By these he led quite as much as by special abilities to command, exceptional though these were.

Kindly of disposition by nature, he preferred to be generous and to be attentive to the interests of others, a trait most easily misconstrued, especially in a public man, to be but a means to one's own ambitious ends. But those who knew Senator CROW well and could impartially judge knew that his kindliness was not assumed nor motived by sinister purpose. It was his own disposition functioning naturally. Never too tired to listen to the wants of others, however humble of station, never too busy to make attempt to relieve them.

What Doctor Spence has thus expressed so gracefully is the thought of thousands of men throughout Pennsylvania to-day. They know, because they knew Senator CROW, how great was the loss of the United States Senate in his inability to remain to take part in its deliberations.

And now I have finished. Pennsylvania has suffered mightily in the loss of these three great men, and she will continue to feel that loss for years to come. It is fitting that they should be held high in the memory of their beloved country, to whose service they gave the best that was in them.

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

The motion was unanimously agreed to, and the Senate (at 12 o'clock and 55 minutes p. m.) adjourned until to-morrow, Monday, January 29, 1923, at 12 o'clock meridian.

SENATE.

MONDAY, *January 29, 1923.*

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

Gracious God, as we assume the duties belonging to us this day we would ask Thy blessing. Thou dost kindly care for us in the manifold experiences of life, and Thou dost expect from us the best service we can render. We therefore ask that to-day it may be made evident that the duties are performed according to Thy good pleasure and that the welfare of the country is constantly conserved thereby. We humbly ask in Jesus' name. Amen.

The reading clerk proceeded to read the Journal of yesterday's proceedings, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with, and the Journal was approved.

CALL OF THE ROLL.

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Glass	Lodge	Page
Bayard	Gooding	McCormick	Phipps
Borah	Hale	McCumber	Pomerene
Brookhart	Harreld	McKellar	Reed, Pa.
Bursum	Harris	McKinley	Shields
Cameron	Harrison	McLean	Smoot
Capper	Heflin	McNary	Stanfield
Caraway	Hitchcock	Moses	Sterling
Colt	Johnson	Myers	Sutherland
Couzens	Jones, Wash.	Nelson	Trammell
Culberson	Kellogg	New	Underwood
Curtis	Kendrick	Nicholson	Wadsworth
Dillingham	King	Norbeck	Walsh, Mass.
Ernst	Ladd	Norris	Walsh, Mont.
Frelinghuysen	La Follette	Oddie	Warren
George	Lenroot	Overman	Weller

Mr. UNDERWOOD. I desire to state that the Senator from Texas [Mr. SHEPPARD] is necessarily absent, confined to his home on account of illness. The Senator from Texas, I suppose, has attended the roll calls of the Senate more diligently than any other Senator in the body. He regrets very much his inability to be present to-day, and I want the RECORD to show during his illness that he is missing the roll call and breaking his excellent record in that regard only because he is confined to his bed at home.

Mr. CURTIS. I desire to announce that the senior Senator from Pennsylvania [Mr. PEPPER] and the senior Senator from Florida [Mr. FLETCHER] are necessarily absent, being engaged in a conference on the national bank tax bill.

Mr. OVERMAN. I wish to announce that my colleague [Mr. SIMMONS] is necessarily absent on account of illness.

Mr. CAPPER. I wish to announce that the Senator from South Carolina [Mr. SMITH] is absent on official business.

The VICE PRESIDENT. Sixty-four Senators having answered to their names, a quorum is present.

ANNUAL REPORT OF THE PUBLIC PRINTER (S. DOC. NO. 294).

The VICE PRESIDENT laid before the Senate a communication from the Public Printer, transmitting, pursuant to law, the annual report of the operations of the Government Printing Office for the fiscal year ended June 30, 1922, which was referred to the Committee on Printing.

RENTS RECEIVED BY FEDERAL GOVERNMENT IN THE DISTRICT.

The VICE PRESIDENT laid before the Senate a report of the Secretary of the Treasury, submitted pursuant to law, as to the rents received from properties located on sites of proposed public buildings purchased by the United States in the city of Washington, which was referred to the Committee on Public Buildings and Grounds.

DEPARTMENTAL USE OF AUTOMOBILES.

The VICE PRESIDENT laid before the Senate a communication from the Postmaster General in response to Senate Resolution 399, agreed to January 6, 1923, reporting relative to the number and cost of maintenance of passenger-carrying automobiles in use by the Post Office Department, which was ordered to lie on the table.

He also laid before the Senate a communication from the chairman of the National Advisory Committee for Aeronautics, in response to Senate Resolution 399, agreed to January 6, 1923, reporting relative to the number and cost of maintenance of passenger-carrying automobiles in use by the committee, which was ordered to lie on the table.

SENATOR FROM NEW YORK.

Mr. WADSWORTH presented the credentials of ROYAL S. COPELAND, chosen a Senator from the State of New York for the term beginning March 4, 1923, which were read and ordered to be placed on the file, as follows:

STATE OF NEW YORK,
Executive Department.

To the President of the Senate of the United States:

This is to certify that on the 7th day of November, 1922, ROYAL S. COPELAND was duly chosen by the qualified electors of the State of New York a Senator from said State in the Senate of the United States for a term of six years, beginning on the 4th day of March, 1923.

Witness his excellency our governor, Alfred E. Smith, and our seal affixed at Albany this 24th day of January, in the year of our Lord 1923.

[SEAL.] ALFRED E. SMITH, *Governor.*

By the governor:

JAMES A. HAMILTON,
Secretary of State.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT laid before the Senate a resolution of the Central Citizens' Association, of Washington, D. C., favoring the passage of legislation granting the citizens of Washington the right to select their own administrative officers and protesting against alleged intolerable conditions in the District of Columbia, especially the operation of public utilities apparently for the purpose of furnishing fixed and excessive incomes to the utility corporations rather than for service to the people, operation on the public streets of "one man" cars, etc., which was referred to the Committee on the District of Columbia.

Mr. NELSON. I present a petition, numerously signed, by sundry citizens of Mankato, Minn., praying that the Congress extend immediate aid to the people of the German and Austrian Republics. It is claimed in the petition that the people of Germany and Austria are suffering and that this Government should be asked to appropriate money for their relief. Several other petitions on the same subject by inadvertence were referred to the Committee on Foreign Relations. I move that this petition be referred to the Committee on Appropriations.

The motion was agreed to.

Mr. McNARY presented the following memorial of the Oregon State Senate, which was referred to the Committee on Finance:

STATE OF OREGON,
THIRTY-SECOND LEGISLATIVE ASSEMBLY, REGULAR SESSION,
Senate Chamber.

Senate Memorial No. 2.

To the Members of the Congress of the United States:

Whereas the demand for and issuance of tax-exempt securities has resulted in greatly extending the burden of debt now outstanding against the several States and political subdivisions thereof; and

Whereas the continued increase of these securities will result in still further withdrawing from productive business funds needed therefor; and

Whereas the holders of said tax-exempt securities do not now bear, through taxation, their full share of the costs of government; and

Whereas there is now pending in the Congress of the United States legislation prohibiting the further issuance of tax-exempt securities: Therefore be it

Resolved by the Senate of the State of Oregon, That we most earnestly petition and memorialize the Senate and House of Representatives of the United States in Washington assembled, in the name of

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the State of Oregon, that Congress submit a constitutional amendment which will prohibit the further issuance of the tax-exempt securities; and be it further

Resolved, That the secretary of state of the State of Oregon be instructed to forward a copy of this resolution to each of the Members of the Congress of the United States.

Adopted by the senate January 18, 1923.

JAY UPTON,
President of the Senate.

Indorsed: Senate Memorial No. 2. Introduced by Senators Dennis, Corbett, and Ritner. Jno. P. Hunt, chief clerk. Filed January 19, 1923. Sam A. Kozer, secretary of state.

UNITED STATES OF AMERICA,
STATE OF OREGON,
Office of the Secretary of State.

I, Sam A. Kozer, secretary of state of the State of Oregon, and custodian of the seal of said State, do hereby certify:

That I have carefully compared the annexed copy of Senate Memorial No. 2 with the original thereof adopted by the senate of the Thirty-second Legislative Assembly of the State of Oregon and filed in the office of the secretary of state of the State of Oregon January 19, 1923, and that the same is a full, true, and complete transcript therefrom and of the whole thereof, together with all indorsements thereon.

In testimony whereof I have hereunto set my hand and affixed hereto the seal of the State of Oregon. Done at the capitol, at Salem, Oreg., this 19th day of January, A. D. 1923.

[SEAL.] SAM A. KOZER,
Secretary of State.

Mr. KENDRICK. I present a petition of citizens of Cody, Wyo., alleging that paragraph 7, section 900, of the internal revenue act, placing a tax on small-arms ammunition and firearms, is discriminatory, and praying for its repeal. I move that it be referred to the Committee on Finance.

The motion was agreed to.

Mr. KENDRICK. I present a resolution adopted by the Central Labor Union of Rock Springs, Wyo., favoring the passage of legislation suspending immigration for a period of five years, at the end of that time a general naturalization day to take place for those who are fit to become citizens, and those who are not fit to be deported at once, and provision to be made for those who have wives and children in foreign lands who have become citizens, which I move be referred to the Committee on Immigration.

The motion was agreed to.

Mr. NICHOLSON presented a petition of sundry citizens of Denver, Colo., praying for the passage of legislation extending immediate aid to the famine-stricken peoples of the German and Austrian Republics, which was referred to the Committee on Appropriations.

Mr. McLEAN presented a petition of sundry citizens of Hartford, Conn., praying for the passage of legislation extending immediate aid to the famine-stricken peoples of the German and Austrian Republics, which was referred to the Committee on Appropriations.

Mr. CAPPER presented a petition of Camp Alfred C. Alford, No. 15, Department of Kansas, United Spanish-American War Veterans; Ladies Auxiliary, United Spanish-American War Veterans; Grand Army of the Republic; Women's Relief Corps; American Legion, and Ladies' Auxiliary, all of Iola, Kans., praying for the passage of the bill (S. 4142) to amend the war risk insurance act and the rehabilitation act with amendments prior to the passage of this act, extending all of the provisions of this act to all disabled veterans of all wars of the United States and to their dependents, which was referred to the Committee on Finance.

Mr. LADD presented a petition of sundry citizens of Leigh, Elgin, and Pretty Rock, all in the State of North Dakota, praying for the passage of legislation extending immediate aid to the famine-stricken peoples of the German and Austrian Republics, which was referred to the Committee on Appropriations.

He also presented a resolution of the Tagus Federal Farm Loan Association of Tagus, N. Dak., protesting against the passage of the so-called Strong bill, amending certain sections of the Federal farm loan act, etc., which was referred to the Committee on Banking and Currency.

THE COAL SHORTAGE.

Mr. WALSH of Massachusetts. I present a petition requesting the enactment of legislation providing for an embargo upon the exportation of coal during the present coal crisis. The petition, sent me by the Boston American, is signed by 34 of the 40 members of the Senate and 69 members of the House of Representatives of the Massachusetts Legislature. I ask that the petition be referred to the Committee on Education and Labor and a copy of it be forwarded to the Interstate Commerce Commission, which commission has authority, in my opinion, without further legislation, under section 2 of the emergency coal act approved September 22, 1922, to declare an embargo under certain conditions.

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

IMPURITIES IN COAL SUPPLY.

Mr. WALSH of Massachusetts. I also present a communication from the State fuel administrator of the State of Wisconsin, calling attention to the extent to which impurities are found in the shipments of coal to that section of the country. I called the attention of the Senate a few days ago to similar conditions in and complaints from Massachusetts. The writer suggests some remedial legislation be adopted by the National Government. I think it is a very helpful contribution to the discussion upon the subject of coal legislation to prevent future famines of and inferior quality of this very necessary product. I ask that the petition be printed in the RECORD and referred to the Committee on Education and Labor and a copy of it sent to the Federal Fuel Commission. The Federal Fuel Commission should and undoubtedly will consider in its survey of this industry this important phase of the coal question. Inferior and impure coal selling at excessively high prices is adding to the widespread resentment of the American people, caused by the present coal shortage and inadequate fuel transportation facilities. Some method of standardization must be adopted to protect our people against this form of deceit and fraud.

The VICE PRESIDENT. Without objection, the order requested by the Senator from Massachusetts will be made.

The communication is as follows:

WISCONSIN STATE COAL COMMITTEE,
Madison, January 25, 1923.

Hon. DAVID I. WALSH,
Washington, D. C.

DEAR MR. WALSH: Knowing how deeply you have interested yourself in the question of coal production and distribution and its relation to the consuming public of the entire Nation, I thought possibly some views that I hold would be received in the right spirit. The points I intend to bring out may have already been embodied in legislation you have in mind.

At the present time the consuming public of the United States places an order with his dealer for a ton or more, whatever the case may be, of egg, stove, chestnut, pea, or buckwheat. The order is delivered as specified, but in very few instances does the consumer get what he has purchased. For instance, if the order calls for a ton of chestnut it is a safe bet that that ton of chestnut contains at least 10 per cent, if not more, pea; if pea is ordered it contains a large percentage of buckwheat, and so on.

Then again, there is no restriction of any kind as to grade. Cars of coal from the anthracite fields are carrying a greater percentage of impurities than ever before—slate, bone, clinker, and refuse comprising the major portion of these impurities. When Mr. Consumer pays for his ton of coal he pays for these impurities, which are not only a part of the tonnage but which act as a deterrent on that portion of the ton which is really coal.

The State governments are powerless to act in such cases. The dock companies receiving the coal from the eastern operators must pay for the coal as it is, and they also pay for a certain tonnage of this or that grade. The docks and dealers should not carry the burden.

We have our national pure food laws. There is no one that will not say that fuel (coal) is clothed with as much of a public interest as food. Under the pure food act we are guaranteed that the commodity, whatever it is, is pure, and we pay a price in conformity.

Under our Bureau of Weights and Measures (national) we are guaranteed to receive a certain amount of that commodity which we may have specified.

The eastern operators and shippers at present have "carte blanche" covering both points mentioned. The car or cargo, as the case may be, is loaded up and shipped. It may contain a quality of coal which will meet with entire approval, and then again it may run very high in its proportion of impurities. The fact is, though, that no matter what it contains it is sold as coal; the dealer must take it as such, and in turn he, the dealer, unloads it on the consuming public.

The enactment of Federal legislation is the only cure for the existing conditions.

There are many other evils in the coal industry to-day, both less and greater than those above mentioned, but these two are extant wherever coal is sold.

While on this subject, I want to relate an experience of a Manitowoc coal dealer this week. On January 4 this man received a telegram from the Foreston Coal Co., at Scranton, Pa., offering three cars of chestnut anthracite at $13.25 f. o. b.—an outrageous figure. The dealer had to have coal, irrespective of price. He placed an order for one car, and was informed payment was necessary by wire before shipment would be made. The money was sent. The car was received at Manitowoc last Saturday, and I inspected it on Monday of this week. It is the best collection of slate, bone, and clinker that was ever collected in one single car. There ought to be a way to strangle these exploiters. I have sent all papers and sample of this coal to Mr. Wadleigh, at Washington, and if you are sufficiently interested I know he will be glad to let you have all details.

It was not my intention to tire you out, but was under the impression you might be interested in these views.

Most respectfully yours,

P. H. PRESSENTIN,
State Fuel Administrator.

REPORTS OF COMMITTEES.

Mr. McNARY, from the Committee on Manufactures, to which was referred the bill (S. 4399) to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables, and for other purposes, reported it without amendment.

Mr. WADSWORTH, from the Committee on Appropriations, to which was referred the bill (H. R. 13793) making appropriations for the military and nonmilitary activities of the War Department for the fiscal year ending June 30, 1924, and

for other purposes, reported it with amendments and submitted a report (No. 1068) thereon.

Mr. NORBECK, from the Committee on Agriculture and Forestry, to which was referred the bill (S. 4132) to amend an act entitled "An act to provide further for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and to supervise the issuance of securities, and for other purposes," approved April 5, 1918, and for other purposes, reported it without amendment and submitted a report (No. 1069) thereon.

Mr. SHORTRIDGE, from the Committee on the Judiciary, to which was referred the bill (S. 3892) authorizing the State of California to bring suit against the United States to determine title to certain lands in Siskiyou County, Calif., reported it with amendments and submitted a report (No. 1070) thereon.

BILLS INTRODUCED.

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

By Mr. McKELLAR:

A bill (S. 4432) granting an increase of pension to John L. Dick (with accompanying papers); to the Committee on Pensions.

By Mr. MYERS:

A bill (S. 4433) to designate the times and places of holding terms of the United States District Court for the District of Montana; to the Committee on the Judiciary.

By Mr. McCORMICK:

A bill (S. 4434) declaring a portion of the west fork of the South Branch of the Chicago River in Cook County, Ill., to be a nonnavigable stream; to the Committee on Commerce.

By Mr. WADSWORTH:

A bill (S. 4435) amending the provision contained in the sundry civil act approved July 19, 1919 (41 Stat. L. 164), for the remodeling and repair of the customhouse and post office at Buffalo, N. Y.; to the Committee on Public Buildings and Grounds.

A bill (S. 4436) conferring jurisdiction upon certain courts of the United States to hear and determine the claim by the owner of the steamship *City of Beaumont* against the United States, and for other purposes; to the Committee on Claims.

By Mr. NELSON:

A bill (S. 4437) to amend section 284 of the Judicial Code of the United States; and

A bill (S. 4438) to amend section 1025 of the Revised Statutes of the United States; to the Committee on the Judiciary.

By Mr. CARAWAY:

A bill (S. 4439) to revive and reenact an act entitled "An act granting the consent of Congress for the construction of a bridge and approaches thereto across the Arkansas River between the cities of Little Rock and Argenta, Ark.," approved October 6, 1917; to the Committee on Commerce.

ADMISSION TO THE UNITED STATES OF CERTAIN PERSIAN NATIVES.

Mr. RANSDELL submitted an amendment intended to be proposed by him to the bill (S. 4092) providing for the admission into the United States of certain refugees from near eastern countries, which was referred to the Committee on Immigration and ordered to be printed.

RURAL-CREDIT FACILITIES.

Mr. BROOKHART submitted an amendment intended to be proposed by him to the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States, to amend the Federal farm loan act, to amend the Federal reserve act, and for other purposes, which was ordered to lie on the table and to be printed.

Mr. HARRISON submitted two amendments intended to be proposed by him to the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States, to amend the Federal farm loan act, to amend the Federal reserve act, and for other purposes, which were ordered to lie on the table and to be printed.

CHANGE OF REFERENCE—WARREN C. HODGKINS.

On motion of Mr. NELSON, the Committee on the Judiciary was discharged from further consideration of the bill (S. 4416) for the relief of Warren C. Hodgkins, and it was referred to the Committee on Claims.

INVESTIGATION OF GREAT LAKES-GULF OF MEXICO WATERWAY.

The VICE PRESIDENT. Pursuant to Senate Resolution 411, agreed to on the calendar day of January 25, 1923, providing a committee to investigate and report upon the problem for a 9-foot channel in the waterway from the Great Lakes to the Gulf of Mexico, the Chair appoints the following Senators: Mr. McCORMICK, Mr. REED of Pennsylvania, Mr. BROOKHART, Mr. McKELLAR, and Mr. BROUSSARD.

AMENDMENT OF FEDERAL RESERVE ACT.

Mr. HEFLIN. Mr. President, I move that the bill which I introduced on Saturday last to repeal that portion of the Federal reserve act which provides for a progressive interest rate be now referred to the Committee on Agriculture and Forestry.

The VICE PRESIDENT. The Senator from Alabama moves that the bill which he introduced on Saturday, being the bill (S. 4427) repealing the act approved April 13, 1920, entitled "An act to amend the act approved December 23, 1913, known as the Federal reserve act," be referred to the Committee on Agriculture and Forestry.

Mr. SMOOT. Is morning business closed, Mr. President?

The VICE PRESIDENT. Morning business has not yet been declared closed, but the Chair is ready to declare that morning business is closed.

Mr. McLEAN. Mr. President, I filed an objection on Saturday last to the reference of the bill introduced by the Senator from Alabama [Mr. HEFLIN], and I assumed it was understood there should be a vote of the Senate on the question of reference this morning. If it is necessary that I file another objection to the reference of the bill, as requested by the Senator from Alabama, I now do so.

Mr. HEFLIN. Mr. President, the Senator from Connecticut can not make an objection, because the agreement was had on Saturday that if I would permit the matter to go over until to-day we should have a vote as to what disposition should be made of the measure. In accordance with that agreement I have moved that the bill be referred to the Committee on Agriculture and Forestry.

Mr. President, I wish to repeat what I have previously stated, that the progressive interest rate was charged nowhere except in the agricultural sections of the South and West. It never was applied in the East and the North. The agricultural sections having been so injuriously affected by it, I felt that the Committee on Agriculture and Forestry, which particularly has in charge the interests of the agricultural people of the country, ought to have jurisdiction of the measure.

There is not anything complicated about the subject. It does not require a knowledge of banking technique or anything of that sort. The progressive interest rate was applied only, as I have stated, to the agricultural sections of the country, and the agricultural sections were made greatly to suffer under it. Now, those who favor the bill which I have introduced wish to take out of the act the section under which a progressive interest rate may be charged; that is all. I can not think that many Senators would vote against taking it out. The rediscount rate has been reduced, just as I had suggested in my resolution it should be reduced and as others also have suggested. While that rate has been reduced, the progressive interest rate provision is still in the law, and I wish to have it taken out so that it may not be resorted to in the future. It ought not to remain in the law. What I am seeking to do by the enactment of the bill I have introduced is simply to repeal that section of the Federal reserve act. So I move that my bill be referred to the Committee on Agriculture and Forestry.

Mr. McLEAN. Mr. President, I do not intend to discuss the merits of the bill which has been introduced by the Senator from Alabama. The Senator on Saturday last moved that his bill, which proposes to repeal that portion of section 14 of the Federal reserve act which relates to the progressive discount rate, be referred to the Committee on Agriculture and Forestry, and he has this morning renewed that motion. I happened on Saturday to be in the Chamber at the time the Senator from Alabama made his request, and the request was such a flagrant violation of the long-established procedure of the Senate that I conceived it to be my duty to object.

The Senator from Alabama then stated that I ought not to put any obstacle in the way of his request, because similar references of other measures had frequently been made. That is true. A short time ago a joint resolution proposing an amendment to the Constitution of the United States was, on the request of the chairman of the Committee on Agriculture and Forestry, referred to that committee, if my recollection is correct; and that joint resolution was subsequently favorably reported by the committee and is now upon the calendar.

Mr. President, it seems to me that the time has arrived when the chairmen of the committees of the Senate should know whether acquiescence by the Senate in these irregular refer-

ences is to become a permanent policy, and that in the future bills are to be referred with an eye single to the friendliness of the committee to the measure and without regard to the subject matter involved. It seems to me that the time has arrived when the Senate should go on record with regard to this matter. It is an important matter.

I confess that I was somewhat surprised, when the joint resolution proposing to amend the Constitution was referred to the Committee on Agriculture and Forestry, that some member of the Judiciary Committee or some one of the parliamentary leaders of the Senate did not object and call attention to the fact that if this habit is to become confirmed it will result in the demoralization of the whole legislative procedure of the Senate.

Mr. President, there is nothing I dislike more than this sort of a controversy. The question of reference is of no consequence to me personally. The Senate knows that the reasons assigned for this reference by the Senator from Alabama are without foundation. The particular amendment to the Federal reserve act which the Senator from Alabama now desires to have repealed was proposed by me at the request of the Federal Reserve Board. The Federal Reserve Board at that time was composed entirely of Democrats; the administration of the law was Democratic; and yet, Mr. President, the Committee on Banking and Currency, of which a majority was Republican, felt that it was its duty to give serious consideration to any request from the Federal Reserve Board. It did so, and favorably reported the bill, and it was passed by Congress.

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

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

Mr. McLEAN. I yield.

Mr. NELSON. A moment ago the Senator from Connecticut referred to a joint resolution proposing a certain amendment to the Constitution of the United States, which joint resolution had been referred to the Committee on Agriculture. I desire to make a brief statement in reference to that matter.

The joint resolution proposed an amendment of the Constitution to dispense with presidential electors and to provide for a direct vote of the people for President. At the last session of Congress the Senator from Nebraska introduced a similar joint resolution contemplating such an amendment, and accompanied it with a statement on the floor. At his suggestion that joint resolution was referred to the Judiciary Committee, of which he is a member, and, on his own request, I appointed him chairman of a subcommittee to consider the joint resolution proposing the constitutional amendment. That joint resolution is still pending before the Judiciary Committee and is still in the hands of the subcommittee of which the Senator from Nebraska is chairman.

At this session of Congress the Senator from Nebraska introduced another joint resolution having in view the same object. It was done at a time when I was not present in the Senate; at all events, it escaped my attention. The Senator from Nebraska had that joint resolution proposing the same constitutional amendment referred to the Committee on Agriculture and Forestry, and from that committee he succeeded in securing a report on the joint resolution. I have been patiently waiting for him, as chairman of the subcommittee, to submit a report to the full Judiciary Committee on the joint resolution which he introduced and had referred to that committee and which is still pending there.

Mr. McLEAN. Mr. President, I have said about all I care to say upon this question. Every Senator understands that if I should present an argument in defense of my position that argument would be futile, because any Senator who believes that the bill introduced by the Senator from Alabama should be referred to the Committee on Agriculture is in a state of mind that will not be changed by anything anyone may say.

I realize that the Senator from Alabama is deeply interested in this subject. We listen daily to his diatribes and strictures directed to what he calls the deflation policy; but, Mr. President, I wish to insist that if mistakes were made in the administration of the Federal reserve act, they were not made by the Committee on Banking and Currency; they were not made by Republicans.

I have in my hand the report of the Comptroller of the Currency for 1920. Mr. John Skelton Williams was at that time comptroller. He was ex officio a member of the Federal Reserve Board; and in his report, page 52, he said:

> Largely through the aid and excellent functioning of the Federal reserve system, the business and banking interests of the country have passed successfully through the perils of inflation and the strain and losses of deflation without panic and without the demoralization which has been produced in the past at various times from far less serious and racking causes. Those banking and other interests which at the outset so vigorously opposed the Federal reserve system are now among its warmest advocates.

Mark this language:

> The several amendments which, since its passage in 1913, have been made to the law as a result of experience have materially added to its use and efficiency.

Among those amendments is the one now objected to by the Senator from Alabama; and the records show that the Comptroller of the Currency, who was at that time a member of the Federal Reserve Board, approved and praised all of the amendments that were adopted.

Mr. HEFLIN. Mr. President, what is the date of that report?

Mr. McLEAN. December, 1920.

As I said at the outset, I do not propose to discuss the merits of this question; but I do think that the time has come when flagrant violations of the long-established, and I believe wisely established, legislative procedure in this body should be taken cognizance of and either approved or disapproved, in order that the chairmen of committees may know in the future whether or not it is their duty to object to references of the sort now insisted upon by the Senator from Alabama; and I move, Mr. President, that the motion of the Senator from Alabama be amended——

Mr. HEFLIN. The Senator can not make that motion, Mr. President.

Mr. McLEAN. I move, as a substitute, that the bill be referred to the Committee on Banking and Currency.

Mr. HARRISON. Mr. President, I make a point of order against that motion.

The VICE PRESIDENT. The point of order is well taken. No amendment is in order except to refer with instructions.

Mr. CURTIS. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. CURTIS. I understood the Chair to state upon Saturday, when this question was up, that the motion was to refer the bill to the Committee on Banking and Currency; and, as I recall the RECORD, the Senator moved to amend by adding instructions that they be required to report out within five days.

Mr. HEFLIN. No, Mr. President; the Senator from Connecticut said that he had not made a motion. I thought he had. He said he had not made a motion.

Mr. McLEAN. The Senator from Alabama is right about that.

Mr. HEFLIN. I said I moved to amend his motion by requiring a report on my bill in five days, and he said he had not made it. He did not make it. The RECORD shows he did not make it, and the question that came over was, What disposition would be made of the bill? I obtained the floor before the Senator from Connecticut did and moved to refer it to the Committee on Agriculture and Forestry; and the Senator from Connecticut can not move to amend that motion, except to instruct that committee what to do with it.

