a movement for a conference of nations to be called by the President of the United States to seek restriction of the production of raw material from which narcotics are made; to the Committee on Ways and Means.

7289. By Mr. ANDREW of Massachusetts: Resolution adopted by the board of directors of the Associated Charities of Salem, Mass., indorsing the proposed amendment to the Constitution of the United States offered by Senator McCORMICK giving Congress the right to control or prohibit the labor of all persons under 18 years of age; to the Committee on Interstate and Foreign Commerce.

7290. By Mr. KISSEL: Petition of Juneau Camp of the Alaska Native Brotherhood, favoring the abolishment of fish traps, as provided in the White bill; to the Committee on the Merchant Marine and Fisheries.

7291. By Mr. LINTHICUM: Petition of L. Greif & Bro., Baltimore, favoring passage of Swing-Johnson bill for construction of Boulder Canyon Dam on Colorado River; to the Committee on Rivers and Harbors.

7292. Also, petition of J. Henry Miller (Inc.), Baltimore, favoring Senate bill 4137, providing for the transfer of certain vessels from the Navy to the Coast Guard after necessary authority has been obtained; to the Committee on Naval Affairs.

7293. Also, petition of Mrs. Samuel A. Tubman, of Baltimore, favoring passage of bill to make Yorktown, Va., a national military park; to the Committee on Public Buildings and Grounds.

7294. By Mr. MacGREGOR: Petition of Charles Koch and other citizens of Buffalo, N. Y., favoring legislation extending aid to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7295. By Mr. REED of West Virginia: Petition signed by C. M. Carter, C. B. W. Chapman, and 40 other residents of Clarksburg, W. Va., to abolish discriminatory tax on small-arms ammunition and firearms; to the Committee on Ways and Means.

7296. By Mr. WINSLOW: Petition of residents of Worcester, Mass., and surrounding towns against the passage of House bill 4388; to the Committee on the District of Columbia.

SENATE.

WEDNESDAY, *February 14, 1923.*

(Legislative day of Tuesday, February 13, 1923.)

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

The VICE PRESIDENT resumed the chair.

DISPOSITION OF USELESS PAPERS.

The VICE PRESIDENT laid before the Senate a communication from the Postmaster General, transmitting, pursuant to law, a schedule of papers and documents on the files of the Post Office Department which are not needed in the conduct of business and having no permanent value or historic interest, and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments. The Vice President appointed Mr. STERLING and Mr. DIAL members of the committee on the part of the Senate, and ordered that the Secretary notify the House of Representatives thereof.

He also laid before the Senate a communication from the Secretary of Commerce, transmitting, pursuant to law, a list of papers and documents on the files of the Department of Commerce which are not needed in the conduct of business and having no permanent value or historic interest, and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments. The Vice President appointed Mr. FERNALD and Mr. SHEPPARD members of the committee on the part of the Senate, and ordered that the Secretary notify the House of Representatives thereof.

He also laid before the Senate a communication from the First Assistant Secretary of the Interior, transmitting, pursuant to law, a list of papers and documents on the files of field offices of the General Land Office which are not needed in the conduct of business and having no permanent value or historic interest, and asking for action looking to their disposition, which was referred to a Joint Select Committee on the Disposition of Useless Papers in the Executive Departments. The Vice President appointed Mr. NORRIS and Mr. KENDRICK members of the committee on the part of the Senate, and ordered that the Secretary notify the House of Representatives thereof.

PETITIONS AND MEMORIALS.

Mr. LODGE presented a petition of Musicians' Protective Union, Local No. 214, American Federation of Musicians, of New Bedford, Mass., praying for modification of the so-called Volstead Act so as to permit the use of light wines and beers, which was referred to the Committee on the Judiciary.

Mr. WILLIS presented a resolution of the Woman's Republican Club of Jefferson County, Ohio, favoring the prompt passage of House bill 14254, relative to World War foreign debt settlement, which was ordered to lie on the table.

Mr. ROBINSON presented a resolution of Culinary Alliance No. 142, of Eldorado, Ark., protesting against the passage of the so-called ship subsidy bill, which was ordered to lie on the table.

He also presented the petition of H. Rouw and sundry other citizens of Van Buren, Ark., favoring the passage of the bill (S. 4399) to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables, and for other purposes, which was ordered to lie on the table.

He also presented a resolution of the executive committee, National Council of Farmers' Cooperative Marketing Associations, at Louisville, Ky., favoring acceptance by Congress of the terms recommended by the American commission on refunding of the British debt, which was ordered to lie on the table.

Mr. WARREN presented a resolution adopted by the Salvation Army Conference of Social Workers, in the city of Washington, D. C., favoring the enactment of legislation for investigation of the needs of the Nation for public works to be carried on by Federal, State, and municipal agencies in periods of business depression and unemployment, so as to provide against the recurrence of poverty and distress in such unemployment crises, etc., which was referred to the Committee on Education and Labor.

Mr. McLEAN presented a resolution of the North End Club, of New Haven, Conn., praying an amendment to the Constitution regulating child labor, which was referred to the Committee on the Judiciary.

He also presented resolutions of the advisory board, Hartford section, of the Council of Jewish Women, at Hartford, Conn., favoring the passage of Senate bill 3136, the so-called teachers' salary bill for the District of Columbia, and Senate bill 2040, the so-called compulsory education and school census bill, which were ordered to lie on the table.

Mr. McCUMBER submitted the following concurrent resolution of the Legislature of North Dakota, which was referred to the Committee on Agriculture and Forestry:

[Eighteenth Legislative Assembly of North Dakota, begun and held at the capitol, in the city of Bismarck, on Tuesday, January 2, 1923.]

Concurrent resolution.

Be it resolved by the House of Representatives of the Eighteenth Legislative Assembly of the State of North Dakota (the Senate concurring therein)—

Whereas, since the cessation of the war with Germany and the removal of the minimum wheat-price guaranty of the Federal Government, in effect during a part of the period of the war, the price of wheat to the wheat producer of the Northwest has depreciated to a point far below the cost of production; and

Whereas the general level price on articles which the wheat producer is obliged to buy and consume gives no promise of a proportionate reduction, but, on the contrary, appears to be increasing at this time; and

Whereas these circumstances have caused an unprecedented condition of distress to the wheat producer of the Northwest and to all legitimate enterprises more or less directly dependent upon his prosperity and solvency, which condition of distress is so acute as to threaten a great loss of population in the farming communities of the Northwest, accompanied by consequent insolvency, bankruptcy, and other results so dire and serious as to directly and indirectly affect a large proportion of the population of the Nation; and

Whereas the Federal guaranty of a minimum price of wheat during a part of the war period was, in fact, a serious injustice for the wheat producer of the Northwest, resulting as it did in greatly reducing his price far below the level of the price which supply and demand conditions would have otherwise created, and which, therefore, operated as an actual and artificial reduction and limitation of his price and not as a subsidy; and

Whereas the Government of the United States receives $50,000,000 as profits from the operation of the United States Grain Corporation during the war, which really belongs to the producer; and

Whereas the Northwest wheat producer alone, among all the producers in the United States, suffered such arbitrary reduction in the price of his product during the war period, from which the entire consuming public directly benefited, he being obliged during the said period to pay the highest market prices for all articles which he used and consumed, there being no governmental limitation on the price of any such article during said period; and

Whereas this present condition resulting from the foregoing is such as to threaten a calamity: Now, therefore, be it

Resolved by the House of Representatives of the Eighteenth Legislative Assembly of the State of North Dakota (the Senate concurring therein), That we do hereby respectfully urge the Congress of the United States to take cognizance of the present situation in which the Northwest wheat farmer is placed and the circumstances which have resulted in his present condition of distress, and guarantee a

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minimum price of $1.50 per bushel while this emergency lasts; be it further

Resolved, That inasmuch as the policy of Government aid has been recognized under similar circumstances as being proper and constitutional and was so recognized in the six-months' guaranty provision to the railroads, and is now being urged in connection with the so-called ship subsidy bill, the Congress of the United States is hereby respectfully urged and earnestly petitioned to labor to the end that it may find a proper and constitutional means of bringing immediate relief to the Northwest wheat producer by guaranteed price; be it further

Resolved, That the Secretary of State be directed to transmit a copy of this resolution to the President of the United States, the President of the United States Senate, the Speaker of the National House of Representatives, and to all Members of both Houses of the National Congress from North Dakota immediately upon its passage and approval.

ROY JOHNSON,
Speaker of the House.
W. F. CUSHING,
Chief Clerk of the House.
FRANK H. HYLAND,
President of the Senate.
[SEAL.] W. E. PARSONS,
Secretary of the Senate.

This certifies that the foregoing resolution was adopted by the House of Representatives of the Eighteenth Legislative Assembly of the State of North Dakota, the Senate concurring therein.

W. F. CUSHING,
Chief Clerk of the House.

Mr. McCUMBER presented the following concurrent resolution of the Legislature of North Dakota, which was referred to the Committee on Finance:

[Eighteenth Legislative Assembly, State of North Dakota, begun and held at the capitol, in the city of Bismarck, on Tuesday, the 2d day of January, 1923.]

Concurrent resolution memorializing the United States Congress to prohibit the further issuance of tax-exempt securities.

Whereas the Sixty-first Congress of the United States of America at its first session adopted the sixteenth amendment to the Constitution of the United States of America, providing that Congress have the power to collect taxes on incomes from whatever source derived without apportionment among the several States and without regard to any census or enumeration, which amendment was ratified by joint resolution of the Legislative Assembly of the State of North Dakota in 1911;

Whereas the Congress of the United States of America subsequently enacted a graduated income tax law levying taxes upon incomes on a graduated basis in proportion to the amounts of the respective incomes;

Whereas the United States Government, the several States of the Union, and all the political divisions of said States now have the right to issue their bonds and obligations in form exempt from taxation under said graduated income tax law;

Whereas the several States and their political subdivisions are actually issuing such bonds and obligations in form exempt from taxation under said graduated income tax law to the amount estimated to be more than $1,250,000,000 per annum;

Whereas the investment of wealth in such tax-exempt securities defeats the universal and equitable application of the United States graduated income tax law and also similarly defeats the universal and equitable application of the graduated income tax laws of North Dakota and the several States of the Union and violates the ability principle of taxation and unfairly discriminates between taxpayers, creating social unrest because of the large investments in such tax-exempt securities by the wealthy classes of the Nation;

Whereas every dollar's worth of income and every person should carry a fair portion of the public expense, and a large and rapidly increasing portion of the incomes of the property owners of the Nation is escaping taxation through investment in tax-exempt securities, thereby granting to concentrated wealth an avenue of escape from its equitable share of the cost of Government, and in so doing is in effect granting a private subsidy to certain interests;

Whereas we recognize the Federal graduated income tax as a most equitable and effective plan of taxation, but realize that both its equity and effectiveness will be destroyed in such proportion as those most able to pay are allowed to obtain exemption therefrom by the conversion of their property into tax-exempt securities, and that this Nation ought not to continue with part of its people taxed and part of its people tax free;

Whereas such tax exemption of securities encourages extravagant expenditures on the part of the various States and political subdivisions thereof in the way of unnecessary public improvements and otherwise, withdrawing funds therefor from the necessary business enterprises of the Nation;

Whereas such withdrawal of funds from the necessary enterprises of the Nation is sapping the business vitality of the Nation, increasing the rate of interest required on borrowed capital for all enterprises not carried on by the Government, thereby adding to the cost of living, discouraging investment of funds in new enterprises that are essential to the proper prosperity and development of the Nation and producing a substantial shortage of funds available for farm-mortgage loans and other necessary financing in our State and the several States of the Nation;

Whereas the President of the United States and the Secretary of the Treasury of the United States have both condemned this evil of tax-exempt securities and recommended an amendment to the United States Constitution prohibiting same, the President's statement, as reported to the public press, being in part as follows, to wit: "I think our tax problems, the tendency of wealth to seek nontaxable investment, and the menacing increase of public debt—Federal, State, and municipal—all justify a proposal to change the Constitution so as to end the issue of nontaxable bonds"; and

Whereas there is now pending in the Congress of the United States an amendment to the United States Constitution that will prohibit the further issuance of tax-exempt securities: Now, therefore, be it

Resolved by the Senate of the State of North Dakota (the House of Representatives concurring), That the Congress of the United States of America be, and the same is hereby, memorialized and urged by the Legislative Assembly of the State of North Dakota to take such action as may be necessary to prohibit as soon as possible the further issuance of securities that are in any way exempt from taxation under the income tax law of the United States Government and under the income tax laws of the several States of the Union; and that it be further

Resolved, That certified copies of this concurrent resolution be forwarded by the governor of this State to the Secretary of State at Washington, D. C., and to the President of the Senate and the Speaker of the House of Representatives of the National Congress, and to each of North Dakota's Senators and Congressmen in the National Congress.

FRANK H. HYLAND,
President of the Senate.
W. E. PARSONS,
Secretary of the Senate.
ROY JOHNSON,
Speaker of the House.
W. F. CUSHING,
Chief Clerk of the House.

This certifies that the foregoing resolution was adopted by the Senate of the Eighteenth Legislative Assembly of the State of North Dakota, the House concurring therein.

W. E. PARSONS,
Secretary of the Senate.

REPORTS OF COMMITTEES.

Mr. ODDIE, from the Committee on Post Offices and Post Roads, to which was referred the bill (S. 3084) to authorize and provide for the payment of the amounts expended in the construction of hangars and the maintenance of flying fields for the use of the air mail service of the Post Office Department, reported it without amendment and submitted a report (No. 1143) thereon.

Mr. PHIPPS, from the Committee on Education and Labor, to which was referred the bill (S. 4472) to make an investigation of the needs of the Nation for public works to be carried on by Federal, State, and municipal agencies in periods of business depression and unemployment, reported it without amendment.

Mr. NEW, from the Committee on Foreign Relations, to which was recommitted the bill (S. 3701) for the relief of Blattmann & Co., reported it with an amendment.

Mr. CALDER, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the resolution (S. Res. 431) to investigate the methods of administration of certain Alaskan fisheries by the Bureau of Fisheries, reported it without amendment and moved that it be referred to the Committee on Commerce, which was agreed to.

Mr. ASHURST, from the Committee on Indian Affairs, to which was referred the bill (H. R. 13128) authorizing an appropriation for the construction of a road within the Fort Apache Indian Reservation, Ariz., reported it without amendment and submitted a report (No. 1144) thereon.

BILLS INTRODUCED.

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

By Mr. McNARY:

A bill (S. 4546) granting a pension to Marguerite Daugherty; to the Committee on Pensions.

By Mr. BROOKHART:

A bill (S. 4547) amending section 230 of the revenue act of 1921; to the Committee on Finance.

By Mr. HARRISON:

A bill (S. 4548) declaring Bear Creek in Humphreys, Leflore, and Sunflower Counties, Miss., to be a nonnavigable stream; to the Committee on Commerce.

By Mr. NORRIS:

A bill (S. 4549) granting an increase of pension to Rosalthe L. Warner; to the Committee on Pensions.

By Mr. SHORTRIDGE:

A bill (S. 4550) to provide for the retirement of certain officers of the Naval Reserve Force on account of physical disability received in the line of duty after many years of service, and for other purposes; to the Committee on Naval Affairs.

A bill (S. 4551) amending the Army appropriation act approved July 9, 1918, providing for appointment and retirement of officers of the Medical Reserve Corps, or contract surgeons; to the Committee on Military Affairs.

By Mr. OVERMAN:

A bill (S. 4552) to incorporate the Belleau Wood Memorial Association; to the Committee on the Judiciary.

By Mr. McCUMBER:

A bill (S. 4553) granting an increase of pension to Mary McCook; to the Committee on Pensions.

By Mr. BURSUM:

A bill (S. 4554) granting a pension to Vicente Fresquez; to the Committee on Pensions.

By Mr. KELLOGG:

A bill (S. 4555) to authorize the Valley Transfer Railway Co., a corporation, to construct and operate a line of railway in and upon the Fort Snelling Military Reservation in the State of Minnesota; to the Committee on Military Affairs.

A bill (S. 4556) granting the consent of Congress to the Valley Transfer Railway Co., a corporation, to construct three bridges and approaches thereto across the junction of the Minnesota and Mississippi Rivers, at points suitable to the interests of navigation; to the Committee on Commerce.

AMENDMENT TO THIRD DEFICIENCY APPROPRIATION BILL.

Mr. LODGE submitted an amendment intended to be proposed to the third deficiency appropriation bill proposing that the Secretary of the Interior be authorized and directed to deduct from the amount of the judgment heretofore rendered by the Court of Claims in favor of the Santee Sioux in the case of Mdewakanton and Wahpakoota bands of Sioux Indians, otherwise known as Santee Sioux Indians *v.* The United States, No. 33728, in the sum of $15,000, and to pay the same to Charles A. Eastman in compensation for his services to the claimants in the case and in full satisfaction of all claims on his part under the terms of the so-called Hill-Eastman contract, etc., which was referred to the Committee on Appropriations and ordered to be printed.

CLAIMS OF CERTAIN ARMY OFFICERS.

Mr. ROBINSON submitted an amendment intended to be proposed by him to the bill (H. R. 11397) to authorize appropriations for the relief of certain officers of the Army of the United States, and for other purposes, which was referred to the Committee on Claims and ordered to be printed.

MDEWAKANTON AND WAHPAKOOTA (SANTEE) SIOUX.

Mr. NORRIS submitted an amendment intended to be proposed by him to the bill (H. R. 13835) authorizing the Secretary of the Interior to appraise tribal property of Indians, and for other purposes, which was referred to the Committee on Indian Affairs and ordered to be printed.

WORLD WAR FOREIGN DEBT SETTLEMENT.

Mr. HITCHCOCK submitted an amendment proposing to strike out lines 10, 11, and 12, on page 3 of the bill (H. R. 14254) to amend the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," approved February 9, 1922, which was ordered to lie on the table and to be printed.

INTERNATIONAL LAW OF PEACE.

Mr. BORAH. I submit a resolution and ask that it be printed and lie on the table.

The resolution (S. Res. 441) was ordered to lie on the table and to be printed, as follows:

Whereas war is the greatest existing menace to society and has become so expensive and destructive that it not only causes the stupendous burdens of taxation now afflicting our people but threatens to engulf and destroy civilization; and

Whereas civilizaion has been marked in its upward trend out of barbarism into its present condition by the development of law and courts to supplant methods of violence and force; and

Whereas the genuis of civilization has discovered but two methods of compelling the settlement of human disputes, namely, law and war, and therefore in any plan for the compulsory settlement of international controversies we must choose between war on the one hand and the process of law on the other; and

Whereas war between nations has always been and still is a lawful institution; so that any nation may, with or without cause, declare war against any other nation and be strictly within its legal rights; and

Whereas revolutionary wars, or wars of liberation, are illegal and criminal, to-wit, high treason, whereas under existing international law wars of aggression between nations are perfectly lawful; and

Whereas the overwhelming moral sentiment of civilized people everywhere is against the cruel and destructive institution of war; and

Whereas all alliances, leagues, or plans which rely upon force as the ultimate power for the enforcement of peace carry the seeds either of their own destruction or of military dominancy to the utter subversion of liberty and justice; and

Whereas we must recognize the fact that resolutions, or treaties, outlawing certain methods of killing will not be effective so long as war itself remains lawful, and that in international relations we must have not rules and regulations of war but organic laws against war; and

Whereas in our Constitutional Convention of 1787 it was successfully contended by Madison and Hamilton that the use of force when applied to people collectively—that is, to States or Nations, was unsound in principle and would be tantamount to a declaration of war; and

Whereas we have in our Federal Supreme Court a practical and effective model for a real international court, as it has specific jurisdiction to hear and decide controversies between our sovereign States; and

Whereas our Supreme Court has exercised this jurisdiction without resort to force for 135 years, during which time scores of controversies have been judicially and peaceably settled that might otherwise have led to war between the States, and thus furnishes a practical exemplar for the compulsory and pacific settlement of international controversies; and

Whereas an international arrangement of such judicial character would not shackle the independence or impair the sovereignty of any nation: Now, therefore, be it

Resolved, That it is the view of the Senate of the United States that war between nations should be outlawed as an institution or means for the settlement of international controversies by making it a public crime under the law of nations, and that every nation should be encouraged by solemn agreement or treaty to bind itself to indict and punish its own international war breeders or instigators and war profiteers under powers similar to those conferred upon our Congress under Article I, section 8, of our Federal Constitution, which clothes the Congress with the power "to define and punish offenses against the law of nations"; and be it further

Resolved, That a code of international law of peace based upon equality and justice between nations, amplified and expanded and adapted and brought down to date, should be created and adopted;

Second. That a judicial substitute for war should be created (or if existing in part, adapted and adjusted) in the form or nature of an international court, modeled on our Federal Supreme Court in its jurisdiction over controversies between our sovereign States, such court to possess affirmative jurisdiction to hear and decide all purely international controversies as defined by the code or arising under treaties, and to have the same power for the enforcement of its decrees as our Federal Supreme Court, namely, the respect of all enlightened nations for judgments resting upon open and fair investigations and impartial decisions and the compelling power of enlightened public opinion.

REGULATION OF CHILD LABOR.

Mr. McCORMICK. I submit a resolution and ask that it may lie on the table.

The resolution (S. Res. 442) was ordered to lie on the table, as follows:

Resolved, That the Committee on the Judiciary be discharged from the further consideration of the joint resolution (S. J. Res. 232) proposing an amendment to the Constitution of the United States relative to child labor.

RESERVE OFFICERS' TRAINING CORPS WORK IN COLLEGES.

Mr. OVERMAN. I ask unanimous consent to have printed in the RECORD and referred to the Committee on Military Affairs, for the consideration of the committee of conference on the Army appropriation bill, a letter from one of the most distinguished men of the country, the president of Davidson College, North Carolina, advocating the increase in the appropriation for the Reserve Officers' Training Corps work in colleges made by the Senate.

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

DAVIDSON COLLEGE,
OFFICE OF THE PRESIDENT,
Davidson, N. C., February 9, 1923.

Hon. LEE S. OVERMAN,
United States Senate, Washington, D. C.

MY DEAR SENATOR: My attention has been drawn to the fact that the bill of the War Department is before the Senate and will later be in conference between the Senate and the House. My special attention has been drawn to the attitude of these bodies toward the appropriation for the Reserve Officers' Training Corps work in the colleges. I learn that in round numbers the Budget Commission recommended an appropriation for the ensuing year for the Reserve Officers' Training Corps work of $4,401,000, and that the War Department scaled this as far as they thought it ought to be scaled and suggested $4,121,000. The House of Representatives reduced this to $3,250,000 and the Senate advocates an appropriation of $4,000,000.

I am a man of peace and do not believe in assuming that we are always on the verge of war; yet I know how unsettled the conditions are in the world and that possibly we are not entirely free from the further possibility of trouble. I am not anticipating this, however, for history seems to teach us that after such a clash as we recently had there will be a more or less extended period in which we will not be engaged in conflict. I am therefore rather sympathetic with the reduction of the standing Army to as low a point as is consistent with the condition of the times and the proper policing of our possessions. However, I do believe that we ought to bear in mind the future possibilities and make such preparation as is sane without creating a militaristic spirit in the land.

I think we were taught in the last war that it was fairly easy to quickly train our young men into efficient common soldiers, but that it was practically impossible to as quickly train even our best young manhood into efficient officers in so short a space of time. My idea of an officer may be wrong, but it is this: That he must be by long association and training so conversant with his duties and so accustomed thereto that in moments of intensest excitement he performs them almost automatically and with the utmost coolness. It seems to me that it is very much like learning to drive an automobile and putting the driver under conditions he would find in the crowded streets of a city. If he is a novice he will have learned to drive with smoothness on a country road, where he meets few vehicles and has plenty of room to pass, and where there is no commotion or excitement. Under these conditions he gets along all right. But put him with only so much instruction or experience into the crowded city, such as would be found on the streets of New York, with automobiles dashing in every direction, pedestrians constantly crossing the streets, surface cars going up and down, with the elevated rumbling above his head, which would all be to the novice confusion, turmoil, and excitement, it is a decidedly different matter, and until his driving has become to him a second nature, so that automatically he touches the right lever, he is apt to be jammed into by some one or run into another. This is somewhat the condition of many of the young officers in our last war who were taken out of civil life and given a few months of training and then put upon the battle field to handle men under fire.

The Reserve Officers' Training Corps seems to me to remedy this serious condition of affairs without in the slightest degree creating a militaristic spirit, and at the least possible cost to the Nation. The Nation is furnished under this system the very finest of its youth to train for the possible eventualities of the future. It offers them at a time when they are willing to undergo this training. It offers them to the Government through four years of such training, thus slowly and gradually acquainting them with the fundamental duties of the officer through such a period that they soon become practically automatic in the performance of those duties. Later, if the occasion arises, these men can be taken to camps and given intensive training

and be turned out practically as finished products as come from West Point itself.

I do not find that students graduating from our college, where they have taken the full Reserve Officers' Training Corps course, have had in the slightest degree any militaristic spirit engendered in them.

Then, if you will take into consideration that this safeguard to the Nation is provided at such an insignificant cost as even the amount suggested by the Budget system, namely, $4,401,000, it seems to me that it is "saving at the spigot and losing at the bung" to cut this amount down a few hundred thousand dollars and injure the efficiency of the whole system.

I wish you would bear in mind that the student taking this Reserve Officers' Training Corps course does it voluntarily, and is not required to do so—certainly this is true in the two advanced years of the course. Now, a student does not come to a college of this character in order to become a soldier, and while he is patriotic, it does not at his time of life appeal to him to prepare against a possible eventuality when he is directly interested in other lines of endeavor and preparing himself for those lines. It is human nature, therefore, to have to appeal to him in such a way as will encourage him to take this course. The Government started out to do this by providing good instruction, a certain amount of clothing, and a certain provision toward payment of board. Almost from the first I have noticed that there has been a tendency to so decrease and curtail these emoluments that it is losing its attraction for the students. It will not do to say they are failing in patriotism. If the occasion should ever arise they will, as before, take hold and sacrifice their lives; but they are not yet men of foresight and judgment—if they were they would not be in college. You can not catch fish by baiting your hook with a statement that it is the fish's duty to patriotically sacrifice itself to the appetite of man. It takes the appeal of a wriggling worm; and somewhat the same thing is true in human nature, especially with young human nature. I think I see a disposition on the part of Congress to remove the worm from the hook and put on the dry appeal of sacrifice to the individual to put away that which would prepare him more particularly for the lines of life he is going into and take up the Reserve Officers' Training Corps course to prepare himself for a possible, though improbable, danger to the country.

I have written far too long a letter and I am not sure but that I have done the cause an injury to ask you to read it, but I do hope you will use your influence to see that this appropriation is not cut down to such an extent that the work of the Reserve Officers' Training Corps becomes inefficient.

I am, very sincerely yours,

WM. J. MARTIN, *President.*

DISTRICT OF COLUMBIA APPROPRIATIONS.

The VICE PRESIDENT laid before the Senate the action of the House of Representatives on certain amendments of the Senate to House bill 13660, the District of Columbia appropriation bill, which was read, as follows:

IN THE HOUSE OF REPRESENTATIVES, UNITED STATES,
February 10, 1923.

Resolved, That the House recede from its disagreement to the amendments of the Senate numbered 24, 55, 64, 65, 75, 117, and 123 to the bill (H. R. 13660) entitled "An act making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1924, and for other purposes," and concur therein.

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:

"The Architect of the Capitol, in collaboration with the Commissioners of the District of Columbia, shall prepare plans for the erection of a fireproof addition to the courthouse of the District of Columbia for the use of the office of the recorder of deeds and such other activities of the government of the District of Columbia as the commissioners may designate, including fireproof vaults and heating and ventilating apparatus, and such plans, together with an estimate of the cost of construction in accordance therewith, shall be transmitted to Congress on the first day of the next regular session."

That the House recede from its disagreement to the amendment of the Senate numbered 56, and concur therein with an amendment as follows: Restore the matter stricken out by said amendment amended to read as follows: "$136,032, of which $111,032 shall be paid wholly out of the revenues of the District of Columbia and $25,000, or so much thereof as may be expended for the purchase of sites for playgrounds and for the improvement of such playgrounds, shall be paid 40 per cent out of the Treasury of the United States and 60 per cent out of the revenues of the District of Columbia."

That the House recede from its disagreement to the amendment of the Senate numbered 76, and concur therein with an amendment as follows: In line 5 of the matter inserted by said amendment strike out the words "in the vicinity of," and in lieu thereof insert "between"; and in line 15 of the matter inserted by said amendment, after the word "contracts" insert ", as in this act provided."

That the House recede from its disagreement to the amendment of the Senate numbered 83, and concur therein with an amendment as follows: In lieu of the sum proposed by said amendment insert "$1,300,000."

That the House recede from its disagreement to the amendment of the Senate No. 105, and concur therein with an amendment as follows: In lieu of the matter proposed by said amendment insert:

"The president of the board of trustees of the National Training School for Girls of the District of Columbia is hereby authorized and directed to purchase a tract of land of not more than 160 acres, situated in the District of Columbia or in the State of Maryland or in the State of Virginia, as a site for the use of said school, and the said board of trustees is hereby authorized to construct on said tract buildings of sufficient capacity to accommodate not more than 150 persons, the plans and specifications for which shall be prepared by the municipal architect of the District of Columbia. The purchase price for the said tract of land, the erection of the said buildings, and all expenses incidental thereto shall not exceed the sum of $62,000, which amount is hereby appropriated for that purpose. The title to the said property shall be taken directly to and in the name of the United States; and in case a satisfactory price can not be agreed upon for the purchase of said land, or in case the title can not be made satisfactory to the Attorney General of the United States, then the latter is directed to acquire said tract of land by condemnation and the expense of procuring evidence of title, or of condemnation, or both, shall be paid out of the appropriation herein made for the purchase of said tract. The board of trustees of said school may, in their discretion, remove and transport to the aforesaid tract for such legal periods as they may see fit any of the girls who may have been committed to the National Training School for Girls in the District of Columbia, and the board of trustees of said school shall have the same power and authority over such girls during the period of their commitment to said tract, or while they are being conducted to or from said tract, as they now possess over such girls within the limits of the District of Columbia. When the buildings herein authorized to be constructed shall be in readiness to receive girls committed to the National Training School for Girls, it shall not be lawful to keep white and colored girls on the same reservations under the control of the board of trustees of said school."

That the House recede from its disagreement to the amendment of the Senate No. 112, and concur therein with an amendment as follows: In lieu of the matter proposed by said amendment insert:

"The Commissioners of the District of Columbia are authorized and directed to acquire a site for a home and school for feeble-minded persons, said site to be located in the District of Columbia or in the State of Maryland or in the State of Virginia, and to erect thereon suitable buildings at a total cost not exceeding $300,000, of which not more than $38,000 shall be expended for a site, and toward said purpose there is reappropriated the sum of $100,000 contained in the District of Columbia appropriation act for the fiscal year 1923 toward the erection of suitable buildings for a home and school for feeble-minded persons, to be available immediately. If the land proposed to be acquired is within the District of Columbia and the same can not be acquired by purchase at a price satisfactory to the commissioners, they are authorized to condemn the same under the provisions of chapter 15 of the Code of Law for the District of Columbia. If the land proposed to be acquired is without the District of Columbia and can not be purchased at a satisfactory price, the Attorney General of the United States, at the request of the Commissioners of the District of Columbia, shall institute condemnation proceedings to acquire such land as may be selected for said site either in the State of Maryland or in the State of Virginia in accordance with the laws of said States, the title of said land to be taken directly to and in the name of the United States, but the land so acquired shall be under the jurisdiction of the Commissioners of the District of Columbia as agents of the United States, and expenses of procuring evidence of title or of condemnation, or both, shall be paid out of the appropriation herein made for the purchase of said site. The persons to be admissible to said home and school and the proceedings with reference to securing such admission to be in accordance with law. The authorization to use a site for a home and school for feeble-minded persons on lands owned by the District of Columbia, contained in the District of Columbia appropriation act for the fiscal year 1923, is hereby repealed."

That the House recede from its disagreement to the amendment of the Senate No. 116, and concur therein with an amendment as folllows: In lieu of the sum proposed by said amendment insert "$2,500."

That the House recede from its disagreement to the amendment of the Senate No. 118, and concur therein with an amendment as follows: In lieu of the matter proposed by said amendment insert:

"The Board of Engineers constituted by Public Act No. 441, approved March 2, 1911, is hereby directed to submit through the Chief of Engineers, United States Army, on the first day of the next regular session of Congress a report on the desirability or undesirability of continuing the said project above Benning Bridge, and if it is to be so continued what modifications in existing project above Benning Bridge appear desirable and in the interest of economy. Such report shall include such recommendations with a statement of the facts and shall include detailed estimates of cost under the modifications proposed compared with the estimates under present plans and the decrease in cost as a result of such modification."

That the House recede from its disagreement to the amendment of the Senate No. 124, and concur therein with an amendment as follows: In line 7 of the matter inserted by said amendment, before the word "Key," insert "Francis Scott."

That the House recede from its disagreement to the amendment of the Senate No. 126, and concur therein with an amendment as follows: In line 28 of the matter inserted by said amendment, strike out "extended" and insert "expended."

That the House recede from its disagreement to the amendment of the Senate No. 129, and concur therein with an amendment as follows: In line 43 of the matter inserted by said amendment, after "within," insert "or without."

That the House insist upon its disagreement to the amendment of the Senate No. 127.

Mr. PHIPPS. Mr. President, there were certain amendments to the bill which the conferees on the part of the House under the rules of the House had to take back to that body. The conference report was presented last week and agreed to. The House has taken its action on those amendments, and there remains now action on the part of the Senate upon the amendments of the House to the amendments of the Senate, which were practically agreed upon in conference.

Mr. SMOOT. And that will be a complete agreement?

Mr. PHIPPS. It will be a complete agreement except as to one item, which, on account of a technicality, I wish to have taken back to conference.

Mr. SMOOT. I shall object to further discussion of the matter. I could not object to the Chair laying it before the Senate because that is privileged. If it is going to lead to any discussion at all I must object.

Mr. PHIPPS. I do not think there will be any discussion upon it.

Mr. SMOOT. With the understanding that if it does, the matter will not be pressed, I have no objection.

Mr. PHIPPS. I move that the Senate recede from its amendment numbered 127, agree to the amendments of the House to the amendments of the Senate numbered 33, 56, 76, 83, 105, 112, 116, 118, 126, and 129, and that the Senate disagree to the amendment of the House to the amendment of the Senate numbered 124 and request a further conference on the same,

and that the Chair appoint the conferees on the part of the Senate.

The motion was agreed to, and the Vice President appointed Mr. PHIPPS, Mr. JONES of Washington, Mr. BALL, Mr. GLASS, and Mr. SHEPPARD conferees on the part of the Senate at the further conference.

WORLD WAR FOREIGN DEBT SETTLEMENT.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 14254) to amend the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," approved February 9, 1922.

Mr. LODGE obtained the floor.

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

Mr. LODGE. I yield.

Mr. SMOOT. 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	Fletcher	Lodge	Sheppard
Ball	Frelinghuysen	McCumber	Shields
Bayard	George	McKellar	Smith
Borah	Gerry	McLean	Smoot
Brookhart	Glass	McNary	Spencer
Broussard	Gooding	Moses	Sterling
Bursum	Hale	Nelson	Sutherland
Calder	Harreld	New	Swanson
Cameron	Harrison	Nicholson	Townsend
Capper	Heflin	Norbeck	Trammell
Caraway	Hitchcock	Oddie	Underwood
Colt	Johnson	Overman	Wadsworth
Couzens	Jones, Wash.	Owen	Walsh, Mass.
Culberson	Kellogg	Page	Walsh, Mont.
Cummins	Keyes	Phipps	Warren
Curtis	King	Pomerene	Watson
Dial	Ladd	Ransdell	Weller
Dillingham	La Follette	Reed, Pa.	Williams
Fernald	Lenroot	Robinson	Willis

Mr. CAPPER. I desire to announce that the senior Senator from Nebraska [Mr. NORRIS] is absent on official business.

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

Mr. LODGE. Mr. President, I dislike very much to take any time in discussing the bill, because I am so anxious to get a vote upon it at the earliest moment, but I can not allow it to pass without expressing my views upon it as briefly as possible.

The indebtedness which we are now, I hope, about to adjust and settle with Great Britain was incurred by the action of both parties. The bond act which authorized the making of the loans to other countries was reported from the Finance Committee, of which I then happened to be a member, and reported by a vote of members of both parties, for at that time during the war party lines were effaced and both parties were equally responsible for the authority given in the bond act to make the advances to countries with which we were associated in the war. The bill passed the Senate by the action of both parties. There was no party line there.

The authority given by that act granted to the Secretary of the Treasury the power to make the loans, limited to $10,000,000,000 in amount. The loans were made by the Secretary of the Treasury, Mr. McAdoo, alone. If he consulted Members of the House or Senate in regard to them, it was not done officially. He took the heavy responsibility imposed upon him by Congress, the great authority given, and carried it out as seemed to him best. I do not remember that on either side any criticism was made because of his acting on his own responsibility in that way, or that there was any snarling because he had not consulted Members of the House or Senate. He was acting, of course, for the United States, and no sign of party was shown in regard to the fact that he did it alone under the authority conferred upon him without general consultation with Members of Congress.

It now has fallen upon this Congress and this administration to endeavor to adjust the debts. The first one we are called upon to deal with is the one now pending before us, the settlement of the debt with Great Britain, which is, of course, much the largest debt owed by any one country.

The commission appointed to deal with the debts was limited by the law enacted by Congress in regard to the settlement of interest and the maturity of the bonds. It was found that it would be impossible for Great Britain to meet the loan and pay her debt within the limitations imposed by the law. The commission very properly, as I think, then proceeded to determine so far as they could what Great Britain would be able to pay.

Having received their statements in regard to vital points, they have come to Congress for authority to carry out the settlement which has been arranged. It seems to me, however, that as the debt was incurred by both political parties and is a debt of the United States it should be settled now by the action of both parties for the best interest of the entire country. Personally I should have been very glad if the commission had been increased to seven and there had been included in its membership a Democratic Member from the Senate and a Democratic Member from the House of Representatives, but that does not appear to me to alter in any way the relation of Congress to the settlement now pending before it. In the House of Representatives, where the bill was passed by an overwhelming majority, no party lines were drawn and a large majority of the minority party, headed by the Democratic leader of the House, supported the adjustment and voted for it.

I do not think, Mr. President, that it is necessary for me to dwell upon the importance of this settlement. It is a great substantial fact. It is of value to both the countries participating in the settlement and it is also of value to the world. The United States started with the proposition, of course, that there was to be no cancellation of the foreign debts, in which proposition I have from the beginning thoroughly believed. The United States at the close of the war, despite its very great services in bringing the war to an end, made no claim for any territory. It sought for none; it asked for none; it made no claim for reparations; but the country has believed—and it is a belief which I share—that under those circumstances it is only proper that loans which were made by the United States on a business basis should be in some degree at least repaid.

I am certain also that it is the feeling of the people of the United States, and it has frequently been expressed here on the floor, that the United States has no desire to exact usurious interest or to make hard terms with our debtors. We are well aware, and the whole world knows, that we should not go to war with any country for the purpose of collecting a debt; but we propose to hold these debts and try to settle them with our debtors on the most reasonable and generous basis possible.

I am not going into the details of this settlement. They have been most thoroughly and ably presented to the Senate by the Senator from Utah [Mr. SMOOT] and the Senator from North Dakota [Mr. MCCUMBER], and it would be simply taking the time of the Senate uselessly for me again to go over the details.

I desire only to speak in a most general way of the settlement. To us, at least, there is a very large selfish interest in the settlement. Assuming, as we all must, that we have no intention of collecting the debt by force from Great Britain or from any other country, I think that we gain by this settlement a very large amount of money. The time of the maturity of the debt, I know, is long, but we are placing on posterity a large share of the debt we incurred in the World War. I think it is perfectly proper to do so. The issues involved in that war affected not only contemporary nations or peoples, but the manner in which they were settled will, I hope and believe, be of benefit to the world in the future. So it certainly could not be otherwise than agreeable to posterity when we are handing them down, as we shall, the great debt which they must meet, that we should also hand down to them a steady payment on one of the settlements amounting to over $4,500,000,000 which they will from year to year receive.

Mr. President, it being of financial value to us, I ask the attention of the Senate for a few moments to the conditions which surround Great Britain, our debtor, with whom we are making the settlement. Great Britain is carrying an enormous burden of taxation. I have no intention of drawing a dark picture for the purposes of the argument; in fact, it would not be becoming for me to do so, as it concerns another country; I am only desirous of calling attention to facts which I think no one can dispute, and, first, is the heavy burden of taxation which Great Britain is now bearing. In the war she lost in killed, I think, 908,371 men, who were taken necessarily from the youth of the land, who were taken from the men who under normal conditions would have been the bone and sinew of the country for the next generation, to whom the country must have looked to be the fathers of families, but who have been swept away, leaving a very great excess of unmarried women of marriageable age. There was a large increase of marriages in Great Britain immediately after the close of the war, but not a corresponding increase in birth rate, and since then the birth rate, if I am correctly informed by such statistics as I have been able to examine, has been declining; and that, at this moment particularly, is a very serious matter for the country.

The effect of the taxation has been very severe. We all know, as a matter of general information, how many not only of the great landed estates in England but the smaller country estates have been sold under the compulsion of taxation, and how much that class, which suffered so severely in the war, has been

obliged to bear of loss and depreciation of homes and lands under the new conditions.

Perhaps the severest blow has been dealt by the enormous taxation and the results of the war to what is called there the middle class—the people of fixed salaries and very moderate incomes. It includes professional men; it includes the clergy; it includes professors in the universities; it includes teachers; and that great body of people living chiefly in the immediate neighborhood or in the suburbs of London, who supply the clerks, cashiers, accountants, and salesmen of the great shops, the banking houses, and all the huge and intricate machinery of modern business. Their earnings, their wages, have not been advanced, or, if advanced, the increase has been very little in proportion to the advances in other directions. Moreover, there has been a decline in the value of the pound. Many of those people who formerly lived comfortably and maintained respectable homes with 350 or 400 pounds a year find themselves reduced to 150 or 100 pounds a year in purchasing power. They are a very important class in Great Britain; they are a very important portion of any modern society, and their suffering has been very severe.

As to labor, immediately after the war there was, as we all know, a brief period of great prosperity, when wages rose; but since that rise and general employment wages have been forced down by economic conditions, and unemployment has again increased until the Government has been forced, or believe they have been forced, to aid those out of work by what they call doles—a very dangerous mode of relief, undoubtedly.

It is true that in the British Empire there are vast regions very sparsely populated and offering large opportunity for labor and for settlement, but the birth rate is declining and emigration, therefore, from Great Britain falls off.

Mr. President, this is a mere outline; I could bring before the Senate from accounts that I have read specific details of what I have stated. I have no desire to be pessimistic, and I am not pessimistic about the fortunes of the British Empire, any more than I am pessimistic about the future of my own country; but the gravity of the situation at the present moment and the conditions which surround the people of Great Britain and her Empire is very great, indeed. Great Britain has not taken the ground that has been taken by other countries owing money to the United States. Despite all these burdens and all the misfortunes which Great Britain has pressing upon her, she is determined to pay, just so far as she is able to pay, and on a fair arrangement, this vast debt.

I think we must all agree that a people, under such conditions as the war has left to them, who are ready to meet this great debt, to meet it on reasonable conditions, show an indomitable courage, a great national courage, an "unconquerable will," a keen sense of financial honor, and high honesty in meeting their obligations.

It is true that Great Britain has a profound interest in the settlement which may be called selfish, but which, I think, goes far beyond her own immediate interest. She is determined above all things to sustain her credit. Of course, the credit of Great Britain has been for more than one century—for two or three centuries—the highest in the world. In the last century and in the eighteenth century the rates at which she could borrow money were far lower than those of any other country, often ranging for considerable periods below 3 per cent. Great Britain's credit is essential not merely to her prosperity but to her very existence, because she is the great commercial nation of the world, and on her foreign commerce she largely depends. If she is to live at all she must maintain her credit, even at heavy sacrifices; and undoubtedly that plays an important part in her effort to pay this debt. But the maintenance of Great Britain's credit is not for her own benefit alone; it is a benefit to the world, it is a benefit to us. England, as I shall show in a moment, is our largest customer; and the few figures which I will give, I think, deserve the attention of the Senate.

We have developed in the course of past years a very great export trade, not merely in cereals and raw materials, which we have had for a very long time, but in manufactured articles as well; and without markets we shall suffer severely.

I wish now to call attention very briefly to the figures which show the importance of the British market to the United States. We exported last year to Great Britain—to England, Scotland, and Ireland, the United Kingdom—$855,875,921. We exported to the British dominions scattered over the world $805,230,833. The total exports of 1922 to the British Empire by this country were $1,661,106,754. Our total exports for the same year were $3,765,192,135. We imported from the British Empire hardly half that amount, and our exports to England are not far short of half of our total exports.

Let me take one or two specific cases.

The value of unmanufactured raw cotton exported to the United Kingdom and Canada was $225,138,105. Of course, the shortage in the crop caused by the boll weevil and other circumstances here has reduced our total crop; but that is an enormous sum to come to us from the export of one crop. Taking corn and wheat, for the last year we exported, in round figures, $67,000,000 of value of corn and wheat; that is, in round numbers, 53,000,000 bushels.

I mention this simply to show the importance of the British market, which is $1,600,000,000 out of a total of $3,765,000,000. Therefore, that England shall be able to buy from us and offer us this great market, her credit must be sustained. The purchasing power of the world has been enormously reduced; and, although we have fared better than any other nation, and have to-day the largest volume of exports and imports, we have suffered and must suffer from the reduction of the purchasing power caused by the war; and that reduction of purchasing power unhappily can not be replaced by any artificial means. Only time will heal the wounds and the losses which were caused by the war; and yet our total exports in 1913 were $2,484,018,292, and to-day they are $3,765,192,135.

It is very remarkable that we have been able to hold the volume of our exports as far as we have, and especially so because the total imports from the United Kingdom and the British dominions for nine months were $256,000,000, and the estimated total for 12 months is $597,000,000, not half what we are exporting to Great Britain and the British dominions.

I think, Mr. President, that, putting this question solely on the pecuniary and, if you choose so to call it, selfish ground, it is greatly to our interest to make a reasonable arrangement with Great Britain for the settlement of the debt, she being the only country which has come forward with any offer at all, and that we shall find our own return not only in the great sum of money which will be paid us in the course of a half century but in the upbuilding and sustaining of British business credit throughout the world.

I am not going into this question any further, Mr. President. What I wish to call attention to far more than to the selfish interest we may have in it is that this settlement between the two greatest commercial and industrial nations of the world—the only two solvent nations in the world to-day—will have the most far-reaching possible effect for good upon the stability of business throughout the world. If we can do something in this direction to stabilize business—and this will certainly do it—to tranquilize the anxiety of people everywhere who are struggling against these adverse conditions in order to get back to a normal condition, we shall have rendered the most substantial service to the cause of peace and prosperity and a return to a normal state that has been rendered since the war.

It seems to me, Mr. President, that this settlement of the debt authorized by both nations, and now to be settled by the action of both political parties, as was demonstrated in the House, is the greatest possible practical service to the cause of peace and tranquillity that any nation has had the opportunity to render. It is before us here to-day to utter the decisive word. The House has acted. The Executive has acted so far as he had power. The final word, as so often happens, rests here in the United States Senate. So much is at stake, the settlement is of such value not only to us and to Great Britain but to mankind, that it ought not to fail. In my judgment, it can not fail; and as we are unhampered, free in all our actions, we shall make in this way a contribution to the peace of the world and the future security of peace which has not been made by any nation up to this point since the armistice was signed on the 11th of November, 1918.

A FEW OBSERVATIONS ON THE FUNDING OF THE BRITISH DEBT.

Mr. LADD. Mr. President, while I am personally strongly in favor of coming to an early agreement with Great Britain regarding the debt owed the United States and on as favorable terms to each nation as can be arranged for without doing serious injustice to either nation, on the other hand, I feel the general public, who, after all, must, as in the past, foot the lion's share of the bills, have a right to be taken into our confidence, even though we have not been so honored by the representatives of the contracting parties.

I have endeavored, therefore, to acquaint myself with some of the essential provisions of the proposed act for the funding of the British debt, and shall endeavor to set forth a few of my observations and understandings that the record may be available to the public.

According to the report of the Secretary of the Treasury on the state of the finances for the fiscal year 1922, the obligations of various foreign governments held by the Treasury on

November 15, 1922, aggregated $10,045,282,026.60, principal amount, of which $9,386,311,178.10 represented loans under the Liberty bond acts and $574,876,884.95 for the sale of surplus war material under the act of July 9, 1918. Of the first amount, the loans to Great Britain alone amounted to $4,277,000,000 on that Government's notes, payable on demand, and bearing interest at the rate of 5 per cent per annum, at that time considerably below the rate prevailing in the American money markets, and less than that carried by the short-term Treasury certificates which our Government was forced to issue during and after the latter part of the above period. With unpaid interest, the total amounted to $4,628,657,185.50 on November 15, 1922.

For the funding of these foreign debts Congress created by the act of February 9, 1922, the World War Foreign Debt Commission of five members, with the Secretary of the Treasury as chairman. As originally proposed, the debt funding bill granted plenary powers to the commission, but Congress insisted on the incorporation of four provisions on the ground that it would be unwise to intrust to any five men such absolute and stupendous power as that involved in a funding operation of hitherto unheard of magnitude. These limitations were as follows:

1. Limiting the power of the commission to extend the time of maturity of any of the bonds or other obligations due to the United States, as a result of the funding operation, beyond June 15, 1947.

2. Restraining the commission from fixing the rate of interest at less than 4¼ per cent per annum.

3. Interdiction of the exchange of bonds or other obligations of any foreign government for those of any other foreign government.

4. Denial of authority to cancel any part of the indebtedness except through payment thereof.

The commission was organized April 18, 1922, and forthwith, through the Secretary of State, informed the various governments whose obligations arising out of the World War are held by the United States of its readiness to receive proposals or representations for the settlement or refunding of these obligations. Thus far the following countries have designated representatives to negotiate with the commission: Belgium, Czechoslovakia, Finland, France, Great Britain, Hungary, Poland, Rumania, and Serbia.

In July, 1922, Great Britain announced that it would send a special delegation to negotiate for the funding of the British debt, but the departure of the delegation was postponed until after the elections in that country. However, it was reported in our press that Mr. Montagu Collet Norman, governor of the Bank of England, visited Washington incognito last summer and informally presented the British viewpoint. Subsequently the British Government designated as its representatives the Right Hon. Stanley Baldwin, Chancellor of the Exchequer, and the same Mr. Montagu Norman, who conferred with the commission and presented facts relating to the position of the British Government, as a result of which the proposed settlement of the British debt has been negotiated by the commission.

On February 7, 1923, President Harding, in his personally delivered message to Congress, urgently recommended the ratification of the basis of settlement reached and fully indorsed the reasons underlying this settlement as set forth in the report of the World War Foreign Debt Commission. These may be briefly summarized as follows:

1. That it would not be possible to reach an agreement for funding within the limits of the act of February 9, 1922, creating the commission.

2. That the proposed settlement basis is fair and just to both Governments.

3. That its prompt adoption would be an important contribution to international stability and that the extension of the repayment period will make for the stabilization of exchange and the promotion of commerce.

4. That the payment of the principal on the basis of positive annual installments of increasing volume will firmly establish the principal of the repayment of the entire capital sum.

5. That the repayment of interest has been established at the approximately normal rates payable by strong governments over long terms of years.

6. That it would not be just to demand the high interest rates prevailing during the war and reconstruction over a long period of years, tending, besides, to defeat efforts at settlement.

7. That suitable consideration had to be given to present difficulties in the United Kingdom, as manifested in unemployment and high taxation, through such flexibility of payments during the next few years as would encourage economic recuperation not only in the countries directly concerned but also in the rest of the world.

8. That the settlement has the utmost significance in being a business settlement fully preserving the integrity of obligation and in being the first step in the readjustment of Government obligations arising out of the war.

President Harding in his message emphasized that "the call of the world to-day is for the integrity of agreements, the sanctity of covenants, and the validity of contracts," and that the settlement was "the sincere commitment of one great nation to validate its financial pledges and discharge its obligations in the highest sense of financial honor."

On the one hand he exonerated the commission from having driven a hard bargain with Great Britain, and on the other he lauded it for not proclaiming a rare generosity in the settlement. He praised Great Britain for having come to terms amidst a widespread clamor for the cancellation of all war debt, which he described as a fancied but fallacious contribution to world peace, and at the same time admitted Great Britain's inability to undertake any program of payments conforming to the terms laid down in the act creating the commission. Because of Great Britain's willingness to negotiate a fair and just settlement was reached.

President Harding noted with approval the almost unanimous indorsement given the proposed settlement by the press and the public, and again extolled the settlement as "a recommitment of the English-speaking world to the validity of contract." Asserting that failure to reach a settlement would have spread political and economic discouragement throughout the world, with general repudiation likely in its wake, he described the settlement as "a covenant of peace, no less effective than it would be if joint British and American opposition to war were expressly agreed upon."

Concluding his remarks on the debt settlement, he broadly hinted his opposition to pledging the anticipated payments already pledged in the law creating authority for the loans.

TERMS OF SETTLEMENT.

Mr. President, the terms agreed upon between the American commission and the British representatives, after approval by the British cabinet, were transmitted to President Harding on February 3, and as given in his message are as follows:

The PRESIDENT:

The World War Foreign Debt Commission created under the act of Congress approved February 9, 1922, having received the mission appointed by the British Government to consider the funding of the demand obligations of that Government held by the United States, reports as follows:

The British Government designated as its representatives the Right Honorable Stanley Baldwin, Chancellor of the Exchequer, and Mr. Montagu Norman, the governor of the Bank of England, who have conferred with the commission in Washington and presented facts relating to the position of the British Government. The commission has also met frequently in separate sessions and has given the fullest consideration to the problems involved in the funding of the British debt to the United States. It became manifest at the outset that it would not be possible to effect an agreement for funding within the limits of the act approved February 9, 1922, and the commission has, therefore, considered the practicability of a settlement on some other basis, and though it has not been able, in the absence of authority under the law, to conclude negotiations, it unanimously recommends for submission to Congress a settlement with the British Government, as follows:

Principal of notes to be refunded	$4,074,818,358.44
Interest accrued and unpaid up to Dec. 15, 1922, at the rate of 4¼ per cent	629,836,106.99
	4,704,654,465.43
Deduct payments made Oct. 16, 1922, and Nov. 15, 1922, with interest at 4¼ per cent thereon to Dec. 15, 1922	100,526,379.69
	4,604,128,085.74
To be paid in cash	4,128,085.74
Total principal of indebtedness as of Dec. 15, 1922, for which British Government bonds are to be issued to the United States Government at par	4,600,000,000.00

The principal of the bonds shall be paid in annual installments on a fixed schedule, subject to the right of the British Government to make these payments in three-year periods. The amount of the first year's installment will be $23,000,000, and these annual installments will increase with due regularity during the life of the bonds until, in the sixty-second year, the amount of the installment will be $175,000,000, the aggregate installments being equal to the total principal of the debt.

The British Government shall have the right to pay off additional amounts of the principal of the bonds on any interest date upon 90 days' previous notice.

Interest is to be payable upon the unpaid balances at the following rates, on December 15 and June 15 of each year: Three per cent semiannually, June 15, 1923, to December 15, 1932, inclusive; 3½ per cent semiannually, June 15, 1933, until final payment.

For the first five years one-half the interest may be deferred and added to the principal, bonds to be issued therefor similar to those of the original issue.

Any payment of interest or of principal may be made in any United States Government bonds issued since April 6, 1917, such bonds to be taken at par and accrued interest.

The commission believes that a settlement of the British debt to the United States on this basis is fair and just to both Governments,

and that its prompt adoption will make a most important contribution to international stability. The extension of payment, both of the principal and interest, over a long period will make for stability in exchange and promotion of commerce between the two countries. The payment of principal has been established on a basis of positive installments of increasing volume, firmly establishing the principle of repayment of the entire capital sum. The payment of interest has been established at the approximately normal rates payable by strong governments over long terms of years.

It has not been the thought of the commission that it would be just to demand over a long period the high rate of interest naturally maintained during the war and reconstruction, and that such an attempt would defeat our efforts at settlement. Beyond this the commission has felt that the present difficulties of unemployment and high taxation in the United Kingdom should be met with suitable consideration during the early years, and therefore the commission considers it equitable and desirable that payments during the next few years should be made on such basis and with such flexibility as will encourage economic recuperation not only in the countries immediately concerned but throughout the world.

This settlement between the British Government and the United States has the utmost significance. It is a business settlement fully preserving the integrity of the obligations, and it represents the first great step in the readjustment of the intergovernmental obligations growing out of the war.

Respectfully submitted.

A. W. MELLON, *Chairman.*
CHARLES E. HUGHES.
HERBERT HOOVER.
REED SMOOT,
THEODORE E. BURTON.

In the first place, it is perfectly obvious that the settlement submitted by the World War Foreign Debt Commission is very much less favorable than the 4¼ per cent rate specified by the act creating the commission. To extinguish a debt at this rate would require, besides an annual interest payment of 4¼ per cent, an added installment of somewhat over 2.32 per cent of the total in order to completely extinguish the debt in 25 years. The combined interest and payment of the principal would therefore call for annual payments of somewhat over $300,000,000 per annum for 25 years. This might be contrasted with the $235,000,000 per annum now payable on the 5 per cent British demand notes as interest alone so long as no payments are made on the principal. An additional annual payment of approximately $70,000,000 would therefore have sufficed, under the liberal terms of the debt funding act, to have wiped out the entire obligation in 25 years.

Representations were obviously made by the British representatives, or at least by others on their behalf, that this exceeded Britain's ability to pay. Chairman Baldwin was, in fact, quoted as saying, "These terms are simply impossible," and as a result of the deliberations our commission submitted to British representatives, contrary to one of the expressed stipulations of the debt funding act, certain minimum terms representing a basis of a settlement which the commission deemed it possible for Congress to accept.

Mr. President, Chancellor Baldwin in replying to queries by press representatives on his arrival at Liverpool not only declared the terms of the funding act to be perfectly impossible, "as they would mean paying something like 6 per cent," neglecting to point out that only 4¼ per cent of this rate represented interest, with an added annual installment, however, for extinguishing the debt in 25 years, but he also stated that—

unless Congress agrees to the modified proposal we shall have to continue paying what we are paying now. It is a matter of opinion whether it will be possible to find all this money for many years to come. We are pledged up to the hilt to pay it and also to pay back all the capital.

At present the charge is £50,000,000 ($235,000,000) per annum. This has been accummulating for two years and we have only paid £20,000,000 ($100,000,000) on account. The strain of paying £50,000,000 is greater than this country could bear. We could only go on paying something on account and adding arrears to the principal, which is a ghastly thought.

Chancellor Baldwin naturally had to talk with a poor mouth, however distasteful it might be to proud Britain, in order to receive any consideration for the terms which the British representatives apparently brought with them, or at least privately expressed, to fund the debt by a series of bond issues maturing at different dates up to 66 years, and bearing 2 to 2½ per cent interest, the issues maturing earliest being comparatively small, thus carrying the greater portion of the debt far beyond the 25-year limit now prescribed.

Chancellor Baldwin's reflections on Congress and the American public were, to say the least, in very bad taste. To charge that the debt settlement was in the hands of politicians acting in accordance with the views of their constituents seems rather odd. To contrast this attitude with that of the "executive officials," who were represented as being disposed to be reasonable (easy marks?), may become a source of embarrassment to the administration and to the debt-funding commission later on.

Americans were described as "a country, not an urban, people." The Senate was criticized because a majority of its Members came from the agricultural and pastoral communities and as not realizing the existing position with regard to the meaning of the international debt. The British and the American people were contrasted as living, on the one hand, on international trade, while the people of the West were described as engaged in selling wheat and hogs and other produce, though the people of the East were considered by Chancellor Baldwin as more sympathetic to the British point of view.

