the various counties of the States, and the essential information would be put within the reach of the bar and the public. I believe that it would be a great saving and that it would put the information in the hands of the people generally, and would not require them to send for certified copies and to be continually sending telegrams to the clerk of the district court of the United

States for information. I think the amendment ought to be adopted.

Mr. SAUNDERS of Virginia. Mr. Chairman, I would like to ask the gentleman from Wisconsin [Mr. ESCH] with respect to the suggestion that he makes to lodge this information with the secretary of state of the individual States. Is it a fact that every State in the Union has a secretary of state?

Mr. ESCH. I had supposed that all did.

Mr. SAUNDERS of Virginia. The gentleman will observe that by using the specific words "secretary of state" he might cause to be left out some States, which did not happen to have such an officer, just as the amendment of the gentleman from Texas [Mr. PARRISH] in its original form, would not have applied to the State of Virginia, because we have no district courts in Virginia.

Mr. ESCH. We have none in Wisconsin.

Mr. SAUNDERS of Virginia. Whereas the language used by the gentleman from Texas is language that will apply to every State in the Union.

Mr. ESCH. Does the gentleman know of any State that has not a secretary of state?

Mr. SAUNDERS of Virginia. Personally I do not.

Mr. ESCH. I was not aware of a single State that did not have a secretary of state.

Mr. SAUNDERS of Virginia. But I see no reason why it is necessary that every State should have a functionary carrying this particular title.

Mr. ESCH. And I suppose a nisi prius court would be found in practically every county.

Mr. SAUNDERS of Virginia. Those are general words that would be easily understood, and which would apply to every State in the Union.

Mr. ESCH. But it ought to be also understood that there are some four or five thousand counties in the United States, and this would involve large expenditures.

Mr. SAUNDERS of Virginia. It would be merely a question of some additional copies. The administration would find it necessary to print the information required to be lodged with the clerks of the district courts of the United States. As soon as the type for this purpose is set up it would be a very small additional expense to have the necessary number of additional copies printed for lodgment with the clerks of the nisi prius courts of the several States.

Mr. EVANS of Nebraska. Mr. Chairman, will the gentleman yield?

Mr. SAUNDERS of Virginia. Yes.

Mr. EVANS of Nebraska. Under the proposed amendment would it not require to be filed in every county in the Union all of the railroads which were appointed? For instance, a railroad appointed in Florida would under this amendment have to be filed in every county in Oregon, and so on, and I do not think that is what the gentleman has in mind.

Mr. SAUNDERS of Virginia. If it is conceded that your suggestion is well taken, the amendment would simply cause this information to be made much more convenient for the litigants, the courts, and the general public at a very small additional expense.

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

Mr. HUDDLESTON. Mr. Chairman, I move to strike out the last word. Mr. Chairman, what has happened during the past two years that we should change our policy with reference to labor——

Mr. DENISON. Mr. Chairman, I make the point of order against the gentleman that he is not discussing an amendment to the section.

The CHAIRMAN. The gentleman will state his point of order.

Mr. DENISON. The gentleman is discussing another part of the bill which is not now before the House. He is not talking upon an amendment pending, and I object to the delay——

Mr. HUDDLESTON. Will the gentleman withhold his objection for a moment?

Mr. DENISON. No; I am sorry——

Mr. HUDDLESTON. I would like to make a plea to the gentleman. Is not the gentleman, in the interest of fairness, willing to let somebody here say a word on behalf of these employees? We have not had any time in general debate; the committee got it all. Why not give at least a little time to somebody who wants to say something for them. That is nothing but fair. The gentleman sat here this morning and allowed labor to be attacked for 15 minutes.

The CHAIRMAN. The gentleman will suspend. The gentleman from Illinois makes the point of order that the gentleman from Alabama is not discussing the amendment which he proposes. If the gentleman from Illinois insists upon his point of order, the Chair will be compelled to sustain the point of order.

Mr. DENISON. Mr. Chairman, I will say to the gentleman from Alabama I always enjoy hearing him make a speech, and when we come to the labor question I will be glad to hear him as long as he wants, but I want to expedite the bill as much as I can and I make the point of order.

Mr. HUDDLESTON. I ask the gentleman why he did not make the point of order when the Member was attacking labor?

Mr. DENISON. That was in general debate.

Mr. HUDDLESTON. No; it was under the five-minute rule.

The CHAIRMAN. The Chair sustains the point of order. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the Chair announced the ayes seemed to have it.

Upon a division (demanded by Mr. ESCH) there were—ayes 33, noes 60.

So the amendment was rejected.

Mr. PELL. Mr. Chairman, I offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. PELL: Page 9, in the Lanham amendment, before the words "against carriers," insert "by or."

Mr. ESCH. So it will read——

The Clerk read as follows:

So that the amendment will read:

"That the period of Federal control shall not be computed as a part of the period of limitation in action by or against the carriers."

Mr. SANDERS of Indiana. Mr. Chairman, I make the point of order that the gentleman can not offer an amendment to an amendment that has been adopted.

The CHAIRMAN. The Chair sustains the point of order. The amendment has been agreed to, and it is now too late to amend it.

The Clerk read as follows:

REFUNDING OF CARRIER'S INDEBTEDNESS TO UNITED STATES.

SEC. 205. The indebtedness of any carrier corporation to the United States, existing at the termination of Federal control, incurred for additions or betterments made during Federal control or for advances made by the United States or incurred to pay off any carrier's indebtedness, and properly chargeable to capital account, shall, at the request of the carrier, be extended for a period of 10 years, or a shorter period, at the carrier's option, with interest at the same rate per annum as that fixed by the President as reasonable under section 4 of the Federal control act or under paragraph (d) of section 7 of the "standard contract" on the cost of additions and betterments, less retirements, and upon the cost of road extensions to the property of such carrier made by such carrier with the approval or by order of the President while such property was under Federal control, which interest shall be payable semiannually on the 1st days of January and July of each year. Such indebtedness shall be evidenced, if practicable, by the first mortgage bonds of the carrier; but, if this is impracticable, then in such practical form as shall be prescribed by the President.

Any other indebtedness of any carrier to the United States which may exist after settlement of accounts between the United States and the carrier shall be evidenced by notes payable on demand, with interest at the rate of 6 per cent per annum, and secured by such practicable security as shall be prescribed by the President.

The President may, in his discretion, set off against any indebtedness of such carrier to the United States any sum due to the carrier from the United States, to such extent as set off is permitted currently under any contract now or hereafter made between such carrier and the United States, or, where no such contract exists, to such extent as such set off would be permitted by the terms of paragraph (b) of section 7 of the "standard contract" between the United States and the carriers relative to deductions from compensation. Such set off shall be made first upon the class of indebtedness fundable hereunder in notes payable on demand, any remainder to be applied on the class of indebtedness fundable hereunder for 10 years.

No such set off shall be made of any sum so due to the carrier unless there shall have been paid to the carrier such sums due it as shall have been necessary to enable such carrier to pay the charges as defined in paragraph (b) of section 7 of the "standard contract" and dividends at the regular rate of dividends paid during Federal control (such fixed charges having accrued and such dividends having been declared during the period of Federal control), and such sums as may be necessary to provide the carrier with working capital in amount not less than one month's operating expenses, or due on account of material and supplies not returned in kind. If the President and the various carriers, or any of them, have entered or shall enter into an agreement for funding, through the medium of car trust certificates, or otherwise, the indebtedness of any such carrier to the United States incurred for equipment ordered for the benefit of such carrier, such indebtedness so funded shall not be refundable under the foregoing provisions.

With respect to any bonds, notes, or other securities acquired under the provisions of this section or under the provisions of the Federal control act, the President shall have the right to make such arrangements for extension of the time of payment, or for the exchange of any of them for other securities, or partly for cash and partly for securities, as may be provided for in any agreement entered into by him or as may in his judgment seem desirable.