The VICE PRESIDENT. In response to the parliamentary inquiry, the Chair did not understand that any motion for reference was made on Saturday last.

Mr. HEFLIN. The Chair is correct about that.

Mr. CURTIS. It was my mistake, because I simply heard what was said by the Senator from Alabama when he said he would offer an amendment directing that the bill be reported back in five days. That misled me.

Mr. HEFLIN. That is true; but the Senator from Connecticut said he had not made the motion.

Mr. McLEAN. Mr. President, the Senator from Alabama is right about that. It makes no difference how the issue is drawn; I am perfectly willing that the vote shall come on the reference of the bill to the Committee on Agriculture and Forestry.

Mr. HARRISON. Mr. President, may I suggest to the Senator from Connecticut and the Senator from Alabama, why can they not agree that the bill shall go to the Committee on Banking and Currency with an understanding that it shall be reported back in five days?

Mr. McLEAN. That is adding insult to injury, and borders on the ridiculous. If the discretion of the committee is to be so limited, I can see no purpose in referring the bill, except to get it before the Senate; and it is now before the Senate.

Mr. HITCHCOCK. Mr. President, I am in sympathy with the bill offered by the Senator from Alabama. I think the act to which he refers ought to be repealed; but I hope he will not press his motion to refer this bill to the Committee on Agriculture and Forestry. Such a practice is going to result in inextricable confusion if Senators are going to ask to have bills referred to committees which they think are most favorable to them, regardless of any reasonable jurisdiction. If there is one

fundamental foundation for our organization into committees, it is that bills shall be referred to the committees that are charged with the study of those questions; and I regret to see the effort made to warp that practice into one of getting them referred to committees without regard to their natural jurisdiction.

Personally I am in favor of the bill, and I think there are other Senators on the committee who are in favor of the bill, and I am in favor of an early report on the bill; but I think it is a great mistake for the Senator from Alabama to make an effort to prejudge the case by referring it to a committee that has absolutely no jurisdiction at all over the subject matter.

Mr. HEFLIN. Mr. President, I know that there are members of the Banking and Currency Committee who will be friendly to this bill. I cast no reflection on any member of the committee. I do not know how the majority of the committee stand on it. I know that the Senator from Connecticut [Mr. McLEAN] offered this progressive interest amendment in the outset in 1920. I know that his committee reported it favorably. I know that the majority of his committee, himself among the number, defended the deflation that was carried on under that amendment, and I know that the Senator has objected this morning to being instructed as to bringing this bill out of the committee. The Senator from Mississippi [Mr. HARRISON] asked the Senator from Connecticut if he would be willing that this bill go to his committee with the understanding that it would be reported in five days, and he objected to that.

Mr. President, there are not over five lines in this amendment. It is a very short amendment, but it will pluck out of the Federal reserve act one of the most obnoxious and oppressive provisions ever grafted upon any law in the history of this Government. This law was applied by a Republican Governor of the Federal Reserve Board, W. P. G. Harding. The Senator said they were all Democrats. There were three Republicans on it. He himself, Governor Harding, was a Republican. He supported the Republican ticket in 1920, and there were two other Republicans there at that time. Platt was a Republican, and Mitchell was a Republican, as I understand it. The Senator said they were all Democrats. They were not all Democrats by any means.

The Senator has quoted John Skelton Williams in his report as saying that amendments to the bill had been helpful. I do not know whether he had reference to this amendment or not; but he did offer in the board meeting a resolution saying that this progressive interest rate should not reach above 6 per cent, and Governor Harding and the board voted it down. He then offered another resolution saying that it should not exceed 10 per cent, and they voted that down.

I know that John Skelton Williams opposed deflation from the outset. He opposed it on the board, and they had secret meetings after they found he did oppose it and did not let him know when they were meeting to carry out the conspiracy that I charge again was born in Wall Street.

Mr. President, I introduced a resolution here in 1921 to reduce this rediscount rate, and I spoke on it a number of times in the Senate, and some of the newspapers of the country advocated a reduction in the rediscount rate. Mr. Crissinger himself, the Comptroller of the Currency, advocated a reduction of the rediscount rate. We finally succeeded in bringing about a reduction in the rate. While that was going on I did not disturb this provision in the law, because I knew what the friends of that provision thought. They thought if they would reduce the rediscount rate under the demands of my resolution and the fight that I was making, we would forget about the provision and let it sleep in the act, and at some future time they would invoke it again and strike down the legitimate business of the country and make millions and hundreds of millions for Wall Street on some occasion. I knew that. I thought that; so when we got the rediscount rate reduced I said, "Before this Congress adjourns I am going to introduce a bill to repeal that provision, and we are going to repeal it, either in this Congress or in the next one. That provision must come out, Senators, or men who fight its coming out will soon get out of here. Anybody who will defend that provision which brought so much distress and suffering to millions of American people ought not to be commissioned by any State to have a seat in this great law-making body.

You see, Mr. President, how closely the line is drawn here to-day. Here is an opportunity to serve the masses of the people. Here is an opportunity to protect legitimate business in this country from those who would prey upon it. Here is an opportunity to uproot a provision out of which has come more misery than any provision ever put into a law since I have been a Member of Congress.

What is the purpose of this rule which has been called to my attention by my friend the Senator from Florida [Mr. TRAMMELL], about the reference of a bill or resolution, suggesting that if any question is raised about where a bill shall go the Senate itself shall determine where it shall go? I remember that in my service in the House years ago it was openly charged by Republican newspapers that a certain Speaker of the House would refer bills to committees where he knew they would never be reported out; that he appointed these committees; that the members of them were dependent upon him for the favor of occupying places upon the committees; and that when he referred a bill to a particular committee and indicated that he did not want it reported out the bill went into its long, last sleep. There was a good deal of truth in it, too. Now, here is a situation arising where we want action on a bill. We suggest that we want it referred to the Committee on Agriculture and Forestry. Were my suspicions well founded? I thought the chairman of the Committee on Banking and Currency [Mr. McLEAN] would be hostile to it. He appears to be hostile to it. The Senator from Mississippi asked him if he would not consent to have instructions placed about it so that that committee would report it back in five days—he did not say "favorably," but report it out, so that it could be on the calendar and we could decide what we would do with it—and the Senator shuts himself up in the secret councils of his own mind and says no; he is not willing to have that done.

Mr. President, you can not explain to the people of the country that you did not want to offend the chairman of the Banking and Currency Committee. You can not explain to the people of the country that you thought that under the rules of the Senate in all probability it was best to refer it to that committee because the chairman asked that it be done. You can not explain to the people who were robbed under deflation growing out of this amendment that you did not want to offend some member of the Banking and Currency Committee, and that that is why you voted to refer it to that committee.

They will ask you, "Did not deflation injure me?"

"Yes."

"Did it not injure millions of others?"

"Yes."

"Did they not, then, charge a little bank 15 or 20 per cent?"

"Yes."

"And some of them more than that?"

"Yes."

"And one bank in Alabama 87½ per cent under that provision?"

"Yes."

"And were not HEFLIN and others trying to get it out of the law?"

"Yes."

"And did not HEFLIN move that it be referred to a committee that he knew was friendly to it?"

"Yes."

"Was not that the best and quickest way to get it out?"

"I think it was."

"Were not the chairman and some other members of the Banking and Currency Committee hostile to it?"

"I think so."

"Yet you voted to refer it to that committee, did you not?"

"Yes."

"And now you ask me to vote to send you back where you can vote to do what the chairman of one of those committees asks you to do rather than do that which will benefit me and other people like situated as I am."

That is the situation Senators will have to answer. I will print in a few days in the RECORD two letters which John Skelton Williams wrote to the Senator from Connecticut several months ago about that report of 1920, which will throw some light upon the subject.

All I want is action on this thing. Congress will adjourn on the 4th of March, and we are nearly out of the month of January. We have but little more than a month now, and I want to get the bill passed through this body this week, get it over to the House, get it through the House and enacted into the law.

I ask the Senator from Connecticut now if he would be willing to report it out in six days if I should consent to have it go to his committee?

Mr. McLEAN. Mr. President——

The PRESIDING OFFICER (Mr. LENROOT in the chair). Does the Senator from Alabama yield to the Senator from Connecticut?

Mr. HEFLIN. Certainly.

Mr. McLEAN. If the bill is to be accompanied with instructions to the Committee on Banking and Currency to report it out, its only purpose would be to get it before the Senate. It is on the table now, or will be if the motion of the Senator from Alabama fails and it is not referred to any committee. The Senator knows that he can offer it as an amendment to the pending bill, the Lenroot bill. There is no difficulty in the way of the Senator getting a vote upon this proposition, and at no time have I expressed my approval or disapproval of this particular provision of the act.

It was, as I said, introduced by me at the urgent request of the Federal Reserve Board, and I felt that it was my duty to give that request serious consideration. As to the merits of this particular provision, the Senator ought to know that its failures or its benefits will depend entirely upon its administration, as in the case of any other law. If it had been administered, as the Senator said, in response to the views of Comptroller Williams, it would have done no harm; but it was not so administered, and in his opinion it did great harm. It is a question of administration. The provision is merely a gun behind the door. It may be used wisely, it may not; it depends entirely upon the man who administers it. I think the Senator will find the same rule will apply to almost any provision of the act. The Senator can offer his bill as an amendment to the pending bill, the Lenroot bill, and he can get a vote on it then. I have expressed no opinion as to whether or not I would vote for or against it. My only object is to protect the legitimate procedure of this body.

Mr. HEFLIN. Will the Senator help me to have it passed if I offer it as an amendment to the Lenroot bill?

Mr. McLEAN. I think the Senator himself will agree that I ought to have an opportunity to consider it, and I think that the Senate ought to carefully consider this provision. I am not ready this morning to pass on that question. I am willing to say to the Senator that I am not confirmed in my judgment that it is of any great permanent benefit.

Mr. HEFLIN. That provision of the law?

Mr. McLEAN. Yes. I felt so at the time it was presented to me by a member of the Federal Reserve Board, but under the circumstances it seemed to me to be my duty as a Republican to support it. I assumed that it would be wisely administered. That is the view I took of it at the time. My only point now is that I think the Senate ought to go on record with regard to this motion. I want to know whether any Senator is to have the right to refer a bill to any committee he chooses, without regard to the subject matter. That is the question before the Senate now.

Mr. HEFLIN. Suppose I offer it to-day as an amendment to the Lenroot farm credits bill; will the Senator oppose its enactment?

Mr. McLEAN. If the Senator offers it as an amendment, I suppose it will be in order.

Mr. HEFLIN. So far as the Senator is concerned, he would not undertake to make any point of order against it?

Mr. McLEAN. The only thing I could do would be to raise a point of order, and I can not conceive that the amendment is not in order.

Mr. HEFLIN. And the Senator would not make any point of order?

Mr. McLEAN. The Senator from Wisconsin is in charge of the pending bill, and how he would feel about it I do not know. I shall make no point of order.

Mr. HEFLIN. That would expedite matters some. With that understanding with the Senator from Connecticut, I withdraw my motion to refer the bill to the Committee on Agriculture, and give notice that I will offer it as an amendment to the Lenroot bill.

Mr. McLEAN. A parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state his inquiry.

Mr. McLEAN. Can the Senator withdraw his motion?

Mr. HEFLIN. I said that with that understanding, I would withdraw my motion to refer the bill to the Committee on Agriculture.

Mr. McLEAN. The Senator from Wisconsin is now in the chair. He has charge of his bill, and some other Senator might make a point of order. I want a vote on this proposition.

Mr. HEFLIN. I do not think it is subject to a point of order, anyway.

Mr. McLEAN. I think the Senate ought to go on record, and I object to any withdrawal of the motion of the Senator from Alabama.

Mr. HEFLIN. My purpose was to have it sanctioned by some committee and have a favorable report made on it, and pass it independently of any other bill; or we can put it on the pending bill as an amendment, as the Senator from Connecticut suggests. What I want is to have it enacted into law.

Mr. McLEAN. If the Senator withdraws his motion, I shall renew it and move that the bill be referred to the Committee on Banking and Currency and ask for a vote. I do not want it referred to the Committee on Agriculture. I prefer that it lie on the table if the Senator from Alabama wants an opportunity to bring it up. I can not make any promise as to what the Committee on Banking and Currency would do with it.

Mr. HEFLIN. If the Senator does not make any motion and I withdraw mine, we can just let it lie on the table for the present, can we not?

Mr. POMERENE. Mr. President——

The PRESIDING OFFICER. Does the Senator from Alabama withdraw his motion?

Mr. POMERENE. I thought the Senator from Alabama had yielded the floor, and I was going to make a few observations on this subject myself.

Mr. HEFLIN. I said that in view of the statement made by the Senator from Connecticut that he would not make any point of order against the bill, I would withdraw my motion to refer it to the Committee on Agriculture, with the understanding that I would offer it as an amendment to the Lenroot bill, and with the further suggestion from him that it lie on the table, that it just remain on the Vice President's table, so that I could offer it as an amendment to the pending bill.

Mr. McLEAN. Mr. President, the Senator need not offer this bill as an amendment. He can draw a new one and offer it as an amendment to the Lenroot bill. It makes no difference whether this is referred to a committee or not.

Mr. LODGE. Mr. President——

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

Mr. LODGE. I will wait until the Senator gets through.

The PRESIDING OFFICER. Does the Senator from Alabama withdraw his motion?

Mr. HEFLIN. I do, with that understanding, Mr. President.

The PRESIDING OFFICER. The Chair can not attach any condition. Does the Senator withdraw his motion or not?

Mr. HEFLIN. Well, then, I will leave it pending for the present.

Mr. LODGE. Mr. President, I have no desire to discuss the merits of the amendment, or bill, or whatever it is; but I think the question of the settlement of the proper jurisdiction of committees of the Senate is very important. If we are not to observe the ordinary jurisdiction of the different committees, the whole organization of the Senate will drop to pieces. I think the Senate ought to decide where this bill shall go. That will not prevent it from being offered as an amendment to the pending bill, if any Senator sees fit to do it. I move that the bill be referred to the Committee on Banking and Currency.

Mr. HEFLIN. The Senator from Massachusetts can not make that motion under the rule.

The PRESIDING OFFICER. The Senator from Alabama is correct. While the motion to refer the bill to the Committee on Agriculture is pending a motion to refer it to another committee is not in order.

Mr. LODGE. Not while the other motion is pending. If the other motion is pending, I simply ask for a vote on it. That is perfectly satisfactory to me.

The PRESIDING OFFICER. The question is on agreeing to the motion of the Senator from Alabama that the bill be referred to the Committee on Agriculture and Forestry.

Mr. POMERENE. Mr. President, I am a member of the Committee on Banking and Currency and have been since its organization. I think no committee in the Senate has been more diligent in attending to the business committed to it than the Banking and Currency Committee. No other committee has to its credit better legislation than the Banking and Currency Committee. I need only refer to the reserve act, to the farm loan act, to the Capper bill, and to the Lenroot bill which is now pending before the Senate.

I remember very distinctly when the question came up as to whether or not we should adopt a graduated rate of discount. At that time I think I supported it but I was not friendly to it because I felt that under the original act we had lodged plenary power in the Federal Reserve Board to fix the rate of discount and I felt at that time if any member bank got to a point where it was making unusual demands it was within the power of the Federal Reserve Board to deny them.

It seems excessive rates of discount have been charged—just what I anticipated. The Federal Reserve Board was not responsible for them; the local reserve banks were. Aye, more than that, the member banks were directly responsible for any

abuse that the system has suffered or the communities have suffered.

I have heard a number of references to the particular bank in which on one loan 87½ per cent was charged. That was an outrage. I think the Federal reserve bank made a mistake when it allowed that discount. I think the member bank made a mistake when it made the application for it. But there was another mistake made, if I am rightly informed, and that mistake was made by the Comptroller of the Currency when he did not appoint a receiver for that bank and take away its charter. If I am rightly informed, the bank got to making loans to companies in which members of the bank were particularly interested, and many of those loans bore the indorsement of the president of the bank.

Mr. GLASS. I may say to the Senator that 90 per cent of the capital of the bank was loaned upon indorsements of the president.

Mr. POMERENE. I am obliged to the Senator from Virginia for giving us that information. It simply demonstrates that I was right when I made the statement that the Comptroller of the Currency ought to have closed the bank and taken its charter. The difficulty as to most of the loans has been with the member banks. The fact of the matter is that many of the banks which are now making complaints loaned excessively to men who were gambling in one commodity or another, with the result that they were not able to accommodate the smaller borrowers in their respective communities.

Now, Mr. President, I think that if I were called upon to-day to vote upon the merits of the proposition of the Senator from Alabama I should vote for it, but I would feel very much better satisfied if I could have the views of the Federal Reserve Board on the subject; not that they would be controlling, but necessarily they would be more or less persuasive.

If any fault lies with anybody because the statute has been permitted to remain upon the statute books so long a time, I fear that my good friend from Alabama must share that responsibility. We have had a good many speeches made upon the subject, and I am in sympathy with the complaints which were made against some of the abuses, but I note that the bill was only introduced on the 27th of January, 1923, and to-day is the 29th. It has not even been referred to the Committee on Banking and Currency, and the distinguished Senator from Alabama seeks to offend every member of the Banking and Currency Committee by asking that the bill go to the Committee on Agriculture and Forestry, which has no jurisdiction whatever of it. Agriculture may be interested in the subject, but agriculture is no more interested in it than is the laboring man, the manufacturer, or the merchant of the country; in other words, it is essentially a banking and currency bill.

Mr. SMOOT. Mr. President——

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

Mr. POMERENE. Certainly.

Mr. SMOOT. I want to ask the Senator a question. I shall read what happened in two of the banking districts. I shall ask the Senator the question then how, if we repeal the provision, such abuses as grew up at that time could be prevented. I know of no other way unless the Federal Reserve Board close down and say "You can not have any money whatever," and thus punish all the banks in the district.

For instance, in January, 1920, 14 banks of Kansas City had absorbed 24 per cent of the normal lending power of the Federal reserve bank and 9 Omaha banks had absorbed 33.5 per cent. Therefore, those two cities alone had absorbed 57 per cent of the normal lending power of the Kansas City Federal Reserve Bank. There was a slight recession of the borrowings of those banks due to the temporary season of deflation in the early part of 1920, but by April, 1920, the 14 Kansas City banks were absorbing 50 per cent of the normal lending power of the Kansas City Federal Reserve Bank and 9 Omaha banks were absorbing 23 per cent, representing a total of 73 per cent of the normal lending power of the Kansas City Federal Reserve Bank, and leaving only 27 per cent of the normal lending power of that bank available for the 1,063 other member banks of the Kansas City district.

Mr. WALSH of Montana. Mr. President, I rise to a parliamentary inquiry.

The PRESIDING OFFICER. The Senator will state the inquiry.

Mr. WALSH of Montana. I inquire whether the pending motion is debatable?

The PRESIDING OFFICER. In the opinion of the Chair, it is.

Mr. WALSH of Montana. I refer the Chair to the concluding paragraph of Rule VIII, on page 14:

All motions made before 2 o'clock to proceed to the consideration of any matter shall be determined without debate.

The PRESIDING OFFICER. The Chair would remind the Senator that such a motion as the one pending is not a motion to proceed to the consideration of any matter. It was so ruled by Vice President Marshall.

Mr. WALSH of Montana. Then a motion to refer is debatable without limit at any time?

The PRESIDING OFFICER. Those are the previous rulings, and, of course, the motion is debatable unless some specific provision of the rule cuts off debate.

Mr. WALSH of Montana. Some of us want to get to the calendar in due course.

Mr. ASHURST. Mr. President——

Mr. POMERENE. I yield to the Senator from Arizona.

Mr. ASHURST. Mr. President, the present occupant of the chair is a clear and fair parliamentarian, but I think he must have overlooked Rule VII. It can not be debatable under any hypothesis except by allowing each Senator five minutes. Has the Presiding Officer read that provision of the rule?

The PRESIDING OFFICER. But this is not on a call of the calendar.

Mr. ASHURST. If the Senator from Ohio will yield further to me, this is Calendar Monday. The most scrupulous good faith should exist in reaching the calendar on the day set apart for its consideration.

The PRESIDING OFFICER. But morning business has not yet been closed.

Mr. ASHURST. If Senators may speak at any length during the morning hour, then Calendar Monday is dissipated and exhausted.

Mr. POMERENE. Will the Senator please advise whether I have spoken five minutes?

Mr. ASHURST. I am interested in the Senator's speech. If he were to speak an hour, it would only seem like five minutes to me.

Mr. POMERENE. I thank the Senator. I assure the Senator I shall not offend even so good a friend as he.

Mr. ASHURST. I am so completely disarmed that I shall sit down.

Mr. WALSH of Montana. Mr. President, I precipitated the inquiry for the purpose of ascertaining whether the rules of the Senate are such that a Senator can get in the very first thing after the roll call in the morning and move to refer some matter to a committee and then exhaust the entire morning hour in discussing the subject. I hope our rules are not so defective.

The PRESIDING OFFICER. The Chair will state to the Senator from Montana that we are still proceeding under morning business. We are still under the order of the introduction and reference of bills and joint resolutions. It has been repeatedly held that a motion to refer a bill is debatable. Of course, it is debatable, unless some provision of the rules can be found cutting off debate, and there is no such provision.

Mr. LODGE. I think the Chair is entirely right, but there is great force in what the Senator from Montana said. There is one way in which debate can be cut off, and that is to move that the motion to refer be laid upon the table. In order to end the debate—though I do not wish to take the Senator from Ohio off the floor——

Mr. POMERENE. I am quite ready to take my seat, except that the distinguished Senator from Utah [Mr. SMOOT] asked me a question and I was going to answer it. However, I yield for the purpose of the motion.

Mr. LODGE. I want to clear the way for the calendar, and if there is no other motion interposed, I shall move to lay the motion made by the Senator from Alabama on the table.

Mr. GLASS. Mr. President, I hope the Senator from Massachusetts will defer the motion. In fact, I hope he will not make the motion at all.

Mr. LODGE. I have no desire to do so, I assure the Senator.

Mr. GLASS. I think we should decide here and now whether the Banking and Currency Committee of the Senate should be disbanded and whether it is to be discredited every time a Senator suspects that it may not do just exactly what he desires that it should do and just exactly at the time when he desires to have it done. I think we ought to decide that question.

Mr. LODGE. I am very anxious to reach that decision, but under the rules apparently there is no way to reach it except by the motion I have suggested. I am perfectly willing to with-

hold the motion if I can find out what is to become of the motion to refer.

The PRESIDING OFFICER. Further answering the parliamentary inquiry of the Senator from Montana, the Chair would call the attention of the Senator from Montana to paragraph 3 of Rule XIV, which provides that—

Bills and joint resolutions introduced on leave and bills and joint resolutions from the House of Representatives shall be read once and may be read twice on the same day, if not objected to, for reference, but shall not be considered on that day as in Committee of the Whole nor debated, except for reference, unless by unanimous consent.

Mr. WALSH of Montana. That, I understand, refers to the day upon which a bill is introduced. It may be read twice on the day on which it is introduced.

The PRESIDING OFFICER. Nor debated, except for reference.

Mr. WALSH of Montana. Yes; but all having reference to the day on which it is introduced.

Bills and joint resolutions introduced on leave and bills and joint resolutions from the House of Representatives shall be read once and may be read twice on the same day—

That means the day on which it is introduced—

if not objected to, for reference, but shall not be considered on that day as in Committee of the Whole nor debated—

That is, debated on that day—

except for reference.

The PRESIDING OFFICER. The question is upon the motion of the Senator from Massachusetts to lay the motion of the Senator from Alabama on the table.

Mr. LODGE. I withdrew that motion at the suggestion of the Senator from Virginia [Mr. GLASS]. I have no desire to cut off debate, but I wish a direct vote.

The PRESIDING OFFICER. The question is upon the motion of the Senator from Alabama.

Mr. HEFLIN. I withdraw my motion for the present.

Mr. LODGE. A motion can not be withdrawn "for the present." It is either withdrawn or not withdrawn.

Mr. HEFLIN. I withdraw it; and if the Senator from Connecticut [Mr. MCLEAN] wants to move that the bill be referred to the Committee on Banking and Currency, I shall ask the Senate to instruct that committee to report it out one way or the other within five days.

The PRESIDING OFFICER. The Senator from Alabama withdraws his motion to refer Senate bill 4427 to the Committee on Agriculture and Forestry. Without objection, the bill will be referred to the Committee on Banking and Currency in accordance with the rule.

Mr. HEFLIN. I move that the Committee on Banking and Currency be instructed to report the bill out within five days.

The PRESIDING OFFICER. The Senator from Alabama moves that the Committee on Banking and Currency be instructed to report the bill referred to it back to the Senate within five days. The question is on the motion of the Senator from Alabama.

Mr. GLASS. Mr. President, I regret very much that the distinguished Senator from Alabama decided to withdraw his motion, because I think the Senate ought to be permitted to decide to-day whether or not it has any further use for the Senate Committee on Banking and Currency, and whether it proposes continually to discredit that committee and to affront its members by totally irregular references of bills to other committees which have no jurisdiction of the subject involved.

The discussion of the merits of the particular amendment to the Federal reserve act which has been proposed by the Senator from Alabama is largely academic, for the reason, Mr. President, that the progressive rate authorized by the act was suspended more than two years ago. As a matter of fact, the progressive rate in the Atlanta district, in which the Senator from Alabama resides, was suspended before the Senator became a Member of this body. As I recall, he was sworn in as a Member of the Senate on the 6th day of December, 1920, and the progressive rate in the Atlanta district was discontinued in November, 1920, about a month before the Senator became a Member of this body.

Not only that, but anybody who takes the trouble to refer to the report of the Joint Commission on Agricultural Inquiry will there see, in the testimony of the governor of the Federal Reserve Board, the statement that the board itself had come to the conclusion that the progressive rate, operating so differently from what was anticipated, was a rather crude and, at times, unjust method of dealing with the problem, and that he was authorized by the board to say that there was not the slightest probability of the progressive rate being again applied in the administration of the Federal reserve banking system.

Mr. CARAWAY. Mr. President, may I interrupt the Senator from Virginia?

Mr. GLASS. Yes.

Mr. CARAWAY. I should like to ask the Senator a question. If it is admitted that it is unwise to exercise that power, why would it not be wise to take away from a legislative agent the power to do a thing that would be unwise if it were done?

Mr. GLASS. It would; and I think it was unwise to invest these banks with that specific power in the first place.

Mr. CARAWAY. And, therefore, it would be wise to repeal the law?

Mr. GLASS. I think so; and I am prepared right now for the immediate consideration of the proposition to repeal it.

Mr. CARAWAY. I thought that was the Senator's attitude.

Mr. GLASS. But my remarks refer to the suggestion that there is some imminent danger from this suspended power of the board. The progressive rate was suspended more than two years ago; it has not been applied since and is not likely ever again to be applied. So far as I am concerned, I should like to see it wiped from the statute books, but I want it done in an orderly way; moreover, I want to be fair. I am a partisan when I go out on the stump and arraign my political adversaries; but here, under my oath, I think there is an obligation to be temperate and scrupulously accurate. I should like to remind the distinguished Senator from Alabama, who is usually so exact about these matters, that it is not precisely just to say, for example, that Mr. Platt was a Republican member of the Federal Reserve Board when this alteration of the law was made. Mr. Platt was then a Republican Member of the House of Representatives. The Senator from Alabama likewise is altogether inaccurate in saying that Mr. Mitchell, another Republican, was a member of the Federal Reserve Board at the time. Mr. Mitchell did not become a member of the Federal Reserve Board for many months after this amendment was suggested to and adopted by the Congress. It was not a Republican proposition; it was not a Democratic proposition. As a matter of fact, the most insistent advocates of the amendment in the other branch of Congress were three Democratic Members of the House. It was advocated by Mr. STEVENSON, of South Carolina, as clear-headed a lawyer as ever came to either branch of the Congress of the United States; it was advocated by Mr. WINGO, of Arkansas, a man with one of the acutest minds of all the men I have even encountered since I have been in Congress; it was advocated by Mr. Phelan, a distinguished Democrat of Massachusetts, who once was the Democratic chairman of the Banking and Currency Committee of the House of Representatives. All of them favored the amendment of the act as distinctly in the interest of the farming community.