Regarding the lack of understanding of our rural Senators, Members of Congress, and our pastoral population, possibly Chancellor Baldwin was not aware of our Federal farm loan system, with which many of them have had "funding" transactions. Even the farmer in the West understands that interest runs along at a predetermined rate which is not subject to reduction on a hard-luck plea. As long as the whole or a part of his loan remains unpaid it bears an easily calculated interest. He also knows that, in general, it becomes easier to repay his loan if he is permitted to repay it in installments extending over a period of years. He knows that as the installments are paid the interest burden is correspondingly lightened, thus making it easier to pay his final installments.

Even the farmer knows how difficult it is under ordinary circumstances to liquidate a debt unless a definite and a possible program is agreed upon at the time the loan is made, and in recent years he has learned that the ideal method is to provide for equal annual payments throughout the whole period covered, covering both the interest and the installment required for the extinguishment of the debt at a specified rate, as provided for under the Federal farm loan act.

GENERAL CHARACTERISTICS OF DEBT FUNDING.

The simple principles underlying the settlement of a debt or the funding of a debt may possibly be more easily understood by starting with the very simplest case and adding, step by step, such variations as are necessary to correspond to the proposed settlement of the British debt now under consideration. Consider, first, a debt covered by a secured note or mortgage, payable in a given number of years, with simple interest at a specified rate, with a provision for the repayment of the same in installments, the interest being reckoned only on the unpaid balance in case a payment of principal is made within the time limit set. In this case the annual interest payments will run along at a uniform rate until an installment on the principal is paid, after which the further interest payments are correspondingly reduced, and likewise for any other installment on the principal which may be paid. The borrower may also be permitted to continue the payment of the full interest charges as at the beginning even after he has paid part of the debt, the excess interest payments over and above the interest due on the unpaid portion of the debt being added to his payments on the principal. In case a single installment on principal is paid during the life of the debt, and the full interest charges on the whole debt are also paid, the yearly excess of the interest payments will further obviously reduce the interest due at the succeeding interest periods. It therefore follows that year by year the amount of interest due decreases and the excess of the interest payments increases, and it can be shown that the accumulated credits on this basis of repayment are, at any interest period, equivalent to a total credit of all the installments paid, together with compound interest on each at the rate carried by the debt. Since compound interest increases rapidly as the years roll on, the unpaid portion of the debt correspondingly decreases, which makes it easier to be repaid.

The same law applies whether there be a single installment or any number of installments. Each will increase, with the method of settlement described, at compound interest and thus correspondingly increase the total amount credited on the repayment of the debt. As stated above, the best results both from the standpoint of the debtor and of the creditor are obtained when the installments on the debt are paid at regular intervals and in equal amounts and in addition to the corresponding interest charge on the whole amount of the debt.

The simple funding plan consists, therefore, in the payment of interest at a specified rate, usually annually or semiannually, on the whole amount of the debt to be extinguished throughout the whole period required for such extinguishment, together with the payment of a fixed annual or semiannual installment on the principal, usually also expressed as a percentage of the whole debt, the period for the extinguishment of the debt being determined by the rate of interest carried, the periodicity of the interest payments, and the percentage of the whole debt paid as installments thereon at the interest periods.

Such regularity and uniformity of the combined payments of interest and debt installments leads to a relatively simple algebraic formula for computing the aggregate credits on the principal at any time, this being the sum of each of the several annual payments, each with its accumulated compound interest for the elapsed period since the particular installment was

paid. Particularly if the payments are extended over a long period of years, the sum of the installments paid on principal falls far short of the total credits on principal, thus making a long period for settlement more advantageous to the debtor than a short period.

On this basis of settlement the annual installment required, at a given rate of interest borne by the debt is less the greater the period for repayment. Hence it follows that on this basis of settlement the annual amount to be paid, including both interest and debt installment, is smaller the greater the settlement period. The payment of a fixed interest rate on the whole and a fixed annual debt installment is therefore really equivalent to interest payments on the unpaid balances, decreasing at an accelerating rate and repayment credits on the principal accelerating at the corresponding rate.

The settlement basis of the British debt proposed by the World War Foreign Debt Commission does not appear to have been fully described in the report of the commission to the President under date of February 3. It is clear that it is somewhat more complex than the basis just described, in that different rates of interest are applicable during the repayment period, namely, 3 per cent semiannually for the first 10 years and 3½ per cent semiannually until final payment, while the installments on principal are apparently 1½ per cent, payable annually. However, a half per cent annual debt installment, together with semiannual interest payments at the two specified rates, will amortize the whole debt in approximately 61 years, while the report of the commission indicates a 62-year settlement period. It therefore follows that either average annual installments must be less than one-half per cent or that they are not equal throughout or that they have been adjusted in some other way.

THE PROPOSED SETTLEMENT COMPARED WITH THE SETTLEMENT OF FARM LOANS.

It has already been made quite clear, it is hoped, that the refunding of the British debt is very similar in character to the method of repaying farm loans, and any farmer who has had dealings with any of the banks of the Federal farm-loan system will readily understand that this is the case.

The ruralite may even be intelligent enough to recognize points of difference in his treatment as compared with the generous concessions made to Great Britain. These may be summarized as follows:

1. While loans under the Federal farm loan act are now limited to $10,000, the war loans to foreign governments had only the sky as their limit and aggregated nearly $10,000,000,000, of which Great Britain secured $4,277,000,000.

2. The interest rate charged the farmer varies between 5 and 6 per cent, while Congress was generous enough to specify 4¼ per cent as a minimum, and the settlement under consideration even fixes the interest at 3 per cent for 10 years and 3½ per cent thereafter.

3. The farmer must pay annually 1 per cent of the debt toward its extinguishment, which on the basis of settlement proposed by our commission the British Government is required to pay one-half per cent per annum or possibly a slightly smaller amount on the average.

4. The funding period for the extinguishment of the debt in case of the farmer varies from 30 to 36 years or thereabouts, according to the rate of interest carried by his loan, and though Congress specified a time limit of 25 years our generous debt funding commission is recommending an extension of the period to 62 years.

5. The farmer is required to furnish safe and ample security for his loan in the form of land and improvements, farm equipment, live stock, and so forth, while the loan to the British Government was originally made on an I O U.

6. In the event of defaults in interest payments the farmer is usually foreclosed, though sometimes he may be granted a breathing spell through deferring interest payments, but at the same old rate compounded; but in the case of Great Britain interest on the debt, largely unpaid, is to be reduced by an amount of approximately $90,000,000 by reducing the interest rate originally agreed upon from 5 per cent to 4¼ per cent.

PRESENT VALUES, ACTUAL AND RELATIVE, OF THE BRITISH DEBT ON DIFFERENT BASES OF SETTLEMENT PROPOSED.

The American public has been led to believe, largely as a result of inspired press matter, that after all there is no very great difference between the settlement plan now under consideration, the minimum interest terms specified in the act creating the World War Foreign Debt Commission, the 5 per cent demand notes now held by this Government, and even the proposal brought with them from England by the British representatives of a settlement on a 2 or 2½ per cent basis.

Aside from the differences in the interest rates which have been under consideration, funding periods ranging all the way from that called for by the "demand notes," which are to be refunded, but which call for payment on demand, to the 25 years specified by Congress as the maximum period, the 62-year settlement basis now under consideration, and the 66-year funding period which the British representatives hoped to secure, according to press reports.

The variations in interest rate, complicated in the proposed settlement plan under consideration by involving different rates, one covering the first 10 years and the other the balance of the funding period; the variations in the funding periods themselves, together with the corresponding variations in the annual payments required for the liquidation of the debt, in turn dependent on both the interest rate or rates and the period applicable, all these make comparisons of real value seem exceedingly difficult. This is, however, actually not the case.

It is obviously impossible to make more than a "qualitative" analysis, as the chemist would say, by merely contrasting the interest rates underlying two bases of settlement. However, it is evident that the higher the interest rate carried, the more favorable is the settlement to the creditor and the less favorable to the debtor, so that offhand one can say that the 4¼ per cent stipulated by Congress as the minimum acceptable rate, the demand notes carrying 5 per cent interest, was already a material concession; but what does this concession amount to in dollars? To determine the answer requires a "quantitative" analysis. In chemistry standardized methods have been developed making for simplification as well as accuracy, and similarly standardized methods have long since been developed for making quantitative comparisons of investments. In fact, while in chemical work the accuracy attainable is very high, it is nevertheless limited by practical difficulties, but the accuracy with which mathematical computations can be made is practically absolute. In addition, the labor involved in such calculations has been enormously reduced by the preparation of computing tables which give, for example, answers for the more common rates of interest and for periods as great as 200 years to such a query as—

What uniform annual amount per dollar of a debt bearing a specified rate of interest must be paid in order to extinguish it in a given number of years?

In order to find the annual amount required to extinguish a debt of $4,600,000,000, or any other sum, it is only necessary to obtain from the appropriate table the amount required for each dollar of the debt and then to multiply this factor by the amount of the debt. Similar tables furnish factors by the aid of which "the present value," or the "cash-in-hand" equivalent of any funding plan, can readily be determined.

Various attempts have been made to justify the proposed basis of settlement by directing attention to the huge aggregate interest payments to be paid the United States during the whole period covered in contrast with the amount of the debt itself. The hugeness of the amount cited is, however, fully explainable by the hugeness of the principal to be repaid and the large number of years allowed for its repayment rather than being an indication of the advantageousness of the settlement. For the aggregate interest payments, no matter what rate of interest may be involved, increase with the amount of the principal and with the period for its retirement. A low rate of interest with small annual repayments on principal and a correspondingly long funding period may therefore be made to appear to the unthinking as even more advantageous than a higher interest rate, higher annual repayments, and a correspondingly shorter funding period, if the aggregate interest is greater in the first case. Such absurdities demand to be challenged as misrepresenting the actual facts.

The only correct basis of comparison of different settlements of the same debt is obtained by reducing each basis to its present worth or value—that is, to its cash-in-hand equivalent. The present value of a settlement is really nothing more than a sum in hand which at a particular interest rate applicable will produce exactly the same annual or semiannual returns as called for by the settlement plan in question.

The present value of different bases of settlement must obviously take into account all the variable factors which are pertinent to the comparison—the amount of the debt, the interest rate or rates carried, the periodicity of the interest payments, the periodic repayments on principal, and the funding period.

The following tables give the factors applicable to the comparison of present values for six different rates of interest ranging from 2 per cent, which the British representatives hoped to get, to the 5 per cent carried by the British demand notes to be refunded, calculated for three refunding periods, 25, 50, and 62 years, all of which, according to press reports, have entered into the discussions.

Table I gives the present values of $1 per annum for 25, 50, and 62 years corresponding to the different interest rates shown at the left. In fact, this is merely a condensed annuity table and may be interpreted as follows: In order to provide an annuity of $1 per annum for the specified number of years, it will be necessary to invest the tabular amount indicated by the interest rate applicable. The amount which must therefore be invested to yield an annuity of a certain number of dollars per annum is obtained by multiplying the amount required to yield $1 by the number of dollars of the annuity.

Table II gives the annual installments on principal required to extinguish a debt of $1 in 25, 50, and 62 years at the indicated rates of interest. In order to find the annual installment required to amortize a debt of $4,600,000,000 in 25, 50, or 62 years at any of the tabulated interest rates it is only necessary to multiply the sum to be amortized by the amount required to amortize a debt of $1 at the corresponding interest rate and for the same funding period. Table 3 gives the sum of the annual interest and the annual installment required to extinguish a debt of $1 in 25, 50, or 62 years at the same six interest rates.

Tables I, II, and III, Mr. President, are rather complicated, and I ask that they may be printed in the RECORD without reading.

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

The tables referred to are as follows:

TABLE I.—*Present values of $1 per annum.*

Interest rate.	25 years.	50 years.	62 years.
0.02	$19.52345647	$31.42360589	$35.35264002
0.025	18.42437642	28.36231168	31.34672836
0.03	17.41314769	25.72976401	28.00034279
0.035	16.48151459	23.45561787	25.18587049
0.0425	15.21733627	20.59306131	21.747463
0.05	14.09394457	18.25592546	19.02883404

TABLE II.—*Annual installment for amortizing principal of $1*

Annual rate.	25 years.	50 years.	62 years.
0.02	$0.03122044	$0.01182321	$0.00828643
0.025	.02927592	.01025806	.00690126
0.03	.02742787	.00886550	.00571385
0.035	.02567404	.00763371	.00470480
0.0425	.02321452	.00606005	.003482375
0.05	.02095246	.00477674	.00255183

TABLE III.—*Annual interest plus installment on principal of $1.*

Annual rate.	25 years.	50 years.	62 years.
0.02	$0.05122044	$0.03182321	$0.02828643
0.025	.05427592	.03525806	.03190126
0.03	.05742787	.03886550	.03571385
0.035	.06067404	.04263371	.03970480
0.0425	.06571452	.04856005	.045982375
0.05	.07095246	.05477674	.05255183

Mr. LADD. Mr. President, from the basic data given in Tables I, II, and III, we obtain very simply the present value or present worth corresponding to the funding period and interest rates assumed. Table IV is arranged to show not only the relative present worth but also the actual worth on each settlement plan at the interest rates taken as normal as applied to a loan of $4,600,000,000. Further, the tabulation is so arranged that any one of the plans may be taken as a basis of comparison in accordance with the six subheadings of Table IV. This table I ask leave to include in the RECORD at this point without reading.

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

The table referred to is as follows:

TABLE IV.—*Relative present values and present values of debt on various bases of settlement.*

SECTION 1.—COMPARISON ON 2 PER CENT BASIS.

Per cent interest.	25 years.		50 years.		62 years.	
	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis	Relative present values.	Present value on given settlement basis.
2	$1,000,000	$4,600,000,000	$1,000,000	$4,600,000,000	$1,000,000	$4,600,000,000
2½	1,059,654	4,874,408,000	1,107,935	5,096,501,000	1,127,794	5,187,852,000
3	1,121,190	5,157,474,000	1,221,294	5,617,952,000	1,262,579	5,807,863,000
3½	1,184,567	5,449,008,000	1,339,705	6,162,643,000	1,403,670	6,455,882,000
4¼	1,282,975	5,901,685,000	1,525,932	7,019,287,000	1,625,598	7,477,751,000
5	1,385,237	6,372,090,000	1,721,283	7,917,902,000	1,857,846	8,546,092,000

TABLE IV.—*Relative present values and present values of debt on various bases of settlement*—Continued.

SECTION 2.—COMPARISON ON 2½ PER CENT BASIS.

Per cent interest.	25 years.		50 years.		62 years.	
	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis.
2	$943,705	$4,341,043,000	$902,580	$4,151,869,000	$886,687	$4,078,760,000
2½	1,000,000	4,600,000,000	1,000,000	4,600,000,000	1,000,000	4,600,000,000
3	1,058,073	4,867,136,000	1,102,315	5,070,649,000	1,119,512	5,149,755,000
3½	1,117,881	5,142,253,000	1,209,191	5,562,279,000	1,244,616	5,725,234,000
4¼	1,210,749	5,569,445,000	1,377,275	6,335,465,000	1,441,397	6,630,426,000
5	1,307,255	6,013,373,000	1,553,595	7,146,537,000	1,647,328	7,577,709,000

SECTION 3.—COMPARISON ON 3 PER CENT BASIS.

Per cent interest.	25 years.		50 years.		62 years.	
	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis.
2	$891,909	$4,102,781,000	$818,804	$3,766,498,000	$792,030	$3,643,338,000
2½	945,115	4,347,529,000	907,182	4,173,037,000	893,246	4,108,932,000
3	1,000,000	4,600,000,000	1,000,000	4,600,000,000	1,000,000	4,600,000,000
3½	1,056,526	4,860,002,000	1,096,955	5,045,993,000	1,111,748	5,114,041,000
4¼	1,144,297	5,263,766,000	1,249,439	5,747,419,000	1,287,522	5,922,601,000
5	1,235,506	5,683,328,000	1,409,393	6,483,208,000	1,471,469	6,768,757,000

SECTION 4.—COMPARISON ON 3½ PER CENT BASIS.

Per cent interest.	25 years.		50 years.		62 years.	
	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis.
2	$844,190	$3,883,274,000	$746,433	$3,433,592,000	$712,418	$3,277,123,000
2½	894,549	4,114,925,000	827,000	3,804,200,000	803,461	3,695,921,000
3	946,498	4,353,891,000	911,614	4,193,424,000	899,484	4,137,626,000
3½	1,000,000	4,600,000,000	1,000,000	4,600,000,000	1,000,000	4,600,000,000
4¼	1,083,075	4,932,145,000	1,139,006	5,239,428,000	1,158,106	5,327,288,000
5	1,169,404	5,379,258,000	1,284,822	5,910,181,000	1,323,564	6,088,394,000

SECTION 5.—COMPARISON ON 4¼ PER CENT BASIS.

Per cent interest.	25 years.		50 years.		62 years.	
	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis.
2	$779,439	$3,585,419,000	$655,337	$3,014,550,000	$615,158	$2,829,727,000
2½	825,935	3,799,301,000	726,071	3,339,927,000	693,771	3,191,347,000
3	873,899	4,019,935,000	800,360	3,681,656,000	776,686	3,572,756,000
3½	922,297	4,247,166,000	877,959	4,038,611,000	863,479	3,972,003,000
4¼	1,000,000	4,600,000,000	1,000,000	4,600,000,000	1,000,000	4,600,000,000
5	1,079,707	4,966,652,000	1,128,021	5,188,897,000	1,142,000	5,257,197,000

SECTION 6.—COMPARISON ON 5 PER CENT BASIS.

Per cent interest.	25 years.		50 years.		62 years.	
	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis.	Relative present values.	Present value on given settlement basis.
2	$721,898	$3,320,731,000	$580,962	$2,672,425,000	$538,258	$2,475,987,000
2½	764,962	3,518,825,000	643,669	2,960,877,000	607,044	2,792,402,000
3	809,385	3,723,171,000	709,526	3,263,820,000	679,593	3,126,128,000
3½	855,137	3,933,630,000	778,318	3,580,263,000	755,536	3,475,466,000
4¼	926,177	4,260,414,000	886,509	4,077,941,000	874,991	4,024,959,000
5	1,000,000	4,600,000,000	1,000,000	4,600,000,000	1,000,000	4,600,000,000

Mr. LADD. An inspection of section 5 of Table IV shows, for example, that the 5 per cent rate carried by the demand notes represents on a 25-year plan a settlement nearly 8 per cent more favorable to the United States than the 4¼ per cent fixed in the debt funding act, while the 3½ per cent basis is over 7.6 per cent less favorable. In the same manner a comparison of the relative values on the 50-year settlement plan represents differences of, respectively, 12.8 per cent and 12.2 per cent, while the 62-year settlement plan shows corresponding differences of 14.2 per cent and 13.6 per cent for the same interest rates. The data given in Table IV show, therefore, that the differences in the settlement plans become larger as the funding period is extended. The table also shows the present value for each plan in dollars, so that differences in the value of two plans under comparison are obtainable by simple subtraction.

In order to bring out these differences, and especially their magnitudes, more clearly Table V has been prepared. It shows directly the actual differences between the various settlement plans of Table IV for the various interest rates and for each of the three settlement periods, all based on the assumption that the plan prescribed by Congress in the debt funding act is a suitable basis for comparison.

I ask that Table V may be included in the RECORD without full reading, although I wish to comment on it.

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

The table referred to is as follows:

TABLE V.—*Differences in present value of British debt on various settlement plans in comparison with plan presented by Congress, 4¼ per cent interest and 25-year settlement.*

Settlement plan.	25-year settlement.	50-year settlement.	62-year settlement.
2 per cent	−$1,014,581,000	−$1,585,450,000	−$1,770,271,000
2½ per cent	−800,699,000	−1,260,073,000	−1,408,653,000
3 per cent	−580,065,000	−948,344,000	−1,027,244,000
3½ per cent	−352,834,000	−561,389,000	−627,997,000
5 per cent	+366,652,000	+588,897,000	+657,197,000

Mr. LADD. The table demonstrates that all settlement plans are less favorable to the United States than the plan presented in the debt funding act except the 5 per cent basis.

Comparing only the figures for the 62-year settlement, it appears that the interest rate carried by the British demand notes if applied throughout the funding period would represent a present value of over $657,000,000 more than the quite generous plan fixed by Congress, while the 3½ per cent interest basis represents a present value smaller by nearly $628,000,000. The lowest interest rate mentioned in connection with the recent funding deliberations, 2 per cent, would have represented a concession of over $1,770,000,000 as compared with the 4¼ per cent rate, and over $2,427,000,000 compared with the 5 per cent rate. These differences are all of them staggering. The concessions are so large that even if the rate fixed in the debt funding act had been insisted upon Great Britain could surely not have charged us with having the attributes of the pawnbroker or with driving a hard bargain.

President Harding, in emphasizing in his message that the settlement proposed is "the sincere commitment of one great nation to validate its financial pledges and discharge its obligations in the highest sense of financial honor," seems to have been misled, and the commission with him, since any reduction in present value represented by more favorable terms than those underlying the 5 per cent demand notes, if obtained as a result of representation regarding inability to pay more than a fixed smaller amount, amounts in effect to a plea for partial cancellation, and is, therefore, equivalent to part repudiation.

And yet Chancellor Baldwin was quoted as saying that we were lacking in understanding and ungenerous. Possibly he was right in accusing us of lack of understanding in the light of the startling figures which have just been presented. His interview, previously referred to, had the result in his own country that was obviously intended. The British press responded whole-heartedly to his inspiration, but he failed to recognize that the American press, with a few notable exceptions, was no longer so responsive to the hypnotic suspension of all reasoning power from autosuggestion from overseas as it was a very few years ago. The British press raved about blood money and usury, and one paper, the Pall Mall Gazette, even carried a caricature of Uncle Sam standing in the door of a pawnshop under the caption "Uncle by name and uncle by nature," with the anticipated results likely to follow such press matter, the American flag even being hissed in the British movies. On the other hand, our American press resented the slurs cast upon our people and our Congress so forcibly that the British Government—and the British bankers—could not help but realize that the travesty had been carried too far.

While the first cables from England indicated that it would be the British policy to drop matters at present for more favorable terms in the future, and in the meantime to let the debt ride along at the 5 per cent interest—only a small part of which has thus far been paid—the British cabinet promptly reversed its first stand and accepted the Washington proposal. It is even intimated that pressure was brought to bear on the British cabinet by the British bankers, who began to fear that even less favorable terms would be granted by the newly elected Congress.

POSSIBLE FACTORS UNDERLYING THE CONCESSIONS TO GREAT BRITAIN.

Although it appears from statements made by members of the World War Foreign Debt Commission who have appeared at the executive sessions of the House and Senate committee to which the bill now under consideration was referred that the settlement plan to which assent is demanded was submitted to the British representatives by our own commission, it seems rather curious that the 3 per cent and 3½ per cent interest rates agreed upon just happened to be very approximately the averages of the 2 per cent and 2½ per cent plans which the British are supposed to have suggested, or which were suggested on their behalf, and the 4¼ per cent fixed by Congress. There must, however, have been some very forcible arguments made for easier terms, because it is hardly to be supposed that our own commission would have voluntarily and knowingly made concessions of the magnitude as shown in Table V.

On general principles it would appear that our commission, in some way or other, if not as a direct result of representations by the British representatives, was convinced that Great Britain could not make annual payments greater than those which the settlement plan under discussion calls for. And yet, in the House debate it was even suggested that in view of the lenient terms Great Britain would probably be in a position to pay off the whole debt in 10 years. This is surely inconsistent with the theory of semibankruptcy and with the exchange value of the pound, which is near parity at this time. It would seem more likely that the predicted financial recuperation of Great Britain was based on its world control of the rubber market, through which, for example, America alone will be called upon to pay over $100,000,000 as the result of an increase in price of from 14 cents to 42 cents per pound.

It might be well to keep in mind also as our oil supply becomes exhausted Britain makes a bid for the world's supply, and is willing to spend billions on war to secure it, and again in the end America will pay the bills.

It was certainly urged by the British that both the 5 per cent and the 4¼ per cent interest rates were too high; and this deserves proper consideration both with respect to rates prevailing at present and with respect to those likely to prevail in the future. It is obvious that since the original amounts were borrowed from the United States American interest rates should be solely determining. However, American interest rates at present are approximately 4¼ per cent, and what they are likely to be in the future will be largely determined by the policy of the Federal Reserve Board or its possible successor. This is based on the theory that interest rates on Government securities which will keep them at a parity must be greater if the financial policy of the country tends to a steady increase in price levels, i. e., to inflation.

JUST INTEREST RATES AND THE NATIONAL THRIFT CAMPAIGN.

Secretary Mellon, in his New Year's message to the American people, urged greater saving and consideration for the Treasury's needs by the purchase of short-term savings certificates, bearing interest at the rate of approximately 4 per cent per annum. In so doing he asserted that—

> It would be little short of a national calamity if the lessons of thrift and sound investment learned during the war should be lost in these days of reconstruction, when the need of avoiding waste and extravagance is as great as ever. Treasury savings certificates will help the Government to finance the debt left by the war. But they will do more than that; they will afford an opportunity to the people of the country to save from their income and, by investing regularly in Government securities, to build a foundation for future financial independence and success.

Secretary Mellon is probably acting on the wise judgment expressed years ago by Barnum, the showman, that "there is one born every minute," and on the short memory of the average individual, who, even though badly stung, always comes back for more.

A very few years ago thrift was a magic word wherewith to conjure, especially when coupled with the stirring appeal to buy Liberty bonds; and the public bought "'til it hurt," in accordance with one of the most effective slogans employed by the four-minute men, who patriotically polparrotted the words put into their mouths by those behind the scenes who were reborrowing the proceeds from the banks at nominal interest and investing in "war babies" and in other lines of business yielding unconscionable profits. In addition, the Liberty bonds bought by the public on monthly payments and deposited with the banks served as the basis for huge additional loans to the war profiteers. Of course it would have been declared unpatriotic for the public to have expected more than the 3 to 4¾ per cent yielded by the Liberty bonds.

How the Liberty bond buyer was fooled! Instead of the bonds being what they were represented to be, the best and the safest in the world, it did not take long after the armistice before they began to decline, striking bottom at 84 cents on the dollar or thereabouts almost simultaneously with the beginning of the era of unemployment, when the great majority of the buyers were forced to sell or starve. This accomplished, and the bonds safely in the possession of those who coveted them, the market price again rose to par or thereabouts.

That was not, however, the most grievous wrong inflicted upon the victims; for the more bonds they bought, the higher the prices the Government could pay to its "paytriotic" war contractors and the higher the prices of necessities rose, as well as the profits thereon, and inversely the more the purchasing power of the dollar shrunk, falling to less than half its pre-war value, thanks to the effective cooperation of the so-called Federal—though privately controlled—reserve system. On pre-war savings, consisting of hard-earned dollars of 1914 or earlier invested in these bonds, the Government paid an average of somewhat over 4 per cent interest; but instead of receiving even 84 "1914" cents on the dollar when the holder was forced to sacrifice, his principal was repaid him in money itself worth 50 cents or less on the dollar as compared with its 1914 value.

For a $100 bond held from 1917 to 1920 the interest yield averaged about $12 of decreased purchasing power, equivalent to, say, 8 "1914" dollars; and if the bond was sold, for example, at 84, these $84 were equivalent to but 42 "1914" dollars, thus making the net return, both interest and principal, about 50 "1914" dollars. The investor thus lost not only all his interest but half his principal as well.

Another era of "prosperity" is now proclaimed from the official housetops. This the financial columns of the daily press—which few people read—translate into higher prices and higher profits for business. The public is therefore again exhorted to loan the Government money by investing in the savings certificates, bearing low rates of interest, so that the Treasury demands will not interfere with the credit inflation necessary to enable business to enjoy the "prosperity" until another crisis, followed by business depression and unemployment, is reached.

Indeed, a national movement fostered by the Young Men's Christian Association, in cooperation with 44 national, civic, commercial, educational, and religious organizations, was even launched for promoting Secretary Mellon's plans. The week of January 17 to 23 was set aside as "thrift week," and everywhere committees were organized to assist in putting it across. On these committees the local banking interests were especially well represented. Prominent citizens were invited to address meetings to be held in schools, clubs, business houses, shops, and so forth.

However, the average price level and the cost of living are already climbing at the rate of 1 to 2 per cent a month, and the dollar is correspondingly shrinking in real value, in terms of the commodities it will buy. Mr. Mellon's New Year appeal to the American, as characterized by P. T. Barnum, may therefore be translated as follows:

> Save and be thrifty, invest your savings at 4 per cent per annum in United States savings certificates, and the great and ever-just United States Government will see that your investment will be repaid in dollars which a year hence will be worth 12 to 25 per cent less than those you loaned me.

What a hollow mockery is being made of thrift since the power to regulate the value of money, imposed on Congress by the Constitution, was in effect transferred to the tender mercies of the Federal Reserve Board and the Federal reserve system!

In this connection it is important to examine the current rates quoted on British securities in the London markets. According to the New York Times of Saturday, February 11, the following rates apply:

	Asked.
British Victory, 4 per cent	85¼
British Fund, 4 per cent	83⅝
British National W. B., 5 per cent	95⅛
British Exchequer, 5¼ per cent	98¾

It would therefore appear that at the present time it takes more than even 4¼ per cent interest to keep British bonds at parity.

The secrecy with which the funding conferences were clothed and the secrecy imposed upon the congressional committees would almost lead to the assumption that the concessions made by our commission must have been based on some as yet undisclosed understandings, and it may be surmised that the British banking interests and the American banking interests must have played a very important part even along these lines.

Mr. President, another basis for the concessions to Great Britain proposed by our commission, which may have played a very important part, is the recognition of Great Britain's contributions to the war before the entry of the United States, the treasure spent, the lives lost, and the sacrifices made by Great Britain in the common victory.

Of course, proper weight should be given to these considerations; but it must also be noted that while America entered the war for the sake of saving humanity and civilization, for making the world safe for democracy, and for bringing to end all war, Great Britain, as a result of the victory, added enormously to its already enormous empire.

In discussing the question of proper interest rates, a comparison might be advantageously made of the interest basis proposed, 3 per cent and 3½ per cent, and the rate of return on capital allowed the railroads under the Esch-Cummings Act, 5½ per cent, and with that earned by other public utilities as fixed by the State public service commissions at an average of 8 per cent or more. Of course, the American public is burdened with the repayment of such capital charges in the form of rates and charges for service furnished. It is also of interest to contrast the favorable rates it is proposed to grant to Great Britain with the rates of interest legalized by the various States and the District of Columbia.

Comparisons with the still greater return exacted by big business might at first sight be considered unfair, on account of the customary allowance for what is termed "business risk"; but this should really be taken into consideration in funding the loan to a government when a rising political party in the particular country, not unlikely to obtain political control within a decade, has announced itself in favor of the repudiation of all such loans; and the longer the settlement period, the greater is the obvious risk.

Mr. President, a rather interesting deduction may be drawn if it be granted that Great Britain is really so badly off as to justify making the concessions recommended by the debt commission and not even able to pay interest at the market rate to the United States to an amount of $200,000,000 per annum, and surely the acceptance by Congress of the debt terms under discussion will largely be justified on this basis.

If Great Britain, with the pound sterling quite near par, is only able to pay interest on its debt to the United States at the rate of 3 per cent for the next 10 years and 3½ per cent for the following 52 years, together with an additional one-half per cent per annum for amortization of the debt in a period of 62 years, the question can be properly raised as to the terms which will be regarded as fair and equitable for the settlement of the debts of France, Belgium, Italy, Czechoslovakia, Greece, Liberia, Serbia, Rumania, and Russia, with their progressively decreasing exchange rates as quoted in the New York Times of February 11.

Although the quoted exchange rates are largely fixed by the international financiers, they are nevertheless measures, however rough they may be, of the relative ability of the respective governments to redeem their obligations, domestic as well as foreign. In addition, and sad to relate, practically all of these countries are faced with unbalanced budgets, largely the result of heavy military expenditures, so that the exchange rates are still on the toboggan; and unless there is a change of policy the money values will rapidly go from bad to worse, approaching the absolute zero as their limit.

It would therefore appear that the implied suggestion in the President's message and in the bill under consideration that the debts of the other governments would be settled on "equally favorable terms," or even on "similar terms," as originally proposed in the Smoot-Burton bill, is doomed to disappointment. The further concessions it is proposed to make to Great Britain, as recommended by our commission, may be considered as a subsidy to the British taxpayers at the expense of the American taxpayers, so that it is not surprising to find the debt plan linked with the ship-subsidy plan in President Harding's message.

From what I have said it does not necessarily follow that I may be unwilling to support the proposed plan for a settlement, providing these are the best terms that can safely be adopted at this time. There is, however, another feature of the bill that does not wholly appeal to me, and that is the possible depression in prices for our own bonds to be used in payment. Having started on another apparent period of mild and gradual inflation, when will deflation follow, and what manipulation may be inaugurated to the disadvantage of our own bonds and to the detriment of our producers of wealth? These are matters that may, in my judgment, be well considered, for we shall have to deal with this question later.

Mr. UNDERWOOD. Mr. President, before the pending bill comes to a vote I want to say a few words explaining my position, and to state why I intend to vote for the proposed settlement with Great Britain, so far as the Government debt is concerned, provided the bill is not amended in a way that will be unsatisfactory. I understand that the Senator from Utah [Mr. SMOOT] proposes to have the bill so amended as to relate only to the British debt settlement, and if it is amended in that way, and in that way alone, I intend to support the bill, and I want to give a few reasons why I intend to do so.

As I understand the proposition, at the time this loan was made it was agreed that the loan should bear 5 per cent interest, but subsequent to that time Congress passed a law by which it was provided that the foreign debts might be settled on a basis of 4¼ per cent interest, so that so far as the proposed settlement is concerned, we can take it as the original basis that the loan is now due, and that the contract is that it should bear 4¼ per cent interest.

The British Government have made a proposal to us for a settlement on a different basis. They say that they can not pay the principal now; and that is apparent to everybody. Nobody expects them to do so. If they could pay the principal now, it would be a very unfortunate thing for them to do, so far as our own people are concerned, because it would absolutely unsettle international finance.

The British Government say they did agree to pay 4¼ per cent interest, but the original 5 per cent and the 4¼ per cent were based on the value of money during war and not in time of peace. Those were the rates at which Government money could be purchased in time of war and not in time of peace. Now they come to us and make a proposal to us to settle on a peace basis. It goes without dispute, I take it, that everybody recognizes that a government's credit is of a different value when it is extended in time of absolute peace

from the value when the government is engaged in a great war. The value of a loan is measured by the interest rate. When money is purchased, it is purchased with an agreement to pay the principal back at a future date, and to pay a certain rate of interest, and of course, as everyone who loans expects the principal to be paid back, the real basis of the purchase is the interest rate proposed to be paid pending the period of the loan.

It is common sense to expect that the interest rate for a loan during war times is naturally higher than that during peace times, and the British Government come before us now and say: "We are willing to settle up to date. We can not pay you the cash now." We are not demanding the cash now, so far as I know. I have heard of no one who is demanding cash. They say: "We are willing to pay you up to this date on the basis of your war contract; that is, we have calculated the interest at 4¼ per cent under the war contract up to December." Am I correct about that?

Mr. SMOOT. December 15.

Mr. UNDERWOOD. And they say: "We put that in as a new principal"; and that is not objected to. They are authorized by an act of Congress to do that. So we come down to December 15, the day on which the new settlement shall go into effect, practically speaking, as an international loan of to-day, and they pay, by giving their obligations, the amount of the debt and the war-time interest of 4¼ per cent up to that time.

Mr. SMOOT. Mr. President, I want to call attention to the fact, further, that Great Britain has already paid $250,000,000 as interest, and a great part of that interest was at 5 per cent.

Mr. UNDERWOOD. Undoubtedly.

Mr. WATSON. May I ask, right there, how much of that was at 5 per cent and how much was at 4¼ per cent?

Mr. SMOOT. In about two hours I will have the date of every obligation made by England and the amount of interest that was paid at 5 per cent up to the time the rate of 4¼ per cent went into effect. Then I shall state to the Senate the average rate of interest under the proposition presented here, from the beginning of the loan down to the present time. I shall have that information in a couple of hours.

Mr. UNDERWOOD. Mr. President, that is interesting, and I am glad the Senator is going to put it into the RECORD hereafter, because we ought to have the exact facts; but for the purpose of this argument I am not interested in the details. I am interested only in the substance, and what I say I think I can say without contradiction, that the British Government propose to live up to their war-time contract to the hour of settlement in December, when the commissions met to make the settlement, and to pay the principal in full and the war-time interest of 4¼ per cent. Then they ask us to strike a new balance and make a new contract on a peace basis. That is the issue before Congress. The British propose that we shall make them a new loan, and of necessity we must make them a new loan, because they can not pay the principal now, and we would be very unwise to accept it now if they could pay it, because it would so disturb international finance as to destroy our markets abroad. That is so apparent that I do not think it can be contradicted.

Then the question comes as to what would be a fair basis on which to make a new loan in the future on a peace basis. Of course, speaking broadly, we would all be glad to collect the full amount of the debt, with the war-time interest; at least that is the way a man who loans money usually looks at it. But viewing it from an equitable position, that is not the way a fair creditor should look at it when he is dealing with one who has been his friend in the past.

Now, the question is as to what this money is worth. I believe the debt is to run 62 years, unless the British Government exercise their option to pay it sooner. That looks like a long-time loan, but in the condition of international finance I am not sure but that a long-time loan steadies the financial condition of the world better than a short-time loan.

Our farmers and business men will get the benefit of this steadying of the financial conditions, which they would not get if the loan were for a short time, payments to be made at an early date. So the real problem with which we are confronted is the question of what this money is worth for a Government loan on a peace basis.

We can not measure the value of this money as a Government loan on the basis of an individual loan. It is a different proposition. We know perfectly well that the rate at which the Government of the United States of America can borrow money, or at which the State of Alabama can borrow money, is very different from the rate at which some great railroad company or industrial company in the United States can borrow money. All of them agree to pay back the principal, but the difference is measured by the rate of interest; and, of course, we have to look at this question from the position of what money loaned to a government is worth.

Let us look at our own situation. I looked at the morning paper a moment ago and found that on the opening of the stock market in New York on Liberty bonds yesterday, Liberty 3½'s which run to 1947 unless the Government exercises its option to recall them in 1932, the market price was $101.78; in other words, a hundred dollar bond was selling for $101.78. Liberty 2's, bearing a rate of 4¼ per cent, running to 1942 unless called by the Government in 1927, were selling, at the opening of the market, at $98.70; in other words, a hundred dollar bond sold for $98.70.

The 4¼ per cent bonds sold in the market for more than $3 a hundred less than did the 3½ per cent bonds, because the 4¼ per cent bond is subject to taxation by the United States Government under the income tax law, and the 3½ per cent bond is not subject to taxation under the income tax law. Of course, they are all subject to taxation under the inheritance tax. This shows that there is a material difference in rates, the 4¼ per cent bonds selling for less than the 3½ per cent bonds.

Suppose we assume that they are both selling at par. There is a difference of $3 a hundred in favor of the untaxed bond. But assume that they happen to be selling on an equal basis, both at par; what demonstration would we have? It is a clear demonstration that 4¼ per cent taxed interest is equal to 3½ per cent untaxed interest, according to the viewpoint of the purchasers in the bond market.

The best opinion we can get is what the buyer of bonds will pay for them. Very well; what have we in this settlement? During the war we had a 4¼ per cent bond. We reduced it to 3½ per cent. I have not a doubt in the world that the Government of the United States would say to the purchasers of those bonds, because the Government has the right to sell them on the market, "If you buy these British bonds, we will not tax them."

Mr. SMOOT. They can not be taxed unless a law of Congress were enacted to do so.

Mr. UNDERWOOD. Surely; but if the Government chooses to say that and offers to sell them on the market as untaxed bonds, as it has a right to do, they will sell at par at 3½ per cent, because our own bonds sell for the same reason.

Mr. SMOOT. With the 62-year period they would sell above par.

Mr. UNDERWOOD. I think the statement I made is reasonable. So, then, the question is in making the settlement in times of peace, Are we to put our allies' bonds on the basis that they must pay interest on the basis of a taxed bond or an untaxed bond? If we want the money back and are willing to sell the bonds in the market on an untaxed basis according to the market quotations of to-day, there is the distinction. So I say that on the basis of a settlement dollar for dollar it is a reasonable proposition when we consider that we have no right to subject our late allies' bonds to taxation for this Government, because if we subject them to taxation, of course, the money goes into the pockets of the Government, and governments can not deal with each other on that basis. We do not even deal on that basis as between the Government of the United States and the States of the Union. We keep our taxing hands off of the States of the Union and they keep their taxing hands off of the securities of the Government of the United States. That is a principle that has always been recognized, and we have no right to put this business transaction with the Government of Great Britain on the basis that we would if it were a matter of taxing its securities.

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

Mr. UNDERWOOD. Certainly.

Mr. HITCHCOCK. Do I understand the Senator to say that if the bonds which the Treasury of the United States is to accept from Great Britain should pass into private hands, income from them would not be subject to taxation by the Government of the United States?

Mr. SMOOT. Is the Senator asking me that question?

Mr. HITCHCOCK. Yes; or any Senator who can answer it.

Mr. SMOOT. Yes; I say the interest upon the bonds would not be subject to taxation under our existing law, and if we undertake to impose taxation upon the interest on foreign bonds, immediately England would impose a tax upon the interest from our bonds owned by her subjects.

Mr. HITCHCOCK. So we are proposing to absorb $4,000,000,000 of British bonds which may be sold to private interests in this country and be free from taxation by the Government of the United States or by any State.

Mr. SMOOT. If they are free from taxation, but I do not know whether they will be sold to individuals in the United States.

Mr. LODGE. They would pay the same tax that our Government bonds do.

Mr. SMOOT. Under our existing law they could be required to do it if the Congress wanted to tax them.

Mr. LODGE. They would bear the same rate of taxation that our bonds bear. The 3½ per cent bonds bear only the inheritance tax.

Mr. HITCHCOCK. The income from our Liberty bonds is taxed as a general proposition, with some exceptions. Do I understand the income from the British bonds, if held by American interests, would not be subject to taxation?

Mr. SMOOT. It would not be subject to the taxation I referred to.

Mr. HITCHCOCK. I think that raises a very serious question.

Mr. UNDERWOOD. If the Senator will allow me, I do not think it is so serious a question, and I would like to proceed.

Mr. HITCHCOCK. Will not the Senator from Alabama permit me to clarify the matter? The Senator made a statement and I was amazed at it, I must confess. We tax the income from the Anglo-French bonds in this country at this time. They are not exempt from taxation.

Mr. SMOOT. I think the Senator is mistaken.

Mr. HITCHCOCK. I think not. It would be perfectly ridiculous to think that Americans could buy the bonds of foreign countries and not be taxed on the income from those bonds.

Mr. UNDERWOOD. Mr. President, I would like to yield to the Senator from Nebraska, but he is carrying the discussion into a realm in which I am not engaged or interested at this time. I think the statement came from the Senator from Utah and not myself. I attested his statement merely upon the basis that to tax anything we have to fix the basis of taxation by law, and I take it that what the Senator from Utah meant was that the present taxing law would not reach these bonds, that they will lie in the Treasury of the United States, and therefore will not be subject to taxation.

Mr. HITCHCOCK. I realize that; but I am propounding the question whether, if the Government sells these British bonds to private interests in this country, those private interests would escape taxation.

Mr. UNDERWOOD. What I understood the Senator from Utah to say was that they would. I do not express an opinion on the subject because I have not investigated it, but I assume that he meant the present law would not reach the bonds, but whenever they get into the hands of a citizen of the United States the Congress can enact such laws as it wants to in reference to them. The Congress can tax them or untax them.

Mr. HITCHCOCK. The place to do it is on the pending bill before they enter into the hands of interests in the United States. We can not afford to permit $4,000,000,000 more of tax-free bonds to get into private holdings in this country.

Mr. UNDERWOOD. Why, Mr. President, I am amazed that my friend from Nebraska should make such a statement. It is absolutely beyond any qustion involved here. Here we have a debt settlement with another Government, and the Senator has said it is necessary for us to inject into that settlement a local issue between our Government and our own citizens.

Mr. HITCHCOCK. The Senator from Alabama takes a view about tax-free securities entirely different from mine. He opposes the theory of doing away with tax-free securities. I take the view that tax-free securities are an evil in this country and that it enables great quantities of capital to be invested and escape taxation. I am opposed to having $4,000,000,000 of additional tax-free securities injected into the markets of our country.

Mr. UNDERWOOD. What I am saying to the Senator from Nebraska is that that is not an issue involved in this matter at all.

The Senator and I do differ as to the general proposition, but that is a constitutional question and has nothing to do with the pending bill. As to whether the securities shall remain tax free or be taxed is a question undoubtedly that the Congress of the United States by legislation can establish at any time it wants to. But it has nothing to do with our settlement with Great Britain.

The question I was arguing when the Senator from Utah injected his statement into my speech was simply that in settling with Great Britain we have no right to settle with her on a tax basis. We should settle, if we settle justly, on the basis of what is a reasonable rate of interest on these bonds for the Government of the United States. If we want to sell them in the market and say to the owner of the securities purchased in the market, the citizen of the United States, that he shall pay taxes on them, then we burden the bonds to that extent, but we have a right to do it. We can do it, but if we are going to put that burden on them we have no right to put the burden on an international ally which is a government. That is what I am contending. We have no right to say to another Government, "We will make you not only pay your interest but a tax as well." Of course, that depends on the interest rate. The Senator from Utah may be right that as they stand to-day the bonds could not be taxed, but they can be made taxable at any time the Congress desires to do so.

Mr. HITCHCOCK. I would like to have the Senator from Utah clear it up while we are on the point.

Mr. UNDERWOOD. My friend from Nebraska will pardon me, but that is a question between the Senator from Nebraska and the Senator from Utah and is of no interest to me whatever. I do not care which way it is decided. I am trying to make a statement as to my viewpoint in this connection, and if the Senator from Utah and the Senator from Nebraska will kindly take the floor in their own time I shall be glad to have them settle it, but not in my time.

Mr. SMOOT. I did not want to enter into the discussion at all. I was going to say to the Senator that it depends on whether the bonds are tax-exempt bonds or taxable bonds.

Mr. UNDERWOOD. My position is not at all material to the argument of the Senator. I have no doubt if the bonds are nontaxable now that when we sell them to citizens of the United States we can make them taxable, or if they are taxable now and we want to sell them to citizens of the United States and get more money from them, we can make them nontaxable. But that is a question for the Congress to determine hereafter.

The point that I am making is that on the basis of peace and looking at it from the standpoint that we have no right to tax a debt of a foreign government, this is a reasonable settlement so far as the interest rate is concerned. If we want to assume, for argument, that they are going to pay 3 per cent interest for 10 years and 3½ per cent interest for the balance of the time, and assume the fact that 4¼ per cent is the real rate of interest, of course we can show that we are going to lose a lot of money. That is a mere matter of figuring.

I may have placed a land mortgage on a farm when I had to pay 8 per cent interest, and by reason of the legislation of Congress providing for farm-loan bonds the rates of interest in my neighborhood may have been reduced to 5 per cent. When I come to renew the mortgage I tell the man I must have it at 5 per cent or I will take it to a farm-loan bank. He then says, "I will lend you the money at 5 per cent." I suppose on that basis it would be calculated that he lost 3 per cent a year. We might, on the basis of this argument, contend that the difference between 4¼ per cent and 3 per cent is 1¼ per cent. But that is not the issue. The issue is whether this is a fair rate of interest, everything considered.

But, Mr. President, I merely state that as a premise. I think the settlement is a reasonable settlement and ought to be made. The reason why I say it ought to be made is because the most important question that is confronting the civilized world to-day is a settlement of international finances. The difficulty in the world to-day is that its financial conditions are so unsettled that the world can not do business.

I want to impress on those to whom I have the pleasure of speaking that from my viewpoint we can not have a real satisfactory business or anything approaching prosperity in the United States until Europe is on the mend. We are part and parcel of the world's great economic system. Distress anywhere rests on us, and the present great disarrangement in Europe can not help being a tremendous drag on our own advancement.

That is the proposition. As long as Europe is financially in distress we will be in distress. As long as Europe fails to have a normal buying capacity the products of our labor and the products of our fields and factories will not reach a normal price in the markets of the world, and our people lose that much in the marketing of their crops and the other products of their labor.

I wish to call the attention of Senators to the fact that the list of commodity exports and imports between Europe and the United States for the fiscal year ending June 30, 1922, published by the Government, shows that our exports to Europe for the year ending the 30th of last June amounted to $2,067,027,605 and our imports from Europe amounted to $820,473,712, leaving a balance of trade between Europe and the continental United States of $1,236,553,893 in our favor. That balance of trade must be paid. It will be of no value if it is not paid. How is

it going to be paid? There is no gold in Europe with which to pay it, and there is not going to be any. Before the Great War Europe owned and held four billion or five billion dollars' worth of American securities, and if the balance of trade went against her she could sell our securities. Europe practically holds none of those securities now. Instead of being a debtor nation, as we then were, we have become the great creditor nation of the world.

From a statement issued by the Department of Commerce some months ago it appears that the Governments of Europe to-day owe our Government $11,500,000,000 of war debt and the interest thereon; that, in addition, they owe to our people $4,000,000,000 balance on open account, and there are $2,000,000,000 of European securities which are owned by private account in America. In other words, Europe owes us to-day $17,500,000,000, according to the statement, and I think in all probability the indebtedness really equals $18,000,000,000.

Mr. President, if we count the interest on that account, assuming that all these debtors are solvent, and then charge an amortization account of 1 per cent or one-half of 1 per cent, it would require of the European nations which owe us, in order to balance their accounts, in addition to the balance of trade of $1,200,000,000, the payment of another billion of dollars, making over $2,000,000,000 which would have to come to our shores in order to pay for our crops, to pay for the products of our labor, and to pay the interest and amortization charges on debts due us.

How can it come? Where it is going to come from? There is no way in which I know that this money may be paid except through international trade. Of course, there was some money which flowed out of this country, carried or sent back to the old country by the immigrants; but that practically ceased with the closing of the door to immigration. There is some little money going back into Europe from this source, but it is comparatively little. At one time Great Britain, Norway, and Germany and other great countries of Europe had the trade of America on the high seas and we paid them for carrying our trade, but to-day we ourselves are in the shipping business. There is comparatively little when the trade is balanced as a carrying account that goes to the European ledger, so we can not be paid in that way. We all recognize that there are no American securities abroad to come back here with which to pay this debt, and there is not gold abroad with which to pay it. So in the last analysis it comes down to the question of trade.

I did not rise, Mr. President, in order to discuss the tariff or to inject that issue into my argument. I merely wish to say in passing that instead of lowering the tariff wall we have raised it and, of course, that has a tendency to keep foreign trade out of this country. I should like, however, to inquire of gentlemen who say this settlement is unreasonable, How are we going to collect the money, not merely to pay the debts which are due us—we might abandon our debts—but how are we going to collect the money to pay for our cotton, our corn, and our wheat and our cattle, and products of that kind which we ship to foreign markets? That is the issue; that is the question on the answer to which depends whether or not the American people shall be prosperous in the future. The debt is a minor question compared with the prosperity of the toiling masses of the American people. I want to know where we are going to get the money.

I said a while ago I thought it was very fortunate that Great Britain did not assume to pay this entire sum of money now because if she strained the finances of Europe to pay us $4,000,000,000 at this good hour there would be no market to-morrow for cotton or corn or wheat or cattle, because Europe would have nothing with which to pay us. The markets of Europe have not died out; some millions of men were killed on the field of battle, but the great population is still there, and that great population are prepared to eat as much as they did before the war if they could pay for it. The reason the demand for American products in European markets has fallen off is not that the vacuum is not there for them to flow into, not that the people do not desire them, but they have no means of paying us for our products.

Mr. BORAH. Mr. President——

The PRESIDING OFFICER (Mr. WALSH of Massachusetts in the chair). Does the Senator from Alabama yield to the Senator from Idaho?

Mr. UNDERWOOD. I yield.

Mr. BORAH. I ask the question I am about to ask not in a controversial mood, because I entirely agree with the Senator, but what outlook is there for our foreign market getting better?

Mr. UNDERWOOD. If the Senator will allow me, I do not want to inject an issue that is not involved here, but the Senator has asked me a question, which I will answer if I can. I think the only opportunity there is for better trade conditions between this country and Europe is to encourage international trade and tear down our barriers at the customhouse, or to lower them, at least. I do not say it is necessary for us to come to free trade, but where tariff rates are prohibitive we should lower them and allow some products of foreign countries to flow in here to pay for the products of the toilers of America. A creditor nation can not build up international trade by erecting barriers at its customhouse. I have indicated the only way that I can see that trade conditions are going to get better, but I do not want them to get worse. I am not contending that the passage of this bill will make conditions better in that respect, although it will in some other respects; but I say that if we do not pass this bill and make this settlement they will get worse, because the finances of the world would be unsettled by demanding the payment of the debt at this hour. I think if we put this debt settlement off for 62 years and fix a reasonable rate of interest, unless there shall occur another great world war in Europe, we will probably collect the debt; but if the settlement is made and conditions become stable, the money markets of the world will absorb it; it will be adjusted and placed. We will adjust ourselves to that condition, and then we will return to a normal market condition for the absorption of our surplus crops in America.

Mr. President, I did not intend to take up the time of the Senate in a debate this morning, and I am not going to do so now. I might talk indefinitely on this question, but it is that of course I think a Senator of the United States should RECORD to let those whom I in part represent know my reasons for voting for this settlement. I wish to say further, however, that of course I think a Senator of the United States should have a vision that is broad enough to represent the entire people of this country; but at the same time, Mr. President, we can not get away from the proposition that we do represent a particular constituency, and my constituency are largely producers of cotton. They produce many other commodities, but when we have a good market for our cotton we have prosperity in our State and when we have a bad market or no market at all for our cotton we have hard times in my State. One-half of the cotton produced in America is sold abroad. Most of it goes to European markets, and a major portion of it goes to English mills; so that, in the last analysis, the owner of the British spinning mills is the buyer of the cotton of the South.

Governmental finance is absolutely tied with personal finance. When a government is under a strain for money loans rates of interest will always go up and the nationals of that government will have to pay higher rates of interest for private loans; that is a demonstrable fact. When governmental loans are easy and government rates of interest for borrowing are low, it has its effect immediately on personal loans, and personal rates of interest come down, and the difficulty of obtaining loans with which to conduct business becomes less—necessarily so, because all the loaners of money prefer to lend to a government rather than to an individual, because it is regarded as better security so far as stable and solvent governments are concerned. So that when the British Government's credit becomes stabilized it stabilizes local banking conditions in Great Britain, it has a tendency to make easier money, and it has a tendency to promote business.

Our people must not overlook the conditions that stare us in the face. The British spinner is a large consumer of American cotton, but he does not sell his cotton products overnight and get the cash for them. He may do so locally to some extent, but the British spinner is a world-wide merchant. He sells in most of the marts of the world, and his basis of making the sales is not 90-day paper, but he sells on a year's time. He takes a year in which to complete his transaction; and the spinners of England have not enough capital to carry the entire products of their factories through a year's time. They are dependent on making loans, or, in other words, on selling the bills payable that they get from the wholesale merchants of South America, Africa, and the Orient in the open bills market of London. If they can not sell those bills payable there, they can not continue to manufacture cotton and sell it in the marts of the world; and whenever the credit of their Government is destroyed or injured or threatened it unstabilizes the market for the British spinner's bills payable in London, and to that extent injures and closes the market to American cotton.

I am talking in regard to cotton merely because that is interesting to my own State; but in the main we can continue

this argument and put in place of cotton the wheat of the northwest, the cattle of the great western plains, the corn, or any other product that we produce in America and ship abroad for sale. They are all involved in this proposition.

Within the year, in fact within six months, I have received numerous petitions from farmers' organizations in this country petitioning that our Government do something to establish international credit abroad—for what purpose? For the purpose of establishing a foreign market to absorb their surplus crops. This is only a step. I do not say that it consummates the whole proposition; but making a final settlement of this British debt, putting it in a safe and finally solvent condition, will do more to stabilize the finances of Europe and stabilize the markets of Europe than any other one thing that can be done. I would vote for this settlement from that standpoint even if I thought it was a bad settlement, even if I thought it was an unfair settlement.

I do not think so. I think it is a reasonably good settlement, but if I thought it was a bad settlement I would do it to stabilize to that extent European finances, because I think it is more important to us to do everything we can to establish markets for the growing crops and the product of the toil of American hands of this hour than it is to go back into the past to collect the last dime of interest on a foreign loan. So that even if you had brought in a much less inviting proposition to the Senate, and it was final and a settlement of it, and I thought it was done on fair terms, I would have accepted it, because I think it is the only thing we can do, but I want to be fair and say that I think you have made a reasonable settlement of the matter.

Mr. President, I did not intend to take up this much of the time of the Senate, and I do not wish to go into the matter further. I merely want to let the RECORD show why I think the immediate acceptance of this proposition is in the interest of the great mass of the American people and the particular constituency that I represent.

Mr. BORAH. Mr. President, I have no desire to see this Government drive a harsh bargain with reference to these debts, either the debt with which we are now dealing or any of the debts with which we may hereafter come to deal. I have always looked upon the debts which these governments owe us as a piece of property, as it were, belonging to the people of the United States to be utilized to the best advantage to the people, whether that utilization consisted of generous settlements or even of cancellation in consideration of the return of things which we ought to have.

If the debt question before us be considered purely as a question of collecting or arranging for the collection of so much money, I have no doubt, as stated by the able Senator from Alabama [Mr. UNDERWOOD], that a very reasonable settlement has been made; but I have always looked upon these debts as one item, and only one, in the whole subject matter of economic readjustment in Europe.

That phase of the matter, however, I am not going to discuss just at this time; but there is one feature of it to which I am going to call attention. It may not have any bearing upon the question of voting, but it has some bearing upon the historic truth of the transaction which we are now consummating.

Mr. President, I have said I do not want to see this Government drive a harsh bargain. I am equally interested in seeing that we are not unjustly accused of driving a harsh bargain.

I have observed in almost every English publication which has come out since the settlement of this debt what may be regarded as criticism because of the so-called harshness of the settlement. Some of the editorials and some of the press expressions go so far as to say that it is severe and unjust, and call attention again to the attitude of this Government as being that largely of a mere money-making concern when it comes to dealing with other powers. I notice that the ex-Premier of England, Mr. Lloyd-George, stated a few days ago that the American debt-settlement terms were hard, and that he was frankly disappointed in regard to them. That is a mild statement compared to some of the statements that have been made. A great deal has also been said here upon the floor as to the situation in England, as to the unfavorable economic outlook which confronts her, indicating that the settlement might be considered harsh even from our standpoint in view of her unfortunate condition.

I know, as one may know from reading, something about the distressed situation of the English people and of all the people who were engaged upon the allied side, and, so far as that is concerned, of all the people of Europe. Anything that the United States may be able to do in the way of a generous settlement or adjustment of these matters may well take into consideration all such features of the situation. I would deal with Europe with her sad condition in mind.

But I am bound to say that, notwithstanding all these facts, when the whole history is told, this is an extraordinarily generous settlement upon the part of this Government. Never again ought a voice be raised in England or elsewhere to the effect that we are a harsh bargain-driving people. We have acted in this matter, as we did in reference to other matters touching the war, with the utmost unselfishness and generosity. This was a debt incurred for the purpose of carrying on the war, incurred on terms satisfactory to the parties who received the money, and we might well have said that according to the contract it ought to be paid, and still not be subject to the charge which has been made against us; but we have gone much further than that. Holding a debt drawing an interest rate of 5 per cent, we have voluntarily cut it down to 3½ or 3.48 per cent. But that is not, Mr. President, by any means all I have in mind when I rise to discuss the other side of this question as to harshness of settlement.

When we came home from the war we came home without claiming a single foot of territory, without any material or property advantage whatever. Although there was in large measure a continent to be distributed, some of the richest mineral deposits in the world—oil, coal, and other mineral deposits—to be exploited and divided by our allies, as was well known at the time, after the revealment of the secret treaties, the United States did not lay claim to any part or parcel of it. The President of the United States, then Mr. Wilson, stated in the beginning of the war, and stated again and again, and carried into practice at Versailles, the policy of disclaiming upon the part of this Government all possible material advantage; and while the credit is due to him for having said it, it must be said also that the American people supported that contention from the beginning, without, so far as I know, a dissenting voice. There never was in the press or any public speech or any private conversation, so far as I have been able to ascertain, an intimation upon the part of the people of the United States that they desired to secure any material advantage, any property interest, by reason of our victory. We eschewed all gain. We were prepared to do and we did a great unselfish task, and from the beginning to end our action bears no taint of material gain.