Mr. DENISON. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. DENISON: Page 9——

Mr. MERRITT. Mr. Chairman, I desire to offer a perfecting amendment, simply to correct the text. On page 12, line 3, after——

The CHAIRMAN. The Chair does not know what the amendment of the gentleman from Illinois is until it has been reported.

Mr. MERRITT. But he will not object to this. After the word "certificates," page 12, line 3, there are two commas, and I move to strike out one comma.

The CHAIRMAN. If the gentleman thinks that serious enough to be disposed of before the amendment of the gentleman from Illinois is disposed of, very well. The Clerk will report the amendment.

The Clerk read as follows:

Page 12, line 3, strike out the second comma after the word "certificates."

The amendment was agreed to.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from Illinois.

The Clerk read as follows:

Page 9, lines 24 and 25, and page 10, lines 1 to 25, inclusive, page 11, lines 1 to 25, inclusive, and page 12, lines 1 to 14, inclusive, strike out, and insert in lieu thereof the following:

"SEC. 205. As soon as practicable after the termination of Federal control the President shall ascertain the amount of the indebtedness of each carrier to the United States, incurred for additions and betterments made during Federal control and properly chargeable to capital account, which may exist at the termination of Federal control; and (2) the amount of the indebtedness of the United States to such carrier arising out of Federal control. The amounts so ascertained shall be set off against each other to the extent permitted under any contract now or hereafter made between such carrier and the United States in respect to the matters of Federal control, or, where no such contract exists, to the extent permitted under paragraph (b) of section 7 of the standard contract between the United States and the carriers relative to deductions from compensation.

"(b) Any remaining indebtedness of the carrier to the United States in respect to such additions and betterments shall, at the request of the carrier, be funded into not exceeding 10 equal parts, one of such parts to be payable annually, beginning at the expiration of five years after the termination of Federal control, with interest at the rate of 6 per cent per annum from the date of the funding, payable semi-annually, subject to the right of such carrier to pay, on any interest-payment day, the whole or any part of any such installment before it is due. Any carrier obtaining the funding of such indebtedness as aforesaid shall give, in the discretion of the President, such security, in such form and upon such terms, as he may prescribe.

"(c) Any other indebtedness of any such carrier to the United States which may exist after the settlement of accounts between the United States and the carrier shall be evidenced by notes payable on demand, with interest at the rate of 6 per cent per annum, and secured by such collateral security as the President may deem it advisable to require.

"(d) With respect to any bonds, notes, or other securities acquired under the provisions of this section or under the provisions of the Federal control act, the President shall have the right to make such arrangements for extension of the time of payment or for the exchange of any of them for other securities, or partly for cash and partly for securities, as may be provided for in any agreement entered into by him or as may in his judgment seem desirable."

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. The amendment offered by the gentleman from Illinois strikes out the entire section and proposes a substitute section. Ordinarily a perfecting amendment to the original section would be in order prior to the submission of this amendment. Would the consideration of and the action upon this amendment as a whole be regarded as a waiver hereafter to the right to offer a perfecting amendment to the original section?

The CHAIRMAN. If the amendment is agreed to, it would leave no opportunity. If it is rejected, it would leave an opportunity. If any gentleman has a perfecting amendment, the Chair would suggest that it be offered at the present time.

Mr. BANKHEAD. That was the purpose of my inquiry, in order to put the Members on notice.

Mr. DENISON. Mr. Chairman, I want to explain briefly the meaning of this amendment, and in order to do so sufficiently, so that you can understand it, I would like to ask unanimous consent for 10 minutes.

Mr. HUDDLESTON. Reserving the right to object, I am very much interested in what the gentleman has got to say, but there is no other course for me to take except to object. I am sorry to do it, but there is no other way that I can do.

The CHAIRMAN. The gentleman from Illinois asks unanimous consent that he may proceed for 10 minutes upon the amendment which he has offered. Is there objection?

Mr. HUDDLESTON. I object.

Mr. DENISON. I have offered this amendment, gentlemen, as a substitute. And as a preliminary statement I want to say that I do it with an apology, if that is necessary, to the gentleman from Connecticut [Mr. MERRITT]. I voted to report the bill out in the form in which it is reported, but since then I have made a more careful investigation of the full meaning of this provision of the bill as compared with the meaning of the provision of the subcommittee bill, for which this provision was substituted, and I have become convinced that the provision of the subcommittee bill would be the wiser of the two and ought to be embodied in the bill. And therefore I feel it my duty to offer the original provision as a substitute for the refunding provision of the present bill.

Now, what I wanted to do was to explain the difference in the results of the two provisions. It is a question of refunding. The Government owes to certain of the railroads, particularly the wealthy ones, the most prosperous roads, several hundred millions of dollars on what is called the standard return, that the Government has not paid them, because they have not needed it. It still has this money and will have to pay it to them as soon as we turn the roads back to their owners, unless we allow the Government to offset it against what the railroads owe the Government. It amounts to several hundred million dollars. Now, the roads owe the Government an immense amount of money—$1,147,551,000. The question involved in the amendment is whether or not we are going to offset the amount that the Government owes to these railroads on standard return against the immense amount which the railroads owe the Government and which the Government has expended for additions and betterments.

Now, under the plan, as I started to explain under general debate, if this amendment that I have offered is accepted, the Railroad Administration—as far as can be estimated at this time—will have to come to Congress and get another appropriation of $171,020,000 to complete its work with the railroads. If the bill is passed as reported, Congress will have to make an appropriation of $363,355,000, and that will have to be done soon. Now, under the amendment I have offered the amount deducted from the total amount that has been expended for betterments and additions will be $415,016,000, whereas under the present provision of the bill there will only be $133,911,000 deducted. So that the substance of it will be that if the bill is passed as the committee has reported it, without this amendment, we will immediately have to make an additional appropriation to the Railroad Administration of at least $363,355,000. Now, that is in order that we may turn over to these railroads several hundred million dollars which the Government owes them, and we just let them take that amount and keep it, and then they can make notes to the Government for the millions which they owe to the Government. We have made such vast appropriations here that I do not think we ought to appropriate these other hundred millions in order that the railroads may get in cash what we owe them on standard return, when they merely give their notes to the Government for such an immense amount of money that they owe to the Government.

Now, the argument in favor of the other proposition is that we ought not to strip the railroads of the cash so that they will have nothing to operate on.

But the answer to that is that the Railroad Administration, the Government, owes a great deal of money on current accounts, several hundred million dollars, which it is going to pay for the railroads.

The Government will advance to all the railroads, the rich ones and the poor ones alike, an amount equal to one month's current revenues. That will give them all a working capital to begin with. Then the Government will pay all past-due bills as they are presented, and the railroads, for the first time in their history, will start out with a clean slate, not owing one dollar on current accounts. And I do not at all fear that their daily receipts, together with what the Government advances to them in cash, will not be sufficient to enable them to meet all their urgent obligations. If this should happen not to be the case the bill provides that they can apply to the Government for temporary loans.

The CHAIRMAN. The time of the gentleman from Illinois has expired. The Chair will recognize next the gentleman from Connecticut [Mr. MERRITT], a member of the committee.

Mr. MERRITT. Mr. Chairman, of course, in five minutes——

Mr. SMITH of Michigan rose.

The CHAIRMAN. For what purpose does the gentleman from Michigan rise?

Mr. SMITH of Michigan. I rise to ask unanimous consent that the gentleman from Illinois [Mr. DENISON] may have a little more time in which to explain his position.

The CHAIRMAN. Does the gentleman from Connecticut [Mr. MERRITT] yield?

Mr. MERRITT. I do.