As to the suggestion that the progressive rate brought about deflation, anybody who will take pains to examine the report of the joint commission appointed to investigate agricultural problems will see it stated there that the application of the progressive rate in no single regional reserve district put any limitation upon the volume of loans made. It brought about a better distribution of rediscounts. That report points out that in the Kansas City district, where the rate was more regularly and longest applied, loans increased, and that 326 banks, which prior to the application of that rate had made no rediscounts whatsoever with the Federal reserve bank, began to borrow money to accommodate the farmers in that district. It created no deflation; it did not even put any limitation upon, it did not circumscribe to the extent of one dollar the total borrowings of the banks in any one of these districts; on the contrary, it expanded loans, because it enabled the country banks outside and away from Kansas City and Omaha and the larger cities to get their just proportion of the rediscounts of the Federal reserve banks.

It has been suggested that the progressive rates were applied only in the agricultural districts of the country. Mr. President, it ought to be stated in fairness that the progressive rates were applied only where they were asked for; in other words, the Federal Reserve Board at Washington does not initiate interest rates. Every rediscount rate is initiated in the regional reserve bank itself, and reviewed and approved, or rejected, as the case may be, by the Federal Reserve Board at Washington. So the talk about the Federal Reserve Board applying this rate only in the agricultural districts is simply misleading. It was applied in those Federal reserve districts which asked for it, and no others. There were but four applying districts—Atlanta, Dallas, Kansas City, and St. Louis. The Federal reserve bank at Chicago, which, I venture to say, caters to the agricultural industry in the ratio of 3 to 1, compared with the Federal reserve bank in Atlanta or Dallas, did not ask the rate to be put into effect there. The Federal reserve bank at Minneapolis,

ministering to the great grain-growing interests of the Northwest, did not ask to have the rate put into effect there. The Federal reserve bank at San Francisco, serving the great agricultural interest of the Pacific coast, particularly the fruit-growing interests, did not ask the rate put into effect there. Hence it is not exactly fair, Mr. President, to represent to the country that the central Federal Reserve Board at Washington, in conspiracy to destroy the agricultural interests of the country and thereby to destroy the country itself, maliciously and deliberately forced this progressive rate upon the agricultural districts of the country only.

This much I wanted to say briefly. It is my purpose a little later on in the present session of Congress, when we are not occupied with much more important questions than academic discussions of this sort, to have something to say, perhaps at length, about the administration of the Federal reserve banking system; but this much I wanted to say upon the pending proposition.

I repeat my regret that the distinguished Senator from Alabama has withdrawn his motion, because I think it is time for the members of the Banking and Currency Committee of the Senate to understand whether they are under suspicion or whether they are to be perpetually offended here by having measures which properly come under their jurisdiction referred to some committee that has nothing whatsoever to do with the merits of the proposition advanced.

Mr. HEFLIN. Mr. President, the Senator from Ohio [Mr. POMERENE] made reference to a single instance where a high interest rate was charged. I want the RECORD to show that I called attention here on Saturday to 227 instances, to 227 banks. That many were found in the report sent here by the Federal Reserve Board by a casual examination.

Mr. POMERENE. Mr. President, I think the Senator has unintentionally misstated my position. I referred to the very high rate that the Senator spoke of, namely, 87½ per cent.

Mr. HEFLIN. I got the impression that the Senator thought there were only one or two instances, and that he did not hear my remarks Saturday.

Mr. POMERENE. There was only one instance in which that high rate was charged.

Mr. HEFLIN. But there were a number of instances where 15 and 18 and 21 per cent and higher was charged.

Mr. POMERENE. I think the Senator is correct about that, and I think those rates are too high; but I think we would remedy this situation very much more quickly and very much more effectively if we would direct some of our efforts toward the legislatures of the several States, and get them to reduce their rates of interest where the banks in those States have been making these charges to their customers.

Mr. HEFLIN. There is a legal rate of interest in my State of 8 per cent; in some of the States the rate is 6 per cent, in some 7 per cent, and so on; but this progressive interest rate was applied by the regional bank under the direction and sanction of the Federal Reserve Board, with Governor Harding at its head, and these people were robbed under it.

Mr. GLASS. Mr. President——

The PRESIDING OFFICER (Mr. CURTIS in the chair). Does the Senator from Alabama yield to the Senator from Virginia?

Mr. HEFLIN. I yield to the Senator from Virginia.

Mr. GLASS. Of course, I think the Senator is mistaken in the assumption that the rates were applied under the direction of the Federal Reserve Board. The testimony of the Governor of the Federal Reserve Board before the Joint Commission of Agricultural Inquiry was that he did not know these rates had been applied until after they had been rescinded—that is, until after November, 1920.

If the Senator will permit a moment, however, responding to the suggestion of the Senator from Ohio about the outrageous nature of these particular rates, I agree that the progressive rate never should have been applied. I think a minimum flat rate and a maximum flat rate should have been applied, instead of a progressive rate; but with respect to this particular bank, where the rates on perhaps an inappreciable part of the volume of loans of that bank reached 87½ per cent, these are the facts: The law required that this bank keep a reserve, as I recall, of $9,600 with its Federal reserve bank as a basis for the loans that it might want to make. The bank, instead of keeping $9,600—I may not be precise as to the figures—at the Atlanta bank, kept $96 reserve; and it was because of this perpetual violation of the law, because for 11 out of 12 months of the year its reserve practically disappeared, that it was penalized to the extent that it was penalized. I desire, however, to call attention to this significant fact: The official report presented in this Chamber on day before yesterday showed that the average rate of interest on the total borrowings of that bank at the Atlanta Federal Reserve Bank did not exceed 8.05 per cent.

Mr. HEFLIN. Mr. President, this bank in my State was mistreated and beat to its knees, and there was no occasion for it. This bank survived even that 87½ per cent, which shows any fair-minded man that the application of that high, usurious, oppressive, and prohibitive rate was inexcusable and indefensible. There are hundreds of instances where they charged 15, 18, 20, 21 per cent, and even higher percentages, and all during that time they were charging in New York City, the gamblers of Wall Street 5 per cent, and never over 6 per cent.

I am fighting for a fair deal for the people of the United States. I ought not to be afraid to say what I think about the reprehensible and criminal conduct of those who conspired together to produce deflation. They are the enemies of my country. They did more in two years to produce Bolshevism and encourage socialism and anarchy than any other force in the Government has ever done. Those who desire to defend them, of course, are at liberty to do so. Let their constituents take notice; and I want to suggest to any Democrat who might be inclined to do such a thing that he had better let the Republicans defend their murderous deflation policy. I make that suggestion for what it is worth. My friend from Virginia [Mr. GLASS] says that "it is all right to get out on the stump and hurrah at this, that, and the other, but here, under our oaths, we ought to be very careful." Well, Mr. President, I fought these evils on the stump out on the hustings; I fight them here in this Chamber as best I can. There are Senators who only fight them on the hustings, and when we get here—ah—

As bees on flowers alighting cease their hum,
Some Senators elected soon grow dumb.

[Laughter.]

I have saddled the responsibility for this deflation where it belongs, upon Republican leaders and upon one who was on that board at the head of it, and who betrayed his party and became a Republican and supported the Republican ticket, according to the Washington Times. I have read from it time after time, and he has never denied it. He told Hon. Lee Long, of my State, a distinguished Democrat, and now a member of the Legislature of Alabama, that nationally he was a Republican.

The Senator from Virginia [Mr. GLASS] in his defense of this deadly deflation—and I want to say that this is not the first time the Senator has defended it, and it probably will not be the last time——

Mr. GLASS. Mr. President——

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

Mr. HEFLIN. I yield to the Senator.

Mr. GLASS. Of course, the Senator knows perfectly well that I have not defended any deflation. I have asserted and proved by authentic official figures that for the period of falling prices, from January 1, 1920, to January 1, 1921, there was no deflation but expansion.

Mr. HEFLIN. That was not the end of the deflation period. The end of deflation was not reached until several months had elapsed in 1921. During that period of deflation the currency was contracted to the extent of more than $1,000,000,000.

Mr. GLASS. That was the period that I discussed, Mr. President, and therefore the Senator has no right to identify me with any other period in anything that I have said.

Mr. HEFLIN. The Senator is defending the proposition.

Mr. GLASS. Defending what proposition?

Mr. HEFLIN. I said the progressive interest rate was applied only in the agricultural sections.

Mr. GLASS. Yes.

Mr. HEFLIN. And the Senator says it was applied nowhere except where it was asked for, intimating that the board had nothing to do with it.

Mr. GLASS. Well, does the Senator deny that proposition?

Mr. HEFLIN. Of course I do. I assert that Governor Welborn, of the Atlanta bank, came to Washington and went before the board on August 31, 1921, and asked that that bank be excused from this progressive interest rate, and that Governor Harding declined to let it be done. His visit here for that purpose is shown in the correspondence between Governor Welborn and John Skelton Williams. I printed it in the RECORD in July, 1922.

Mr. GLASS. Mr. President, if the Senator will permit an interruption, I do not undertake to say what happened. I only know what the record shows and what the Federal Reserve Board says; and the Federal Reserve Board says and the record of the testimony before the joint commission shows that Governor Welborn did not come to Washington and ask for anything of the sort. Governor Welborn informally inquired,

if the Atlanta bank should make the request, how the board would view it; and later the board proposed to discontinue the rate in the Atlanta district and put the interest rate on a flat 7 per cent basis, and the record shows that there were some members of the board who voted against that proposition, but not the governor of the board.

Mr. HEFLIN. Mr. President, I assert that Governor Welborn wrote a letter to John Skelton Williams in which he himself asserted that he had appeared before that board and asked to be excused from applying that progressive interest rate. It is in that correspondence. I stand on Governor Welborn's letter upon that subject. Governor Harding did not want to excuse that bank, and that provision was applied to banks in my State—a little national bank in north Alabama among the number. The president of that bank told me that they charged him 9 per cent to get money to supply his customers, and, of course, he had to charge something above that in order to take care of his business; and while that was being done Wall Street speculators and bond sharks were getting every dollar they needed at 5 per cent and 6 per cent.

I come back to my proposition. I assert again, and I challenge any Member of this body to disprove the assertion, that the progressive interest rate was not applied anywhere excepting in the district of the Atlanta bank, the Dallas bank, the Kansas City bank, and the St. Louis bank.

Mr. GLASS. Will the Senator say whether any other bank asked to have it applied? Those four banks initiated the rate.

Mr. HEFLIN. Oh, I do not know. I have nothng to do with that. It is immaterial here.

Mr. GLASS. But the Senator wants to be fair——

Mr. HEFLIN. I am going to be fair.

Mr. GLASS. And the Senator knows that under the law and under the policy of the system the Federal Reserve Board does not initiate rates. The regional reserve bank initiates rates. The Federal Reserve Board simply approves or disapproves.

Mr. HEFLIN. The Federal Reserve Board can suggest what ought to be done; and I submit that in the instance at Atlanta it seems that that was done, because Governor Welborn came up early in the game and asked that its cruel operation be taken off of his people, and the board would not let them do it. It does not make any difference who initiated it. If the bank initiated it and tried it out and then saw that it was hard on our people, destructive to their business, and wanted to get rid of it, and the board would not permit that to be done, the responsibility comes back to the board. That is my contention.

I have asserted heretofore, and I assert again, that nowhere in the East was that rate applied; nowhere in the North was it applied. It was applied nowhere except in the agricultural sections that I have mentioned.

Why was that done? I do not care whether any local bank intimidated by Governor Harding asked for it or not; if the Federal Reserve Board had been just and fair, it would not have permitted the rate to be applied to any section of the country. That is my position on that.

The Senator from Virginia comes now with his defense of the Federal Reserve Board. The Federal Reserve Board operated in such a way as to permit the bond sharks of New York to buy up bonds all over the South and West at $85, $82.50, and $80 on the hundred, and they made about $200,000,000 in the South in buying these bonds, and they bought them in the West along the same lines and made millions and hundreds of millions out of the cotton of the South in 1920. They made it out of grain, they made it out of cattle, and the people of the South and West were robbed. The board had the power to stop the operation of such a process, and the board did not do it. The board had the power to say to them, "You have got to give to legitimate business at least as small a rate as you give to the gamblers of Wall Street," but the board did not do it. The board had the right to say to them, "You have to accept these gilt-edged Liberty bonds, gold bonds, as security at the bank for loans of money to farmers trying to keep their produce from being sold below the cost of production," but the board did not do it.

Mr. GLASS. Mr. President——

Mr. HEFLIN. In a moment. The board had the right to say to those who were robbing the cattlemen of the West, "You shall not sacrifice the cattle industry upon the altar of greed," but the board did not do it. Now, I yield to the Senator.

Mr. GLASS. Surely the Senator knows perfectly well that so far from rejecting Liberty bonds as the basis of loans, the Federal Reserve Board differentiated in favor of Liberty bonds, and that whereas 6 and 7 per cent was charged on commercial discounts, a rate of 4¼, 4½, and 4¾ was charged on loans with Liberty bonds as a basis.

Mr. HEFLIN. The point I am making is that they did not loan money on bonds.

Mr. GLASS. The advantage was altogether in favor of the bonds, and yet the Senator arraigns the Federal Reserve Board for refusing to make loans on bonds, whereas they made loans on Liberty bonds at a preferential rate.

Mr. HEFLIN. I stand on the position that they did not make such loans in any appreciable amount. They made a handful, of course, to those who were their pets, those who were hugged to their bosom, those who shared the tips that were sent out in connection with this awful drive and collapse in prices. If any were able to borrow money in the agricultural sections on Liberty bonds, there were very few of them. I have not heard of a single farmer who did. I am talking about the hundreds and thousands who went to the banks and said as a last resort, "I will bring the Government bonds that I bought and stinted myself to buy and borrow on them." The local banker said, "We would like to accommodate you, but the Federal Reserve Board will not permit us to do it."

I rode on a train with a banker of Georgia who had been up to New York to the great American bankers' convention, where W. P. G. Harding's friends tried to get them to indorse him for governor of the Federal Reserve Board, and they would not do it. I got acquainted with him, and he said, "I indorse the fight you have been making on deflation. I want to tell you what happened to me. I had $18,000 worth of bonds, and I went to Atlanta and told them I wanted to get some money on them to take care of my customers, and they told me I could not get it. They said, 'Go sell your bonds.' I was forced to do so, and I lost $2,200 on the deal." Such as that is what happened among bankers in the South and West.

I know of a man in Eufaula, Ala., who tried to borrow a hundred dollars with a thousand-dollar bond as security and failed. Congressman Dent, who used to represent the capital district of my State, is my authority for that.

There are hundreds and thousands of instances where loans on Liberty bonds were refused. Fixing a rate for loans on bonds is one thing and actually making the loan is quite another. They did not make them in the agricultural sections.

Oh, Mr. President, the truth is they denied accommodations to the man and the woman who had Liberty bonds who were willing to put them up as collateral in order to hold back their produce from the ravenous wolves of Wall Street who were forcing them to sell and devouring their substance. The order from the Federal Reserve Board would not let the banks loan on those bonds. Then what happened? The owners were forced to sell them. Who bought them? The Wall Street bond sharks bought them at $85 on the hundred, at $82.50, and some of them at as low as $80 on the hundred. Just think of that, Senators.

The Senator from Virginia had better consult some other authority. He says, "The Federal Reserve Board said this" and "the Federal Reserve Board said that." Do you expect me to accept the statement of Governor Harding on anything pertaining to deflation? I will not do it. I have contradicted him with his own statements and impeached him a dozen times on this floor. Did he not tell the Senator from South Carolina [Mr. SMITH] that if he could get that progressive interest rate it never would be applied in agricultural sections? He did. Did he not tell him that he wanted it so he could apply it in New York City? He did. After he got it, did he apply it in New York? He did not. Did he apply it in the agricultural sections? He did. Did the governor of one of those banks, Governor Wellborn, come and ask to be excused from it? He did. Did Governor Harding grant his request? He did not. That is the record of this man, the head of that board at that time, and this is not the first time the Senator from Virginia has come to the board's defense and to his defense.

The crime of '73 pales into insignificance when compared with the deflation crime of 1920, the crime I am discussing to-day. I am trying to get that provision as to the progressive rediscount rate out of the law.

Mr. President, I have dotted with red pencil the little banks scattered through the South and West, just a few of them, where this progressive interest rate was applied—11 per cent, 12 per cent, 13 per cent, 14 per cent, 15 per cent, 16 per cent, 17 per cent, 18 per cent, and on up to 87½ per cent—as these little banks were pressed, as the farmers came in saying, "We are your customers. Here is our cotton. It is going down, down, down. It is now below the cost of production. Won't you help us?" The banker would say, "I will; my credit is good and my bank is sound," and he was borrowing money to help people whose business was being destroyed, but the Federal reserve bank said to him, "If you get more money to supply those people you will have to pay, under the progressive

interest rate, 15, 20, 30, 40, 50, 60, 87½ per cent." They made him do it, and that did not even break the little bank in my State. There never was such an atrocious crime under the sun. If the bank had failed, they might have said, "That shows it was in bad condition"; but the bank did not fail even with that millstone tied around its neck, and after Governor Harding knocking it in the head with a maul. It even survived that.

So, Mr. President, I fight here in the Senate for what I believe is right, and the things that I condemn here I condemn on the stump. I do not arraign the Republican Party on the hustings in any way that I will not arraign it here. This is the place to fight. This is the place to determine the bent of men's minds on great questions. This is the place to locate their leanings when the issue is clearly presented. This is the place to find out where their sympathies are. This is the place to find out whether the center of gravity in their nature is on the side of the people or on the side of the special interests. Men may seek to disguise it, but here we come to know them, for the Bible tells us that "by their fruits ye shall know them."

Mr. President, I want to close with this thought in the minds of Senators. I assert again that the Federal Reserve Board did not direct that the progressive interest rate be applied, did not permit it to be applied, anywhere except in the agricultural sections of the South and West.

I charge again that by the application of it there and by the refusal to make loans on cotton and grain and cattle there they slaughtered property values by the billion; they caused men to lose their homes; they caused their farms to be swept away under mortgage foreclosures; they drove women into the madhouses and their husbands to death with bullets through their brains. That is the crime I lay at the door of deflationists and those who defend them.

I am no respecter of persons when it comes to that, Mr. President. The United States must know, from center to circumference, that this crime was inspired, that a conspiracy was back of it; must know how it operated; must know who brought it about; must know exactly how it was done, so that public opinion, rising out of every nook and corner in this Republic, will come so strong that this national crime will never be committed again.

Oh, my God, if we can fix the law so that the Federal Reserve Board—I do not care whether composed of Democrats or Republicans—will not have the power to murder business and send some men and women to the insane asylums and others into their graves. I want to see to it, and I am going to fight until we put an amendment into the law, I do not care how many Republican defenders may appear to defend or even if one lone Democrat comes to the rescue when Republican deflation is assailed. I want some Republican, like the Senator from Connecticut, who introduced that provision himself and had it put into the law, to defend Republican deflation, born under the leadership of Republicans out of Wall Street connections, carried out by Governor Harding, a Republican, promised in the Republican platform of 1920, promised in the President's acceptance speech, applied ruthlessly and mercilessly while the Republican Congress sat in control at the Capitol, and never a protesting voice raised by a single Republican leader against it. That is the record. Let the record speak for itself.

Oh, Mr. President, those are the facts as I have submitted them. I now ask for a vote on the motion which was made by the Senator from Connecticut to refer this bill to the Banking and Currency Committee, with my amendment instructing them to report the bill back to the Senate in five days.

Mr. LODGE. We are entitled to a separate vote on the instruction in the nature of an amendment. I shall ask for a separate vote.

Mr. GLASS. Mr. President, I do not propose to delay matters 30 seconds. I dislike to break in rudely upon this vehement flood tide of eloquence, but I simply want to call attention in a word to a fact which answers it all.

The State of Alabama is within the jurisdiction of the Federal reserve bank at Atlanta, and in the official data, Appendix A, presented in the Senate on Saturday last, it will be noted that member bank collateral notes secured by Liberty bonds or Victory notes actually owned by the borrowing bank on April 1, 1920, or by Treasury certificates actually owned, were subject to only normal discount rates.

It will be further seen that on June 14, 1920, after approval by the Federal Reserve Board, the Atlanta Federal reserve bank made an order that paper drawn for strictly agricultural production, up to 100 per cent of the member banks' capital and surplus, was excepted entirely from the application of the progressive rate.

Mr. HEFLIN. The point I am making is that they did not make the loans. I do not care what kind of an order their records may now show that they issued then. My contention is that they would not loan on Liberty bonds and that they quit loaning on cotton and called loans to the great hurt and injury of the cotton farmers.

Mr. McLEAN. Mr. President, I dislike to continue this discussion, but the statement of the Senator from Alabama is utterly unwarranted by the facts.

When I discussed the resolution I called attention to the fact that at the time the act amending section 14 was passed it was passed at the request of the Federal Reserve Board, which was composed of Democrats. The Senator denied it and insisted that Mr. Platt, of New York, was a member of the board and that Mr. Miller, a member of the board, were Republicans. Mr. Platt was a Member of Congress at the time and the other gentleman, Mr. Miller, everybody knows was a Wilson Republican of the deepest dye.

Mr. HEFLIN. A Wilson Republican? A Wilson Republican may show signs of a change of heart, but he is still a Republican.

Mr. McLEAN. My statement was absolutely correct. I dislike to be compelled to rise in my seat and dispute statements of the Senator from Alabama, but I can not let the occasion go by without calling attention to the facts.

Mr. HEFLIN. The board was supposed to be composed of three Democrats and two Republicans, but Governor Harding was a Republican and supported the Republican ticket in 1920.

Mr. McLEAN. Mr. Harding was a Democrat from Alabama. If he had the good sense to change his views later on, I commend him for it.

Mr. HEFLIN. So does Wall Street commend him.

Mr. McLEAN. He was appointed by Wilson as a Democrat. The Senator knows his statement is contrary to the record and contrary to the facts, and if he insists upon reiterating it, then, whenever I am here, I shall have to avail myself of the opportunity to call the attention of the Senate to the truth about the matter.

Mr. HEFLIN. My statements are true, and I challenge the Senator now to disprove my assertion that there were Republicans on the Federal Reserve Board at that time.

The VICE PRESIDENT. The hour of 2 o'clock having arrived, the Chair lays before the Senate the unfinished business, which will be stated.

The READING CLERK. A bill (H. R. 12817) to amend and supplement the merchant act, 1920, and for other purposes.

Mr. HARRISON. Mr. President, in view of the fact that everyone thought we were going to take up the calendar this morning and that nothing has been done with the calendar during the morning hour, will not the Senator from Washington [Mr. JONES] and the Senator from Wisconsin [Mr. LENROOT] allow us to have the next two hours to proceed with the call of the calendar?

Mr. McLEAN. I think there is no objection to our coming to a vote at once on the matter which has been under discussion. I do not think the Senator from Alabama himself will object to that. I only think it is due the Committee on Banking and Currency that the question should be decided. If it is in order that we can have a separate vote on the motion, and if it is necessary to ask unanimous consent, I ask that the vote be taken first on the amendment proposed by the Senator from Alabama.

Mr. HEFLIN. I would have to make a point of order against a separation of the proposition, because it is not in accordance with the rule, as I understand it, to do that. I made the motion to refer the bill to the committee, and I suggested an instruction that the committee should act within five days.

The VICE PRESIDENT. Perhaps the Chair had better read the record:

The PRESIDING OFFICER. The question is upon the motion of the Senator from Massachusetts to lay the motion of the Senator from Alabama on the table.

Mr. LODGE. I withdrew that motion at the suggestion of the Senator from Virginia [Mr. GLASS]. I have no desire to cut off debate; but I wish a direct vote.

The PRESIDING OFFICER. The question is upon the motion of the Senator from Alabama.

Mr. HEFLIN. I withdraw my motion for the present.

Mr. LODGE. A motion can not be withdrawn "for the present." It is either withdrawn or not withdrawn.

Mr. HEFLIN. I withdraw it; and if the Senator from Connecticut [Mr. McLEAN] wants to move that the bill be referred to the Committee on Banking and Currency, I shall ask the Senate to instruct that committee to report it out, one way or the other, within five days.

The PRESIDING OFFICER. The Senator from Alabama withdraws his motion to refer Senate bill 4427 to the Committee on Agriculture and Forestry. Without objection, the bill will be referred to the Committee on Banking and Currency in accordance with the rule.

Mr. HEFLIN. I move that the Committee on Banking and Currency be instructed to report the bill out within five days.

The PRESIDING OFFICER. The Senator from Alabama moves that the Committee on Banking and Currency be instructed to report the bill referred to it back to the Senate within five days. The question is on the motion of the Senator from Alabama.

Mr. HEFLIN. What the Chair has read is correct.

The VICE PRESIDENT. The Chair understands that is the question which was pending when the Chair laid before the Senate the unfinished business.

Mr. GLASS. According to the RECORD, the bill has already been referred to the Committee on Banking and Currency.

Mr. HEFLIN. And the motion is to instruct the committee to report back the bill within five days.

Mr. LODGE. The Chair made the announcement that the bill would be referred to the Committee on Banking and Currency, but of course the instructions were offered at once, and therefore the motion was not decided as to referring it. The motion is to be treated as having been vacated just as it would be by an objection. Of course, it is always done by unanimous consent. In any event the motion to instruct is a separate proposition, whether under the construction of the Chair or under my construction, and on that proposition I ask for the yeas and nays.

Mr. HARRISON. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state the inquiry.

Mr. HARRISON. The Senator from Virginia [Mr. GLASS], I understood, was under the impression that, no objection having been made to the reference of the bill to the Committee on Banking and Currency, the Chair did refer it to the Committee on Banking and Currency. I submit that when the question was put by the Chair, that without objection the bill would be referred to the Committee on Banking and Currency, and the Senator from Alabama immediately stated, "I move that the Committee on Banking and Currency be instructed to report back within five days," that was tantamount to an objection, and the question now before the Senate is merely the amendment upon the part of the Senator from Alabama to the motion made by the Senator from Connecticut.

The motion of the Senator from Connecticut being to refer it to the Committee on Banking and Currency, the Senator from Alabama proposes to amend the motion to refer it to the committee by instructing the committee to report the bill back within five days. The first question is on the amendment of the Senator from Alabama to the motion of the Senator from Connecticut to instruct the committee to report the bill back within five days.

Mr. LODGE. Mr. President, I agree with the Senator's view.

Mr. JONES of Washington. Mr. President, I want to make a parliamentary inquiry.

Mr. LODGE. I was engaged in making a parliamentary inquiry. May I be permitted to complete it?

Mr. JONES of Washington. I want to know what has become of the unfinished business.

Mr. LODGE. It was laid before the Senate at 2 o'clock.

The VICE PRESIDENT. The Chair laid the unfinished business before the Senate at 2 o'clock.

Mr. LODGE. I quite agree with the parliamentary position as stated by the Senator from Mississippi, but for practical purposes it makes no difference whether it is considered as an amendment or a separate proposition. In either case the matter of instruction is a separate proposition. If the Senator from Alabama is ready to allow us to vote on the matter——

Mr. HEFLIN. I am ready to take a vote. The question is upon my motion, as the Chair announced it.

Mr. LODGE. It is just the same.

Mr. FLETCHER. Had we better not have the unfinished business laid aside?

Mr. HEFLIN. I ask unanimous consent that the unfinished business be laid aside temporarily for the purpose of voting on this proposition.

Mr. JONES of Washington. With the understanding that we proceed without any further delay to vote, I shall not object to that, but I shall not consent if it is going to take up more time.

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered. The question is on the motion of the Senator from Alabama.

Mr. HEFLIN. On that question I ask for the yeas and nays.

The yeas and nays were ordered.

Mr. MOSES. Mr. President, I suggest he abesence of a quorum.

The VICE PRESIDENT. The Secretary will call the roll for the ascertainment of a quorum.