To my mind, when the whole transaction is viewed and the environments under which we operated are considered, it was the most unselfish act that ever characterized a nation engaged in a war. Nowhere in the history of the world is there anything to be compared with the doctrine laid down by the President of the United States, supported by the people, and finally ratified by the Government with reference to the unselfish conduct of the United States in that war.

How much better it would have been for the world had that policy been adopted by all the nations interested in the war. In my opinion, the question of economic chaos, of the distress now prevailing throughout the world, and of the dark outlook from the financial standpoint would have been entirely different had that policy been pursued and any semblance of regard given to the rights of nations, not alone those against whom we were fighting but even the rights of those who were associated in the war but less powerful than we.

I am going to call attention to some facts and figures. If it does nothing else, it may help some of us to understand that we are not driving a harsh bargain after all. I trust our friends across the water hereafter may look at it differently also.

Great Britain and France acquired, either absolutely or subject to exploitation, as a result of the war a combined territory of 2,486,000 square miles—within 540,789 square miles as large as continental United States. Of this, England, leaving out Persia for the time being, acquired 1,607,053 square miles, with 35,000,000 people inhabitants thereof. To get some conception of that territory in extent, if we take the States of Washington, Oregon, California, Idaho, Nevada, Arizona, Utah, Montana, Wyoming, Colorado, New Mexico, Texas, Oklahoma, and Kansas, we will have just about the amount of territory included in this area which Great Britain acquired, leaving out Persia. It may be said that some of that territory is a burden. It was not so considered when it was acquired. But within that territory, as I shall show, I think, in a few minutes, are some of the richest areas of the world, and a large portion of them.

Including Persia, over which she now has control so far as exploiting her natural resources is concerned, a country which has an area of 607,200 square miles, Great Britain has acquired, as a result of the war, 2,000,000 square miles of territory. France has acquired 5,605 square miles, with a population of 1,709,746 people, including a piece of territory the richest in

industrial possibilities in all Europe, the Saar Valley, for a term of years, which under the present program will not be for a term of years but eternally. She acquired colonial possessions of 480,495 square miles, with a population of 35,773,000 people, making in all a total territory of 2,486,000 square miles acquired by Great Britain and France.

No one can estimate the wealth of this territory. It could not be estimated even at the time of its taking over, and subsequent developments have disclosed that in oil and other mineral deposits it is rich beyond measure compared with its hitherto supposed value. But, as I said, that territory was left to be divided among the Allies. The United States returned home without claiming any part or parcel of it; nevertheless, propaganda, abroad and in this country, has been engaged since that hour in undertaking to demonstrate that the Shylock of the combination was the United States. The reason for such propaganda is apparent. As the able Senator from Massachusetts said upon yesterday, the question is not the condition of our debtor at this present hour but what are her assets?

Let us go a little further and consider the question of the coal and steel possibilities. The exports of iron and steel in 1913 were as follows in tons:

Germany	5,664,000
Great Britain	5,000,000
United States	2,725,000
Belgium	1,543,000
France	573,000

The ore reserves of European nations in 1922, according to the statisticians, are as follows in tons:

France	4,369,000,000
Great Britain	2,254,000,000
Sweden	1,548,000,000
Germany	1,374,000,000
Russia	1,032,000,000
Spain	610,000,000

In other words, the redistribution of the iron and coal deposits since the war has brought about a change of status of these nations with reference to their ore reserves, the value of which, as I have said, can hardly be estimated. I will give an intimation of it. France exported of steel a monthly average in 1912 of 41,500 tons; in 1913, 48,200 tons; in 1921, 100,000 tons.

France obtained from Germany, as a result of the war, 40 per cent of her blast furnaces, 30 per cent of her steel works, and 28 per cent of her rolling mills. Those are matters of consideration in dealing with the equities which arise out of the adjustment of debts, and the settlement of affairs between the allied and associated powers, especially when the driving of hard bargains is the charge.

Let us take the subject of rubber. I read an article written by Mr. Karger, a Washington correspondent well known to all people in the Capital, discussing this subject. He said:

If the United States is unable to find a way out, the American consumer of rubber will pay approximately $110,000,000 more for the year's rubber supply, with an increase to $135,000,000 in prospect. Rubber in international trade affairs plays a part second in importance only to that of oil; and the United States, as the world's largest consumer of rubber, with its source of supply limited almost entirely to Great Britain's dependencies, is threatened with tremendous penalties as a result of British decision to restrict the output in order to increase the price.

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In September the price of crude rubber was 15 cents a pound. Since then it has gone to 37 cents. Unless an agreement shall come out of the pending negotiations it is expected to remain stationary at about 86 cents.

That illustrates what I have had in mind when I have said that the settlement of the debt problem between this country and the other countries to my mind is but one element in the adjustment of the equities growing out of the conditions resulting from the war. It will not cause Great Britain much difficulty to pay the debt, as it is now distributed, if by reason of her control of the rubber market——

Mr. McCORMICK. And shipping.

Mr. BORAH. And shipping in the view of the Senator.

Mr. HARRELD. And oil.

Mr. BORAH. And oil, and coal, she can raise the price, as she has in the case of rubber, from 15 cents to 37 cents, and put upon us about $135,000,000 a year extra. That is business, and we have no right to complain. We are only enjoined to look into these things when we come to adjust matters with our friends. Much of this is a part of the wealth which was gathered as a result of the war.

Mr. McCORMICK. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Illinois?

Mr. BORAH. I yield.

Mr. McCORMICK. I have been as active as anyone, I think, in seeking to take measures to free the American rubber consumer from the grip of that monopoly. Surely the Senator does not mean that a monopoly was acquired as a result of the war?

Mr. BORAH. No; what I mean is that a large part of the territory from which different commodities comes.

Mr. McCORMICK. Which part? British Malaysia, which produces the bulk of the rubbber, was under British suzerainty long before the war.

Mr. BORAH. I read further from Mr. Karger's article:

Which means that rubber tires will cost twice what they did a few months ago. The policy of the British Government was to submit recommendations with respect to the rubber industry to its colonial and territorial legislatures. The recommendations have been carried into effect. They have resulted in an empire-wide combination, which amounts to absolute control of the world's rubber prices.

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Just how seriously the United States will feel the pinch is deducible from the fact that for the year ended July 1, 1922, this country consumed about two-thirds of the world's total rubber supply. Of the total exports of 383,400 tons of crude rubber, the United States took 261,216 tons.

More directly, Mr. President, as the result of the war came the question of the increased possessions of Great Britain with reference to oil. I shall not take the time of the Senate to read, but I ask permission to insert in the RECORD in connection with my remarks some paragraphs from the Literary Digest of January 20, 1923, under the heading, "The world race for oil."

There being no objection, the matter referred to was ordered to be printed in the RECORD, as follows:

Ever since the armistice Great Britain has been steadily increasing her sphere of influence and at the same time quietly adding to her great oil resources in this vast territory. The first step was to develop her own oil lands in Egypt, where she has been quite successful. Through the activities of the Anglo-Egyptian Co. she holds the most valuable oil lands of Egypt and has concessions all around the Red Sea. Later, through the d'Arcy concession, she gained the most valuable portion of Persian oil lands for the Anglo-Persian Oil Co. As a result of the Versailles treaty she was granted a mandate of Mesopotamia and with it controlling interest in the Turkish Petroleum Co., holders of an exclusive concession on the whole of that wildcat country. During the present year the Anglo-Persian Oil Co. has been granted a concession on all the oil lands of Macedonia and Thrace by the ex-King of Greece. As a result of this intensive campaign of commercial expansion, the only lands of large proportions left are Turkey, including Armenia, Turkestan, and Arabia, all impossible countries for the production of oil at present.

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Since the war the French have made it a policy to befriend Turkey. They have furnished her officers to help in training her armies, sold her airplanes, and sent engineers to assist in building munition factories, and she will expect concessions which the Turks have to offer.

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Long debates ensued between the British and the French Governments, and finally Lord Curzon agreed in return for "the renunciation by the French Government of the ancient rights it possessed in the Mosul district," and in consideration of French permission for the building of a pipe line in Syrian territory, that the British Government would hand over to France the 25 per cent German share in the Turkish Petroleum Co. concession. This was a great gain for France, because, according to the soundest estimates, the production possibilities of Turkish petroleum are put at 5,000,000 tons.

Mr. BORAH. Now let us go to another feature of the situation. I have referred to the question of territorial acquisition and the mineral deposits which were acquired along with the territorial acquisitions. I want to refer now to another matter, and that is to some of the payments which have been made to our allies since the war. The amount paid by Germany in cash and kind has been $1,900,000,000; settlements of private debts, $150,000,000; paper marks requisitioned, $140,000,000; paper marks for expenses of armies of occupation, $225,000,000; expenses of the allied commission, $11,000,000.

Mr. FLETCHER. May I inquire of the Senator if he is referring to dollars or marks?

Mr. BORAH. I am referring to dollars.

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

Mr. BORAH. Certainly.

Mr. NELSON. The New York Times stated the other day that a little over $2,000,000,000 had been paid in reparations by Germany in money and in property, and that the French had expended over $7,000,000,000 in reparations in restoring the country that had been devastated by the Germans. In other words, for what has cost the French people $7,000,000,000 they have only gotten property and money to the amount of $2,000,000,000, leaving $5,000,000,000 unpaid.

Mr. BORAH. That does not controvert anything that I have said and has very little relevancy to the argument which I am making.

Mr. NELSON. It does not contradict what the Senator has said, but the Senator should not overlook it when he refers to the matter.

Mr. BORAH. I can not have in mind everything that is in the alert mind of the Senator from Minnesota. I was calling attention to the fact that the amount paid by Germany was $1,900,000,000; settlement of private debts, $150,000,000; paper

marks requisitioned, $140,000,000; paper marks for expenses of armies of occupation, $225,000,000; expenses of the allied commission, $11,000,000; making in all $2,426,000,000. I think that is a fair figure. I have gathered it from the Manchester Guardian, from Current History, published by the New York Times, and from figures which were given by the New York World. Some of them slightly increased the figure which I have given; but as nearly as estimates can be made, I believe that is a fair figure.

Now, it is true that France has expended money for the restoration of the part of France over which destruction flowed during the war. That is not the subject with which I am dealing now. I am simply dealing with the proposition of what our allies have received, while the United States at the same time is being charged with driving a harsh bargain in calling for settlement of a debt at 3½ per cent. It is not all upon one side. We have all lost and all suffered, but when history comes to be written there will be no occasion for charging the United States with driving a harsh bargain with its allies. That kind of propaganda ought to cease in this country, not only among our own people but those who are imported into this country for the purpose of spreading it.

The Senator from Minnesota has said that France has expended $7,000,000,000. France has not done anything of the kind.

Mr. NELSON. I quoted that from as good authority as those from which the Senator has made his quotations—the New York Times.

Mr. BORAH. Well, the Senator did not tell it all. It may be true that France made arrangements to spend $7,000,000,000, but one of the best-informed Frenchmen now living states that about three dollars in five reached the destroyed area, and the rest of it was wasted and grafted by those who were in a position to handle it. It can be demonstrated that nowhere near $7,000,000,000 has been expended. If anyone wants to see the result, let him look at what they have accomplished with the $7,000,000,000. As some one has shown, $7,000,000,000 is more money by twice than was spent in 160 chief cities in the United States in the years 1919, 1920, and 1921. But that is aside from the question. We will take up that question later.

The value of the Saar Valley mines, which they also acquired, has been estimated all the way from $100,000,000 to $250,000,000. The Upper Silesian coal fields which went to Poland were estimated at from $200,000,000 to $300,000,000. The Reparation Commission placed the value of all deliveries in cash and kind of itself at $1,900,000,000. This does not include a number of items since, such as $140,000,000 in paper marks requisitioned and $245,000,000 in marks as expenses of the armies of occupation. A conservative estimate, including payments in cash and kind and territory and coal, has been made at $5,000,000,000 going to England and France since the war.

Mr. McCORMICK. If the Senator will permit me to interrupt, did not the Reparation Commission in December last estimate that the sums which had passed through its hands alone, including the support of the armies of occupation, amounted to $3,000,000,000?

Mr. BORAH. I can not recall the figure. Perhaps the Senator is correct.

Mr. McCORMICK. That did not include State properties and mandated territory and other matters.

Mr. REED of Missouri. Mr. President——

The PRESIDING OFFICER. Does the Senator from Idaho yield to the Senator from Missouri?

Mr. BORAH. I yield.

Mr. REED of Missouri. Do I understand that the sum of $5,000,000,000 is what has been already received exclusive of landed territory?

Mr. BORAH. No; I did not say that. I said including it.

Mr. REED of Missouri. Including all the territory they took?

Mr. BORAH. Yes. That is the estimate which has been made. But, in my opinion, when we come to estimate the territory, the coal, and the mineral deposits, this estimate which has been made by the friends of the Allies of $5,000,000,000 does not represent one-fifth of it. Indeed, it is impossible to estimate the value of the property acquired by Great Britain and France. Well might Curzon say, as he did say, at the close of the war:

> Great Britain has gained in this war all and indeed more than she set out to win. Our navy remains at the end of the war intact and unassailed. The principle of the freedom of the seas, which is the basis of our national existence, stands unimpaired and unimpugned. The British protectorate over Egypt is provided for in one of the clauses of the treaty, and our new possessions are made safe under our command.

Colonel Hilder, in the House of Commons, also said:

> The outstanding feature of the peace treaty is that it puts the British Empire at the highest point that it has ever reached in regard to territorial and world influence. Largely by force of circumstances and the leading part which our navy and army took in either the breaking down or destroying of the enemy we have been left with far greater territory and power than at any other period in the history of our race.

In my opinion, if the wealth which has been gathered up as a result of the war upon the part of our allies could be reasonably estimated, it would be a reasonable figure at $25,000,000,000, if it could be estimated at all. It is like estimating an undeveloped continent. When I say that I include territory and the rich mineral deposits in the territory, the payments which have been made by the Reparation Commission, the value of the coal in the Saar Valley, and of the other coal deposits which have been granted. And now, if my friend from Minnesota will not take offense, France is in the Ruhr at this time because Germany failed to deliver some 84,625 tons of coal and some timber.

Mr. President, I rose for just one reason. I can be brief therefore in regard to it. When the history of this transaction shall have been written from the beginning to the end, the unselfish, the generous course of the United States with reference to the war, its conduct toward its allies, its refusal to claim territory, its refusal to participate in what we might call the spoils of victory, and its settlement of this debt must be set down as among the most generous deeds on the part of a nation in the whole history of the world. No longer should it be said that we are at any time or have at any time been undertaking to drive a harsh bargain.

Mr. HITCHCOCK. Mr. President, I offer the amendment which I send to the desk and which I ask may be printed and lie on the table.

The PRESIDING OFFICER. The amendment will be received, printed, and lie on the table.

Mr. HITCHCOCK. I will say by way of explanation that the amendment proposes to strike out the provision in lines 10, 11, and 12, on page 3 of the bill, which gives Great Britain the privilege for the first five years of paying only one-half of the interest. That privilege, if exercised, would result in increasing the principal of the debt some $395,000,000, a thing which I think was not contemplated in originally authorizing the commission to fund existing debts. The interest which had already accrued could be put into the principal, but Congress certainly never intended to extend and increase the amount of the debt.

The President of the United States in his address to us stated that the principal of the debt after the cash payment would be $4,600,000,000, but if the clause to which my amendment relates remains in the pending bill and Great Britain exercises her privilege, the principal of the indebtedness, instead of being $4,600,000,000, would be $4,995,100,000. To that proposition I am opposed.

Mr. SMOOT. Mr. President, I think the Senator is mistaken in that statement.

For the information of the Senate and at the request of a number of Senators, I want to make a statement with reference to a statement made by me a few moments ago. If the bonds run the full 62 years as provided, and we take into consideration the amount of interest which was paid by Great Britain beginning with the first year on advances made to her, the first one would carry 3 per cent and the latter 3½ per cent. When our first Victory nontaxable bonds were issued they bore 3½ per cent, and following that they were issued at 5 per cent. So that, in order to ascertain the average rate of interest during the whole period, it would be necessary to take the first year average of 3.75 per cent, the second year at 5 per cent, the three and one-half years up to and including December 15, 1922, at 4¼ per cent, then 10 years at 3 per cent, and 52 years at 3½ per cent, making the average rate of interest, if this obligation is carried out to the end, 3.48 per cent plus.

Mr. President, while the Senator from Alabama [Mr. UNDERWOOD] was speaking the Senator from Nebraska [Mr. HITCHCOCK] asked me this question:

> Do I understand the Senator to say that if the bonds which the Treasury of the United States is to accept from Great Britain should pass into private hands, the income from them would not be subject to taxation by the Government of the United States?

I replied as follows:

> Yes; I say the interest upon the bonds would not be subject to taxation under our existing law, and if we undertake to impose taxation upon the interest on foreign bonds, immediately England would impose a tax upon the interest from our bonds owned by her subjects.

I had reference then to existing law which applies to the nonresident alien, and, of course, England would retaliate in such a case; but I wish to say to the Senator from Nebraska that the interest upon English bonds which an individual American citizen owns is taxable to the American citizen in

our country. I thought it was nothing more than right to call the attention of the Senate to that fact, because my answer was rather ambiguous and not altogether to the point.

Mr. REED of Missouri. Mr. President, while the Senator from Utah is on his feet, I wish to ask him two or three questions with reference to the terms of the pending bill. First, has an agreement been arrived at and put in writing between the American representatives and the British representatives with reference to this loan?

Mr. SMOOT. Mr. President, the British representatives, and, I think, the British Government believe that there is no contract nor can there be any contract under existing law until the Congress of the United States finally agrees upon it; but the terms of the proposition that were made to England and accepted by her are included in the bill, with the exception of these words—

and settlements, similar, but not more favorable in terms, with other governments indebted to the United States, as set forth in this section, are hereby authorized to be made, subject to the approval of the President.

That provision, Mr. President, was never discussed and never submitted to England and is not a part of the proposition, I will say to the Senator. As I said last evening—I do not know whether or not the Senator from Missouri was then present—so far as I am personally concerned, I should be glad to have those words eliminated from the bill. The Senator from Arkansas [Mr. ROBINSON] has offered an amendment to the bill proposing to strike out those words and to insert another provision with which I am perfectly satisfied, and, so far as I am concerned, I am entirely willing to agree to the amendment proposed by him.

Mr. REED of Missouri. Then, if I understand the Senator—I think his statement is perfectly plain and, perhaps, it does not need repetition—the only agreement, arrangement, or understanding of any kind between our representatives and the representatives of Great Britain is found in the language of the bill, which I now desire to read, so that it may appear in the RECORD. After reciting the amount of the principal of the debt, which I do not read, the bill provides:

The principal of the bonds shall be paid in annual installments on a fixed schedule, subject to the right of the British Government to make these payments in three-year periods. The amount of the first year's installment will be $23,000,000, and these annual installments will increase with due regularity during the life of the bonds until in the sixty-second year the amount of the installment will be $175,000,000, the aggregate installments being equal to the total principal of the debt.

The British Government shall have the right to pay off additional amounts of the principal of the bonds on any interest date upon 90 days' previous notice.

Interest is to be payable upon the unpaid balances at the following rates on December 15 and June 15 of each year: At the rate of 3 per cent per annum payable semiannually from December 15, 1922, to December 15, 1932, thereafter at the rate of 3½ per cent per annum payable semiannually until final payment.

For the first five years one-half the interest may be deferred and added to the principal, bonds to be issued therefor similar to those of the original issue.

Any payment of interest or of principal may be made in any United States Government bonds issued since April 6, 1917, such bonds to be taken at par and accrued interest, is hereby approved and authorized——

Mr. SMOOT. That is the end of the agreement.

Mr. REED of Missouri. Again, Mr. President, there is not a word said with reference to whether these bonds shall be fully negotiable in their terms, is there?

Mr. SMOOT. No; there is not a word said in relation to negotiability.

Mr. REED of Missouri. Not a word is said as to who shall be the payee of the bonds, whether they shall be made payable to bearer or payable to the United States of America?

Mr. SMOOT. I will say to the Senator that the form of the bonds has not been agreed upon, but the bonds, of course, will include all of the agreements that are provided for in the bill and prepared by the officials of the Treasury Department, and the bonds will be paid in dollars of the United States in gold.

Mr. REED of Missouri. But that is not stated in the bill, is it?

Mr. SMOOT. No; but I will say to the Senator that there is no question but what the bonds will be of that character.

Mr. REED of Missouri. I am talking now of the agreement which the Senate is asked to ratify. First, there is no statement in the bill as to whether the bonds shall be fully negotiable, so that they may pass from hand to hand by delivery; second, there is no provision that they shall be paid, if I recollect right. I made a mistake once in this body by omitting a clause of a bill, which the newspapers have never got through talking about; so I proceed with some temerity. There is no clause in the bill that the bonds shall be paid in dollars of the present weight and fineness, as we generally find in a bond that a banker takes, is there?

Mr. SMOOT. That will be in the bond, I will say to the Senator.

Mr. REED of Missouri. But there is nothing in the bill about it. There is nothing in the bill as to the payee, whether the bonds shall run to the United States or run to bearer. There is no understanding about that. But if the bonds conform to the bill, in so far as the bill is specific, the bonds would necessarily have written on their face the condition that the British Government might make payments, which would otherwise be annual, in three-year periods instead of in annual periods, and the bonds, if they carry out the terms of the bill so far as the bill is specific, would contain a provision that Great Britain could pay the holder of those bonds not in money of the present weight and fineness, but with any bond that the United States has issued or may issue subsequent to 1917 during the whole period of the 62 years. That would be true, would it not, I will ask the Senator from Utah?

Mr. SMOOT. It would.

Mr. REED of Missouri. So that if the United States were to undertake to sell these bonds to private parties, every private party would take them with notice that he might get his interest once a year or he might get it once in three years.

Mr. SMOOT. That provision only applies to the first five years of the life of the bonds.

Mr. REED of Missouri. Well, let us see about that. I quote:

The principal of the bonds shall be paid in annual installments on a fixed schedule, subject to the right of the British Government to make these payments in three-year periods.

That applies to the principal.

The amount of the first year's installment will be $23,000,000, and these annual installments will increase with due regularity during the life of the bonds until, in the sixty-second year, the amount of the installment will be $175,000,000.

Does that relate to the principal alone or to principal and interest?

Mr. SMOOT. That relates to principal alone.

Mr. REED of Missouri. It is not so stated in the language of the agreement, is it?

Mr. SMOOT. Yes; it is provided further along—

For the first five years one-half the interest may be deferred and added to the principal, bonds to be issued therefor similar to those of the original issue.

Mr. REED of Missouri. That is an additional right.

Mr. SMOOT. Certainly; but the provision to which the Senator from Missouri has referred relates to the principal only.

Mr. REED of Missouri. That is the Senator's inference.

Mr. SMOOT. It says so; it does not say anything else. It says:

The principal of the bonds shall be paid in annual installments on a fixed schedule.

Then as to interest it is provided:

Interest is to be payable upon the unpaid balances at the following rates, on December 15 and June 15 of each year: At the rate of 3 per cent per annum payable semiannually from December 15, 1922, to December 15, 1932, thereafter at the rate of 3½ per cent per annum, payable semiannually until final payment.

Mr. REED of Missouri. I am perfectly aware of that clause. That clause appears later in the bill. Referring, however, to the language which appears on page 2 of the bill, which reads:

The principal of the bonds shall be paid in annual installments on a fixed schedule, subject to the right of the British Government to make these payments in three-year periods. The amount of the first year's installment will be $23,000,000, and these annual installments will increase with due regularity during the life of the bonds until, in the sixty-second year, the amount of the installment will be $175,000,000.

I am unable to deduce from that with any certainty that it applies alone to the principal, although it clearly could be so construed.

Mr. SMOOT. Mr. President, as a part of the agreement submitted to England, the annual payments are fixed.

Mr. REED of Missouri. That is what I am trying to get at. Did the commission submit to England something that fixed the annual payments?

Mr. SMOOT. Why, certainly, and they were included.

Mr. REED of Missouri. Where is that paper?

Mr. SMOOT. It is in the RECORD. I put it in the RECORD yesterday, and I will hand a copy of it to the Senator at this moment, if I have it.

Mr. REED of Missouri. That is the very question I was asking a moment ago.

Mr. SMOOT. I thought I had one here. If the Senator will wait a minute, I will get a copy of the RECORD and show it to him.

Mr. REED of Missouri. Is this the place in the RECORD [exhibiting]?

Mr. SMOOT. That is it.

Mr. REED of Missouri. That schedule was made up by Mr. Mellon since the British commission left, was it not?

Mr. SMOOT. It was not.

Mr. REED of Missouri. It was so stated to me, but undoubtedly my informant was in error.

Mr. SMOOT. Oh, yes; I will say to the Senator——

Mr. McKELLAR. I beg the Senator's pardon; the Senator from Utah told me a day or two ago that it was.

The PRESIDING OFFICER (Mr. RANSDELL in the chair). The Senator from Tennessee will address the Chair.

Mr. McKELLAR. Mr. President, I beg the Chair's pardon.

The PRESIDING OFFICER. The Chair accepts the apology.

Mr. McKELLAR. I meant no disrespect to the Chair.

The PRESIDING OFFICER. Very well.

Mr. SMOOT. Mr. President, I want to say that it is true that this one was made up after the British commission left for England; but it was based upon a cablegram from England to the British ambassador, and he in turn accepted this, and it was a part of the agreement.

Mr. McKELLAR. Mr. President, I made the statement to the Senator from Missouri which the Senator from Missouri has repeated, and I made it upon the basis of a statement that the Senator from Utah had made to me.

Mr. REED of Missouri. The whole trouble arises from the fact that when I asked the Senator from Utah if anything had been put in writing he said—of course not intending to mislead me at all—that the whole proposition was contained in the bill. If a schedule of payments has been made up and it has been cabled to Great Britain, and Great Britain has cabled back accepting it, that would constitute a written record; and that is exactly what I wanted to find out.

Mr. SMOOT. Mr. President, that is the record in detail of what is found in the bill, beginning on line 13, page 2:

> The amount of the first year's installment will be $23,000,000, and these annual installments will increase with due regularity during the life of the bonds until, in the sixty-second year, the amount of the installment will be $175,000,000, the aggregate installments being equal to the total principal of the debt.

There is one provision modifying that, as was explained yesterday, which says that—

> For the first five years one-half the interest may be deferred and added to the principal, bonds to be issued therefor similar to those of the original issue.

Mr. REED of Missouri. Very well.

Mr. HITCHCOCK. May I interrupt the Senator a moment? Then the Senator of course concedes that that table——

The PRESIDING OFFICER. The Chair did not understand the Senator from Nebraska to ask recognition.

Mr. HITCHCOCK. Mr. President——

The PRESIDING OFFICER. The Chair recognized the Senator from Missouri.

Mr. HITCHCOCK. I thank the Chair. The statement, then, at the bottom of this table, that the principal of bonded indebtedness shall be $4,600,000,000, is erroneous?

Mr. SMOOT. What statement?

Mr. HITCHCOCK. The tabulated statement put into the RECORD by the chairman of the committee, and presented by the President also, to the effect that the principal should be $4,600,000,000.

Mr. SMOOT. No; it is not. The Senator has not read it all. It says:

> Total principal of indebtedness as of December 15, 1922, for which British Government bonds are to be issued to the United States Government at par, $4,600,000,000—

And that is true.

Mr. HITCHCOCK. But the bill gives to Great Britain the privilege of adding $395,000,000 to that principal.

Mr. SMOOT. No; the bill gives to Great Britain, if she desires it, the privilege of paying one-half of the interest for the first five years in additional bonds of a similar nature as the original bonds; and it is true that whatever one-half of the interest amounts to during the first five years would be an additional loan to England not from money advanced by our Government but taken out of the interest that she would have paid to our Government.

Mr. HITCHCOCK. Yes; so the Senator admits that the principal debt would be increased $395,000,000 if Great Britain should exercise that option.

Mr. SMOOT. I have not figured out the exact amount. It will be whatever half of the interest for the first five years may be.

Mr. HITCHCOCK. I can say to the Senator that it is $395,100,000, as I demonstrated here yesterday. Therefore that $395,100,000 must be added to the $4,600,000,000 if we are to compute correctly the principal of the debt.

Mr. SMOOT. If England takes advantage of the privilege that is given her under this provision, the debt will be increased by whatever one-half of that interest may be. There is no question about it. I think the reason for that was explained in detail, and I think it was a very wise provision under the conditions existing in the world to-day.

Mr. HITCHCOCK. When the Senator from Missouri has finished, I should like to find out a little more definitely how that was brought about. As the Senator stated yesterday, it certainly was not in the original contract with Great Britain, but was an afterthought, brought in by the British ambassador, and conceded by the commission.

Mr. SMOOT. I stated to the Senator yesterday all that there was to it, and I am perfectly willing to state it to the Senator again whenever he wishes me to.

Mr. REED of Missouri. The Senator has referred to the schedule prepared by the Secretary of the Treasury, and accepted by cable from Great Britain, which specifies the amount of money which is to be paid each year. Those different payments are based upon the principal debt as it existed in December, 1922. Suppose, however, that Great Britain takes advantage of the deferment of one-half of the interest, and adds that to the principal, giving new bonds therefor, will not that necessarily increase proportionately each of these annual payments?

Mr. SMOOT. It will, just as stated here; but the principal of the deferred interest will fall due within the 62-year period.

Mr. REED of Missouri. That is not the point I am making.

Mr. SMOOT. It will increase the amount of the indebtedness to America after December 15, 1922.

Mr. REED of Missouri. And it throws this entire schedule of annual payments out of gear—that is to say, it will increase each of our annual payments of principal.

Mr. SMOOT. No, Mr. President; it means that the payment will be made one-half in cash and one-half in bonds. In other words, the annual payments will be made just the same; the amounts will be paid just the same; but for the first five years, if England wants to take advantage of the privilege granted her, she can give us one half in cash and the other half in bonds similar to the bonds that she has already given us, and that is the payment.

Mr. REED of Missouri. I quite understand that; but the Senator has not caught my question. It is provided here in this schedule, for instance, that, we will say, the seventh year there shall be paid in principal $27,000,000. That $27,000,000 is a certain proportion of the debt as it existed in 1922; but in the meantime one-half of the interest has accumulated and has been converted into bonds. Therefore, that payment of $27,000,000 will have to be increased, will it not?

Mr. SMOOT. Certainly, Mr. President, and in the same proportion as the debt is increased; but this says upon the basis of the debt of $4,600,000,000 as of December 15, 1922.

Mr. REED of Missouri. I understand that. The only thing I want to know is if it is not true that, should England take advantage of this proposition and defer the payment of her interest for five years as to one-half of the interest, and thereby increase the principal, this will necessarily increase all of the payments which are to be made from year to year during the 62-year period?

Mr. SMOOT. Not on the bonds as they were issued, but upon the extra bonds that will be issued, and the total of the two bonds will be more than is stated here, necessarily so, because they must all be paid within the 62-year period.

Mr. REED of Missouri. The Senator says "not upon the bonds that are to be issued," but there is nothing said as to those bonds. They will become a part of the principal debt. I mean, there is no such condition as the Senator puts into his statement contained in this document.

Mr. SMOOT. Yes; it says here—

> For the first five years one-half the interest may be deferred and added to the principal, bonds to be issued therefor similar to those of the original issue.

Mr. REED of Missouri. Exactly. Then they become a part of the principal; and the amount of money which Great Britain must pay us each year will not be the amount stated in this schedule, but will be a larger amount, dependent upon the amount of bonds she issues for the deferred interest. So that the United States can not follow this schedule, and nobody buying these bonds to-morrow can follow it——

Mr. SMOOT. They will be a different series of bonds, and the payments on these bonds will be made just exactly as stated here. The bonds which may be issued for the interest will be another series of bonds, and if the Government ever did dispose

of them—which, I will say, I do not think the Government ever should do—the purchaser would know what the bond provided. The bond would be in payment of the interest.

Mr. REED of Missouri. I have the Senator's view on that. We are going to take a bond from Great Britain. We are going to write into the face of that bond, first, that for the first five years only half of the interest need be paid and that Great Britain can give us bonds in lieu of the other half. Of course, the Senator will agree with me that that bond is absolutely non-negotiable, in the practical sense.

Mr. SMOOT. I think so.

Mr. REED of Missouri. Then we are going to write into this bond the further condition that it can be paid in the bonds of the United States of any issue which may be put forth subsequent to 1917, and we are going to put that on the face of the bond. Then we are going to put into the bonds the provision that Great Britain can take up any of this indebtedness in any of the ways we have indicated at any time during the period of 62 years, so that she can mature these bonds overnight if she sees fit.

Does the Senator imagine the United States Government could negotiate those bonds and get the money out of them unless they were enormously discounted, because of these unusual and unprecedented conditions which are to be written in their face?

Mr. SMOOT. I will say to the Senator that in my opinion the bonds would not be sold unless the Government of the United States guaranteed the bonds, naturally so, if the Government of the United States sold them.

Mr. REED of Missouri. Why should we guarantee them?

Mr. SMOOT. They are our bonds, and if we are going to sell them, I think more than likely there would be at least a moral obligation of redemption if anything should ever happen to impair their value; but nothing will ever happen, in my opinion, that will prevent England from paying the bonds under the terms proposed.

Mr. REED of Missouri. Does anybody know of any banks which have written their guaranty across the back of any ordinary, negotiable Government bonds of Great Britain, or Germany, or France? Does anybody know of any banker who has ever taken a bond of the kind proposed here, or any international financier who has done so, or anybody else who has ever taken a bond of this kind in the history of the world? I know of no such instance.

Mr. President, I am not prepared at this moment to discuss this matter as I would like to, but I want to challenge the attention of the Senate, so far as it is present here, to the fact that this ties the United States to the fortunes of the British Empire for nearly two-thirds of a century of time.

Mr. SMOOT. No more than it would be tied if we simply had the "I O U" of the British Government.

Mr. REED of Missouri. Oh, yes.

Mr. SMOOT. Not nearly as much. They owe us that obligation now, and we are tied to them now, if we ever would be tied.

Mr. REED of Missouri. I can not agree with the Senator. Great Britain owes us to-day a certain sum of money, every cent of it is due, and we have Great Britain's solemn obligation to pay that money. We are told that it amounted to $4,604,128,085.75 on the 31st day of December, 1922.

Mr. SMOOT. The Senator has not taken the credits off. It is $4,600,000,000.

Mr. REED of Missouri. No; it says "to be paid in cash," but it has not been paid yet. I am talking about what she owes us.

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

The PRESIDING OFFICER. Does the Senator yield to the Senator from Idaho?

Mr. REED of Missouri. I yield.

Mr. BORAH. The Senator has stated that this ties us to the British Government for two-thirds of a century. I think in a sense that is true, but unless we assume that Great Britain is prepared to pay the debt at this time, any form of a settlement would necessarily involve that, would it not?

Mr. REED of Missouri. Not for 62 years; and, as I shall try to show, this settlement could be made and ought to be made so that the United States could entirely relieve herself from that.

There has been much loose talk in newspapers, and some of it by British negotiators, if the newspapers themselves are to be credited, to the effect that the United States is driving a very hard bargain; that we are a sort of an international Shylock; and that Great Britain is paying us her debt. There is an old, stale joke which has been laughed at, I suppose, through the centuries—it may have been perpetrated in the Garden of Eden—of the fellow who owed another man money and executed his promissory note, and then sat back with an air of great satisfaction on his face and exclaimed, "Thank God, that is paid." What we are doing to-day is permitting Great Britain to exchange one kind of a promissory note for another kind that we now hold and to greatly reduce the interest rate; to extend a demand obligation into a debt that will not be fully satisfied until two-thirds of a century shall have rolled away.

If the distinguished British statesman and financier who came here could have looked forward to the way this proposition is being received, I would not have wondered if he had referred to the fact that the Senate of the United States was largely composed of men from the suburban districts, who did not know very much—at least about finance.

When I read his statement I could not help remembering another scene, when, shortly after the United States had concluded to enter the war, a body of distinguished British statesmen stood on the floor of this Chamber, headed by, or at least embracing, a great British general, a man of magnificent physique and of splendid and heroic record, who impressed me at the time as the finest type of the soldier I had ever seen, flanked on either side by distinguished British diplomats and statesmen, asking us, if we were coming, to come quickly, and asking us to send our boys over there to help stop the retreat toward Paris. I did not expect from an official of that Government which then appealed to the farmer, granger, or suburban element of this Senate for aid a sneer at us when we asked her for a settlement.

I want to exonerate the British people from any responsibility for that kind of a sentiment, for I hope it does not exist. Generally speaking, Great Britain has selected at least gentlemen to represent her in international negotiations.

Mr. SMOOT. Will the Senator yield?

Mr. REED of Missouri. I do.

Mr. SMOOT. It is only fair, is it not, to state in that connection that the Chancellor of the Exchequer, Mr. Baldwin, made a public statement, which was printed at the request of the ambassador from Great Britain, in which his position was really stated, and he denied at least a part of the statement that was published in the English press. I think it is fair to him to call attention to that statement, issued in answer to charges which were made even here upon this floor.

Mr. REED of Missouri. I know what the press carried originally, and I know I waited five days for a denial and did not see it.

Mr. SMOOT. Longer than that.

Mr. REED of Missouri. I have heard a rumor since that that he said the statement was not exactly correct.

Mr. McKELLAR. He said it was informally given out.

Mr. REED of Missouri. Or that it was informally given out. I do not say this to arouse any animosities. I want to get back to bedrock on this question, and when we get back to bedrock we find that we made a contract with the American people, and under that contract, with reference to which the British Government was fully advised, we obtained the money and made the loan, and it is as morally binding upon Great Britain as it is on us. We, the Government of the United States, did not have this money. We were ourselves confronted with the enormous expenditures of a war upon which we were about to enter, or had in fact entered, and it was necessary to get money, not from the Federal Government but from the people of the United States. So we passed a law authorizing the sale of bonds to the American people, and authorizing the use of $10,000,000,000 of those bonds as loans to foreign countries, and that was all done at one time, before a bond had been sold. In that act we provided:

> That for the purpose of more effectually providing for the national security and defense and prosecuting the war by establishing credits in the United States for foreign governments, the Secretary of the Treasury, with the approval of the President, is hereby authorized, on behalf of the United States, to purchase at par, from such foreign governments then engaged in war with the enemies of the United States, their obligations hereafter issued, bearing the same rate of interest and containing in their essentials the same terms and conditions as those of the United States issued under authority of this act, to enter into such arrangements as may be necessary or desirable for establishing such credits and for purchasing such obligations of foreign governments and for the subsequent payment thereof before maturity, but such arrangements shall provide that if any of the bonds of the United States issued and used for the purchase of such foreign obligations shall thereafter be converted into other bonds of the United States bearing a higher rate of interest than 3½ per cent per annum under the provisions of section 5 of this act, then and in that event the obligations of such foreign governments held by the United States shall be by such foreign governments converted in like manner and extent into obligations bearing the same rate of interest as the bonds of the United States issued under the provisions of section 5 of this act.

And upon that we went to the American people for the money. We employed everybody from McAdoo to Mary Pickford, or from Mary Pickford to McAdoo—and I speak of them both with the utmost respect and kindliness—everybody from statesman to moving-picture actress. Hundreds of thousands of volunteers all over the country, on every husting, on every platform, from the steps of the Capitol, from the stages of the theaters, in country press and elsewhere, told the American people that the money we were going to get from them to loan to foreign countries would be loaned upon bonds that would mature when our bonds matured and would bear the rate of interest our bonds bore, so that whatever money we thus loaned would come back to us and not be a burden upon the taxpayers of the United States.

Moreover, we told them that if we ever had to pay a greater rate of interest than the amount that was being then paid the foreign governments by their bonds would be obligated to pay a like rate of interest. Thus one hand was to wash the other. Thus the taxpayer of the United States, whether the poor woman bending over the suds in her tub, whether the banker behind his counter, was given to understand that so far as the foreign loan was concerned we never would have to tax the people of the United States to pay it. That was the contract with the people of the United States, and any attempt to repudiate it would be as disgraceful a proceeding as ever was engaged in by any government of earth.

Now, let us see what happened. We went to the people and said, "Subscribe for bonds, buy, buy, buy, until you are bled pale, to get the money to carry on the war, and $10,000,000,000 of it is to be loaned to foreign countries to aid them."

The foreign countries stood here by their representatives declaring that they could go no further—that they must have the money, and with it they must procure supplies. Now, in what a spirit of thankfulness they accepted it at that time! They gave us a general obligation in writing which recited the terms and conditions of the act which I have just read to the Senate, and which they solemnly agreed upon their national faith and honor they would observe. Then, as they drew money from time to time they issued their obligations, their promise to pay, for the several amounts of money they received. Their solemn obligations are deposited in our Treasury, and they are as binding to-day as on the day they were executed. What is proposed to be done is not to pay those obligations, but to exchange those obligations for a different obligation.

Repudiation? If a country were willing to repudiate, it could just as well repudiate a promise to pay that was engraved on a piece of paper printed in green or red ink as it could a promise to pay that was written out upon a piece of legal cap and solemnly signed and filed in the Treasury of the United States. If there is to be repudiation, let us have it now. But if we are to approach the question as we ought to approach it, on the principle that here is a great creditor desiring to be fair with a debtor and a debtor who is impelled by a sense of honor and duty and by honest desire on his part to meet his obligations—if we are to approach it in that way, which is the proper way—let us weigh the question upon its merits.

First let me brush aside, if I may, some of the arguments we have heard here. It has been advanced that Great Britain does not really owe this money, because instead of getting cash to carry over to Great Britain she simply received credits here and bought goods with them. Let us examine that argument. That was one of the conditions under which she got the loan and, therefore, it is binding upon her and as an honorable nation she would not, if I may use a slang expression, do any "welching" on that proposition. But let us see if she was harmed in any way. The distinguished Senator who reported the bill, and for whom I have the highest regard and as much affection as one man has a right to have for another man, answered his own argument when he said that at the same time that Great Britain was expending, in the purchase of supplies here, the $4,000,000,000 of money which she had from our Treasury, she was expending in the purchase of supplies here $3,000,000,000 of other money. What do the two statements mean, then, except that this was the place she had to come to get her supplies anyway, and that she suffered not one whit when she was requested to expend with us the money she had from us, because she already was driven to this market and had to expend with us $3,000,000,000 of money which she secured elsewhere? She came here because she wanted our goods. This was the cheapest market. She would not have bought a pound or shilling's worth here if it had not been the cheapest market.

So, the sentimentality sought to be injected here is scarcely worthy the consideration of anybody. But if it were to be considered, how would we adjust it equitably? Here was a citizen working at his trade who denied himself to buy a bond. Here were millions of people all over the United States, the girl behind the counter working for a meager salary, the farmer in his field, the mechanic at his forge or bench or in the mill, the soldier in the trenches, all purchasers of the bonds.

They loaned the money. Without their sacrifices and their contributions the loan to England would have been impossible. What profit to them that some war contractor made profits out of their money which Great Britain borrowed from their Government? What right have we to say to our people who took the money out of their earnings in the first instance, "Our Government should accept less than real payment because Contractor A and Contractor B and Trust Magnate C got a very large price for what they furnished"?

There is only one way to consider the question, and that is as a practical financial problem wherein we have a responsible debtor, an honorable debtor, to deal with, but a debtor who will do just what Great Britain has done at every stage of her history—make as good a bargain as possible. And for that I do not criticize Great Britain or the British people.

Approaching the question in that light, remembering that we have demand obligations now and that we have been extremely lenient in the matter of insistence upon payment, that our executive officers, without authority of law, have seen fit to commit our Nation, as far as an unauthorized agent can commit anybody, to the policy of deferring payment of interest, substantially all of it up to the present time, let us consider the kind of contract we ought to make.

In the first place, I insist, Senators, that the highest duty we have to our country is to remove a condition which unites the interests of the United States and the interests of Great Britain in such a way that injury to the credit of Great Britain would injure the credit of the United States, and to do that just as quickly as possible. If the Government of the United States holds in its Treasury ten or twelve billion dollars of British bonds, then every difficulty in which the British Nation may be involved, whether it be economic, springing alone out of business conditions, or whether it should arise from some great world conflict, would affect the credit of the United States tremendously.

If the British Empire should begin the process that some people predict, and which I mention only by way of illustration, of disintegration 40 or 50 years from now, if there should be a tremendous conflict in that empire and her resources should be taxed, the cry would be made in America that our interest was affected to the amount of the loan then existing; and if it were $5,000,000,000 or any other sum the insistence would be that our Government should throw the weight of its influence with the British Government in order to maintain the stability of that Government and thereby insure the payment of its debt. Pass this bill in its present form and we tie Great Britain and the United States together, in this one important respect, at least, for two-thirds of a century of time; our Government, as a Government, becomes interested in the maintenance of the British Government and in the maintenance of the credit of the British Government.

Senators ask me how that is to be avoided. My good friend the Senator from Idaho [Mr. BORAH] asked me if, in effect, we were not already there. We are already there. One thing I wish to see come out of this settlement more than anything else is to free ourselves from that condition. It can not be done under this agreement because of the stipulations which are to be written in the face of these bonds, as I elicited in the colloquy with the Senator from Utah [Mr. SMOOT]. A bond can not be put upon the general market and sold at anything like its face value unless that bond has a fixed time to run, unless the period of maturity is within a reasonable time limit, and unless the payment of the interest is stipulated to be at fixed periods and at a fixed rate. Neither can such a bond be properly negotiated if it is made payable to a Government, as the Senator from Utah says the British bonds will be, and therefore they could only be negotiated by act of law and possibly by the assumption of responsibility on the part of the United States.

What we ought to have here, regardless of the rate of interest now, is the bond of Great Britain maturing within a reasonable period of time and payable to bearer, so that it may be negotiated. Then what our Government, as a prudent Government, ought to do would be to hold those bonds until the money market would afford an opportunity of sale at face and interest, then dispose of those bonds as rapidly as possible,

and use the proceeds to redeem the bonds which we issued in order to obtain the money to loan to foreign countries. Suppose that were done. It is easy to conceive that within 10 or 15 years' time we might dispose of all those bonds; our obligations to the American people could be reduced by some $5,000,000,000; the collection of interest would cease as to that amount; and we would no longer be tied to Great Britain by such a condition as is here created. If Great Britain ever felt disposed to demand further time, we should be relieved of that importunity being laid at our door, and she would fund her bonds in the usual way, by going into the markets of the world and selling them. All this is aside from the question of interest.

I insist that it is a menacing thing—and I insist that it is a menacing thing with all kindliness of feeling toward the British Goverment—for the United States Government to continue for a long period of years to be the direct creditor of the British Government or of any other government. We have no right to be in the business of loaning money to other governments or to private parties. It is not a proper function of government. It was admissible because of the hard exigencies of the World War, but with the war over, we should set our house in order and get back to that complete independence of our Government of another which existed prior to the war.

More than that, I most solemnly appeal to Senators to have some regard for the possible conditions of the future. I do not stand here as an alarmist or as one desiring to stir up any feeling against another great country, but we know that in the exigencies of national life the unexpected is the thing that frequently happens. Who, except a very few wise men, would have said five years before 1914 that there would have come this great world conflict? What man would have dared to say that America would be drawn into it? Who, then, would have prophesied that we would be struggling with a national debt of the present huge proportions? And who, now surveying the troubled surface of the world, can give bond as to what may happen in the future?

Mr. President, we talk about preparedness for the evil day. Let me tell you something that is better than cannon, better than navies, more powerful than marching armies; it is credit. A great, wealthy nation free of debt, owing nothing, situated as we are, can fight a great war better because of that condition than she can with a great navy or a great army and an enormous debt. I want to see the United States free of the last dollar of debt; and I want, therefore, to see these foreign debts put in such shape that they can be negotiated and absorbed by the financial markets of the world, the money put into our Treasury, and our obligations taken up and canceled.

Mr. President, I asked a moment ago, Who can look into the future? The suggestion of war between the United States and Great Britain may shock our thoughts to-day. So war between the United States and Germany would equally have shocked our judgment if it had been prognosticated in 1910 or 1911 or 1912. We desire the good will of Great Britain. We desired the good will of Germany. We desire the good will of all the nations of the earth; but, sir, the man is not fit to call himself a legislator who does not try to protect against all contingencies. Suppose that we should have a great difficulty with Great Britain at some time; suppose we were at war with Great Britain, and we started in with the British Government owing the American Government ten or twelve billion dollars, or any other huge sum. Immediately that part of our resources would be cut off; immediately we would be as though we had lost that sum of money; it could not be employed, and our credit would be impaired, because the bonds that we gave to receive that money would still be outstanding. On the other hand, if we cut this financial cord that binds us, we can get these bonds in such condition that they can be gradually sold on the markets of the world. Then in the case I have supposed—a case which I hope will never arise, but which may arise—we will find ourselves with our own debt canceled, to the amount at least of these bonds, and a conflict with Great Britain would not affect our credit, except as all conflicts affect the credit of a nation.

What moral right have we to vary the terms of the original contract? The British Government ought to give us its bonds maturing as our bonds mature and bearing the same rate of interest. That is what they agreed to do. That is what they solemnly signed on paper they would do. Now it is proposed to relieve them of that obligation.

Mr. President, those who propose this measure say: "Why, this is all right. We can fund our debt at 3 per cent." How do they know we can fund our debt at 3 per cent? Can you fund it at 3 per cent to-day? You know you can not. The Washington Post of this morning gives the prices received for United States bonds, as follows:

3½ per cent Liberty bonds	$101.78
Victory 4¾ bonds	100.20
United States Government 4¼ per cent bonds	100.00

Every other bond of the United States is below par. When, however, you come to Canadian bonds, they run 100⅝, 101¾, 100½; and only one bond, the Canadian 5's, that mature in 1952, the longest running of their bonds, is 99⅝.

Mr. TOWNSEND. What is the interest rate?

Mr. REED of Missouri. Five and five and a half per cent. That is a point I am going to dwell on in a minute.

When you come to the British bonds, their 5½ per cent bonds maturing in 1929 are 115⅛, and their 5½ per cent bonds maturing in 1937 are 103⅜. The longer the bonds have to run, the smaller the premium, as shown here in these lists.

Mr. DIAL. Mr. President——

The VICE PRESIDENT. Does the Senator from Missouri yield to the Senator from South Carolina?

Mr. REED of Missouri. I do.

Mr. DIAL. I am asking the Senator for information: Would the objection that he raises to disposing of the bonds be obviated after five years?

Mr. REED of Missouri. No; because the bonds will have written into them the proposition that they can be paid in United States bonds.

Mr. DIAL. So that they are not strictly negotiable bonds?

Mr. REED of Missouri. Yes. They will have written into them the proposition that Great Britain can mature them whenever she sees fit.

Mr. McKELLAR. Mr. President, in that connection let me ask the Senator a question: This would result, would it not? Suppose we could, as claimed here by some, hereafter—say in 10 years or 20 years—refund our present 4¼ per cent bonds at 3 per cent. Great Britain would get the advantage of it under this agreement by simply buying our bonds and paying in them.

Mr. REED of Missouri. Certainly.

Mr. SMOOT. But we would get our money.

Mr. McKELLAR. Let us see whether we would get our money or not. I think it is a very doubtful proposition.

Mr. SMOOT. All right.

Mr. REED of Missouri. "We would get our money," says the Senator. The implication is that there is some doubt about our getting our money.

Mr. SMOOT. At as early a date as that.

Mr. REED of Missouri. If the doubt exists, it will exist just as much after Great Britain signs a bond to substitute for her present written obligation as it does now. Either she is honest and going to pay, or she is bankrupt and a defaulter. I do not think she is either bankrupt or a defaulter. I say, for the credit of the British nation and the British people, that they have the reputation of paying their debts.

Great Britain is not bankrupt; but if she is there is no use in taking her notes, for we already have them, and no statute of limitations is going to run against them. They owe this money. They come in here and propose a 3 per cent loan for the next 10 years, with a right to defer the payment on a part of that. This is the time when they are paying 5 per cent and when we are paying 4¼ per cent; and during that period, when interest rates are bound to be high, these shrewd Englishmen have fixed the lowest rate on their bonds. That is when they are to get 3 per cent money, when nobody else can get it at 3 per cent. Then, after that period, when money may possibly go as low as 3½ per cent, they begin paying 3½ per cent; but during that period of 10 years, almost as certainly as fate itself, we shall be obliged to pay 4¼ per cent for our money. So that England makes by that one transaction the interest on over $4,000,000,000 for a period of 10 years at the rate of 1¼ per cent, and then afterwards if money goes below 3½ per cent she can buy up our bonds and pay this debt with them, or she can refund her own debt. Such a bargain I can understand a banker might make on one side of the table—and I do not speak disrespectfully of bankers—or a pawnbroker, with a farmer on the other side; but I object to being on the farmer's side of the counter.

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

Mr. REED of Missouri. I yield.

Mr. McKELLAR. I want to suggest to the Senator this mistake that I think he has fallen into: He said that the British commission had made this proposal to us. As I understand, it was the American commission's proposal to the British, and the British accepted it, so they claim now.

Mr. REED of Missouri. I can understand that, and if I had time I would go into it. I think the Secretary of the Treasury

has been fixing this job—I will call it by the name of "job"—for months.

Mr. SMOOT. Mr. President, I want to say to the Senator that I do not want him to lay this on the Secretary of the Treasury. I am just as much responsible for this as the Secretary of the Treasury is, and I have been in no job, I will say to the Senator.

Mr. REED of Missouri. Oh, the Senator has not been responsible for the job. If he is in a job he is the jobbee.

Mr. SMOOT. I will say to the Senator that the statement he has made is an unwarranted one as against the Secretary of the Treasury.

Mr. REED of Missouri. I shall have something to say about the Secretary of the Treasury a little later on. I can not do it to-day, because I see I shall have to quit; I have an engagement to keep.

Mr. SMOOT. The Secretary of the Treasury is only one out of five.

Mr. REED of Missouri. The Secretary of the Treasury came before Congress and demanded the right to settle all these loans as he saw fit; and when we got him before the Finance Committee, as I shall show from the record, and tried to get him to tell us what he proposed to do, we could get nothing out of him; and all the way through his attitude was that not of a man who expected to insist upon full and absolute payment of these debts, but of a man who proposed to compromise them.

Mr. SMOOT. I want the Senator to allow whatever he has to say on this debt by way of criticism to apply to me just the same as it does to anyone else. I say to the Senator now that I think this settlement is fair and just to the United States and to Great Britain.

I think it is the best settlement that could possibly be had. I do not speak now for Great Britain. I speak for the Government of the United States. I speak for the economic conditions of the world. I say that if this settlement is finally consummated it will mean more to the world than any conference that could ever be held, and it will say to all the peoples of the world that the two great English-speaking nations want to be fair to one another and want to assist in upholding the commerce of the world and in bringing about normal conditions in the economic world.

Mr. REED of Missouri. I know the Senator from Utah thinks he is doing the right thing. I think the Secretary of the Treasury has been able to convince the President and a lot of other people on these financial problems. The trouble is when they deal with him they are dealing with a man who has thought in dollars and cents all his life, and he can go around any one of them like a cooper around a barrel and talk figures to them until I think he gets them befuddled and bemazed.

Mr. SMOOT. As far as I am concerned, of course, I deny that. I think I know just as much about figures and the conditions in the world as the Secretary of the Treasury does.

Mr. REED of Missouri. Of course the Senator thinks that, and on any other question than money I will pit the Senator against the Secretary of the Treasury. Certainly the Senator would not be befuddled if he were not in exactly his present frame of mind—absolutely certain that he is not befuddled. I am going to say something about that phase of the matter to-morrow if this debate lasts that long. I have taken all the time that I can take now, because I am bound by an engagement to aid a delegation of Missouri citizens in a hearing before the Secretary of War.

This may be the best settlement we can ever get. That may be true; but if it is the best settlement Great Britain will make, then Great Britain has repudiated her solemn written obligation.

If Great Britain is presently distressed for money, I am willing that reasonable extension shall take place, but I am not willing that we shall, by virtue of such a contract as this, relieve her of her written obligation and pay the difference out of the money of the taxpayers of the United States. I am not willing that we shall accept and put in our Treasury bonds that are substantially nonnegotiable, so that the United States Government shall be the creditor of the British Government, and for 62 years we shall be tied to the fortunes of the British Empire.

The skids may be well greased to speed this scheme through the Senate. Every international banker who owns a British bond will be for it. Every paper that is influenced by them will support it. But you will not find those bankers who took the bonds of Great Britain refunding them on any such terms as this. You will not find any of the great financiers who are concerned so greatly in the credits of the world reducing their obligations to any such dirty piece of paper as this will be. I say "dirty piece of paper" in the sense that it is not a fully negotiable bond, because there have been written into its face so many conditions that it is an unmarketable bond. But they will all be anxious to have the United States postpone the day of payment for 62 years, or 62 centuries, for that matter.

We paid our shot in the war. When we owed anything we had to pay in cash one hundred cents on the dollar. We paid France $234,000,000, and much of it paid as rent for the soil on which the feet of American soldiers stood when they held back the great tide of Germans as they rolled on toward Paris. We have paid England $394,000,000, and of this sum $00,000,000 was the charge for hauling troops across the ocean to fill gaps in their lines and to enable Haig to rescue himself after he had cried out in the agony of his soul, "Our backs are to the wall. Britons, stand and die!" We paid because it was one of the obligations we had incurred, and they will pay as an honorable nation.

It will be said that this is the only contract submitted to us. It is submitted to us without reference to the law of Congress, in defiance of the instructions of the Congress. We appointed agents, and we wrote the bounds and measures of their authority in the law. They proceeded outside that authority, and the British Government knew they were proceeding outside of it. There is, therefore, no obligation, express or implied, moral or otherwise, resting upon this body to approve this proposal.

Mr. SMOOT. Mr. President, the commission, in my opinion, was not violating the law. They have made no contract other than subject to the action of Congress. If Congress does not approve this bill, nothing will come from it.

Mr. REED of Missouri. That is what I said. I did not say the commission violated the law. I said they proceeded outside of their authority, and therefore they could not bind anybody. I did not say they had done anything wrong.

Mr. SMOOT. I misunderstood the Senator, then.

Mr. REED of Missouri. The Senator did misunderstand me, and I want him to understand me correctly.

Mr. SMOOT. I beg the Senator's pardon; I misunderstood him.

Mr. WALSH of Massachusetts. Mr. President, will the Senator permit an interjection?

Mr. REED of Missouri. I have finished.

Mr. WALSH of Massachusetts. I wanted to call the Senator's attention to the fact that not only did the contract to which the Senator referred state the terms of our debt and the rate of interest to be paid, but the fact that this country itself, during the war, in incurring the indebtedness with Great Britain, was taxed by Great Britain at the rate of 5 per cent upon that debt, so that Great Britain herself charged this country 5 per cent interest on our indebtedness.

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

The PRESIDING OFFICER (Mr. LADD in the chair). The Secretary will call the roll.

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

Ball	Harreld	McNary	Shortridge
Bayard	Harris	Moses	Smoot
Brookhart	Harrison	Nelson	Sterling
Broussard	Heflin	New	Sutherland
Calder	Hitchcock	Nicholson	Swanson
Cameron	Johnson	Norris	Townsend
Capper	Jones, N. Mex.	Oddie	Trammell
Caraway	Jones, Wash.	Overman	Underwood
Couzens	Kellogg	Owen	Wadsworth
Curtis	Ladd	Phipps	Walsh, Mass.
Dial	Lenroot	Ransdell	Walsh, Mont.
Fletcher	Lodge	Reed, Mo.	Watson
Frelinghuysen	McCormick	Reed, Pa.	Weller
George	McCumber	Robinson	Willis
Gooding	McKellar	Sheppard	
Hale	McKinley	Shields	

The PRESIDING OFFICER. Sixty-two Senators having answered to their names, a quorum is present.

PROPOSED CHANGE OF PRESIDENTIAL AND CONGRESSIONAL TERMS.

Mr. DIAL. Mr. President, yesterday, when we were considering the joint resolution brought forward by the Senator from Nebraska [Mr. NORRIS], I thought there would be a vote on Senator HARRIS's amendment to make the terms of President and Vice President six years and make them ineligible for reelection. This was not done. We left out the best provisions. We should have changed the terms of Representatives to four years. I think we should have also extended the terms of the President and Vice President to six years, and provided that they should be ineligible for reelection. I trust the House may give the matter careful consideration and endeavor to amend the resolution in those respects.