The CHAIRMAN. The gentleman from Michigan asks unanimous consent that the gentleman from Illinois [Mr. DENISON] may have additional time. Is there objection?

Mr. HUDDLESTON. I object.

Mr. CHINDBLOM. Mr. Chairman, will the gentleman yield to allow me to make a motion?

Mr. MERRITT. Yes.

Mr. CHINDBLOM. I move that the gentleman from Illinois [Mr. DENISON] may have five minutes more in which to finish his statement.

Mr. SAUNDERS of Virginia. Mr. Chairman, I make a point of order against that.

Mr. WINSLOW. Mr. Chairman, I ask unanimous consent that the gentleman from Connecticut [Mr. MERRITT] be allowed to proceed for 15 minutes, or so much thereof as he desires to use. He is one of the chief exponents of this position, and he knows more about it, perhaps, than anybody else, and it is very important that Members on both sides of the House should have a full explanation of his views.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that the gentleman from Connecticut [Mr. MERRITT] may proceed for 15 minutes. Is there objection?

Mr. HUDDLESTON. I object, Mr. Chairman.

The CHAIRMAN. The gentleman from Alabama objects.

Mr. HULINGS. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. HULINGS. I desire to know if it would not be in order and if it would not be entirely proper to pass over this section, with the amendment, until to-morrow or next day, when the Members of this House can know something about it? It seems to be a very important feature that nobody here seems to know anything about.

Mr. SANDERS of Louisiana. Mr. Chairman, I make the point of order that that is not a parliamentary inquiry.

The CHAIRMAN. The gentleman's point of order is well taken. It is not a parliamentary inquiry. The gentleman from Connecticut [Mr. MERRITT] is recognized for five minutes.

Mr. MERRITT. Mr. Chairman, of course with only five minutes at my disposal I can not go into a detailed explanation of section 205. It is, however, in my opinion, fundamental to the bill and to the successful return of the railroads to their owners. The reason why I think it is fundamental is that only under this section will the railroads be returned with the working capital which I think, under the existing contract, belongs to them.

You will be told that it is a mere casting up of accounts, a crediting of one against the other. But bear in mind when that is said to you that there are two very distinct classes of accounts between the roads and the Government, one being current account and the other being capital account. It has never been possible for any road, however prosperous, to pay for its permanent betterments out of the current account, and if the United States, having the power, should demand that from the roads, they still would not have proper working capital.

You will be told on that point that the Director General of Railroads proposes to leave in the treasuries of the roads sufficient working capital. But those who believe in this section think that while the effect in that particular might not be very different, it ought to be put in here as a matter of law and not as a matter of favor or chance on behalf of the director.

You will also be told that even if the roads should be stripped, as I believe they will be stripped, of their working capital, under the provisions of this bill the Government can loan them sufficient money for working capital. But obviously the distinction between the two is that they will have in the one case the money that I claim belongs to them, and they will have it for 10 years, whereas under the other provision, under the amendment, they will owe it on demand.

Now, it was said this morning that the object of the committee report was to get the roads away from the Government. The way to get the roads away from the Government is not to load them up with demand loans, so that if some official of the Government does not like what the roads are doing, or if he wants to coerce them, he can say, "Pay up those demand loans or do what we tell you." I do not think that would be fair or tend to good management.

Now, the roads do not ask that the Government shall not be allowed to set off whatever is due on current account. I can not read a whole tabulation of figures in the two or three minutes that remain to me, but I will say to you this, that under the plan of this bill there will be set off against the Government account over $550,000,000 which the roads owe the Government, and all that will be retained will be enough for their working capital and enough to meet their bond interest, their taxes, and other provisions which are in the standard contract. I say that aside from the policy of this thing, this bill in substance and in equity simply calls for the carrying out of the contract between the railroads and the Government and the fulfillment of the spirit of the railway control act.

Now, the notion that these roads are rich and do not need the money, and the idea that you have got to make them hustle, it seems to me, is not at all in accordance with the facts; because, as everybody admits, the credit of these roads has been injured, and they can not go into the market and get the money they need.

If we put these roads back we should do it on a proper basis and with a rate structure such that the public will know that the roads will not only start off with an adequate working capital, but also that their income will be large enough to give them credit, so they can get their new capital from the investing public.

The CHAIRMAN. The time of the gentleman has expired. All time on the amendment has expired.

Mr. PARKER. Mr. Chairman, I move to strike out the last word. Before I begin I ask unanimous consent to proceed for 10 minutes.

The CHAIRMAN. The gentleman from New York asks unanimous consent that he may be permitted to proceed for 10 minutes. Is there objection?

Mr. KEARNS. I object.

The CHAIRMAN. The gentleman from Ohio objects.

Mr. SANDERS of Louisiana. Mr. Chairman, I move to strike out section 205.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 9, beginning with line 23, strike out all of section 205.

Mr. SANDERS of Louisiana. Mr. Chairman, section 205 as reported by the committee is simply this, that whatever the Government owes the railroad the Government must pay, but when the railroad owes the Government we must take their promissory note, with no security, no first mortgage, just take such security as the roads give us. That is all that section 205 means as it is presently written. We must pay the roads the last cent we owe them on the nail, dollar for dollar, but what they owe us, ah, that is a different question.

Now, the proposition the gentleman from Illinois [Mr. DENISON] offers is what the subcommittee recommended. The Denison amendment should be adopted, because under its provisions the accounts are settled up at the end of Federal control, the Government and the railroads rendering their accounts and making a final and full settlement.

If you adopt section 205 as it stands, be prepared to vote hundreds of millions of dollars to wind up the Federal control act. If you adopt the Denison substitute, then you will only be giving to the railroads what the railroads ought to get and not a dollar more.

Never before in all the history of the world have ever I heard that in any settlement of open accounts one party to the settlement is not permitted to offer as compensation set-off to his debt what the other party owes unto him. I will say that the chairman of the committee [Mr. ESCH] and every member of the subcommittee was opposed to the Merritt amendment as it stands to-day in section 205, but they all supported the Denison amendment as it is offered, because that was the original proposition which was defeated in committee. Gentlemen, you can not get away from it. You can not pay the railroads what you owe them and then take their security or what they may be willing to give you for what they owe you. Make the settlement when Federal control is over. Make it complete. Let us pay them what we owe them, but in the name of the taxpayers of this country make them pay us what they owe us. [Applause.]

Mr. HASTINGS. Will the gentleman yield?

Mr. SANDERS of Louisiana. If I have time.

Mr. HASTINGS. I want to ask the gentleman if there is not this difference, that under the rate fixed by the President under the standard contract they pay less than 6 per cent, whereas under the other provision the railroads would pay 6 per cent? I would like to ask what is the rate fixed by the President in the standard contract? Is it not about 5 per cent?

Mr. WINSLOW. It has never been fixed.

Mr. HASTINGS. I had an impression that it was about 5 per cent.

Mr. WINSLOW. Mr. Chairman, I rise for the purpose of asking unanimous consent to have read from the desk this communication, dated yesterday, received just now by the gentleman from Wisconsin, the chairman of the committee [Mr. ESCH], and subscribed to by Walker D. Hines, Director General of the Railroads. In this communication he has taken up very clearly and not too elaborately the very propositions involved in this discussion, the question of refunding and the interest question, which is far more involved and ramifying than anyone has set forth on this floor. I ask to have it read.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to have read the communication referred to. Is there objection?

Mr. KEARNS. Mr. Chairman, reserving the right to object, how long will it take to read this communication?

Mr. ESCH. Mr. Chairman, it is about three and a half pages long, but it is so material to this discussion that I hope no objection will be made.

The CHAIRMAN. Is there objection?

There was no objection.

The CHAIRMAN. The Clerk will read the communication.