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

Ashurst	Capper	Ernst	Glass
Ball	Colt	Fernald	Gooding
Borah	Couzens	Fletcher	Hale
Brookhart	Culberson	Frelinghuysen	Harreld
Bursum	Curtis	George	Harris
Cameron	Dillingham	Gerry	Harrison
Heflin	McCumber	Oddie	Stanfield
Johnson	McKellar	Overman	Sterling
Jones, Wash.	McKinley	Page	Sutherland
Kellogg	McLean	Pepper	Townsend
Kendrick	McNary	Phipps	Trammell
King	Moses	Poindexter	Underwood
Ladd	Nelson	Pomerene	Wadsworth
La Follette	New	Ransdell	Walsh, Mass.
Lenroot	Nicholson	Reed, Pa.	Walsh, Mont.
Lodge	Norbeck	Shortridge	Warren
McCormick	Norris	Smoot	Watson

Mr. UNDERWOOD. I wish to repeat my announcement that the junior Senator from Texas [Mr. SHEPPARD] is absent on account of illness.

The VICE PRESIDENT. Sixty-eight Senators having answered to their names, a quorum is present. The question is on the motion of the Senator from Alabama [Mr. HEFLIN] that the Committee on Banking and Currency be instructed to report the bill back to the Senate within five days. On this question the yeas and nays have been ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. HARRIS (when his name was called). I transfer my pair with the junior Senator from New York [Mr. CALDER] to the senior Senator from Nevada [Mr. PITTMAN] and vote "yea."

Mr. HARRISON (when his name was called). I transfer my general pair with the junior Senator from West Virginia [Mr. ELKINS] to the junior Senator from Texas [Mr. SHEPPARD] and vote "yea."

Mr. MOSES (when his name was called). I have a general pair with the junior Senator from Louisiana [Mr. BROUSSARD]. I transfer that pair to the senior Senator from Maryland [Mr. FRANCE] and vote "nay."

Mr. PHIPPS (when his name was called). I have a pair with the junior Senator from South Carolina [Mr. DIAL]. I transfer that pair to the senior Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

Mr. POMERENE (when his name was called). I have a temporary general pair with my colleague, the junior Senator from Ohio [Mr. WILLIS], who is detained because of serious illness in his family. I understand if he were present, my colleague would vote as I intend to vote. Therefore I feel free to vote. I vote "nay."

Mr. STERLING (when his name was called). I transfer my pair with the Senator from South Carolina [Mr. SMITH] to the Senator from Iowa [Mr. CUMMINS] and vote "nay."

The roll call was concluded.

Mr. FERNALD (after having voted in the negative). I inquire if the senior Senator from New Mexico [Mr. JONES] has voted?

The VICE PRESIDENT. He has not.

Mr. FERNALD. I have a pair with that Senator, which I transfer to the junior Senator from Missouri [Mr. SPENCER] and allow my vote to stand.

Mr. ERNST (after having voted in the negative). I transfer my pair with the senior Senator from Kentucky [Mr. STANLEY] to the junior Senator from Ohio [Mr. WILLIS] and let my vote stand.

Mr. HALE (after having voted in the negative). I inquire if the senior Senator from Tennessee [Mr. SHIELDS] has voted?

The VICE PRESIDENT. He has not.

Mr. HALE. I have a general pair with that Senator, and, being unable to secure a transfer, withdraw my vote.

Mr. KELLOGG (after having voted in the negative). I transfer my pair with the Senator from North Carolina [Mr. SIMMONS] to the Senator from New Hampshire [Mr. KEYES] and allow my vote to stand.

Mr. JONES of Washington (after having voted in the negative). I understand the senior Senator from Virginia [Mr. SWANSON] has not voted. He is necessarily absent, and I promised to take care of him during his absence. I am not able to secure a transfer, and therefore I withdraw my vote.

Mr. WATSON (after having voted in the negative). I have a general pair with the senior Senator from Mississippi [Mr. WILLIAMS]. He is absent, and I am unable to obtain a transfer. I therefore withdraw my vote.

Mr. SUTHERLAND (after having voted in the negative). I find that my pair, the Senator from Arkansas [Mr. ROBINSON], is not present. As I can not obtain a transfer of that pair, I withdraw my vote.

Mr. CURTIS. I was requested to announce that the Senator from New Jersey [Mr. EDGE] is paired with the Senator from Oklahoma [Mr. OWEN].

Mr. McKINLEY (after having voted in the negative). I have a pair with the junior Senator from Arkansas [Mr. CARAWAY], who, I understand, has not voted. I transfer that pair

to the junior Senator from Maryland [Mr. WELLER] and allow my vote to stand.

The result was announced—yeas 21, nays 42, as follows:

YEAS—21.

Ashurst	George	Kendrick	Trammell
Borah	Gerry	Ladd	Underwood
Brookhart	Harris	La Follette	Walsh, Mont.
Capper	Harrison	McKellar	
Culberson	Heflin	Overman	
Fletcher	Johnson	Ransdell	

NAYS—42.

Ball	Gooding	Moses	Reed, Pa.
Bursum	Harreld	Nelson	Shortridge
Cameron	Kellogg	New	Smoot
Colt	King	Nicholson	Stanfield
Couzens	Lenroot	Norbeck	Sterling
Curtis	Lodge	Oddie	Townsend
Dillingham	McCormick	Page	Wadsworth
Ernst	McCumber	Pepper	Walsh, Mass.
Fernald	McKinley	Phipps	Warren
Frelinghuysen	McLean	Poindexter	
Glass	McNary	Pomerene	

NOT VOTING—33.

Bayard	France	Pittman	Sutherland
Brandegee	Hale	Reed, Mo.	Swanson
Broussard	Hitchcock	Robinson	Watson
Calder	Jones, N. Mex.	Sheppard	Weller
Caraway	Jones, Wash.	Shields	Williams
Cummins	Keyes	Simmons	Willis
Dial	Myers	Smith	
Edge	Norris	Spencer	
Elkins	Owen	Stanley	

So Mr. HEFLIN's motion to instruct the Committee on Banking and Currency was rejected.

The VICE PRESIDENT. The bill introduced by the Senator from Alabama [Mr. HEFLIN] is referred to the Committee on Banking and Currency.

RURAL CREDIT FACILITIES.

Mr. LENROOT. I ask unanimous consent that Senate bill 4287 be laid before the Senate and proceeded with.

Mr. JONES of Washington. I ask unanimous consent that the unfinished business may be temporarily laid aside for that purpose.

The VICE PRESIDENT. Without objection, the request of the Senator from Washington is agreed to.

If there be no objection, the request of the Senator from Wisconsin [Mr. LENROOT] is agreed to, and the Chair lays before the Senate the bill named by him.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States; to amend the Federal farm loan act; to amend the Federal reserve act; and for other purposes.

Mr. HEFLIN. Mr. President, I send to the desk an amendment to the so-called farm credits bill which I desire may be pending.

The VICE PRESIDENT. The amendment will be received, printed, and lie on the table.

The amendment of the Senator from Tennessee [Mr. MCKELLAR], which is pending, will be stated.

The READING CLERK. It is proposed to add to the bill, on page 18, after line 22, a new section, as follows:

SEC. 12. That section 13 of the Federal reserve act, as amended, be further amended by adding after the words "being eligible for discount" and before the words "but such definition shall not include," the words: "And the notes, drafts, and bills of exchange of factors making advances exclusively to producers of staple agricultural products in their raw state shall be eligible for such discount."

Mr. LENROOT. Mr. President, I desire to submit a request for unanimous consent. The pending bill has now been before the Senate for three full days. The subject matter of the bill was discussed for nearly a week in the consideration of the so-called Capper bill. It is very desirable, if this bill is to get through Congress at this session, that it be sent over to the House of Representatives as soon as is consistent with reasonable consideration here. I do not wish to force consideration, but it seems to me that if we spend the next three days upon the bill we ought to dispose of it by Wednesday next. I therefore wish to submit a request for unanimous consent that at 4 o'clock on next Wednesday debate upon the bill and amendments thereto shall cease.

Mr. KING. Mr. President, let me suggest to the Senator from Wisconsin that he withdraw that request until the conclusion of the debate to-day. I think by 5 o'clock this afternoon we shall be able to know a little better what we should do.

Mr. LENROOT. I am willing to do that, except I wish to say, in order to give Senators ample notice, that if we can not come to an agreement I shall ask the Senate, if the bill is not disposed of by Wednesday afternoon, to sit in evening session until it shall be disposed of.

Mr. KING. I think during the afternoon, perhaps, some agreement in reference to the matter may be reached.

Mr. ASHURST. Mr. President, we have several times during this session by unanimous consent fixed a day upon which we should vote on bills without further debate, and I am in entire agreement with that course of procedure; but my experience here has convinced me that it is unwise at a particular hour to prevent further discussion.

The pending bill is an important measure; I think it should pass and will pass; but I believe that we ought not in the future to enter into agreements affecting important bills that debate shall cease at a particular time. I hope when the Senator from Wisconsin this afternoon asks for a unanimous-consent agreement for a vote that he will merely request that after the hour of 4 o'clock or 5 o'clock on Wednesday or Thursday, as the case may be, no Senator thereafter shall speak for more than three minutes on any one amendment. Some Senators suggest that the time be limited to five minutes. I believe that we have legislated in some instances ill-advisedly by depriving ourselves of the privilege of explaining an amendment. I should be perfectly glad and happy to see the Senator from Wisconsin ask for unanimous consent that at a certain hour all debate be limited to three minutes.

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

Mr. ASHURST. Certainly.

Mr. LENROOT. I think there is very much force to what the Senator says; and when the matter comes up again I shall be very glad to modify my request so that beginning, say, at 1 o'clock on Wednesday the debate shall be limited to five minutes upon the bill.

Mr. ASHURST. The Senator is very generous to increase it to five minutes. I think that is a better rule than to tie ourselves down so that the proposer of an amendment—and frequently the amendments are worthy and have merit—has not opportunity to discuss it. We vote in the dark just after hearing amendments read at the desk; so I am very happy that the Senator will do that.

Mr. NORBECK obtained the floor.

Mr. BROOKHART. Mr. President——

Mr. NORBECK. I yield to the Senator from Iowa.

Mr. BROOKHART. With reference to this proposed unanimous-consent agreement, I have an important amendment to this bill involving cooperative banking which I wish to present to the Senate, and I understand that it will receive some consideration. I think the time suggested here for consideration of the bill is entirely too short.

Mr. CURTIS. Mr. President, it is impossible to hear the Senator.

Mr. BROOKHART. While the unanimous-consent agreement is not asked at this time, I want to say to the Senator that I think the time he has proposed is entirely too short. Nobody has any disposition to defeat this bill or to filibuster against it in any way; but it occurs to me that the Senator's proposition is more an effort to get the ship-subsidy bill back under consideration than it is to bring this bill to a final hearing. I assure the Senator that we will get to a final vote on this bill, but we certainly want time to consider this farming proposition on its merits.

Mr. LENROOT. Mr. President, in reply to the Senator from Iowa I will say that this bill has been before the Senate for three days, and up to this time, outside of two speeches, there has been, I think, no real discussion of the bill, but the time has been taken up upon other matters.

Mr. BROOKHART. I want to reply to the Senator that this bill affects directly 7,000,000 farmers and their families, with a capital investment of around $80,000,000,000 and with a yearly production, even in these hard times, of eight or ten billion dollars; and yet the Senator seems to suggest that three days' consideration of a proposition involving an industry of that magnitude and that many people is reasonable consideration. I think not. I think it deserves more than that. There is not anything before the Senate that is so important.

Mr. LENROOT. The Senator is, of course, at liberty to object; but now, Mr. President, I want to test the Senator from Iowa. I am going to make a unanimous-consent request now. I ask unanimous consent that while this bill is pending before the Senate debate in the Senate be confined to the subject matter of the bill.

The VICE PRESIDENT. Is there objection?

Mr. COUZENS. Yes; I object.

Mr. KING. Mr. President, in the absence of Senators who may desire to submit some remarks upon other subjects, I think the Senator ought not to submit that request at this time.

Mr. LENROOT. My reason for making the request is because I am so anxious to have the real merits of this matter debated.

Mr. HEFLIN. Mr. President, I suggest to the Senator that he try a 10-minute limitation on debate.

Mr. FLETCHER. That is not the request now.

Mr. LENROOT. No; I was asking unanimous consent that while the bill is pending debate be confined to the subject matter of the bill.

Mr. FLETCHER. I object to the request.

The VICE PRESIDENT. The Chair understands that there is objection. The Senator from South Dakota is recognized.

Mr. NORBECK. Mr. President, I am glad the Senate has decided not to take hasty action in this matter of farm-credit legislation. We have not gone into that matter fully yet. I had a private talk with a few Senators who do not know that the plan under consideration proposes to start up a $60,000,000 department or corporation, you might say, without a board of directors, attaching it to another department with another board of directors, which department says it will not carry out the provisions of this bill as expressed by the author if it is turned over to it.

We are told here that the farmer needs a three-year credit.

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

Mr. NORBECK. Yes, sir.

Mr. LENROOT. Does the Senator state that the Farm Loan Board say that they would not carry out the provisions of this law if it should be turned over to them?

Mr. NORBECK. I want to say that exactly, and I am going to do differently than the Senator from Wisconsin did the other day. When he opened his argument on this bill, he requested that he be not interrupted. I am making no such request. I want Senators to feel free to interrupt me at any time.

Mr. LENROOT. The Senator will remember that the Senator from Wisconsin stated that he made that request only when he was outlining the general terms of the bill, and stated that when he came to discuss the details of the bill he would welcome interruption, and he did.

Mr. NORBECK. I did not so understand the Senator, and I know that the Chair protected him many times from interruption. Yes; I want to say that Commissioner Lobdell, who will have charge of the administration of this proposed law under its terms, says that he does not believe in long-time loans. It is in the record of the hearings, which I will refer to later, that if the execution of the law is turned over to him he will not favor a single loan of over nine months, while we are holding up before the farmers a three-year intermediate credit plan. I will get to that later, however. That is not the only objection to the bill. I think if there is any one thing that the country expects of this Congress now it is fair play and good faith and earnestness. Let us deal with the question of agricultural credits seriously and fairly.

There is no occasion for me to enlarge on the necessity of a better farm-credit system. The Senator from Wisconsin has brought that out very clearly. The Secretary of Agriculture has been before the committee and reminds us that for 30 or 40 years there has been a real demand on the part of the farmers for some legislation along this line. Mr. Wallace also stated that a reduction in one-half of 1 per cent of the interest rate would be equivalent to a 20 per cent freight reduction.

We all know that the banking system of the country is not well adapted to the needs of agriculture. In fact, it has not met the requirements of general business until the passage of the Federal reserve act. But, as has been said on the best authority, the Federal reserve act tried to accommodate that business particularly which had quick turnovers. The framers of the bill seriously considered fixing a shorter time than three months when the bill was being drafted, but finally decided upon three months for commercial paper and six months for agricultural paper. But, as the Senator from Wisconsin has so well said, the farmer can not make a turnover in six months. He must have a longer period. He says: "We need credit for from nine months to three years." I agree absolutely to that. There is one of the weaknesses of the American system. While we would not exchange it for any other banking system in the world, yet its weaknesses must be recognized and changes must be made to meet conditions.

The fact was brought out in the hearings of the Banking and Currency Committee that the farmer in the Canadian Northwest borrows his money cheaper than does the Dakota farmer on this side of the line, although Canadian capital is drawn in no small degree from this country.

The Canadian branch-banking system seems to have one advantage. It makes banking and investment capital in that country almost equally available to each section.

One of the difficulties of our system is that our farmers, as we all know, are so largely dependent upon the local bank of deposit. Often this bank is a small concern. Its deposits are limited to the earnings and savings of the community, and often entirely out of proportion to the demands made upon it, especially in years of deflation or poor crops.

The country expects Congress to provide a facility for making some of the surplus funds in money centers available to the farmer at a reasonable rate of interest without the payment of usurious commissions.

The Senator from Wyoming [Mr. KENDRICK] related to the committee a very impressive incident occurring out in Wyoming about one of the best farmers there being compelled to sell his live-stock herd, not because his paper was poor but rather because it was very good. Banks in distress have to collect. Necessarily they do not attempt to collect poor risks; that is no use. Too often they put the best man in the community out of business. The savings of a lifetime are swept away. This is a condition we want to get away from.

I do not want to speak in criticism of the investigating committee that has dealt with this particular economic question—the Committee on Agricultural Inquiry. I feel they are entitled to great credit for undertaking to work out a solution of the problem. I believe they have worked earnestly and honestly with the right purpose in mind, and I feel that it is very appropriate that any legislation resulting from this investigation should bear the name of the Senator from Wisconsin. He has devoted more time to it than any other Senator, but, Mr. President, it is a big problem and the committee did not have time to consider it properly.

It took Members of Congress two years to perfect the draft of the Federal reserve act. Several amendments have since been added. The Joint Committee of Agricultural Inquiry seems to have overlooked the fact that the temporary requirements were being taken care of by the War Finance Corporation and that any plan proposed was virtually a substitution for this work. What did they propose? They first presented a bill providing for a capital of $12,000,000, this to take the place of an agency of the Government that was operating with $512,000,000 capital—$500,000,000 of original capital and the earnings that had accumulated in the meantime—and still this committee proposed seriously and pleaded earnestly that we practically accept that as the substitute.

I am glad to say that even the members of the committee that drafted this bill—Republicans and Democrats alike—have long ago abandoned that idea. I hold it not against them that they proposed the plan, which was doubtless intended to be a forward step. It is hard for Senators, who have worked faithfully on a measure, to come forward and admit that it fails to accomplish the desired purpose, but several of the members of the committees that have handled this proposed legislation have risen to the occasion. If all the Members who served on the three different committees would frankly admit we are wrestling with a big problem, and that it has not been solved any too well, we would be in a fair way to find the solution and agree upon it. Pride of authorship must not stand in the way. Our leaders should not insist on forcing through Congress a bill of doubtful value and possibly serious consequences. We should be willing to look the facts squarely in the face. If we do that, there is no danger of serious mistake.

It is well to keep in mind that the Senator from Wisconsin has given two splendid reasons for the enactment of intermediate farm credit legislation. First, make available for the farmers loans for a longer period; second, make available for agriculture some additional funds to be secured by the Government from the available investment capital of the country.

But, to my mind, there are two other reasons that should not be overlooked. One is to make some provision for the more gradual liquidation of the loans made by the War Finance Corporation, so that, in collecting, the farmer is not caused unnecessary hardship. We can also feel certain that the right kind of Government intermediate credit plan will tend to bring down interest rates on personal or chattel loans, just as certainly as would the Federal farm-loan system tend to bring down interest on farm mortgages.

Many bills have been presented. None may be perfect, but some are at least drawn along sound lines and are workable.

It was my privilege to introduce the bill proposed by the Farmers' Educational and Cooperative Union. This bill, as I have said, was modeled somewhat after the War Finance Corporation plan. It provides for a separate administrative board to be selected for this very purpose, men well qualified and in sympathy with the work. It provides for a capital of $200,000,000 with power to sell debentures to secure additional

funds. The capital is large enough so it will accompish its purpose. There need be no delay in getting started, as it provides for taking over a going concern, but to convert it to a permanent agency of the Government dedicated to the purpose of providing a suitable credit plan for the American farmer, supplementary to the Federal reserve plan and the Federal farm-loan plan, neither one of which adequately meets the situation. It permits and contemplates the establishment of branches or agencies in each of the States where there is a sufficient demand. It permits and suggests cooperation with the States. In other words, it provides a practical plan without unnecessary red tape.

The Farmers' Educational and Cooperative Union is one of the largest farm organizations in America and its suggestion should at least have been given fair consideration by the different committees having charge of credit plans during this session of Congress.

Later, the special committee of the farm bloc requested Mr. Herbert Myrick, of Springfield, Mass., to draft an intermediate farm credit bill. Mr. Myrick has been a lifelong student of farm economics, and his advice has been valuable in the drafting of the Federal farm loan act and other legislation important to agriculture. He is at present director of the Federal Farm Loan Bank of Springfield, Mass., and is also the publisher of several conservative farm journals. Frankly, it looked to me as though Mr. Myrick's bill suggested practical elements for solving this problem. This bill provided for adequate capital, for an agency in each agricultural State. The bill was so drafted as to bring the States into the support of the system. The cooperative features were well worked out. I was disappointed, indeed, when I found that this splendid measure had so few supporters in Congress—that it could not be brought out for proper discussion and consideration. It may not be acceptable in all respects. There may be room for changes in it; but let me say these matters have not yet been considered.

I have no desire to criticize the Federal reserve bank system. Its creation was a forward step, but I do not believe that even with the amendments now pending it will be able at all to meet the demands of agriculture. We are certain of one thing, and that is its failure was admitted by Congress a year and a half ago, when it passed the legislation rehabilitating the War Finance Corporation.

The credit extensions resulting therefrom saved hundreds of banks from failure and thousands of farmers from bankruptcy. While it did not provide much additional credit, it caused banks to stop forced collections when they could secure loans through this agency. More time was given for liquidation. Forced marketing of farm products, which each day brought lower prices, came to an end. Orderly marketing was restored. Prices immediately showed an upward tendency.

We were taught a real lesson as to the effect of reasonable credit extensions. Had smaller credit extensions been made or a slower process adopted, the effect on the market might not have been perceptible. This is one reason I am fearful of voting for any measure that will result in a reduction of credit to agriculture now being made by the War Finance Corporation. The question of additional credits to the farmer is not really as important as to guard against sudden and violent contractions. He is not in position to meet unexpected demands at this time.

It is not only important that the capital provided be adequate, but it is of equal, if not more, importance that the organization or machinery set up be more workable than that provided in the bill now pending before this body. My objections are fairly well set out in the conclusions of my minority report, as follows:

In view of—

(a) The uncertainty of expert witnesses who appeared before the committee as to the workability of this bill;

(b) The lack of capital provided to meet the need of the agriculturist;

(c) The cumbersome method proposed in moving funds from one Federal land bank district to another;

(d) The uncertainty of successful administration when handled as a side line by Federal farm loan banks, which are inexperienced in this line of work and without facilities for handling same;

(e) The failure to place the administration of this proposed legislation in the hands of the War Finance Corporation, which has already demonstrated its ability to successfully functon under the provisions of existing law, or in the hands of some separate agency;

(f) The danger that the offering for sale of farm loan debentures (by 12 different district banks) will adversely affect the market for Federal farm loan bonds; and

(g) The unscientific character of the bill in general—

It is my opinion that this proposed legislation is too experimental in its nature to be of practical benefit as intended, and same is not sufficient in scope to adequately meet the present situation.

Mr. FLETCHER. Mr. President, I would be very glad to have the Senator elaborate somewhat on the suggestion that the putting into operation of this system would adversely affect the sale of farm loan bonds. Will the Senator please point out in what way that would result?

Mr. NORBECK. I will point that out a little later through the statements of the expert witnesses who came before the committee. They called attention to the danger of that; and I think Mr. Leffingwell, formerly Assistant Secretary of the Treasury, was one of them. I think Mr. Lobdell was very specific in saying in substance, "I do not want the job of selling these debentures if you are going to authorize debentures under the Capper bill also," and the Senate has already done that.

Any credit plan has two main parts: First, get the money; and, second, loan it safely and discreetly. Therefore, there are two questions before us. First how can we best get the funds? Second, how can we best distribute them where they are really needed? Is not that all there is to it? If we keep those two thoughts in mind we can work toward the solution of this question and forget any bills that may be pending. Mr. President, let it be remembered that I am not here saying that any of these farm-credit bills should be adopted in toto, and I may add that the Lenroot bill has been decidedly improved in the various stages through which it has gone in the last few months.

The bills before us may be divided into two classes. In the matter of getting the money, some of them propose a central board with a central fund. No one will say you can not get the money by following the plan of the War Finance Corporation.

The Lenroot plan does not provide for any central fund, but on the other hand provides for setting up a new department in connection with each of the 12 different land banks and letting each one go out and get the funds the best it can. It may work or it may not. I find that who I consider were the expert witnesses before the committee were very much in doubt as to whether the funds could be secured in this matter.

I was taken severely to task the other day by my friend, the Senator from Wisconsin. He did not mean it in any unkind way, but he took me to task for stating in the minority report that none of the witnesses before the committee believed that we could secure the necessary funds in the way he suggested. I had in mind Mr. Meyer, an able financier; I had in mind Mr. Leffingwell, to whom I have previously referred; I had in mind Governor Platt, of the Federal Reserve Board; I had in mind the Secretary of the Treasury, Mr. Mellon; but the Senator caught me in a mistake. I had made an error. I had overlooked the fact that the Senator from Wisconsin did testify before the committee that we could, and I beg his pardon.

His reference to the fact that I had not read the report was true. But I did not read it because I was present and heard the Senator make his statement, as the record will show.

The Lenroot bill, briefly, proposes that each land bank shall be provided with $5,000,000 as capital for personal-credit purposes and borrow what they can with that as security. I made the further mistake of saying that this capital could not be loaned. I based that on a careful reading of the bill. It seemed ambiguous to me, so I examined the committee report, which I understood was drafted by my friend the Senator, and I thought that would clear the matter up; but, as the Senator said the other day, the explanation is that there is a mistake in the report; so I may be excused for that error.

One of my criticisms of this bill is that there is no regard given to the needs of the different sections of the country. There is an abundance of banking funds and investment capital in the United States, if it were well distributed. Everybody admits that. Foreign governments can come here and sell almost all the bonds they like, and the money goes out. Therefore, the thing we are aiming at is to get this investment capital nearer to the farmer. But the presumption of this bill is that the need is the same in each district; that the need is the same in Springfield, Mass., as it is in Omaha, Nebr., and that it is the same in Berkeley, Calif., as it is in a southern land-bank district. The experience of the country shows the opposite to be true. It does not take a banker to know that you must get money from the money centers. But, by this bill we propose to establish farm-credit banks in the money centers and give them exactly the same capital and exactly the same chance as have those in the sections where there is really demand for the money. What will be the result? The upshot will be that some bank will fail to function for lack of demand; others will fail to function because they can not supply one-fourth of the needs of the district. In other words, lack of mobility is one of the criticisms of the plan of the bill, and it grows out of the fact that you have not a central board clothed with authority to mobilize the resources of all the banks.

The Special Committee of Agricultural Inquiry commend most highly the mobility possible under the Federal reserve bank act, where the central board has authority to order the district banks to come to the relief of each other. I regret that the same committee that recommended this feature so highly in the Federal reserve act omitted it from the intermediate farm-credit plan. Under the pending bill, it is purely voluntary with the district land banks as to whether they will assist each other. It could hardly be expected that one bank would borrow on its own credit to assist some other far-away bank.

This matter was called to the attention of Mr. Hoover, the Secretary of Commerce, who is in favor of this bill. He was before the Banking Committee to help in expediting the bill, and when his attention was called to this weakness of the plan, he said—page 381 of the hearings: "My impression is it might as well be made obligatory and pool the whole lot. That is my feeling about it. Inasmuch as they have to take the joint responsibility for these notes they might as well pool these resources." He was a friendly witness, a witness trying to help in perfecting needed legislation; but his suggestion was not followed.

One of the questions to be decided is how large a capital is required for this purpose. The difference of opinion is much smaller than when the proponents of this bill suggested that a total of $12,000,000 would be sufficient. By various steps this has been increased to $60,000,000. If we continue to give some consideration to the merits of this question we will by slow but easy stages arrive at the conclusion that about $200,000,000 should be the minimum. We know fairly well what is needed. We have the experience of the War Finance Corporation. Let us not pass an act that is restrictive in its nature. It would be unfortunate indeed if the enactment of this bill should result in the farm loan banks undertaking to do the work now performed by the War Finance Corporation. I have no authority to speak for the corporation, but the rumor has been about that they feel the passage of the Lenroot bill will relieve them of this burden. The intent of Congress could easily be so interpreted.

The first result of the passage of this bill may simply be a restriction of agricultural credit instead of a provision for additional funds.

Mr. KING. Will the Senator permit an inquiry?

Mr. NORBECK. Certainly.