It occurs to me that if the President of the United States were elected for a term of six years it would tend very much

to stabilize the business of the Government and we would get better government. I feel that our country is drifting a good deal toward Bolshevism and unrest. I believe that an amendment to the Constitution along the line suggested would do more than anything else to make the Executive independent and to give us better government.

Mr. HEFLIN. Mr. President, I have listened with a good deal of pleasure to the suggestion of the Senator from South Carolina [Mr. DIAL]. I agree that it would be well to have the presidential term six years, making him ineligible for reelection.

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

Mr. HEFLIN. Certainly.

Mr. CARAWAY. There is no use to apply such a provision to the present President, because he will be ineligible anyway.

Mr. HEFLIN. I agree that the people will take care of that next year.

Mr. President, I am opposed to electing Members of the House for four years. Jefferson had the correct idea about that. The House of Representatives ought to be kept very close to the people. A Member of the House ought to have to go every two years to renew his commission at the hands of the people whom he is supposed to serve. I served in the House for a number of years and we used to discuss that question among ourselves. Although it would have been more convenient for me to have a four-year term instead of a two-year term, I believe that the adoption of the suggestion would be a dangerous change in our Government, because I think the Member of the House, who must go back every two years to consult his people, is as a result kept in very close touch with them.

I have seen Members in this body in my day get very far removed from the people in four years' time. It is all right to have a Senator elected for six years, but let us keep the Members of the House going back every two years for reelection of the membership of the House. If we should make the terms of Members of the House four years and of Senators six years, we would be getting the Government a little too far removed from the people.

WORLD WAR FOREIGN DEBT SETTLEMENT.

The Senate, as in Committee of the Whole, resumed the consideration of the bill (H. R. 14254) to amend the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," approved February 9, 1922.

Mr. RANSDELL. Mr. President and Senators, I wish to state in a very few words why I intend to vote for the pending bill. It seems to me, sirs, that it is the best settlement we can get of a very troublesome question, one which, I think, will help materially to steady the affairs of a sorely harassed and troubled world. I shall not attempt to discuss the details of the measure. That has been done already by others much more familiar with it than myself, and I believe these details are fully understood by the Senate.

In my judgment, Mr. President, we should consider a number of things in voting on the measure. One of the most important is the circumstances, or conditions, under which the loan was made. We were then engaged in a terrific struggle with the forces of Germany and her allies. The greatest war the world has ever known was in progress, and America was intensely interested in the outcome. Our allies needed financial aid—needed it badly—and we extended that aid, with the proviso in this instance, if I remember correctly, that the money loaned to Great Britain should be expended in the United States in purchasing war supplies. The money was so expended. The prices charged in many instances for these supplies were very high, and, of course, we got a big return from the excess-profits taxes paid by the people who furnished them.

While Great Britain was decidedly more interested in the outcome of the war than was the United States, I take it that we were vitally interested also. Suppose the loan had not been made. Suppose we had not gone into the struggle as an ally of Great Britain, France, Italy, and Belgium. Suppose our united forces had not succeeded in repelling the German assaults. Does anyone doubt the ultimate outcome of the war? Does anyone doubt that Germany would have won it but for our intervention? Does anyone doubt that we, alone and unaided, would have been obliged to contend with Germany after she had destroyed her foes?

Our contribution to the war was the financial and military aid extended to our allies in defeating Germany and maintaining free institutions. While maintaining freedom abroad, however, in conjunction with our allies, we were maintaining free institutions at home. It was a cooperative effort of the most important character, and, sirs, we should not overlook that fact when we come now to the collection from our allies of the money loaned them under such circumstances. They were fighting our battles as well as their own. It makes me feel a great deal more kindly than I would if this were a clean-cut, cold-blooded business proposition of money loaned. It is not such a proposition at all. It was a patriotic thing for us to lend the money. It was in the interest of America, as well as in the interest of our allies, to lend that money.

Now, sirs, it seems to me that a pretty good arrangement has been made. I had the honor on the 11th of last November, Armistice Day, to deliver an address under the auspices of the American Legion at the city of Homer, in my State. At that time I suggested a settlement which would not have been as favorable as the one here proposed. I said it would be entirely satisfactory to me, as one Member of the United States Senate, if Great Britain should pay us a sum equivalent to 4 per cent per annum on the full amount for a period of 50 years. This would have meant payments of about $184,000,000 a year for 50 years, or a total of $9,200,000,000. If Senators will look into the pending settlement, they will find that it is nearly equivalent to 4 per cent per annum for a period of 62 years.

Mr. HITCHCOCK. I think not.

Mr. RANSDELL. Yes; it is. It is about 4 per cent per annum for 62 years, if I know how to compute interest, I will say to the Senator, and I think I do. That statement has been made repeatedly, and I have not heard anyone question it. The Senator can make his own calculation, however, and correct me if I am wrong.

There is no objection particularly to the proposed arrangement, so far as I have heard stated, except to the rate of interest. It is urged that we are giving the British a much better rate of interest than our own people are receiving. Senators, we ought not to insist upon a pound of flesh in this matter. We ought to consider the very distressed condition in which the whole world is to-day, including Great Britain. If we get back every dollar of the principal, and interest from the present time at the rate of 3 per cent per annum for 10 years and 3½ per cent per annum thereafter, it should be entirely satisfactory to us.

Some Senators say, "Our own people are paying 4¼ per cent, and it is wrong to give these foreigners a lower rate of interest than our own people." Senators, let me remind you that we have no means of enforcing this obligation against Great Britain if she should see fit to repudiate it. No one would contemplate going to war to enforce the collection of this debt. Great Britain honestly owes us the money. It would be national dishonor of the highest character for her to refuse to pay it, and she never will refuse. But we have no practical means of enforcing it. It is entirely different from an ordinary obligation in our own country, where we have the means of enforcing its collection. That fact deserves the closest thought.

Another consideration was eloquently brought out by the senior Senator from North Dakota [Mr. MCCUMBER], and I believe it has great force. He reminded us that in 1927 we can retire, if we wish, something over $3,268,000,000 of the second Liberty loan bonds; that in 1928 we can retire, if we wish, something over $3,439,000,000 of the third Liberty loan bonds. He predicted that within 10 years we will refund a large part of our present bonded indebtedness on a basis of 3 per cent per annum instead of 4¼ per cent. I see no reason why the prediction should not come true.

In my judgment, there never was a greater period of prosperity in America than the near future holds for us. We are on the verge of the greatest prosperity we have ever enjoyed, and I am convinced that we can refund our bonded indebtedness on the basis of 3 per cent interest, and then, instead of the British paying a smaller rate of interest than our own people pay, they will be paying a greater rate of interest, for after the lapse of 10 years the British rate of interest due would be 3½ per cent. I predict unhesitatingly that this Government can get money in the near future at 3 per cent. So it seems to me, Mr. President, there is nothing in that argument.

Now, what would happen if we do not approve of the settlement? It has been made deliberately, after the greatest study and the most painstaking consideration, by representatives of Great Britain and the United States, the two great English-speaking nations, the most powerful nations in the world, between whom a debt was incurred in their joint enterprise when they were allies of the closest kind. Suppose we refuse to ratify this settlement which our former allies have told us is the very best they can do, what effect would it have on mankind? What would the people of Belgium, of France, of Italy, and of all Europe say? Would it not be most discouraging to them? It

seems to me, sirs, that it would discourage them terribly; that, in the slang of the day, it would give a "very black eye" to international affairs.

The world is groping, and has been groping for nearly four and a half years since the Great War closed. It is time, Mr. President and Senators, for the United States and Great Britain to come to some kind of adjustment, to get back to normal, to put the war behind us. This agreement with England, under which we shall receive so much per annum in definite payments for 62 years, the payments so adjusted that she can meet them without destroying herself, seems to me will set the pace for the balance of the world. When we make this settlement with England, in my judgment, France will feel that she must go and do likewise, or relatively so, and Belgium and Italy will probably reach the same conclusion. It will be a starter; it will be a beginning; and I am convinced that the effect upon the world will be magnificent.

Mr. President and Senators, I represent in part an agricultural State which is devoted largely to the production of cotton. I do not claim to be a prophet, but, in my humble opinion, when this bill shall have been passed and the matter involved shall have been definitely settled, it is going to have such a stabilizing effect upon business between the United States and Great Britain that within 48 hours from the passage of the bill the price of cotton will go up materially. The English consume an immense quantity of the cotton of the United States. On the other hand, if this session of Congress should adjourn without passing the bill—if we adjourn on the 4th of March and the idea spreads abroad throughout the world that the United States has refused to make this fair and just settlement; that we are quibbling over the question of interest; that Congress will not meet again until next December, nine months from now—I fear the effect will be bad; I fear the troubled waters will become more troubled and not be quieted. We need something to quiet the world, and not to excite it.

Mr. HITCHCOCK. Mr. President——

Mr. RANSDELL. I yield to the Senator from Nebraska.

Mr. HITCHCOCK. The Senator has stated that we are merely quibbling over interest. I think he has forgotten some of the other objections which have been raised here to the bill.

In the first place, Great Britain is to pay in bonds that are not negotiable and which can not possibly be disposed of or assigned by the terms which she injects into the bonds.

In the second place, Great Britain asks us to give her the right to increase the principal of the debt by $395,000,000. That is an important thing. Certainly Congress never intended that the principal, which the President mentioned as being $4,600,000,000, should be increased to $4,995,000,000, and yet that is contemplated in this proposed legislation. It was not originally contemplated, and was not originally in the contract which was made between the representatives of Great Britain and of the United States, but it has been injected into the bill. Those are additional questions to be considered.

Mr. RANSDELL. So far as the nonnegotiability of the bonds is concerned, that does not trouble me at all, because if England can not pay her debts I do not know what nation can. We have got to depend upon the reliability of England. She has never defaulted, so far as I know, for many centuries in paying her obligations. I can not, therefore, see that there is anything in the world in that objection. It is not a valid one.

Mr. HITCHCOCK. Mr. President——

Mr. RANSDELL. Now, let me answer the question.

Mr. HITCHCOCK. Before the Senator does that, will he yield?

Mr. RANSDELL. Very well.

Mr. HITCHCOCK. Does not the Senator recall the fact that we now hold the obligation of Great Britain to give us negotiable bonds?

Mr. RANSDELL. Can the Senator tell me how we can enforce that obligation unless we shall go to war in order to do so?

Mr. HITCHCOCK. I am not talking about that.

Mr. RANSDELL. I am talking about something practical. The Senator from Nebraska wants the ideal, while I want the practical. I desire to get the best thing I can. I am willing to accept the practical and the Senator from Nebraska wishes the ideal, and that is the difference between us.

Mr. HITCHCOCK. No. The Senator asks me how we can enforce the present obligation?

Mr. RANSDELL. Yes; I do.

Mr. HITCHCOCK. I ask him how can we enforce the obligation which he proposes to secure from Great Britain?

Mr. RANSDELL. We shall at least put it in a very much easier form for Great Britain to meet. If one tries to make a man pay a great deal more than he possible can pay, he will say, "Why, you are trying to destroy me, and I am going to fight you"; but if he is given a good long time and the payments are divided up into quite a number, so that he can meet the obligations from year to year, courage will be put into him, he will then try to meet them, and he will in most instances meet them. Great Britain can not pay all this money now, and personally I would not wish her to do so. In my opinion, it would be a misfortune for this country to receive all of this money right now. It would unsettle our national finances. However, we can not make Great Britain do anything, unless we go to war with her, which is unthinkable.

The Senator from Nebraska asks what assurance we would have about the payment of the installments. I can only say that the installments would be so modest, so small, compared with the great financial responsibility of the British Empire, that I can not believe she would default in them. They are on easy terms, and I think can be met without any serious trouble. As it is now, unless we do make them on easy terms, Great Britain will not try; she will simply say, in the language of the day, "Gentlemen, crack your whip; get the money if you can." And we can not do it.

We have no other creditor of whom I know who has made any serious effort to pay us. Great Britain is the only nation that has done so, if my information is correct. We ought to be thankful to her for trying to pay us. I feel grateful to Great Britain for showing a willingness to pay us. It has been my experience that when I have had a debtor who has tried to pay and was short of money I helped him; but if he does not try I will not help him. Great Britain is the only country that is making any effort to pay, and she should be encouraged.

In regard to the other part of the Senator's question, I admit the situation is a little bit awkward; but the amount of interest which may be funded seems small to me compared with the very large amounts which are involved. The total sum is $4,600,000,000, and if Great Britain is permitted to hold back the payment of the interest for a period of five years, and if that holding back amounts to $395,000,000, as stated by the Senator from Nebraska [Mr. HITCHCOCK], it will not be such a tremendously big thing as the Senator indicates. It will merely mean that Great Britain will have a right to hold that money back but will have to pay us interest on it at the rate of 3 per cent.

Mr. HITCHCOCK. For how long?

Mr. RANSDELL. Until it is paid, I suppose. She has got to settle within that period of 10 years.

Mr. HITCHCOCK. The Senator is entirely wrong. That shows that Senators do not stay here and listen to the discussion. When they assert that this is merely a quibbling over a small rate of interest they are talking entirely outside of the facts. This is a serious matter; it is an attempt to incorporate in the agreement with Great Britain something that was not in the agreement as originally made.

Mr. SMOOT. It was not in it as originally made.

Mr. RANSDELL. As to the $395,000,000, the only effect would be that for a period of five years we would get only 3 per cent interest.

Mr. HITCHCOCK. Again the Senator shows he does not understand the case.

Mr. RANSDELL. I will be glad to have the wise Senator from Nebraska correct me. I will listen to him.

Mr. HITCHCOCK. I will tell the Senator what is correct. It is provided in the bill that deferred interest amounting to $395,000,000 shall be put in bonds exactly like the other bonds, running perhaps for 62 years; so that interest to that amount becomes incorporated with the principal, and it runs just as long as any part of the principal runs.

Mr. RANSDELL. I did not understand it in that way.

Mr. HITCHCOCK. I thought so.

Mr. RANSDELL. Possibly the Senator is right. I do not say that the Senator is right merely because he makes the assertion, for I have heard Senators make assertions on this floor when they were mistaken sometimes. Perhaps the Senator is right.

Mr. HITCHCOCK. The Senator who is in charge of the bill finally admitted that I was right, and that the $395,000,000 becomes a part of the principal, making the total principal $4,995,000,000 instead of $4,600,000,000.

Mr. RANSDELL. If that is the situation, possibly we ought to correct it; but the Senator and I are not going to fall out by reason of what I consider a relatively immaterial consideration. It certainly can not amount to very much, and if we are going to get the money ultimately all it could amount to would be that Great Britain would not pay that money when it falls due but would be permitted to pay interest of 3 per cent per annum thereon and ultimately pay the whole of the

principal. That is all it could amount to, and that ought not to be enough to cause very much trouble between us and the British.

Mr. SMOOT. Mr. President——

Mr. RANSDELL. I yield to the Senator from Utah.

Mr. SMOOT. As I said yesterday, they will pay 3½ per cent after 10 years on the amount of deferred interest, for which we take new bonds. It simply means that instead of paying the full amount of interest falling due the first five years they may pay one-half of it in cash and one-half of it in bonds.

Mr. HITCHCOCK. Mr. President, I think the Senator from Utah will also admit that this was a subsequent matter arranged by the British ambassador after the British Government had already cabled to this country an acceptance of the proposition as originally made?

Mr. SMOOT. I do not want to take the time to explain that matter again at this time. I explained it yesterday. The acceptance was in principal. There has been no change in the rate at all, but the request was made that we allow one-half the interest for the first five years to be paid in bonds instead of cash.

Mr. HITCHCOCK. Mr. President, if the Senator from Louisiana will allow me further——

Mr. RANSDELL. I yield.

Mr. HITCHCOCK. The Senator from Utah, in his testimony before the committee, went so far as to make the statement which I am about to quote. The statement was in answer to a question of the Senator from Wisconsin [Mr. LA FOLLETTE], who asked:

Senator LA FOLLETTE. This was the second proposition which the American commission submitted?

Senator SMOOT. Yes; that for the first 10 years the rate of interest would be 3 per cent, and for the 52 years thereafter the rate of interest would be 3½ per cent per annum, payable semiannually. That was a flat proposition, with no other provision. And that proposition was carried to England by the English commission. It was presented to the English premier and council. They accepted that in principle, as the cable stated.

That proposition is what the American people think is before the Senate now, namely, to take a principal of $4,600,000,000 and each year to pay the interest on it and each year to pay a part of the principal on it, so that the total capital debt carried will be $4,600,000,000; but this other suggestion has been injected into the bill since that time merely on the request of the British ambassador. I say that it amounts to an additional loan of $395,000,000 to the British Empire, and that the commission was not authorized to make additional loans to the British Empire or to any other Government.

Mr. SMOOT. The Senator is wrong when he says that it was at the request of the British ambassador. The British ambassador did present the request at the request of the Premier of Great Britain.

Mr. HITCHCOCK. And it was after the cablegram had been received accepting the American proposition.

Mr. SMOOT. But they had accepted it only in principle. I have said that a dozen times on the floor of the Senate; and that meant that they could request that half of the interest for five years be paid in bonds if England desired it.

Mr. RANSDELL. Mr. President, I do not wish to take the time of the Senate further, except to say that it seems to me the Senator from Nebraska [Mr. HITCHCOCK] is really making a mountain out of a molehill. I can not see anything very important in this matter except the difference of one-half of 1 per cent interest for a limited length of time.

Just a few words more, and I will close.

I merely wish to add, Mr. President and Senators, that when this loan was made to Great Britain there was absolutely no partisan politics connected with it. We were all struggling together here as Americans, trying to win the great World War. We worked together as one man, and among other things that we did we extended this great loan to Great Britain. I am happy to say, Mr. President and Senators, that so far I have seen no partisanship in the adjustment and settlement of this matter. We seem to be treating it as American Senators, looking to the greatest good not only of our own country but of humanity; and I believe that when the vote comes this bill will pass overwhelmingly.

Mr. SMOOT. Mr. President, I ask unanimous consent that from and after the hour of 2 o'clock p. m. on the calendar day of Thursday, February 15, 1923, no Senator shall speak more than once or longer than five minutes upon the pending bill, or more than once or longer than five minutes upon any amendment offered thereto.

Mr. ROBINSON. Mr. President, I am sure that it is not possible to enter into an agreement to vote at any time to-morrow. There are a number of Senators who have expressed an intention to discuss this bill. There is not the slightest disposition upon the part of any Senator with whom I am in communication to delay a vote on the measure beyond the time necessary for a fair and full discussion of the questions involved in it. According to the information which has reached me, I think it entirely probable that debate may be exhausted and a vote reached some time during Friday, certainly not later than Saturday, of the present week. I think an agreement touching the subject may be reached, but that it would be well to let the matter go over until 11 o'clock in the morning, at which time it may be taken up and, in my opinion, a time can be fixed to vote.

I make this suggestion for the reason that some Senators are not present who are interested in the time that shall be fixed, if any, and it will be difficult to procure their attendance just at this time. I myself would suggest, if it meets with the approval of other Senators, that the time set forth in the unanimous-consent agreement proposed by the Senator from Utah be advanced one day, so that the limitation on debate which he provides may go into effect at 2 o'clock on Friday and that a final vote may be taken some time during Friday.

I think that would afford a reasonable time to conclude the debate, and I think all Senators will agree that not the slightest disposition has been shown upon the part of any Senator to delay the consideration or disposition of this measure. At the same time it is recognized to be a matter of the very greatest importance, and for that reason I do not think an effort ought to be made now to preclude full and fair discussion of the subject. My proposal would contemplate an adjournment or recess at the usual hour.

Mr. McKELLAR. Mr. President, if I may add a word to what the Senator from Arkansas has already said, I think, perhaps, something along that line can be done, but I hope the Senator from Utah will not make the request this afternoon. The Senator from Missouri [Mr. REED] was called to the War Department, I believe, and said that he would like to be heard on the matter. I think there is no disposition to delay the bill beyond a reasonable time for debate. There are several Senators who want to speak on it.

Mr. SMOOT. Does not the Senator think there would be ample time, even though we did not hold a night session, if we met to-morrow morning at 11 o'clock and met again on Friday at 11 o'clock?

Mr. McKELLAR. I am perfectly willing to meet to-morrow morning at 11 o'clock; but I ask the Senator, in view of the absence of the Senator from Missouri, to let his request go over until to-morrow at 11, and I think we can agree then. I do not see any reason why we can not.

Mr. ROBINSON. Mr. President, may I supplement what I have said with the further statement that I think it fair that Senators who are not here, who are to speak upon this subject, may have an opportunity of being present when the agreement is reached? I have not the slightest doubt from the information now in my possession that an agreement can be reached when the matter is taken up again in the morning at 11 o'clock; but I feel that an opportunity to consider the subject should be afforded Senators who desire to debate the measure.

Mr. SMOOT. I am perfectly willing to accede to the request of the Senator that the time be fixed at 2 o'clock on Friday, so as to extend the time one day. I have no disposition at all to crowd the consideration of the bill. I had hoped, however, that we could go along without a night session.

Mr. ROBINSON. May I say to the Senator from Utah that in my judgment there is not the slightest justification for a night session under the conditions which exist, and that an attempt to hold night sessions would in all probability work such a disarrangement of plans among Senators that it would protract rather than shorten the time when the bill may be finally disposed of. This measure came into the Senate for consideration yesterday. The entire day was consumed by Senators who are on the committee, and who are familiar with the facts in connection with the negotiation of the settlement.

Considering its importance, and the progress which has been made, I feel sure that there can be no ground for the slightest complaint on the part of any Senator as to the prospect of an early disposition of it; and my reason for asking that the final disposition of the unanimous-consent agreement go over until to-morrow at 11 o'clock is that Senators who are interested in the subject, and who are not here, may feel that no advantage has been taken of their absence.

Mr. SMOOT. Of course, I had no idea of doing that.

Mr. ROBINSON. I am perfectly sure of that.

Mr. SMOOT. I want to say again that I think the Senator's proposition is a fair one. I wanted, if possible, to reach an

agreement so that we would not be compelled to hold a night session.

Mr. McNARY. Mr. President, it is impossible for us to hear the debate over here.

Mr. ROBINSON. Of course, my suggestion that the matter go over until to-morrow carries with it the implied suggestion and understanding that no night session will be had to-night. Of course, if no agreement should be reached to-morrow, the Senator would then be at liberty to pursue the course which in his judgment he thinks advisable.

Mr. FRELINGHUYSEN. Mr. President, Senators would like to hear this colloquy. Will not Senators please speak loud enough so that we can hear them?

Mr. SMOOT. The Senator knows that notice was given that we would hold a night session to-night, but there will be no necessity of that if we can agree upon a time to vote.

Mr. ROBINSON. Yes; I understand perfectly well that the notice of an intention to hold night sessions was given for the purpose of inducing an agreement, and I realize that if the Senator doubts the good faith of those who assure him that a speedy disposition of this matter may be had he may proceed in that way, if he thinks it is the best way to secure action.

I am perfectly sure, however, and I think the Senator will agree with me, that an attempt to hold night sessions now because an agreement is not entered into the second day that this measure is under consideration when a delay touching the agreement is asked in order that Senators who have expressed a desire to be present when it is considered may do so will not be calculated to facilitate the business of the Senate. It never has done it, and in all probability it would not do it in this instance. I am perfectly sure that an agreement may be reached in the morning at 11 o'clock, and I should prefer that the matter go over until that time.

Mr. SMOOT. Then, Mr. President, I will withdraw the unanimous-consent request. Then we can perhaps get in touch with some of the Senators who are absent from the Chamber at the present time.

Mr. McKELLAR. Will the Senator bring it up to-morrow morning at 11 o'clock, so that all Senators can be here?

Mr. SMOOT. I should like very much to get in touch this afternoon with some of the Senators referred to by the Senator from Arkansas, and then perhaps we can reach an agreement later in the afternoon.

Mr. ROBINSON. The Senator can, of course, pursue any course that he desires. I think the suggestion that the matter be considered pending, and that it go over until the morning, is a reasonable one, and I prefer to take that course.

Mr. JONES of Washington. Mr. President, as I understand, the Senator from Arkansas feels that there is a reasonable certainty that we will be able to agree to-morrow to vote some time on Friday.

Mr. ROBINSON. Yes. I should be willing, so far as I am concerned, to enter into the agreement now, but I would not like to preclude other Senators from the opportunity to express themselves touching the agreement, the subject not having been presented to them.

Mr. JONES of Washington. I make no question whatever of the good faith of the Senator from Arkansas.

Mr. WALSH of Massachusetts. Mr. President, at this hour I would not want to agree to a vote before Saturday. I may feel differently to-morrow.

Mr. JONES of Washington. Mr. President, the other day while the shipping bill was pending—I have not charge of the unfinished business now, but of course the Senate knows that I am interested in the shipping bill—I gave notice that I should ask for a night session to-night. Of course, later the debt bill was taken up. It was taken up on my motion. That displaced the shipping bill. Of course, the debt bill is the unfinished business now. The Senator from Utah [Mr. SMOOT] on yesterday gave notice that a night session would be had to-night. I want to do whatever is best to facilitate the business of the Senate. I am no more concerned in any of these measures than any other Senator. I am not any more responsible for their success or their failure than any other Senator.

I have my interest, which I conceive to be simply the interest of the public in the disposition of these measures. I know that the time is getting short. I am not unacquainted with the fact that the days are passing by, and that the 4th of March will soon be here. I also recognize that every day that elapses before the shipping bill comes up makes it that much easier to defeat the shipping bill, if Senators are disposed to use the time for that purpose.

I think I appreciate the situation here in the Senate, however, with reference to holding night sessions. As I said the other day, I do not want the Senate to hold night sessions; I would not like to have the Senate do it. I did not give notice of night sessions as a threat, as was suggested a moment ago, to force an agreement upon any measure. I gave it simply because I felt that the time of the present session is so short that it is absolutely necessary, for the proper consideration of the measures which are pending, to hold night sessions. Of course, conditions might develop so that we may feel we shall have to hold night sessions for some other purpose, for it does seem to me that with the measures we have pending, it is absolutely necessary, in order to give them proper consideration, that we should hold night sessions, and that we ought to do it; and that we could well afford to meet earlier in the morning, and give our time to the consideration of these measures, so that they may have full and proper consideration. I know that we could not have a quorum here to-night if Senators are determined not to hold a night session to-night.

Mr. WALSH of Massachusetts. Will the Senator permit an interruption?

Mr. JONES of Washington. Certainly.

Mr. WALSH of Massachusetts. I think, from information which comes to me from some of the Senators among the minority members of the Finance Committee who are interested in this measure, that if the Senator from Utah would propose a unanimous-consent agreement to vote at 2 o'clock on Saturday, it could be disposed of without any opposition. If he feels that he must try for a vote on Friday, then I think we ought to accept the suggestion of the Senator from Arkansas, and let the matter go over until to-morrow at 11 o'clock.

Mr. JONES of Washington. I say now, and not in a spirit of trying to force Senators to do this or that, that I am not willing to allow this bill to go over by unanimous consent until Saturday. If Senators force it over until Saturday, that is something over which I have no control.

Mr. SMOOT. Will the Senator consent to the request made by the Senator from Arkansas to let it go over until to-morrow morning at 11 o'clock?

Mr. JONES of Washington. I am coming to that in a moment. Every Senator, of course, will do what he feels to be his duty in passing on the question as to whether it shall go over until Saturday or not. So far as I am concerned, I shall not consent to have it go over until Saturday for a vote. If it is delayed until Saturday, I can not help it.

I am willing, under the circumstances, to let the matter go over until to-morrow, without insisting upon a night session to-night, that we may see if it is possible to arrange so that we can vote either to-morrow or on Friday, and of course if we reach an agreement then we will probably avoid a night session to-morrow night; but I can not give my consent to anything further. I am merely acceding to this situation without in any way consenting to it.

Mr. SMOOT. Then I shall ask that it may go over until 11 o'clock tomorrow morning.

Mr. ROBINSON. Very well. That suggestion is my own, and the arrangement suits me.

Mr. SMOOT. Then, Mr. President, I ask that it may lie on the table and go over until to-morrow morning at 11 o'clock.

The proposed unanimous-consent agreement was reduced to writing as follows:

It is agreed by unanimous consent that from and after the hour of 2 o'clock p. m. to-day (Thursday), February 15, 1923, no Senator shall speak more than once nor longer than five minutes upon the bill (H. R. 14254) to amend the act entitled "An act to create a commission authorized under certain conditions to refund or convert obligations of foreign governments held by the United States of America, and for other purposes," approved February 9, 1922, nor more than once nor longer than five minutes upon any amendment offered thereto.

ORDER FOR RECESS.

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

The VICE PRESIDENT. Is there objection? The Chair hears none, and it is so ordered.

STATEMENT RELATIVE TO MR. STANLEY BALDWIN'S INTERVIEW.

Mr. SMOOT. Mr. President, I ask that there be printed in the RECORD the request for publicity made by the British Embassy for a statement with regard to the interview reported in the press as having been granted by Mr. Stanley Baldwin, the Chancellor of the Exchequer, with regard to statements he was alleged to have made in relation to the Congress of the United States.

There being no objection, the statement was ordered to be printed in the RECORD, as follows:

The British Embassy requests publicity for the following statement with regard to the interview reported in the press as having been granted by Mr. Stanley Baldwin, the Chancellor of the Exchequer, at Southampton on his arrival there last week:

Telegraphic inquiries made by this embassy in London show "that Mr. Baldwin did not grant any interview to any representative of the press.

"On arrival he was surrounded, however, by ten or a dozen reporters, who asked innumerable questions, to some of which Mr. Baldwin replied informally. The impression which his answers created in the mind of the editor of an important London daily newspaper is indicated by the following editorial comment:

"'The Chancellor of the Exchequer has made a statement to the press about his debt-funding mission to the United States. We do not disagree with his argument, although it makes him look more like an American emissary than a British chancellor. If he would do as much to explain the British position to America as he is doing to explain the American position to Britain he might then be a useful public servant.'

"The remarks attributed to Mr. Baldwin in certain organs of the American press—that the debt had got on the nerves of the American people and that Congress would not be willing to eat its own legislation—are without discoverable foundation.

"Mr. Baldwin neither criticized nor aspersed any section of the American people. On the contrary, he sought to express his great appreciation of the kindness and courtesy which were extended to him throughout his recent visit to this country."

ORDER OF BUSINESS.

Mr. SMOOT. I would like to know if there is any other Senator who desires to speak this evening? If not, as an executive session has been requested——

Mr. JONES of Washington. It is now a quarter of 5. There are some Senators who have some measures they would like to call up, and it seems to me it would be very well to allow them to use the time now to get those measures up. The Senator from Delaware [Mr. BALL] has a measure to present that is very pressing. It seems to me there are more Senators here now than are usually in attendance at this hour.

Mr. UNDERWOOD. I want to say to the Senator that I have always objected to taking up bills on the calendar at this time of the evening, because we are supposed to call them up in the morning hour. Of course, to pro forma bills I do not object, but it is too late an hour for us to take up real legislation. I have no objection to it coming up in the morning hour, or in the hour which corresponds to the morning hour when we take a recess.

Mr. JONES of Washington. The Senator is a very reasonable man. I think he is one of the most reasonable men in this body. He can look around now and see that we have a larger attendance than we have at almost any time during the morning hour unless a quorum call is made. We are nearing the end of the session.

There is business on the calendar which must be pressed to the exclusion of other matters. I do not know whether there would be any objection to the measure which the Senator from Delaware wants to bring up. I anticipate that when it is explained there probably will not be any objection to it. It does seem to me that it is not unreasonable to request that those matters should be considered, especially when we see so many here, and that is the only reason why I speak about it.

Mr. UNDERWOOD. It is not anything new for me to make the objection I have just spoken of. A man who is watching legislation has a right to believe that when the morning hour closes important legislation will not displace the unfinished business, and I do not think it is right to take up real legislative matters at this time in the evening. Everyone who is watching a bill is put on notice that he will have to be here at 11 or 12 o'clock, when the Senate meets, whether it is in executive session or not, and I have no objection to bills coming up at that time. I object less to the consideration of bills than any other Senator, I venture to say.

Mr. JONES of Washington. I know that; the Senator is very reasonable.

Mr. UNDERWOOD. I do not object to bills being called up in the morning hour, but I do object to calling them up at this time of the evening, unless they are bridge bills or some formal matters. I do not object to that kind of a bill being called up.

Mr. JONES of Washington. The measure the Senator from Delaware wants to have considered is not general legislation, and I hope that he will have an opportunity to present it, at any rate.

Mr. UNDERWOOD. I happen to know what the measure is. It is merely a formal matter. It is of the same character as a bridge bill, and I have no objection to its consideration; but I want to say that I shall object at this time if any bills of a legislative nature are brought up.

CONVENTION OF MYSTIC SHRINE.

Mr. BALL. Mr. President, I report back favorably without amendment from the Committee on the District of Columbia House Joint Resolution 418, authorizing the use of public parks, reservations, and other public spaces in the District of Columbia, and the use of tents, cots, hospital appliances, flags, and other decorations, property of the United States, by the Almas Temple, Washington, D. C., 1923 Shrine Committee (Inc.), and for other purposes.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution, which was read, as follows:

Resolved, etc., That the Secretary of War is hereby authorized to grant permits to Almas Temple, Washington, D. C., 1923 Shrine Committee (Inc.), for the use of any parks, reservations, or other public spaces in the District of Columbia under his control on the occasion of the forty-ninth annual session of the Imperial Council, Ancient Arabic Order Nobles of the Mystic Shrine, in the month of June, 1923: *Provided*, That in his opinion such use will inflict no serious or permanent injuries upon such parks, reservations, public spaces, or statuary therein; and the Commissioners of the District of Columbia may designate, for such and other purposes on the occasion before named, such streets, avenues, and sidewalks in the said District of Columbia under their control as they may deem proper and necessary: *Provided, however*, That all stands, arches, or platforms that may be erected on the public spaces aforesaid, including such as may be erected in connection with any display of fireworks, shall be under the supervision of the said Almas Temple Shrine Committee and in accordance with plans and designs to be approved by the Architect of the Capitol, the Engineer Commissioner of the District of Columbia, and the officer in charge of public buildings and grounds: *And provided further*, That the reservations or public spaces occupied by the stands or other structures shall be promptly restored to their condition before such occupancy, and the said committee shall indemnify the War Department and the District of Columbia for damage of any kind whatsoever upon such reservation or space by reason of such use.

SEC. 2. That the Secretary of War and the Secretary of the Navy are hereby authorized to loan to the said committee such tents, camp appliances, and other necessities, hospital furniture and utensils of all descriptions, ambulances, horses, drivers, stretchers, and Red Cross flags and poles belonging to the United States as in their judgment may be spared at the time of the session: *Provided*, That the said Shrine committee shall indemnify the United States for any loss or damage to such tents, appliances, etc., as aforesaid not necessarily incident to such use: *And provided further*, That the said committee shall give approved bond to do the same.

SEC. 3. That the Secretary of War and the Secretary of the Navy are authorized to loan to the said committee such ensigns, flags, decorations, etc., belonging to the United States (battle flags excepted) as are not then in use, and may be suitable and proper for decorations and other purposes, which may be spared without detriment to the public service, such ensigns, flags, decorations, etc., to be used by the committee under such regulations and restrictions as may be prescribed by the said Secretaries, or either of them: *Provided*, That the said committee shall, within five days after the close of said session, return to the said Secretaries all such ensigns, flags, decorations, etc., thus loaned; and said committee shall indemnify the United States for any loss or damage not necessarily incident to such use.

SEC. 4. That the officer in charge of public buildings and grounds, subject to the approval of the Secretary of War, is hereby authorized to permit the use of any or all public parks, reservations, or other public spaces in the District of Columbia for use by said committee for parking automobiles, the temporary erection of tents for entertainments, hospitals, and other purposes; and said committee is hereby authorized to charge reasonable fees for entertainment and accommodations on said parks, reservations, or other public spaces to aid in meeting the necessary expenses incident to the session.

SEC. 5. That the Commissioners of the District of Columbia are hereby authorized to permit said committee to stretch suitable overhead conductors, with sufficient supports, wherever necessary and in the nearest practicable connection with the present supply of light, for the purpose of effecting special illumination: *Provided*, That the said conductors shall not be used for the conveying of electrical currents after June 10, 1923, and shall, with their supports, be fully and entirely removed from the public spaces, streets, and avenues of the said city of Washington on or before June 15, 1923: *Provided further*, That the stretching and removing of the said wires shall be under the supervision of the Commissioners of the District of Columbia, who shall see that the provisions of this resolution are enforced; that all needful precautions are taken for the protection of the public; and that the pavement of any street, avenue, or alley disturbed is replaced in as good condition as before entering upon the work herein authorized: *And provided further*, That no expense or damage on account of or due to the stretching, operation, or removing of the said temporary overhead conductors shall be incurred by the United States or the District of Columbia, and that if it shall be necessary to erect wires for illuminating or other purposes over any park or reservation in the District of Columbia the work of erection and removal of said wires shall be under the supervision of the officer in charge of said park or reservation.

SEC. 6. That the Commissioners of the District of Columbia are hereby authorized to grant, under such conditions as they may impose, special licenses to peddlers and vendors to sell goods, wares, and merchandise on the streets, avenues, and sidewalks in the District of Columbia during said session, and to charge for such privileges such fees as they may deem proper.

SEC. 7. That the Commissioners of the District of Columbia are hereby authorized to permit the telegraph and telephone companies to extend overhead wires to such points as shall be deemed necessary by the said committee, the said wires to be taken down within 10 days after the conclusion of the session.

SEC. 8. That the Public Buildings Commission is hereby authorized to assign to said committee for use and occupancy during said session such unoccupied public buildings in the District of Columbia as, in its discretion, may appear advisable: *Provided*, That any and all buildings so assigned shall be surrendered within 10 days after the close of the said session: *Provided further*, That the said committee shall furnish a bond or other satisfactory assurance of indemnity against damage to said property while in its possession, incidental wear and tear excepted.

Mr. McKELLAR. Mr. President, I have an amendment which I offer, to be added as a new section.

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. Add as a new section the following:

SEC. —. The Public Utilities Commission of the District of Columbia shall not hereafter have or exercise power to fix rates of fare for the street railway companies in the District of Columbia at rates in excess of the rates of fare fixed in existing charters or contracts heretofore entered into between said companies and the Congress; and from and

after the passage and approval of this act the said street railway companies shall receive 5 cents per passenger as a cash fare, but they shall issue and sell six tickets for 25 cents, as provided in existing charters.

Mr. UNDERWOOD. I hope my friend from Tennessee will not offer that amendment now, and I will state the reason why it should not be offered.

Mr. McKELLAR. It has already been offered.

Mr. UNDERWOOD. I allowed the joint resolution to come up as a measure merely providing for the use of parks, and so forth, during a convention here. There is no legislation in it. Of course, the amendment the Senator offers is the most important kind of legislation, and more than that——

Mr. McKELLAR. I want a vote on it. We all understand how we are going to vote. It has been debated. This will probably give me the only opportunity of having the matter voted on at this session, and I am inclined to insist on it. So I have offered the amendment. Let us vote on it one way or the other. If the Senate votes it down, let it be voted down; and if it is voted up, it will be a part of the joint resolution.

Mr. UNDERWOOD. I do not care how meritorious the Senator's amendment is, is he willing to stand in the way of the request of the Shriners?

Mr. McKELLAR. Oh, no; I have no objection whatever to that. I am very much in favor of the Shriners having this privilege.

Mr. DIAL. I hope the Senator from Tennessee will withdraw his amendment and let us pass the joint resolution.

Mr. McKELLAR. I am very much in favor of the joint resolution, and have no objection to it whatever and shall vote for it. All I ask for is a vote on my amendment.

Mr. BALL. Mr. President, this is a House joint resolution. There are a number of Senate bills on our calendar. If the Senator from Tennessee desires to have his amendment voted on, he can offer it as an amendment to some Senate bill.

Mr. McKELLAR. I understand that, but this measure is going to be passed at this session, and the bills to which the Senator refers may not be passed at the present session, and I may not be able to get my amendment through on any of those bills. I ask for the yeas and nays on my amendment.

Mr. SMOOT. Mr. President, before the Senate votes upon the amendment I want to call attention to the rates charged on the street railways in the largest cities in Alabama and Tennessee. I shall not take the time of the Senate to read them, but I want them to go into the RECORD. I ask that the letter I hold in my hand may be printed in the RECORD.

Mr. McKELLAR. I have no objection to it's going into the RECORD. It has been in the RECORD before.

Mr. SMOOT. This one has not been. It is more extensive.

Mr. McKELLAR. I may say that there is a bill now pending before the Legislature of Tennessee to abolish the public utilities commission in that State.

The VICE PRESIDENT. Is there objection to printing in the RECORD the letter presented by the Senator from Utah?

There being no objection, the letter was ordered to be printed in the RECORD as follows:

PUBLIC UTILITIES COMMISSION
OF THE DISTRICT OF COLUMBIA,
Washington, January 31, 1923.

Hon. REED SMOOT,
United States Senate, Washington, D. C.

MY DEAR SENATOR: During the course of the debate in the Senate on the District appropriation bill for 1924 (CONGRESSIONAL RECORD, January 25, p. 2376) the Senator from Alabama, who was speaking in favor of a 5-cent fare on the street railway lines in the District, was asked whether the street-car fare in his State is 5 cents or higher.

The following rates in the largest cities in Alabama are quoted from the latest information before the commission:

Birmingham: 8 cents cash, 15 tickets for $1; 2-cent transfers.
Mobile: 7 cents cash; 5 tickets for 30 cents.
Montgomery: 8 cents cash; 16 tickets for $1.
Alabama City: 7 cents cash; 16 tickets for $1.
Albany: 8 cents cash.
Decatur: 7 cents cash.
Gadsden: 7 cents cash; 16 tickets for 90 cents.
Selma: 7 cents cash.
Anniston: 6 cents cash.
Tuscaloosa: 6 cents cash.
Florence: 10 cents cash, 6.4 cents for tickets.
Huntsville: 10 cents cash.
Sheffield: 10 cents cash, 6.4 cents for tickets.

The rates in the State of Tennessee in cities of 25,000 or more population are as follows:

Memphis: 7 cents cash.
Nashville: 7 cents cash, 5 tickets for 85 cents.
Knoxville: 6 cents cash.
Chattanooga: 7 cents cash.

In view of the prominence given to the discussion of local street railway fares, I thought you might be interested in having this information.

Very truly yours, C. KELLER,
Chairman Public Utilities Commission.

The VICE PRESIDENT. The Senator from Tennessee asks for the yeas and nays on agreeing to his amendment.

The yeas and nays were ordered and taken.

Mr. OWEN. I transfer my pair with the junior Senator from New Jersey [Mr. EDGE] to the senior Senator from Texas [Mr. CULBERSON] and vote "yea."

Mr. COLT. Has the junior Senator from Florida [Mr. TRAMMELL] voted?

The VICE PRESIDENT. That Senator has not voted.

Mr. COLT. I have a general pair with that Senator, which I transfer to the junior Senator from New Hampshire [Mr. KEYES], and vote "nay."

Mr. HALE. I transfer my pair with the senior Senator from Tennessee [Mr. SHIELDS] to the senior Senator from Connecticut [Mr. BRANDEGEE] and vote "nay."

Mr. OVERMAN. I desire to announce that my colleague [Mr. SIMMONS] is absent on account of sickness. He is paired with the junior Senator from West Virginia [Mr. ELKINS].

Mr. SUTHERLAND (after having voted in the negative). I voted under a misapprehension. My pair, the senior Senator from Arkansas [Mr. ROBINSON], is absent from the Chamber. I transfer that pair to the junior Senator from Oregon [Mr. STANFIELD] and allow my vote to stand.

Mr. JONES of Washington. I transfer my pair with the senior Senator from Virginia [Mr. SWANSON] to the senior Senator from Pennsylvania [Mr. PEPPER] and vote "nay."

Mr. DILLINGHAM (after having voted in the negative). I understand the Senator from Virginia [Mr. GLASS], with whom I have a general pair, has not voted.

The VICE PRESIDENT. He has not voted.

Mr. DILLINGHAM. I transfer my pair with that Senator to the junior Senator from California [Mr. SHORTRIDGE] and allow my vote to stand.

The result was announced—yeas 25, nays 39, as follows:

YEAS—25.

Ashurst	Fletcher	McKellar	Smith
Borah	Gerry	Norris	Walsh, Mass.
Brookhart	Harris	Overman	Walsh, Mont.
Broussard	Harrison	Owen	Willis
Capper	Heflin	Ransdell	
Couzens	Hitchcock	Reed, Mo.	
Dial	Ladd	Sheppard	

NAYS—39.

Ball	Hale	Moses	Sterling
Bayard	Harreld	Nelson	Sutherland
Calder	Jones, N. Mex.	New	Townsend
Cameron	Jones, Wash.	Oddie	Underwood
Colt	Kellogg	Phipps	Wadsworth
Cummins	Lenroot	Pittman	Warren
Curtis	Lodge	Poindexter	Watson
Dillingham	McKinley	Reed, Pa.	Weller
Fernald	McLean	Smoot	Williams
Frelinghuysen	McNary	Spencer	

NOT VOTING—32.

Brandegee	George	McCormick	Robinson
Bursum	Glass	McCumber	Shields
Caraway	Gooding	Myers	Shortridge
Culberson	Johnson	Nicholson	Simmons
Edge	Kendrick	Norbeck	Stanfield
Elkins	Keyes	Page	Stanley
Ernst	King	Pepper	Swanson
France	La Follette	Pomerene	Trammell

So Mr. McKELLAR's amendment was rejected.

The joint resolution was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

Mr. BALL. I move the indefinite postponement of the joint resolution (S. J. Res. 266) authorizing the use of public parks, reservations, and other public spaces in the District of Columbia; and the use of tents, cots, hospital appliances, flags, and other decorations, property of the United States, by the Almas Temple, Washington, D. C., 1923 Shrine Committee (Inc.), and for other purposes.

The motion was agreed to.

UNITED CONFEDERATE VETERANS' REUNION.

Mr. WADSWORTH. Mr. President, from the Committee on Military Affairs I report back favorably without amendment Senate Joint Resolution 279. I ask that the title be read, and I then expect to ask unanimous consent for its immediate consideration.

The VICE PRESIDENT. The joint resolution will be read by title.

The READING CLERK. A joint resolution (S. J. Res. 279) authorizing the Secretary of War to loan 3,000 wooden folding chairs for the use of the United Confederate Veterans at their reunion to be held in New Orleans, La., April 11, 12, and 13, 1923.

Mr. WADSWORTH. I ask unanimous consent for the immediate consideration of the joint resolution.

Mr. SMOOT. Let the joint resolution be read.

The joint resolution was read as follows:

Resolved, etc., That the Secretary of War be, and he is hereby, authorized to loan, under such regulations as he may prescribe, 3,000 wooden folding chairs to William M. Garic, of New Orleans, La., for the use of the United Confederate Veterans at their reunion to be held in New Orleans, La., on April 11, 12, and 13, 1923.

Mr. WARREN. Mr. President, may I ask the Senator in charge of the joint resolution if it should not contain the usual clause relating to some bond to be given or responsibility to be assumed for the safe return of the articles loaned?

Mr. WADSWORTH. The joint resolution contains the usual phrase "under such regulations as the Secretary of War may prescribe." That permits him to impose a bond.

Mr. WARREN. The Senator would assume that he has that authority?

Mr. WADSWORTH. Yes.

There being no objection, the joint resolution was considered as in Committee of the Whole.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

STANDARDS FOR FRUIT AND VEGETABLE HAMPERS AND BASKETS.

Mr. McNARY. Mr. President, I ask unanimous consent for the present consideration of the bill (S. 4399) to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables, and for other purposes.

Mr. UNDERWOOD. May I inquire of the Senator if the measure involves a legislative matter?

Mr. McNARY. I will state to the Senator that a similar bill has passed the House. I want, for the benefit of the consumers of the country, to get the bill through the Senate before final adjournment. I know of no legislation on the calendar which contains more merit than this measure.

Mr. UNDERWOOD. To what does it have reference?

Mr. McNARY. To the fixing of the size of hampers for the carriage of vegetables and of baskets that take care of fruit, so that no fraud may be perpetrated upon the public.

Mr. UNDERWOOD. I will say that I have no objection to the merits of the bill, when taken up at the proper time, but I know very well that there will be a contest this evening if it is brought up. I therefore ask for the regular order.

Mr. McNARY. Do I understand that the Senator from Alabama objects to the present consideration of the bill?

Mr. UNDERWOOD. For the time being. I would not do so to-morrow morning, but I do object now.

Mr. FRELINGHUYSEN. Mr. President, I had intended to move to take up for immediate consideration a bill now on the calendar. I wish to ask the Senator from Alabama [Mr. UNDERWOOD] if he would object? It is a small claim bill, to pay $800 to a man who lost his foot in the Government service.

Mr. UNDERWOOD. I have no doubt that to-morrow morning I shall most cheerfully vote with the Senator for the payment of the claim; but if we would take up one such measure now, we would have to take up others. Therefore I demand the regular order.

EXECUTIVE SESSION.

Mr. SMOOT. 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, and (at 5 o'clock and 15 minutes p. m.) the Senate, under the order previously made, took a recess until to-morrow, Thursday, February 15, 1923, at 11 o'clock a. m.

CONFIRMATIONS.

Executive nominations confirmed by the Senate February 14 (legislative day of February 13), 1923.

REGISTER OF THE LAND OFFICE.

Peter G. Johnston to be register of the land office at Blackfoot, Idaho.

RECEIVER OF PUBLIC MONEYS.

Ezra T. Monson to be receiver of public moneys at Blackfoot, Idaho.

POSTMASTERS.

ALABAMA.

Dozier N. Cartledge, Midway.

ARKANSAS.

Charles E. Wilson, Greenland.
John A. Borgman, Jonesboro.
William D. Swift, Lincoln.

CALIFORNIA.

Walter P. Cockley, Calexico.
John L. Steward, Monterey.
Flournoy Carter, Oxnard.
Alfred E. Smith, Winton.

GEORGIA.

David M. McKee, Moultrie.
Kelly W. Liles, jr., White Oak.

INDIANA.

Samuel Haslam, Edinburg.
Roy M. Nading, Flat Rocks.
James M. Robinson, Franklin.
Lee H. Pillers, Monroeville.
John C. Hodge, Zionsville.

IOWA.

Lewis H. Mayne, Emmetsburg.
William D. Lorenzen, McCallsburg.
Samuel C. Laverty, Promise City.

KANSAS.

John A. Stark, Bonner Springs.
Ellen Simmons, Cottonwood Falls.
David H. White, Merriam.
Oliver R. Durham, Udall.

KENTUCKY.

Charles A. Glascock, Flemingsburg.
Claude A. Foote, Sulphur.

MASSACHUSETTS.

John G. Faxon, Fitchburg.
James F. Healy, Worcester.

MINNESOTA.

Nels A. Thorson, Crookston.

MISSISSIPPI.

Willies Ramsey, Drew.
Nathan B. Williams, Fernwood.
Allene M. Mitchell, Sunflower.
James L. Donald, Tutwiler.
Mary E. Cain, Vaiden.
John L. Kirby, Water Valley.
Thomas C. Kite, Weir.
William W. Cain, West.

NEBRASKA.

William C. Hagelin, Friend.

NEW HAMPSHIRE.

Alice R. Thompson, Antrim.
Edson M. Barker, Plymouth.
Wells D. Foote, South Lyndeboro.

NEW YORK.

Lillian D. Hill, Bayville.
Chauncey H. Brown, South Dayton.
James I. Fanning, Southold.
Lester B. Dobbin, Wolcott.

OKLAHOMA.

Forrest L. Strong, Clinton.

PENNSYLVANIA.

Earl H. Hilgert, Cresco.

TENNESSEE.

Byrd P. Allison, Gallatin.

TEXAS.

Murt J. Sullivan, Comanche.
Pierce Mayer, Corsicana.
James J. Ormsbee, El Paso.
Ferman Carpenter, Franklin.
Annie S. Watson, Sugar Land.

UTAH.

Emerson B. Nason, Soldier Summit.

VERMONT.

James E. Kidder, Derby.
Lester E. Boyce, Ludlow.
Herbert L. Bailey, Putney.
Ray H. Dearborn, South Fairlee.

VIRGINIA.

Charles W. Kilgore, Coeburn.
Edwin M. C. Quimby, Suffolk.

WASHINGTON.

Lillian R. Menkee, Hunters.

WISCONSIN.

Arno C. Eckardt, Kiel.
Alfred E. Von Wald, Sauk City.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *February 14, 1923.*

The House met at 12 o'clock noon.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

O God, Thou alone art holy, perfect in power and in charity. As Thou art our loving heavenly Father, we pause, as Thou dost make daily provision for us. Impress us with the three great notes of our relationship, which are love, obedience, and service. Always help us to be true, for there are those who trust us; enable us to be strong, for there are those who need us; ever keep us pure, for there are those who care. The Lord bless the Members and officers of the House of Representatives and be gracious and merciful unto all their families. Bless our country and may Thy reign soon extend unto the ends of the earth. In the name of Jesus. Amen.

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

CALENDAR WEDNESDAY.

The SPEAKER. To-day is Calendar Wednesday. The Clerk will call the committees.

The Committee on Agriculture was called.

BUTTER.

Mr. HAUGEN. Mr. Speaker, I call up the bill (H. R. 12053) to define butter and to provide a standard therefor.

The SPEAKER. The gentleman from Iowa calls up a bill which the Clerk will report by title.

The Clerk read the title of the bill.

The SPEAKER. When the House adjourned on Wednesday last an amendment was pending, offered by the gentleman from Wisconsin [Mr. VOIGT].

Mr. HAUGEN. Mr. Speaker, that amendment was read for information, was it not?

Mr. LONDON. Mr. Speaker, I recall the situation. The point of order was made that there was no quorum present, while the gentleman from Iowa [Mr. HAUGEN] was on the floor delivering an address in support of the bill.

Mr. GARRETT of Tennessee. I make the point of order that there is no quorum present.

The SPEAKER. The gentleman from Tennessee makes the point of order that there is no quorum present. The Chair is inclined to think there is no quorum present.

Mr. HAUGEN. I move a call of the House.

The SPEAKER. The gentleman from Iowa moves a call of the House.

A call of the House was ordered.

The Clerk called the roll, and the following Members failed to answer to their names:

Abernethy	Connolly, Pa.	Griffin	Lawrence
Anderson	Cooper, Wis.	Hammer	Linthicum
Ansorge	Copley	Hawes	Longworth
Anthony	Coughlin	Hawley	Luhring
Aswell	Crowther	Hays	McArthur
Bacharach	Cullen	Hill	McClintic
Bankhead	Curry	Himes	McCormick
Barkley	Dale	Hoch	McFadden
Beedy	Davis, Minn.	Huck	Mansfield
Bell	Dempsey	Humphreys, Miss.	Mead
Bird	Drane	Husted	Merritt
Black	Dunbar	Hutchinson	Michaelson
Blakeney	Dyer	Johnson, S. Dak.	Mills
Bland, Ind.	Echols	Jones, Pa.	Montague
Bond	Edmonds	Kahn	Moore, Ill.
Bowers	Fenn	Keller	Moore, Va.
Brennan	Fess	Kelley, Mich.	Moores, Ind.
Britten	Fish	Kelly, Pa.	Morin
Brooks, Ill.	Fitzgerald	Kendall	Mudd
Brooks, Pa.	Focht	Kennedy	Murphy
Burdick	Free	Kiess	Newton, Minn.
Byrnes, S. C.	French	Kindred	Nolan
Cantrill	Gallivan	King	O'Brien
Carew	Garner	Kirkpatrick	O'Connor
Chandler, N. Y.	Gilbert	Kitchin	Overstreet
Chandler, Okla.	Glynn	Kleczka	Park, Ga.
Classon	Gorman	Kline, N. Y.	Paul
Cockran	Gould	Knight	Perkins
Codd	Graham, Pa.	Kraus	Porter
Cole, Iowa	Green, Iowa	Kunz	Pou
Connally, Tex.	Greene, Mass.	Lampert	Rainey, Ala.
Rainey, Ill.	Schall	Stoll	Vestal
Ransley	Scott, Mich.	Strong, Pa.	Volk
Rayburn	Scott, Tenn.	Sullivan	Volstead
Reber	Shreve	Tague	Walters
Reed, N. Y.	Sinnott	Taylor, Ark.	Ward, N. Y.
Riddick	Sisson	Taylor, N. J.	Weaver
Riordan	Slemp	Taylor, Tenn.	Webster
Robsion	Smith, Mich.	Temple	Wheeler
Rodenberg	Snell	Thomas	Williams, Tex.
Rogers	Snyder	Thorpe	Williamson
Rose	Sproul	Tilson	Winslow
Rossdale	Stafford	Timberlake	Wood, Ind.
Rucker	Stedman	Tincher	Young
Ryan	Steenerson	Tinkham	Zihlman
Sabath	Stiness	Underhill	

The SPEAKER. On this roll call 240 Members have answered to their names. A quorum is present.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The SPEAKER. The gentleman from Wyoming moves to dispense with further proceedings under the call. Without objection, it will be so ordered.

There was no objection.

The SPEAKER. Last Wednesday the gentleman from Wisconsin [Mr. VOIGT] offered an amendment, which is pending and which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. VOIGT: Page 1, line 9, after the word "fat," insert a comma and add "all tolerances having been allowed for."

Mr. HAUGEN. I yield five minutes to the gentleman from Wisconsin [Mr. VOIGT].

Mr. VOIGT. Mr. Speaker and gentlemen of the House, when this bill was up last week I offered an amendment which has just been read. The purpose of this amendment is to provide that 80 per cent butter fat in butter shall be the absolute minimum in the administration of the law. A great many States in the Union have a standard of 80 per cent; a few States have a higher percentage. The States of Wisconsin and Minnesota have a fat standard for butter of 82.5 per cent but they allow a tolerance of 2½ per cent. That means that in these and other States no manufacturer of butter can go below 80 per cent without violating the law.

When our committee reported this bill I was for it, but some months have elapsed and I have received considerable new light. The bill, as it has been reported by the committee, provides, among other things, that butter shall contain not less than 80 per cent by weight of milk fat. It has been customary all over the country in the administration of food laws fixing a minimum standard to allow a tolerance below that minimum. Let me briefly illustrate that. Suppose in a State having the 80 per cent minimum a man makes butter having 79 per cent fat and he is prosecuted. The judge and the jury will say that the man has come close enough to the standard prescribed by law or by the regulations and they will find that man not guilty.

Mr. CHINDBLOM. I can apprehend that a jury might do that, but is it customary for judges to do that?

Mr. VOIGT. A judge might not do so, but a department official having to do with the enforcement of a minimum standard would probably not prosecute a man who came within 1 or 2 per cent of the standard fixed. What we fear is that if you prescribe a minimum that in the administration of the law tolerances will be allowed. If that is true, and tolerances should be allowed, a great many States of the Union are going to be put to a disadvantage because their laws are such that you can not go below 80 per cent. All that my amendment does is to make sure that no tolerances shall be allowed under the 80 per cent. No honest manufacturer of butter can object to that amendment.

Mr. ARENTZ. You are placing no burden on the butter manufacturer but only assuring the consumer that he shall not pay 50 cents per pound for water?

Mr. VOIGT. Yes; I want the manufacturer to be honest in putting 80 per cent butter fat into his butter. I do not want any loophole in it so that a man can sell water for butter.

Mr. COOPER of Ohio. Will the gentleman yield?

Mr. VOIGT. Certainly.

Mr. COOPER of Ohio. Does any State have a law making 80 per cent butter fat the minimum with 2 per cent tolerance?

Mr. VOIGT. The State of Wisconsin and the State of Minnesota have taken care of the proposition in this way, and I believe it is the best way. Their statutes fix the standard at 82.5 per cent, but in order to get 80 per cent they allow a tolerance of 2½ per cent.

The SPEAKER. The time of the gentleman from Wisconsin has expired.

Mr. HAUGEN. I will yield to the gentleman two minutes more.

Mr. LEA of California. Will the gentleman yield?

Mr. VOIGT. I yield.

Mr. LEA of California. To what extent is butter sold on the market containing less than 80 per cent butter fat?