The Clerk read as follows:

UNITED STATES RAILROAD ADMINISTRATION,
WASHINGTON, *November 11, 1919.*

Hon. JOHN J. ESCH,
House of Representatives, Washington, D. C.

DEAR CONGRESSMAN ESCH: I would like to submit for the consideration of yourself and your associates the following comments and suggestions on certain features of H. R. 10453:

Section 205 makes provision for funding of carriers' indebtedness to the United States, and on page 10, lines 4 to 15, it is provided that the indebtednesses "shall, at the request of the carrier, be extended for a period of 10 years, or a shorter period, at the carrier's option, with interest at the same rate per annum as that fixed by the President as reasonable under section 4 of the Federal-control act or under paragraph (d) of section 7 of the standard contract on the cost of additions and betterments, less retirements, and upon the cost of road extensions to the property of such carrier made by such carrier with the approval or by order of the President while such property was under Federal control, which interest shall be payable semiannually on the first days of January and July of each year."

Section 4 of the Federal-control act provides, as follows:

"That the just compensation that may be determined as hereinbefore provided by agreement or that may be adjudicated by the Court of Claims shall be increased by an amount reckoned at a reasonable rate per cent to be fixed by the President upon the cost of any additions and betterments, less retirements, and upon the cost of road extensions to the property of such carrier made by such carrier with the approval of or by order of the President while such property is under Federal control."

Paragraph (d) of section 7 of the standard contract is as follows:

"Upon the cost of additions and betterments, less retirements in connection therewith, and upon the cost of road extensions, made to the property of the company during Federal control, the director general shall, from the completion of the work, pay the company a reasonable rate of interest, to be fixed by him on each occasion. In fixing such rate or rates he may take into account not merely the value of money but all pertinent facts and circumstances, whether the money used was derived from loans or otherwise, provided that to the extent that the money is advanced by the director general or is obtained by the company from loans or from the proceeds of securities the rate or rates shall be the same as that charged by the director general for loans to the company or to other companies of similar credit."

It will be observed that paragraph (d) of section 7 of the standard contract contemplates two different rates of return dependent upon the question whether the money used was derived (1) from loans or from the proceeds of securities or from advances by the director general, and (2) or from other sources. In the event that the moneys were derived from the sources which I designate as (1) the rate of return which the director general is to fix is to be the same as that charged by the director general for loans to the company or to other companies of similar credit. Thus in this instance the rate is fixed and, as a matter of fact, it is thereby fixed at 6 per cent, because that is the rate which the director general has charged. In the event that moneys are derived from the sources which I designate as (2) it is recognized by the contract that other considerations may prevail. This distinction was deliberately made and for the purpose of permitting the director general to fix a substantially lower rate of return in cases where the moneys were not borrowed by the company than in cases where moneys were borrowed by the company.

There is danger that the language of section 205 may be construed as giving the carriers the right, in funding their indebtedness to the Government, to the substantially lower rate of interest which may be fixed by the director general in respect of expenditures by them which were made without their incurring any indebtedness at all. If the provision should be so construed, the result would be most unjust to the Government. The subject matter being dealt with is additions and betterments in cases where the carrier has incurred an indebtedness, and therefore the rate of interest to be fixed has no relation whatever to the entirely distinct class of cases where additions and betterments have been made without the incurring of any indebtedness. On the other hand, if the provision in section 205 be construed to mean merely that the rate of interest which the carrier shall pay the Government upon indebtedness for additions and betterments thus funded shall be the same as the director general has charged the companies for loans, then this simply means that the rate of interest is to be 6 per cent, and it would be far better to state the rate at 6 per cent than to run the risk of confusing the matter. Undoubtedly if the provision remains in the section as it stands the railroad companies will try to get their entire indebtedness for additions and betterments funded at the very low rate which it is contemplated the director general has the right to fix under the contract in cases where the additions and betterments have been made without the incurring of indebtedness. The two things are wholly unrelated and this result would be most unjust to the Government.

To my mind, there is no possible reason for associating these dissimilar things together so as to cause action in one case to control in the other. There should be fixed a definite rate of interest by the Congress which should be charged on the funded indebtedness of the roads to the Government. What this rate of interest should be is a matter about which men will quite properly entertain different views, but in that regard I desire to submit the following:

The Government has recently been borrowing money at a cost of 4¾ per cent, with tax-exemption privileges given to the lender of the money. I have been advised by Treasury officials that computing this tax-exemption value, money is now costing the Government of the United States between 5 per cent and 5½ per cent. It would seem, therefore, entirely unreasonable to ask of the taxpayers of America that they shall carry the burden of the railroads' indebtedness to the Government over a minimum period of 5 years and a maximum period of 10 years at rates of interest less than what the Government has to pay for money it needs. I think it is highly desirable that while a rate be not named which would be unduly burdensome, it should be sufficiently high to invite the railroads, through private financing with the public, to obtain moneys to repay the Government during or at the end of the period for which indebtedness is fundable. I desire, therefore, to suggest that the bill be amended by striking out all of the language on page 10, lines 7, 8, 9, 10, 11, 12, 13, and the words "Federal control" in line 14, and inserting in lieu thereof the words "rate of 6 per cent per annum."

The bill also provides in this same section on page 11, lines 10, 11, 12, and 13, that the set-off which is permitted shall be first made upon the class of indebtedness fundable in notes payable on demand. The effect of this is to require the Government to recoup itself for indebtedness owed it against that immediately payable rather than against that which the bill permits to be funded over a 10-year period. I do not think this provision should be required. This is a matter of adjustment that will depend largely upon the facts in connection with each road, and it simply invites the railroads not to pay the Government as rapidly as their financial resources might permit.

I attach memorandum prepared by Mr. Sherley, Director of our Division of Finance, showing how this last-mentioned provision would work in the case of one of the most prosperous railroad companies in the country and one whose credit is so good that it will have no difficulty in paying its current indebtedness to the Government.

It is further to be noted than on page 11, lines 21, 22, 23, 24, and part of 25, deduction from indebtedness is prohibited unless sums have been paid to the carriers not only as provided in the standard contract, to take care of their fixed charges and regular dividends, but "such sums as may be necessary to provide the carrier with working capital in amount not less than one month's operating expenses, or due on account of material and supplies not returned in kind."

The effect of this is to reduce to very small figures the amount of indebtedness of the railroads which can be offset against indebtedness of the Government to the railroads. The provision will require practically the funding at the option of the railroads of nearly the gross amount of their indebtedness on capital account as well as quite a portion of other indebtedness. It has the further vice of not doing what presumably it is intended to accomplish and that is to provide all the railroads with a working capital. It would provide strong roads with moneys to be used as working capital irrespective of whether they needed it or not, but it would not help, save in a slight degree, many weak roads, and as to some weak roads it would not provide them with a dollar of working capital. The provision therefore is peculiarly objectionable in that it unnecessarily takes care of those who do not need help and does not help those needing it most. I suggest, therefore, that the bill as introduced be further amended by striking out, on page 11, line 21, beginning with the words "and such" down to and including the words "returned in kind," in line 25 of said page.

In this connection it must be borne in mind that as a practical matter after the end of Federal control it will be desirable for the railroad companies to pay the maturing current liabilities which the Government has incurred in the latter days of Federal control, just as the Government had to pay in the early part of Federal control the maturing liabilities of the railroad companies incurred during the latter period of private control. Under the standard contract, however, the railroad companies are under no obligation to pay these current liabilities unless the Government shall place moneys with them for that purpose. The result, therefore, is that as a practical matter the Government will have to place substantial amounts of money with the railroad companies, perhaps aggregating one month's operating expenses, in order to get the companies to pay the Government's current liabilities as they mature. But if the provision now under discussion remains in the bill the Government will be in the position of furnishing the railroad companies still an additional amount of money for their own purposes and which the companies will not be obligated to use to pay the Government's maturing obligations. This seems to me a wholly unnecessary and unduly liberal policy, to which I do not think the Government ought to be committed. As a practical matter, the companies will be able to use currently for their immediate necessities the cash placed with them by the Government for the payment of its maturing liabilities, because the cash will be steadily replenishing itself from the current returns of the company, and they can in that way regain from their own operations ample cash in ample time to pay the Government's bills as they mature. The provision, therefore, is unnecessary and makes what will in effect be a double provision for working capital for the railroad companies.