Mr. KING. I inquire of the Senator whether, in his view, as we return, happily, I hope, to a condition of normalcy, the demand for these credits will be as great as they were at the period which seemed to demand the re-creation of the War Finance Corporation? I invite the Senator's attention to the coming year and the year following, with the slight improvement which we are witnessing in our commercial and industrial life, with a view to asking him the question whether he believes that it is essential to maintain such a large fund as $500,000,000, as it is now, with the War Finance Corporation for the purpose of extending credits to the farmers and to the stock growers, in view of the facilities which are afforded to the large banking interests of the United States, with their assets of practically $40,000,000,000, and with the fact, which is obvious to those who are familiar with the situation, that in many of the banking districts to-day they can not find persons or corporations to borrow their money, which is piling up in the treasuries.

Mr. NORBECK. In answer to that I will state that the bill I have introduced does not provide for a capital of $500,000,000; it provides for a capital of only $200,000,000. But speaking further on the matter, I will state that I do not claim to be able to foresee what emergencies might arise. If the Federal reserve bank had not been able to stand a much greater strain than even its proponents thought it would meet, it would not have stood up; and if we provide credit facilities for the farmers, let us take the same measure of safety as when we provide for commerce and industry. Therefore give them the benefit of the doubt.

Mr. KING. Mr. President, will the Senator yield for another question?

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Does the Senator from South Dakota yield to the Senator from Utah?

Mr. NORBECK. I yield.

Mr. KING. I agree entirely with the Senator that all facilities should be afforded for agriculture and the live-stock industry to obtain legitimate and proper credit. I invite the Senator's attention to the fact that with the amendments which are being offered, and doubtless will prevail, to the Federal reserve law the opportunities to extend credit to agriculture through the Federal reserve system will be greatly enlarged. Undoubtedly, if we make eligible for rediscount agricultural paper for a period of nine months, there will be millions and tens of millions of dollars loaned to agriculture by the Federal reserve banks which in the past have been denied.

Does the Senator take that into account in considering now the character of legislation which we offer in the creation of an independent organization? In my opinion, the Federal reserve banks will covet the paper of agriculturists. With six and nine months' limit, with the competition which the pending bill would create, and with the competition that is going on throughout the country to-day, there would be a desire upon the part of the Federal reserve banks, in my opinion, to extend credit to the farmers and they would not hesitate to take good agricultural paper from any part of the United States. I direct the Senator's attention to that fact, hoping that he will amplify it in his discussion of the needs of agriculture and the need for the particular legislation now before us.

Mr. NORBECK. The Senator may remember that I was a supporter of the amendment to the Federal reserve act giving the farmer's paper nine months' time. I know it can not be harmful; I believe it would be helpful. To what extent it would be helpful it is impossible to foretell.

The fact was brought out forcibly by some witnesses before the Committee on Banking and Currency, men who were experts in their line, men who have made a life study of the question of finance, that many sections of the country have banking facilities which are inadequate; that even though the money were available the local banks dare not borrow, they dare not underwrite, they dare not involve themselves. That is especially true of nine months' paper. They know the farmers can not make their turnover in time to take care of the paper, but the psychology is bad because, while it is easy to say to the farmer, "The Federal reserve bank can take care of you; they will take care of you; we can prove it to you," yet they invariably make answer and say, "Yes; but they did not." If we go to the banker and say, "The Federal reserve bank will take care of you, they are able to do it, they have the funds available to do it," the banker replies, "Yes; but they did not take care of us." In other words, you may go to them and say, "We will renew in nine months, and it really means three years' time," but they are not sure what it does mean. They are afraid it may mean nine months, and they know the farmer can not make the turnover in nine months.

Mr. CARAWAY. Mr. President, may I interrupt the Senator?

Mr. NORBECK. Certainly.

Mr. CARAWAY. What always happens, if the farmer is not able to pay at the expiration of the shortest period mentioned, is that the bank at once grows uneasy and presses for payment, so that very fact tends to bring on a local panic so far as the farmer is concerned. Is not that the fact?

Mr. NORBECK. The Senator is entirely right.

The plan proposed for raising money is, as I have stated before, for the district land banks to borrow by the sale of debentures. The question is, Will those debentures sell? Are they always readily salable? The Senator from Wisconsin assures us that we can take the $60,000,000 of capital and multiply it by 10 and have $600,000,000. That is easy, but we know that men who have money are often finicky or, we think, unreasonable, when we try to borrow from them, but they insist on applying their own judgment in the matter. Sometimes it is difficult to tell in advance how they may view the thing. The Committee on Banking and Currency tried to ascertain that, and the question was asked of witnesses who appeared before them.

I want to refer to Commissioner Lobdell's testimony. I look upon Judge Lobdell, head of the Farm Loan Board, as one of the most capable and most experienced and careful men. He has had long banking experience in a Western State. His experience is very unusual. I would value his judgment highly as to what he thinks about it.

The Senator from Wisconsin quoted from the testimony as an expression of Commissioner Lobdell, as follows:

> The Lenroot bill, speaking broadly, is well worked out and proposes a practical and workable plan of meeting the situation.

That statement, isolated from all the testimony of the witness, leaves an entirely erroneous impression.

First, it must be kept in mind that Commissioner Lobdell is not speaking of a three-year plan of loans; in fact, he suggested that under his supervision nine months would be the limit, and suggested further that debentures of less than six months be permitted. He said, in fact (page 249 of the hearings):

> I was going to say that if the administration were intrusted to the present Farm Loan Board, I would not make a chattel loan to anybody for more than nine months under any circumstances.

I say this not in criticism of Judge Lobdell, but he is not much in favor of the plan. His experience and training are such as lead him to take the other viewpoint. He thinks there is not much value in it.

In fairness to Commissioner Lobdell I quote from the record, page 218:

The CHAIRMAN. Do you think these debentures would be salable?

Mr. LOBDELL. I understand a much more eminent authority than I on this question dodged it a day or two ago. No, sir; I do not.

This is a case where the Senator from Wisconsin insists that "No, sir" means "Yes, sir." I fail to understand it in that way.

Then, again, Judge Lobdell continued:

Not because they (these debentures) are all unsound, but because they lodge between the desires of two types of investors. I may be pardoned, for I know something about the debenture market. I have sold $600,000 of them. There are two distinct types of investors—the short-time investor and the bank of quick turnover, and the permanent investor—and the three-year investment is too short for him and it is too long for anybody else.

On page 248 he stated that his remarks as to the unsalability of debentures "should be confined to the three-year debenture." He thinks the six months' debenture would be salable, but what good is a six months' debenture for agricultural needs?

In view of the uncertainty of securing funds, I suggest that the passage of the bill at this time would probably prove to be a real disappointment. When we revived the War Finance Corporation a year and a half ago we took no such chances. We provided an abundant fund to be paid from the Treasury, and also provided for the sale of debentures, if needed.

Commissioner Lobdell also called attention to the fact that the debentures provided under the Capper bill might adversely affect the market for debentures provided under the Lenroot bill. I quote him verbatim:

If the two measures were passed and the task contemplated in the Lenroot bill were assigned to the Farm Loan Board, I would want the debenture issue suggested in the Capper bill eliminated.

They were not eliminated.

There is room for difference of opinion as to how much funds should be taken out of the Treasury for this purpose. Some Senators contend that it is all wrong. If so, we were all guilty when we rehabilitated the War Finance Corporation a year and a half ago. Is it possible that such a capable financier as Eugene Meyer, jr., advocated and worked out a poor plan? No, Mr. President; I think he took the only course that was certain to be successful. Theoretically, we should not go to the Treasury for this purpose, except so far as it is necessary. When it comes to actual practice we find that it amounts to about the same thing, whether the Treasury borrows the money or it is borrowed by the agencies proposed in the pending bill.

Where do the funds in the Treasury come from? Mostly from the sale of Government securities, do they not? Then, no matter which of the suggested bills becomes a law, we provide funds for the farm-credit system by pledging the Government's credit. The Treasury can borrow by the sale of certificates or bonds. Funds may be borrowed by the Farm Loan Board in practically the same manner by selling its bonds. The one practical difference may be that in this case a higher rate of interest must be paid.

Mr. KING. Am I to understand that the Senator from South Dakota believes in a banking system which is founded upon a permanent furnishing of capital by the Government of the United States, or does the Senator not believe that where the Government furnishes the capital, as we did in the case of the War Finance Corporation, it ought to be by reason of some exigency, and that we ought to approximate as nearly as we may the supply of credit for commercial and agricultural and other purposes by the utilization of the large fund of private capital which the Senator confesses exists in the United States? It would seem to me that there are conditions that would justify the taxing of the people in order to furnish money for the establishment of a bank for the purpose of extending credit to agriculture and to other activities of our country, but, generally speaking, does not the Senator think that the best and the soundest banking system is one which rests upon private capital, the introduction through the machinery provided by the Government into the avenues of trade and commerce of the actual savings of the people of the United States?

Mr. NORBECK. Mr. President, the theory of the Senator is quite accurate. We should not do any more than is necessary, and I submit that even under the proposed Lenroot bill that is exactly what is proposed to be done.

Mr. KING. I concede that.

Mr. NORBECK. We might go further and speculate whether it is a kind of subsidy, as has been charged. We may also ask whether the relief for the railroads is a subsidy, and whether the proposed subsidy for the shipping industry is all wrong. We might inquire whether the subsidies to the manufacturers under the tariff bill are wrong. We may go into it endlessly. But I wish to make the statement that if this does look a little like subsidy I would not shy at it, for the farmer has the short end and we should not be so concerned about which theory we apply for his relief.

Mr. STERLING. But, Mr. President, if the Senator from South Dakota will yield to me, as I understand my colleague, it is his position that the exigency exists now?

Mr. NORBECK. Yes, certainly; exactly so.

Mr. CARAWAY. Mr. President, may I interrupt the Senator from South Dakota?

Mr. NORBECK. Yes; certainly.

Mr. CARAWAY. When we put unlimited credit back of commercial enterprises and speculations, it seems to be entirely legitimate, does it not? Nobody falls out with one about that. When every kind of paper is subject to discount, and the Government with its unlimited gold reserve circulates hundreds of millions of dollars of Federal reserve notes, that is all right. The trouble, however, comes when it is desired to extend aid to the worst oppressed class of people; then it is feared that we may be taxing somebody in order to aid the farmer, is it not?

Mr. NORBECK. The Senator from Arkansas is right as to that.

The reasons given by the proponents of the pending bill for attaching its administration to another department and running it as a side line to the farm loan banks, are two: First, to avoid delay; second, to avoid expense. Which would cause more delay, start up new departments in connection with the land banks, or take the War Finance Corporation, already a great and successful concern, as proposed in the other bills? It is my opinion that the Lenroot plan would involve the greater delay. The element of time, however, is not so important when we consider that a bill providing for an extension of the life of the War Finance Corporation has already passed the Senate and is quite certain of becoming a law. There is plenty of time in which to set up the agency that will perform the best service. Therefore, the question resolves itself into one of expense only.

I would certainly be pleased to bring about economy, but this is the first time we have ever known of a business starting with a large capital where it was felt that it could not afford to have its own board of directors and to pay them for giving supervision to the $60,000,000 business. Really, I am fearful this kind of economy will lower efficiency and lead to losses.

The larger farm organizations of the country have expressed themselves in favor of a distinctly separate agency with its own board of directors. Why not heed the expression of the farm organizations in this matter?

I realize that we can get into endless argument here as to who indorses or approves this bill. The other day the Senator from Wisconsin [Mr. LENROOT] read a strong indorsement of his bill from the Washington representative of the National Grange. This statement said in substance: "I have examined all the proposed bills up to date and yours is the best." The date was not given by the Senator, but it appears in the RECORD. The date that letter was written was one month before I introduced the farmers' union bill. That date was before the Simmons bill was introduced. That date was before the Myrick bill was introduced. I believe the representative of the grange had good reasons for writing as he did at that time.

Mr. President, I would have joined him in such an indorsement at that time. The RECORD also shows that some cooperative marketing organizations met here and indorsed this bill. They possibly felt that it was adequate. One of their representatives before the Banking and Currency Committee put great stress upon the fact that the farmer would soon be able to secure his funds through ordinary banking channels by the assistance of the Federal reserve bank. The Senator also read an indorsement from some cattle organization in far-away Texas, to whom the pending bill seems entirely satisfactory. These people will properly operate largely under the so-called Capper live stock bill, anyway. However, I have no doubt that a good many farmers and farm organizations will look with favor upon any farm-credit legislation proposed, especially if they are given to understand that this is the best that can be secured from an unwilling Congress.

Let us be fair with the RECORD. I telephoned the grange office the other day. The chief representative was not in the office, but his assistant informed me that they had indorsed the Lenroot bill, because it seemed to them they must accept this or get nothing. Why should they not indorse it under such circumstances?

The able Senator from Wisconsin informed this body that the Farm Bureau Federation favored his bill with certain

changes. That is true; it favored it "with certain changes." What are the changes? The changes are mainly the changes that I am contending for here.

I have here a letter from the American Farm Bureau Federation at Washington, written on January 17, from which I shall read only a few lines:

With the intermediate credits subject now before the Senate we wish to urge upon the Members the importance of earnest consideration and passage of a measure which will, by its terms, authorize and provide a workable system for the use of the American farmer. To be so, we believe it must be administered by a separate board and so constituted that it will function freely in supplying the farmers' needs.

In other words, Mr. President, they are asking for a separate administrative board, an abundant fund, and a mobile plan—that is what they are contending for. This is not an indorsement of the Lenroot bill; it is an indorsement of my position. As we all know, the Farm Bureau Federation is one of the largest organizations in America.

Put the question squarely to any of the larger and conservative farm organizations, "Do you want the Lenroot bill?" and they will reply, "Yes; we will take a half loaf rather than none." If, however, they are asked, "Do you favor this bill in preference to other bills?" they will reply, "That is another question; we have never said that we did."

The farmers of the country are pleading with you that the administration of this plan be placed with a separate board—a board that is in sympathy with the work; a board that believes in the theory of the bill; a board that desires to provide credit for the farmer along the same line as the Senator from Wisconsin advocates, namely, loans of from nine months to three years.

Let us not enact another fake such as the postal savings bank law. If we do, it will not serve an important purpose. I am not criticizing Commissioner Lobdell for saying that he would not make any loans longer than nine months. I know this view is shared quite generally by bankers, who prefer short-time paper. The bankers always argue that the possibility of renewals is sufficient protection for the farmers, but the Senator from Wisconsin insists that we should provide a credit system especially adapted to the farmers' needs—slow turnovers of from nine months to three years. If we are to do that, let us place the operation of the system in the hands of men who view the matter in the same way as does the Senator from Wisconsin. The administrators of the fund must believe in the purpose of the law.

Several of the experts who appeared before the committee called attention to the fact that the Farm Loan Board was not equipped to handle the matter of personal credits or chattel loans. They thought it required a different kind of personnel—men trained along different lines. I have often heard the suggestion about the Senate that it was quite logical to even put this class of farm loans under the management of the Farm Loan Board. But we overlook the fact that under the proposed law it is not intended to make a single loan to farmers. This bill does not provide for farmers' produce credit at all, except through the banks. It proposes to deal with the banker, who in turn will lend the money to the farmer. If that is to be the only plan followed, we will find the district offices badly located; they should be as nearly as possible in the Federal reserve bank cities.

The Federal reserve bank is in close touch with the bankers of the country. Up-to-date information can be secured. But would it not be better to also establish an agency in each of the States where the business to be done would justify it? This had been suggested by Mr. Myrick, and Commissioner Lobdell suggested permissive authority be granted to establish branches in the States.

Mr. President, the history of this legislation is as follows:

First, the Joint Committee of Agricultural Inquiry wrestled with the problem, as I have said. I believe they worked conscientiously to find a solution, and they made a start. They found there was great need of an intermediate credit system for the relief of agriculture. They worked out a bill. The measure was crude, it is true—but nevertheless it was a beginning. They presented it to the farm bloc for indorsement, but the members of the bloc called attention to the utter inadequacy of same. The result was that a motion was carried to refer this bill, together with other rural credit bills, to a special committee to be appointed by the chairman of the bloc, and he to act as chairman of the committee. The instructions were to draft a new measure embodying the best features of each bill. There was a delay of many months, and finally the committee reported the Lenroot bill, with certain changes, to the farm bloc. For the first time I learned that the special committee had given no consideration to any other measure. Of course they found it difficult to harmonize the best features of each bill, because the two plans proposed are radically different. The bloc twice refused to approve the Lenroot bill with the suggested changes.

Members who served on the committee have stated both publicly and privately that they regret the necessity of supporting the Lenroot bill. A leading member of the committee said: "I am frank to say it is my third choice. I favored the Simmons bill first, the Norbeck bill second, and the Lenroot bill third, but I understand the administration has decided which bill we must have, and I do not want to stand in the way of farmers' legislation.

We have heard the statement made that the administration would be against any other credit bill. I have, however, investigated for myself, and I am fully satisfied that there is nothing to that statement. I believe it has been circulated for the purpose of discouraging the consideration of other measures. The administration has not expressed a preference as to the different measures. The administration is simply on record as favoring some substantial and practical farm-credit legislation. But under a misconception as to the attitude of the administration a great many Senators are committed to his bill.

The bill was brought before the farm bloc for consideration on two different occasions, and each time failed to get its indorsement.

The Committee on Banking and Currency held hearings for two weeks. Close attention was given to this bill, also the Capper live stock bill. But, Mr. President, the committee did not go into the question from the standpoint of credit for the farmer. It absolutely ignored other bills before them. They took it up entirely from the standpoint of trying to perfect the bills above referred to, apparently selected in advance. We could not get an hour's consideration of any other farmers' credit bill before the committee, although the farmers' union bill was introduced by me in April, last year, and has never been considered by the committee.

Possibly the best solution of this whole question is to refer the matter back to the committee for further consideration. This bill must be radically changed to accomplish its purpose or one of the other bills substituted in place of same.

Mr. STERLING. Mr. President, did not the Committee on Banking and Currency consider the Norbeck bill in connection with the Lenroot bill and other bills?

Mr. NORBECK. There was not an hour's consideration of any bill except the Capper bill and the Lenroot bill. My bill was read hastily to the committee; objections were raised to two or three little things in it, which I offered to change. I have changed them and have reintroduced the bill.

Speaking on this bill the other day, the Senator from Wisconsin referred to the minority report and declared:

The farmers do not want charity.

No; certainly they do not want charity. Nobody has proposed any charity for them. It is not fair to charge them with seeking charity because they insist on credit legislation adapted to their needs. Was the rehabilitation of the War Finance Corporation an act of charity? I heard no one say so at the time. How can it be charity to suggest now that a permanent, workable plan of sufficient scope be enacted into law? I insist, Mr. President, that this charity reference has no place in the discussion of this question.

We overlook the fact that during the period of inflation all prices went high except that of wheat. This was actually reduced below market prices by Government order and held down. The loss to the people of my State was probably $100,000,000. Now our attention is called to the fact that the War Finance Corporation has made loans to South Dakota people to the amount of about $15,000,000, or less than one-sixth of the money that was taken away from the farmers by Government wheat control. Is any Senator going to insist that these loans are an act of charity?

One would think from the debate here that the farmers were seeking to borrow large additional sums of money. This is not true. The farmer is asking, first, that the Government assist him in a fair way to secure a better proportionate price for his products. His dollar is worth only 68 cents as compared to pre-war levels, because nearly everything that he buys carries a high price.

This bill ignores the fact that the loans in the Omaha district were about $50,000,000. It proposes to set up a department or bureau with $5,000,000 capital for the Omaha district. It is entirely too small and out of proportion to that provided for other districts.

Mr. President, criticism has been made on this floor of the suggestion in the minority report "that some provision be

made in rural-credit legislation whereby farmers, who are financially responsible, can conveniently associate themselves into groups for the purpose of securing loans for the individual upon the indorsement of the group." The Senator from Wisconsin inquires who is going to pay for the operation of such a system. He asks: "Is it the farmer?" The question requires a frank answer. I would say: "Most certainly it is the farmer." He is not asking that we lend him money at less than cost. I will admit that most of the loans will be made through banks, and that there will seldom be demand for credit extended to a farmer group. But the provision shoud be in the law so that it is available. The highest authorities on banking matters have stated at the hearings before the committee that in certain sections the banks were unable to extend credit further. There must be a pretty definite relation between the bank's capital and the amount of business that it does. Banks in such communities might be not only willing but pleased to help the farmer form these temporary organizations for the purpose of securing the loans. All I am asking is that you provide the plan. Occasionally we find bankers who are unwilling to extend reasonable credit even when the funds are available. There were banks in my State who refused to take money from the War Finance Corporation, because the margin of interest was lower than what they customarily charged. They were afraid that making some loans at less than 10 per cent would tend to injure their business in the future, and they did not have sufficient funds available to even provide credit when a farmer was willing to pay 10 per cent.

These are only exceptional cases, but they are real. We should, if possible, protect the farmer against this kind of a condition. It can only be done by providing a method of doing business direct with the Government. Even though the method be rather slow, cumbersome, and expensive, it will at least be a way out. When the farmer finds the banker unwilling to extend reasonable credit on good security, he can say to Mr. Banker, "If you can not accommodate me, I will get the money in another way," and you may be certain that the banker will do his best to hold his customer. A plan like this, I believe, would prove to be a very helpful thing and would cause no expense to the Government and would not work unfairly to any person.

I also call your attention to the fact that Mr. Leffingwell said he thought it would be unwise to unload on the Federal Farm Loan Board—an organization created for making loans on real-estate mortgages, which is a relatively simple operation—the business of supervising a farm-credit bank.

This bill in its present form does not have the indorsement of the experts who were asked to come and advise with the Committee on Banking and Currency on this legislation. Some thought the bill unnecessary, in view of the extension of the War Finance Corporation. Some favored the bill, but suggested important changes to make it workable. The Secretary of the Treasury called attention to the necessity of reorganizing the farm-loan system if a line of personal credit was to be added.

Why give the farmer an unworkable plan? Why provide inadequate capital? Why put the administration of the act in the hands of people who are unfriendly and who will not carry out the purpose of the act as interpreted by the author of the bill?

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

Mr. NORBECK. Yes, sir.

Mr. LENROOT. For information, I should like to know if the Senator can tell us what bill the farm bloc did indorse. I do not happen to be a member of it, and I am asking for information.

Mr. NORBECK. I want to say that the only motions that were ever made in the farm bloc to indorse any bill were to indorse the Lenroot bill, and the motions did not prevail.

Mr. President, I deplore the way in which this matter has been handled. I do not agree with those who say that we must take this bill because we can not get anything better. I believe that if this matter had been pressed in the beginning of this Congress, or a little earlier, if it had not been delayed so long, we would now have a satisfactory bill enacted. We have provided legislation for the protection of every interest. The farmer's credit legislation comes last. We can hardly argue with you now; we can only plead with you.

Mr. LENROOT. Mr. President, will the Senator yield right there?

Mr. NORBECK. Yes, sir.

Mr. LENROOT. Is not the Senator aware that this bill has been delayed for nearly a year at the request of the members of the farm bloc, because it was represented that the farm bloc wished to get together and agree upon some measure, and for that reason alone I did not press the measure for something like a year?

Mr. NORBECK. Mr. President, that question should be addressed to the committee who had the bill in charge during those months. Several members of it are present. I will not attempt to speak for them. They tell me that they have been at work on the bill; but, anyway, we are getting in at the late end of the session. We are getting in after every other interest has been taken care of.

Mr. LENROOT. Again I wish to assure the Senator from South Dakota, if that be true, that it is the fault of the farm bloc, not the fault of anybody else.

Mr. NORBECK. I want to remind the Senator again that I did not have the pleasure of serving on the committee of the farm bloc that handled that matter. I know that the Senator from Wisconsin did not, either, but he was in close touch with them, and they finally brought out his bill with a few changes.

Mr. BROOKHART. Mr. President——

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

Mr. NORBECK. I do.

Mr. BROOKHART. I want to suggest in reference to that matter that the proceedings of this whole session have been directed toward another purpose. There have been proposals of night sessions, 11 o'clock sessions, recesses, and all that, for the purpose of promoting a little enterprise known as a certain shipping bill, involving the interests of only a few people; but no fair, reasonable chance has been given to consider farm legislation on its merits at all since I have been here. Nobody in the farm bloc that I know of is trying to delay this legislation. They are all trying to boost it. They all wanted to get it before the Senate and give it full consideration, and after doing that and getting out an inadequate bill like this, they want to dispose of it in three days and get back to the shipping bill.

Mr. STERLING. Mr. President——

The PRESIDING OFFICER. Does the Senator from South Dakota yield to his colleague?

Mr. NORBECK. I do.

Mr. STERLING. I do not like to, and yet I feel that I ought to challenge a little the statement of the Senator from Iowa in regard to the shipping bill having interfered with other legislation, because I remember the announcement of the Senator who had in charge the shipping bill that as soon as an agricultural credits bill was reported he would lay aside the shipping bill or ask unanimous consent that it be temporarily laid aside, and it has been laid aside from time to time for the consideration of other bills and has not occupied a moment of the Senate's time, except the time in which the Senator asked to lay the shipping bill aside.

Mr. NORRIS. Mr. President, may I interrupt the Senator there?

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

Mr. NORBECK. Yes, sir.

Mr. NORRIS. I should like to add what I believe to be a proper correction to the statement of the senior Senator from South Dakota [Mr. STERLING] when he says that the shipping bill was laid aside voluntarily. The shipping bill was not laid aside voluntarily for any agricultural credit legislation that came from the Agricultural Committee, but only for legislation that came from the Banking and Currency Committee.

Mr. STERLING. Well, it was agricultural credit legislation for which the bill was laid aside. I do not think the Senator from Washington [Mr. JONES], who had in charge the shipping bill, distinguished between the bills that might be reported from the Committee on Agriculture and Forestry and those that might be reported from the Committee on Banking and Currency.

Mr. NORRIS. Oh, yes; there was not any laying aside of anything that came from the Committee on Agriculture and Forestry for the farmer. It had to come from the Banking and Currency Committee in order to enjoy that blessed privilege.

Mr. STERLING. So far as that is concerned, we all agreed that it was agricultural credit legislation, from whatever committee reported

Mr FLETCHER. Mr President——

The PRESIDING OFFICER Has the Senator from South Dakota yielded the floor?

Mr. NORBECK. Yes; I am all through, Mr. President.

Mr. FLETCHER. I merely wish to suggest that that does not interfere with the comment of the Senator from Iowa that the disposition is to hurry through the consideration of these bills in order to get back to the ship subsidy bill.

During the delivery of Mr. NORBECK's speech,

Mr. LENROOT. Will the Senator yield to me for a moment?

Mr. NORBECK. Certainly.

Mr. LENROOT. I ask unanimous consent that when the Senate concludes its business to-day it recess until 11 o'clock to-morrow.

Mr. McKELLAR. I ask the Senator to make it 12 o'clock. It is very difficult for Senators to get here by 11 o'clock, and we lose about 20 minutes in securing a quorum. When we meet at 11 it keeps the Senators away from their outside business. I shall certainly try in every way I can to expedite the bill under consideration. I am very much in favor of it, and I want to see it become a law as soon as possible. I hope the Senator will make it 12 instead of 11. All of us have duties to attend to in the forenoon.

Mr. LENROOT. If the Senator will use his good offices with Senators on the other side to see that there is no lack of a quorum if we meet at 12, I will accede to his request.

Mr. McKELLAR. I assure my friend that I shall do all I can in that direction.

Mr. LENROOT. Very well; I ask unanimous consent that when the Senate concludes its business to-day it recess until 12 o'clock to-morrow.

The PRESIDING OFFICER (Mr. FRELINGHUYSEN in the chair). Is there objection? The Chair hears none, and it is so ordered.

Mr. LENROOT. Mr. President, I merely raise this question because of the intimation of the Senator from South Dakota, made in the utmost good faith, that somebody—he did not say who—was responsible for this agricultural credit bill being brought in at this late date. I would like to have the record straight. This bill was introduced by me more than a year ago. I secured very promptly the appointment of a subcommittee of the Committee on Banking and Currency. On March 10, 1922, almost a year ago, I appeared before that subcommittee and argued in favor of the passage of this bill. At the request of members of the farm bloc I did not press the bill, because it was represented to me that the farm bloc were discussing the whole question of farm credit legislation and would like to have the Committee on Banking and Currency take no action until they were ready to make some report. I acceded to that, and, in view of that fact, I do not think it is quite fair to apply any criticism to me or to the Committee on Banking and Currency when, if there be anyone responsible for the delay in this credit legislation, it is the farm bloc itself; and I am not criticizing them.