Mr. VOIGT. I can not answer that question.

Mr. LEA of California. Is it commonly sold?

Mr. VOIGT. The common practice is to sell butter containing 80 per cent butter fat, but every once in a while a manufacturer is jerked up by the Internal Revenue Bureau or by the Agricultural Department for having less than 80 per cent butter fat or having more than 16 per cent water.

Mr. LEA of California. Is that based on weight according to the State law?

Mr. VOIGT. It is, and it must be because butter fat weighs less than water, and if you had it by volume instead of weight, you would have less butter fat and more water.

Mr. COOPER of Ohio. The State of Ohio has no law with reference to it.

Mr. VOIGT. I believe that is right.

Mr. COOPER of Ohio. If this law is passed it would affect Ohio if the butter went into interstate commerce.

Mr. VOIGT. Yes.

Mr. PURNELL. Will the gentleman yield?

Mr. VOIGT. I yield.

Mr. PURNELL. Does the gentleman think it is possible for the butter manufacturer to keep the content at 80 per cent?

Mr. VOIGT. Does the gentleman mean is it practicable?

Mr. PURNELL. Is it possible? In other words, does the gentleman think that if we do not write this amendment into the bill that men will purposely fix the butter content below 80 per cent?

Mr. VOIGT. There are manufacturers of butter in this country who make butter in large quantities who can regulate the butter fat in butter within one-tenth of 1 per cent, and if these men are given a leeway to bring it down to 78 per cent or 77½ per cent they are going to do it and give our people water for butter. If you should give them a tolerance of 2 per cent every day in the year, it is enough to pay 100 per cent dividend a year.

Mr. LONDON. Will the gentleman yield?

Mr. VOIGT. Yes.

Mr. LONDON. Have there been any hearings upon this bill?

Mr. VOIGT. Yes.

Mr. LONDON. I understand that the National Consumers' League is opposed to the bill. Is that true?

Mr. VOIGT. There is some opposition to the bill. I want to say that this amendment can do no harm. Why not put it in and make sure that we shall have butter with at least 80 per cent fat?

The SPEAKER. The time of the gentleman from Wisconsin has again expired.

Mr. HAUGEN. Mr. Speaker, I yield three minutes to the gentleman from Minnesota [Mr. CLAGUE].

Mr. CLAGUE. Mr. Speaker, I am in favor of a standard that will give the people the very best butter than can be made. Minnesota has a standard as high on butter as any State in the United States, fully as high as Wisconsin. The cooperative creameries and the dairy food commissioner and the best butter men we have in the State of Minnesota are opposed to this bill in its present form. We believe that if this bill is passed it will be a lowering of the standard of butter. What we want is the double standard, that it shall not provide for less than 80 per cent butter fat and shall not contain more than 16 per cent of water. I am in favor of the amendment of the gentleman from Wisconsin [Mr. VOIGT] if this bill is going to pass. For years tolerances have been allowed, and if you fix it at 80 per cent they will allow more or less tolerance and make butter with more than 16 per cent water. We want to keep the high standard; we want it fixed in the bill so that there shall not be more than 16 per cent of water.

I think if the bill passes as it comes from the committee, it will result in a lowering of the standard of butter instead of a raising of it.

The SPEAKER. The time of the gentleman from Minnesota has expired.

Mr. CHINDBLOM. Mr. Speaker, will the gentleman from Iowa yield for a question?

Mr. HAUGEN. Certainly.

Mr. CHINDBLOM. Has the committee amendment striking out the words "and not more than 16 per cent of water" been adopted?

Mr. HAUGEN. No; I understand that has not been adopted. I was of opinion that it had been agreed to, but there is some question about it, and the committee amendment will have to be offered. I yield three minutes to the gentleman from Michigan [Mr. MCLAUGHLIN].

Mr. MCLAUGHLIN of Michigan. Mr. Speaker, I approve of the bill as written, making 80 per cent the minimum, because I believe it can be construed in no other way than that it is a minimum and that all tolerances have been allowed for; but if there is any doubt about it, if any other construction than the one I suggest can be put on these words, then the amendment offered by the gentleman from Wisconsin [Mr. VOIGT] ought to be adopted, because the making of butter with less than 80 per cent fat ought not to be permitted. The scientific men, the chemists, who have had to do with this matter tell us as to the amount of moisture that ought and can properly be in butter; that there really ought not to be more than 12 or 13 or 14 per cent of moisture, and that when it reaches—certainly when it exceeds—16 per cent it is indisputable that moisture has been added or that the presence of excessive moisture is absolutely inexcusable carelessness, so that if we take 80 per cent for the butter fat, 16 per cent as the absolute maximum of moisture, we have 96 per cent, leaving 4 per cent for other ingredients—salt and casein, I believe. If we drop below 80 per cent there is opportunity, even an invitation, for leaving in or putting in too much moisture. I think the bill allowing 80 per cent is proper and safe, because in the States where 82½ per cent is fixed, either by law or regulation, a tolerance of 2½ per cent is allowed, which would bring it down to 80 per cent. I am in favor of the bill as it stands, although personally before the committee I was opposed to striking out the words with regard to the 16 per cent of moisture. I thought they ought to remain in the bill, but I shall not oppose the committee amendment, the committee having as a whole agreed to it, differing from me.

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

Mr. MCLAUGHLIN of Michigan. Yes.

Mr. CHINDBLOM. If 4 per cent remains for salt and casein, what would be the situation in case of unsalted butter? There is much of that on the market.

Mr. MCLAUGHLIN of Michigan. Yes.

Mr. CHINDBLOM. Where does that come in? Without the 4 per cent for salt, you would have more water.

Mr. MCLAUGHLIN of Michigan. No; the department by its regulation does not permit more than 16 per cent of moisture under any circumstances. If more than that is found, it is declared adulterated, and a very heavy fine is imposed. I would say also that this bill does not relate in any way to butter made on the farm. This relates to the manufacturers of butter, and the construction of that word does not include farmers or makers of butter in small quantities.

The SPEAKER. The time of the gentleman from Michigan has expired.

Mr. HAUGEN. Mr. Speaker, just a word as to the amendment submitted—to the effect that all tolerances have been allowed for. To say the least, it is an unusual thing to do. It would seem that the same phraseology might apply to fixing the standard for butter that is now applied to fixing the standard of the gold dollar or of the silver dollar, or the weight of grains. I have submitted this proposition to several of the best lawyers in the House, and they have all agreed that it is not necessary, that it adds nothing; and I do not know that it detracts anything from the bill.

What have the creamery people to say about it? This matter is something that has been under consideration for the last 30 or 40 years, and practically all of the creamery people are agreed on this bill, although some over in Wisconsin think we ought to add this particular language. As stated, that State has an 82½ per cent standard, but they found it necessary to make it 80 per cent and allow a tolerance of 2½ per cent. The State of Wisconsin has now an 80 per cent standard, as have several other States, and as they have in several other countries. I want to read a few telegrams that I have received. I will select only a few of them. The first telegram is from Omaha, Nebr.:

OMAHA, NEBR., *February 9, 1923.*

Hon. G. N. HAUGEN,
House of Representatives, Washington, D. C.

The organized dairy industry has given years of study to this question of fat standard, and your bill, as it stands, has the unqualified indorsement of practically all authorities on the subject. We certainly hope that no amendments will be considered that will delay its passage just as the bill came to you from the Senate.

CHAS. HARDING,
President Harding Cream Co.

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

Mr. HAUGEN. Yes.

Mr. ARENTZ. Does that mean that 16 per cent of water is included?

Mr. HAUGEN. We deal with only one at a time. As the gentleman knows, the administration of the food and drug act is under the Department of Agriculture, but adulterated butter requirements are under the Secretary of the Treasury. It was thought best, in view of this, to deal with this one single standard first, and after we have disposed of that then take up the moisture content.

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

Mr. HAUGEN. Yes.

Mr. VOIGT. The gentleman just stated that everybody who was an authority on the question has agreed to this bill. The three leading butter States in the Union are Iowa, Wisconsin, and Minnesota. The officials of the State of Minnesota and of the State of Wisconsin are in favor of killing this bill.

Mr. HAUGEN. The gentleman is mistaken. There are a few of them who have different opinions.

Mr. VOIGT. But I have the telegrams in my possession.

Mr. HAUGEN. Here is a telegram from Michigan:

THE MICHIGAN ASSOCIATION OF CREAMERIES.

Regarding butter standards, we favor the original 80 per cent for shipment, rather than the Voigt amendment.

That telegram is signed by a Mr. Frary, secretary. Here is one from Ohio to the effect that the dairymen in Ohio favor 80 per cent fat standard. That is signed by Mr. Erf, of the Ohio University, and also of the creamery association.

Mr. BROWNE of Wisconsin. Mr. Speaker, will the gentleman yield?

Mr. HAUGEN. I have yielded practically all of my time.

Mr. BROWNE of Wisconsin. If these States really mean 80 per cent, why do they object to the Voigt amendment, which means 80 per cent without any interpretation?

Mr. HAUGEN. The gentleman is a lawyer and I submit to the gentleman from Wisconsin and every lawyer of this House and ask them the question: Is it necessary, does it add anything to the bill, and can the gentleman point out why it should be injected into this proposition any more than fixing the standard of other things?

Mr. BROWNE of Wisconsin. Because the Agricultural Department that enforces and is interpreting that law gives 2½ per cent tolerance and in their interpretation they will not permit anything that comes within 2½ per cent.

Mr. HAUGEN. Here is another telegram from the Beatrice Creamery, Lincoln, Nebr.:

May I respectfully urge that Mr. VOIGT's amendment regarding tolerances be not adopted?

Here is another telegram from Mr. W. S. Wilcox, of Mason City, Iowa, member of the executive board of American Association of Creamery Butter Manufacturers:

I am opposed to the phrase in the Voigt amendment in your bill, "all tolerances provided for," and suggest instead, 80 per cent flat or more for shipment.

Also one from Dr. G. L. McKay:

Our association is opposed to term, "all tolerances provided for." No one asks for this except some people in Wisconsin. Some years ago Wisconsin passed an 82½ per cent law. It was found impractical to enforce it, and added amendment to same of 2½ per cent tolerance. This is where they get the use of term "all tolerances provided for." Would not object to shipment of butter; must average 80 per cent fat. Fat content of butter hard to control to fraction of per cent.

And one from Judge E. J. Hainer, of Nebraska:

If amendment of your bill is necessary I strongly urge one providing for 80 per cent fat—is more specific, comprehensive, and preferable to that proposed by VOIGT, of Wisconsin. Am writing.

Also one from M. Mortensen, professor of dairying, Iowa State College, and president of National Creamery Butter Makers' Association:

The creamery men of Iowa and members of the National Creamery Butter Makers' Association are in favor of the Haugen bill, recommending 80 per cent butter fat for butter.

If there is any question in the mind of anybody as to the position taken by the producers of butter, I refer him to an article by Professor McKay, secretary of the American Association of Creamery Butter Manufacturers, which appeared in the Chicago Dairy Produce of February 6, 1923.

I would like to have the Clerk read in my time an extract from Professor McKay's article.

The Clerk read as follows:

At all the dairy association meetings, which have been held for a number of years, where the question of standards has come up, resolutions have been passed favoring 80 per cent fat and 16 per cent moisture. Possibly the reason a standard of this kind has been so universally accepted is due to the fact that it is in line with the standards adopted in other countries.

We have a few people who claim they would prefer to work under a ruling. As no one has the right to fix a definite standard, except the Congress of the United States, a ruling would have no standing in court. Therefore, we might infer that those who want to work under a ruling do not desire a butter standard of any kind. I have authentic reports from some of our leading dairy States that butter has been placed in their markets containing as low as 72 per cent fat. The placing of this kind of butter on the market is not only deceiving or cheating the consuming public but it renders unfair competition to other manufacturers who are endeavoring to make honest butter, or butter containing 80 per cent fat or above.

Mr. HAUGEN. Professor McKay is secretary of the American Association of Creamery Butter Manufacturers. As the gentleman knows, in the eighth judicial circuit the court has held it is not enough for the department just to show that butter contains more than 16 per cent of moisture to subject it to the adulterated butter penalties. And under that construction of the law it is, as stated by Professor McKay, possible now to manufacture and sell butter containing 72 per cent. That is in the State of Minnesota, in the eighth circuit. Possibly that may account for the objection to this bill. Now, what we propose to do by this bill is to definitely fix a standard for butter by law; to write into the statute the definition of butter requiring a minimum of 80 per cent butter fat—just what is required now by regulation, nothing more, nothing less; just what has been enforced and which has been the custom for 16 years, not only in this country but in several other countries—a standard that will have the force and effect of law. As is well known, the standards fixed by regulation do not have the force and effect of law but merely serve as a guide. In the enforcement of the pure food and drug act it requires a collection of that proof which is necessary, as, for instance:

Proof to show the custom of the trade.

General practice of the industry and the like.

The Federal standards adopted about 16 years ago by the joint committee required 82½ per cent butter fat. This standard was found to be impracticable, unenforcible, and out of line with the existing customs in the trade, which is almost universal on the basis of 80 per cent. As a result the department announced that it would not attempt to enforce the standard of 82½ per cent, but would require 80 per cent.

A number of States have adopted by statute the impracticable standard of 82½ per cent, but practically none attempt to enforce it.

On December 18, 1922, the 80 per cent milk-fat standard adopted by the joint committee was adopted by the Department of Agriculture as a guide for the officials of the department in enforcing the pure food and drugs act, the standard proposed in this bill.

If the bill is enacted into law it will relieve the department from endless difficulties in enforcing the butter standard.

It protects the honest manufacturer of butter against the manufacturer who takes advantage of the department's difficulty in enforcing its regulations.

It protects the consumer against being imposed upon by manufacturers of butter taking advantage of the department's disadvantages in enforcing its regulations.

The bill was drafted and introduced at the suggestion of representatives of the creamery people. It has the approval of the department and, judging from the numerous letters and telegrams received, it has the indorsement of practically all the creamery and dairy interests.

After the question of butter standards had been generally discussed by the creamery people the question was referred to the American Association's executive committee on the subject of legislation for butter, and after due consideration the committee decided unanimously to ask for the passage of the Haugen bill, now pending before Congress, establishing a minimum fat standard of 80 per cent, which is, as before stated, the standard adopted by the joint committee, the Department of Agriculture, and the standard enforced for the last 16 years, notwithstanding the 82½ per cent standard adopted 16 years ago by the joint committee.

Mr. SEARS. Will the gentleman yield?

Mr. HAUGEN. Certainly.

Mr. SEARS. Reading over the report, I note that there are 22 States now that require 82½ per cent and only 11 States that require 80 per cent. I was wondering why those States required 82½ per cent.

Mr. HAUGEN. The gentleman will notice that a number of the States have adopted the 82½ per cent standard—some by law, some by regulation. Some States provide that the standards of the United States Department of Agriculture shall automatically become the standards of that State; others provide that the standards of the United States Department of Agriculture may by regulation be used as the standards of that State. Hence this law making 80 per cent butter fat the standard will automatically change the 82½ per cent standard in those States which provide for the adoption of the standards of the United States Department of Agriculture, and many of the 22 States referred to by the gentleman will have their standards changed to 80 per cent automatically by the enactment of this bill. That, the 80 per cent, is the standard that is being enforced.

The department announced that the 82½ per cent standard was impractical, unworkable, and for that reason it was not attempted to enforce it.

Mr. SEARS. In my State they enforce the State law, which is 82½ per cent.

Mr. HAUGEN. It is my understanding that no State enforces the 82½ per cent standard.

Mr. SEARS. If the gentleman will yield for another question, under this bill I see nothing about a person putting 20 per cent of water in the butter.

Mr. HAUGEN. Of course, it is necessary to mix a little salt in the butter; usually from 3 to 3½ per cent of salt is mixed with the butter.

Mr. SEARS. My colleague [Mr. McLAUGHLIN of Michigan] said they should not have more than 16 per cent water.

Mr. HAUGEN. There is a regulation as to that in the Treasury Department, under which the enforcement of adulterated butter laws comes.

Mr. SEARS. Should we not legislate and not permit the department to make regulations? That is, if we know what we want and what should be the law. If this was done then the people would know what was required.

Mr. HAUGEN. I agree with the gentleman that the moisture content should be determined, but let us deal with one thing at a time. Practically all are agreed upon the 80 per cent butter fat, which is the present standard. Then, when the moisture content has been given consideration, and when everybody gets together on the proposition, we can then take up the moisture-content proposition.

Mr. CLARKE of New York. Will the gentleman yield?

Mr. HAUGEN. I will.

Mr. CLARKE of New York. Is it not true that in this bill, originating in the department, all agreed that the object of the bill was to agree upon a butter-fat content, and that was all in the proposition?

Mr. HAUGEN. The question of standard is fixed by the department by regulation, and we want to give it the force and effect of law. It would relieve the department of endless difficulties in enforcing its standard.

Mr. CLARKE of New York. And have the United States uniform in its butter products?

Mr. HAUGEN. Absolutely.

Mr. KNUTSON. Will the gentleman yield?

Mr. HAUGEN. I will.

Mr. KNUTSON. I notice in the copy of the bill that a portion of it has been stricken out, lines 9 to 10, where it says that not more than 16 per cent of water. What was the object of the committee in removing that restriction?

Mr. HAUGEN. Now, the bill as introduced provided for a double standard of not more than 16 per cent of moisture and required 80 per cent of butter fat. The representatives of the creamery people who appeared before the committee could not get together on the double standard, but were all agreed on the single standard. So the committee decided to take care of the single standard.

Mr. DAVIS of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. KNUTSON. Does not the gentleman think that 16 per cent of moisture in butter is sufficient?

Mr. HAUGEN. That is the regulation now in the Treasury Department.

Mr. ARENTZ. For that reason we ought to take up the bill and make it conform.

Mr. HAUGEN. Your constituents—the consumers—are entitled to that protection. The manufacturer of butter in your district and every other district is entitled to protection against dishonest manufacturers. It is not fair to permit people in one State to manufacture and sell butter containing only 72 per cent of butter fat and compel the people across the line to make butter containing 80 per cent.

Mr. BUTLER. How can they do it under the regulation now?

Mr. HAUGEN. It is contended that they have not the power to regulate. We propose to write it in the law, so that the courts may know exactly what the standard is.

Mr. BUTLER. The gentleman is well informed on this subject and I want information. Is it not possible now to prosecute a man who makes butter with only 70 per cent of butter fat?

Mr. HAUGEN. The courts have held that butter containing more than 16 per cent is not under all conditions "adulterated butter." That is the holding in the eighth circuit.

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

Mr. HAUGEN. Yes.

Mr. KNUTSON. The law of Minnesota provides that butter shall not contain more than 16 per cent of moisture. The gentleman will concede that Minnesota butter is standard the world over.

Mr. HAUGEN. The gentleman from Minnesota is mistaken. [Laughter.] The gentleman is aware of the fact that in Minnesota and in the eighth circuit it is possible to include more than 16 per cent, and possibly for that reason is the opposition. We object to requiring 80 per cent in one State and allowing another State to manufacture and sell butter containing only 72 per cent.

Mr. KNUTSON. I do not know who Mr. McKay is, but I dispute his statement.

Mr. HAUGEN. Mr. Speaker, I reserve the balance of my time.

The SPEAKER. The gentleman yields back three minutes.

Mr. HAUGEN. I yield two minutes to the gentleman from Indiana [Mr. PURNELL].

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

Mr. HAUGEN. Yes; I will yield to the gentleman.

Mr. CHINDBLOM. I understand the gentleman from Iowa takes more time for the purpose of permitting me to answer the question.

Mr. PURNELL. He has only three minutes.

The SPEAKER. The Chair recognizes the gentleman from Indiana [Mr. PURNELL].

Mr. PURNELL. Mr. Speaker, stripped of all this confusion, the purpose of this bill is to define butter and provide a standard therefor. This bill fixes the standard at not less than 80 per cent by weight of milk fat. I agree with these gentlemen, these lawyers in the House who take issue with this amendment for the reason that it is very unusual for us to fix a provision in a bill and by amendment explain what we mean. But there is this justification for it: We have had tolerances recognized by the department and the courts up to 2½ per cent. This practice has become more or less common.

I want to explain to you just how that operates in Indiana. Our State board of health now fixes the butter-fat content at 82½ per cent. If we adopt this standard of 80 per cent and tolerances are then permitted, Indiana 82½ per cent butter would have to compete with 77½ per cent butter under this bill, and for that reason I see no objection to our making it perfectly clear that we want 80 per cent butter fat. I recognize the fact that it is unusual, but the very activity on the part of the people who make butter and who have been accepting these tolerances against this amendment would indicate, to my mind, that they have hope after the adoption of this bill to continue asking for tolerances. That is the very thing we want to prevent. For that reason I am going to support the amendment offered by my colleague on the committee from Wisconsin [Mr. VOIGT], although it is, as I recognize, very unusual.

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

Mr. HAUGEN. I think the time is all up.

Mr. Speaker, I move the previous question on the bill and all amendments.

The SPEAKER. The gentleman from Iowa moves the previous question on the bill and all amendments.

The previous question was ordered.

The SPEAKER. There are committee amendments pending, and also the amendment of the gentleman from Wisconsin [Mr. VOIGT]. The Clerk will report the first committee amendment.

The Clerk read as follows:

Page 1, line 3, after the word "That," insert the words "for the purposes of the food and drug act of June 30, 1906 (34 Stat. L. p. 768)."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Page 1, line 9, after the word "centum," insert "by weight."

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Page 1, line 9, after the word "fat," strike out "and not more than 16 per cent of water."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken, and the Speaker announced that the "ayes" seemed to have it.

Mr. VOIGT. Mr. Speaker, a division.

The SPEAKER. A division is demanded.

The House divided; and there were—ayes 61, noes 29.

Mr. VOIGT. Mr. Speaker, I demand tellers.

The SPEAKER. As many as favor taking this vote by tellers will rise and stand until they are counted. [After counting.] Nine gentlemen have risen; not a sufficient number.

So the amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Strike out all of section 2.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will report the next amendment.

The Clerk read as follows:

Page 2, line 4, strike out all of section 3.

The SPEAKER. The question is on agreeing to the amendment.

The amendment was agreed to.

The SPEAKER. The Clerk will report the Voigt amendment.

The Clerk read as follows:

Amendment offered by Mr. VOIGT: Page 1, line 9, after the word "fat," insert a comma and add "all tolerances having been allowed for."

The SPEAKER. The question is on agreeing to the amendment.

The question was taken, and the Speaker announced that the "ayes" appeared to have it.

Mr. HAUGEN. Mr. Speaker, I ask for a division.

The SPEAKER. The gentleman from Iowa asks for a division.

The House divided; and there were—ayes 73, noes 21.

So the amendment was agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. HAUGEN, a motion to reconsider the vote whereby the bill was passed was laid on the table.

The SPEAKER. Has the Committee on Agriculture any further business?

WAREHOUSES.

Mr. HAUGEN. Mr. Speaker, I call up the bill (S. 3220) to amend sections 2, 5, 11, 12, 15, 19, 29, and 30 of the United States warehouse act, approved August 11, 1916.

The SPEAKER. The gentleman from Iowa calls up a bill which the Clerk will report.

The Clerk read the title of the bill.

The SPEAKER. This bill is on the Union Calendar, and the House automatically resolves itself into the Committee of the Whole House on the state of the Union, and the gentleman from Illinois [Mr. MADDEN] will please take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the State of the Union, with Mr. MADDEN in the chair.

The CHAIRMAN. Without objection, the first reading of the bill will be dispensed with.

There was no objection.

Mr. HAUGEN. Mr. Chairman, this bill proposes to amend the United States warehouse act, approved August 11, 1916.

The amendment to section 2 strikes out the words:

The term "agricultural product" wherever used in this act shall be deemed to mean cotton, wool, grain, tobacco, and flaxseed, or any of them.

That is to amend the act so as to include all agricultural products suitable for storage.

The amendment to section 5 removes the one-year limitation now placed upon licenses, so as not to require the warehouseman to take out a new license every year. The license may be terminated by the Secretary at any time whenever the warehouseman fails to comply.

The amendment to section 11 of the act provides for licensing persons to inspect and sample products.

The amendment to section 12 adds in two places the words "inspect, sample, or," so as to make the section conform with the proposed amendment to section 11.

The amendment to section 15 strikes out the words "grain, flaxseed, or," and the word "other." As the section now reads there has been doubt as to whether grain or flaxseed, regardless of the manner in which they may be stored, are under all conditions fungible agricultural products. This makes the definition clear.

The amendment to section 19 strikes out the words "in this act defined." That is because the amendment to section 2 eliminates the definition of agricultural products, therefore the words "in this act defined" are useless.

The amendment to section 29 inserts the words "inspectors and samplers" in two places to harmonize with amendments 11 and 12, and increases the severity of the penalty which may be imposed, and imposes penalties on persons who draw, with intent to deceive, a false sample of a product or who willfully mutilate or falsely represent samples drawn under the act or who fraudulently grade or weigh agricultural products stored. It is not believed that the offense is now punishable or sufficiently broad in scope.

The bill is recommended by the Department of Agriculture, and in the enforcement of the act it seems necessary that these amendments be made.

Mr. HUDSPETH. What change does the bill make with reference to wool warehouses and the storage of wool?

Mr. HAUGEN. They are being licensed now.

Mr. HUDSPETH. Does it make any change in the present law?

Mr. HAUGEN. It makes the same change as to warehouses storing wool as it does to warehouse storing other products. I have here a statement of the number of warehouses that are licensed. On December 21, 1922, there were 368 cotton warehouses, 17 wool warehouses, 217 grain warehouses, and 60 tobacco warehouses. On February 1 the total number was 360 cotton, 20 wool, 227 grain, and 62 tobacco warehouses.

Mr. ELLIS. How many new inspectors are provided for?

Mr. HAUGEN. As many as the department may provide. I reserve the remainder of my time.

Mr. JONES of Texas. Will the gentleman from Iowa yield to the gentleman from Oklahoma [Mr. SWANK]?

The CHAIRMAN. The gentleman is entitled to time in his own right in opposition to the bill.

Mr. JONES of Texas. I am not opposing the bill.

Mr. HAUGEN. I yield to the gentleman. How much time does he desire?

Mr. SWANK. Five minutes.

Mr. HAUGEN. I yield to the gentleman from Oklahoma [Mr. SWANK] five minutes.

Mr. SWANK. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD on H. R. 2343, a warehouse bill.

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

There was no objection.

Mr. SWANK. Mr. Chairman and gentlemen of the committee, on different occasions before this I have argued for agricultural legislation and have spoken in support of my farmers' warehouse bill, H. R. 2343. I have spoken in behalf of this bill on the floor and before the Committee on Agriculture. I have been anxious at all times to call the attention of Congress to the necessity of this legislation. Agriculture is the key to our national prosperity. It makes no difference where a person lives or in what business he may be engaged, he can enjoy no permanent prosperity without it first reaches the farmer.

When there is a wave of prosperity among the farmers everybody enjoys good times, and without their being reasonably prosperous it is useless to talk about other legislation intended to correct the economic ills of the country. You must begin at the source. If the physician wishes to cure a certain disease he must first find the seat of the trouble and begin there. Too much legislation begins at the greatest distance from the farmer. Increased tariff rates causing him to pay more for the necessities of life can not help but only retards his economic recovery. The millions proposed in the ship subsidy bill will only add to his troubles in the way of a bonus to special privilege and increased taxation. Increased activities of the Government asking for increased appropriations where not needed do not remedy this situation. There remains something else to be done. A high tariff only lessens his export trade and foreign shipments and thereby decreases the price of his products. Instead of a situation like that, he must be furnished a fair and easily accessible market for the products of his toil. He always has produced the goods and will so continue if given a chance and an "even break" with other lines of business.

It is too often assumed that if certain lines of business for a time make a large profit that this will afford relief to the farmer. It is the farmer who feeds the world, and he should be given a fair chance with our other citizens. Let the farmer fail to plant a crop for one season and there will not be a bank with its doors open, not a store doing business, and no trains running on the many railroads. Agriculture is our basic industry, and the one upon which all others depend. When we do something for this great industry we are assisting all other

lines of business. In order to find a cure for the farmers' troubles we must first study his problems.

Like some other Members of Congress, I was reared on the farm and lived there until manhood and have always studied the problems of the farmer, trying to find some method of meeting a solution of his difficulties. In order to legislate effectively for agriculture we must understand the business just as the banker must know the banking business in order to make a success in that line of endeavor. Mr. Chairman, there is something wrong with conditions when a hard-working, law-abiding man, and his good wife with their children, work and drudge from morning to night trying to make something from their toil to clothe and feed the family, and in the evening of life find themselves with no property, little clothing, coarse and insufficient food. The wealth of the country has been too unfairly distributed and the situation can never be remedied until something can be done to relieve these conditions. Of all business men in this country, the farmers have always received the "little end" of the bargain. It is within the power of Congress to do something for him, and it should be done now. It should have been done long ago, and especially in 1919, and no excuse can be given for not doing something the past three years. Much has been done for the big business interests of the country, even this session, but what has been done for the farmer? Surtaxes were reduced and excess-profits taxes repealed. A man who did not make the profit did not have the high rate of taxes to pay, and if he made the profit he could afford to pay the taxes. The most prohibitive tariff bill ever drawn was written into law for the benefit of those who need no special legislation, and I am glad that I voted against that bill. All that was class legislation pure and simple, but when you propose something for the farmer some will refer to it as class legislation, and some who supported the tariff bill might indulge in that pastime. Of course, everything can not be done by Congress, and indolence can not be transformed into industry by legislation, but the farmer is not asking for that to be done, as he is in the class of the industrious and law-abiding. The reason I speak for the farmer is that he has not had a fair opportunity and the whole business of the Nation depends upon that of the farmer. All that he asks is to be given a fair chance with the rest of the people and especially with those favored industries heretofore cared for. If the necessities of life are to be continued to be produced something must be done. A merchant or other business man can not continue in business when his expenses are greater than his income.

When confronted by that situation he must close out. Yet that is just what has happened to the farmer and that is the situation with which he is grappling to-day. Since 1919 he has been producing his crops and live stock at a great loss, and yet has done less grumbling than any other class. He is the center of the whole system of trade and industry.

I have been asked what remedy I propose and will gladly tell you. Many bills for his relief have been proposed and introduced in Congress, and I believe with a desire to help the producers of the necessities of life. The farmer furnishes the world something to eat and wear. He has worked just as hard as heretofore, and when the war profiteers were getting theirs at his expense he never grumbled, for he was receiving a better price than usual, and even in the time of high prices he was producing at a loss. When the farmer was getting 40 cents per pound for cotton, $2 per bushel for wheat, and $1 per bushel for corn, you could hear it said that he was getting rich. That talk was indulged in by people who did not know him nor anything about his business and the conditions under which he worked.

Suppose an average farmer produced 10 bales of cotton, which is an extraordinary production, at 40 cents per pound. That would bring him $2,000. If he is a renter, and most farmers are, he must pay the landlord one-fourth, or $500, which leaves $1,500 for himself and family. Counting the work of himself and one team at $75 per month, and this was a low figure for 1919 and 1920, would add another cost of $900. Then figure his wife the same salary that it would cost to hire some other woman to do the housework, and this would amount to at least $50 per month, or $600 per year, which added to the $900 would make $1,500. This would leave the children nothing for their work, allow nothing for food and clothing for the family, upkeep of his farming implements, interest, taxes, and the depreciation of his working capital. He is entitled to a fair margin of profit on his labor and capital as other lines of business, and his faithful wife should be considered, for she works just as hard as her husband. It matters not in what work people are engaged, just so long as it is honest they are entitled to a comfortable living, and a great deal more so than those whose hands have never been stained with honest toil and who live in their grandeur and splendor.

The farmer does not have servants to answer his every nod and beck, he does not have expensive automobiles and liveried chauffeurs at his command, but is a far better man than he who sits in the seat of the mighty and seeks to keep him muffled still.

The farmers will not submit much longer, for they know the use and the power of the ballot. They will go about any change in a peaceful and law-abiding manner and never resort to the cruel methods of the outlaw and the extortionist and those who have always enjoyed special privilege. All the power that is at the command of the farmers of the country is the power of the ballot, and they realize who are their friends. What they want is action and less talk. Many remedies have been offered. Bills to authorize the Secretary of Agriculture to purchase wheat and bills to provide credit facilities for the agricultural and live-stock industries of the United States have been offered and many other bills along similar lines. What is the import of all these bills? Their object is to help the farmer, but there can be no effective rural-credit legislation without adequate storage facilities. If the products of the farm can be properly stored in sufficient quantities, then relief can be afforded by loans on warehouse receipts. Remember that storage facilities must first be provided.

On the 11th day of April, 1921, the first day of the special session of the Sixty-seventh Congress, I introduced this farmers' warehouse bill, H. R. 2343. The bill is written in plain language, unambiguous, and easily understood. It is short and can be administered easily. The bill provides that stored products shall be insured at actual cost. Of course, some of the old-line insurance companies may not like that provision of the bill, but, Mr. Chairman, I am trying to do something for the present economic distress of the country by beginning at the source of all business. Some may cry "socialism," but that is often the cry of a person when he knows no other argument and wants a certain measure defeated. The bill under consideration provides that when any State makes an appropriation to build warehouses, or when any farmers' cooperative association having a selling agent makes an appropriation for such purpose, the Federal Government shall duplicate such appropriation. It is similar legislation to our present good-roads law, but more important. We can live, prosper, and enjoy life without hard-surfaced roads and even without railroads, though it would inconvenience us to some extent, but we can not live without something to eat and wear, and that is produced on the farm. These products are furnished by the farmer, and he should enjoy the fruits of his labor as he adds to the enjoyment of others.

We need better roads and better railroad facilities, but the question now before us is, What will be done for America's greatest industry? There is a precedent for Government owned and operated warehouses in the ownership at this time of 348 warehouses for the storage of liquor. It seems to me that it is more important to have places for the storage of wheat, corn, cotton, and other farm products than to have warehouses for the storage of liquor. I believe that Congress wants to do something for agriculture, but the question in the minds of the Members is what is best to do at this time. I will try to show you what I think is the best to do for the agricultural industries of the country.

The Secretary of Agriculture, the head of the farming activities of the United States, is interested in the promotion of agriculture. The bill under consideration provides that the Secretary of Agriculture, the president of the board of agriculture in a State where such warehouse is located, and a representative chosen by the farmers' cooperative associations in any such State shall constitute the board of control. This provision of the bill will encourage the organization of farmers' associations, and this is necessary to the farmers' interests. They must organize like other lines of business organize. This is one of the objects of the bill. The warehouses will be under the management of the board of control, which is authorized to acquire property and property rights for the erection of the warehouses. Provision is made for the employment of a superintendent for the warehouses, the salaries to be paid by the States where the warehouses are located. Several States have a warehouse law, and we also have a Federal warehouse law, but they are all permissive laws—that is, individuals and organizations are given permission to build warehouses and charge a certain fee for the storage of products. I think that the Government should build the warehouses outright, without any other aid, but I have drawn this bill cooperatively between the States and with farmers' cooperative associations. It is pro-

vided in this bill that the official standards of the United States for farm products shall be the official standards of the warehouses created by this bill. It is, of course, necessary that uniform grades be established and not have thousands of unofficial graders, each of whom can set his own standards.

Mr. JONES of Texas. Will the gentleman yield?

Mr. SWANK. I yield.

Mr. JONES of Texas. Is it the gentleman's idea that these warehouse receipts shall be negotiable?

Mr. SWANK. Yes.

It is to the best interests of the farmers and the country that the Government supervise the grading. The issuance of warehouse receipts is provided for in the bill, and they shall be negotiable and in the form prescribed by the Secretary of Agriculture. Adequate punishment is provided for the violation of the provisions of the act. The location of the warehouses is subject to the approval of the Secretary of Agriculture of the United States. The warehouse receipts would be convenient, little expense attached in recording them, and no doubt the local banks would be glad to loan on them as security. In order to prevent any organization from opposing the system by refusing to loan money on the warehouse receipts, the bill provides that the Federal reserve banks shall loan money on the warehouse receipts.

The bill provides that the board of control shall prescribe the fees to be charged for the storage of farm products, and said fees shall not be in excess of the actual cost of maintaining the warehouses. I have been told that if the farmers want warehouses they should build them at their own expense. I answer that the perpetuity of the Government is so closely linked with agriculture that it is a Government problem. Farming is organized and operated on an entirely different basis to other lines of business. One of the greatest fights the farmers have to make is to get money with which to finance their business. They are beginning to organize effectively, as some candidates for office have found out, and more will feel the effect of this organization later unless something is done to promote this the greatest of all industries. The enactment of this bill into law will encourage the farmers of the country to greater effort and the entire Government will prosper thereby.

Congress has appropriated, and not so long ago at that, many millions of dollars for the assistance of the railroads of the country and guaranteed them a certain per cent of profit. If it is said that the railroads were taken over by the Government during the war, to be turned back to the owners in as good condition as when taken, then, Mr. Chairman, I answer that the farmer's business was also taken over and he was called upon to plant certain crops and on some of these crops the price was fixed by act of Congress. If that was necessary then, it is necessary now that something be done for him in order that he may continue to feed and clothe the world.

In the readjustment after the war the farmers lost millions, and it will be many years before they recover. Why should not Congress do as much for him as for the railroads? I am asking for only $100,000,000 in this bill. Were it not for the farmers there would be but little for the railroads to transport. The Secretary of Agriculture, before the Traffic Club of Philadelphia, January 9, 1922, said:

> Agriculture provides the railroads with more than 20 per cent of their total tonnage, and indirectly with as much more. But for the agricultural tonnage many of our great transportation systems would fail.

But the relief given the railroads by Congress was not all that was done for them. They were given permission to increase their freight rates, and now, more than four years after the war, the rates are almost as high as ever. A few small decreases have been made, but no material change. It costs more now to haul freight than the producer can get in many instances for his articles when landed at their destination. If the Interstate Commerce Commission does not act and cause a material reduction in freight rates, then I insist that Congress should act. Congress created the Interstate Commerce Commission and can also set the act aside. Congress can make the rates the same as it can delegate the authority to some other body. The time has come for action. Some say that the railroads can not make a profit, but they have made a profit and will continue to do so, and they are no more entitled to a profit than the farmer. During the past few years the farmer planted his crops when the cost of production was high—the highest in the history of the country. He paid more for his farming implements, feed, and maintenance. The necessaries of life cost him more than in any other period of time. Many of our best farmers were driven into bankruptcy and can not even pay their taxes. The farmer is certainly entitled to as much consideration as any business man. Millions have been appropriated to pay contractors who lost money on certain contracts during the war, but nothing appropriated for the farmer. He was patriotic during the war, as at all other times, and it was his occupation more than any other that caused the quick termination of the war, for he fed and clothed the allied armies. He planted what the Government asked and never complained. He has always done his part by the Government, which he respects and loves, and in this bill is only asking for a small appropriation, compared to the industry. It will assist him to recover from the disaster of the past few years.

To refute the claim that the railroads are making no profit, I wish to insert a statement from the Interstate Commerce Commission:

Operating revenues and operating expenses of Class I steam roads in the United States.

(For 200 steam roads, including 16 switching and terminal companies.)

Item.	December, 1921.	12 months ending with December, 1921.
Average number of miles operated	235,170.42	234,912.85
Revenues:		
Freight	$288,762,008	$3,918,699,970
Passenger	[1] 88,669,910	[2] 1,153,752,002
Mail	10,014,096	95,810,375
Express	12,158,008	104,633,598
All other transportation	14,297,406	164,757,085
Incidental	9,686,082	118,799,853
Joint facility (credit)	1,824,853	8,767,197
Joint facility (debit)	390,070	1,987,855
Railway operating revenues	425,022,293	5,563,232,215
Expenses:		
Maintenance of way and structures	49,600,255	763,479,568
Maintenance of equipment	92,564,513	1,254,221,299
Traffic	7,100,051	84,186,263
Transportation	183,558,753	2,286,043,830
Miscellaneous operations	3,686,802	48,938,207
General	13,881,015	167,583,103
Transportation for investment (credit)	1,511,800	6,973,029
Railway operating expenses	348,879,589	4,597,479,241
Net revenue from railway operations	76,142,704	965,752,974
Railway tax accruals	19,679,440	280,441,488
Uncollectible railway revenues	738,109	1,978,578
Railway operating income	55,725,155	683,332,908
Equipment rents (debit balance)	3,391,354	52,330,115
Joint facility rent (debit balance)	745,485	16,192,262
Net railway operating income	[3] 51,588,316	[4] 614,810,531
Ratio of expenses to revenues (per cent)	82.09	82.64

[1] Includes $2,571,874 sleeping and parlor car surcharge.
[2] Includes $32,601,960 sleeping and parlor car surcharge.
[3] Includes net credit of approximately $9,226,000 representing adjustments on account of closing out guaranty period reserves. Reports of adjustments not received from 20 roads, including Pennsylvania system.
[4] Includes net credit of approximately $6,857,000 representing adjustments on account of closing out guaranty period reserves.

NOTE.—Excludes Detroit, Toledo & Ironton, report not having been filed at date of compilation.

Mr. LOWREY. Will the gentleman yield?

Mr. SWANK. I yield.

Mr. LOWREY. Does the gentleman know what per cent that is on the investment in the railroads?

Mr. SWANK. More than 5 per cent on a valuation of $18,000,000,000, and the farmer can not make any profit on his labor and investment.

This statement shows that these roads, for the year 1921, had a net revenue from railroad operations of $965,752,974. Now, this looks like some profit to me. But the farmer could not borrow money on his crops and could not sell them for enough to pay the harvesting in many instances. His good wife and children who assisted him in raising his crops were often without sufficient clothes and his children in many cases were compelled to remain away from school. They are not asking any special favors. Some say these warehouses should be erected by the States, but I hear no one advocating that method for hard-surfaced roads. The reason for Government assistance for hard-surfaced roads is on account of their importance to the Government. In measures like the good roads law and this warehouse bill there should be cooperation between the Government and the States.

I have been asked if the bill would be constitutional and I answer that it would. I investigated its constitutionality thoroughly before introducing the bill. The Encyclopedia of Law and Procedure, commonly called "Cyc," which is a recognized authority among all lawyers and in all courts on the general law, in volume 2, page 73, lays down the following:

> Agricultural societies are agencies of the State, created for the purpose of assisting in promoting a most important industry, and acts authorizing appropriations of public money in their behalf are not unconstitutional, although such appropriations to private corporations are forbidden.

From this legal statement it is seen that on account of the importance of the farming industry our courts have held that appropriations for farming associations are not unconstitutional.

The Republican platform of 1920 says:

The farmer is the backbone of the Nation. The crux of the present agricultural condition lies in prices, labor, and credit. The Republican Party believes that this condition can be improved by * * * the right to form cooperative associations for marketing their products and protection against discrimination.

The Democratic platform of 1920 says:

We favor such legislation as will confirm to the primary producers of the Nation the right to collective bargaining and the right of cooperative handling and marketing of the products of the workshop and the farm and such legislation as will facilitate the exportation of our farm products.

This shows the importance which the two great political parties attach to agriculture. The farmers are the only class, business, or profession who produce more of the necessities of life than they consume. There are 6,500,000 farms in the United States and some 13,000,000 men engaged upon these farms, but unless something is done for agriculture the farms of the country will be depopulated. In many cases farmers have been compelled to forfeit large sums of money as part payment on farms and finally have the mortgage take it all. Many of our best farmers have been obliged to leave the farm and go to the city. Men can not be expected to work hard all their lives on the farm and not even make the necessaries of life for their families. According to statistics, business failures increase in a surprising ratio to poor prices and reduced revenue on the farm, and there is a great reduction in business failures when the farmer obtains a reasonable price for the products of his toil. When agriculture is depressed the number of business failures are more than doubled in comparison to the number of failures when the farmer is in reasonably good circumstances. When the farmer receives poor prices for his goods business is bad, failures many, and the laboring people suffer thereby in unemployment and low wages. Therefore, everyone enjoys the prosperity of the farmer and suffers when poor prices are prevalent.

The Yearbook of the Department of Agriculture for 1921 says:

The experiences of recent years have shown more clearly than ever before that an efficient agriculture is of vital importance to all the people. During the darkest days of the war success or failure turned on an adequate food supply. The promotion of agriculture is therefore in the interest of all the people. Conditions which are harmful to the producers and which tend to jeopardize future production must be noted with concern to all of our people, and the national energy should be turned toward improving such conditions. The farmer, therefore, must produce on faith. He must himself carry all the risks of weather, of heat and cold, of flood and drought, of destructive storms, of insect pests, and plant and animal diseases. If the farmers of America should cease work for a single crop season, millions upon millions of people would suffer for food. They have never ceased to work, no matter what the trials and hardships.

The Department of Agriculture published this book as head of the farming industry, and it contains the research and opinions of men who have studied carefully these subjects and realize that something must be done.

Everyone knows that the farmer is not receiving a fair price for his products and his work. We all know that farm prices are unreasonably depressed, and we should exert our best efforts to find a remedy for present conditions. I think the bill under consideration will bring relief and is worthy the most careful consideration of Congress. If something is not done to stop the drift from the country to the city, disaster will surely follow. What we need now is legislation that will assist in rehabilitating our greatest industry—agriculture. Of course, we can not legislate good crops, rain, sunshine, and industry, but we can enact laws that will stop price fixing on farm products by those whose only interest is to get those products as cheaply as possible and further depress prices. We can pass laws that will be a great benefit to the marketing system of the farmers by providing a method for the storage of his products and the issuance of warehouse receipts against these products. The Secretary of Agriculture says that we must see to it that the road between the farmer and the consumer is open and direct and that the farmer have a free and competitive market in which to dispose of his products. These recommendations of the Secretary will follow the enactment of this bill into law.

The report of the Joint Commission of Agricultural Inquiry of the first session of the Sixty-seventh Congress says:

In the last 10 years the total number of mortgages on farm lands and buildings owned by their operators has more than doubled and has increased proportionately more than the value of the lands and buildings. Railroad service, like any other service or commodity, must be sold at a price within the reach of the people who pay for it. Freight rates, therefore, must bear some relation to the prices which it is possible to obtain from the commodities transported. Numerous instances were brought to the attention of the commission in which it was shown that the total receipts from shipments, especially of fruits and vegetables, were absorbed by railroad charges in transporting them to market, leaving to the producer nothing for his time, labor, and investment in producing them. No industry can survive or prosper under such conditions.

The commission further says:

The warehouse system of the United States is a decentralized and disintegrated system, subject to the widest variations of regulation of the warehouseman's liability in the different States. This situation does not lend itself to systematic marketing or orderly financing of farmers' crops. The farmer can not hope to adequately control the marketing of his products or to have influence in proportion to his number and importance in the absence of a warehouse system which will enable him to hold or sell his crops as his own judgment, or the judgment of the cooperative association of which he may be a member, dictates.

The bill which I have proposed will enable him to hold and to sell his crops as his own judgment dictates by furnishing him a place for storage of his products and loans on his warehouse receipts. Under the present system when the farmer gathers his crops he must either be permitted to borrow money on his receipts if he so desires, or sell at once to pay his taxes, interest, and buy something to eat and wear. This bill will enable him to hold his products until he can sell on a fair market. Under this system he can not be compelled to sell when the market is low and below the cost of production.

The report of the Secretary of Agriculture for 1921 says:

Marketing is as truly a part of production as is the growing of the crops, for the crops have no value unless they can be put into the hands of those who need them. The assembling, storing, and distributing of farm products are productive enterprises, and those engaged in this work require much the same economic and technical information as that required by farmers.

In the Agricultural Yearbook for 1921 we find the following:

When we remember that approximately 40 per cent of all our people live in the open country and are dependent upon what grows out of the soil, the baneful effect upon the Nation of reducing the purchasing power of that 40 per cent so far below normal is obvious. The farmer is compelled to practice the most rigid economy, to wear his old clothes, to repair his old machinery, to refrain from purchasing everything he can possibly do without, and to deny himself and his family not alone luxuries but many of the ordinary comforts of life.

Every person who is at all familiar with farm conditions today knows the facts above stated, but what is Congress going to do for the producer? What has Congress done to remedy the situation, and what does it propose?

The same volume continues:

The cost of getting farm products from the farm to the consumer's table has increased tremendously during the past three years. The freight charge has very nearly doubled, and in some cases more than doubled. When wheat was selling at $2.50 per bushel, corn at $1.75, cattle and hogs at $16 to $22 per hundred, cotton at 30 cents per pound, the increased freight rate was not a serious matter. But with wheat at $1, corn at 48 cents, cattle and hogs at $7 to $10 per hundred, cotton at 17 to 20 cents—all these being primary market prices, not farm prices—the addition of even 10 cents per bushel or per hundred pounds imposes a burden grievious to be borne. The transportation matter is one of vital importance to agriculture.

Yes, Mr. Chairman, railroad rates are of vital importance to the farmers, but what are we going to do to relieve the situation? On the question of freight rates I say that if the Interstate Commerce Commission permits such exorbitant charges when the roads are making such enormous profits, then Congress should take the matter in hand and reduce the rates in fairness and justice to these producers about whom we hear so much. I am proposing a remedy both to reduce the railroad rates and to provide a place for the storage of farm products at Government and State expense.

I here insert a statement from the Department of Agriculture on the farm mortgage debt of the United States:

Farm mortgage debt.

	1920	1910
Number of farms reporting amount of debt	1,193,047	1,006,511
Value of lands and buildings on farms reporting	$13,775,500,013	$6,330,236,951
Amount of mortgage debt on farms reporting	$4,003,767,192	$1,726,172,851
Ratio of debt to value (per cent)	29.1	27.3

	1920 (Jan. 1).	1910 (Apr. 15).
Value of lands in farms	$54,829,563,059	$28,475,674,169
Buildings	11,486,439,543	6,325,451.528
Implements and machinery	3,594,772,928	1,265,149,783
Live stock	8,013,324,808	4,925,173,610
Total value of all farm property	77,924,100,338	40,991,449,090

The Yearbook for 1921 further says:

The warehousing of cotton after ginning is very important economically. Leaving the baled cotton exposed to the weather results in large losses annually from the rotting of the fiber. The cotton warehouse is a place of shelter and protection from fire and theft, a place for classing and assorting to meet mill requirements, and, finally, it is a place where cotton may be deposited under conditions which enable the owner

to obtain money advance upon it until such time as he may desire to sell. Receipts of responsible warehouses are considered among the best kind of security.

What is here said about warehousing cotton may be said about most all farm products; and my bill provides these warehouses for the storage of grain, cotton, broom corn, wool, and other nonperishable farm products suitable for storage and shipment.

The 1921 Yearbook says that the realization of the enormous benefits to be derived from cooperative warehousing of cotton has led to the rapid organization in all of the principal cotton-growing States of farmers' associations to finance the building of centralized fireproof warehouses for the proper storage and handling of their crop. The farmer should not be compelled to build these warehouses, and no great number are built, and, therefore, his cotton and other crops are often left out in the weather, unless sold when harvested. This bill enacted into law would increase the farmers' associations, protect his crops from damage by the weather, and insure crop marketing in an orderly manner, and would cause him to receive a fair price.

The Annual Report of the Secretary of Agriculture for 1922 says:

During 1921 we exported large quantities of agricultural products, especially those products which were selling at ruinously low prices. This export movement has been decreasing.

Mr. Chairman, statistics show that we can not have exports without imports, and the law that places prohibitive tariff rates on imports will be reflected in decreased exports, to the injury of the farmer. It will thus be seen that the tariff law recently enacted instead of assisting agriculture has done it a great injustice. But who was this tariff law supposed to benefit? It certainly has injured the farmer by decreasing his exports.

From a statement of the Bureau of Agricultural Economics of the Department of Agriculture under date of December 31, 1921, and December 23, 1922, the estimate and value based upon prices December 1 are as follows:

	Production.	Value.
Cotton:	*Bales.*	
1919	11,420,763	$2,034,658,000
1920	13,440,000	933,658,000
1921	7,954,000	643,933,000
1922	9,964,000	1,192,461,000
Wheat:	*Bushels.*	
1919	968,279,000	2,080,686,000
1920	833,027,000	1,197,263,000
1921	814,905,000	754,834,000
1922	856,211,000	864,139,000
Corn:		
1919	2,816,318,000	3,786,516,000
1920	3,208,584,000	2,150,332,000
1921	3,068,569,000	1,297,213,000
1922	2,890,712,000	1,900,287,000

According to Crops and Markets, published by the United States Department of Agriculture December 23, 1922, the total value of all crops in the United States is as follows: The 1916–1920 average, $12,522,239,000; 1921 the value is $6,410,229,000, and 1922 it is $9,114,347,000.

These great crops have been produced by the farmer not only without any profit but at a great loss. There is something wrong when conditions are such that the farmers must produce at a loss and can not make any profit and not even current wages for himself and family.

The Department of Agriculture estimates that the cost of producing cotton in 1920 in some of the States was 33 cents per pound. In some sections the cost is much more. About the same ratio of loss in production will be true with other crops. A statement from the Department of Agriculture for 1920 shows that from 167 farms in three counties in the State of Iowa the average yield of wheat per acre is 18.5 bushels, at a cost of $1.88 per bushel; 40 acres at that price and yield would cost $1,391.20 to produce, and even at $2 per bushel the farmer would have $88.80 left, not estimating anything for his wife's labor, depreciation of his capital, interest, and taxes. A summary of 481 records prepared by the Department of Agriculture for 1919 from the States of Kansas, Missouri, Nebraska, Minnesota, and North and South Dakota shows that the net cost of producing wheat for that year was $2.15 per bushel. The department also says that of 451 records in 1920 in Missouri, Nebraska, Kansas, and Oklahoma the net cost per bushel of producing wheat is: In Missouri, $2.21; Nebraska, $1.91; Kansas, $1.77; Oklahoma, $1.98. Men can not continue to raise wheat that costs $2 per bushel and sell the same for $1 per bushel. Investigations by the Agricultural College of North Dakota show that the average cost of raising a bushel of wheat in that State was $1.43 in 1922.

The following statement from the Department of Agriculture shows the cost of producing cotton, corn, and wheat in 1921 and 1922:

Cost of producing farm crops.
(Preliminary estimates for 1922.)

Crops.	States.	1921		1922	
		Yield per acre.	Cost per unit.	Yield per acre.	Cost per unit.
Wheat (winter)	Kansas, Nebraska, Missouri	13 bushels	$2.01	14 bushels	$1.25
Wheat (spring)	North Dakota, South Dakota, Minnesota	9 bushels	2.20	14 bushels	1.00
Corn	Kansas, Nebraska, Iowa, Illinois, Indiana	34 bushels	.64	34 bushels	.61
Cotton	Georgia, S. Carolina, Alabama, Texas	110 pounds	.32	125 pounds	.25

Mr. Chairman and gentlemen of the committee, I am not speaking for the great State of Oklahoma alone, for this bill will benefit the producers of all sections of this great Republic. Oklahoma has a great diversity of products. Her production for each of the past three years of cotton, wheat, and corn is as follows:

Cotton:	Bales.
1920	1,336,000
1921	481,000
1922	635,000
Wheat:	Bushels.
1920	54,080,000
1921	47,325,000
1922	31,350,000
Corn:	
1920	78,960,000
1921	76,925,000
1922	57,600,000

Oklahoma ranks first among the several States in the production of oil and in 1920 she produced about 106,000,000 barrels, valued at $371,000,000. She raises more broom corn than all the other States combined, and Lindsay, Garvin County, Okla., is the largest broom corn wagon market in the world. Oklahoma has more than 170 separate and distinct oil and gas pools and more than 30,000 producing oil and gas wells in 38 counties. She produces millions of dollars of lead and zinc, and the United States Geological Survey has estimated the total coal supply of Oklahoma at 79,000,000,000 tons, The Oklahoma geological survey estimates the present available supply under present mining conditions at 8,000,000,000 tons. She also has millions of tons of asphalt, salt, limestone, and granite. In addition to all this she produces each year millions of dollars' worth of milk and cream, poultry and eggs, and other farm products. The people in the district which I have the honor to represent in the American Congress are not all engaged in agriculture, but they know that their success depends largely on the success of the farmer. In this district is the great city of Oklahoma City, which is the capital of the State and her largest city, the State university, the agricultural and mechanical college, the Central State Teachers' College, and the great oil fields.

This bill is not directed to one class of products nor to any one section, but will benefit the wheat and corn grower of the North as well as the cotton farmer of the South.

Mr. Chairman, it is estimated that in normal times there is a loss of over $70,000,000 to baled cotton as a result of permitting it to remain exposed to weather for months at a time without attention or covering of any kind. I am asking for an appropriation of $100,000,000 to begin with in constructing these warehouses, and it would result in a saving to the country in one year to cotton alone of more than $70,000,000. Other farm crops suffer great loss by a lack of proper warehousing, and in addition to this care of the crops the bill will stimulate the producers to greater activity in their cooperative associations and the establishment of selling agencies, and they will be enabled thereby to more directly market their products to the manufacturer and the consumer.

Gentlemen of the committee, if this bill were enacted into law and properly administered the marketing of farm products would be settled. This bill provides the storage, and the selling would be done as the demand required. All businesses and professions organize for mutual protection and the promotion of their interests, and such encouragement should be given the farmers. The watchword of the farmers should be organization

and cooperation. This bill would benefit not only the farmers but all business. It would be an easy matter to reduce other appropriations to the extent of $100,000,000, the amount asked in this bill. The farmers are the backbone of the Government. Fostering our agricultural interests and the payment of good living wages that workers may enjoy some of the comforts of life as well as the necessities is the best bulwark against Bolshevism which thrives on unrest and low prices. [Applause.]

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INDORSEMENTS OF THE BILL.

FARMERS' EDUCATIONAL AND
COOPERATIVE UNION OF AMERICA,
OFFICE OF PRESIDENT, UNION CITY, GA.,
Washington, D. C., March 4, 1922.

Hon. F. B. SWANK,
House of Representatives, City.

MY DEAR SIR: I have read with interest H. R. 2343, a bill to provide that the United States of America shall build warehouses in conjunction with the several States and in cooperation with duly and legally organized farmers' cooperative associations in said States for the storage of farm products not perishable, for the insurance of said products while in storage, for Government loans on warehouse receipts, providing penalties for the violation of this act, making an appropriation therefor, and for other purposes.

This bill meets my hearty approval and, in my judgment, is a most constructive measure. The farmers of this country need not only a comprehensive and far-reaching system of marketing, but they are also sorely in need of sufficient money for long periods of time and at a low rate of interest. In my judgment, your bill will assist most materially in bringing about the consummation of the end sought to be reached by the farmers, who are the producing class of all countries.

I have also read with pleasure the argument made by you in defense of your bill before the Committee on Agriculture of the House on February 8, 1922. The observations in which you indulged on that occasion and the data presented strike me as unanswerable.

At your convenience I would like to have a conference with you in regard to your bill, and if you find where I can be of assistance in promoting your bill please let me know.

With assurances of high regard, I am,

Very truly yours,
C. S. BARRETT,
President Farmers' Educational and Cooperative Union of America.

—

AMERICAN COTTON ASSOCIATION,
Montgomery, Ala., May 25, 1921.

Hon. F. B. SWANK, M. C.,
Washington, D. C.

DEAR SIR: We thank you for copies of your warehouse bill and the remarks you made on the measure. We have read them with a great deal of interest and will be glad to further the movement if in our power.

Yours very truly,
AMERICAN COTTON ASSOCIATION,
W. R. GREENE, *Secretary.*

—

LITTLE ROCK, ARK., *August 13, 1921.*

Hon. F. B. SWANK, M. C.,
Washington, D. C.

SIR: I have examined with considerable interest your warehouse bill. I heartily indorse it and would be glad to see it become a law. I don't see any reason why the Government should not make appropriations to help agriculture as much so as the railroads. If they will appropriate an equal amount for the agriculture of the country, I am sure there will be less complaint among the farmers. I see no reason why the Government should not guarantee a profit to the farmers as well as to the railroads. Push your bill, and I am sure all farm organizations in the cotton-producing States will support your measure.

Very truly,
GEO. L. SANDS,
President State Farmers' Union.

—

ENID, OKLA., *January 16, 1922.*

Hon. F. B. SWANK,
House of Representatives, Washington, D. C.

DEAR SIR: Have carefully studied your bill, H. R. 2343, and also your speech, and I will say that it is absolutely fine and the very thing we want. If you are successful in getting this through, am sure that the farmers of Oklahoma will reward you for your services.