Under the conditions which must be provided by the Government the carriers will, without the provision here objected to, have a working capital sufficient to enable them to carry on their business like any other going concern which takes over its predecessor's assets and liabilities.

Sincerely, yours, WALKER D. HINES.

Statement showing effect of provision that set-off shall be first made upon the class of indebtedness fundable in notes payable on demand.

X. RAILROAD.

Amount due Government on open account	$2,200,000
Amount due Government on capital account	8,200,000
	10,400,000
Amount deductible under terms of bill	7,005,000
Amount of indebtedness to be deferred	3,395,000
If set-off be first made upon indebtedness fundable in demand notes there will be—	
(a) Funded in demand notes	0
(b) Funded for long period	3,395,000
If set-off be first made upon indebtedness other than that fundable in demand notes there will be—	
(a) Funded in demand notes	2,200,000
(b) Funded for long period	1,195,000

Mr. CHINDBLOM. Mr. Chairman, I rise for the purpose of asking the gentleman from Illinois [Mr. DENISON] to what extent and in what respect the amendment suggested by him conforms to the suggestions in the letter just read from Mr. Hines?

Mr. DENISON. Mr. Chairman, in answer to that question I will say that, as I understood the letter from Mr. Hines, the amendment that I have offered embodies the suggestions exactly. Mr. Hines has been out of the city and I have not had a chance to talk with him; but I have talked with our former

colleague, Mr. Sherley, the director of finance of the Railroad Administration, who is an expert on such matters. The suggestions of Mr. Hines in his letter to Mr. ESCH are every one embodied exactly in the amendment which I have offered as a substitute for this provision of the bill. I think the amendment ought to be adopted. I think it is a matter of extreme importance. The trouble about the provision in the bill is, as pointed out by Mr. Hines, that it will unnecessarily allow working capital to the very prosperous roads, and it will not allow the necessary working capital to the poor roads. The proposition that I am making, and that is embodied in the substitute which I have offered, will allow the administration to turn over to all the roads, the poor and the rich alike, a month's current revenues as a working capital, and in the meantime the current revenues coming in will enable them to proceed without any difficulties. Then, if they should have difficulties, they can go to the administration and make temporary loans to tide them over.

Mr. SMITH of Michigan. Mr. Chairman, will the gentleman yield?

Mr. DENISON. Yes.

Mr. SMITH of Michigan. Is the gentleman's amendment agreeable to the committee?

Mr. DENISON. I am not authorized to speak for the committee. The amendment that I have offered is the provision of the original subcommittee bill, which was submitted to the whole committee.

Mr. BARKLEY. Mr. Chairman, if the gentleman will permit, I will say that that met with the approval of the railroad administrator, Mr. Hines, at the time that was put into the subcommittee's bill.

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

Mr. SANDERS of Indiana. Mr. Chairman, I move to strike out the last two words of the amendment. This is a very complicated question of bookkeeping. I could not undertake in detail to go over the entire transaction in five minutes, but I want in a very few minutes to state to the Committee of the Whole why I am in favor of the provisions of the bill rather than the Denison amendment. I said yesterday in general debate that the committee was confronted with the proposition as to whether we were going to the Government ownership and control of railroads or would return them to private ownership and control, a policy which has made this Nation the great, rich, prosperous, powerful Nation that it is. If I were to ask this committee how many members are in favor of Government ownership I would not get three hands, and if I were to ask who are opposed to it the remainder would hold up their hands. It is not enough to say that we are opposed to Government ownership unless we are willing to make private ownership and private operation of the transportation systems a success. This is a financial proposition. It is not a popular thing to argue in favor of something that is beneficial to the railroads, but I am not afraid in this crucial time to do that, for it is a matter of simple justice. We have to meet this proposition with courage, and we can not refuse to make the provisions which we know are necessary on the ground that we may be criticized because we are lending the money of the Government to the railroads of the country.

Personally, I do not want to put the railroads of this country into the money market immediately upon the termination of Federal control, and I do not think any Member of this House wants to do that, but the Railroad Administration has expended for capital expenditures, and that embraces a situation in the financial world which would have required the carriers to have gone into the market to get additional money in order to make those capital expenditures—the Government of the United States under its power made those expenditures—and reduced to its simple terms the question is, whether you are going to give a period of 10 years to these carriers to meet these obligations, which would have been in ordinary times long-term obligations, or whether we are going to make them pay now and send them into the market to raise large sums of money at the time of the termination of Federal control. For my part, although there may be some little benefits to some large railroads, it can not work exactly right in all cases. In such a comprehensive proposition of this kind you always can not do that, but so far as I am concerned I am willing to vote for this bill as it stands. These provisions are intended to be of some benefit to the railroads and at the same time be just to them. It does not give them a cent. This gives them a period of time within which they can meet these obligations which the Government has put upon them, irrespective of the desires of the carriers. And I appeal to you, if you want to see our great transportation system a success, to deal fairly with these carriers. Talk about the loan of a few million dollars when transportation of the right kind and of a high standard certainly exceeds in importance the few million dollars which they are permitted to refund! Do you remember what it cost when our transportation system failed, when Garfield stopped everything for a week? It cost this country over a billion dollars, and I appeal to you to look beyond the question of a mere few million dollars into its effect on the transportation needs of this country and let us start these carriers——

The CHAIRMAN. The time of the gentleman has expired.

Mr. HICKS. Mr. Chairman, the gentleman from Indiana is making a very intelligent argument, and I would ask unanimous consent that he be allowed to speak for five additional minutes.

The CHAIRMAN. The gentleman from New York asks unanimous consent that the gentleman from Indiana may proceed for five additional minutes. Is there objection?

Mr. BYRNES of South Carolina. Mr. Chairman, reserving the right to object, providing I be allowed five minutes in which to reply to the gentleman.

The CHAIRMAN. Is there objection?

Mr. BYRNES of South Carolina. I object unless—Mr. Chairman, I ask unanimous consent that the time be extended for 10 minutes, 5 minutes of which is to be occupied by myself.

Mr. DENISON. I do not care for more than three minutes.

The CHAIRMAN. The gentleman from South Carolina asks unanimous consent that the gentleman from Indiana have five additional minutes and that he have five minutes. Is there objection?

Mr. BARKLEY. Mr. Chairman, reserving the right to object, this matter is not proceeding on any limit of time; there may be some others who desire to reply.

The CHAIRMAN. Is there objection? [After a pause.] The Chair hears none.

Mr. SANDERS of Indiana. Mr. Chairman, now to recur for a moment to the argument made here that all the subcommittee were against this proposition, we have been discussing things that happened in the committee, and I want to refer——

Mr. HUDSPETH. Will the gentleman yield for a short question?

Mr. SANDERS of Indiana. All right.

Mr. HUDSPETH. I agree with the gentleman. Now, why will not your proposition benefit the less prosperous roads as well as the prosperous roads?

Mr. SANDERS of Indiana. It will.

Mr. HUDSPETH. I wanted to bring that out.

Mr. SANDERS of Indiana. Now, I want to deal with this argument, because I believe——

Mr. DENISON. Will the gentleman yield?