Mr. NORBECK. Mr. President, in answer to that let me say that I am a member of the farm bloc and of the Banking and Currency Committee, and I have never heard of any such request passing back and forth. I want to say, further, that I am not charging any delay on the part of the able Senator from Wisconsin. As I said in the beginning, I think he has worked conscientiously and did the best he could; but wherever the responsibility, we find that we have passed legislation desired by nearly every other industry of the country, reducing the taxes of the rich, providing a tariff for the manufacturers, and giving relief to the railroads, but we do not know if we have any real support for a practical farmers' credit bill. I am simply making the point that whoever is responsible, it is poor strategy that we should be compelled at the eleventh hour to beg for this farm relief legislation.

Mr. McCORMICK. Mr. President, wherever the responsibility may lie for the initiation of measures for the relief of agriculture, or for delay in their consideration, the now pending Lenroot-Anderson bill and the Norbeck bill reported to-day, when together they have become one law, will constitute the third measure enacted by this Congress seeking to afford credit and relief to the agricultural and live-stock interests of the country.

The bill thus contrived ought to pass. Doubtless it will pass. The farmer and the stockman were the first to suffer and have been the last to recover from the liquidation in prices and credits which followed the post-war inflation. The relief made available under the several measures will improve the farmer's position as a merchant. He will not be driven, as he has been driven in the past, to sell at sacrificial prices; that is, to make a loss on his year's labor, whereas if he had been able to wait for the market he might have made cost or profit. Herein lies the true merit of the Capper bill, the Lenroot-Anderson bill, and the Norbeck bill. It was in affording such relief that the War Finance Corporation and Eugene Meyer rendered so notable a service to the farmers and to the whole people.

The situation of the great majority of the farmers and stockmen of this country, which we hope to improve by the recently passed and pending measures, is notably better than it was last summer and last fall. Corn, which sold in the autumn of 1921 at 20 cents at country elevator points, is now selling at 50 to 60 cents. Wool, which sold at 15 to 18 cents on the western ranges in September, 1921, is now selling at about 35 cents. The farm price of hogs in December ranged from $6 to $6.50 a hundred; it is now from $7.50 to $8. Lambs, which were difficult to sell at $3 to $5, are now selling at $10 to $12. Beef cattle, which sold as low as $4.62 a hundred in December, 1921, are now bringing from $5.50 to $6. Sheep, which sold in November, 1921, at $3.84 a hundred, are now bringing $6 and $7.

The three measures, to which I have referred, considered as a group, are calculated chiefly to make available to the farmer in a degree hitherto unknown, the intermediate credits referred to by the junior Senator from Wisconsin in his opening address. There has been a great need for funds which could not be secured by short-time paper, and to secure which it was neither practical nor useful to make real-estate mortgages. I am confident that with such changes as experience may advise, we shall hold to the principles embodied in the Capper Act and the Lenroot-Anderson bill, now before us. I am not so certain about the results which we may expect from the Norbeck bill. It contemplates the granting of credits to Europe, or, shall I say, it contemplates the discovery or establishment of credits hitherto hidden or unavailable. If the power conferred upon the War Finance Corporation under its terms were to be exercised by anyone less experienced, less able, less prudent, less tried, than the present director of the corporation, we might hesitate to accept the amendment. But considering the great importance of exports to the improvement of farm prices in America, considering the careful terms of the Norbeck bill and the personal capacity and experience of the director of the War Finance Corporation, I am clear that it would be a mistake not to add the Norbeck bill to the Lenroot-Anderson bill.

We do not want to leave anything undone which in good sense and in good faith we may do further to improve the economic condition of the farmer, who, after all, offers to the American manufacturer his greatest market, and thus assures to the American worker his wage. Nevertheless, Mr. President, in doing all that we can do at this time we should not convey the impression that agricultural prices are wholly determined by conditions which these bills can affect. Before long we shall have to press for a further reduction in the freight rates on agricultural staples, and a little later we shall have to meet the great and serious problem of providing adequate water transportation from the Great Lakes to the seaboard.

In the meantime the markets of Europe are dominated by factors largely beyond our control or influence. No one will gainsay that this was true during the war, when the allied armies and the civil populations of the allied States were supplied with vast unprecedented quantities of manufactures and foodstuffs, first, on the credit of the allied governments, and later on the credit of the Government of the United States. Shipments of breadstuffs from America to Europe multiplied manyfold, with a consequent increase in acreage and increased cost of production. We could not continue, but, nevertheless, Mr. President, the exports of farm products to Europe in quantity and in value continues very large.

Europe is buying much, very much more of our farm products than before the war. I invite your comparison of the exports of beef, pork, corn, and wheat for the years 1913 and 1922:

Comparison of exports of beef, pork, corn, and wheat for the years 1913 and 1922.

	Quantity.	Value.
1913.		
Beef and beef products.....pounds..	36,193,757	$3,865,277
Pork and pork products.....do....	445,346,777	58,980,870
Corn and corn products.....bushels..	46,922,991	27,852,487
Wheat and wheat products.....do....	154,759,995	151,964,282
1922.		
Beef and beef products.....pounds..	32,685,932	$3,677,318
Pork and pork products.....do....	699,618,284	118,840,352
Corn and corn products.....bushels..	166,130,737	117,211,878
Wheat and wheat products.....do....	232,302,391	291,821,259

Confessedly, Europe to-day needs breadstuffs—more breadstuffs than she can buy. She needs half a billion dollars' worth of American wheat and corn. But her economic restoration,

the restoration of her buying power, the establishment of true and enduring peace, are blocked at the moment by the bitterness, bad faith, and bickering at Lausanne, the breach of the peace in Memel, the break between Britain and her continental allies, the presence of the battalions of France in the Ruhr. In the old days before the war, Europe was able to buy so largely from us because, despite the burden of armament, she lived in ordered security; her frugal and industrious populations possessed the credit and the tools necessary to trade and commerce; they labored, they produced goods which they exchanged for the fruits of our farms and the manufactures of our mills. During the war, as I have said, the allies bought increasingly—enormously—upon credit, and finally, upon the credit of the Government of the United States. When the war ended and the imperative needs of the reconstruction had been met, above all, when America ceased to sell on credit and without payment, exports to Europe diminished. There was at the same time a deflation of credits in this country. There has been some recovery, but—since it has been neither rapid enough nor great enough to satisfy either the few who would make political capital out of universal economic distress or to relieve the thousands who still suffer from the depression—some men are inveterately tempted to prescribe palatable panaceas for the public ills. This is always so in hard times.

Now there is an assumption by some that they alone are concerned with the economic recovery of Europe and the improvement of prices and trade in America. I want them to make clear precisely what they wish done. We know that Europe wants more cash and credit. We have lent her ten billions since the armistice. She wants more. What other formula is proposed for her relief? Have you forgotten, can you forget, that during the futile and febrile reconsideration of the league covenant by this body it was bruited abroad that in the league was some magic, some abracadabra, some presto listo, which would make good the waste of war, imbue limitless issues of paper with vanished values, and continue inflated prices and inflated profits. The league was to be the handmaiden of peace and the harbinger of plenty. The league has proven a poor peace maker or peace keeper. Justice and mercy are still too little known, too little understood, too weak, to carry weight in the councils of Europe, unless they can invoke the aid of forces strong enough to compel for them a reverence and regard which they do not themselves inspire.

We know how perilous is the state of Europe's civilization to-day, how feeble its life. In Russia the fruit of generations of toil has been destroyed, and five times as many have died there under the revolution as died at war under the Czar. If Russia, disordered and despoiled, is able to produce little or nothing to sell abroad, central and southern Europe, west of the Dvina and the Dniester and east of the Isonzo and the Rhine, produces not more than half as much for export as it did before the great conflict.

A part of northern and eastern France was ruthlessly devastated during the conflict; but all central Europe—Poland and Rumania, Jugoslavia and Hungary, no less than Austria, Czechoslovakia, and Germany, were wasted by the war, their fields neglected, their factories and their railways worn and depleted, while since the signing of peace public and private credit in those States has been ruined by inestimable issues of worthless paper. From the Aegean and the Adriatic to the Baltic, Europe has been broken up—Balkanized. Where for the principal purposes of trade there were formerly three, there are now a dozen governments, a dozen tariffs, and a dozen rotten currencies. If the terrible condition of Europe be attributable to the ruin of revolution and the waste of war, it is attributable in part, too, to the increase in the number of States, to their rivalries and ambitions, to the wretched finance, to the incontinent extravagance, and to the unrestrained profligacy of parliaments and governments.

Contrast the retrenchment, the frugality, the economy of the Government of rich and solvent America with the financial frenzies of the bankrupt, or nearly bankrupt, countries of continental Europe. Will some one tell me how they may be led to do as we have done? By what legerdemain they may acquire the ripe experience in self-government and in public finance which we, tried by the Revolution and the great Rebellion, by greenbackery and free silver, have won only through generations? By what charm or what force are they to be led to disarm and to put aside the hates which have animated them for a hundred years? Time, Mr. President, time and labor are the prime requisites for the restoration of Europe. If she will put aside violence and ensue peace, she will help us to save her. Unhappily she must learn by painful failure the road to recovery.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed without amendment the following bills:

S. 841. An act for the relief of Elizabeth Marsh Watkins;

S. 1945. An act to reimburse the Navajo Timber Co., of Delaware, for a deposit made to cover the purchase of timber;

S. 2210. An act for the relief of Lucy Paradis;

S. 2556. An act for the relief of Edwin Gantner; and

S. 2719. An act to reimburse certain persons for loss of private funds while they were patients at the United States Naval Hospital, Naval Operating Base, Hampton Roads, Va.

The message also announced that the House had passed the bill (S. 1690) to correct the military record of John Sullivan, with an amendment, in which the concurrence of the Senate was requested.

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

H. R. 397. An act to remove the charge of desertion against the name of Frank George Bagshaw;

H. R. 855. An act for the relief of Fred G. Leith, United States Navy;

H. R. 2702. An act for the relief of J. W. Glidden and E. F. Hobbs;

H. R. 3499. An act for the relief of the Atlas Lumber Co., Babcock & Willcox, Johnson, Jackson & Corning Co., and the C. H. Klein Brick Co.;

H. R. 4723. An act for the relief of William M. Phillipson;

H. R. 6204. An act to grant the military target range of Lincoln County, Okla., to the city of Chandler, Okla., and reserving the right to use for military and aviation purposes;

H. R. 6358. An act authorizing the accounting officers of the Treasury to pay to A. E. Ackerman the pay and allowances of his rank for services performed prior to the approval of his bond by the Secretary of the Navy;

H. R. 6538. An act for the relief of Grey Skipwith;

H. R. 6832. An act granting six months' pay to Anton Kunz, father of Joseph Anthony Kunz, deceased, machinist's mate, first class, United States Navy, in active service;

H. R. 7010. An act for the relief of Southern Transportation Co.;

H. R. 7027. An act for the relief of Herbert E. Shenton;

H. R. 7322. An act for the relief of John F. Homen;

H. R. 7921. An act granting six months' pay to Alice P. Dewey;

H. R. 8046. An act for the relief of Themis Christ;

H. R. 9316. An act for the relief of Robert J. Ashe;

H. R. 9862. An act for the relief of the Fred E. Jones Dredging Co.;

H. R. 9916. An act authorizing issuance of patent to Richard Murphy;

H. R. 10047. An act for the relief of Frances Martin;

H. R. 10529. An act for the relief of Harry E. Fiske;

H. R. 10555. An act for the relief of Russell Wilmer Johnson;

H. R. 10841. An act authorizing the transfer of 500 feet of Indian land in the State of Washington for a public school to which Indian children shall be admitted without payment of tuition;

H. R. 11340. An act to advance Maj. Ralph S. Keyser on the lineal list of officers of the United States Marine Corps so that he will take rank next after Maj. John R. Henley;

H. R. 11389. An act for the relief of Robert Guy Robinson;

H. R. 11528. An act to allow credits in the accounts of certain disbursing officers of the Army of the United States;

H. R. 11603. An act to validate for certain purposes the revocation of discharge orders of Lieut. Col. James M. Palmer and the orders restoring such officer to his former rank and command;

H. R. 11731. An act to provide for the renting of the first floor of the customhouse at Mobile, Ala., to the Mobile Chamber of Commerce;

H. R. 12019. An act 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;

H. R. 12887. An act granting a pension to Jacob F. Rosenberger;

H. R. 13397. An act repealing so much of an act approved September 22, 1922, granting pension to certain soldiers and sailors and their widows as grants a pension of $24 per month to Carl Olsen, late of the United States Navy;

H. R. 13540. An act 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;

H. R. 13980. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; and

H. J. Res. 47. Joint resolution authorizing the Secretary of the Navy to receive for instruction at the United States Naval Academy, at Annapolis, Mr. Jose A. de la Torriente, a citizen of Cuba.

LEGISLATIVE APPROPRIATIONS—CONFERENCE REPORT.

Mr. WARREN. I submit the report of the committee of conference on House bill 13926, making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1924, and for other purposes, and I move its adoption.

The report was read, as follows:

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13926) making appropriations for the legislative branch of the Government for the fiscal year ending June 30, 1924, and for other purposes having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the House recede from its disagreement to the amendments of the Senate numbered 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, and 24, and agree to the same.

The committee of conference have not agreed upon amendments numbered 10, 25, and 26.

F. E. WARREN,
REED SMOOT,
WM. J. HARRIS,
Managers on the part of the Senate.
J. G. CANNON,
SYDNEY ANDERSON,
Managers on the part of the House.

Mr. KING. Let me inquire of the Senator what were the items in dispute and will the Senator please state the attitude of the Senate conferees with respect to those items?

Mr. WARREN. There are three items which are matters in agreement, provided the House will accept them. They are items considered to be of a legislative character.

I may say to the Senator from Utah that the bill covers the employees of the Senate and the employees of the House and that in the case of the Senate employees the House conferees receded from their disagreements. In regard to the House employees the Senate made no amendment, so it had no recession to make.

There are three matters of legislation involved. One of them is changing the title of the disbursing officer of the Printing Office to disbursing clerk. Another is as to the allowance of clerks to Senators elect who will come in after March 4. They are allowed clerks during the interim until we meet next fall, putting them on the same basis with Senators who are now Members of the body and who are not chairmen of committees.

The third item is with reference to apprentices in the Printing Office. The former law restricted the number so that there could be but 25 employed at one time. That establishment is asking for more for the reason that they need to have more men instructed in that line of business, and furthermore there are those who have come back from the Army, veterans of the war, whom they would like to employ. So we increased the limit from 25 to 200.

Mr. KING. Is there any change made in the number of clerks that the present Members of the Senate may have during the period of adjournment?

Mr. WARREN. They may have up to four.

Mr. KING. There is no change in existing law?

Mr. WARREN. There is none as to the number of clerks allowed.

The report was agreed to.

HOUSE BILLS AND JOINT RESOLUTION REFERRED.

The following bills and joint resolution were severally read twice by title and referred as indicated below:

H. R. 9916. An act authorizing issuance of patent to Richard Murphy; to the Committee on Public Lands and Surveys.

H. R. 11731. An act to provide for the renting of the first floor of the customhouse at Mobile, Ala., to the Mobile Chamber of Commerce; to the Committee on Public Buildings and Grounds.

H. R. 10841. An act authorizing the transfer of 500 feet of Indian land in the State of Washington for a public school to which Indian children shall be admitted without payment of tuition; to the Committee on Indian Affairs.

H. R. 6204. An act to grant the military target range of Lincoln County, Okla., to the city of Chandler, Okla., and reserving the right to use for military and aviation purposes; and

H. R. 9316. An act for the relief of Robert J. Ashe; to the Committee on Military Affairs.

H. R. 12019. An act 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;

H. R. 12887. An act granting a pension to Jacob F. Rosenberger;

H. R. 13397. An act repealing so much of an act approved September 22, 1922, granting pension to certain soldiers and sailors and their widows as grants a pension of $24 per month to Carl Olsen, late of the United States Navy;

H. R. 13540. An act 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; and

H. R. 13980. An act granting pensions and increase of pensions to certain soldiers and sailors of the Civil War and certain widows and dependent children of soldiers and sailors of said war; to the Committee on Pensions.

H. R. 2702. An act for the relief of J. W. Glidden and E. F. Hobbs;

H. R. 3499. An act for the relief of the Atlas Lumber Co., Babcock & Willcox, Johnson, Jackson & Corning Co., and the C. H. Klein Brick Co.;

H. R. 7027. An act for the relief of Herbert E. Shenton;

H. R. 7322. An act for the relief of John F. Homen;

H. R. 9862. An act for the relief of the Fred E. Jones Dredging Co.;

H. R. 10047. An act for the relief of Frances Martin; and

H. R. 10529. An act for the relief of Harry E. Fiske; to the Committee on Claims.

H. R. 397. An act to remove the charge of desertion against the name of Frank George Bagshaw;

H. R. 855. An act for the relief of Fred G. Leith, United States Navy;

H. R. 4723. An act for the relief of William M. Phillipson;

H. R. 6358. An act authorizing the accounting officers of the Treasury to pay to A. E. Ackerman the pay and allowances of his rank for services performed prior to the approval of his bond by the Secretary of the Navy;

H. R. 6538. An act for the relief of Grey Skipwith;

H. R. 6832. An act granting six months' pay to Anton Kunz, father of Joseph Anthony Kunz, deceased, machinist's mate, first class, United States Navy, in active service;

H. R. 7010. An act for the relief of the Southern Transportation Co.;

H. R. 7921. An act granting six months' pay to Alice P. Dewey;

H. R. 8046. An act for the relief of Themis Christ;

H. R. 10555. An act for the relief of Russell Wilmer Johnson;

H. R. 11340. An act to advance Maj. Ralph S. Keyser on the lineal list of officers of the United States Marine Corps so that he will take rank next after Maj. John R. Henley; and

H. R. 11389. An act for the relief of Robert Guy Robinson; to the Committee on Naval Affairs.

H. R. 11528. An act to allow credits in the accounts of certain disbursing officers of the Army of the United States; and

H. R. 11603. An act to validate for certain purposes the revocation of discharge orders of Lieut. Col. James M. Palmer and the orders restoring such officer to his former rank and command; to the Committee on Military Affairs.

H. J. Res. 47. Joint resolution authorizing the Secretary of the Navy to receive for instruction at the United States Naval Academy, at Annapolis, Mr. Jose A. de la Torriente, a citizen of Cuba; to the Committee on Naval Affairs.

AGRICULTURAL DEPARTMENT APPROPRIATIONS.

The PRESIDING OFFICER laid before the Senate the action of the House of Representatives on certain amendments of the Senate on House bill 13481, the Agricultural Department appropriation bill, which was read as follows:

Resolved, That the House recede from its disagreement to the amendment of the Senate numbered 11 to the bill (H. R. 13481) entitled "An act making appropriations for the Department of Agriculture for the fiscal year ending June 30, 1924, and for other purposes," and concur therein with an amendment as follows: In lieu of the matter proposed by said amendment insert: "and the Secretary of Agriculture may, in his discretion, permit timber and other forest products cut or removed from the national forests to be exported from the State or Territory in which said forests are respectively situated."

That the House recede from its disagreement to the amendment of the Senate numbered 31 and concur therein with an amendment as follows: In lieu of the matter proposed by said amendment insert:

"MAXIMUM SALARIES.

"During the fiscal year 1924 the maximum salary of any scientific investigator, or other employee engaged in scientific work and paid from the general appropriations of the Department of Agriculture, shall not exceed at the rate of $6,500 per annum: *Provided*, That for the fiscal year 1924 no salary shall be paid under this paragraph at a rate per annum in excess of $5,000 except the following: Not more than 12 in excess of $5,000 but not in excess of $5,500 each, and not more than 5 in excess of $5,500 each."

That the House recede from its disagreement to the amendment of the Senate numbered 33 and concur therein with an amendment as follows: In lieu of the matter proposed by said amendment insert:

"FOREST ROADS AND TRAILS.

"For carrying out the provisions of section 23 of the Federal highway act, approved November 9, 1921, $3,000,000, to be available until expended, being part of the sum of $6,500,000 authorized to be appropriated for the fiscal year ending June 30, 1924, by paragraph 2 of section 4 of the act making appropriations for the Post Office Department for the fiscal year 1923, approved June 19, 1922: *Provided*, That the Secretary of Agriculture is hereby authorized, immediately upon the approval of this act, also to apportion and prorate among the several States, Alaska, and Porto Rico, as provided in section 23 of said Federal highway act, the sum of $3,500,000, constituting the remainder of the said authorization of $6,500,000: *Provided further*, That the Secretary of Agriculture may incur obligations, approve projects, or enter into contracts under his apportionment and prorating of this authorization, and his action in so doing shall be deemed a contractual obligation of the Federal Government for the payment of the cost thereof: *Provided further*, That the appropriations heretofore, herein, and hereafter made for the purpose of carrying out the provisions of section 8 of the act of July 11, 1916, and of section 23 of the Federal highway act of November 9, 1921, and acts amendatory thereof and supplemental thereto, shall be considered available for the purpose of discharging the obligations created hereunder in any State or Territory: *Provided further*, That the total expenditures on account of any State or Territory shall at no time exceed its authorized apportionment."

That the House recede from its disagreement to the amendment of the Senate numbered 35 and concur therein with an amendment as follows: In lieu of the sum proposed by said amendment insert "$69,536,653."

That the House insist upon its disagreement to the amendment of the Senate numbered 34.

Mr. McNARY. I move that the Senate concur in the amendments of the House to the amendments of the Senate numbered 11, 31, 33, and 35 and recede from its amendment numbered 34.

Mr. KING. Mr. President, may I inquire of the Senator from Oregon, If his motion shall prevail would that bring the two branches into complete accord on every item of the bill?

Mr. McNARY. Into harmonious accord, I will say to the Senator from Utah.

Mr. KING. I would like the Senator to let the matter go over for a little while. Respecting the items with reference to roads, I think a number of Senators would be glad to be advised. If there is nothing pressing, will the Senator consent to bring it up-morrow at 12 o'clock?

Mr. McNARY. I shall be very glad to accommodate the Senator if he desires to look at the item. I think I could explain it in a moment, but if there are other Senators interested——

Mr. KING. There are others who are interested in it and I shall be glad if the Senator will consent to take it up the first thing to-morrow morning.

Mr. McNARY. I shall be glad to do so.

The PRESIDING OFFICER. The conference report will go over until to-morrow.

JOHN SULLIVAN.

The PRESIDING OFFICER laid before the Senate the amendment of the House of Representatives to the bill (S. 1690) to correct the naval record of John Sullivan, which was to amend the title so as to read, "An act to correct the naval record of John Sullivan."

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

The motion was agreed to.

SENATOR FROM MINNESOTA.

The PRESIDING OFFICER laid before the Senate the credentials of HENRIK SHIPSTEAD, chosen a Senator from the State of Minnesota for the term beginning March 4, 1923, which were read and ordered to be placed on file, as follows:

STATE OF MINNESOTA,
Executive Department, St. Paul.

To the President of the Senate of the United States:

This is to certify that on the 7th day of November, 1922, HENRIK SHIPSTEAD was duly chosen by the qualified electors of the State of Minnesota a Senator from said State to represent said State in the Senate of the United States for the term of six years, beginning on the 4th day of March, 1923.

Witness his excellency our governor, J. A. O. Preus, and our seal hereto affixed at St. Paul, this 28th day of November, in the year of our Lord 1923.

[SEAL.] J. A. O. PREUS, *Governor.*

By the governor:

MIKE HOLM,
Secretary of State.

VIEWS OF HON. STANLEY BALDWIN.

Mr. McKELLAR. Mr. President, may I inquire if there is any other Senator who desires to proceed at this time on the pending bill? I desire to speak about 10 minutes on another subject, and I do not want to interrupt the regular course if some one else wishes to speak on the bill.

Mr. LENROOT. Can we not dispose of the Senator's amendment before he proceeds?

Mr. McKELLAR. I am not going to discuss the amendment now, but we can take it up immediately after the conclusion of my remarks and dispose of it at that time.

Mr. LENROOT. Very well.

Mr. McKELLAR. Mr. President, I wish to call attention to a very remarkable interview that appeared in Saturday's papers with one Stanley Baldwin, chancellor of the exchequer of Great Britain. On reaching England on the *Olympic* he gave out this remarkable statement to the papers:

"On the other hand, what the executives in America have to do is to endeavor to force anything of this sort through Congress, and in doing so they may be beaten." Then he continues: "The great difference between America and this country is that settlement of the debt in America is in the hands of politicians. We are bound in regard to that debt in the most stringent bonds you can possibly imagine." Mr. Baldwin described America as "a country, not an urban people. They have men of our way of thinking in the Eastern States," he said, "but that does not cut any ice at all with regard to other parts of America. If you look at the Senate you will find that the majority of the Members come from the agricultural and pastoral communities, and they do not realize the existing position with regard to the meaning of the international debt. The bulk of the people in America have no acquaintance with it. Great Britain lives on international trade, but in America this is not so. The people in the West merely sell wheat and hogs and other products and take no further interest in connection with the international debt or international trade."

And again: "The debt can only be funded on such terms as can be got through Congress, and that is the root of the difficulty with which we are now faced."

Evidently, according to Mr. Baldwin, he had no trouble with the Debt Funding Commission or the administration. It would have been all plain sailing if it had not been for what he evidently looked upon as the ignorant Congress with which he had indirectly to deal.

I need not speak, Mr. President, of the coarseness and uncouthness of these charges against the American Congress and against the American people by a man in high position in Great Britain. I need only say that if he exhibited the same elements of sordid parsimony and uttered the same crude attacks upon the American people and the American Congress while he was here, then the American Debt Funding Commission should not have treated with him at all.

Mr. CARAWAY. Mr. President, may I interrupt the Senator?

Mr. McKELLAR. Certainly.

Mr. CARAWAY. If the Senator will recall, while Mr. Baldwin was here the President wrote a scolding letter to the Senate and said if it wanted to be helpful it would give the administration power to deal with the debt question. Evidently the representatives of the British Government knew the administration better than the Senator from Tennessee seems to have known them.

Mr. McKELLAR. Yes; and that is a discouraging and rather shameful feature. After this British commission had had the honors heaped upon it by the administration, such as were heaped upon it while in this country, after our debt-funding commission treated the British commission with such obsequiousness, held its tongue all along the line, kept everything secret, apparently by direction of the British commission, it does seem to me that the head of the British commission when he returned to England owed it to common decency not to have cast these slurs upon the American commission, upon the Congress, and upon the American people.

His indirect attacks upon the funding commission are baser than his attacks upon the American people and the American Congress. He virtually accused the debt-funding commission of being putty in his hands and that he would have had no trouble making any agreement he might have wished if he had only to deal with that commission.

Ah, Mr. President, what a different note did our British friends utter toward the American Congress in May, 1917, when they came over here to borrow this very money in order to save their nation and, as they claimed, in order to save civilization! I quote from the speech of their spokesman, Mr. Balfour, in this body on May 8, 1917. Said Mr. Balfour:

The object of our mission, if I may so express it, was mainly a purely business one. We came here to discuss matters of the deepest moment for the conduct of that Great War in which both our nations are involved.

In other words, they came here to get money in order to conduct that war.

We came here to explain to your leaders and statesmen what were the needs from which the Allies mainly suffered and to lay freely at the disposal of those responsible for the conduct of your affairs, the results of our own experience, the consequences, perhaps I ought to say, of our own errors and blunders during two years and a half of strenuous and sanguinary fight. That was the original object. That was the business side of our mission. But the reception we have received from the President, from the Cabinet, from the House of Representatives, from the Senate—that treatment raises the whole level of our mission from a purely business operation to a great incident in the common life of two great and free peoples.

That address is reported in the CONGRESSIONAL RECORD for the year 1917, on page 1943, and was delivered in the presence of the Senate and of all the British mission. They all adopted and ratified the words of Mr. Balfour then. Oh, yes, Mr. President, when they came for this money in this Chamber and in the Chamber at the other end of the Capitol they lauded to the skies the representatives of the people upon whom this man, when he comes to fix the terms for the settlement of the indebtedness, casts reproaches and reflections upon all Members of the House and Senate, except as to those who come from New York and the East. Unless this man is an ass, he knew that this money had been borrowed by his Government from the Congress and that the Congress was the only authority which had power to deal with it. He knew that. Yet he assails Congress in this coarse fashion.