Yours very truly,
OKLAHOMA WHEAT GROWERS' ASSOCIATION,
By JOHN MANLEY, *Secretary-Treasurer.*

—

The annual meeting of the Farmers' Union of Oklahoma, August 16, 17, 18, 1921, in Oklahoma City, where there were 313 delegates present from 40 counties in resolutions addressed to the Oklahoma delegation, among other recommendations, stated that "they vote for the Swank warehouse bill or any similar bills."

The bill under consideration also has the following indorsements: Cotton Growers' Association of Wayne, Okla.; Cotton Growers' Association of Civit, Okla.; farmers' meeting at Foster, Okla.; general meeting at Drake, Okla.; cotton growers' meeting at Washington, Okla.; Farmers Union, local resolution from Noble, Okla.

The Muskogee County Farmers' Union in convention May 19, 1921, petitioned the Oklahoma delegation in Congress, among other recommendations, as follows: "That they give their solid support to the Swank warehouse bill." Like resolutions were adopted by the following Farmers' Union locals in Oklahoma:

No. 256 McClain County; No. 531, McIntosh County; No. 13, Coal County; No. 11, Le Flore County; No. —, Seminole County; No. 315, Mayes County; No. 165, McClain County; No. 340, Garvin County; No. 167, Grady County; No. 523, Hughes County; No. 119, Le Flore County; No. 387, Pawnee County; No. 129, McClain County; No. 33, Coal County; No. 80, Seminole County; No. 527, Muskogee County; No. 375, Payne County; No. 433, Dewey County; No. 31, Choctaw County; No. 17, Coal County; No. —, Seminole County; No. 319, Pontotoc County; No. 16, Le Flore County; No. 533, Jefferson County; No. 81, Pontotoc County; No. 331, Seminole County; No. 233 Lincoln County; No. 209, Seminole County; No. 202, Kiowa County; No. 85, Hughes County; No. 289, Stephens County; No. 160, Lincoln County; No. 491, Pottawatomie County; No. 262, Hughes County; No. —, Caddo County; No. 101, Hughes County; No. 72, McClain County; No. 339, Caddo County; No. 96, Le Flore County; No. — Coal County; No. 451, Stephens County; No. 32, Seminole County; No. 191, Latimer County; No. 316, Choctaw County; No. 187, Seminole County; No. 309, Le Flore County; No. 294, Choctaw County; No. 210, McClain County; No. 164, Seminole County; No. 528, Pushmataha County; No. 216, McClain County; No. 171, Pushmataha County; No. 466, Okfuskee County; No. 389, Mayes County; No. 117, Pottawatomie County; No. 168, Lincoln County; No. 416, Le Flore County; No. 254, McCurtain County; No. 53, Coal County; No. 252, Latimer County; No. 526, McIntosh County; No. 67, Stephens County; No. 38, Pontotoc County; No. 98, Noble County; No. 552, Le Flore County; No. 155, Lincoln County; No. 516, Custer County; No. 354, McCurtain County; No. 346, Caddo County; No. 469, Haskell County; No. 348, Dewey County; No. 325, Seminole County; No. 108, Seminole County; No. 243, Hughes County; No. 43, Seminole County; No. 169, Noble County; No. 8, Cleveland County; No. 207, Pittsburg County; No. 79, Payne County; No. 551, Le Flore County; No. 566, Jackson County; No. 180, Seminole County; No. —, Beckham County; No. 411, Le Flore County; No. 271, Pottawatomie County; No. 3, Okfuskee County; No. 212, McCurtain County; No. 203, Washita County; No. 307, Lincoln County; No. 483, Caddo County; No. 102, Beckham County; No. 62, Beckham County; No. 186, Lincoln County; No. 296, Seminole County; No. 510, Pushmataha County; No. 222, McCurtain County; No. 184, Coal County; No. 429, Pontotoc County; No. 545, Pawnee County; No. 183, Payne County; No. 450, Le Flore County; No. 514, Coal County; No. 431, Cleveland County; No. 112, Seminole County; No. 549, Le Flore County; No. 326, Pawnee County; No. 504, Seminole County; No. 82, Hughes County; No. 14, Coal County; No. 550, Le Flore County; No. 6, Lincoln County; No. 172, Le Flore County; No. 322, McCurtain County; No. 111, Stephens County; No. 247, Cleveland County; No. 465, Coal County; No. 520, Choctaw County; No. 178, Pushmataha County; No. 541, Le Flore County; No. 137, Le Flore County; No. 519, Latimer County; No. 323, Seminole County; No. 241, Pawnee County.

MESSAGE FROM THE SENATE.

The committee informally rose; and Mr. SANDERS of Indiana having taken the chair as Speaker pro tempore, a message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed joint resolution of the following title, in which the concurrence of the House of Representatives was requested:

S. J. Res. 253. Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress.

The message also announced that the Senate had receded from its amendment numbered 127 to the bill (H. R. 13660) making appropriations for the government of the District of Columbia and other activities chargeable in whole or in part against the revenues of such District for the fiscal year ending June 30, 1924, and for other purposes.

That the Senate had agreed to the amendments of the House of Representatives to the amendments of the Senate numbered 33, 56, 76, 83, 105, 112, 116, 118, 126, and 129 of said bill.

That the Senate had disagreed to the amendment of the House of Representatives to the amendment of the Senate numbered 124 to said bill, had further insisted upon its said amendment, had requested a further conference with the House of Representatives upon the disagreeing votes of the two Houses thereon, and had appointed Mr. PHIPPS, Mr. BALL, Mr. JONES of Washington, Mr. GLASS, and Mr. SHEPPARD as the conferees on the part of the Senate.

WAREHOUSES.

The committee resumed its session.

Mr. CHINDBLOM. I would like to ask the gentleman from Iowa a question.

Mr. HAUGEN. I yield.

Mr. CHINDBLOM. Does the bill apply to warehouses in cities where they apply for a license?

Mr. HAUGEN. Yes; they have warehouses licensed by the department.

Mr. CHINDBLOM. You are attempting to change the law materially, and you are offering amendments from the floor in lieu of committee amendments, and for that reason I think we ought to have a thorough explanation of the changes in existing law.

Mr. HAUGEN. The changes are set out in the report.

Mr. CHINDBLOM. But we do not know what you propose to offer.

The CHAIRMAN. The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That section 2 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 2. That the term 'warehouse' as used in this act shall be deemed to mean every building, structure, or other protected inclosure in which any agricultural product is or may be stored for interstate or foreign commerce, or, if located within any place under the exclusive jurisdiction of the United States, in which any agricultural product is or may be stored. As used in this act, 'person' includes a corporation or partnership or two or more persons having a joint or common interest; 'warehouseman' means a person lawfully engaged in the business of storing agricultural products; and 'receipt' means a warehouse receipt."

Mr. CHINDBLOM. Mr. Chairman, I move to strike out the last word for the purpose of asking the gentleman from Iowa whether, as stated in the report, the first committee amendment proposes to amend the United States warehouse act only by adding at the end of the second sentence of section 6 the words "including the requirements of fire insurance."

Mr. HAUGEN. The amendment offered by the committee will leave it discretionary whether the fire insurance shall be required.

Mr. CHINDBLOM. We have read the bill to the end of line 4, page 2, and it amends section 2 of the warehouse act. Now, what change is there in that section from existing law?

Mr. HAUGEN. Has the Clerk read the amendment?

The CHAIRMAN. We have not reached the amendments in the bill.

Mr. HAUGEN. What is the gentleman's question?

Mr. CHINDBLOM. What changes are there in section 2 of the United States warehouse act?

Mr. HAUGEN. It strikes out the following sentence: "The term 'agricultural product' wherever used in this act shall be deemed to mean cotton, wool, grain, tobacco, and flaxseed, or any of them." It strikes out those words, which has the effect of including agricultural products. Under the present law only cotton, wool, grain, and tobacco, and flaxseed may be stored in licensed warehouses. With this amendment there will be no limit as to the number of agricultural products that may be stored in a licensed warehouse.

Mr. CHINDBLOM. I will call the attention of the chairman of the committee to the report which reads as follows:

The first committee amendment proposes to amend the said United States warehouse act by adding at the end of the second sentence of section 6 the words "including the requirements of fire insurance."

There is nothing in the report which tells us what changes there are in the Senate bill from existing law. Does not the gentleman from Iowa think we should have that explanation?

Mr. HAUGEN. If the gentleman will read the report he will find the explanation.

Mr. CHINDBLOM. Not the report of the House committee.

Mr. HAUGEN. Absolutely.

Mr. CHINDBLOM. Where?

Mr. HAUGEN. Well, at the bottom of page 2 and top of page 3.

Mr. CHINDBLOM. The report of the House committee reads:

The first committee amendment proposes to amend the said United States warehouse act by adding at the end of the second sentence of section 6 the words "including the requirements of fire insurance."

That relates to the amendment proposed by the House committee. Nowhere is there a statement in the report of what the effect of the Senate bill is as to existing law.

Mr. HAUGEN. It is on page 3. I will read it:

The first amendment suggested amends section 2 by striking out the following sentence: "The term 'agricultural product' wherever used in this act shall be deemed to mean cotton, wool, grain, tobacco, and flaxseed, or any of them."

In explanation of that amendment it should be said that the department has had a number of requests in the past several years to license warehouses which are used for the storage of agricultural products other than those now enumerated in the act—

And so forth. The report goes on in detail as to all the changes.

Mr. CHINDBLOM. Yes; but we have not reached section 6. We are on section 2, and section 2 is recommended by the House Committee on Agriculture in exactly the same form in which it passed the Senate. Now, in what respect did the Senate bill amend existing law?

Mr. HAUGEN. Just as stated in the report.

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

Mr. CHINDBLOM. I ask for two minutes more.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HAUGEN. Let me read it to the gentleman. You will find it on top of page 3 of the report:

The first amendment proposes to amend section 2 by striking out the following sentence: "The term 'agricultural product' wherever used in this act shall be deemed to mean cotton, wool, grain, tobacco, and flaxseed, or any of them."

Mr. CHINDBLOM. Let me call my colleague's attention to the fact that he is reading from a memorandum from the United States Department of Agriculture submitted to somebody, presumably to the Senate committee. This does not tell what the Senate actually did. This is a memorandum explaining the amendments desired by the department in submitting the bill to the Senate, but we do not know whether the Senate accepted them.

Mr. HAUGEN. Certainly they accepted them.

Mr. CHINDBLOM. The gentleman says so now.

Mr. HAUGEN. The bill as passed by the Senate carried the amendments suggested by the department in the memorandum included in the committee report.

Mr. CHINDBLOM. Mr. Chairman, I think the chairman of the committee reporting this bill should tell us in what respect the existing law is changed.

Mr. HAUGEN. I can do that now, or I can explain it section by section.

Mr. SANDERS of Indiana. Mr. Chairman, the bill is all in one section and when read for amendment all of the bill should be read.

The CHAIRMAN. That is correct. The Clerk will conclude the reading of the bill.

The Clerk read as follows:

That section 5 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 5. That each license issued under sections 4 and 9 of this act shall terminate as therein provided, or in accordance with the terms of this act and the regulations thereunder, and may from time to time be modified or extended by a written instrument."

That section 11 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 11. That the Secretary of Agriculture may, upon presentation of satisfactory proof of competency, issue to any person a license to inspect, sample, or classify any agricultural product or products, stored or to be stored in a warehouse licensed under this act, according to condition, grade, or otherwise, and to certificate the condition, grade, or other class thereof, or to weigh the same and certificate the weight thereof, or both to inspect, sample, or classify and weigh the same and to certificate the condition, grade, or other class and the weight thereof, upon condition that such person agree to comply with and abide by the terms of this act and of the rules and regulations prescribed hereunder so far as the same relate to him."

That section 12 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 12. That any license issued to any person to inspect, sample, or classify, or to weigh any agricultural product or products under this act may be suspended or revoked by the Secretary of Agriculture whenever he is satisfied, after opportunity afforded to the licensee concerned for a hearing, that such licensee has failed to inspect, sample, or classify, or to weigh any agricultural product or products correctly, or has violated any of the provisions of this act or of the rules and regulations prescribed hereunder, so far as the same may relate to him, or that he has used his license or allowed it to be used for any improper purpose whatever. Pending investigation, the Secretary of Agriculture, whenever he deems necessary, may suspend a license temporarily without hearing."

That section 15 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 15. That any fungible agricultural product stored for interstate or foreign commerce, or in any place under the exclusive jurisdiction of the United States, in a warehouse licensed under this act, shall be inspected and graded by a person duly licensed to grade the same under this act."

That section 19 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 19. That the Secretary of Agriculture is authorized, from time to time, to establish and promulgate standards for agricultural products by which their quality or value may be judged or determined: *Provided*, That the standards for any agricultural products which have been, or which in future may be, established by or under authority or any other act of Congress shall be, and are hereby, adopted for the purposes of this act as the official standards of the United States for the agricultural products to which they relate."

That section 29 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 29. That nothing in this act shall be construed to conflict with, or to authorize any conflict with, or in any way to impair or limit the effect or operation of the laws of any State relating to warehouses, warehousemen, weighers, graders, inspectors, samplers, or classifiers; but the Secretary of Agriculture is authorized to cooperate with such officials as are charged with the enforcement of such State laws in such States and through such cooperation to secure the enforcement of the provisions of this act; nor shall this act be construed so as to limit the operation of any statute of the United States relating to warehouses or warehousemen, weighers, graders, inspectors, samplers, or classifiers now in force in the District of Columbia or in any Territory or other place under the exclusive jurisdiction of the United States."

That section 30 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 30. That every person who shall forge, alter, counterfeit, simulate, or falsely represent, or shall without proper authority use any license issued by the Secretary of Agriculture under this act, or who shall violate or fail to comply with any provision of section 8 of this act, or who shall issue or utter a false or fraudulent receipt or certificate, or any person who, without lawful authority shall convert to his own use, or use for purposes of securing a loan, or remove from a licensed warehouse contrary to this act or the regulations promulgated thereunder, any agricultural products stored or to be stored in such warehouse and for which licensed receipts have been or are to be issued, shall be deemed guilty of a misdemeanor, and upon conviction thereof shall be fined not more than $10,000, or double the value of the products involved if such double value exceeds $10,000, or imprisoned not more than one year, or both, in the discretion of the court, and the owner of the agricultural products so converted, used, or removed may, in the discretion of the Secretary of Agriculture, be reimbursed for the value thereof out of any fine collected hereunder, by check drawn on the Treasury at the direction of the Secretary of Agriculture, for the value of such products to the extent that such owner has not otherwise been reimbursed. That any person who shall draw with intent to deceive a false sample of, or who shall willfully mutilate or

falsely represent a sample drawn under this act, or who shall classify, grade, or weigh fraudulently any agricultural products stored or to be stored under the provisions of this act, shall be deemed guilty of a misdemeanor and upon conviction thereof fined not more than $500 or imprisoned for not more than six months, or both, in the discretion of the court."

With the following committee amendments:

Page 2, after line 11, insert:

That section 6 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 6. That each warehouseman applying for a license to conduct a warehouse in accordance with this act shall, as a condition to the granting thereof, execute and file with the Secretary of Agriculture a good and sufficient bond to the United States to secure the faithful performance of his obligations as a warehouseman under the laws of the State, District, or Territory in which he is conducting such warehouse, as well as under the terms of this act and the rules and regulations prescribed hereunder, and of such additional obligations as a warehouseman as may be assumed by him under contracts with the respective depositors of agricultural products in such warehouse. Said bond shall be in such form and amount, shall have such surety or sureties, subject to service of process in suits on the bond within the State, District, or Territory in which the warehouse is located, and shall contain such terms and conditions as the Secretary of Agriculture may prescribe to carry out the purposes of this act, including the requirements of fire insurance. Whenever the Secretary of Agriculture shall determine that a bond approved by him is, or for any cause has become, insufficient, he may require an additional bond, conforming with the requirements of this section, and unless the same be given within the time fixed by a written demand therefor the license of such warehouseman may be suspended or revoked."

Page 5, after line 2, insert:

That section 18 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 18. That every receipt issued for agricultural products stored in a warehouse licensed under this act shall embody within its written or printed terms (a) the location of the warehouse in which the agricultural products are stored; (b) the date of issue of the receipt; (c) the consecutive number of the receipt; (d) a statement whether the agricultural products received will be delivered to the bearer, to a specified person, or to a specified person or his order; (e) the rate of storage charges; (f) a description of the agricultural products received, showing the quantity thereof, or, in case of agricultural products customarily put up in bales or packages, a description of such bales or packages by marks, numbers, or other means of identification and the weight of such bales or packages; (g) the grade or other class of the agricultural products received and the standard or description in accordance with which such classification has been made: *Provided*, That such grade or other class shall be stated according to the official standard of the United States applicable to such agricultural products as the same may be fixed and promulgated under authority of law: *Provided further*, That until such official standards of the United States for any agricultural product or products have been fixed and promulgated, the grade or other class thereof may be stated in accordance with any recognized standard or in accordance with such rules and regulations not inconsistent herewith as may be prescribed by the Secretary of Agriculture; (h) a statement that the receipt is issued subject to the United States warehouse act and the rules and regulations prescribed thereunder; (i) if the receipt be issued for agricultural products of which the warehouseman is owner, either solely or jointly or in common with others, the fact of such ownership; (j) a statement of the amount of advances made and of liabilities incurred for which the warehouseman claims a lien: *Provided*, That if the precise amount of such advances made or of such liabilities incurred be at the time of the issue of the receipt unknown to the warehouseman or his agent who issues it, a statement of the fact that advances have been made or liabilities incurred and the purpose thereof shall be sufficient; (k) such other terms and conditions within the limitations of this act as may be required by the Secretary of Agriculture; and (l) the signature of the warehouseman, which may be made by his authorized agent: *Provided*, That unless otherwise required by the law of the State in which the warehouse is located, when requested by the depositor of other than fungible agricultural products, a receipt omitting compliance with subdivision (g) of this section may be issued if it have plainly and conspicuously embodied in its written or printed terms a provision that such receipt is not negotiable."

Mr. HAUGEN. Mr. Chairman, I offer the following amendments to the committee amendments, which I send to the desk and ask to have read.

The Clerk read as follows:

Amendment by Mr. HAUGEN: In lieu of the first committee amendment, page 2, after line 11, insert:

"That section 6 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"'SEC. 6. That each warehouseman applying for a license to conduct a warehouse in accordance with this act shall, as a condition to the granting thereof, execute and file with the Secretary of Agriculture a good and sufficient bond to the United States to secure the faithful performance of his obligations as a warehouseman under the laws of the State, District, or Territory in which he is conducting such warehouse, as well as under the terms of this act and the rules and regulations prescribed hereunder, and of such additional obligations as a warehouseman as may be assumed by him under contracts with the respective depositors of agricultural products in such warehouse. Said bond shall be in such form and amount, shall have such surety or sureties, subject to service of process in suits on the bond within the State, District, or Territory in which the warehouse is located, and shall contain such terms and conditions as the Secretary of Agriculture may prescribe to carry out the purposes of this act, and may, in the discretion of the Secretary of Agriculture, include the requirement of fire insurance. Whenever the Secretary of Agriculture shall determine that a bond approved by him is, or for any cause has become, insufficient, he may require an additional bond or bonds to be given by the warehouseman concerned, conforming with the requirements of this section, and unless the same be given within the time fixed by a written demand therefor the license of such warehouseman may be suspended or revoked.'"

In lieu of the second committee amendment, page 5, after line 2, insert:

That section 18 of the United States warehouse act, approved August 11, 1916, is amended to read as follows:

"SEC. 18. That every receipt issued for agricultural products stored in a warehouse licensed under this act shall embody within its written or printed terms (a) the location of the warehouse in which the agricultural products are stored; (b) the date of issue of the receipt; (c) the consecutive number of the receipt; (d) a statement whether the agricultural products received will be delivered to the bearer, to a specified person, or to a specified person or his order; (e) the rate of storage charges; (f) a description of the agricultural products received, showing the quantity thereof, or, in case of agricultural products customarily put up in bales or packages, a description of such bales or packages by marks, numbers, or other means of identification and the weight of such bales or packages; (g) the grade or other class of the agricultural products received and the standard or description in accordance with which such classification has been made: *Provided*, That such grade or other class shall be stated according to the official standard of the United States applicable to such agricultural products as the same may be fixed and promulgated under authority of law: *Provided further*, That until such official standards of the United States for any agricultural product or products have been fixed and promulgated, the grade or other class thereof may be stated in accordance with any recognized standard or in accordance with such rules and regulations not inconsistent herewith as may be prescribed by the Secretary of Agriculture; (h) a statement that the receipt is issued subject to the United States warehouse act and the rules and regulations prescribed thereunder; (i) if the receipt be issued for agricultural products of which the warehouseman is owner, either solely or jointly or in common with others, the fact of such ownership; (j) a statement of the amount of advances made and of liabilities incurred for which the warehouseman claims a lien: *Provided*, That if the precise amount of such advances made or of such liabilities incurred be at the time of the issue of the receipt unknown to the warehouseman or his agent who issues it, a statement of the fact that advances have been made or liabilities incurred and the purpose thereof shall be sufficient; (k) such other terms and conditions within the limitations of this act as may be required by the Secretary of Agriculture; and (l) the signature of the warehouseman, which may be made by his authorized agent: *Provided*, That unless otherwise required by the law of the State in which the warehouse is located when requested by the depositor of other than fungible agricultural products, a receipt omitting compliance with subdivision (g) of this section may be issued: *Provided, however*, That the Secretary of Agriculture may, in his discretion, require that such receipt have plainly and conspicuously embodied in its written or printed terms a provision that such receipt is not negotiable."

Mr. HAUGEN. Now, if I may first take up the committee amendment, I desire to read the committee amendment and the present law:

Said bond shall be in such form and amount, shall have such surety or sureties, subject to service of process in suits on the bonds within the States, District, or Territory in which the warehouse is located, and shall contain such terms and conditions as the Secretary of Agriculture may subscribe to carry out the purposes of this act, including the requirement of fire insurance.

That is the committee amendment. The amendment which I offered to that amendment strikes out the word "including" and inserts in lieu of it the words "and may, in the discretion of the Secretary of Agriculture, include," so that in the discretion of the Secretary insurance may be required, not making it mandatory upon the warehouseman, but leaving it to the discretion of the Secretary.

Mr. CHINDBLOM. Does the gentleman think it could be held that the other terms and conditions that the Secretary may prescribe would not be within the discretion of the Secretary of Agriculture?

Mr. HAUGEN. It is possible that it might. But the purpose is to make it clear. A good many think that the warehouseman should be required to provide for insurance. This would leave it to the discretion of the Secretary. If in his opinion the warehouseman is responsible, he may not require insurance.

Mr. CHINDBLOM. That is the only difference between the amendment proposed by the gentleman from Iowa and the committee amendment to section 6?

Mr. HAUGEN. Yes.

Mr. CHINDBLOM. What is the change in existing law in the committee amendment to section 6?

Mr. HAUGEN. If the provision in the act referred to by the gentleman included insurance there would not be any change, but to make it clear that the Secretary has the power to require insurance in case it is needed, the Secretary is given authority to require insurance.

Mr. CHINDBLOM. So that the provision with reference to fire insurance is the only change in section 6 proposed by the committee or by the gentleman's substitute for the committee amendment?

Mr. HAUGEN. Exactly. As reported by the committee it made it mandatory, and as provided in the amendment which I offer it leaves it to the discretion of the Secretary as to insurance.

Mr. HILL. Mr. Chairman, I would like to ask the chairman of the committee, if he does not object to answering the question at this time, a question in respect to section 30.

Mr. HAUGEN. I would prefer to have the first amendment cleared up.

Mr. NEWTON of Minnesota. Mr. Chairman, will the gentleman yield?

Mr. HAUGEN. Yes.

Mr. NEWTON of Minnesota. My attention was first directed to this bill when it was called up on the floor. I have read the report, and I am trying to find out just what change is made in existing law, not with a good deal of success. At the hearings were the various elevator companies represented? Were they present in any way?

Mr. HAUGEN. I am quite sure that the elevator men have not much interest in the bill one way or the other. The ordinary course was pursued. The hearings were open to everyone who cared to appear. The bill has been in the Senate for a long time. It has been before the House committee, and everybody who cared to had an opportunity to be heard.

Mr. NEWTON of Minnesota. The gentleman has not heard of any opposition whatever coming from elevator men?

Mr. HAUGEN. None whatever.

Mr. NEWTON of Minnesota. Or warehousemen?

Mr. HAUGEN. Nothing at all. Minnesota has not a single licensed warehouse.

Mr. NEWTON of Minnesota. This is the first time I ever knew that there was a Federal licensed warehouse.

Mr. HILL. Apparently Maryland has none.

Mr. HAUGEN. Iowa has three and Kansas had a number a few years ago, but they were withdrawn.

Mr. NEWTON of Minnesota. That law does not make it compulsory.

Mr. HAUGEN. Not at all.

Mr. ASWELL. In the original act, section 6, the requirement for insurance was in the act. In the appropriation of 1920 it was stricken out. The committee first restored it, and there was some question which came up to us from the depositors in the warehouse from all over the country, and after extended hearings, hearing those opposed and those in favor, this final decision of leaving it to the discretion of the Secretary of Agriculture was agreed on as the most harmonious compromise.

Mr. HAUGEN. That seems to meet the approval of everybody.

Mr. NEWTON of Minnesota. Just what was the purpose of the enactment of the United States warehouse act?

Mr. HAUGEN. It was enacted in 1916. The Committee on Agriculture gave the matter considerable thought and consideration. It was to permit warehousemen to take out a license under the Federal Government.

Mr. ASWELL. To borrow money.

Mr. HAUGEN. So as to deposit products in a license warehouse and receive a receipt and if desired to borrow money on the receipt to make the receipt more secure to the money lender as well as to the one who deposits the agricultural product.

Mr. NEWTON of Minnesota. To provide for increasing and regulating the terminal warehouses.

Mr. HAUGEN. I do not think it was aimed at the terminal warehouses. It is intended more for the South, for the storage of cotton.

Mr. ASWELL. Fungible products.

Mr. HILL. The act says——

The CHAIRMAN. The time of the gentleman has expired.

Mr. HILL. I ask that the gentleman's time be extended five minutes.

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

Mr. HILL. The act which was approved in 1916 says:

The term agricultural products wherever used in this act shall be deemed to mean cotton, wool, grain, tobacco, and flaxseed, or any of them.

Now, does this amendment extend this to other agricultural products?

Mr. HAUGEN. Exactly; that is what it does.

Mr. HILL. Another question along the general line of the bill. There is an amendment to section 30. Now, section 30 in the original act is the penal section?

Mr. HAUGEN. Yes.

Mr. HILL. And it provides that any violation of the act shall be a misdemeanor, and there will be a maximum fine of $500 or imprisonment not more than six months, or both, in the discretion of the court. The proposed amendment to section 30, as contained on pages 8 and 9 of the pending bill, apparently raises the maximum fine to $10,000, or double the value of the products involved if such double value exceeds $10,000, or imprisoned not more than one year, and then it apparently adds a new type of offense on page 9—

That any person who shall draw with intent to deceive a false sample of, or who shall willingly mutilate or falsely represent a sample drawn under this act, or who shall classify, grade, or weigh fraudulently any agricultural product stored or to be stored under the provisions of this act, shall be deemed guilty of a misdemeanor and upon conviction thereof fined not more than $500 or imprisoned for not more than six months, or both, in the discretion of the court.

I would like to ask the chairman of the committee if this changes the language of the act of 1916 as to penalties or not. It seems to me to be a very radical change.

Mr. HAUGEN. They are more severe.

Mr. HILL. I would like to say to the chairman I have had no communication from any of my constituents about this, although Baltimore is a big tobacco and grain-storage city. I am asking purely for information. It seems to me there is a very drastic increase of Federal penalties here.

Mr. ASWELL. Are there any Federal warehouses in Baltimore?

Mr. HILL. Apparently not. I read the report of the committee, and I understand there are no Federal warehouses in Maryland under this type.

Mr. HAUGEN. The act is for the more special benefit of the cotton districts in the South.

Mr. HILL. How would it affect tobacco?

Mr. HAUGEN. So they not only can deposit tobacco in a licensed warehouse, safeguarded by a bond and by insurance and all the safeguards necessary to secure the money of the lender and depositor.

Mr. HILL. One further question. On page 9 there is a provision that the Secretary of Agriculture shall reimburse anyone by check for any theft from the warehouse. That only means that he can reimburse in case the person convicted pays the fine. Is that right?

Mr. HAUGEN. Yes.

Mr. HILL. That is really a form of Government-controlled warehouse, is it not?

Mr. HAUGEN. Yes.

Mr. CHINDBLOM. A moment ago I called the attention of the gentleman to the amendment of section 2. As I understand it, the only change there is the designation that defines what is an agricultural product?

Mr. HAUGEN. Let me read the section.

Mr. JONES of Texas. That is the only change.

Mr. HAUGEN (reading)—

The term "agricultural product" wherever used in this act shall be deemed to mean cotton, wool, grain, tobacco, flaxseed, or any of them.

We strike out those words, the limitation, and provide "in which any agricultural product is or may be stored."

Mr. CHINDBLOM. The gentleman from Louisiana [Mr. ASWELL], for whose opinion on this matter I have very high regard, said that meant only fungible agricultural products. Now, where in the law does it state otherwise?

Mr. ASWELL. It says on fungible products.

Mr. CHINDBLOM. That leads me to this question: Would all kinds of agricultural products be subject to storage in one of these warehouses if you take this definition out?

Mr. HAUGEN. They may be stored if they are offered for storage.

Mr. CHINDBLOM. For instance, dairy products, milk and cream, butter, eggs, fruits, meats, and things like that?

Mr. HAUGEN. If they prefer to take out a Federal license, that is their privilege.

Mr. CHINDBLOM. That is an enlargement of Federal jurisdiction over warehousing.

Mr. HAUGEN. There is no question about that, provided they come in under the law.

Mr. ASWELL. May I say this is voluntary? You do not have to come in unless you want to. It is optional as to the coming in.

The CHAIRMAN. The question is on agreeing to the amendment of the gentleman from Iowa to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on agreeing to the committee amendment as amended.

The committee amendment as amended was agreed to.

The CHAIRMAN. The question is on the second amendment of the gentleman from Iowa to the committee amendment.

The amendment to the committee amendment was agreed to.

The CHAIRMAN. The question is on agreeing to the committee amendment as amended.

The committee amendment as amended was agreed to.

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

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

Mr. CHINDBLOM. Mr. Chairman, I asked a question awhile ago which brought out some information which I think it is important to consider for a moment. It appears that this

warehouse act, providing for storage warehouses, originally provided only for the storing of what might be called grain and like products. To be exact, the law that now exists provides that the products within the purview of the act shall mean "cotton, wool, grain, tobacco, flaxseed, or any of them." These are articles which ordinarily or usually come into interstate commerce. By striking out that definition of the word "agricultural products" it is going to be possible for these Federal warehouses to go into the general warehouse business and store all kinds of products of the farm; and I call the particular attention of the members of the committee to the fact that it would permit the warehousing and storing of dairy products, eggs, butter, milk, cream, fresh fruits, and fresh meats, and everything that is now stored in local warehouses in the States. I think that is too large a change in the existing law without any further consideration.

Mr. ASWELL. It is clear, however, that no warehouse or warehouse system need come into this system except by voluntary action.

Mr. CHINDBLOM. I know that. That is the way all these things begin. They are always voluntary; it is always a matter of choice in the beginning. But it is an entering wedge toward the storage and warehousing of all these perishable products under the Department of Agriculture of the United States.

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

Mr. CHINDBLOM. Yes.

Mr. WOODRUFF. I would like to ask the gentleman what could be the possible objection to the storing of these different farm products in Federal warehouses?

Mr. CHINDBLOM. I have the same objection to it that I have to the Federal Government encroaching everywhere on the activities of the States. Wherever these activities are necessary for the promotion of interstate commerce I will favor such legislation, but it does not appear that this is merely for interstate commerce. You are going now into the general storage and warehouse business of all kinds of farm products. The law as originally passed was restricted to that class of agricultural products that pass freely and usually in interstate commerce.

Mr. WOODRUFF. Can the gentleman name any agricultural products that do not enter into interstate commerce?

Mr. CHINDBLOM. There is in my district a large territory producing dairy products, milk and butter and cheese, and they do not send their products out of the State. Those products go to Chicago.

Mr. WOODRUFF. The gentleman will realize, however, that those products do not stop at Chicago. They are shipped from Chicago to other States. The gentleman has spoken of milk and cream in these warehouses?

Mr. CHINDBLOM. Yes.

Mr. WOODRUFF. What can be the objection to it?

Mr. CHINDBLOM. None except this, that we have plenty of warehouses and storage houses now established in the cities.

Mr. ASWELL. Are they not under Federal control now by the cold-storage regulations?

Mr. CHINDBLOM. Is this to be something in addition to that control?

Mr. ASWELL. It does not have anything to do with that at all. It does not deal with the same products.

Mr. CHINDBLOM. But you are enlarging this legislation so that there will now be an additional law passed by the Congress of the United States with reference to that same thing.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HILL. I ask unanimous consent that the gentleman have five additional minutes.

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

There was no objection.

Mr. CHINDBLOM. The Committee on Agriculture, which submitted this bill, submitted with it a report. In this report there is no statement by the committee itself as to the effect of the Senate bill. All that the committee did was to include in this report a memorandum sent to the Senate by the Department of Agriculture.

Mr. HAUGEN. And a very comprehensive one.

Mr. CHINDBLOM. It may be, but the gentleman has not yet stated whether this memorandum covers all the changes that were actually made by the Senate. Now, we find that by the elimination of the term "agricultural product," you are putting the Department of Agriculture in a position where it is going to control all kinds of warehousing and storing of agricultural products of every sort, including the perishable products to which I have referred. Now, I say in all deference that a subject of so large importance and so wide effect should have received more attention in the report of the committee, so that the Members of the House might have known just what this legislation was intended to do.

Mr. HAUGEN. Mr. Chairman, the gentleman asked for information with reference to section 2, and he seemed to be satisfied with the explanation given.

Mr. CHINDBLOM. What about the other sections?

Mr. HAUGEN. The gentleman did not ask any more questions. I was prepared to go on and explain every amendment.

Mr. CHINDBLOM. What changes are made in section 5?

Mr. HAUGEN. Let me ask the gentleman a question. The gentleman from Illinois [Mr. CHINDBLOM] says he has large dairy interests represented in his district. Does he not think the dairy interests are as much entitled to protection as the wheat growers? Why should we exclude the dairy products? One who has dairy products to store is entitled to the same consideration and the same protection as is extended to the wheat growers or the cotton growers or the tobacco growers. If the gentleman wishes to discriminate, that is for the gentleman to say.

Mr. CHINDBLOM. There is no question of discrimination.

Mr. HAUGEN. That is the only question involved in section 2 of the bill.

Mr. JONES of Texas. Mr. Chairman, in view of the criticism which has been leveled at the committee and at the chairman's report, I want to say a word. From the discussion of the gentleman from Illinois [Mr. CHINDBLOM] one would think these were Federal warehouses. They are simply privately owned warehouses that may be engaged in any line of business they desire, but have the privilege of coming under the Federal system.

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

Mr. JONES of Texas. In just a moment. I want to cover one more phase.

On line 8 of page 1, in reference to the scope covered by this bill, you will find that it only covers agricultural products that are stored for interstate or foreign commerce. It does not cover products that are not to be used for that purpose. If a man is running a warehouse he can come in if he wishes to and have the privilege of this warehousing system.

Now, it seems to me that the only controversy, as all the members of the committee know, is with reference to sections 6 and 18. Those were the only amendments offered by the House committee, and those were thoroughly explained by the chairman in the report. The only other changes were, for the most part, unimportant ones, except broadening the definition of agricultural products so as to make the bill more liberal, and that appears by the terms of the bill and of the previous bill, so I do not see any use in taking up a lot of time and trouble in explaining that in a long report.

Practically the only changes in the other sections are the insertion of the word "sample," so that instead of reading "inspect or classify" it reads "inspect, sample, or classify," because some goods are sold by sample.

The other change with reference to penalties has already been brought out by the gentleman from Maryland [Mr. HILL]. I do not see why the committee should spend a great deal of time in writing a great, long report, when they cover the very things about which there was any controversy. The other changes were of no consequence.

Mr. CHINDBLOM. I will ask the gentleman a question. The gentleman says there is no controversy. Are there any printed hearings on this bill?

Mr. JONES of Texas. There were hearings.

Mr. CHINDBLOM. I am told by the clerk of the committee that there are no printed hearings.

Mr. ASWELL. There were hearings held.

Mr. JONES of Texas. I understand that they have not been printed.

Mr. HILL. I asked for the hearings, because I wanted to inform myself on this bill, and I could not get the hearings.

Mr. JONES of Texas. There were considerable hearings held on the bill.

Mr. HAUGEN. We had no reporter present and they were not taken down.

Mr. HILL. Then there are no available hearings. I should like to ask the gentleman from Texas a question, because he is conversant with the bill. It seems to me this bill really puts the mantle of Federal protection and Federal guaranty behind certain warehouses, thus giving them an advantage over State or private warehouses. I will ask the gentleman to look at page 9 and invite his attention to these words, beginning in line 2—

and the owner of the agricultural products so converted, used, or removed may, in the discretion of the Secretary of Agriculture, be reimbursed for the value thereof out of any fine collected hereunder, by

check drawn on the Treasury at the direction of the Secretary of Agriculture for the value of such products to the extent that such owner has not otherwise been reimbursed.

Now I would like to ask the gentleman if that does not create a class of Federal warehouses with direct guaranty from the United States Government behind it, such warehouses coming into competition with the State or private warehouses? It is a change of existing law.

Mr. JONES of Texas. It is a change of law, but it is safeguarding the operation of the warehouse that is licensed by the Federal Government. The gentleman would not want the Government to license warehouses and not safeguard them in relation to goods wrongfully taken.

Mr. HILL. The gentleman says that this is throwing safeguards around the warehouses by the Federal Government, and that would mean almost the Federal Government going into the warehouse business. Is not that the case?

Mr. JONES of Texas. Of course, the Federal Congress has the right to regulate interstate commerce, and this applies only to warehouses engaged in interstate commerce. If the Federal Government is going to supervise and license warehouses it must assuredly, as a matter perfectly proper for the Government to do, throw safeguards around any warehouse licensed by the Federal authority.

Mr. HILL. I thank the gentleman.

Gentlemen of the committee, I think this is a very important question. This House yesterday, with the leadership on both sides of the House concurring, struck out the enacting clause in the so-called migratory bird bill because that bill was further Federal encroaching on the police powers of the States. With great reluctance I voted to strike out the enacting clause of that bill.

Now here we have a bill more far reaching, in my judgment. The gentleman from Texas has given a clear statement of this matter. It is quite true, as he says, that the Federal guaranty is put behind these warehouses. Here is a provision by which the Secretary of Agriculture shall reimburse anybody whose property is stolen, because they patronize this particular form of warehouse instead of going to the State or private warehouse.

There are no hearings available. I think we ought not to pass a measure of this sort, with such drastic changes in the law, without further consideration. On page 3, the report of the committee says:

The amendments suggested to section 30 first enlarge the scope of offenses which a warehouseman might commit and for which he might be punished under this act; second, they increase the severity of the penalty which may be imposed; and third, provision is made for imposing penalties on persons who draw, with intent to deceive, a false sample of a product or who willfully mutilate or falsely represent a sample drawn under the act or who fraudulently grade or weigh agricultural products stored or to be stored under the provisions of the act.

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

Mr. HAUGEN. Mr. Chairman, I move that the committee do now rise, report the bill back to the House with amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The question was taken; and on a division (demanded by Mr. HILL) there were 21 ayes and 2 noes.

Mr. HILL. Mr. Chairman, I make the point that no quorum is present.

The CHAIRMAN. The gentleman from Maryland makes the point that no quorum is present. Evidently there is no quorum present, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Abernethy	Chandler, N. Y.	Garner	Kleczka
Almon	Chandler, Okla.	Gilbert	Knight
Ansorge	Christopherson	Glynn	Kraus
Anthony	Clark, Fla.	Goodykoontz	Kunz
Atkeson	Classon	Gould	Langley
Barkley	Codd	Graham, Pa.	Lawrence
Benham	Connolly, Pa.	Griffin	Layton
Blakeney	Crowther	Hawes	Linthicum
Bland, Ind.	Cullen	Hayden	London
Bland, Va.	Dale	Hays	Luhring
Bond	Davis, Minn.	Himes	McArthur
Bowers	Dominick	Hogan	McClintic
Braud	Drane	Huck	McCormick
Brennan	Dunn	Hutchinson	McDuffie
Britten	Dyer	Jefferis, Nebr.	McLaughlin, Nebr.
Brooks, Ill.	Echols	Kahn	McLaughlin, Pa.
Brooks, Pa.	Elliott	Keller	McSwain
Brown, Tenn.	Fenn	Kelley, Mich.	MacLafferty
Browne, Wis.	Fish	Kendall	Mead
Burdick	Focht	Kennedy	Michaelson
Burke	Frear	Ketcham	Mills
Burtness	Free	Kiess	Montague
Burton	Freeman	Kindred	Moore, Ill.
Cantrill	French	King	Morgan
Carew	Frothingham	Kirkpatrick	Morin
Carter	Gallivan	Kitchin	Mott
Mudd	Ransley	Slemp	Tillman
Murphy	Reber	Smith, Mich.	Tilson
Nelson, Me.	Reed, N. Y.	Snell	Tucker
Nolan	Riddick	Snyder	Turner
O'Brien	Rodenburg	Sproul	Vestal
O'Connor	Rogers	Stiness	Vinson
Overstreet	Rose	Stoll	Volk
Park, Ga.	Rosenbloom	Strong, Pa.	Walters
Patterson, Mo.	Rossdale	Sullivan	Wheeler
Paul	Rucker	Tague	Williams, Tex.
Perkins	Ryan	Taylor, Ark.	Wilson
Petersen	Schall	Taylor, Colo.	Winslow
Rainey, Ala.	Scott, Mich.	Taylor, N. J.	Wise
Rainey, Ill.	Scott, Tenn.	Thomas	Yates
Ramseyer	Shaw	Thompson	Zihlman
Rankin	Shelton	Thorpe	

The committee rose; and the Speaker having resumed the chair, Mr. MADDEN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill S. 3220, and finding itself without a quorum, he had directed the roll to be called, when 260 Members answered to their names, a quorum, and he handed in a list of absentees for printing in the Journal.

The committee resumed its session.

The CHAIRMAN. The question is on the motion of the gentleman from Iowa that the committee do now rise and report the bill with amendments to the House, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. MADDEN, Chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill S. 3220 and had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the third reading of the bill.

The bill was ordered to be read a third time, and was read the third time.

Mr. HAUGEN. Mr. Speaker, I move the previous question on the bill to final passage.

The previous question was ordered.

Mr. HILL. Mr. Speaker, I move to recommit the bill. I would like one moment to make a statement of my reason for this.

The SPEAKER. The previous question has been ordered. The question is on the motion to recommit.

The motion was rejected.

The SPEAKER The question is on the passage of the bill.

The bill was passed.

On motion of Mr. HAUGEN, a motion to reconsider the vote by which the bill was passed was laid on the table.

SENATE JOINT RESOLUTION REFERRED.

Under clause 2, Rule XXIV, Senate joint resolution of the following title was taken from the Speaker's table and referred to its appropriate committee, as indicated below:

S. J. Res. 253. Joint resolution proposing an amendment to the Constitution of the United States fixing the commencement of the terms of President and Vice President and Members of Congress and fixing the time of the assembling of Congress; to the Committee on Election of President, Vice President, and Representatives in Congress.

UNITED STATES COTTON STANDARDS.

Mr. HAUGEN. Mr. Speaker, I call up the bill H. R. 14302, to establish and promote the use of the official cotton standards of the United States in interstate and foreign commerce, to prevent deception therein and provide for the proper application of such standards, and for other purposes.

The SPEAKER. This bill is on the Union Calendar. The House will automatically resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill, and the gentleman from Iowa [Mr. TOWNER] will take the chair.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the consideration of the bill H. R. 14302, with Mr. TOWNER in the chair.

The Clerk read the title of the bill.

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. HAUGEN. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. FULMER].

Mr. FULMER. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD and to print in connection therewith certain letters.

The CHAIRMAN. The gentleman from South Carolina asks unanimous consent to extend his remarks in the RECORD and to print in connection therewith certain letters. Is there objection?

There was no objection.

Mr. FULMER. Mr. Chairman and gentlemen of the committee, in connection with the bill that I now present to the House, if gentlemen will read the title of the bill they will see exactly what we propose to do, and that is to establish and promote the official standards of cotton now in use by the Department of Agriculture.

A brief summary of the sections of the bill is as follows:

Section 2 prohibits the use of any other standards than the official cotton standards of the United States in (a) any interstate or foreign shipment or transaction, (b) any publication or price quotation based on such a shipment, or (c) in the classification of cotton involved in such a shipment or transaction. Permission is given, however, for the employment of actual samples or private types or marks used in good faith when no standard is specified.

Section 3 authorizes the Secretary of Agriculture to examine classifiers of cotton for their competency and to issue licenses to grade or classify cotton and to certify its grade or classification in accordance with the official standard. Authority is also given to suspend or revoke such licenses in the event of their misuse.

Section 4 provides that cotton or samples may be submitted to the Secretary of Agriculture for a determination of the true classification thereof, and that his findings shall be accepted by the courts as prima facie evidence of the true classification of the cotton or of its comparison with types or other samples.

Section 5 authorizes the Secretary to fix and collect charges for the services performed under sections 3 and 4.

Section 6 authorizes the establishment by the Secretary of Agriculture of official standards for cotton and prescribes that the standards now established under the United States cotton futures act, effective August 1, 1923, shall be the official standards for the purposes of this act. Provision is made for revising these standards as need may arise and for the distribution of copies to the public.

Section 7 permits the inspection and sampling of cotton by the Secretary of Agriculture which may be necessary in the administration of the act. The purpose of this section is to give authority to the Secretary for the proper enforcement of section 2, as well as to enable him to secure samples when necessary, to be used as the basis of his determinations under section 4.

Section 8 is intended to safeguard the standards by making it unlawful to counterfeit or alter any copy of the official standards, or to use any official copy which may have been condemned.

Section 9 prescribes suitable penalties for the violation of sections 2 and 8, and safeguards the integrity of classification of certificates issued under the act.

Section 10 authorizes the Secretary to conduct any necessary demonstrations, tests, or investigations, and to put forth necessary publications for the purpose of the enforcement of the act and for the improvement of methods of sampling and classifying. It authorizes also cooperation with any other department or agency of the National or State Governments.

Section 11 defines the words "person," "commerce," and "cotton," and makes principals responsible for the acts of their agents or employees.

Section 12 authorizes the appropriation of necessary moneys for the enforcement of the act and enables the Secretary of Agriculture to make necessary expenditures from such appropriations.

Section 13 contains the usual provision with reference to the constitutionality of the act.

Section 14 makes August 1, 1923, the date on which the measure becomes effective.

If we pass this bill it will extend the same privileges in all spot transactions that we now have in delivering spot cotton on future contracts. Several years ago Congress authorized the appropriation of the sum of $50,000 to be used by the Agricultural Department to buy and have manufactured several grades of cotton into yarns, so as to ascertain the length, strength, and the waste in connection with the various grades of cotton. They now have an official standard in cotton, but it is only used in delivering spot cotton on future contracts. Someone will say that the various exchanges of the country have adopted the official standard, and they have, but as I said a moment ago, it applies only in delivering spot cotton on future contracts. The buyer, for instance, buys from the producer in a small town, altogether on Liverpool grades or private grades, and because of the confusion thereof the buyer takes advantage of the producer in a great many cases, and not only fails to give him the Liverpool grade but gives him one or two grades under the actual grade. I speak to you now as a farmer producing cotton, one who has bought and sold thousands of bales of cotton. I have bought direct from the producer and sold to the man higher up, and that man then sells to the mill or exports to Liverpool. I had to buy this cotton from the producer, so as to deliver it to the man to whom I sold it. I knew at the time that the producer was being robbed of his product, but I had to buy so as to deliver to the man to whom I sold. Then, as a rule, this cotton, after it passes into the hands of the larger buyer, would be graded, not only as to color but as to length, for delivery to the mill or for export to Liverpool. Here I have a sample of cotton, and, by the way, this very bale of cotton was brought to the city of Columbia, S. C., by a farmer and sold as what the buyer calls "dog tails," while this very bale graded as strict good ordinary by the State grader. The difference or loss to the farmer would be about $5 per bale.

As a matter of fact, if the grader who is standing by between the seller and the buyer could have had the protection that my bill will give, in delivering this cotton on official standards, that farmer would have received a grade of "strict good ordinary" for the cotton. The difference between "strict good ordinary" and "ordinary" is $2.50 a bale, and below that it is $5 a bale, and sometimes a larger difference. In the meantime, not a single bale sold by the producer to the buyer is sold on the length of the cotton, but only on the color. When it passes in and through the hands of several buyers, when the last man sells to the mill, then the cotton is graded as to color and as to length and as to strength as stated a few minutes ago.

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

Mr. FULMER. Yes.

Mr. GARRETT of Texas. In the State of Texas there are perhaps 20,000 different places where cotton is bought from the producer. Just how would this bill protect the farmer in those 20,000 different places in the sale of his cotton to the buyer at the particular local market?

Mr. FULMER. I can answer that very easily. In the State of Texas, and in South Carolina, and in many other cotton States there are now cotton-marketing associations. The farmers are rapidly joining these associations.

In my judgment the cooperative associations will mean the salvation of the farmer in the Southern States. They handle thousands of bales of cotton. They have their classifiers, but they are absolutely unable to sell and deliver to the buyer only on Liverpool grade and private grade. You are now thinking of the one-horse farmer who comes to town with his one and two bales. You want to know about his cotton. We have in South Carolina, under the Smith-Hughes Act, classifiers of cotton sent out by the State from the agricultural colleges. They are working at the county seats and State warehouses and the cooperative market association warehouses. Farmers can go with their samples, from 1 bale to 50 bales or 100 bales, to the county seat or warehouse near by and have their cotton properly graded by the State classifier. Then he comes back to his home town, and when the buyer will say to the farmer that this is strictly low middling cotton, he can say to the buyer I have had this classified by the State classifier and he has certified it to be middling cotton. This will serve as a notice and will tend to check the dishonest buyer. The honest buyer will be glad to accept, because under my bill he will have a comeback, whereas now he has to take the decision of the buyer at the other end or the decision of the exchange, and the buyers higher up compose the exchange.

Mr. KINCHELOE. Will the gentleman yield?

Mr. FULMER. I will.

Mr. KINCHELOE. The testimony shows there are about 829 counties of the South producing cotton, I will say, in connection with what the gentleman from Texas says. The only objection I have to this bill is section 7, which gives to the Secretary of Agriculture, if he wants to use it, the right to put a horde of Federal inspectors at these different places down there.

Mr. FULMER. I will say in answer to the gentleman that to-day the Federal Government has expert graders at New Orleans and New York, and under this bill we only propose to locate others, for instance, at Atlanta, Ga., Dallas, Tex., and at

the large cotton centers or exporting points, and then they will work in connection with the States. The buyer as well as the seller of cotton will have the right to appeal for expert service, and the decision of the Secretary will be final.

Mr. KINCHELOE. The fact remains, I think the gentleman will agree, that under section 7 the Secretary of Agriculture might do that if he wants to do so.

Mr. FULMER. I think the gentleman knows that the Secretary, especially Mr. Wallace——

Mr. KINCHELOE. I have as high regard for him as anybody, but under this section of this law this gives him the power to do that.

Mr. FULMER. It is not the idea that the Secretary will do that. His experts will work in connection with the States from the larger center. A great many of the States have adopted by State legislation the official standards and now have their graders.

Mr. KINCHELOE. We have the declaration of, I think, Mr. Meadows, of the Department of Agriculture, that they could administer this law by striking out section 7, and I do not see why we do not do so.

Mr. FULMER. If you strike it out, you take away the connecting feature with sections 2 and 4, which is very important. If you are going to have an official standard, so as to do away with various other standards, and if you are really interested in the cotton farmer you will not strike out section 7. I do not see how any Member from the South can object to this legislation or any part of it, and I do hope that you will not.

I appeal to my friends who represent the West or grain States who some years ago passed this identical legislation for the grain growers or farmers of the West. At that time your people were being robbed out of millions of dollars by undergrading of wheat. Now the people of the South are being robbed out of millions of dollars. Gentlemen, here is a crate of cotton, the stalks with the cotton unpicked just like you will find it in the cotton fields of the South before the cotton had been picked. Any of you who have not seen these fields of cotton, if you will come down South during the months of October and November you will see the beautiful bloom and cotton like this. I want to say to you that the sad story connected with my speech that should appeal to you in favor of my bill is the fact that cotton has to be picked, every lock of it, by human hands, and poor white women and children have to go with sacks strapped upon their backs and pick it. The farmer who makes that crop has to work 12 months in the year. First he prepares his land, has to haul fertilizer, which is very hard work, and the fertilizer is very expensive. In 1920 the records will show that we bought $52,000,000 worth of fertilizer in South Carolina. He then puts out his fertilizer, plants, and by the first of August he will have finished the cultivation of his cotton. The picking, ginning, and marketing of his cotton crop will take up the balance of the year, and as a rule he winds up at Christmas time still in debt and without cash to buy the things that the family really needs. I can see the farmer now as he comes to his little country town with his sample in his hand begging, as it were, for a reasonable price for his cotton, only to be robbed in a great many cases. I do not mean to say that all cotton buyers who buy from the producers are dishonest, but they have to buy so as to deliver to the other fellow who can then deliver to the mills on official standards. There is no comeback. There is no one to stand between him and the man to whom he desires to sell. I know in many instances the buyers will get together and form a combination and thereby rob the uninformed and unprotected producer, not only on grades but as to price. One buyer will make a bid and the others will not beat it, and the next day the other buyer will operate. I know this will tend to help them out on their grades, and they are getting well informed daily as to the price on the various grades. Therefore if we are as interested now since we have been elected as we seemed to be during the campaign when we promised, if elected, we would fight, bleed, and die on the floor of the House, let us pass this splendid piece of constructive legislation.

The CHAIRMAN. The time of the gentleman has expired.

Mr. BANKHEAD. Mr. Chairman, I hope that the chairman will yield more time to the gentleman.

Mr. HAUGEN. I yield the gentleman five additional minutes.

Mr. BANKHEAD. This is a rather important subject to the people in our country and I hope the gentleman will be given opportunity to explain the bill.

Mr. HAUGEN. I yield five minutes.

Mr. BANKHEAD. As I understand it, under existing law a number of grades of cotton have been reduced considerably from what they were formerly?

Mr. FULMER. Yes.

Mr. BANKHEAD. There were quite a number of different grades?

Mr. FULMER. Yes.

Mr. BANKHEAD. Under the law as it now exists, is there any penalty laid upon the buyer of cotton from the producer if he misrepresents the quality of the cotton or the grade which he purchased?

Mr. FULMER. None whatever.

Mr. BANKHEAD. Does this bill undertake to include any penalty for a violation of the department rules under the classification we are seeking to establish?

Mr. FULMER. Absolutely.

Mr. BANKHEAD. Explain that, if you please, so that we may understand it.

Mr. FULMER (reading from the bill):

SEC. 2. That it shall be unlawful (a) in or in connection with any transaction or shipment in commerce made after this act shall become effective, or (b) in any publication of a price or quotation determined in or in connection with any transaction or shipment in commerce after this act shall become effective, or (c) in any classification for the purposes of or in connection with a transaction or shipment in commerce after this act shall become effective, for any person to indicate for any cotton a grade or other class which is of or within the official cotton standards of the United States then in effect under this act by a name, description, or designation, or any system of names, description, or designation not used in said standards: *Provided*, That nothing herein shall prevent a transaction otherwise lawful by actual sample or on the basis of a private type which is used in good faith and not in evasion of or substitution for said standards.

If he does he is subject to the penalties of so many dollars fine or so many months in jail.

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

Mr. FULMER. I yield to the gentleman from Texas.

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

Mr. FULMER. Yes.

Mr. SUMNERS of Texas. Do you have any further provision which would penalize a fraudulent determination of the standard of quality?

Mr. FULMER. Yes.

Mr. SUMNERS of Texas. Where is that; in a case where a grader of this cotton fraudulently grades it?

Mr. FULMER. Yes; absolutely. If the gentleman will read section 2 I believe he will be satisfied on that point.

Mr. SUMNERS of Texas. That is in the bill?

Mr. FULMER. Yes; that is in the bill. If he would accept money as a bribe or in any manner try to defraud, as a licensed grader, he could be handled by the Federal Government under sections 2 and 8.

Mr. STEENERSON. Now will the gentleman yield?

Mr. FULMER. Yes.

Mr. STEENERSON. How many grades are there under the statute?

Mr. FULMER. I believe there are 10 grades.

Mr. STEENERSON. These standards prescribed by the Secretary of Agriculture are satisfactory?

Mr. FULMER. Yes; and are acceptable in delivery of cotton to the mills. But in buying from the farmer, as I stated a few moments ago, they will buy on any old grade except the official grade and then get the benefit of the official grades at the mill.

Mr. STEENERSON. The grievance is that the standard prescribed by the Secretary is unfair?

Mr. FULMER. No; the buyers from the producer will not recognize the official standards and as stated a while ago, as much as they would like to do so in a great many cases they can deliver on the official grades.

Mr. STEENERSON. And you are trying to prevent the sale in grades that are not official?

Mr. FULMER. Yes.

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

Mr. FULMER. Yes.

Mr. CRISP. I am in sympathy with the purpose of the gentleman, and I know that at times farmers have to sell their cotton at a lower grade than it really is. The practical result sought to be brought about by this bill is to let the farmer know the actual grade of his cotton before he sells it?

Mr. FULMER. Yes.

Mr. CRISP. He can not make anyone buy it at that grade, but this measure simply lets the farmer know what that cotton really grades, and if he is not willing to take the price for it, he is not forced or induced to sell it under a lower grade than it really is?

Mr. FULMER. Yes. We should not worry about the sale of the cotton, because there is a demand for it. There is always to be found plenty of honest cotton buyers anxious to help the

farmer, absolutely willing to give as to grade just what he can deliver.

Mr. HAUGEN. It is possible now for a farmer to have grain graded at a local market where it is subject to grading, and he will receive the price for the actual grade in the market.

Mr. GARRETT of Texas. Oh, on the question of wheat or corn you have a way of weighing it by a little scale there that will give you No. 1 or No. 2 or No. 3 wheat. The wheat farmer does not need a special protection there. But in the case of the cotton farmer one county may have 20 different grades of cotton, and the farmers have no way of knowing what that grade is. Now, suppose the classification of the local markets should be different from the classification made by the Federal agent. Which classification would control?

Mr. HAUGEN. The Secretary would finally determine it.

Mr. GARRETT of Texas. But the farmer who brings his load of cotton to town on Saturday afternoon has no time to be appealing to anybody. He must sell his cotton by sample. The wheat grower, however, knows what the grade is.

Mr. HAUGEN. He makes a contract; and if there is any dispute about it, on appeal the grade is settled.

Mr. JONES of Texas. Wheat is not graded altogether on weight. There are a number of grades of wheat.

Mr. HAUGEN. It may be true that there is more difficulty about the classification of cotton than of wheat, but the Department of Agriculture has already standardized cotton. It has now given about 20 or 30 years' consideration to the subject, and I think the department has gotten as near perfection as possible. If it can be improved, the department will improve upon it from time to time.

Mr. GARRETT of Texas. The proviso says:

Provided, That nothing herein shall prevent a transaction otherwise lawful by actual sample or on the basis of a private type which is used in good faith and not in evasion of or substitution for said standards.

Does not that take out everybody under this law that tries to sell by private sample?

Mr. HAUGEN. You can sell by sample, but if you sell by grade specified it must be the Government sample.

Mr. JONES of Texas. Is it not usually graded by type, which involves a number of things?

Mr. FULMER. Yes.

The CHAIRMAN. The time of the gentleman from South Carolina has expired.

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

Mr. HAUGEN. I yield three minutes to the gentleman.

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

Mr. FULMER. Yes.