Mr. SANDERS of Indiana. If the gentleman will pardon me, I do not desire to yield now. I wish to deal with the argument that the subcommittee were all in favor of its provisions substantially as this amendment provides, at least they were not in favor of the bill as it was finally written. It is true; but do you know what that means? That means that the provisions that were originally brought in were so unjust from the standpoint of the transportation needs of the system that, notwithstanding the five votes they had to start on, the other members of the committee were able to outvote them. I really ought not to argue the question of what happened in the committee, and I only did so because of the fact it was mentioned.

But it is one plain, simple proposition, gentlemen. You can juggle statistics around and talk about weak roads and strong roads all you want to, but if this amendment goes through it means that the carriers of this country will be forced to go into the market immediately upon the termination of Federal control and obtain money with which to do this refunding. We spent a great deal of money in this war time. The Railroad Administration has cost us money by deficits, and I do not say that in a spirit of criticism, because it was not a question of money-making; but now it is more important in this reconstruction period to temporarily—not to not give them anything—but temporarily to allow them to refund this amount, and in order to show a liberal spirit, so that the great transportation systems of this country may be a success and the country may have the prosperity that will necessarily follow such a success. [Applause.]

The CHAIRMAN. The gentleman from South Carolina [Mr. BYRNES] is recognized for five minutes.

Mr. BYRNES of South Carolina. Mr. Chairman, I do not know that I will even consume the five minutes. The proposition before us has been fairly stated by two or three members of the committee and emphasized by the letter from the director general to Mr. ESCH. By the proposition now in the bill you propose to allow the railroads to use about $250,000,000

of the money of the taxpayers for a period extending over 10 years. Under the Denison amendment you will require a set-off of accounts. Now, in justification of the proposition of the gentleman from Connecticut [Mr. MERRITT], which is contained in the bill, he and the gentleman from Indiana, who has just closed his address, holds up to you the danger of the railroads going into the market to borrow money at this time. Ordinarily there would be some justification for that argument, but when you by this bill provide a guaranty for six months to the railroads, based upon the earnings during the test period, you send them into the financial markets, not with a chance but with a certainty, and with the further certainty that if necessary they can borrow from Uncle Sam to the extent of $250,000,000. What banker would hesitate to lend to the railroads when he knew that the railroads had a guaranteed income, and in addition could borrow to the extent of $250,000,000 from the Government? And the only question is whether you are going to adopt the course urged by these gentlemen and force the Government to pay all of its debt to the railroads and allow them to settle their debts to the Government with a promissory note, or whether you will require a set-off, and then let them go into the financial markets with a guaranteed compensation behind them; the right to borrow $250,000,000, and——

Mr. WINSLOW. I would like to ask the gentleman if he is bearing in mind the further fact, that under the guaranty provision it was possible from the very beginning to ask for an advance if they needed it?

Mr. BYRNES of South Carolina. Yes. I know they have a right to ask for an increased rate, and with that right, with a guaranty, and the loan, when they lay their cards on the table of any banker in this country, a loan is assured them, and there is no justification for fearing they will not have credit. I hope the committee will adopt the Denison amendment, and complete the settlement of accounts between the Government and the railroads. This should be done even if it necessitated their borrowing part of the $250,000,000 the very next day. If you do not, these accounts will remain open for years and years. It will cost the taxpayers more money than is indicated in this amendment, and we can never justify our action.

Mr. WINSLOW. Have you in mind also that under the guaranty arrangement the roads can apply for an advance of money on the guranty account during the first two months——

Mr. BYRNES of South Carolina. Yes. They can apply for it in the first two months, and they will have no trouble in financing themselves. Again, as pointed out in the letter of the director general, this mandatory provision will force the Railroad Administration to allow the prosperous roads to fund their debt, and at the same time will not enable them to assist the road that most needs assistance. The Denison amendment covers all of the objections cited by the director general and expresses the views of the subcommittee in charge of the framing of the bill.

Mr. GRAHAM of Pennsylvania. Mr. Chairman, I move to strike out the last five words.

The CHAIRMAN. The gentleman from Pennsylvania [Mr. GRAHAM] is recognized.

Mr. GRAHAM of Pennsylvania. Mr. Chairman and gentlemen of the Congress, those of us who are not on the committee are laboring, of course, at a great disadvantage in considering this bill. What ought to be done with this measure at this stage upon such an important part of it is for this committee to rise and let these amendments be printed, together with a letter of Mr. Hines, so that we may read them in the RECORD and digest them, and come here with an intelligent purpose to act according to what is right. [Applause.]

This is, indeed, an important part of this bill, and I would like to read an excerpt from a letter sent to me by a very dear friend of mine in the city of Philadelphia who is familiar with railroad matters, and is the representative of one of the largest railroads in this country and one of the best railroads in the world. I refer to the Pennsylvania Railroad, which may well be classed as one of the "strong roads" that you were talking about that would get such advantages and benefits. Let me read you what he says, and I vouch for him as a man of integrity, truthfulness, and high character. I read:

MY DEAR MR. GRAHAM: I am inclosing a memorandum which emphasizes the importance of retaining the provisions of section 5 of the Esch bill as reported to the House, which section deals with the refunding of indebtedness of the railroad companies to the Government of moneys expended during Federal control for additions and betterments.

As you will see from the memorandum which I inclose, the indebtedness of the Pennsylvania Railroad system alone to the Government on this item approximates $100,000,000 and over, and you can imagine what it will be when you combine the figures for all the railroads in the United States.

If the railroads are called on to commence at once making these repayments, even though limited to 10 annual installments, it would be a heavy drain upon the resources of the companies, and interfere substantially with their ability to secure new capital for the purpose of making annual improvements in the future, which improvements are so sadly needed on all the railroads. The Pennsylvania Railroad ought to spend over $50,000,000 each year for improvements.

Furthermore, the railroads will have another very serious drain on their resources and credit, and that is in their necessity for obtaining new capital to refund existing capital obligations which fall due in the near future. For example, the Pennsylvania Railroad system will need over $26,000,000 in 1920 and over $79,000,000 in 1921 in order to take care of maturing obligations.

It is of vital importance to the interests of this country that everything shall be done to strengthen railroad credit, and any proposition looking to a return to the Government of the amounts owed the Government by the railroads at any period less than 10 years will have a very serious effect upon railroad credit.

Indeed, it is my judgment that the public interests require that the repayment of amounts due the Government for capital expenditures should be extended to at least 15 years.

I want to ask you, fellow Members of Congress, to remember this: When the distinguished gentleman said, "This is a settlement of accounts," as though he was going to treat it as a commercial transaction, I say to him that his analogy is baseless and wrong. The Government seized this property. The Government spent what money it chose upon this property, sometimes with the disapproval of the governing body, the owners of these properties. The Government spent this money, and now shall we say, "Come up to the captain's desk and settle," as if this was an ordinary commercial transaction?

No. When the Government put forth its strong arm and took for the necessities of war the property of private ownership, it ought to deal generously, fairly, and manfully in making its settlement. It ought to grant the extension that this amendment as offered would kill, namely, making this a 10-year period for the payment back for the capital charged against the roads, not for the current operating expense but the capital expenses. They say, "Do not make us pay them back, one-tenth each year, but let us pay them at the end of 10 years, so that we may take our own property back again, put it on its feet, serve the public, and help to make it the great road which it was before." And in all its history it has been serving faithfully and generously every interest in the United States. [Applause.]

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

Mr. ESCH. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. WALSH, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee, having had under consideration the bill (H. R. 10453) to provide for the termination of Federal control of railroads and systems of transportation; to provide for the settlement of disputes between carriers and their employees; to further amend an act entitled "An act to regulate commerce," approved February 4, 1887, as amended, and for other purposes, had come to no resolution thereon.

LEAVE OF ABSENCE.

Mr. FAIRFIELD, by unanimous consent, at the request of Mr. ELLIOTT, was granted leave of absence, indefinitely, on account of sickness.