On May 5, 1917, that same borrowing mission, with that spokesman, Mr. Balfour, visited the House of Representatives, and here is what he had to say about the United States when the mission wanted the Congress to lend them this money. I quote from Mr. Balfour's speech in the House of Representatives:

Ladies and gentlemen, these two assemblies are the greatest and oldest of the free assemblies now governing great nations of the world. The history, indeed, of the two is very different. The beginnings of the British House of Commons go back to a dim historic past, and its full rights and status have only been conquered and permanently secured after centuries of political struggle. Your fate has been a happier one. You were called into existence at a much later stage of social development. You came into being complete and perfected and all your powers determined and your place in the Constitution secured beyond chance of revolution; but, though the history of these two great assemblies are different, each of them represents the great democratic principle to which we look forward as the security of the future peace of the world. [Applause.] All of the free assemblies now to be found governing the great nations of the earth have been modeled either upon your practice or upon ours, or upon both combined. Mr. Speaker, the compliment paid to the nation of Great Britain by such an assembly and upon such an occasion is one that not one of us is ever likely to forget. (CONGRESSIONAL RECORD, 66th Cong., 2d sess., p. 1879.)

And yet, when the British commission come back to fix the terms for the payment of the very money which they had borrowed, they forget there was a Congress at all, they forget that there was a Senate, except to slur at it, and they never even mention the House of Representatives. Yes, Mr. President, when our British friends wanted to borrow the $4,700,000,000 from us, they went before both branches of the Congress, with compliments and flattery, with expressions of good will, with sentiments of esteem and respect, with gratitude, which they said they would never forget, and yet, when pay-day comes around, they send another commission over here that deals in the dark. They even, apparently, requested the American commission not to have anything to say about what is going on. They never came even near either branch of Congress, and then the head of it goes back and tells the British people that they could have made a deal for the payment of these debts to their own liking if it had not been for the uninformed and purely political Congress that held the American commission back and prevented the British commission from getting what it desired in the way of a settlement.

Mr. CARAWAY. Mr. President, may I again interrupt the Senator from Tennessee?

Mr. McKELLAR. Yes.

Mr. CARAWAY. How does the Senator from Tennessee know that Mr. Baldwin was not telling the exact truth when he said that he could get any terms he wanted from this administration if Congress would not interfere?

Mr. McKELLAR. Oh, Mr. President, I feel that surely no American citizen, whether he be a Democrat or a Republican, whether he be identified with this administration or not, could be base enough to have dealt with this British commission in the way that this interview implies. I would much prefer not to believe that.

Mr. CARAWAY. Does the Senator from Tennessee know what terms actually were discussed?

Mr. McKELLAR. No; and that is what I am coming to right now.

Mr. CARAWAY. Then why does the Senator, who does know what took place, characterize as improper the statement of Mr. Baldwin?

Mr. McKELLAR. We are going to learn something about it; and I am going to discuss now the very question which the Senator brings up.

Mr. President, I do not know what defense members of the American Debt Funding Commission are going to make to the slurs and innuendoes cast upon them by this represetative of the British Government.

I am sure that Mr. Baldwin's statement that western Senators and western Representatives and western people are ignorant of international affairs and finance is quite untrue. The Senator from Utah [Mr. SMOOT], who is a member of the American commission, is probably as well versed in international finance and business as is Mr. Baldwin. Representative BURTON, who formerly was a Member of this body, also is an authority on international finance and business matters. Together they are the representatives of the American Congress with whom Mr. Baldwin has been most closely associated while he was here. Mr. Baldwin's statement, therefore, appears to me to be an unwarranted criticism of these two distinguished gentlemen.

I digress here long enough to say that if it is an unwarranted criticism of them, it is the duty of those two representatives on the commission to speak out to the American people and tell them what are the facts. This man Baldwin, who has gone back to England, has virtually stated that the American commission was putty in his hands and would have agreed to anything that he asked if it had not been for fear of the Congress. It is their duty to speak out like American citizens, and I believe they will speak out. If they were not putty in his hands they should speak out. I am sorry the Senator from Utah is not present while I am making this statement. I am sure he would denounce the statements of Baldwin.

I have taken the position heretofore that these gentlemen and the other members of the American commission were at fault in not taking the American people into their confidence. I have thought, and still think, the American commission should have disclosed what was going on. I have denounced the policy of secrecy from the very inception of the secret meetings between the two commissions. It ought never to have been indulged in. Open, fair, above-board, frank statements should have been published at the time, and the American people should have been told all about what was going on in connection with this enormous debt which these two commissions were apparently trying to fund. If our commission had disclosed what was going on to the American people, if they had taken the American people into their confidence, they would not have subjected themselves to what I think the wholly unwarranted reflection that has been made upon them by this representative of the British people.

Mr. Baldwin's statement that a majority of Senators were from agricultural and pastoral communities, while technically true, is an attempted clumsy effort on his part to cast odium upon western Senators. His statement that "the people of the West merely sell wheat and hogs"—and I ask the representatives of Western States to consider this remark—and do not think of or know anything else, is simply a disgusting attempt at wit and a shining display of ignorance. If western Senators will not defend their own people somebody ought to do so when they are thus maligned and abused. I call upon the Senators representing the West to defend their own people against these aspersions made by the coarse and uncouth and ill-bred Baldwin.

Mr. President, I am glad that no Democrat was put on that commission and that the party to which I belong does not have to bear the odium of any part of the slurring statements made by the head of the British commission. That partisan commission, instead of being criticized by Baldwin, should have been praised by him, for it seems to have been all the time under the influence of the British commission in so far as secrecy, at least, was concerned. Our commission declined even to state the terms of the proposals, although asked to do so nearly every day by me, and we know of the terms only through the head of the British mission. The terms which, it is claimed, the American commission offered are violative of the expressed will and determination of the Congress as declared by law, and other proposals should not have been made by our commission. If there had been open, fair dealing, public dealing, instead of secret dealing such as took place, they would not have been made.

Mr. President, I do not know what position the administration is going to take on this subject, but I know what it ought to do. It should make immediate demand upon the British Government to disavow the statements of the chancellor of the exchequer, casting aspersions upon the American Senate and the American House of Representatives and upon the American people, and lastly upon the American Debt Funding Commission—I am going to take up for our funding commission, too. The British Government should disavow those statements absolutely. I can not believe that the British people enter-

tain the view that Mr. Baldwin expresses in reference to the funding of these debts. The British people have always been a debt-paying people. They have not treated their obligations as a "scrap of paper"; and it is inconceivable to me that these self-respecting people, these contract-observing people, will permit one of their own number to utter these uncalled-for, untrue, and discourteous words toward the American people and the American representatives without rebuke, in view of all the wonderful acts of friendship that have so frequently characterized the American people in their attitude toward the British Government and the British people.

Mr. President, I want also to call attention to the statement that appears in this morning's Washington Post that the British people are very much disappointed over the failure of their debt commission to secure payment of the American indebtedness in pounds rather than in dollars. If the American Debt Funding Commission had for a moment permitted a suggestion of such a repayment to be made, it would have done this country the greatest wrong. The British Government did not borrow this money in pounds. If it had, there would have been a very different and a very much larger sum that it owed. It borrowed the money in dollars, and to pay it in pounds would have been little less than a "skin game."

Again, Mr. President, quoting from the London article in the Post, it is said:

> It is clearly evident from statements published here during the week end—

This is a London article—

> that the British Government had anticipated being able to fund the debt on an interest basis nearer 2 per cent than 3 per cent, or £20,000,000 annually. According to these statements an informal promise was made by two prominent American diplomats at a luncheon party given at No. 10 Downing Street, the British Prime Minister's official residence, last summer, that the funding would be carried out on that basis. It is asserted that Mr. Bonar Law was present at this luncheon.
>
> The American diplomats were not named, but they are said to have been of "the highest standing."

Mr. President, who were these American diplomats that made any such statement? They ought to be named. The State Department ought to give us the names of such diplomats, and they ought to be recalled at once.

Mr. CARAWAY. Mr. President, may I interrupt the Senator?

Mr. McKELLAR. In just one second. It was a matter that they were not privileged to speak about. If they knew anything, they knew that this whole debt-settlement matter was in the hands of the Congress, and not in the hands of our diplomatic corps. Where is the great Ambassador Harvey? Why does not he raise his voice in behalf of his Government and the American people at this time? Has he lost his voice permanently? He never seems to be on hand when something real is going on.

I now yield.

Mr. CARAWAY. The Senator from Tennessee now says, "Where was Harvey?" The Senator must know that he was not referred to, because the article says it was a diplomat of high standing.

Mr. McKELLAR. Mr. President, I am not going to discuss the ambassador to England at this time; but I do say, in conclusion, that after these little-short-of-infamous statements having been made by this man Baldwin, representative of the British Government, President Harding owes it to the people of this country to demand an apology from Great Britain for this man's uncouth and coarse language. What we ought to do is another thing. Our terms, given by Congress for the refunding of this debt, were openly discussed, openly voted for, and openly passed. They are just and equitable and ought not to be changed. The British Debt Funding Commission knew these terms when they came here. Our Debt Funding Commission knew the terms. They had voted for them. They knew exactly what Congress had authorized them to do. Our Debt Funding Commission, it now appears—not from anything they have told us, for they have been as silent as the grave, but purely upon word received from Mr. Baldwin after he got back to London—have made an offer contrary to the terms which they were instructed to ask. They owe us an explanation, too. They ought to come forward here and give us the facts. Let them speak out. There is one representative of that commission who is a Member of this body and another one a Member of the House of Representatives. They owe it to themselves, they owe it to their party, they owe it to the American people, to come forward and state the facts, and resent or refute the vulgar, the outrageous, and disgusting statements that have been made by one Stanley Baldwin.

I have just been handed an afternoon paper showing that Harvey, as is usual with him, has put his foot into it again. He has come out for Baldwin. America has, indeed, fallen into impious hands. I quote Harvey's bray. This one bray is sufficient ground for recalling him immediately. I quote the dispatch:

> HARVEY IS WELL SATISFIED.
>
> LONDON.—George Harvey, American ambassador to Great Britain arrived at Plymouth to-day, and declared in an interview that Stanley Baldwin, head of Britain's debt funding commission, had made an excellent impression in the United States and that the results of the mission would be good.

RURAL-CREDIT FACILITIES.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (S. 4287) to provide credit facilities for the agricultural and live-stock industries of the United States, to amend the Federal farm loan act, to amend the Federal reserve act, and for other purposes.

Mr. HEFLIN. Mr. President, I desire to make a parliamentary inquiry. I understand that the vote will come now on the amendment of the Senator from Tennessee [Mr. McKELLAR].

The PRESIDING OFFICER (Mr. McNARY in the chair). That is correct.

Mr. McKELLAR. Mr. President, before the vote is taken I want to make a statement to the Senate in reference to it. It will be very short.

My amendment is that section 13 of the Federal reserve act approved December 23, 1913, as amended, be amended by adding after the words "being eligible for discount" and before the words "but such definition shall not include" the words—

> And the notes, drafts, and bills of exchange of factors making advances exclusively to producers of staple agricultural products in their raw state shall be eligible for such discount.

Mr. President, the purpose of this amendment is very simple. When the Federal reserve act was passed in 1913 it was assumed by everybody that what is known as factors' paper was eligible for rediscount in the reserve banks. For five years after the passage of that amendment such paper was rediscounted in the various Federal reserve banks.

Mr. LENROOT. Mr. President——

Mr. McKELLAR. I yield to the Senator.

Mr. LENROOT. Will not the Senator describe that factors' paper?

Mr. McKELLAR. I shall do so. I intended to do so and shall do so right away. In 1918 a ruling was had, I suppose by the counsel of the Federal Reserve Board, though I am not advised as to that—it was perhaps by the board itself, probably on the advice of counsel, of course—that such paper was not eligible to rediscount. I want to explain the factor's business as we have it in my State.

We will take a cotton factor. A cotton factor in the spring of the year makes a contract with a producer of cotton to lend him the money with which to make his crop, taking from him an agreement to ship him so many bales of cotton, depending on the amount of money loaned, in the fall of the year. The factor really furnishes the bulk, I might say, of the money on which cotton crops are raised in my section, and to a very large extent raised in the whole South. It is a very large business, and there are many factors. He furnishes the money to begin the crop even before it is planted, sometimes to buy the seed, then to work the crop, and then to harvest the crop, to pick it—which is rather an expensive operation—to haul it, to gin it, to market it; and then, in the fall of the year, when the crop is marketed and sold, the cotton factor repays himself and accounts to his principal for all of it, of course.

Mr. President, that custom has grown up, not for a few years, but ever since the cotton business started in the South there have been, as I am reliably informed, cotton factors and commission merchants. In my own city, some of the strongest firms that exist there are cotton factors—firms like Dillard & Coffin, Sledge & Norfleet, W. A. Gage & Co., and a great number of others that I could name. There are a great many there, firms of the highest standing, and whose paper is good; yet, because they are cotton factors, just simply because they are cotton factors and handle their business in that way, their paper is not eligible for rediscount in the various banks.

Mr. LENROOT. What kind of paper is it? That is the information I wanted to get.

Mr. McKELLAR. It is their paper.

Mr. LENROOT. Their own personal paper?

Mr. McKELLAR. Their own personal paper; and some of it, quite a large amount of it, has the warehouse receipts attached as security for the paper.

Mr. McLEAN. Warehouse receipts for what?

Mr. McKELLAR. For the cotton.

Mr. McLEAN. When it is not grown?

Mr. McKELLAR. They take the warehouse receipts in the fall of the year, when the cotton begins to come in, in order to get additional supplies. It takes an immense amount of money to handle a cotton crop. Of course, they can not take ware-

house receipts in the spring of the year. They get the warehouse receipts only after the cotton is shipped to the city and put in a warehouse and insured. It is the very best and highest security that can be had. I take it that the banks of my city would say that the very best security they have is the paper of a cotton factor with warehouse receipts attached.

Mr. LENROOT. Mr. President——

Mr. McKELLAR. I yield to the Senator.

Mr. LENROOT. May a man be a factor and at the same time a dealer or owner upon his own account?

Mr. McKELLAR. Occasionally that occurs, but as a rule these great factors handle the crops of other people. They lend the money to make the crops, as I have stated, to harvest the crops, and then in the fall of the year they apply the proceeds of the cotton when sold; and there is quite a distinction, I will say, between a cotton buyer and a cotton factor. A cotton factor is a man who handles it in the way that I have described. A cotton buyer buys either for himself or for mills or for foreign spindles.

Mr. SWANSON. Mr. President——

Mr. McKELLAR. I yield to the Senator.

Mr. SWANSON. The same difficulty arises also in the city of Norfolk, where they do not make advances to raise cotton in the shape of supplies, but a factor desires to get, say, 10,000 bales of cotton before getting a ship to carry it to Liverpool, Hamburg, or other places. In the meantime he advances the freight charges to the farmer who raises this cotton, and some money to pay his debts at home, and that paper was eligible for discount until two years ago. At that time the ruling was reversed, and that really destroyed, to a large extent, the export cotton business in Norfolk and other places where that system of business was conducted. A man can not ship cotton to Norfolk, New Orleans, or Galveston and transport it by ship until he accumulates enough cotton to load the ship. When they get five or ten or fifteen thousand bales they have enough to load the ship and it is exported. The paper that the factors had for that purpose was eligible for discount with the Federal reserve system until about two years ago. The bankers in Norfolk wanted that condition to continue. They were willing to discount the paper in Norfolk, provided the Federal reserve system would discount the paper in Richmond. I appeared before the Federal Reserve Board and also before their attorney, and I think it was a very forced construction of the law to hold that that paper was not eligible. It really injured to a large extent the export cotton business in the seaports where cotton is accumulated and afterwards exported.

Mr. NORRIS. From the explanation which has been made it seems to me that the question is reduced to this, that these money loaners, whom the Senators call factors, constitute, in reality, middlemen between the banker and the grower. They loan the money to the man who wants to produce the cotton, then they go to the bank and discount their note and get some more money, which they loan to somebody else, and discount that again. Is that the operation?

Mr. McKELLAR. That is the operation in the fall of the year. The Senator must make a distinction between the fall and the spring. The factors lend their own money in the spring of the year to make the crop, and frequently to harvest it; but it is a very expensive thing to make and harvest a crop of cotton, and especially to harvest it. The picking costs from $10 to $15 a bale; the ginning costs several dollars a bale; the hauling and the bagging and tying cost a great deal, and they all have to be paid for. The result is that there are few factors who could do a profitable business if they depended entirely on their own financing. In the fall of the year they have to aid in this process by using cotton warehouse receipts, borrowing money from the banks.

Mr. NORRIS. The question arises in my mind, why not eliminate these factors, and let the man who produces the cotton borrow the money in the first instance from the bank, and save one commission? As I understand the operation of it, the bank, after all, furnishes the money. Why do they need this intermediary, who must of necessity charge for his services?

Mr. McKELLAR. It may be remedied in some subsequent acts, or it may be remedied to some extent by this bill, but as a matter of fact, the banks sometimes lend the farmers money in the spring of the year, before the crop is even planted, oftentimes the notes to run until the fall of the year. That paper is not what is called bankable paper, and in order to get the money the farmer must utilize the means I have indicated.

Mr. NORRIS. Then, in that case, the operation of it would mean what is not bankable paper becomes bankable paper by the interposition of the middleman.

Mr. McKELLAR. No.

Mr. NORRIS. Then how is it that the factor, the middleman, by loaning money to the farmers to put in a crop, can discount his note at the bank, and that note then becomes eligible for rediscount by the bank with the Federal reserve bank?

Mr. McKELLAR. Under a ruling of the Federal Reserve Board they will not permit that.

Mr. NORRIS. I understand. Why should they permit it for the middleman and not permit it for the farmer himself?

Mr. McLEAN. They do permit it for the farmer.

Mr. SWANSON. They will lend the farmer money to produce a crop, but they will not lend him money to hold long enough to distribute the crop.

Mr. NORRIS. I understand that; but, as I understand, the amendment will have the effect of getting around that proposition by letting the middleman carry on the business. This amendment would make that paper eligible.

Mr. SWANSON. Not entirely for the middleman.

Mr. NORRIS. It seems to me that is putting on the business a burden it ought to escape.

Mr. SWANSON. As I understand the present law, you can take a farmer's note for money to be used to produce a crop and have it discounted by a bank, which can then have it discounted by the Federal reserve system.

Mr. McKELLAR. That is true.

Mr. SWANSON. If the farmer wants to sell his crop abroad, distribute it, his note will not be discounted. That is true, is it not?

Mr. McLEAN. If the note is secured by the cotton, the farmer can get all the accommodation he wants.

Mr. SWANSON. Nearly half the cotton produced is sold by factors. A producer can not ship his cotton until he has accumulated enough at the seaport to fill a ship. Very frequently I go and ask that a ship be sent to Norfolk or to Newport News, because cotton has accumulated there. To accumulate that cotton and fill a ship the factors must pay the freight, they must pay the storage, and they simply do a commission business. They enable the farmers to do their own exporting to Liverpool, Hamburg, and these other places, and it is sold on commission. It is not a case of a middleman buying it and making a profit. It is sold by the middleman as the agent of the producers. That paper had been held to be eligible until two years ago. The trouble happened in Norfolk, when the factors went to the banks, and the banks said, "We can not take your paper as we have done heretofore. We can not rediscount it in Richmond at the Federal reserve bank." I appeared before the Federal Reserve Board and tried to get them to continue the ruling which had theretofore existed making that paper eligible. A ruling was made that that class of paper was not eligible for rediscount; and this amendment is proposed to make that paper eligible in the Federal reserve banks, because nearly one-half of the cotton is sold in that way.

Those who handle the cotton in the way I have indicated are the people who are benefited under this, in addition to the producers.

Mr. NORRIS. That is a different class from the one the Senator from Tennessee has been discussing.

Mr. SWANSON. This will help both classes.

Mr. NORRIS. There is a question in my mind as to whether there ought to be any help to the one class. In other words, if you are not going to permit the farmer who wants to plant cotton to have his note held eligible you should not make it eligible by interposing a middleman and adding that much more to the interest in order to do it.

Mr. McKELLAR. But the middleman ought to have a right to have his paper rediscounted if he desires. Just simply because he happens to be in the business of a cotton factor the benefits of the reserve system should not be denied him if his paper is otherwise good.

I call attention to what the department has said about it. I will read a letter from the chairman of the Federal Reserve Board:

FEDERAL RESERVE BOARD,
OFFICE OF THE GOVERNOR,
Washington, May 9, 1921.

Hon. KENNETH McKELLAR,
United States Senate.

MY DEAR SENATOR McKELLAR: I have your letter of the 7th instant, inclosing copy of Senate bill No. 1615, introduced by you. I have received a letter from Chairman McLEAN, of the Senate Committee on Banking and Currency, asking for the views of the board on this bill, and I am inclosing for your information copy of a letter which I have been directed to send to Senator McLEAN regarding it, such direction being by unanimous vote of the six members of the board present at the meeting to-day.

Very truly yours, W. P. G. HARDING, *Governor.*

Again, on May 9:

MAY 9, 1921.

Hon. GEORGE P. MCLEAN,
Chairman Committee on Banking and Currency,
United States Senate, Washington, D. C.

MY DEAR MR. CHAIRMAN: I have received your letter of May 6, in which you request the views of the Federal Reserve Board with regard to Senate bill 1615, the purpose of which is to amend section 13 of the Federal reserve act by inserting a provision to the effect that "the notes, drafts, and bills of exchange of factors dealing exclusively with producers of staple agricultural products in their raw state shall be eligible for discount."

The board desires to point out that in its judgment the phraseology of the proposed insertion would be improved if the words "making advances" were substituted for the word "dealing," in the seventh line of the bill, and the word "to" were substituted for the word "with" in the eighth line, so that the insertion would read "and the notes, drafts, and bills of exchange of factors making advances exclusively to producers of staple agricultural products in their raw state shall be eligible for such discount."

That is exactly the way I have it. I stop here long enough to say that the Federal Reserve Board wrote the very amendment that is offered here. It is exactly the same as the one they proposed. There is not the change of a word or a syllable. Mr. Harding continues:

In my letter to you of December 19, 1920, expressing the board's views with regard to Senate bill 4537, which was intended to make eligible for rediscount the paper of cotton factors and commission merchants, it was pointed out that the paper was finance paper, rather than commercial or agricultural paper, since the borrower used the proceeds to make loans to his customers. The bill now under consideration—Senate bill 1615—is open to the same objection upon principle, but in view of the narrow scope of the bill under its restricted language, the Federal Reserve Board will offer no objection to it if amended as herein suggested.

Yours very truly, W. P. G. HARDING, *Governor.*

Again:

FEDERAL RESERVE BOARD,
Washington, May 10, 1921.

Hon. KENNETH MCKELLAR,
United States Senate.

MY DEAR SENATOR: I am writing to acknowledge your note of the 7th instant inclosing copy of your bill (S. 1615) to amend the Federal reserve act so as to make factors' paper eligible for discount by Federal reserve banks. In order to relieve the amendment of any ambiguity, I have suggested a slight change in the phrasing, which commended itself to Governor Harding and other members of the board, to wit, the substitution of the phrase "making advances exclusively to" in place of "dealing exclusively with." In this form I believe the amendment is as unobjectionable as it could be made, consistent with the object aimed at. Believe me,

Very sincerely yours, A. C. MILLER.

There is another letter here which I should have read, but I have not. It is as follows:

THE SECRETARY OF THE TREASURY,
Washington, May 9, 1921.

Hon. KENNETH MCKELLAR,
United States Senate, Washington, D. C.

MY DEAR SENATOR: I received your letter of May 7, 1921, inclosing a copy of S. 1615, a bill to amend section 13 of the Federal reserve act in respect to the notes, drafts, and bills of exchange of factors dealing exclusively with producers of staple agricultural products in their raw state. The Treasury does not offer any objection to the bill in this form.

Very truly yours, A. W. MELLON.

This has been approved by both the Federal Reserve Board and the Treasury Department. It is an amendment that is very much needed among the producers of crops down in my section of the country, and in addition to that it is very much needed by these gentlemen who are denied without cause the right to rediscount their paper, and I hope very sincerely there will be no objection offered to the amendment.

Mr. LENROOT. The Senator has stated that factors sometimes are owners and dealers in a commodity as well as making advances to the producers of the commodity.

Mr. McKELLAR. That is only occasionally.

Mr. LENROOT. In any event under the language of the amendment as it stands the paper that may be discounted or made eligible to discount is not paper the proceeds of which have been used to produce or market a crop. It may have been pure speculation upon the part of the factor, and the Senator is in terms making purely speculative paper eligible for discount.

Mr. McKELLAR. That very matter was discussed at great length by the Federal Reserve Board. Those gentlemen went into it very carefully. The amendment was prepared by members of the Federal Reserve Board and I accepted just what they prepared.

Mr. SWANSON. Mr. President, will the Senator permit an interruption?

Mr. McKELLAR. In just a moment. The amendment does not have the vice to which the Senator refers.

Mr. LENROOT. Why does it not?

Mr. McKELLAR. They say not.

Mr. LENROOT. But the Senator is a good lawyer and can construe language.

Mr. McKELLAR. I do not think it has that vice.

Mr. SWANSON. If the factor engages in speculation, he is not engaged exclusively in making advances to producers.

Mr. LENROOT. He may not be making advances to anybody except producers, but he may be dealing upon his own account, and as the language reads it seems clear to me it is simply pointing out a class of persons whose paper may be eligible for discount.

Mr. McKELLAR. I call the Senator's attention to the language:

The notes, drafts, and bills of exchange of factors making advances exclusively to producers of staple agricultural products in their raw state.

There can not be any misapprehension.

Mr. LENROOT. But that is not the Senator's amendment. It has been changed.

Mr. FLETCHER. That was modified by changing it to read "making advances exclusively."

Mr. LENROOT. They might not make advances to individuals, but they might on their own account and become speculators wholly, and yet the paper would become eligible to discount.

Mr. McKELLAR. That is not intended at all.

Mr. LENROOT. I do not question that.

Mr. GEORGE. Mr. President, the minute the factor becomes the owner of the property himself he ceases to be a factor. Under the language only a factor engaged in factoring may be advanced money.

Mr. LENROOT. Does the Senator mean he may not get goods in his own name and his paper be eligible to discount?

Mr. GEORGE. He may own goods in his own name and deal with his own goods, but credit based upon that paper would not come within his operations as a factor. In his individual capacity he may own goods and may deal with them, but he is then not factoring and is not engaged in factoring.

Mr. SWANSON. It is not then the note of a factor.

Mr. GEORGE. No. In the business of factoring the factor or commission merchant has a status well recognized and well defined in the law of all our Southern States. He does business upon a security authorized by law. His bills and notes are secured by a form of security recognized by law. The old-fashioned factor has practically ceased to exist in my State; that is, the factor who was in some sections a supply merchant or a banker advancing money to make the crop.

The factor now is chiefly valuable because he collects the product after it is put in merchantable form and holds it until he is able to make shipment. He is largely a warehouseman as well as a factor, and yet his business of factoring is well recognized in our States, and in my State, I know, it is especially defined and protected. While he might buy products of his own, he would not then be a factor. He would be then a cotton buyer, and the paper based upon that transaction would not be eligible to discount under the Federal reserve system.

Mr. LENROOT. His general business might be called a factor.

Mr. GEORGE. Certainly, but it would not be an advance made, and his paper, based upon the language of the amendment now under consideration, would not be eligible to discount under the Federal reserve system.

Mr. LENROOT. That is the question.

Mr. GEORGE. He might be a banker and also be a farmer, and he might engage in some other business, but that paper would not be eligible under the provision.

Mr. LENROOT. Taking the Senator's own illustration, if the language read "banker" instead of "factor," would he say the language would not authorize the discounting of all paper the banker might offer, irrespective of its character?

Mr. GEORGE. Only the paper that he had accumulated in making advances exclusively to producers.