Mr. LAZARO. Would it be necessary for the farmer to join the Farmers' Cooperative Association in order to get the benefit of this legislation?

Mr. FULMER. In South Carolina in many counties graders are taking care of the farmers who go to them. But they are now joining the association, and they will get the direct benefit.

Mr. LAZARO. I understand they are joining the associations all over the country, and if they do they will sell by large lots instead of by small lots?

Mr. FULMER. Yes.

Mr. LAZARO. Is the Cotton Operative Association back of this bill?

Mr. FULMER. Yes.

Mr. LAZARO. And is the committee unanimous in its report?

Mr. FULMER. Yes. And I want to say, gentlemen, that this bill will tend to wipe out the dishonest buyer who has robbed the producer in the confusion between the Liverpool grades and the private grades. Somebody between the producer and the mills—according to the figures I am going to quote—is mopping up millions of dollars. I want to call your attention to Circular No. 56 of the Department of Agriculture of 1919, which will give you this information—the price received by the producer and the price paid by the mills during that year.

The difference amounted to $220,600,000, and I believe, gentlemen, by the passage of this bill you will wipe out a good big slice of that difference between those prices paid to the producers and as paid by the mill. According to these figures, the farmers of my State—South Carolina—sold their 1919 crop of 1,462,277 bales of cotton for $39,245,540 less than the mills paid for it.

Now, I have back of this proposition letters from the American Cotton Association, the Cooperative Association, and from the Secretary of Agriculture, Mr. Wallace.

I also have letters from presidents of nearly every agricultural college in the cotton States and the agricultural commissioners of the cotton States. Gentlemen, they are interested in this proposition. They know that the producers are being robbed, and they want this legislation. I hope the House will pass the bill.

The CHAIRMAN. The time of the gentleman from South Carolina has again expired.

Mr. HAUGEN. Mr. Speaker, I reserve the remainder of my time.

Mr. KINCHELOE. Mr. Chairman, I will ask to be recognized for the purpose of yielding time. Does the gentleman from South Carolina [Mr. FULMER] desire any more time?

Mr. FULMER. There is one other point that I would like to cover.

Mr. KINCHELOE. I yield to the gentleman from South Carolina five minutes.

Mr. FULMER. Mr. Chairman, as I explained a few minutes ago, the purchaser from the producer will sell to the buyer higher up; for instance, I will sell to a cotton factor in Augusta, Ga., or Savannah. He mails returns for my cotton. I see that I am being robbed on the grade. I immediately ask him to hold up the delivery and will go over to see the grading of it myself, as I did just a few weeks ago on a lot of cotton that I delivered myself in Columbia, S. C. If after looking it over I am dissatisfied, I am referred to the cotton exchange for an arbitration. The buyers compose the exchange, and I am just where I started. If it is a good thing to have the Secretary of Agriculture to superintend the delivery of spot cotton on future contracts, why not pass this bill and give the producer and the buyer from the producer the same rights and privileges? Now, under this bill I would have a right to appeal to the experts located in Augusta or Atlanta or some other large city, and they would pass on it.

As to the cotton exporters, this bill will mean millions to them, and that will mean millions handed back down to the producer. They export cotton to-day. Later they get returns with a big claim. They have to pay that claim or they can not do any more business with the party in Liverpool. If they ask for an arbitration they are referred to the Liverpool board or exchange, and they are in the same fix that I would be, as stated just now. Under my bill the Department of Agriculture passes upon it and they have to come into the courts of the United States here, and they would have a proper settlement in connection with the various claims. As a matter of fact, they have to buy from the producer and the cotton seller, squeezing him, and knowing it at the time, but they want to be on the safe side, believing and knowing that they will be squeezed in Liverpool or somewhere else. There is in the hearings a letter from Marshall Field & Co., who own 25 cotton mills in North Carolina and Virginia. They say they buy every pound of their cotton on Government classification or standards. If this bill is passed, do not worry about the Federal Government loading up the States with classifiers or inspectors. The States, in connection with the Federal Government, will take care of that proposition, and will have men there to look after the interests of the producer, and then they can appeal to the experts that the Federal Government will have in the various other centers.

Mr. BANKHEAD. The gentleman has still a little time left. I would like to ask him a question with reference to section 3, the licensing feature of the bill.

Mr. FULMER. Yes.

Mr. BANKHEAD. I understand that under the Federal law there is no Federal license required from the local buyer of cotton?

Mr. FULMER. No.

Mr. BANKHEAD. Section 3 provides that a license may be issued on application to the Secretary of Agriculture. What value is there in this section by way of protection to the producer of that cotton? In other words, suppose a man does get a license under this section from the Secretary of Agriculture; what additional integrity does that fact give to his action when he comes to buy cotton from the actual producer on the street?

Mr. FULMER. I am sure that the Secretary would not issue a license to a buyer of cotton; but if he did, he would be under the supervision of the Federal authorities, and he would be subject to the fines as listed in this bill according to or in violation of sections 2 and 8. A cotton firm or a cotton buyer can have their own grader, but he will be working in a private capacity, looking after the interests of his employer. In the meantime the grader working under Federal and State supervision or license will be impartial, looking after no special interest, but grading as to true grade by the official types.

Mr. BANKHEAD. Does the gentleman think a man will voluntarily take out a license that will subject him to a penalty unless it is made mandatory that he shall take out the license?

Mr. FULMER. I would not think so.

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

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

Mr. CONNALLY of Texas. I should like to ask the gentleman if he thinks this bill would be seriously crippled by striking out the licensing feature?

Mr. FULMER. The Secretary, in his letter, stated that while he would like to see section 3 remain in the bill—and I think it is a good section—still he did not seriously object to that section going out. The only difference will be that it will put the licensing of graders into the hands of the States and out of the hands of the Secretary of Agriculture of the Federal Government. I will say to the gentleman that I had a letter from a gentleman in North Carolina asking me to amend my bill so as to eliminate section 3 and leave the licensing of graders with the States.

Mr. CONNALLY of Texas. I would like to ask the gentleman if he does not really think that as this is confined to a few States, the people in the localities might be better acquainted with the situation than a Secretary of Agriculture who might come from Iowa or Minnesota or some other noncotton-growing State, and that it would be better to strike out section 3 and leave that matter of a license to the local authorities of the States? I hope the gentleman will permit me to say that I have talked to a number of Members who are favorable to the bill but who object to section 3.

Mr. FULMER. I stated to the committee in the hearing, in answer to a question, that I would not seriously object to striking out section 3, but it would not leave the bill in as good shape as it is now.

Mr. RANKIN. Will the gentleman yield?

Mr. FULMER. Yes.

Mr. RANKIN. I am anxious to know what benefit this bill will be to the farmer who grows the cotton. I have not had an opportunity to investigate the provisions of the bill carefully, but I want to know if it will take care of a situation like this: A farmer goes in to sell cotton to a cotton buyer. The buyer gives him a receipt. Does the bill provide that he is to enter on the receipt or on the statement the grade or class of cotton that he is purchasing so that he may have recourse himself against the farmer who grows the cotton or the farmer have recourse against the buyer as the case may be?

Mr. FULMER. You will find the Federal authorities as well as the State law will regulate the various ways of selling the cotton. It gives the Secretary of Agriculture the right to formulate regulations in the way of administering the act.

Mr. RANKIN. It turns that particular duty over to the Secretary of Agriculture?

Mr. FULMER. Yes.

Mr. RANKIN. And does not provide the relief in the law itself.

Mr. FULMER. I do not think the gentleman should worry about that. You take the agricultural interests in the States, and they are anxious to function, and in a great many States they have adopted the official standard of grades.

Mr. RANKIN. If it was left to the Secretary of Agriculture in the various States that would be the case, but as the gentleman from Texas [Mr. CONNALLY] suggests, the Secretary of Agriculture may come from a State where they do not grow cotton, where they are unacquainted with cotton. Cotton is a thing you have to grow up with to understand it. I do not view with much enthusiasm this proposition of leaving it to the Secretary of Agriculture, who may come from a State that does not grow cotton.

Mr. FULMER. Mr. Chairman, I want to say to the gentlemen on the Democratic side that this bill has been carefully considered. I have talked with the cotton people and the agricultural interests, as a whole, and they are very anxious for the bill to pass. I am satisfied that my friends on the Republican side will give us their hearty support. I am sorry to see the Members on the Democratic side wrangle and squabble over such an important matter. I have had several Republican Members say to me that if my bill did not pass, it would be on account of Members on my side of the aisle. When we offer to pass legislation in the interest of the cotton farmer, I can not see why it is so hard to get our Members from the South to agree and get together and pass legislation that will stop this highway robbery of the producer. You talk about the Strong bill and other bills that would create new financial institutions that are supposed to be in the interest of agriculture—while I will stand behind any good bill along these lines, I want to say that the Federal reserve bank can not be improved upon, if you will pass some amendments to the present law.

I would restrict the rediscount rate not to exceed 5 per cent, as provided for in my resolution introduced some time ago in this House. I would take away the power now in the hands of seven men, composing the Federal Reserve Board, which allows them to make or break any section of this great country overnight. I would have them accept any class of agricultural paper or warehouse receipt for a period of not less than 12 months for rediscount just in the same manner and in a just proportion to any other industry. In other words, the Congress should govern the Federal reserve banks by proper legislation in the interest of all the people and not Wall Street.

As I started to say a few moments ago, the great task before this Congress is to pass constructive legislation that will eliminate thousands of parasites that are operating between the producer and the consumer—to create a market for the farmer's products; to see to it that he is not robbed out of his weights, grades, and a living price for his produce. Sweet potatoes are selling in South Carolina to-day at about 50 cents per bushel, and in Washington for about $3 a bushel.

After you create these various financial institutions as outlined by various bills introduced by Members, the farmer still has to go to his home bank. His credit and his collateral are still in statu quo. He needs reduced freight rates, legitimate prices for his farm products; he needs to get nearer the price paid by the consumer and the consumer needs to get nearer the price received by the producer.

This bill will tend to wipe out a great many middlemen and put the seller on an equal footing with the buyer.

Mr. William M. Steuart, Director of the Census, approves of this kind of legislation when he says:

> There is considerable demand for statistical information as to the quantities of the several grades of cotton held in stock in the United States. Obviously, under present conditions, it is impossible to secure reliable information of this character since much of the cotton is not accurately graded until it reaches the more important concentration points. Since practically all the cotton produced in the United States enters either into interstate or foreign commerce, it is within the power of Congress to enact legislation requiring such cotton to be graded and stapled under Government regulations at central-grading stations. With uniform grading thus provided for throughout the cotton-growing region, it would be possible to obtain from the grading stations the number of bales of the several classes graded, and from consumer and exporters the number of bales of the several classes consumed and exported.

The Bureau of Markets has succeeded in arousing such interest in some of the States, for instance in South Carolina and Texas, that the farmers as well as the cooperative associations have begun in a limited way the study of grading their cotton. Mr. ASWELL of Louisiana in a speech some time ago in commenting on this subject says:

> The Department of Agriculture estimates that the farmers of Texas have already profited $1,000,000 by reason of taking up this study. It is clear that each farmer, if he is to follow business usage and hold his own as a business man, should know the various standard classes and the value and quality of his cotton before he offers it for sale. Having this information, he will strive to produce such grades as will be most remunerative. He will grow interested in improving his cottonseed. Why should he select his seed unless he knows the different classes of cotton? He will more carefully handle his cotton and see to it that it is properly ginned and baled to avoid the usual output of low-grade grades. In this way he will rapidly raise the standard and value of his product.

I agree with the gentleman from Louisiana and contend that the passage of this bill will do just the things that he advocates. As mentioned before, the farmers are now looking into the grades and values of their cotton. The States have graders to assist them; but what is the use when, after they have gotten this assistance and information, they can not deliver the goods?

In conclusion, I want to thank my friends for the interest they have displayed in assisting me with this bill, especially the chairman and members of the Agricultural Committee for their very careful consideration and for their unanimous report given my bill. [Applause.]

Mr. W. R. Meadows, cotton technologist of the Department of Agriculture, in a speech before the world conference at Liverpool, England, on July 14, 1921, said:

> The importance of having only a single set of standards for American cotton that shall be universally recognized and applied in the cotton trade has long been acknowledged, and efforts to secure the consummation of that end have almost succeeded on at least two occasions, but still the common desire in this direction remains to be realized. That the adoption of uniform standards would greatly simplify the merchandising of cotton is admitted by all. Cotton known as middling in one place, for instance, should be known as middling throughout the world, and cotton of 1-inch staple should not mean one thing in one place and something different in another market of equal importance. These are specific instances which point to the great desirability of a common language in the cotton trade of the world.
>
> Universal standards would not only simplify methods of handling cotton but would tend to higher standards of ethics in the cotton business. Knowing definitely what is expected of him, a shipper would be more likely to make serious effort to meet his obligations on shipments by supplying the grade and staple stipulated in the contract.
>
> A most important advantage of universal standards would be the reduced number of arbitrations that are necessarily held in the cotton

business each season. Having the same well-established standards in the hands of both European buyer and American seller would facilitate shipments in compliance with contracts, and therefore it would not be necessary for the purchaser of cotton to arbitrate shipments continually in order to collect claims for failure to ship according to specifications.

By establishing and using universal standards for American cotton certain advantages will accrue to the producers of superior varieties of cotton. The world needs cotton of good staple, and spinners are anxious to encourage the production of superior varieties. With a single set of standards for classification established it is natural that the higher prices which spinners pay for cotton of superior character and staple should be reflected back to the producer more readily than under the present methods, when both grade and staple standards are questions of uncertainty and controversy.

By the adoption of uniform standards throughout the world trading on the future exchanges in both Europe and America will be more nearly on the same basis, future quotations would be more readily comparable, and better hedging facilities would result than when material discrepancies exist in the terms of the future contracts.

Practically all of the American cotton exchanges have passed resolutions indorsing the idea of uniform standards. Many of the leading American cotton firms have expressed similar views. Associations representing producers have likewise favored the establishment of a single set of standards. It may be stated, therefore, that the American cotton trade almost solidly favors the establishment of uniform standards.

The importance of uniform standards for American cotton can perhaps be no better demonstrated than by the citation of a few statistical facts. A reference to the Statistical Abstract of the United States, an official publication, discloses that during the calendar year ending December 31, 1920, exports of American cotton were valued at $1,136,408,916 and for the calendar year ending December 31, 1919, $1,137,371,252. Such figures establish cotton as the leading export commodity of the United States, and certainly the entire American people are concerned with the handling and marketing of a product which means so much to the economic welfare of their country.

Indeed, an examination of the statistics for the 50-year period from 1865 to the close of 1914—that is, for the 50-year period of peace, when marketing was normal—discloses that the total exports of cotton from the United States in round figures were $13,610,000,000. During the same period the actual net balance of American exports over imports was, in round figures, $10,343,000,000. In other words, the one article, cotton, exported from the United States exceeded by $3,267,000,000 the total net favorable balance of trade for the 50 years preceding the outbreak of the war in Europe. It should be borne in mind that nearly all of this $13,500,000,000 worth of cotton was exported on contracts which called for arbitrations before a board of arbitrators, on which Americans did not have and still do not have a representative, and even the standard of classification itself is not well known by many American exporters. Certainly, as a matter of justice for those Americans engaged in the export cotton trade, an agreement on cotton standards should be reached in order to facilitate the handling on fair and equitable terms of the leading export crop of the United States.

I take it, therefore, that the importance and desirability of universal standards having been recognized in past conferences and by similar meetings of the cotton trade, it will not be disputed in the present conference, and that this representative body will lend its active support to the movement to secure universal standards and will take the initiative in finding a way for the accomplishment of that end.

The letter of the Secretary of Agriculture is, in full, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, January 17, 1923.

Hon. G. N. HAUGEN,
Chairman Committee on Agriculture,
House of Representatives.

DEAR MR. HAUGEN: In reply to your request for a report on the bill (H. R. 6753) introduced by Mr. FULMER and known as the cotton standards act I will say that with one or two minor changes in its phraseology the bill has the general approval of this department. It has been suggested that the word "final" be inserted in line 10 of page 3 before the word "certificate"; and that in line 11 of the same page, after the word "determination," there should be inserted the words "shall be binding on all officers of the United States and."

The department is particularly interested in the sections which establish the official cotton standards of the United States as the legal basis of spot-cotton transactions in interstate and foreign commerce and which provide also for the classification of any cotton of which samples may be submitted to officers of the department for the purpose. These two sections, if enacted into law, should effectively increase the use of the official cotton standards established under the cotton futures act. It is believed that the cotton producers will benefit very largely both directly and indirectly by the enactment of these provisions into law.

The department receives requests repeatedly from cotton merchants and others for the classification of spot cotton according to the official standards of the United States. There is no authority at present, however, for such activities, except for the limited purpose of legalizing delivery on future contracts at New York and New Orleans. This inability on the part of the department to determine the classification of spot cotton other than that intended for delivery on future contracts operates to deter cotton merchants and shippers from making full use of the existing standards.

It is believed that the cotton trade is thoroughly in sympathy with the bill, with the possible exception of section 3, which provides for the examination and licensing of classifiers. If, however, on further inquiry by your committee there should develop any serious objection to this section, the department would agree to its omission. In such case a few modifications of the wording of subsequent paragraphs which refer to section 3 might be necessary.

With proper direction, it is thought that the administration of the act should be financially self-sustaining. An initial appropriation, however, will be needed to start the work. Section 12 of the bill as drawn authorizes the appropriation of such sums as may be necessary for administering the act, but if $50,000 were provided at the outset it is thought that no further appropriation would be necessary. The experience of the department in establishing standards and classifying cotton for delivery on future contracts under authority of the United States cotton futures act should be of much practical use in the administration of this bill in the event of its enactment into law.

Sincerely yours,

HENRY C. WALLACE, *Secretary.*

JANUARY 27, 1923.

Submitted to the Bureau of the Budget and returned to the Department of Agriculture with the advice that the foregoing is not in conflict with the financial program of the President.

DEPARTMENT OF AGRICULTURE,
Austin, Tex., June 4, 1921.

Mr. J. S. WANNAMAKER,
St. Matthews, S. C.

DEAR SIR: In receiving the reports of the jubilee convention of the American Cotton Association held May 31, in New York, I note that Mr. W. R. Meadows, technologist of the United States Department of Agriculture, advocated the idea of the adoption of uniform standards for cotton for American and foreign trade.

I presume you are familiar with the fact that through the efforts of the United States Department of Agriculture a few years ago standards for our cotton were made practically the same as those obtaining for Liverpool; that is to say, the standards made for the United States were adopted by the Liverpool Cotton Association, popularly known as the Liverpool Cotton Exchange, at a conference of Cotton Exchange representatives held in Liverpool in June, 1913.

The standards there and then agreed upon were for white cotton only, but since that date the United States standards have been revised, eliminating the grades strict good ordinary and good ordinary white cotton, substituting therefor three colored cottons, namely, strict middling, yellow tinged, and good middling yellow stained, making in all 10 grades of the Government's tenderable list, said grades being the official types governing delivery of spot cotton on future contracts on both New York and New Orleans Cotton Exchanges.

The cotton exchanges at New York, New Orleans, Montgomery, Selma, Little Rock, Mobile, Augusta, Savannah, St. Louis, Vicksburg, Charleston, Memphis, Norfolk, Galveston, Waco, Houston, Paris (Tex.), Dallas, San Antonio, Fort Worth, and Oklahoma City, also the Cotton Buyers' Associations of Fall River, New England, and Texas, and the Cotton Manufacturers' Associations of North and South Carolina have adopted the United States Government standards. One would draw the conclusion that after the cotton exchanges all over the country had adopted these standards that differences arising over cotton classification between buyers and sellers would be practically at an end, but regrettable to say the opposite obtains now in the entire Cotton Belt, more especially in Texas and Oklahoma, as these two States have grown in late years a character of cotton popularly recognized as "bollies," because of its color, weather exposure, foreign substances, etc.; the trade in these States ignoring gradation of low grades where any color is shown, taking them as "bollies," paying anywhere from 3½ to 5 cents a pound for them when buying.

To illustrate, let us say a grower offers a bale of cotton for sale, classing strict low middling tinge, taking a discount of 400 points off middling, that middling is quoted at 11½ cents, then the cotton offered would be worth, on correct classification, 7½ cents a pound. The trade here takes it as a "bolly," offering 4 cents for it, unless the cotton is good style strict low middling, when possibly it might go for 5 cents a pound.

I believe it is no exaggeration to say that 75 to 90 per cent of our cotton containing yellow, red, or blue color goes into the channels of trade as "bolly" cotton. It goes on the market at whatever price the buyer and grower may agree upon, classification ignored.

I see but little use in a Federal or State standard for cotton, established for trade guides, if the trade can not be made to conform to accept it.

The more I see of the trade practices resorted to in Texas, the more I am convinced of the necessity for a national law making it mandatory for the cotton trade to use the United States standards in all spot-cotton transactions. The Government has made their usage mandatory for delivery of spot cotton on future contracts on both the New York and New Orleans Cotton Exchanges, why not for the trade everywhere?

I am writing this letter for your consideration and asking at the same time that you use your influence and that of the American Cotton Association toward the southern Members of Congress urging passage of a law making the universal usage of the cotton standard types obligatory in all spot-cotton transactions, if you are in agreement with me on this question.

Should such a law be enacted, it must be conceded no one can be hurt in any cotton transaction financially, as both buyer and seller will have the same official guides.

If Liverpool does not establish standards coinciding with ours it will be an easy matter for the American cotton trade to translate our types to those of that market as the trade has done for more than 50 years.

Believing I am right in the premises, I ask your consideration, your influence, and your help in getting a law passed as suggested above.

Awaiting a reply at your convenience, I am,

Yours very truly,

T. S. MILLER.

STATE WAREHOUSE COMMISSIONER,
Columbia, S. C., February 9, 1922.

Hon. H. P. FULMER,
Member House of Representatives.

DEAR SIR: Your letter of the 6th noted. I am heartily in favor of this bill and will send the samples just as soon as my cotton grader returns to the office, which will be in the next day or two. Will try to get these off promptly to you at that time. Sincerely hope this will go through, and it will be a godsend to the farmer of the cotton-producing States.

Yours truly,

J. CLIFTON RIVERS,
State Warehouse Commissioner.

LOUISIANA STATE UNIVERSITY,
Baton Rouge, La., July 11, 1921.

Hon. H. P. FULMER, M. C.,
Washington, D. C.

MY DEAR SIR: Those of us here who have read your bill (H. R. 6753), and who are more directly interested in what it calls for, are agreed that its passage would be of immense benefit to all departments of the cotton industry. It is to be sincerely hoped, therefore, that you may succeed in your endeavor to have this bill become law.

Very respectfully yours,

W. H. DALRYMPLE,
Dean and Director.

COOPERATIVE EXTENSION WORK IN AGRICULTURE
AND HOME ECONOMICS,
University Station, Baton Rouge, La., June 23, 1921.

Hon. H. P. FULMER,
House of Representatives.

DEAR SIR: A copy of your bill (H. R. 6753) is received, and I wish to express to you my interest in such legislation and to say that the farmers all over the South are needing it now, and have needed it for many years. It has been a well-recognized fact for a long time that cotton buyers made a great deal of their profit by undergrading the staple, and I believe that this law as written should pass. Its enforcement will undoubtedly be of great service in the grading and marketing of the cotton crop.

I trust that you will not meet with any difficulties in getting it through.

Very truly yours.

W. R. PERKINS,
Director of Extension.

—

STATE BOARD OF AGRICULTURE,
Oklahoma City, January 29, 1923.

Hon. H. P. FULMER,
Member of Congress, Washington, D. C.

MY DEAR SIR: I have read your cotton grading bill with a great deal of interest and take this opportunity of indorsing its provisions. Probably no greater injustice has been done the ordinary producer than that of grading his cotton.

I am wondering if you had placed a cooperative clause, cooperating with State graders, who carry Federal license, if it would not have helped promote the bill better?

Assuring you of my confidence in the plan and believing it a great forward step in cotton grading and marketing, I am,

Very truly yours,

J. A. WHITEHURST, *President.*

—

[Telegram.]

ST. MATTHEWS, S. C., *January 30, 1923.*

H. P. FULMER,
House Office Building, Washington, D. C.

Heavy work here prevents my going to Washington. Deeply regret inability to comply with your request as your bill is of greatest importance to cotton industry and trust same will pass without objection.

HARVIE JORDAN,
Secretary American Cotton Association.

—

OKLAHOMA AGRICULTURAL AND MECHANICAL COLLEGE,
Stillwater, January 31, 1923.

Representative H. P. FULMER,
Congress of the United States, Washington, D. C.

MY DEAR SIR: I am writing to record my indorsement of H. R. 6753, on official cotton standards, a copy of which you recently sent me.

Very truly yours,

J. K. ESKRIDGE, *President.*

—

THE STATE OF FLORIDA,
DEPARTMENT OF AGRICULTURE,
Tallahassee, June 22, 1921.

Hon. H. P. FULMER,
Washington, D. C.

DEAR SIR: I write to add my indorsement of the effort to establish uniform cotton grades throughout the United States. Equitable transactions in cotton are impossible by the old arbitrary methods of grading, and standardization that is not compulsory is of little service.

We can not undo the evil that has been done in the past in this respect, but we are responsible for delay in thoroughly establishing these relative grades and forcing definite compliance therewith.

I can see absolutely no reason for honest opposition to universally established accurate and uniform grading.

Yours very truly,

W. A. MCRAE,
Commissioner of Agriculture.

—

C. M. BARNES,
Marston, Mo., June 25, 1921.

Hon. H. P. FULMER, M. C.,
Washington, D. C.

MY DEAR MR. FULMER: Our Missouri commissioner of agriculture has referred to me a copy of H. R. 6753, a bill to establish United States cotton standards act.

I have been pleased to reread this proposed act several times that I might not fail to understand its purpose thoroughly and will say at the outset that I heartily indorse the proposed law in its entirety.

Only those persons whose business activities bring them into constant touch with the handling of lint cotton do fully appreciate the value of establishing uniform standards for grading this greatest of American commercial crops. There surely can not be any serious opposition to the establishment of such uniform standards for all commercial transactions in America, whether spot or future, except from interests which either do now or expect to take advantage by substitution of grade of cotton lint to fill future contracts. I appreciate the fact the Department of Agriculture has long ago established standards for grading, and I believe does authorize licensed graders, but an act requiring the use of such standards in all transactions involving cotton grades is now very desirable and, in fact, necessary to bring the system into universal use in America. I am sure foreign markets will cheerfully conform.

I am sir, yours very respectfully,

C. M. BARNES,
Former Member Missouri Board of Agriculture.

—

STATE COLLEGE OF AGRICULTURE AND MECHANIC ARTS,
UNIVERSITY OF GEORGIA,
Athens, Ga., January 31, 1923.

Hon. H. P. FULMER,
House of Representatives.

DEAR SIR: Your favor of the 24th instant inclosing copy of H. R. 6753 has been received. I have read the same with interest, and believe it should be passed in the interest of the cotton producers of the country.

With best wishes, I am, very respectfully,

ANDREW M. SOULE, *President.*

THE CAROLINA COTTON & WOOLEN MILLS CO.,
Spray, N. C., January 5, 1922.

Congressman H. P. FULMER,
House of Representatives.

DEAR SIR: Your letter of December 19, addressed to Marshall Field & Co., Chicago, regarding cotton purchases on Government standard classifications, has been referred to me for reply.

You are correct in your understanding that our cotton purchases are based on Government standard classifications.

Yours very truly,

W. G. MCCOLLUM,
Manager Cotton Purchasing Department.

—

ALABAMA POLYTECHNIC INSTITUTE,
Auburn, Ala., July 9, 1921.

Hon. H. P. FULMER,
House of Representatives.

DEAR SIR: In pressing the passage of H. R. 6753—your bill to establish the use of official cotton standards of the United States in interstate and foreign commerce—you are working along lines in which we in Alabama are very much interested. So strong is the sentiment among Alabama farmers for the passage of such legislation that a corresponding bill was passed by the last session of the Alabama Legislature providing the exclusive use within Alabama of the official cotton standards of the United States. Other Southern States have the same matter under consideration and in some cases have passed the necessary legislation which will serve to make effective in interstate transactions in cotton the same procedure that your bill provides in regard to cotton entering interstate and foreign commerce.

In my opinion, there is sufficient argument for the passage of your bill in the fact that it will remove the present confusion brought about through the use by many firms of cotton buyers of arbitrary numbers or other private designations for cotton that the farmer offers for sale under the terms provided by the United States standards. It is well known that whenever there is confusion in market transactions through the use of different standards, the seller. especially when he is a farmer, is the loser.

It should certainly tend to simplify foreign commerce for all American cotton to be sold on the basis of the American standards. I have no doubt that the European trade will readily adapt itself to the procedure provided in your bill, and will find this a means of facilitating foreign commerce and of reducing the clerical work in connection with foreign transactions. The reasons for the passage of your bill seems to me so obvious, and the objections to it so trivial, that I think further arguments are not called for in this letter.

Southern farmers and southern business men (with possibly few exceptions among those engaged in the cotton trade) are with you in the desire to see the adoption of the United States official cotton standards as the sole measure of the grades of cotton, whether the transactions be interstate or foreign.

Yours very truly,

SPRIGHT DOWELL, *President.*

—

AMERICAN COTTON ASSOCIATION,
St. Matthews, S. C., February 7, 1923.

Hon. H. P. FULMER,
House Office Building, Washington, D. C.

DEAR MR. FULMER: I am inclosing you herewith a letter just received from Mr. William Ray, of New York, a man of many years' experience in the cotton trade and a strong defender of the cotton-growing interests. He fully indorses your bill for standardizing the grades of cotton, and I very sincerely trust the bill will be speedily passed and become a law. In whatever way we can assist, let me know.

With highest personal regards, sincerely,

J. S. WANNAMAKER,
President American Cotton Association.

—

THE FIRST CAROLINAS JOINT-STOCK LAND BANK,
Columbia, S. C., February 6, 1923.

Hon. H. P. FULMER,
House of Representatives, Washington, D. C.

DEAR HAMP: I have just reached your letter of January 29, inclosing me a copy of the bill introduced by you, and while I have not had an opportunity to examine it carefully, and will hardly have an opportunity to do so for some time, yet a hurried glance through it discloses what you are undertaking to do, and I feel sure that the passage of the bill would be of great service to the cotton trade in general.

You may recall when I introduced the cotton futures act many years ago I at the same time introduced a bill very similar to yours and which had the same general purpose in view. My recollection is that I did not go quite as far perhaps as you have gone in your bill, but I was dealing with a new thing at the time and the standards had not been so well established as they are now. I think you are fully justified, and if I were in Congress I would support the movement to compel the use of the standard for cotton shipped through interstate commerce.

I am sorry I could not get this letter to you in time for use before the committee, but I have just this moment reached it in my large accumulation of mail. Let me warn you that you are going to have a man's job to put this through, but keep on moving.

With personal regards and best wishes, I am your friend,

A. F. LEVER.

Mr. HAUGEN. Mr. Chairman, I yield five minutes to the gentleman from Michigan [Mr. MCLAUGHLIN].

Mr. MCLAUGHLIN of Michigan. Mr. Chairman, the question asked by the gentleman from Mississippi [Mr. RANKIN] was asked in the committee—how does the bill give protection to the individual farmer who brings his cotton to market and sells it?

Mr. FULMER. Will the gentleman yield?

Mr. MCLAUGHLIN. Yes.

Mr. FULMER. Did not they ask the same thing when the grading bill was before the committee—how it was going to benefit the farmer?

Mr. MCLAUGHLIN of Michigan. I do not know.

Mr. FULMER. They asked the very same question.

Mr. McLAUGHLIN of Michigan. I do not see what that has to do with this. I want to say to the gentleman from Mississippi that there is no way by which the individual cotton grower who comes to the market and sells his cotton can be protected if he does not take some steps to protect himself. Congress can pass no law to forbid a farmer making a contract with the buyer or such contract as those individuals wish to make. The Congress can not pass a law providing for an agent to stand at the elbow of every farmer who has a bale of cotton to sell and see that he does the necessary and ordinary thing to protect himself. If the grower comes to market with his cotton and it is bought without any representation as to what it is, without any contract as to grade, and the producer puts his money in his pocket and goes home, that transaction is closed. I am told, however, there is a contract which the buyer and the seller can enter into at the time of the original sale, which provides that the sale is made on a basis of grade and a statement as to that grade can be put into the memorandum setting forth the terms of the purchase and sale. Then, if it is sold later and found to be of a higher grade, the original seller can follow the matter up and be reimbursed by the buyer who underpaid or deceived him. I do not know how such a transaction is carried out, but am told it can be done and is sometimes done.

Mr. RANKIN. That is the proposition I am driving at. I want to know if there is anything in the bill that provides for that contingency.

Mr. McLAUGHLIN of Michigan. No; that is a matter the buyer and the seller will have to take care of themselves. The Government of the United States can not forbid the making of a contract which the individuals wish to make, nor can it provide a Federal agent to stand there and protect every man who sells a bale of cotton if he does not know enough to do what he is easily able to do to protect himself. I have been in favor of the general proposition involved in this bill, as I have told the author of it. I, however, pointed out some matters in it that I think are objectionable, and I understood they were to be eliminated. I was not present at the meeting when the bill was reported out. Because of my understanding that these features were to be eliminated, I am greatly surprised to find that they are still in the bill. This bill and every feature of it ought to be so drafted that it will relate only to cotton in interstate commerce. It is concerning interstate transactions only that Congress has a right to legislate.

In section 11 of the bill there is a definition of commerce, and it is a definition of interstate commerce.

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

Mr. HAUGEN. Mr. Chairman, I yield five minutes more to the gentleman from Michigan.

Mr. McLAUGHLIN of Michigan. It is a definition of interstate commerce, a definition which the Supreme Court of the United States upheld. This same definition of interstate commerce in another bill reported by the Committee on Agriculture and having been passed by Congress has been upheld. We find in section 4 that the Secretary of Agriculture is authorized to take part in transactions relating to any cotton anywhere, regardless of the fact that the transaction may have been intrastate—that is, entirely local in its nature and not at all in interstate commerce. If this bill is to be passed, there should be inserted in line 4, page 3, after the word "cotton," the words "in commerce," as those words appear in other sections. Without those words the bill is so broadened as to be seriously objectionable in my mind.

Section 7, in my judgment, is not only unnecessary but improper. There is a former section in the bill, section 4, which if properly amended as I have suggested would cover the matter, authorizing the Secretary of Agriculture to receive samples of cotton, to grade them, and to issue a certificate respecting them. That section is entirely proper and necessary and as broad as the law ought to be. Section 7 as it now reads would authorize the Secretary of Agriculture to send his agents to the smallest or most distant place in the cotton-growing area, to any place, to every place, to look over cotton involved in any transaction, no matter how small it might be. In my judgment that is improper and unnecessary. That is a length to which we ought not to direct or permit the Secretary of Agriculture to go.

It was said in justification of this that in case of a controversy between the buyer and the seller of cotton in interstate commerce, in a distant part of the country, they might not be able to agree on a sample to be sent to the Secretary of Agriculture to be graded, and, therefore, that it is necessary for the Secretary of Agriculture or somebody in his employ to go from Washington away to the limits of the country to mix in a matter where those interested can not agree in order to get a sample and bring it back to Washington, investigate it, and grade it. It seems to me that if a buyer and a seller have an honest difference of opinion in regard to cotton—to the grading of it, if it be cotton in interstate commerce—and if the transaction is of importance enough to ask the intervention of the Federal Government there ought to be some way for them to agree upon a sample and send it to the Secretary or to some place where he is maintaining an office and has employees to take care of that kind of business. If they can not go that far to reach the Federal Government when it is reaching out to assist them, employing men and spending money to help their business, in my judgment they are not entitled to the intervention of the department at all.

Yesterday we had under consideration a bill which was opposed and defeated because it would provide for the employment of a great many agents of the Federal Government to go into localities all over the country, interfering with the homely pastime of shooting game by men and boys, requiring a license of every boy who wanted to take a shotgun and go out and hunt birds. There was strong opposition to that bill. We all sympathize with that kind of opposition. That is a Government activity which ought to be limited and restricted. We ought to be very careful how we permit and direct the Government to go into little, trifling, local, personal matters. Section 7, if it remains in the bill, will permit and direct the Secretary of Agriculture to have agents in every community over the entire cotton-growing area of the country.

Mr. KINCHELOE. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. Box].

Mr. BOX. Mr. Chairman, if this bill will help the men who produce cotton to get a fair price for it in a constitutional and proper way, I think there will be no opposition to it in this House. In such event there will certainly be none on this side of the House. If I understand the bill, on a hurried reading, it applies to all transactions in cotton within and between the States. It authorizes licensing those who classify. I do not know how exclusive that is. The obtaining of a Federal license by men who classify cotton should not be required of all who want to classify and buy much or little. It authorizes the employment of a certain number of men to enforce it—to make those provisions effective. In order to justify that line of Federal activity, if it can be justified at all, it ought to produce a very substantial result in the way of benefit to the growers of cotton and the public. I make this statement more by way of inquiry than otherwise. What does this bill do more than advise the farmer about how his cotton ought to be graded or place him in the position where he can get proper advice to that effect? What else is there that is substantial in the bill, and if that is all there is in it, does that justify us in passing it, with the Federal activity and interference it carries? I ask these questions not in hostility to the bill, because I want to support it if it is sound and will help, but I do not want to do a foolish and a vain thing and, for the sake of doing so, violate a principle for which all should stand, that of having the Federal Government keep its hands out of local affairs as much as possible.

Mr. KINCHELOE. Mr. Chairman, I yield five minutes to the gentleman from Louisiana [Mr. ASWELL].

Mr. ASWELL. Mr. Chairman, there are two or three points in the bill that appear to me to need explanation. The bill as written has two potential advantages to the cotton grower. Undoubtedly it will aid the exporter to adjust his settlements with foreign markets. There is no question about that. It will help in that regard by establishing American grades throughout this country. It will certainly have a powerful moral effect in adjusting settlements in foreign countries. Second, it will enable the producer—the small grower of cotton—to know what grade he is selling. As to whether it will increase his price by having this knowledge is, of course, problematical, but the seller will be able through this bill to ascertain the grades he is actually selling.

Mr. GARRETT of Texas. If that be true, how will 100,000 sellers of cotton in Texas on one day know of the provisions of this bill, and who will be there at the market to tell them the grade of the cotton that they are selling?

Mr. ASWELL. Section 3 is practically the same provision as is contained in the grain standards act.

If these 100,000 sellers, the cotton farmers, want to have information as to the grade they are to sell on a certain day there will be Federal agents available for that 100,000 men to have their cotton graded for the day they are to sell. Now, as to the objection made a moment ago as to the possibility of having so many agents, let me say this, that that is only a possibility and will never be done, in my judgment. If it were necessary, these agents are to be paid from the license

fees, at no cost to the Government except the initial appropriation of $50,000 to start the operation of the bill. In the grain standard act $500,000 was appropriated and every dollar of that has been returned to the Treasury, and the evidence at the hearing revealed fairly conclusively that this $50,000 would be speedily returned and this act would be self-sustaining. If it did not require for a while an agent of the Department of Agriculture to go to every county seat in the South to grade the farmers' cotton, I wonder if it would not be worth while to establish a custom and a habit by the cotton farmer of selling cotton on the grade that he actually has? On these two points I think the bill will be a great relief to the cotton grower and seller. I will yield to the gentleman.

Mr. GARRETT of Texas. I will say to the gentleman I am not at all hostile to the bill, but, like my colleague from Texas, I am simply now having in mind the producer. I realize fully the force of the gentleman's argument with reference to sales between factors and exporters and large dealers in cotton, but I am thinking only now for the moment of the 250,000 tenant farmers alone, you may say, in the State of Texas who grow cotton. Now for this bill to be effective to him it would at least require an agent to go there—and some of these counties grow 100,000 bales and some grow more—and so on, now, it would require, at least, for the State of Texas to be of any benefit to the producer directly to have an agent at least in each county seat, otherwise they will be selling cotton as they sold it before.

Mr. ASWELL. It is not at all impractical to have an agent in each county seat. Your farm demonstrator in a short time can become an expert grader in the county.

Mr. FULMER. I will say to my friend that a great many States have their classifiers at the county seat, and the gentleman should not worry about that because they can work together nicely.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KINCHELOE. Mr. Chairman, I yield 10 minutes to the gentleman from Texas [Mr. JONES].

Mr. JONES of Texas. Mr. Chairman, there are two primary purposes in this bill that I think will be good. I do not think the bill can possibly have any harm, and I believe it will be of some assistance in the operation of the cotton business. There is no question that there are two phases in the handling of cotton where there is considerable loss to the people of this country, and I may add in this connection that any time there is a loss along the line the producer stands the loss. There is no question about that. If there is a waste somewhere between production and consumption, the producer stands the loss; and any time you can eliminate that waste you have aided the producer or the consumer, or both, and both of those objects are desirable. This bill simply makes the present United States cotton standard universal throughout this country. At present they are not so. Now, when cotton goes to the mill, the man who finally manufactures it into cloth, the real grade of the cotton is used, so before it gets to the factory the consumer is paying actually for the cotton on the basis of the actual grade of the cotton, whereas the purchaser or perhaps the local buyer may have undergraded it. There is no machinery in the control of this Government under the present method of handling cotton to which there is an appeal when one gets into a dispute as to the grade and where the dispute may be officially settled. Thus the buyer or combination of buyers may do just what they please in reference to grading it down, and there is no appeal. Now, it might not be practical to have an agent in every town, but we may do as was done with wheat——

Mr. BOX. Will the gentleman yield?

Mr. JONES of Texas. I will.

Mr. BOX. Suppose that the purchaser does not agree upon a grade by which the producer or seller contends? Can you by any machinery that you set up here force the purchaser to buy if he does not want to buy or if he does not want to accept the fellow's grade?

Mr. JONES of Texas. Of course you can not make the purchaser buy if he does not want to buy, but you can say if he does buy he must buy on the identical official grade and standard, and they will do it, too. If the law forbids buying on a false grade or a fake standard—when you set up machinery like we have in the wheat business, which has worked admirably—the buyer is not going out of business; he will buy.

Mr. GARRETT of Texas. Does not the proviso in section 2 of this bill, where they are allowed to sell by sample, interfere with that?

Mr. JONES of Texas. I will say that is put in for the protection of long-staple cotton, which is not usually sold by grades but by types.

Mr. GARRETT of Texas. I know; but it does not say "long-staple cotton." Suppose the purchaser at, say, Hempstead, Tex., or Richmond, should go down Saturday afternoon and say "I am buying cotton only from sample."

Mr. JONES of Texas. If you want to sell on sample you can sell wheat on sample to-day, and it does not interfere with wheat grading. If you do it with cotton by sample, of course you know what the cotton is. There is no absolute necessity for grading where you sell by actual sample. In that case you can look at the actual sample and see it. Wheat is sometimes sold that way, but not ordinarily, because you can not carry on big transactions on that basis. In other words, the big commercial transactions are carried on on the basis of grades and standards.

This bill, under section 4, provides that any person who has custody of, or a financial interest in, any cotton may submit the same or samples thereof, drawn in accordance with the regulations of the Secretary of Agriculture, to the district man that has charge of these matters. That is the way the wheat business is handled, and it has proved eminently satisfactory.

And right in that connection I want to say a word about the language suggested, "in commerce." I am a little afraid about eliminating that. There may be owners or farm organizations who want cotton graded long before it goes into interstate commerce. It may be concentrated in warehouses or near the production point, and the farmers' organizations may want it graded before it has gotten into commerce. I am afraid if you insert the words "in commerce" you might keep the farm organizations or even individual owners from having their cotton graded in local warehouses.

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

Mr. JONES of Texas. Yes.

Mr. BLACK. I agree with the gentleman. There does not seem to me to be any reason for the amendment that the gentleman from Michigan has suggested. In reading the grain grading act I see that before grain can be shipped in interstate commerce it must be graded in accordance with the act; but under the wording of this bill there is nothing compelling the cotton to be graded before it is put into interstate commerce. We are providing merely for standard grades.

Mr. JONES of Texas. Yes; and are making those universal in this country.

Mr. BLACK. And it shall be unlawful for any buyer to have any other standard. But, as I understand, there is no provision that there shall be a certificate to the effect that it has been so graded.

Mr. JONES of Texas. This measure will make these grades and standards universal in this country without changing them at all.

But I think the main advantage to be gained by this bill is with reference to shipment of cotton to foreign countries. At the present time England has different names for her cotton standards from those prevailing in this country. Those standards also vary just a little from the American standards. A shipment of cotton goes from this country to Liverpool, and it goes in what you might term C. O. D. fashion; that is, before the cotton is delivered in London they must pay the money. However, when it gets into that country they grade it themselves by their standards. If they dispute—and they frequently do, or sometimes do, to say the least—with the shippers in this country, the matter is submitted to arbitration in England, in Liverpool, in their own country. Of course, to get their money back they must come over to America, unless the American settles the claim voluntarily. They come over to America and get into our courts. They have the official standards of their own country, and the contestant in Liverpool is bulwarked and ballasted with the official grades of his country. Our man has not that advantage at the present time. Our standards have not the official stamp of approval. And so those people by raising a dispute may get an advantage over our American shipper even in our own courts; and, of course, again the producer pays that loss. I understand some London parties have profited in disputes with American shippers over the standards of cotton. At any rate, if you make these standards universal in this country, both sides to the controversy will have an even chance.

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

Mr. KINCHELOE. Mr. Chairman, I yield to the gentleman three minutes more.

The CHAIRMAN. The gentleman from Texas is recognized for three minutes more.

Mr. JONES of Texas. When the Liverpool man comes over here to sue—and he must come in order to sue in our court, because the custom is for all cotton to be paid for before delivery—a man in this country against whom a claim is pending can

introduce these official grades and standards which are made prima facie evidence, and he will get his rights in that way and will have an equal chance in the dispute with the London or Liverpool man. The Department of Agriculture seems to think, and a great many of those who are interested seem to think, that if that is done, the matter will work out much more fairly. I will say that the representatives of this country went to Europe to endeavor to agree to a universal standard. Many of the other countries were willing to adopt a universal standard, but the project failed.

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

Mr. JONES of Texas. Yes.

Mr. BANKHEAD. Under the licensing provision in section 3 of this bill when a man secures a license from the grader his determination of grades will be absolutely final, even in a court of justice?

Mr. JONES of Texas. No.

Mr. BANKHEAD. What is the value of his certificate if the matter reaches the point of a dispute?

Mr. JONES of Texas. As a matter of fact, there is considerable disagreement as to the actual value of section 3.

Mr. BANKHEAD. What is the purpose of putting it in the bill? I am asking merely for information. I am in sympathy with the purpose of the bill.

Mr. JONES of Texas. Section 3 went into and out of the bill a time or two before final determination. The entire matter is left in the discretion of the Secretary of Agriculture, and I take it that the purpose of it is to enable the Secretary, if he sees fit, to use a licensing system.

As I understand, the official grading will not be final and binding. At any rate, there will still be an appeal from that licensed grader to the Secretary of Agriculture.

Mr. BANKHEAD. Does the gentleman think it would hurt the bill if that section went out of it?

Mr. JONES of Texas. Personally, I would rather not express an opinion in regard to that.

Mr. STEVENSON. Section 4 provides that this classification and grading shall be accepted in the courts of the United States as prima facie evidence. Therefore it is subject to rebuttal. It is merely prima facie evidence.

Mr. JONES of Texas. It is merely prima facie. Besides that it is subject to appeal to the Secretary of Agriculture as provided in another section of the bill.

The CHAIRMAN. The time of the gentleman has expired.

Mr. KINCHELOE. I yield two minutes to the gentleman from Louisiana [Mr. ASWELL].

Mr. ASWELL. I want to say a word with reference to section 3. In my opinion if you strike out section 3 you destroy your bill as far as benefits to the grower are concerned. For example, good middling cotton is graded on color, but it may be seven-eighths staple or it may be nine-tenths staple or it may be $1\frac{1}{16}$ staple. This bill authorizes the Department of Agriculture to send an agent to give a description of the cotton, not only the color but the staple; and in foreign countries the price is fixed by the staple and not so much by the color. France buys the longest staple cotton we have, because of its connection with silk. Germany buys the lowest grade of cotton, the shortest staple. The New England mills buy the best cotton they can get. This section 3 makes it practicable and possible for the Department of Agriculture to have an agent in the county seat to help the farmer fix not only the color of his cotton but the staple. In my opinion if you strike out section 3 you had better strike out the enacting clause of the bill.

Mr. KINCHELOE. I yield five minutes to the gentleman from Texas [Mr. BLACK].

Mr. BLACK. Mr. Chairman, I am going to support this bill because I think it is a very desirable matter always to have uniform standards in the sale of any product. Now, if I understand this bill correctly, the benefits that will come from it to the producer will be on account of better market conditions which should naturally result from a more uniform standardization of grades. In the section of country where I live the producer in the past has not sold very much on grade specification by contract. The custom has been: The buyer bids so much a pound for the cotton, and a trade is finally made independent of any contract as to the grade. But the buyer who purchases the cotton knows that he must sell nearly all of it either in interstate or in foreign commerce. He either sells it to a cotton broker or to a cotton factor or to a cotton factory, and he knows that it is going to be graded at the place to which it is shipped. It sometimes happens that there is a dispute about grades, and the seller feels that he has been unjustly dealt with. For example, in the town where I live I have a friend who is a cotton buyer, and he shipped a large list of cotton to a point in Massachusetts at a price that he thought would yield him a good profit. An account sales was sent back giving a very different grading from his own, and therefore a very different result of the sale from what he expected. An unfavorable grading of that kind naturally has a tendency to depress the price. Now, what will happen in a case of that kind under this bill? Where is the remedy? As I understand the bill, the remedy is this: The seller of cotton in a case of that kind will have the right to forward his sample to the Department of Agriculture, and the department, after a careful examination, will fix the grades, and those grades so fixed will be prima facie evidence of the correctness of the grades in any proceeding in the United States courts. Therefore in a dispute that arises upon the correctness of an account sales the grading of the department will be the grading determined by the court.

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

Mr. BLACK. Yes.

Mr. STEVENSON. And very soon the States will all make those grades prima facie evidence in their courts by State legislation?

Mr. BLACK. Yes; I was coming to that next. Congress would not have any right to say to a State court that it shall accept this evidence as prima facie, but I dare say our Texas Legislature will pass a law of that kind if this bill becomes a law, and then I think by that method we are getting down to the real benefits of the bill, because if the cotton buyer in my town, for example, speaking personally, because I happen to know marketing conditions in my own section—if he knows he is going to get a fair grading of his product, will buy from the producer with more assurance that his grading will hold up at the other end of the line. Also cooperative marketing among farmers in the cotton-growing industry is, I am glad to say, coming more and more into use, and a definite, understandable standard of grades is bound to be very helpful to the success of this cooperative marketing. We as lawmakers should encourage it in every feasible and proper way that we can.

Mr. FULMER. I would like to say that about 10 cotton States have already passed laws adopting the official standard, and they want the passage of this bill to make it effective.

Mr. BLACK. Yes. I do not think section 3, the permissive licensing section, is necessary to the success of the bill, and it is my impression that the bill would be improved by striking that section out. However, the matter is in the hands of the committee, and I shall vote for the bill even if section 3 remains.

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

Mr. KINCHELOE. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. SUMNERS].

Mr. SUMNERS of Texas. Mr. Chairman and gentlemen, I hesitate to have anything to say on a bill which has been so thoroughly discussed as has this. There are a few points, however, that occur to me ought to be emphasized. In the first place, it is very difficult to ascertain what is the proper grade in which a given bale of cotton belongs. Under practical marketing operations price depends upon the grade of course. The grade is generally determined by the buyer. Since the price depends largely upon what the grade is determined to be, and the buyer, who professes to be an expert, determines the grade, he has an unfair advantage over the seller. This bill, as I understand it, is intended to help remove that advantage. In the third place, it is highly essential for the orderly marketing of agricultural commodities that they be properly standardized and the grade be determined as early in the commercial transaction with reference to them as possible, in order that they may be bought and sold thereafter on paper; that thereafter that which represents the commodity may be traded in and the commodity moved under the prior sale from the point of concentration to the point of use. That would save a great deal on freight rates and create the possibility of a less total intervening profit.

There are some provisions in this bill that I do not agree with, but in the main I believe it will work good to those engaged in the cotton industry. I am one of those who believe that we ought not to legislate primarily for the producer or primarily for anybody. I think that legislation of this character ought to be in favor of honest commerce and of giving everybody a square deal with regard to the commodity being dealt in. An honest, impartial ascertainment by a disinterested judge when necessary of the actual grade of a commodity being sold on grade can do no injustice to anybody. The method of grading cotton has been changed a good deal, as has been explained. Under the old system, the grading of cotton, or rather the certificating of cotton, did not amount to much,

because too little consideration was given to staple. I am in favor of the provision in the bill under which the Secretary of Agriculture, or somebody, will be able to designate additional grades, to cover the staple of the cotton, and so forth—in fact, to cover every important feature which is determinative of the use to which best adapted. This bill tends in that direction.

The CHAIRMAN. The time of the gentleman has expired.

Mr. HAUGEN. We have no further requests for time on this side.

The CHAIRMAN. The Clerk will read the bill.

The Clerk read as follows:

Be it enacted, etc., That this act shall be known by the short title of "United States cotton standards act."

Mr. WINGO. Mr. Chairman, I move to strike out the last word. I have been waiting until we got through with the Texas delegation so that I could display more ignorance than some of them have, but there was not sufficient time to go around and I had to take my time under the five-minute rule. This is a technical subject and the provisions of the bill are technical. Even among the experts who testify here at length this afternoon they seem to differ as to the relative merits and the relative objections as to whether one thing is necessary or unnecessary, so that an ordinary nonexpert like myself has to rely upon the committee that has studied the bill. My experience with reference to cotton bills in the few years I have been in the House makes me a little bit cautious. So I want to get the record straight that I am taking the judgment of the committee on this bill. I think I have got enough ordinary intelligence, after having listened to the Texas statesmen, to discover that if the farmer ever gets any benefit from this bill it is going to be an indirect benefit. I think he will still have to bring his cotton to the market, and he will find the cotton buyer sitting on the curb saying, "Jim, I guess as this is your bale." Jim will get up, cut a hole in the side of the bale, pull out a couple of pounds of the cotton, and say, "Well, the market is a little off to-day—some little trash in this, a little bit stained, and the staple is a little short; I can't give you but 15 cents." And yet the morning papers may be quoting the ideal grade of cotton upon which market quotations are made 25, or at least 18. The poor farmer looks discouraged, but another cotton buyer steps up from the curb, looks at the cotton, and he will grab out 2 or 3 pounds, shake his head, and say, "Well, I will raise it an eighth. That's the best I can do for you, John." By the time he gets through the poor farmer has had no say about it; is glad to get through with the transaction with his wagon and team safe. [Laughter.] Do you think the bill is going to help him? The gentleman from Michigan says you can not have a Federal agent standing at the elbow of every farmer.

That is true; but if you really want to you could have some sort of provision by which the producer of cotton would have just as much protection and as much machinery for grading and classification and marketing and get the benefits of it as the cotton factors who now gobble up his distressed cotton. Read all of these farmer bills that you are introducing here. It is a sin in the eyes of the men who are the authors of these bills and who are putting them through for the wheat grower or the cotton farmer to hold his crop on the farm and feed it into the market in a steady way. The thing that the ultimate consumer is really interested in—the most economic way of marketing—is to allow it to be gradually fed into the market from the point of production and not dam up along the line in an expensive marketing system. All these bills for relief have to do with taking it away from the farmer and shoving it onto the market, whether the farmer wants it to go out at the price or not. That is the principal complaint that I have.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WINGO. If the gentleman thinks that I can get a little more time.

Mr. McLAUGHLIN of Michigan. The gentleman made a very interesting statement. He gave a particular instance, with all of the particulars of the transaction between the farmer and the buyer, and there he stopped. He says that the matter can be taken care of, and then he generalizes and flies off in the air. Get down to brass tacks and tell us how the gentleman would meet the very transaction that he is talking about.

Mr. WINGO. Oh, Mr. Chairman, I have read with some profit that passage in the Scriptures which says, "Give not that which is holy unto the dogs, neither cast ye your pearls before swine, lest they trample them under their feet and turn again and rend you."

Mr. McLAUGHLIN of Michigan. Oh, get down to brass tacks.

Mr. WINGO. The gentleman would not know them if I got down to them.

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

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

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WINGO. If you undertake to even discuss in a practical way the problem of the cotton farmer you have one of two classes jump on you in this House, those who would not know a stalk of cotton from a jimson weed, or else some one in the cotton-growing States who really thinks more of the cotton miller and the cotton spinner and the cotton factor in his State, or the cotton exchange, than he does of the cotton farmer.

The real object I had in taking the floor this afternoon was to get the record straight on another question. Farmers' organizations meet and they resolve and then ask us why we do not abolish this gambling in cotton. I am going to tell you what I tell them when I speak to them. I tell them that the reason why you do not do it is that a majority of the Members of the House do not know a thing on earth about the cotton question, and a majority of those from the cotton States sincerely and honestly believe that it would be a detriment if we did abolish gambling in cotton. I remember the last meeting of the cotton Members which we had. My good friend from Arkansas [Mr. PARKS] came here and felt as I did when I came here. He was going to do it; he was going to get down to brass tacks; he was going to give you a concrete proposition. So he introduced a bill to stop it. Then they had a meeting of those from the cotton-growing States held over in the majority room in the House Office Building. The object of the meeting was how to abolish and not how to regulate, but the men who believed in regulating captured the meeting, and over a point of order of mine they appointed a committee to consider what legislation might be enacted to regulate gambling in cotton futures, not abolish, and that committee has been as silent as the tomb of the Cæsars from that time to this, and has never reported to the full conference. So I say to my cotton growers and to the cotton growers of other States, when I talk to them, "You have nobody to blame but those of your representatives who do not believe it is to your interest to abolish that evil." They believe in regulating it. I know the experts say that I am a crank and that I am crazy, that it would mean the absolute ruination of the cotton grower if we stopped gambling; that it would never do.

They assume that supercilious air which generally goes with ignorance or arrogance. I am still unconvinced; I think it is just as much an evil to gamble in cotton as it is to gamble in anything else. If I had my way about it, I would stop it. I can not have my way about it. We had one chance here one night, and I put up the best fight I could, and that is one reason why I am a little impatient with some gentlemen who undertake to discuss this question, because I remember how they voted that night. We had a chance, and I put up the best fight I could, and it was the nearest chance we have ever had to doing something for the cotton farmer on that question, and if any cotton producer wants to know who believed in abolishing instead of regulating gambling in cotton let him go and get the roll call of that night and he will find where the sheep were separated from the goats. He will know who was trying to help the cotton farmer by destroying this cotton gambling, because it was admitted by the opponents of that proposal which was pending that night, in which I moved to concur—a Senate amendment—that it would do the business, but they were scared. There were so many cotton gamblers swarming around the hotels of this city that night that they could have opened a cotton exchange if they had the paraphernalia here. That is the nearest that we have ever gotten to abolishing that evil.

Mr. RANKIN. What bill is it that the gentleman is talking about?

Mr. WINGO. I am talking about the Clarke amendment.

Mr. RANKIN. When was that bill brought to the House?

Mr. WINGO. I do not remember the date. It was before the gentleman was a Member of the House; but I shall dig it up and give it to the gentleman if he would like to see it.

Mr. RANKIN. What was the principal provision that was voted down?

Mr. WINGO. The principal provision was something that would stop gambling in cotton futures, and it would actually do it, and that was the reason that my motion to accept it was voted down.

Mr. SUMNERS of Texas. Mr. Chairman, I rise in opposition to the amendment. I do not feel it absolutely incumbent upon

me to defend the Texas delegation or to apologize for members of that delegation speaking briefly to this measure. We come from a State that produces about one-third of the cotton. We come from a State that adjoins the State of my colleague [Mr. WINGO], who has just addressed you, and who rose with the declared ambition of trying to display as much ignorance as all of the delegation from Texas had displayed. I shall not pass judgment on the success of that effort.