ENROLLED BILLS SIGNED.

Mr. RAMSEY, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker signed the same:

H. R. 6951. An act authorizing the return to the sender or the forwarding of undelivered second, third, and fourth class mail matter; and

H. R. 3143. An act to provide for further educational facilities by authorizing the Secretary of War to sell at reduced rates certain machine tools not in use for Government purposes to trade, technical, and public schools and universities, other recognized educational institutions, and for other purposes.

SENATE BILL REFERRED.

Under clause 2 of Rule XXIV, Senate bill of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. 1229. An act to amend an act approved August 22, 1914, entitled "An act to amend and reenact section 113 of chapter 5 of the Judicial Code of the United States; to the Committee on the Judiciary.

ENROLLED BILL PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RAMSEY, from the Committee on Enrolled Bills, reported that on November 11 they had presented to the President of the United States for his approval the following bill:

H. R. 10208. An act to authorize the construction of a bridge across the Tennessee River at or near the city of Decatur, Ala.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Dudley, its enrolling clerk, announced that the Senate had passed the following resolutions:

Resolved, That the Senate has heard with profound sorrow of the death of the Hon. THOMAS STAPLES MARTIN, for more than 24 years a Senator from the State of Virginia.

Resolved, That a committee of 18 Senators be appointed by the President pro tempore to take order for superintending the funeral of Mr. MARTIN, to be held in Charlottesville, Va.

Resolved, That the Secretary communicate a copy of these resolutions to the House of Representatives.

Resolved, That as a further mark of respect to the memory of the deceased the Senate do now adjourn.

And that in compliance with the foregoing resolution the President pro tempore had appointed Messrs. SWANSON, LODGE, CUMMINS, KNOX, HITCHCOCK, FLETCHER, NELSON, OVERMAN, BANKHEAD, ROBINSON, SIMMONS, SMITH of Arizona, SMITH of Maryland, UNDERWOOD, WALSH of Montana, WARREN, SMOOT, and WILLIAMS as members of the committee on the part of the Senate.

DEATH OF SENATOR MARTIN, OF VIRGINIA.

Mr. FLOOD. Mr. Speaker, it is with profound sorrow that I am compelled to offer the resolution which I send to the Clerk's desk in reference to the death of Senator MARTIN. He represented the State of Virginia in the upper body of Congress for nearly 25 years, a longer period than any other Senator ever represented the Old Dominion. During that time he was for many years the leader of the Democratic Party, first when the party was in the minority and afterwards when it was the majority party. He has left his impress upon the history of legislation of this country as few men have who have served in Congress.

At a later date, Mr. Speaker, I shall ask the House to set aside a day to pay proper tribute of respect to the distinguished Senator.

The SPEAKER. The gentleman from Virginia offers a resolution, which the Clerk will report.

The Clerk read as follows:

House resolution 387.

Resolved, That the House has heard with profound sorrow of the death of Hon. THOMAS S. MARTIN, a Senator of the United States from the State of Virginia.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased Senator.

Resolved, That a committee of 18 Members be appointed on the part of the House to join the committee appointed on the part of the Senate to attend the funeral.

The resolution was agreed to; and the Speaker appointed as the committee on the part of the House Messrs. FLOOD, MONTAGUE, SLEMP, SAUNDERS of Virginia, MOORE of Virginia, HARRISON, BLAND of Virginia, HOLLAND, WATSON of Virginia, WOODS of Virginia, CANNON, CRAMTON, SISSON, KITCHIN, WHALEY, BOWERS, WINGO, and BYRNS of Tennessee.

ADJOURNMENT.

The Clerk read as follows:

Resolved, That as a further mark of respect the House do now adjourn.

The motion was agreed to; accordingly (at 5 o'clock and 42 minutes p. m.) the House adjourned until Thursday, November 13, 1919, at 10 o'clock a. m.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. SELLS, from the Committee on Pensions, to which was referred sundry bills of the House, reported in lieu thereof the bill (H. R. 10515) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy, and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors, accompanied by a report (No. 465), which said bill and report were referred to the Private Calendar.

CHANGE OF REFERENCE.

Under clause 2 of Rule XXII, the Committee on Invalid Pensions was discharged from the consideration of the bill (H. R. 10352) granting an increase of pension to Jean R. Anderson, and the same was referred to the Committee on Pensions.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. HUDSPETH: A bill (H. R. 10509) to authorize the acquisition of a site and the erection thereon of a Federal building at Big Spring, Tex.; to the Committee on Public Buildings and Grounds.

By Mr. MANN of South Carolina: A bill (H. R. 10510) to provide that the United States shall cooperate with the States in promoting the health of the rural population of the United States, and for other purposes; to the Committee on Agriculture.

Also, a bill (H. R. 10511) to authorize the Secretary of Agriculture to establish standards of classification for fertilizer, to regulate the sale and shipment thereof in interstate and foreign commerce, to prevent deception with reference thereto, and for other purposes; to the Committee on Agriculture.

Also, a bill (H. R. 10512) to authorize the Secretary of Agriculture to establish uniform standards of classification of fruits and vegetables, to provide for the use of such standards in interstate and foreign commerce, to prevent deception in reference thereto, and for other purposes; to the Committee on Agriculture.

Also, a bill (H. R. 10513) to authorize the Secretary of Agriculture to establish standards of classification of commercial feed, to regulate the sale and shipment thereof in interstate and foreign commerce, to prevent deception with reference thereto, and for other purposes; to the Committee on Agriculture.

By Mr. CALDWELL: A bill (H. R. 10514) to provide for increase in pay for postal employees and employees of the Railway Mail Service and Air Service whose post offices or headquarters are situated in cities where the total population is 500,000 or more; to the Committee on Expenditures in the Post Office Department.

By Mr. SELLS: A bill (H. R. 10515) granting pensions and increase of pensions to certain soldiers and sailors of the Regular Army and Navy and certain soldiers and sailors of wars other than the Civil War, and to widows of such soldiers and sailors; to the Committee of the Whole House.

By Mr. GARRETT: A bill (H. R. 10516) to amend an act entitled "An act to codify, revise, and amend the laws relating to the judiciary," approved March 3, 1911; to the Committee on the Judiciary.

By Mr. McPHERSON: A bill (H. R. 10517) to authorize the Secretary of War to furnish a German cannon, with carriage and shells, to the city of Joplin, Mo.; to the Committee on Military Affairs.

By Mr. HILL: A bill (H. R. 10518) to create a Federal urban mortgage bank, to encourage the buying and owning of urban real estate, to create a standard form of investment based on mortgages, to create Government depositories and financial agents for the United States, to furnish a market for United States bonds, and for other purposes; to the Committee on Banking and Currency.

By Mr. VESTAL: A bill (H. R. 10519) to further promote the safety of employees and travelers upon railroads, to establish uniformity in safety work, to create a safety-first division under the Interstate Commerce Commission for the purpose of organizing and supervising safety committees composed of officers and employees on all common carriers within the jurisdiction of the "commerce act," and for other purposes; to the Committee on Interstate and Foreign Commerce.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. BUTLER: A bill (H. R. 10520) for the relief of Richard P. McCullough; to the Committee on Naval Affairs.

By Mr. CAMPBELL of Pennsylvania. A bill (H. R. 10521) for the relief of Ida F. Baum; to the Committee on Claims.

By Mr. PURNELL: A bill (H. R. 10522) granting a pension to Jane M. Henderson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10523) granting an increase of pension to Robert M. Little; to the Committee on Invalid Pensions.

By Mr. REAVIS: A bill (H. R. 10524) for the relief of John E. McDougal; to the Committee on Claims.

Also, a bill (H. R. 10525) for the relief of Thomas George Turnbull and Robert Thomas Turnbull; to the Committee on Claims.