Mr. LENROOT. No; it would point out a class of bankers who would be entitled to the privileges of discount, but it would not apply solely to the business, and that is my whole point. It should be confined, if it goes in at all, to paper issued by factors as such.

Mr. McKELLAR. Does the Senator from Wisconsin want to add the words "as such"? I would accept that modification.

Mr. GEORGE. I merely wish to make the further observation that the factor himself is not usually a buyer of the product. The two are inconsistent. He can not act as agent and at the same time be a buyer on his own account.

Mr. LENROOT. I do not think there is any doubt that the Senate does not want to enact a law which would give a pure speculator any privilege with reference to discounts.

Mr. GEORGE. The Senator misunderstands the business of factoring.

Mr. LENROOT. I have had the definitions and carefully gone over them.

Mr. McKELLAR. Will the Senator let me make this suggestion? In line 6, after the word "exclusively," how would it do to add the words "as factors"? Would that meet the suggestion which the Senator from Wisconsin makes?

Mr. SWANSON. "As such" would do it.

Mr. LENROOT. "Issued as such" might do it.

Mr. McKELLAR. I ask unanimous consent to perfect my amendment in line 5, after the word "factors," by inserting the words "issued as such."

The VICE PRESIDENT. The Senator has a right to perfect his own amendment.

Mr. FLETCHER. Mr. President, may I suggest, if the Senator will allow me, that what seemed the trouble with the Senator from Nebraska [Mr. NORRIS] was, as he explained, that he could not see why the farmer could not go to a bank and get the banker to make the advance; in other words, that the factor was an unnecessary middleman and more or less of a burden upon the producer. That is not the situation now with reference to factors in connection with the business. The factor affords an additional facility and his operation is a benefit to the producer.

The banker would not take the farmer's paper where he has cotton, for instance, in the field that is matured and ripened and ready to be picked, but the factor is interested in the business and has perhaps made an advance already for fertilizer. He knows exactly how many acres are under cultivation. He watches the crop. He knows how much it is going to produce per acre. He goes out and looks at it and sees for himself what the condition of the cotton is. He makes advances for the purpose of gathering the cotton, ginning it, and preparing it for market. He takes that risk which the banker would not take because the banker can not keep up with the crop from time to time in its different changing conditions from the planting of the crop to its final gathering, harvesting, and baling for market. But the factor does that and therefore it seems to me his paper, bearing his indorsement, he being personally liable on it and having secured himself, would be perfectly good paper.

Mr. McKELLAR. I ask for a vote on my amendment.

Mr. NORRIS. Not quite yet.

Mr. McKELLAR. I did not mean to hurry the Senate to a vote if the Senator from Nebraska desires to occupy the floor.

Mr. NORRIS. I shall not detain the Senate long. I am still not satisfied, as I understand the situation. I realize that it is a business with which I am not familiar and I apologize for my ignorance, but the Senate stands now converted by the letter which the Senator from Tennessee [Mr. McKELLAR] has read from W. P. G. Harding, who is the head of the Federal Reserve Board.

Mr. HEFLIN. Who was the head.

Mr. NORRIS. Yes; who was the head. He wrote this letter while he was its head. I have listened very intently on many occasions to the junior Senator from Alabama [Mr. HEFLIN] in regard to this person. I think he has convinced the Senate, the President, and the country—I think he said as much one day—that the word of this man Harding was no good and should never be taken, and yet here has come the Senator from Tennessee and practically won over the entire Senate to make eligible a lot of paper for the benefit of the middleman and to put the burden upon the man who produces the cotton, as I understand it. I have wondered whether the Senator from Alabama was going to permit that to be done.

Mr. HEFLIN. If the Senator from Nebraska will permit me, I think at the time the then governor of the Federal Reserve Board wrote a letter to the Senator from Tennessee, he was feeling considerably the lash we were applying to him up here and was trying to court favor somewhat in order to hold his position. I have just as little confidence now in anything suggested by him as I had then, but when a man is trying to hold his place and works as hard for it as he did, he is liable to state some truth among the things he says.

Mr. NORRIS. If that is true, and this man by the lashing, as the Senator said, was whipped into a mood of ability and honesty, then while he was in that mood we ought to have kept him in the job. He ought to be given a place for life, because the Senator from Alabama announced the other day he was going to stay here for life——

Mr. HEFLIN. Oh, no; I did not say for life.

Mr. NORRIS. And continue to pound away at him.

Mr. HEFLIN. I said I expected to be here for some time.

Mr. NORRIS. At any rate, the Senator expected to continue to talk about Harding, and yet he seems to have been converted to accepting his word.

Mr. LENROOT. I think the Senator from Nebraska has misunderstood the Senator from Alabama. I do not understand the Senator from Alabama means to convey the thought that he thinks that "William Poison Gas Harding," as he terms him, has told the truth even now, but he wrote the letter only to catch southern votes.

Mr. NORRIS. But he has not any votes to catch.

Mr. HEFLIN. He catches anything that might come his way.

Mr. NORRIS. It seems to me he is catching even the junior Senator from Alabama.

Mr. CARAWAY. He is a better catcher than the Senator from Nebraska thought.

Mr. NORRIS. Yes; I never thought for a moment he would be able to catch the junior Senator from Alabama in his lasso, but he seems to have gotten him on this occasion.

Mr. SWANSON. Mr. President, if I may be permitted to say just a word to the Senator from Nebraska, a factor really helps the producer of cotton. For instance, a farmer can not ship his cotton to Liverpool. He is bound to rely upon somebody who collects enough cotton to fill a ship, and when he does that, it is sold for his account.

Mr. NORRIS. I am not controverting that point. It seems to me there is one view that may be taken of the amendment that would demonstrate its worthiness. From all the Senator from Virginia has said, and I have listened to all the debate on it, the factor performs a valuable service in gathering in the cotton and holding it until he gets a shipload and until it can be sold. That is a good service.

Mr. SWANSON. It is sold, then, for the producer's account, and that enables the producer to sell his cotton himself in Liverpool instead of being compelled to sell it to a speculator. The cotton farmers, through a factor, accumulate a shipload and sell it in Liverpool and get the profits themselves, less the commission.

Mr. NORRIS. Yes; less the commission and the interest they pay. That is a good service; but we have been told, and I take it that is one of the objects of the paper, that the factors loan to the farmers money to buy fertilizer to take care of the crop and then to harvest it. He puts up the money before the cotton is planted. That is a different kind of service from gathering cotton together and holding it and accumulating it until they can get enough to make a shipload. The paper of the man who plants the cotton—the farmer himself, whom we all love so much and whom we are all working very hard to please and to help, the real farmer who plants the cotton—would not be eligible if he borrowed that same money from the bank to buy fertilizer and plant the cotton, as I understand it.

Mr. McKELLAR. Of course, it would be eligible then, being for agricultural purposes.

Mr. NORRIS. Would that be eligible under the Senator's amendment?

Mr. McKELLAR. Oh, yes.

Mr. FLETCHER. The amendment does not interfere with that.

Mr. McKELLAR. Not at all.

Mr. NORRIS. Very well. If that be true, my principal objection, which it seemed to me existed, has disappeared.

Mr. McKELLAR. I do not think there can be any question in the world about the farmers' paper.

Mr. NORRIS. The point I wanted to make was that I did not want to make paper eligible simply because a middleman had come in and indorsed it.

Mr. McKELLAR. I understand the amendment will not affect that particular feature.

Mr. FLETCHER. It is simply in addition to that.

Mr. HEFLIN. Mr. President, I want to suggest to the Senator from Nebraska that the cotton factors live mainly in the neighborhood of seaport towns, such as Norfolk, Savannah, Augusta, Mobile, New Orleans, Memphis, and so forth. For instance, a farmer who is going to make 50 bales of cotton will go to one of the factors and say, "I want to get money from you now, and I will deliver 50 bales of cotton in the fall." He contracts with the factor to that effect, and the factor then lends him the money. Perhaps the factor needs money himself later on for some other purpose, and so he goes over to the bank, indorses the farmer's paper, and gets the money. I think it will be helpful to those who deal in cotton.

Mr. CARAWAY. Mr. President, let me say to the Senator from Alabama that the man who makes advances to the farmer to produce a crop stands in the attitude of a commission merchant; that does not constitute him a cotton factor. The fac-

tor is a man who takes the finished product for somebody and sells it.

Mr. HEFLIN. The factors do let them have money, in order to bring their cotton direct to them to enable them to ship it abroad. There is some of that done.

Mr. CARAWAY. Such a man is not going to be affected under the amendment, because that class of his business will be cut out.

Mr. NORRIS. I do not understand the Senator from Arkansas.

Mr. CARAWAY. The Senator from Alabama says that the man he is trying to reach is the man who loans money to the farmer to make the crop. Such a business does not constitute a man a factor. The factor is the man who handles the product for the farmer as his agent and sells it.

Mr. NORRIS. The Senator means after it is produced?

Mr. CARAWAY. Yes; the man who handles the product at any time; and this amendment will never reach the man the Senator from Alabama describes as the man who advances the money to the farmer.

Mr. NORRIS. I understand the Senator's idea.

Mr. HEFLIN. That man ought to be reached under it.

Mr. CARAWAY. But he will not be reached under the amendment.

Mr. HEFLIN. We thought it would reach him.

Mr. NORRIS. As I understand, the contention of the Senator from Arkansas is that this amendment would not apply to a man, no matter what you call him, whether factor or anything else, who loans money to the farmer to plant and grow cotton?

Mr. CARAWAY. This amendment does not reach that class of individuals.

Mr. NORRIS. That is because of the word "factor" being used, I presume.

Mr. CARAWAY. Yes; and the words "as such." Only in his capacity as a factor can his paper be discounted under this amendment.

Mr. NORRIS. I understand that.

Mr. CARAWAY. Because it uses the words "as such," and the transaction of lending money to a farmer to enable him to make a crop is not a factor's business "as such," but his sole duty is to handle the product as the agent of the producer and sell it for him. If that is the kind of individual it is proposed to embrace under the amendment, it will not accomplish the purpose intended.

Mr. McKELLAR. Mr. President, if no one else desires to speak on the amendment, I hope we may have a vote this afternoon.

Mr. GLASS. Mr. President, the undeniable fact is that these are what are known as finance bills, which, as a general proposition, are not eligible for rediscount at a Federal reserve bank. It has been so decided by the counsel for the Federal Reserve Board after very careful examination into the matter, and he has set forth his views in a very exhaustive opinion. However, the amendment so hedges the proposition about as to make it not very dangerous; in fact, the governor of the Federal Reserve Board said to me that such paper in the rediscount operations of the Federal reserve system was so absolutely inconsequential that the board thought it entirely secure and safe, with the amendment as drafted by the board, to admit it to rediscount.

Mr. McKELLAR. I hope we may now have a vote on my amendment.

The VICE PRESIDENT. The question is on agreeing to the amendment proposed by the Senator from Tennessee as modified.

The amendment as modified was agreed to, as follows:

SEC. 12. That section 13 of the Federal reserve act, as amended, be further amended by adding, after the words "being eligible for discount" and before the words "but such definition shall not include," the words: "And the notes, drafts, and bills of exchange of factors issued as such making advances exclusively to producers of staple agricultural products in their raw state shall be eligible for such discount."

Mr. HEFLIN. Mr. President, I desire to offer the amendment which I sent to the Secretary's desk earlier in the day, so that it may be pending when the Senate reconvenes tomorrow.

The VICE PRESIDENT. The amendment proposed by the Senator from Alabama will be stated.

The ASSISTANT SECRETARY. At the end of the bill it is proposed to add a new section, as follows:

SEC. 13. That the act approved April 13, 1920, being Public, No. 170, Sixty-sixth Congress, entitled "An act to amend the act approved December 23, 1913, known as the Federal reserve act," be, and the same is hereby, repealed.

EXECUTIVE SESSION.

Mr. LENROOT. I move that the Senate proceed to the consideration of executive business.

The motion was agreed to, and the Senate proceeded to the consideration of executive business. After five minutes spent in executive session the doors were reopened.

DEATH OF REPRESENTATIVE SHERMAN E. BURROUGHS.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, communicated to the Senate the intelligence of the death of Hon. SHERMAN E. BURROUGHS, late a Representative from the State of New Hampshire, and transmitted the resolutions of the House thereon.

Mr. MOSES. I ask that the resolutions of the House be laid before the Senate.

The VICE PRESIDENT. The Chair lays before the Senate resolutions of the House of Representatives, which will be read.

The reading clerk read the resolutions, as follows:

IN THE HOUSE OF REPRESENTATIVES,
January 29, 1923.

Resolved, That the House has heard with profound sorrow of the death of Hon. SHERMAN E. BURROUGHS, a Representative from the State of New Hampshire.

Resolved, That a committee of 12 Members of the House, with such Members of the Senate as may be joined, be appointed to attend the funeral.

Resolved, That the Sergeant at Arms of the House be authorized and directed to take such steps as may be necessary for carrying out the provisions of these resolutions, and that the necessary expenses in connection therewith be paid out of the contingent fund of the House.

Resolved, That the Clerk communicate these resolutions to the Senate and transmit a copy thereof to the family of the deceased.

Resolved, That as a further mark of respect this House do now adjourn.

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

The VICE PRESIDENT. The resolutions will be read.

The resolutions (S. Res. 425) were read, considered by unanimous consent, and unanimously agreed to, as follows:

Resolved, That the Senate has heard with profound sorrow the announcement of the death of the Hon. SHERMAN E. BURROUGHS, late a Representative from the State of New Hampshire.

Resolved, That a committee of six Senators be appointed by the Vice President, to join the committee appointed on the part of the House of Representatives, to attend the funeral of the deceased.

Resolved, That the Secretary communicate these resolutions to the House of Representatives and transmit a copy thereof to the family of the deceased.

The VICE PRESIDENT, under the second resolution, appointed Mr. MOSES, Mr. KEYES, Mr. HARRELD, Mr. MCKINLEY, Mr. BAYARD, and Mr. WALSH of Massachusetts members of the committee on the part of the Senate.

Mr. MOSES. Mr. President, as a further mark of respect to the memory of the deceased Representative, I move that the Senate take a recess under the order previously entered.

The motion was unanimously agreed to; and (at 5 o'clock and 28 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Tuesday, January 30, 1923, at 12 o'clock meridian.

NOMINATIONS.

Executive nominations received by the Senate January 29, 1923.

ENVOY EXTRAORDINARY AND MINISTER PLENIPOTENTIARY.

Robert Woods Bliss, of New York, now Third Assistant Secretary of State, to be envoy extraordinary and minister plenipotentiary of the United States of America to Sweden.

THIRD ASSISTANT SECRETARY OF STATE.

J. Butler Wright, of Wyoming, to be Third Assistant Secretary of State.

SOLICITOR FOR THE DEPARTMENT OF STATE.

Charles Cheney Hyde, of the District of Columbia, to be Solicitor for the Department of State, vice Fred K. Nielsen, resigned.

COLLECTOR OF CUSTOMS.

Philip Elting, of Kingston, N. Y., to be collector of customs for customs collection district No. 10, with headquarters at New York, N. Y., to fill an existing vacancy.

COLLECTOR OF INTERNAL REVENUE.

Acel C. Alexander, of Oklahoma City, Okla., to be collector of internal revenue for the district of Oklahoma, in place of David C. Bennington, resigned.

APPOINTMENTS IN THE COAST AND GEODETIC SURVEY.

The following-named deck officers in the Coast and Geodetic Survey to be aids with relative rank of ensign in the Navy:

Donald Wood Taylor, of Massachusetts, vice L. C. Wilder, promoted.

Carl Frederick Meyer, of Massachusetts, vice E. F. Delany, resigned.

APPOINTMENTS BY TRANSFER IN THE REGULAR ARMY.

SIGNAL CORPS.

Capt. Archie Arrington Farmer, Infantry, with rank from February 2, 1919.

Capt. Emery Williamson, Infantry, with rank from July 1, 1920.

Capt. Lloyd Chandler Parsons, Infantry, with rank from July 1, 1920.

First Lieut. William Nimmons Davis, Infantry, with rank from October 20, 1919.

AIR SERVICE.

Maj. John Henry Pirie, Coast Artillery Corps, with rank from July 1, 1920.

Capt. William Francis Donnelly, Infantry, with rank from June 27, 1917.

Capt. Richard Derby, Coast Artillery Corps, with rank from July 1, 1920.

FIELD ARTILLERY.

Lieut. Col. Joseph Howard Barnard, Quartermaster Corps, with rank from December 27, 1920.

Maj. George Edgar Nelson, Quartermaster Corps, with rank from July 1, 1920.

Maj. George Wessley Sliney, Cavalry, with rank from July 1, 1920.

Capt. Joseph Scranton Tate, Cavalry, with rank from April 26, 1920.

Capt. Richard Ernest Dupuy, Coast Artillery Corps, with rank from July 1, 1920.

Capt. Lawrence Archie Kurtz, Infantry, with rank from July 1, 1920.

First Lieut. George Francis Neeley, jr., Infantry, with rank from July 1, 1920.

First Lieut. Edward Herendeen, Infantry, with rank from July 6, 1921.

CORPS OF ENGINEERS.

First Lieut. William Sawtelle Kilmer, Field Artillery.

Second Lieut. Hubert Stauffer Miller, Infantry.

SIGNAL CORPS.

First Lieut. Garland Cuzorte Black, Cavalry.

AIR SERVICE.

First Lieut. Ellis DeVern Willis, Infantry.

First Lieut. Robert Gale Breene, Cavalry.

COAST ARTILLERY CORPS.

Second Lieut. Clarence Miles Mendenhall, jr., Infantry.

POSTMASTERS.

ALABAMA.

Lillie C. Hays to be postmaster at Abbeville, Ala., in place of L. C. Hays. Incumbent's commission expired November 21, 1922.

ARKANSAS.

Philip K. Connaway to be postmaster at Forrest City, Ark., in place of Linn Turley, resigned.

CALIFORNIA.

James R. Willoughby to be postmaster at Corcoran, Calif., in place of L. M. Peery. Incumbent's commission expired September 5, 1922.

George L. Clare to be postmaster at Guerneville, Calif., in place of Elizabeth Clar. Incumbent's commission expired July 25, 1920.

William E. Hunt to be postmaster at Kelseyville, Calif., in place of W. E. Hunt. Incumbent's commission expired January 30, 1921.

DELAWARE.

Frederick J. Dodson to be postmaster at Smyrna, Del., in place of A. L. Cummins. Incumbent's commission expired December 18, 1922.

ILLINOIS.

Mode Morrison to be postmaster at Manteno, Ill., in place of J. O. Smith. Incumbent's commission expired October 24, 1922.

William R. Watts to be postmaster at Paxton, Ill., in place of W. R. Nelson. Incumbent's commission expired November 21, 1922.

Milton T. Hunt to be postmaster at Warsaw, Ill., in place of C. J. Paar, deceased.

INDIANA.

William D. Moss to be postmaster at Marion, Ind., in place of O. C. Bradford. Incumbent's commission expired September 5, 1922.

Jesse E. Harvey to be postmaster at Markle, Ind., in place of Clinton Rogers. Incumbent's commission expired September 5, 1922.

KENTUCKY.

George T. Joyner to be postmaster at Bardwell, Ky., in place of J. G. Roberts. Incumbent's commission expired October 3, 1922.

James A. Leach to be postmaster at Beaver Dam, Ky., in place of Edith Porter. Incumbent's commission expired October 3, 1922.

Emma M. Oldham to be postmaster at Bloomfield, Ky., in place of B. J. Purdy. Incumbent's commission expired October 3, 1922.

James W. Burns to be postmaster at Catlettsburg, Ky., in place of R. A. Field. Incumbent's commission expired October 3, 1922.

Anna Glascock to be postmaster at Flemingsburg, Ky., in place of Gilbert Adams. Incumbent's commission expired October 3, 1922.

Jasper N. Oates to be postmaster at Nortonville, Ky., in place of J. R. Harrison. Office became third class April 1, 1921.

MASSACHUSETTS.

Joseph E. Herrick to be postmaster at Beverly, Mass., in place of Charles Prescott, deceased.

Robert H. Howes to be postmaster at Southboro, Mass., in place of R. H. Howes. Incumbent's commission expired October 1, 1922.

MINNESOTA.

Hope Mouser to be postmaster at Gilbert, Minn., in place of Hope Mouser. Incumbent's commission expired November 21, 1922.

Clara A. Toftey to be postmaster at Grand Marais, Minn., in place of C. A. Toftey. Incumbent's commission expired November 21, 1922.

MISSISSIPPI.

Nathan B. Williams to be postmaster at Fernwood, Miss., in place of Gertrude Martin, resigned.

Allene M. Mitchell to be postmaster at Sunflower, Miss., in place of F. C. Williams, resigned.

MISSOURI.

John L. Oheim to be postmaster at Kimmswick, Mo., in place of J. J. A. Hilgert. Incumbent's commission expired September 5, 1922.

Anna T. Winchester to be postmaster at Sikeston, Mo., in place of F. H. Smith. Incumbent's commission expired September 5, 1922.

NEBRASKA.

Annette C. Jones to be postmaster at Western, Nebr., in place of M. T. Kilmer. Incumbent's commission expired October 3, 1922.

NEW JERSEY.

Milton K. Thorp to be postmaster at Hackettstown, N. J., in place of Charles Rittenhouse. Incumbent's commission expired August 6, 1921.

NEW YORK.

Adolph N. Johnson to be postmaster at Falconer, N. Y., in place of S. I. Houghwout. Incumbent's commission expired November 21, 1922.

Henry E. Johnston to be postmaster at Spencer, N. Y., in place of M. L. Fisher. Incumbent's commission expired September 19, 1922.

NORTH CAROLINA.

Clarence M. McCall to be postmaster at Biltmore, N. C., in place of H. M. Gudger. Incumbent's commission expired September 5, 1922.

Edward F. Yarborough to be postmaster at Louisburg, N. C., in place of R. H. Davis. Incumbent's commission expired September 5, 1922.

OHIO.

Cora M. Burns to be postmaster at Beloit, Ohio, in place of C. M. Burns. Office became third class April 1, 1922.

John W. Keel to be postmaster at Bolivar, Ohio, in place of M. H. Willard. Office became third class July 1, 1922.

Lee B. Milligan to be postmaster at Lowellville, Ohio, in place of L. B. Milligan. Incumbent's commission expired November 21, 1922.

Della Boone to be postmaster at Spencer, Ohio, in place of Della Boone. Incumbent's commission expired October 24, 1922.

OKLAHOMA.

Hubbard A. Babb to be postmaster at Hugo, Okla., in place of J. F. Larecy, removed.

Thomas W. Kelly to be postmaster at Stillwater, Okla., in place of I. O. Diggs. Incumbent's commission expired January 27, 1923.

George Logsdon to be postmaster at Taloga, Okla., in place of D. R. Wright. Incumbent's commission expired October 24, 1922.

PENNSYLVANIA.

Frank J. Woodward to be postmaster at Media, Pa., in place of M. C. Fox, jr. Incumbent's commission expired February 4, 1922.

Mary E. Leavitt to be postmaster at Sharon Hill, Pa., in place of T. O. Humphrey. Incumbent's commission expired October 24, 1922.

Howard M. Gardner to be postmaster at York Springs, Pa., in place of J. L. Gibb. Office became third class January 1, 1921.

TENNESSEE.

Clarence E. Locke to be postmaster at Ethridge, Tenn., in place of L. E. Newman. Office became third class July 1, 1920.

TEXAS.

McDougal Bybee to be postmaster at Childress, Tex., in place of L. E. Haskett. Incumbent's commission expired January 24, 1922.

Simpson I. Dunn to be postmaster at Port Arthur, Tex., in place of J. H. Washburne. Incumbent's commission expired September 5, 1922.

VERMONT.

James E. Kidder to be postmaster at Derby, Vt., in place of A. W. Kimball. Office became third class January 1, 1921.

WEST VIRGINIA.

Harry R. Adams to be postmaster at Spencer, W. Va., in place of S. A. Simmons, resigned.

WISCONSIN.

Floyd D. Bartels to be postmaster at Blue River, Wis., in place of E. M. Taylor. Incumbent's commission expired March 16, 1921.

John B. Schneller to be postmaster at Neenah, Wis., in place of E. A. Severson. Incumbent's commission expired December 23, 1922.

WYOMING.

Arthur W. Crawford to be postmaster at Guernsey, Wyo., in place of R. E. Rimington, resigned.

CONFIRMATIONS.

Executive nominations confirmed by the Senate January 29, 1923.

ASSOCIATE JUSTICE OF SUPREME COURT OF THE UNITED STATES.

Edward T. Sanford to be Associate Justice of the Supreme Court of the United States.

POSTMASTERS.

ALABAMA.

Fred M. Fitts, Alabama City.
Margaret E. Stephens, Attalla.
John L. Miller, Berry.
William L. Power, Blountsville.
Grova Grace, Dora.
Eva M. Ellison, Empire.
John M. Stapleton, Foley.
Warren L. Hollingsworth, Lincoln.
Henry G. Reiser, Mobile.
Jesse A. Eason, Ozark.
Fred D. Perkins, Wetumpka.

GEORGIA.

Lemuel S. Peterson, Douglas.
William C. Chambers, Fort Gaines.
Harry M. Wilson, Waycross.

KANSAS.

Lewis Thomas, Argonia.
Clark L. Porter, Blue Mound.
Hester Goldsmith, Cheney.
William D. Hale, Dexter.
Frank H. Hanson, Haddam.
William R. Waring, Hope.
Frank H. Dieter, Oakhill.
Franklin C. Thompson, Stafford.
Nettie M. Cox, Wellington.

MINNESOTA.

Wilson W. Wright, Cromwell.
Benjamin H. Peoples, Detroit.
Frank H. Wherland, Welcome.

NORTH DAKOTA.

Austinna S. Loudenbeck, Garrison.
Marion C. Houser, Napoleon.

OHIO.

Mary E. Ross, Lebanon.
Charlie D. Harvey, North Fairfield.
Georgiana Pifer, Rock Creek.
Walter W. Wiant, St. Paris.

SOUTH CAROLINA.

Walter W. Goudelock, Trough.

SOUTH DAKOTA.

Evert D. Law, Bonesteel.
George E. Conrick, Chamberlain.
Frank Den Beste, Corsica.

TEXAS.

Amelia M. Bridges, Anderson.
Joseph C. Council, Granger.
Riley C. Couch, Haskell.
Rufus H. Windham, Kirbyville.
E. Otho Driskell, Mansfield.
Nathaniel B. Spearman, Mount Pleasant.
William J. Barker, Van Horn.

WISCONSIN.

William W. Winchester, Amery.
William Martin, Campbellsport.
Edward J. Tracy, Doylestown.
Ferdinand A. Nierode, Grafton.
David L. Mann, Horicon.
Carrie K. Lehner, Juneau.
Anton Schiesl, Laona.
Albert Liebl, Luxembourg.
Elmer E. Haight, Poynette.
Elwin J. McLeod, Rib Lake.
Cora L. Evenson, Rio.

HOUSE OF REPRESENTATIVES.

MONDAY, *January 29, 1923.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our Heavenly Father, suffer us to come to Thee. Be with all afflicted ones and comfort them with that peace that is blended with the very harmonies of heaven. Hear us as we pray: "Our Father, who art in heaven, hallowed be Thy name. Thy kingdom come. Thy will be done in earth, as it is in heaven. Give us this day our daily bread. And forgive us our trespasses as we forgive them who trespass against us. And lead us not into temptation, but deliver us from evil. For Thine is the kingdom, and the power, and the glory, forever. Amen."

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

DEATH OF HON. SHERMAN E. BURROUGHS.

Mr. WASON. Mr. Speaker, after a brief illness, Hon. SHERMAN E. BURROUGHS, a Representative in Congress from the first district of New Hampshire, died in Washington, D. C., late in the evening of Saturday, the 27th day of this month. It is with profound sorrow and grief that I make this announcement. In his death I keenly realize his loss as a colleague, as a legislator, and a true friend. Later a request will be made that a time be set apart for the purpose of allowing his colleagues to express their appreciation of his services to our beloved country.

I offer the following resolution, and move its adoption.

The SPEAKER. The Clerk will report the resolution.