By Mr. REED of West Virginia: A bill (H. R. 10526) granting a pension to Pricy E. Cook; to the Committee on Invalid Pensions.

By Mr. ROWE: A bill (H. R. 10527) granting a pension to Jacob R. Burkhardt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 10528) granting an increase of pension to Joseph Buckle; to the Committee on Invalid Pensions.

By Mr. SLEMP: A bill (H. R. 10529) granting a pension to Michael O'Byrne; to the Committee on Pensions.

PETITIONS, ETC.

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

By Mr. CURRY of California: Petition of Tracy Parlor, No. 185, Native Sons of the Golden West, favoring restriction of oriental immigration; to the Committee on Immigration and Naturalization.

By Mr. DEWALT: Petition of Veterans of Foreign Wars of the United States, for bonus for soldiers who took part in the Great War; to the Committee on Military Affairs.

By Mr. MOONEY: Memorial from Post No. 141, Department of Ohio, Grand Army of the Republic, urging the immediate passage of the Fuller pension bill; to the Committee on Invalid Pensions.

By Mr. O'CONNELL: Petition of Motor Truck Association of America, New York, favoring passage of House bill 9412; to the Committee on Military Affairs.

By Mr. RAKER: Petition of Placerville Parlor, No. 9, Native Sons of the Golden West, Placerville, Calif., regarding need for prohibiting oriental immigration; to the Committee on Immigration and Naturalization.

By Mr. ROWAN: Petition of the American Mining Congress, Washington, D. C., regarding present industrial conditions and urging attendance to the convention to be held in St. Louis November 17 to 21; to the Committee on Labor.

Also, petition of National Live Stock Shippers' League and American National Live Stock Association, opposing certain sections of House bill 10453; to the Committee on Interstate and Foreign Commerce.

Also, petition of Associated Fruit and Vegetable Industries of Eastern and Western New York, opposing House bill 9521; to the Committee on Agriculture.

Also, petition of Indian Rights Association, Philadelphia, Pa., opposing Senate bill 3016; to the Committee on the Public Lands.

Also, petition of the American Bankers' Association of New York, inclosing resolutions adopted by the annual convention held in St. Louis, Mo.; to the Committee on Banking and Currency.

SENATE.

THURSDAY, *November 13, 1919.*

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

Almighty God, we gather together this morning with a sense of a great loss in the death of one of the Members of the Senate. Ripened by experience and age, he has given his wise counsel and leadership to his country, and through qualities of heart and spirit he has attracted all men, unifying our efforts and leading in constructive paths for the establishment of the great ideals of our national life. With reverence for the God of his fathers and with a high sense of the dignity and glory of human life, he has given himself to God and to humanity.

We thank Thee that he was a man of prayer, a man of conscience, a man of human friendship. We pray that his influence may abide with and guide us who follow in the discharge of the great duties of this day, that we may measure to the expectation of God and to the hope of the world. For Christ's sake. Amen.

On request of Mr. CURTIS, and by unanimous consent, the reading of the Journal of the proceedings of the legislative day of Monday, November 10, 1919, was dispensed with and the Journal was approved.

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

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

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

Ashurst	Frelinghuysen	Keyes	Overman
Ball	Gay	King	Owen
Beckham	Gerry	Kirby	Page
Borah	Hale	Knox	Phelan
Brandegee	Harding	La Follette	Phipps
Calder	Harris	Lenroot	Pittman
Capper	Harrison	Lodge	Poindexter
Colt	Henderson	McCumber	Ransdell
Culberson	Hitchcock	McKellar	Reed
Cummins	Johnson, Calif.	McLean	Sheppard
Curtis	Johnson, S. Dak.	McNary	Sherman
Dial	Jones, N. Mex.	Moses	Simmons
Dillingham	Jones, Wash.	Nelson	Smith, Ariz.
Edge	Kellogg	New	Smith, Ga.
Elkins	Kendrick	Norris	Smith, Md.
Fletcher	Kenyon	Nugent	Smith, S. C.
Smoot	Swanson	Underwood	Williams
Spencer	Thomas	Walsh, Mass.	Wolcott
Sterling	Townsend	Walsh, Mont.	
Sutherland	Trammell	Watson	

Mr. CURTIS. I wish to announce the absence on business of the Senate of the Senator from Michigan [Mr. NEWBERRY] and the Senator from New York [Mr. WADSWORTH].

Mr. GERRY. I desire to announce that the Senator from Ohio [Mr. POMERENE] and the Senator from Oregon [Mr. CHAMBERLAIN] are absent on business of the Senate.

The PRESIDING OFFICER (Mr. CURTIS in the chair). Seventy-four Senators have answered to their names. There is a quorum present.

RAILROAD-STRIKE LEGISLATION.

Mr. CUMMINS. Mr. President, in a recent, possibly the last, issue of the Wall Street Journal there appeared an editorial, and I read the opening sentence:

> As many competent observers of Washington affairs have been predicting, Senator CUMMINS has had to pigeonhole his plan to make railroad strikes punishable by fine and imprisonment.

That statement is an unqualified falsehood. There is not the least semblance of truth in it. I do not say that the person who wrote it knew it to be false, but I do say that the very slightest inquiry upon his part would have enabled him to know that it is false.

In so far as I am concerned there has not been the least wavering or hesitation with respect to the labor provisions in the railroad bill. I believe that every member of the Committee on Interstate Commerce who voted for those provisions in the committee is earnestly in favor of incorporating them in the legislation which we shall adopt. I further believe that a very large majority of the Senate is in favor of the provisions which we have reported from the committee.

Reflection serves only to intensify my conviction that the committee has proposed the true and the only solution of the problem which now disturbs not only the peace of our own country but the peace of the world, and which threatens at this moment to overturn the institutions in which we have so deep and abiding confidence. It is a gross misapprehension and misrepresentation to characterize these provisions of the bill as an attack upon labor. It is not. On the contrary, the provisions are, in my opinion, a tower of strength for labor. They will protect the wageworker and obtain for him justice to a degree which the experience of mankind shows he can not reach through the strike. Moreover, they insure a tranquillity in the commerce of the country, and they establish a protection for the great body of the people absolutely necessary to their welfare and their prosperity, for regularity and continuity in the transportation of the United States are essential to the health, the lives, and the interests of the great body of American citizenship.

Not only has there been no hesitation, so far as I am concerned, with respect to these provisions of the railroad bill, but I intend, when the measure comes before the Senate, to propose an extension of the principles of the bill, which are now applied only to transportation, to the basic industries of America, to the production of fuel, of iron and steel, to the production of foodstuffs, and of lumber and of building material and of clothing; for I can not conceive that the people of this country are to be continuously at the mercy of any class so far as these fundamentals in American life are concerned.

I have said so much, Mr. President, because I did not want any misunderstanding to prevail with regard to this subject. That leads me to say one more word. I hope that Senators will perceive the importance of reaching a consideration of the railroad bill at the earliest possible moment. There is no question so vital to the American people just now as the settlement in some fairly permanent way of the chaos which now exists in transportation. Here we are, and have been for four or five months, endeavoring to ascertain whether we are fit to enter a society of nations for the preservation of the peace of the world and have not yet demonstrated whether we are fit to ordain a system that will maintain peace in our own country in these essential respects.

I can not quite understand how Senators can consume as much time as they have been consuming in the consideration of the German peace treaty when this measure confronts them, when they know that we must before long legislate in some reasonable and practical way or see our transportation system fall into a disorder from which it will take years to rescue it. I am appealing to Senators to bear this matter in mind as they proceed with debate upon the German peace treaty, and, frankly, I must be permitted to say that, in so far as I am concerned, I am unwilling much longer to bear the responsibility of delaying the consideration of the railroad bill. If the German peace treaty is not speedily disposed of—and I do not