Now, he told you about Old Reuben, when he comes up to sell a bale of cotton, his difficulties, and we agree thoroughly with him in reference to those difficulties. The gentleman from South Carolina looks to me like a fairly honest sort of man. You could hardly think he is guilty of any deep, dark design against the people of his own State. I do not believe he has a perfect bill, but I believe that he has honestly tried to do something here to benefit his cotton producers and cotton merchants and cotton associations of the State from which he comes. [Applause.] And when I look into the faces of my colleagues on the Committee on Agriculture who come from the section of the country where I live, and those who come from the other sections, I can not believe that when they bring a bill before this House they have made other than an honest effort to benefit the people of this country. It is true I did not consult with the distinguished gentleman from Arkansas as to whether I should support this bill before I declared my attitude toward it. [Laughter.] He lives next door to me and is a good friend of mine; and the next time when I feel myself in great uncertainty, not having time to visit the oracles of Mount Olympus—I believe that is where they operate—I will call on my friend next door and consult with him.

Mr. WINGO. Will the gentleman yield?

Mr. SUMNERS of Texas. I will.

Mr. WINGO. Having read the gentleman's report as a member of the Joint Agricultural Commission, in which the gentleman seems to have consulted the gods of Olympus and said the only complaint was that they deflated the farmer a year too late, I am inclined to think the gentleman might have consulted even an humble Member like myself on a bill instead of accepting apparently the theory of Governor Strong, of the Federal Reserve Bank of New York.

Mr. SUMNERS of Texas. The gentleman believes I should come to his office at any time on any subject on earth, but I sometimes prefer to exercise my own independent will and judgment as the representative of a lot of sovereign people. But I go for information where I think the information will be worth something after I get it. [Laughter.] Sometimes I go next door to my friend from Arkansas and sometimes I do not. I hope he will not compel me to come every time, because he is sometimes out, and he would not want me to roam around, not knowing what to do, until he could get back. [Laughter.] Sometimes you have to act and you have to act hurriedly up here, and a fellow has to do the best he can. You have to go to the best sources of information available. I sometimes have to go, for instance, to MARVIN JONES, who happens to come from my State and who is on this committee. I might ask him as to what I should do in reference to matters coming from his committee. I might sometimes ask him what he thinks about a bill which comes from his committee. That is what I did in this matter. Now, seriously—I am not very serious—I do not know why my friend wants to take a fall out of the Texas delegation and preface his remarks in discussing the bill here by saying he was ambitious to try to display as much ignorance as his friends who have the good fortune to come from Texas, and whom I believe are honestly trying to help this country. We are feeble and limited in our ability, but you can not expect our districts to measure up from the standpoint of representation to some districts represented in this House. [Laughter.]

The CHAIRMAN. The time of the gentleman has expired.

Miss ROBERTSON. Mr. Chairman, some of you may have noticed that I went around looking at these samples of cotton. I do not think that these stalks are a fair sample of the cotton usually grown any more than if you should go into a huckleberry patch and pick out the very best cluster-filled bushes; there are not so many bolls on the usual type. As I look at all this it makes me ask, "Do you know the martyrdom of those who grow cotton?" You hear much about the little children in the slums. But do you know about the little children who pick cotton? Those fragments of leaves in the low-grade samples here are what brings down the price of cotton. They come often from the cotton picked by little children too young to be careful always, and from cotton that has been injured in storms. Then I think of those little bare feet in the cold as the children go out in the chill mornings of late autumn. The district of the gentleman from Arkansas is next to mine. The cotton fields run down to the Arkansas River, on the Oklahoma side in my district, and down to the Arkansas River on the Arkansas side in his district. He gave you a wonderfully graphic picture of the men who buy cotton, as they beat down the cotton farmers' prices; but he did not put in that picture as he drew it the buyers with their note books getting together in the morning before the wagons come, with the question, "What is the lowest we can give them to-day? What excuse can we make for not giving any more?"

Oklahoma is the fourth State in the Union in the production of cotton. I said just now, "Do you know the martyrdom of those who grow cotton, the endless toil of it—not machine toil, like planting and harvesting of grain? Cotton must be hoed by hand; it must be picked by hand. Peeping from the glossy leaves, the creamy cotton blossoms seek the sunshine, blushing to rosy crimson ere they fade and are followed by the boll. The cotton blossoms and blossoms till frost kills the plant, and the bolls ripen and burst unevenly, so that there must be more than one picking. Women and little children too often pick it, and the country school too often is deserted. In our county and community work we are trying to introduce more intelligent growing of cotton with an improved variety—a longer staple—that grows quicker and ripens more rapidly. Do you know about the boll weevil, that little imp of destruction, and what desolation and ruin it brings to the poor cotton farmer? A tenant farmer in whose family I am much interested came to see me to say, "Miss ALICE, can not you do anything for me"? The whole family—father, mother, children—had worked in the fields. After three years of crop failure they had been compelled, in order to buy seed and feed, to mortgage everything they had—teams, implements, even their milk cows. Thirty-five acres of "the prettiest cotton you ever saw," he said, "and prices good." Then just as it was almost ready for the bolls to begin opening the weevil took it all. Three years of unceasing toil, and everything must be swept away by unredeemable mortgages.

Now, I am not a lawyer. I do not know the technicalities of this bill. I only know this, that you say it will help our cotton people. If this be true, then pass this bill for the sake of the little children who have a right to live happier lives. You do not know what they go through under present conditions of cotton production and marketing. I can not put it in words. I will only say that I am next neighbor to Arkansas; and there were enough people who came over from Arkansas and enough people who came up from Texas to prevent my being reelected, because they vote the other way. [Laughter.] But it makes no difference whether they voted for me or not. They are American citizens, who ought to be helped, and helped by this bill if it will help. [Applause.]

The CHAIRMAN. The Clerk will read.

The Clerk read as follows:

SEC. 2. That it shall be unlawful (a) in or in connection with any transaction or shipment in commerce made after this act shall become effective, or (b) in any publication of a price or quotation determined in or in connection with any transaction or shipment in commerce after this act shall become effective, or (c) in any classification for the purposes of or in connection with a transaction or shipment in commerce after this act shall become effective, for any person to indicate for any cotton a grade or other class which is of or within the official cotton standards of the United States then in effect under this act by a name, description, or designation, or any system of names, description, or designation not used in said standards: *Provided*, That nothing herein shall prevent a transaction otherwise lawful by actual sample or on the basis of a private type which is used in good faith and not in evasion of or substitution for said standards.

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

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

Mr. WINGO. Mr. Chairman, at the risk of displaying more ignorance, I will ask my friend from Texas [Mr. SUMNERS], who possesses so much wisdom——

Mr. ASWELL. Mr. Chairman, I make a point of order. I have just notified all gentlemen that hereafter under the five-minute rule I shall insist upon Members discussing the bill only.

Mr. WINGO. I did not yield for a stump speech from the gentleman. I am discussing the bill. The gentleman can make his point of order at any time he wants to. I am not interested in the Louisiana cotton viewpoint at all. I have always fought the New Orleans Cotton Exchange, and I always intend to, and have no apologies to make.

I will ask the gentleman how does that proviso, that exception, affect the farmer? No answer. We might as well adjourn, because all wisdom has fled. [Laughter.]

Mr. FULMER. I will say to the gentleman that the cotton farmer would have the right to submit to the Department of Agriculture samples such as they usually use, and perhaps they can submit those provided by——

Mr. WINGO. Oh, what would happen to the farmer's team while he was waiting for the report from the Department of Agriculture?

Mr. FULMER. Liverpool——

Mr. WINGO. I am not talking about Liverpool. I am asking the gentleman what effect that would have on the sale of the farmer's cotton when he walked up to the local market and the cotton buyers agreed, as Miss ALICE has suggested, about what price they would pay for the farmer's cotton? That fact or that condition that Miss ALICE and I referred to is excepted from the provisions of the bill?

Mr. McLAUGHLIN of Michigan. Mr. Chairman, will the gentleman yield?

Mr. WINGO. Not at present, because I have had notice served on me that——

Mr. McLAUGHLIN of Michigan. The gentleman asked a question for information. God knows he needs it. [Laughter.]

Mr. WINGO. Let the gentleman answer, if he can. Let the gentleman give me the information.

Mr. McLAUGHLIN of Michigan. This is a section to prevent the improper use of grades, and so on, not to prescribe courses of procedure where grades are referred to. But when people want to go entirely outside of this law and not sell on grades they can sell by type and samples if they please, and they will not violate the law.

Mr. WINGO. Will the gentleman give me information in answer to my question?

Mr. McLAUGHLIN of Michigan. That is the meaning of the proviso.

Mr. WINGO. My question was specific: How would that affect the farmer when he came to the local market place with 8 bales of cotton on his wagon and was dealing with the cotton buyers that Miss ALICE and I were talking about? If the gentleman can not give me information on that, very well.

Mr. McLAUGHLIN of Michigan. He can submit the grades and appeal to them if he wishes to do so. They may be found in some of the States. They may not be in the State represented by the gentleman from Arkansas.

Mr. WINGO. Oh, the people in Arkansas have just as much intelligence as the people of Michigan. There are a good many people from Michigan down in Arkansas. They will not accept the view that the gentleman has expressed. Gentlemen, you can not get around the explanation for it. I prefaced my remarks a little while ago, when I made some facetious remarks, with the statement that I could not get time on a question that was technical; that I would have to rely upon the statements of the proponents of the bill.

Mr. KINCHELOE. I will say to the gentleman that I offered the gentleman 10 minutes and he would not take it.

Mr. WINGO. You did not give it to me.

Mr. KINCHELOE. Yes; I offered the gentleman 10 minutes.

Mr. WINGO. Oh, it is too little a matter to quibble about. I know what happened under the cotton futures act. My farmers lost a lot of money on account of a provision in it, and I am going to scrutinize carefully every cotton act that comes up before this House.

Why? For the reason I told you awhile ago. You may sneer if you want to and feel offended because I differ with your honest judgment. I said the reason why you did not stop the cotton-gambling evil of which the farmers complain was because the majority of you honestly felt it would be an injury to the farmer if you did. The only thing I am complaining about is that you ought to quit telling him by inference that you are going to do it when your judgment is against it. Some of you Members who have not been here very long do not know why certain gentlemen get red and white and are very indignant whenever I get to discussing the question of cotton gambling. I do not ask the gentleman from Texas to agree with me. He takes the Dallas viewpoint and I take the Buckhorn township viewpoint. He honestly believes what is set forth in a report which he signed, which, it is common knowledge, was inspired, so far as its views on credit are concerned, not so much by the friends of the American farmer but by a man whose point of view was that the most that could be said was that they deflated the American farmer just a year too late, that they ought to have trimmed him about a year before. That is something to which I can never agree. The gentleman is honest about it. I respect him, but he must not complain if I differ with him in my views on the subject of the cotton farmer and his credits.

Mr. SUMNERS of Texas. Will the gentleman yield?

Mr. WINGO. I always yield to the gentleman from Texas.

Mr. SUMNERS of Texas. The gentleman has given his own conclusion as to the sources from which I got my information and from which I drew my conclusions.

Mr. WINGO. I did not say the source. I said it was very evident where the inspiration came from for the whole idea, and the gentleman I suspect was fooled the same as I have been fooled sometimes from the same source.

Mr. SUMNERS of Texas. I do not want to be offensive to the gentleman, and I do not think the gentleman wants to be offensive to me; but I respectfully challenge the statement just made as not being the fact in so far as it would impute to me going to Governor Strong or any other human being on earth.

Mr. WINGO. I did not impute anything to the gentleman. I was careful to say that he was sincerely honest. He has the conservative viewpoint. He has the Dallas viewpoint, and his view is honest and sincere in agreeing with the views of Governor Strong, of the Federal Reserve Bank of New York. Of course, I do not mean to impute any bad faith to the gentleman. I do not like his views, and certainly that ought not to be offensive to the gentleman. I do not agree that it would have been all right if you had simply put your deflation policy into effect the year before, as your reports say. I say it was damnable to put it into effect at any time, and that it plundered the wheat grower and corn grower and cotton grower out of millions.

The CHAIRMAN. Without objection, the pro forma amendment will be considered as withdrawn, and the Clerk will read.

The Clerk read as follows:

SEC. 4. That any person who has custody of or a financial interest in any cotton may submit the same or samples thereof, drawn in accordance with the regulations of the Secretary of Agriculture, to such officer or officers of the Department of Agriculture as may be designated for the purpose pursuant to the regulations of the Secretary of Agriculture for a determination of the true classification of such cotton or samples, including the comparison thereof, if requested, with types or other samples submitted for the purpose. The final certificate of the Department of Agriculture showing such determination shall be binding on officers of the United States and shall be accepted in the courts of the United States as prima facie evidence of the true classification or comparison of such cotton or samples when involved in any transaction or shipment in commerce.

Mr. STEAGALL and Mr. McLAUGHLIN of Michigan rose.

The CHAIRMAN. The Chair recognizes the gentleman from Alabama.

Mr. STEAGALL. Mr. Chairman, I desire to offer an amendment.

The CHAIRMAN. The gentleman from Alabama offers an amendment, which the Clerk will report. Does the gentleman from Michigan [Mr. McLAUGHLIN] desire to offer an amendment?

Mr. McLAUGHLIN of Michigan. I have an amendment to offer.

The CHAIRMAN. The Chair did not know that the gentleman from Michigan desired to offer an amendment. The Chair has recognized the gentleman from Alabama. The gentleman from Alabama offers an amendment, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. STEAGALL: Page 3, at the end of section 4, add the following: "The Secretary of Agriculture shall fix the rules and regulations for submitting samples of cotton for classification, providing that all samples shall be numbered so that no one interested in the transaction involved shall be known by any classifier engaged in the classification of such cotton or samples."

Mr. ASWELL. Mr. Chairman, I want to suggest to the gentleman that that is all covered in the cotton futures act, and this is made a part of that act.

Mr. STEAGALL. Mr. Chairman, upon the assurance of gentlemen of the committee that the amendment which I have offered is existing law, incorporated in the cotton futures act, I do not care to press the amendment if we can be sure of the fact.

Mr. ASWELL. This is in the regulations of the department under the cotton futures act.

Mr. STEAGALL. I do not think that removes the necessity for the amendment. It is certain that the adoption of this amendment can do no harm. I have not had an opportunity to compare the bill before us with the cotton futures act, and I am not prepared to say whether there is such a provision as this in the cotton futures act; or, if regulations under the cotton futures act have been adopted embodying provisions of the amendment which I have just offered, that they would relate to the bill before us. But if such be true, there can be no harm in the adoption of this amendment, and if not true, I think it wise to adopt the amendment. It simply seeks to preserve the secrecy of the transaction from any classifier who attempts to classify any cotton the grade or grades of which are in dispute between parties in interest. It would be very easy for the Secretary of Agriculture to fix rules and regulations by which the samples could be submitted to the department by

number, so that no man acting as a classifier would know anybody connected with any transaction with which he was dealing.

As the cotton business is carried on the farmer goes to town and sells his bale or five bales of cotton, or whatever number of bales he has to offer, to the local buyers. The local buyer ships to the export town in 100-bale lots or 500-bale lots or larger lots, which shipments are subject to reclassification and reweight at the export center. All controversies or disputes over grades or classifications are left to be arbitrated at points of export. I think anything that will protect the cotton shipper who deals directly with the farmer will be reflected to some extent, at least, in a higher price and better market facilities for the farmer who deals with the cotton shipper. For that reason I am for the bill and expect to vote for it, but I think the amendment offered is a wise safeguard, and I hope it will be adopted. It will protect all parties to any controversy and protect them in the right to a fair decision, and protect the classifier from any suspicion or charge of unfairness.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

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

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 3, line 4, after the word "cotton," insert the words "in commerce."

Mr. McLAUGHLIN of Michigan. Mr. Chairman, that is a matter I spoke about during general debate. I think it is proper and necessary to have those words inserted. It is only cotton in interstate commerce that the Government has any jurisdiction over.

If you refer to the title of the bill you will find that it is "to establish and promote the use of official cotton standards of the United States in interstate and foreign commerce." Section 2, line 6, has these words, "any transaction or shipment in commerce." It seems to me that these words "in commerce" were inadvertently omitted when the draft was made. They ought to appear in section 4. The rest of the act, or the act with which this will be connected, establishes a definition of commerce, and it is very broad. It includes cotton that is intended to be shipped out of the State and to a foreign country, or if it be naturally in the course of trade that will carry it outside. I do not remember the words, but it is very broad. It has been deemed entirely satisfactory as a definition not only in bills relating to cotton, but the packers' bill and other bills the titles of which I have not now in mind. Each law has a definition of interstate commerce, and the definition relating to cotton is the same—shipment in commerce. It seems to me that we ought not to try to go beyond our real authority in these matters and have the act apply to local transactions or to cotton that can not be brought within the definition of interstate commerce.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The question was taken; and on a division (demanded by Mr. McLAUGHLIN of Michigan) there were 18 ayes and 25 noes.

So the amendment was rejected.

The Clerk read as follows:

SEC. 7. That in order to carry out the provisions of this act the Secretary of Agriculture is authorized to cause the inspection, including the sampling, of any cotton involved in any transaction or shipment in commerce, wherever such cotton may be found, or of any cotton with respect to which a determination of the true classification is requested under section 4 of this act.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

On page 5, line 3, strike out all of section 7.

Mr. McLAUGHLIN of Michigan. Mr. Chairman, this is a matter that I referred to in general debate. It seems to me that this carries authority to the Secretary of Agriculture to make inspection at any place and every place in the country where cotton is found or where cotton is sold. It would lead to the employment of a large number of men and the expenditure of large sums of money in order that the cotton might be inspected and graded for men who refuse even to try to do anything for themselves. It seems to me we are going too far in doing business in that manner or on that scale. If we do not wish it to be so done, we ought not to authorize it. If we do not wish to permit it, we ought not to leave words in the law that will authorize the Secretary of Agriculture to do it.

One answer to my objection is that the Secretary of Agriculture does not intend to carry on business in that way. That, in my judgment, is not a good answer. I have always insisted that it is a very slothful and a highly improper method of legislating to write into a statute in broad, general terms authorization or permission to do many things, a part of which the Congress does not wish to have done, simply because somebody rises and tells us that the law is not to be carried out in the way it is written or to its limit; that the one who is given authority to execute it intends to do only so and so. If Congress knows what it wants done, it ought to write it into the law. If it knows what it does not want done, it ought to use the proper words to express its determination. It is unjustifiable to frame a statute in this way by which an official is authorized or even permitted to do what Congress knows it does not wish to have done.

I referred in my remarks a few moments ago to a debate yesterday over the migratory bird bill. The bill was defeated because of the unusual activities that would be permitted and required by a department of the Government and its agents. There was very good foundation for objection to that bill. It would send out a swarm of Federal employees, require licenses, make every boy who wished to use a gun take out a Federal license, and make it possible, perhaps, to flood the country with Federal agents to enforce the law. The bill before us now is open to the same objection.

There is another section of the bill which, it seems to me, covers this matter properly and as far as it ought to be covered. In case there is a controversy between a buyer and a seller a sample of the cotton about which there is a question can be sent to the Secretary of Agriculture or to one of his agents or employees at some point, and the inspection and grading can be done there. It seems to me that that is as far as the Government of the United States ought to go in meddling in a controversy—offering its aid to the people, spending its money in an effort to improve business and conditions. When the Government has gone as far as this bill properly provides it shall go, if those who are involved in a controversy, those whose property interests are involved, can not agree on a sample of cotton and send it to a suitable place to be investigated by the Secretary of Agriculture, it seems to me they are not entitled to any aid whatever by the Government.

Mr. ASWELL. Mr. Chairman, it will be noted that section 7 gives to the Secretary of Agriculture authority to examine and inspect. It will also be noted that section 2 has to do with unlawful transactions, and the Secretary is charged with the responsibility of preventing them. Section 4 has to do with the standard grades, and so forth. It must be clear that if the Secretary is to prevent unlawful transactions to establish grades, he ought to have authority to inspect the samples. He would be helpless without section 7. The sections are inseparable; they are tied together. Sections 2 and 4 would be valueless without section 7. I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Michigan.

The amendment was rejected.

The Clerk concluded the reading of the bill.

Mr. STEAGALL. Mr. Chairman, I suggest to the gentleman from Iowa that he return to line 22 on page 2 for the purpose of offering an amendment to change the word "of" to "or."

Mr. HAUGEN. Mr. Chairman, I ask unanimous consent to return to section 2 for the purpose of offering the amendment suggested.

The CHAIRMAN. The gentleman from Iowa asks unanimous consent to return to section 3 for the purpose of offering an amendment. Is there objection?

There was no objection.

Mr. HAUGEN. Mr. Chairman, on page 2, line 22, I move to strike out the word "of" and insert the word "or."

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Page 2, line 22, after the word "act," strike out the word "of" and insert in lieu thereof the word "or."

The CHAIRMAN. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. HAUGEN. Mr. Chairman, I move that the committee do now rise and report the bill back to the House with the amendments, with the recommendation that the amendments be agreed to and the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker having resumed the chair, Mr. TOWNER, chairman of the Committee of the Whole House on the state of the Union, reported that that committee had had under consideration the bill H. R. 14302, and had directed him to report the same back with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

Mr. HAUGEN. Mr. Speaker, I move the previous question on the bill and amendments to final passage.

The previous question was ordered.

The SPEAKER. Is a separate vote demanded on any amendments? If not, the Chair will put them in gross. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER. The question is on the engrossment and third reading of the bill.

The bill was ordered to be engrossed and read a third time, was read the third time, and passed.

On motion of Mr. HAUGEN, a motion to reconsider the vote by which the bill was passed was laid on the table.

STIMULATING CROP PRODUCTION IN THE UNITED STATES.

Mr. HAUGEN. Mr. Speaker, I call up Senate Joint Resolution 265, to stimulate crop production in the United States.

The Clerk reported the title of the joint resolution.

Mr. NEWTON of Minnesota. Mr. Speaker, I make the point of order against the joint resolution and against the whole of it. It carries with it not an authorization for an appropriation, but it carries with it an appropriation of $10,000,000. The particular phrase will be found in lines 9 and 10, on page 1, and under the rules of the House no such appropriation can be carried except after it has been considered and reported out by the Committee on Appropriations.

Mr. HAUGEN. Mr. Chairman, the resolution is reported as it was passed by the Senate. It is true that under the rules of the House it is subject to the point of order.

Mr. SANDERS of Indiana. Mr. Speaker, I have no interest in seeing the point of order overruled. In fact, I am opposed to the legislation and shall vote against it if the bill is considered. I do not recall that this point has been decided by the Chair. If this specific point has been decided as to lodging a point of order against an entire bill, I do not care to argue it. If it has not, I should like to present this thought to the Chair.

The SPEAKER. The Chair will hear the gentleman.

Mr. SANDERS of Indiana. The Chair will recall that the first ruling made by the Speaker on this question was made by the present Speaker, on a point of order raised by the gentleman from Illinois [Mr. MANN], in which he directed the point of order to the entire bill, not quite in this manner, but he objected to its being on the calendar. He stated that he made the point of order in order that it might be ruled upon by the Speaker rather than a chairman, and he stated that he thought it ought to be overruled; that the rule was ambiguous in that the first part of the rule says:

> No bill or joint resolution carrying appropriations shall be reported by any committee not having jurisdiction to report appropriations, nor shall an amendment proposing an appropriation be in order during the consideration of a bill or joint resolution reported by a committee not having that jurisdiction.

Indicating that the bill should not be reported by the committee if it had an appropriation and by reporting the bill was subject to the point of order. However, the Chair held that reading the first part of the sentence of the rule with the second sentence of the rule the appropriation was subject to the point of order. The second part of the rule says:

> A question of order on an appropriation in any such bill, joint resolution, or amendment thereto may be raised at any time.

Now note the language of the rule, Mr. Speaker:

> A question of order on an appropriation in any such bill, joint resolution, or amendment thereto may be raised at any time.

Indicating that the question of order is directed to the appropriation. I have noticed this joint resolution, and wondered what would happen if the point of order was raised against the one paragraph, and I have concluded that if the point of order is sustained and the appropriation goes out, that the committee then has authority to go ahead and deal with the bill—making an amendment, for instance, for an authorization.

Now let me emphasize the necessity of that construction. Here we have a Senate bill. We did not draft it, our committee did not control it; it comes over here containing a great deal of legislative matter and also contains an appropriation. It goes to the committee having legislative jurisdiction. That committee has jurisdiction of a considerable part of that bill. If there had been an authorization, it would have had all the jurisdiction. If this point of order is sustained the House can not act upon the measure at all, because we can not report it with an amendment, because a bill reported with an amendment, under the first ruling of the Chair, is just as much subject to the point of order as the bill reported without any amendment.

Mr. GARRETT of Tennessee. Will the gentleman yield?

Mr. SANDERS of Indiana. I will.

Mr. GARRETT of Tennessee. I think there is a subsequent ruling of the Chair which holds that it is in order to report an authorization in lieu of an appropriation. I think the present Speaker has held that.

Mr. SANDERS of Indiana. That is, to amend the bill?

Mr. GARRETT of Tennessee. Yes.

Mr. SANDERS of Indiana. I did not know about that ruling. You are dealing with a bill which the committee proposes and which may or may not be adopted by the House, but if the gentleman from Tennessee says there is a ruling to that effect I take it for granted there is. I do not care for the Chair to overrule that precedent; it is not necessary in the consideration of this case for him to do it.

The SPEAKER. It is simply a question of memory as to the decision formerly made. It seems to the Chair unless he should depart from the former decision he should sustain the point made by the gentleman from Indiana; the point of order must be made not against the whole bill but against the appropriation.

Mr. STAFFORD. If the gentleman will permit, two weeks ago——

Mr. SANDERS of Indiana. Will the gentleman allow me to finish what I have in mind? I want to say it is an extremely important thing that the ruling be made that way, because otherwise we are in a hopeless confusion in reference to bills which will be referred to different committees, because sometimes there may be nine-tenths legislation and the other tenth appropriation, or nine-tenths appropriation and some part legislation. I think it is extremely important where a point of order is to be made, and yet a ruling might possibly be made against the bill or a part of it, that we ought to resolve any doubt in favor of addressing the point to a part of the bill in order to give freedom to the House to act upon the bill in a proper way.

Mr. HAUGEN. Mr. Speaker, I understand the gentleman from Minnesota simply makes the point of order against the appropriation and not against the bill, but against the provision making appropriation. The provision making appropriation is clearly subject to the point of order, but the bill is not subject to a point of order. As I recall the ruling of the Chair, it was a protection of a bill so as to make it in order by adding the words "authorized to be made."

Mr. NEWTON of Minnesota. The gentleman from Minnesota made the point of order against the legislation itself because of the appropriation that is made in the legislation. The point of order went beyond the mere phraseology and was directed against the entire legislation.

Mr. HAUGEN. If the point of order is directed against the bill I can not concede the point of order, but if it is against that particular provision it is clearly subject to the point of order.

Mr. STAFFORD. Mr. Speaker, two weeks ago when the House was considering legislation reported from the Committee on the Merchant Marine and Fisheries a bill was presented for consideration providing for the utilization of some funds under the control of the Shipping Board for the purchase of some land on the Virgin Islands. The Chair, after the discussion, sustained the point of order. We recommitted the bill back to the Committee on the Merchant Marine and Fisheries.

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

Mr. STAFFORD. I will yield.

Mr. CHINDBLOM. The record will show, as was the fact, the committee did nothing further; that when the point of order had been sustained the chairman of the Committee on the Merchant Marine and Fisheries immediately called up another bill. There was no order recommitting the bill.

Mr. STAFFORD. There was no order entered recommitting the bill, but the bill was recommitted as of course.

Mr. CHINDBLOM. The bill is still on the calendar.

Mr. STAFFORD. It should not be on the calendar, because under the regular order of precedence when a bill is held by the Chair to be violative of the rule that the committee has not the authority to report a bill in such form, why it of course goes back to the committee.

The SPEAKER. Was there anything in that bill except an appropriation?

Mr. STAFFORD. It provided for the acquisition of a fuel station.

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

The SPEAKER. There was nothing except that section?

Mr. STAFFORD. No.

The SPEAKER. If there was nothing else than that, then the point of order against the appropriation would in that

case lie against the whole bill. That is the Chair's recollection of it.

Mr. STAFFORD. I have sent for a copy of the bill. It is Senate bill 1771. I wish to direct the special attention of the Speaker to the fact that in this case the committee reporting the bill does not report this bill with an amendment.

The SPEAKER. In this particular case?

Mr. STAFFORD. Yes; in this case before the Speaker at the present time. The committee does not report an amendment authorizing this appropriation, but they report it just in its present form. I might be inclined to agree that if the committee having this bill in charge had reported this bill with an amendment—which was within their power—authorizing an appropriation, then perhaps the question of order would not lie, even if that question were raised. But here the committee go beyond their authority and report an appropriation without regard to an authorization and recommend it with the full power of providing funds. It is a Senate bill and it came over to this House, and under those circumstances it would be violative of the rule, because the committee are reporting a bill with an appropriation. They are not reporting a bill with a mere authorization.

The SPEAKER. The Chair does not quite catch the point of the gentleman from Wisconsin. Is the gentleman from Wisconsin arguing that if the point of order is good against the appropriation it lies against the whole bill?

Mr. STAFFORD. If the committee in its report had made an amendment that the appropriating power be superseded by an amendment of an authorization, the point of order would not lie. But the committee does not do that. The committee reports it entirely without any amendment, and under the circumstances it seems to me it is violative of the rule. If the committee reporting this bill had stricken out the appropriation and made an authorization, then it might not be violative of the rule.

Mr. SANDERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Now, I have the Senate bill, as to which the Speaker said it was subject to a point of order. It is the bill S. 1771. It provides "That to provide a site for a fuel and fuel-oil station and fresh-water reservoir for Shipping Board and other merchant vessels, as well as United States naval vessels, and for other purposes, the United States, through the United States Shipping Board, is hereby empowered to acquire the land on Hazzell Island," and so forth, for so much, and in settlement of any accrued rentals therefor a sum of money, not exceeding $50,000, shall be paid out of its funds.

The SPEAKER. In that case the point was not raised whether it was against the whole bill or merely against the appropriation. The only discussion there, as the Chair finds in looking over the record, was that, coming from the Shipping Board, it was really an appropriation from the Treasury. That was the only question presented.

Mr. STAFFORD. The identical question was involved.

The SPEAKER. Yes; but the distinction was not raised there.

Mr. STAFFORD. The gentleman from Texas [Mr. BLANTON] raised the point of order that it was in violation of clause 5 of Rule XXI. It had only one paragraph, as the present bill has only one paragraph.

The SPEAKER. But the distinction was not raised there by anybody as to whether the point of order lay against the whole bill or only against the appropriation.

Mr. SANDERS of Indiana. Mr. Speaker, will the gentleman yield?

Mr. STAFFORD. Yes.

Mr. SANDERS of Indiana. I would like to inquire of the gentleman from Wisconsin what would occur if the Chair should sustain a point of order against this bill, and how it would ever get on the floor of the House?

Mr. STAFFORD. I would say it would be recommitted immediately to the Committee on Agriculture and be reported back with an authorization. That would make it in order.

Mr. SANDERS of Indiana. I would like to call the attention of the Chair to the fact that in the first ruling on this subject the Chair ruled that the committee had stricken out the appropriation and recommended an authorization, and did not change the condition under the rule because the House might not agree with the committee.

The SPEAKER. The Chair is disposed in the light of the first ruling to hold that the point of order lies against the appropriation only. But the Chair would be glad to hear from the gentleman on that.

Mr. MADDEN. Mr. Speaker, I would like to be heard on that.

Mr. BEGG rose.

The SPEAKER. The Chair will hear the gentleman from Ohio.

Mr. BEGG. Mr. Speaker, the only remark I wish to make on this is that a careful reading of the bill clearly shows to me that there is a very small portion of the bill that is really legislative that can be separated from an appropriation by the peculiar wording of the whole business.

The SPEAKER. What the gentleman states is directly in line with what the Chair stated.

Mr. BEGG. I did not hear what the Chair said.

The SPEAKER. The Chair said he would be disposed to rule only against the appropriation, and that the point did not lie against the whole bill.

Mr. BEGG. I believe the Chair misunderstood, which does not speak very highly of the gentleman's presentation. [Laughter.]

The SPEAKER. The Chair will hear the gentleman.

Mr. BEGG. Only a minor point of the bill can be separated from the immediate legislation and make any sense. And it seems to me that a point of order against the prin- part of the whole bill nullifies the whole bill. Every instance that has been cited to the Chair prior to this time has been an instance where to subtract the appropriation did not kill the rest of the bill. Now, if you take the appropriation out, there is nothing left in this bill; merely an authorization to the President to set up machinery to do a certain thing.

The SPEAKER. The Chair will hear the gentleman from Illinois [Mr. MADDEN].

Mr. MADDEN. Mr. Speaker, it seems to me that the point of order ought to go to the fact that when the Committee on Agriculture reported this bill they reported it in violation of the rule, and hence had no right whatever to report such a bill. So that the point of order ought to go to the whole bill. If it applies at all, it applies to everything in the bill. It applies to the right of the committee to report the bill at all. That is the contention I make.

The SPEAKER. The Chair covered that point pretty fully when he first ruled on the interpretation of this rule. Does anyone else wish to be heard on the other side of the question?

Mr. STEVENSON. I was only going to reply to what the gentleman from Illinois [Mr. MADDEN] said, but the Speaker has done so very effectively.

Mr. TOWNER. Mr. Speaker, it seems to me that if the position taken by the Chair is well taken, then there is not very much effectiveness in the requirement that appropriations shall be considered only by the Committee on Appropriations. The Speaker will note that if this bill is allowed to go to the Committee of the Whole for consideration, all that will be necessary will be for the chairman of the committee to offer to amend and insert the word "authorize" instead of "appropriate." So that the rule that requires the consideration of these bills by the Committee on Appropriations will be of no avail.

The SPEAKER. Why, no; the bill would still after that have to go to the Committee on Appropriations before any appropriation could be made.

Mr. TOWNER. That is very true, but a bill carrying an authorization is not considered by the Committee on Appropriations.

The SPEAKER. Why not? The Chair does not follow the gentleman.

Mr. TOWNER. Because of the fact that if the House passes a bill authorizing the appropriation it virtually instructs the Appropriations Committee to make the appropriation.

The SPEAKER. But is not the reverse true, that the Appropriations Committee can not act unless the House has previously authorized it?

Mr. TOWNER. It is true that the Appropriations Committee can make no appropriation except under authority of existing law; but when a bill goes to another committee carrying an appropriation, can it be considered that they are considering the question of an appropriation? Certainly they must do so; and if that is the case, that is a violation of the rules of the House. The Chair will understand this proposition: Of course, if the objection is made, as it is made in this case by the gentleman from Minnesota, to the consideration of this bill, then the question must lie in the mind of the Speaker whether this is a proper bill for the consideration of the House as it is, without the opportunity of amendment. If it passes through these initial stages and goes before the Committee of the Whole House on the state of the Union, and then the objection

is made because it carries an appropriation, then all that is necessary is for somebody to move that the word "authorized" shall be inserted as an amendment. Therefore all the requirements of the rule that bills carrying appropriations shall go to the Committee on Appropriations will be made of no avail. It certainly seems to me that this is going to lead us very far away from the proper construction of the rule that requires appropriations to be considered by the Committee on Appropriations.

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

Mr. TOWNER. Yes.

Mr. STEVENSON. Could not the Committee on Agriculture have reported a bill authorizing this appropriation, and would not that be the only way that it could have provided for an appropriation, by reporting this bill with the word "authorized"?

Mr. TOWNER. Certainly.

Mr. STEVENSON. And if now it puts in the word "authorized," has it done any more than it would have done in the first instance under those circumstances?

Mr. TOWNER. That would be very true, Mr. Speaker, but it nevertheless constitutes a violation of the rules. I think it would be very valuable if we understood that no committee should make a report on a bill carrying an absolute appropriation except the Committee on Appropriations, and that if another committee desired to obtain the right of consideration of a bill it should be an authorization and not an appropriation.

Mr. CONNALLY of Texas. Will the gentleman yield for a question?

Mr. TOWNER. Certainly.

Mr. CONNALLY of Texas. Does the gentleman bear in mind the fact that this is a Senate bill and that when it comes to the House it must be received by the House and it must go to some committee? It can not go to both the Agriculture and Appropriation Committees. It is more largely legislation than it is appropriation, and so the Speaker refers it to the Committee on Agriculture. Now, that committee certainly has jurisdiction of a part of that bill. It must go somewhere. It can not go to the Committee on Appropriations, because it is legislation. Now, when it goes to the Committee on Agriculture and is reported back with an appropriation, does not the point of order lie only to the appropriation? Is not that the purpose of the rule? Does not that construction strike out all that is necessary to be stricken? Would not any other construction withdraw from the Committee on Agriculture the power to consider the bill and to authorize? When the point of order is sustained as against the appropriating clause, that withdraws from the Agricultural Committee the power to appropriate, and that is all that is intended to be withdrawn from that committee. If you send it back to the Committee on Agriculture, and the committee has no jurisdiction of the bill because of an appropriation clause in a Senate bill, how are you going to get it out of the committee and how can it be properly referred to any other committee?

Mr. TOWNER. In what I said I had not considered the fact that this bill is a Senate bill. If that is the case, I am not so sure about the position which I have suggested. I would not like to venture an opinion upon that proposition.

Mr. STAFFORD. The fact is that in considering the point of order you must consider the report of the committee. That is what is before the House. They have reported a bill that is violative of this rule, and the bill is so intimately connected with the appropriation that the proposition which they have reported is, it seems to me, subject to the point of order. Speaker Clark ruled that in determining whether a bill was subject to a point of order he would have to take into consideration the amendments as recommended by the committee. But here the committee does not make any recommendation of an amendment which if adopted would bring it within the power of that committee to act.

Mr. SANDERS of Indiana. May I interrupt the gentleman?

Mr. STAFFORD. Yes; I am always pleased to have the gentleman interrupt me.

Mr. SANDERS of Indiana. Suppose the committee had brought in the bill with an amendment. The gentleman undertakes to make a distinction between the committee bringing in an appropriation bill without amendment and bringing it in with an amendment. Suppose it should bring in a bill containing an appropriation, but recommending an amendment that the appropriation be stricken out and the authorization substituted instead, and that when that amendment was proposed the House should vote it down and leave the appropriation. Then the bill itself would be subject to the point of order.

Mr. GARRETT of Tennessee. Will the Chair allow me?

The SPEAKER. The Chair will hear the gentleman from Tennessee.

Mr. GARRETT of Tennessee. It seems to me the rule itself determines the matter. The last sentence in clause 5 of Rule XXI says:

> A question of order on an appropriation in any such bill, joint resolution, or amendment thereto may be raised at any time.

It is the appropriation upon which the point of order may be made.

The SPEAKER. When this matter first came up the Chair in his ruling discussed the matter quite thoroughly, and he sees no reason to change the view that he then stated, which was that while there is some contradiction in the rule itself, yet the last phrase which the gentleman from Tennessee [Mr. GARRETT] has just quoted seemed then to the Chair and seems now to the Chair to be the controlling one, and that the point of order should be made on the appropriation itself. It seems to the Chair that the results of that ruling are really best for the control of the House over its business. The point made by the gentleman from Ohio, that if you take out the appropriation and it leaves nothing of any account, in that case the whole bill falls, is an argument which has weight in its practical effect, but, after all, that is a matter for the House to decide. If there is nothing left of any practical effect, the House would not care to act upon it. The Chair adheres to his original ruling, that the point of order must be made against the appropriation itself.

Mr. BEGG. Will the Chair permit me to make a statement?

The SPEAKER. The Chair will hear the gentleman, but will not change his ruling. [Laughter.]

Mr. BEGG. I want to say that the Chair, having made the statement he did make, that by withdrawing the appropriation it practically annihilates the bill, certainly ought to compel the Chair to go another step and say that the bill can not be considered, because the withdrawal of the appropriation in the average bill does not annihilate it.

The SPEAKER. The Chair does not think that it is for the Chair to decide in an individual case whether striking out the appropriation makes the bill useless; that is for the House and not for the Chair to determine. The Chair overrules the point of order against the bill as a whole.

Mr. NEWTON of Minnesota. Mr. Chairman, I make the point of order against the appropriation provision beginning on line 8, page 1.

The SPEAKER. The Chair sustains that point of order.

Mr. STAFFORD. Mr. Speaker, I make the point of order that no quorum is present.

The SPEAKER. The gentleman from Wisconsin makes the point of order that no quorum is present. It is clear that there is no quorum present.

Mr. HAUGEN. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The Clerk called the roll, and the following Members failed to answer to their names:

Abernethy	Dunn	Kearns	Overstreet
Andrew, Mass.	Dyer	Keller	Park, Ga.
Ansorge	Echols	Kelley, Mich.	Parker, N. J.
Anthony	Edmonds	Kelly, Pa.	Parker, N. Y.
Atkeson	Faust	Kendall	Patterson, Mo.
Bacharach	Fenn	Kennedy	Perkins
Barkley	Focht	Kiess	Pou
Bell	Frear	Kindred	Rainey, Ala.
Blakeney	Free	King	Rankin
Bland, Ind.	French	Kitchin	Ransley
Bond	Frothingham	Kleczka	Rayburn
Bowers	Funk	Kline, N. Y.	Reber
Brand	Gallivan	Knight	Reed, N. Y.
Brennan	Garner	Kraus	Rhodes
Britten	Gifford	Langley	Riddick
Brooks, Ill.	Gilbert	Larson, Minn.	Riordan
Brooks, Pa.	Glynn	Lawrence	Roach
Buchanan	Goodykoontz	Layton	Robertson
Burdick	Gorman	Linthicum	Rodenberg
Burke	Gould	Little	Rogers
Butler	Graham, Pa.	Lowrey	Rose
Carew	Griffin	Luhring	Rosenbloom
Carter	Hardy, Tex.	McArthur	Rossdale
Chandler, N. Y.	Hawes	McClintic	Rucker
Chandler, Okla.	Hawley	McKenzie	Ryan
Clague	Hayden	McLaughlin, Nebr.	Schall
Classon	Hays	McLaughlin, Pa.	Scott, Mich.
Clouse	Henry	McSwain	Shelton
Cockran	Herrick	Mansfield	Slemp
Codd	Hersey	Martin	Smith, Mich.
Connolly, Pa.	Himes	Mead	Snell
Copley	Hogan	Michaelson	Sproul
Cramton	Huck	Mills	Steenerson
Crowther	Hukriede	Morin	Stiness
Cullen	Humphrey, Nebr.	Mudd	Stoll
Dale	Hutchinson	Murphy	Strong, Kans.
Davis, Minn.	James	Newton, Mo.	Strong, Pa.
Deal	Jeffries, Nebr.	Nolan	Sullivan
Denison	Johnson, S. Dak.	O'Brien	Sweet
Drane	Jones, Pa.	Ogden	Tague
Dunbar	Kahn	Olpp	Taylor, Ark.

Taylor, Colo.	Timberlake	Vinson	Winslow
Taylor, N. J.	Tincher	Volk	Wood, Ind.
Ten Eyck	Treadway	Walters	Woodruff
Thomas	Tucker	Ward, N. Y.	Yates
Thompson	Underhill	Ward, N. C.	Zihlman
Thorpe	Upshaw	Wheeler	
Tilson	Vestal	Williams, Tex.	

The SPEAKER. Two hundred and thirty-eight Members have answered to their names. A quorum is present.

Mr. SANDERS of Indiana. Mr. Speaker, I move to dispense with further proceedings under the call.

Mr. MADDEN. I object to that, and on that I demand the yeas and nays.

Mr. HAUGEN. Mr. Speaker, it is now 5 o'clock.

Mr. MADDEN. I will withdraw that demand for the present.

Mr. CLARK of Florida. A point of order, Mr. Speaker. Is it right for the Republican majority to engage in a filibuster?

Mr. SANDERS of Indiana. I renew my motion to dispense with further proceedings under the call.

The motion was agreed to.

Mr. HAUGEN. Mr. Speaker, it is 5 o'clock, and it is plain that the bill can not be passed to-night. If it is agreeable to the author of the bill, I ask to withdraw the bill for the present with the purpose of getting a special rule later.

Mr. STEVENSON. I want to say that the author of the bill happens to be a Senator of the United States from South Carolina. As far as I am concerned this House has the power to dispose of that bill and I shall not consent——

Mr. SANDERS of Indiana. The withdrawal of the bill does not require unanimous consent.

Mr. MADDEN. Mr. Speaker, I move that the House do now adjourn.

The question was taken; and on a division (demanded by Mr. BANKHEAD) there were 114 ayes and 59 noes.

Mr. STEVENSON. Mr. Speaker, I ask for the yeas and nays.

The yeas and nays were ordered.

The question was taken; and there were—yeas 138, nays 100, not voting 189, as follows:

YEAS—138.

Ackerman	Evans	Leatherwood	Sanders, Ind.
Andrews, Nebr.	Fairchild	Lee, N. Y.	Sanders, N. Y.
Appleby	Fairfield	Lehlbach	Schall
Arentz	Fess	Longworth	Scott, Tenn.
Barbour	Fish	Luce	Shaw
Beedy	Fitzgerald	McFadden	Shreve
Begg	Fordney	MacGregor	Sinnott
Bird	Frear	Madden	Slemp
Bixler	Freeman	Maloney	Smith, Idaho
Boies	Fuller	Mapes	Snyder
Brown, Tenn.	Gensman	Merritt	Speaks
Burtness	Gernerd	Michener	Stafford
Cable	Graham, Ill.	Miller	Stephens
Campbell, Kans.	Green, Iowa	Mondell	Strong, Kans.
Campbell, Pa.	Greene, Mass.	Moore, Ill.	Summers, Wash.
Cannon	Greene, Vt.	Moore, Ohio	Sweet
Chalmers	Hadley	Moores, Ind.	Swing
Chindblom	Hardy, Colo.	Morgan	Taylor, Tenn.
Christopherson	Hickey	Mott	Temple
Clarke, N. Y.	Hicks	Nelson, Me.	Thompson
Cole, Iowa	Hill	Nelson, A. P.	Tinkham
Cole, Ohio	Hoch	Newton, Minn.	Towner
Colton	Hull	Norton	Treadway
Cooper, Ohio	Humphrey, Nebr.	Patterson, N. J.	Vaile
Coughlin	Husted	Paul	Wason
Crago	Johnson, Wash.	Petersen	Watson
Cramton	Kelley, Mich.	Porter	Webster
Curry	Ketcham	Pringey	White, Kans.
Dallinger	Kirkpatrick	Purnell	White, Me.
Darrow	Kissel	Radcliffe	Williamson
Dempsey	Kline, Pa.	Ramseyer	Wood, Ind.
Denison	Knutson	Reece	Wyant
Dickinson	Kopp	Reed, W. Va.	Young
Elliott	Kraus	Ricketts	
Ellis	Lea, Calif.	Robsion	

NAYS—100.

Almon	Davis, Tenn.	Jeffers, Ala.	Quin
Aswell	Dominick	Johnson, Miss.	Rainey, Ill.
Bankhead	Doughton	Jones, Tex.	Raker
Beck	Drewry	Kincheloe	Rankin
Bell	Driver	Lanham	Rayburn
Black	Dupré	Lankford	Roach
Bland, Va.	Favrot	Larsen, Ga.	Rouse
Blanton	Fields	Lazaro	Sabath
Bowling	Fisher	Lee, Ga.	Sanders, Tex.
Box	Foster	Logan	Sandlin
Brand	Fulmer	London	Sinclair
Briggs	Garrett, Tenn.	Lowrey	Sisson
Browne, Wis.	Goldsborough	Lyon	Smithwick
Bulwinkle	Hammer	McCormick	Steagall
Byrnes, S. C.	Hardy, Tex.	McDuffie	Stedman
Byrns, Tenn.	Haugen	McLaughlin, Mich.	Stevenson
Cantrill	Hawes	Montague	Sumners, Tex.
Clark, Fla.	Henry	Moore, Va.	Swank
Collier	Hooker	Nelson, J. M.	Ten Eyck
Collins	Huddleston	O'Connor	Tillman
Connally, Tex.	Hudspeth	Oldfield	Turner
Cooper, Wis.	Humphreys, Miss.	Parks, Ark.	Tyson
Crisp	Jacoway	Perlman	Voigt
Volstead	Wilson	Wise	Wright
Weaver	Wingo	Woods, Va.	Wurzbach

NOT VOTING—189.

Abernethy	Free	Lampert	Rodenberg
Anderson	French	Langley	Rogers
Andrew, Mass.	Frothingham	Larson, Minn.	Rose
Ansorge	Funk	Lawrence	Rosenbloom
Anthony	Gahn	Layton	Rossdale
Atkeson	Gallivan	Lineberger	Rucker
Bacharach	Garner	Linthicum	Ryan
Barkley	Garrett, Tex.	Little	Scott, Mich.
Benham	Gifford	Luhring	Sears
Blakeney	Gilbert	McArthur	Shelton
Bland, Ind.	Glynn	McClintic	Siegel
Bond	Goodykoontz	McKenzie	Smith, Mich.
Bowers	Gorman	McLaughlin, Nebr.	Snell
Brennan	Gould	McLaughlin, Pa.	Sproul
Britten	Graham, Pa.	McPherson	Steenerson
Brooks, Ill.	Griest	McSwain	Stiness
Brooks, Pa.	Griffin	MacLafferty	Stoll
Buchanan	Hawley	Magee	Strong, Pa.
Burdick	Hayden	Mansfield	Sullivan
Burke	Hays	Martin	Tague
Burton	Herrick	Mead	Taylor, Ark.
Butler	Hersey	Michaelson	Taylor, Colo.
Carew	Himes	Mills	Taylor, N. J.
Carter	Hogan	Morin	Thomas
Chandler, N. Y.	Huck	Mudd	Thorpe
Chandler, Okla.	Hukriede	Murphy	Tilson
Clague	Hutchinson	Newton, Mo.	Timberlake
Classon	Ireland	Nolan	Tincher
Clouse	James	O'Brien	Tucker
Cockran	Jefferis, Nebr.	Ogden	Underhill
Codd	Johnson, Ky.	Oliver	Upshaw
Connolly, Pa.	Johnson, S. Dak.	Olpp	Vestal
Copley	Jones, Pa.	Overstreet	Vinson
Crowther	Kahn	Paige	Volk
Cullen	Kearns	Park, Ga.	Walters
Dale	Keller	Parker, N. J.	Ward, N. Y.
Davis, Minn.	Kelly, Pa.	Parker, N. Y.	Ward, N. C.
Deal	Kendall	Patterson, Mo.	Wheeler
Dowell	Kennedy	Perkins	Williams, Ill.
Drane	Kiess	Pou	Williams, Tex.
Dunbar	Kindred	Rainey, Ala.	Winslow
Dunn	King	Ransley	Woodruff
Dyer	Kitchin	Reber	Woodyard
Echols	Kleczka	Reed, N. Y.	Yates
Edmonds	Kline, N. Y.	Rhodes	Zihlman
Faust	Knight	Riddick	
Fenn	Kreider	Riordan	
Focht	Kunz	Robertson	

So the motion was agreed to.

The Clerk announced the following pairs:

Until further notice:

Mr. Dunn with Mr. Abernethy.
Mr. Newton of Missouri with Mr. Mansfield.
Mr. Burton with Mr. O'Brien.
Mr. Magee with Mr. Garner.
Mr. Lampert with Mr. Martin.
Mr. Hutchinson with Mr. Carter.
Mr. Anthony with Mr. Kunz.
Mr. Keller with Mr. Drane.
Mr. Free with Mr. Kitchin.
Mr. Johnson of South Dakota with Mr. McSwain.
Mr. Davis of Minnesota with Mr. Oliver.
Mr. Langley with Mr. Buchanan.
Mr. Graham of Pennsylvania with Mr. Garrett of Texas.
Mr. Kahn with Mr. Overstreet.
Mr. Bacharach with Mr. Cullen.
Mr. Morin with Mr. Pou.
Mr. Faust with Mr. Griffin.
Mr. Rhodes with Mr. Linthicum.
Mr. Connolly of Pennsylvania with Mr. Kindred.
Mr. Lineberger with Mr. Carew.
Mr. Frothingham with Mr. Park of Georgia.
Mr. Dowell with Mr. Rucker.
Mr. Kennedy with Mr. Rainey of Alabama.
Mr. Paige with Mr. Sears.
Mr. Brennan with Mr. Tague.
Mr. Reed of New York with Mr. Riordan.
Mr. Kiess with Mr. Sullivan.
Mr. Kline of New York with Mr. Barkley.
Mr. Griest with Mr. Gilbert.
Mr. Crowther with Mr. Deal.
Mr. Britten with Mr. Hayden.
Mr. Kearns with Mr. Johnson of Kentucky.
Mr. Edmonds with Mr. Cockran.
Mr. Codd with Mr. McClintic.
Mr. Hawley with Mr. Gallivan.
Mr. Butler with Mr. Mead.
Mr. Kendall with Mr. Stoll.
Mr. Fenn with Mr. Thomas.
Mr. Snell with Mr. Taylor of Colorado.
Mr. Strong of Pennsylvania with Mr. Taylor of Arkansas.
Mr. Williams of Illinois with Mr. Upshaw.
Mr. Rogers with Mr. Turner.

Mr. Tincher with Mr. Vinson.
Mr. Winslow with Mr. Tucker.
Mr. Olpp with Mr. Ward of North Carolina.
Mr. Tilson with Mr. Williams of Texas.
The result of the vote was announced as above recorded.

ADJOURNMENT.

Accordingly (at 5 o'clock and 19 minutes p. m.) the House adjourned until to-morrow, Thursday, February 15, 1923, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

Under clause 2 of Rule XXIV, executive communications were taken from the Speaker's table and referred as follows:

988. A letter from the Postmaster General, transmitting a schedule of papers and documents which are not needed in the transaction of public business and which, in the opinion of this department, have no permanent value or historical interest; to the Committee on Disposition of Useless Executive Papers.

989. A communication from the President of the United States, transmitting supplemental estimates of appropriations for the Department of Agriculture for the fiscal year ending June 30, 1923, amounting to $90,000 (H. Doc. No. 572); to the Committee on Appropriations and ordered to be printed.

990. A communication from the President of the United States, transmitting a list of judgments rendered against the Government by the district courts of the United States which requires an appropriation for their payment (H. Doc. No. 573); to the Committee on Appropriations and ordered to be printed.

991. A communication from the President of the United States, transmitting schedules of claims amounting to $716,380.66 allowed by the various divisions of the General Accounting Office, as covered by certificates of settlement (H. Doc. No. 574); to the Committee on Appropriations and ordered to be printed.

992. A communication from the President of the United States, transmitting a list of judgments rendered by the Court of Claims, amounting to $72,811.41, which have been submitted by the Secretary of the Treasury and require an appropriation for their payment (H. Doc. No. 575); to the Committee on Appropriations and ordered to be printed.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. HUDSPETH: Committee on Irrigation of Arid Lands. H. R. 13550. A bill authorizing the Secretary of the Interior to enter into a contract with the Elephant Butte irrigation district of New Mexico and the El Paso County improvement district No. 1, of Texas, for the carrying out of the provisions of the convention between the United States and Mexico, proclaimed January 16, 1907, and providing for compensation therefor; with amendments (Rept. No. 1601). Referred to the Committee of the Whole House on the state of the Union.

Mr. GORMAN: Committee on the Post Office and Post Roads. H. R. 8329. A bill to reduce night work in post offices; with amendments (Rept. No. 1602). Referred to the Committee of the Whole House on the state of the Union.

Mr. MOORES of Indiana: Committee on Foreign Affairs. S. 4522. An act authorizing the Secretary of State to convey certain land owned by the United States in Santiago, Chile, to the municipality of that city, and to acquire or receive in exchange therefor other land located in the said city; without amendment (Rept. No. 1604). Referred to the Committee of the Whole House on the state of the Union.

Mr. HUDDLESTON: Committee on Interstate and Foreign Commerce. S. 4387. An act to authorize the building of a bridge across the Tugaloo River between South Carolina and Georgia; without amendment (Rept. No. 1605). Referred to the House Calendar.

Mr. FIELDS: Committee on Military Affairs. S. 3461. An act to amend the act of February 28, 1920, so as to authorize the acquisition of additional land and the disposition of certain lands already acquired at Camp Knox, Ky.; without amendment (Rept. No. 1607). Referred to the Committee of the Whole House on the state of the Union.

REPORTS OF COMMITTEES ON PRIVATE BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. WRIGHT: Committee on Military Affairs. S. 4404. An act authorizing the Secretary of War to transfer to trustees to be named by the Chamber of Commerce of Columbia, S. C., certain lands at Camp Jackson, S. C.; without amendment (Rept. No. 1603). Referred to the Committee of the Whole House.

Mr. FISH: Committee on Foreign Affairs. H. R. 14317. A bill granting permission to Capt. Norman Randolph, United States Army, to accept the decoration of the Spanish Order of Military Merit of Alfonso XIII; with amendment (Rept. No. 1606). Referred to the Committee of the Whole House.

Mr. McCORMICK: Committee on the Public Lands. S. 2934. An act to provide for the issuance to John W. Stanton by the Secretary of the Interior of patent to certain land upon payment therefor at the rate of $1.25 per acre; without amendment (Rept. No. 1608). Referred to the Committee of the Whole House.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. NEWTON of Missouri: A bill (H. R. 14336) fixing the rank of the officer of the United States Army in charge of the inland and coastwise waterways service; to the Committee on Military Affairs.

By Mr. FROTHINGHAM: A bill (H. R. 14337) to incorporate the Belleau Wood Memorial Association; to the Committee on the Judiciary.

By Mr. FITZGERALD: A bill (H. R. 14338) to authorize the sale of certain Government property and authorizing an appropriation for permanent buildings and improvements for use of the engineering division of the Air Service of the Army; to the Committee on Military Affairs.

By Mr. VOIGT: Joint resolution (H. J. Res. 444) protesting against the invasion of the Ruhr Valley by France, requesting the President to call an international economic conference, and requesting settlement of the French debt; to the Committee on Foreign Affairs.

By Mr. LARSEN of Georgia: Joint resolution (H. J. Res. 445) providing for the appointment of a joint committee of the House and Senate to investigate conditions in the United States Veterans' Bureau; to the Committee on Rules.

By Mr. VOIGT: Joint resolution (H. J. Res. 446) directing the Federal Trade Commission to investigate the proposed merger of Armour & Co. and Morris & Co.; to the Committee on Agriculture.

By Mr. McKENZIE: Resolution (H. Res. 530) for the consideration of bills from the Committee on Military Affairs; to the Committee on Rules.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. FAIRCHILD: A bill (H. R. 14339) for the relief of Samuel T. Hubbard, jr.; to the Committee on Military Affairs.

By Mr. FOSTER: A bill (H. R. 14340) granting an increase of pension to Malinda Wilson; to the Committee on Invalid Pensions.

By Mr. GRIEST: A bill (H. R. 14341) granting an increase of pension to Sarah Ann Eby; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14342) granting an increase of pension to Edward D. Henderson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14343) granting a pension to Mary J. Light Lawrence; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14344) granting a pension to John Zellers; to the Committee on Invalid Pensions.

By Mr. JOHNSON of Washington: A bill (H. R. 14345) granting a pension to Eva R. Hunt; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14346) granting a pension to Sarah Parker; to the Committee on Invalid Pensions.

By Mr. SHELTON: A bill (H. R. 14347) granting a pension to Angeline M. Johnson; to the Committee on Invalid Pensions.

Also, a bill (H. R. 14348) granting a pension to Lucy N. Yarbrough; to the Committee on Pensions.

By Mr. TREADWAY: A bill (H. R. 14349) granting an increase of pension to Margaret M. Luce; to the Committee on Invalid Pensions.

By Mr. IRELAND: Resolution (H. Res. 531) for the employment of additional help in the enrolling room; to the Committee on Accounts.

PETITIONS, ETC.

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

7297. By Mr. BRENNAN: Petition signed by 487 citizens of the thirteenth congressional district of Michigan, favoring the recognition of Ireland by the United States; to the Committee on Foreign Affairs.

7298. Also, petition of 2,450 citizens of the thirteenth congressional district of Michigan, urging the United States to recognize the Irish Republic; to the Committee on Foreign Affairs.

7299. By Mr. CURRY: Petition of the directors of the Chamber of Commerce of Sacramento, Calif., favoring a minimum Army strength of 150,000 enlisted men and 13,000 officers; to the Committee on Military Affairs.

7300. By Mr. KISSEL: Petition of Rodgers & Hagerty (Inc.), New York City, N. Y., urging modification of the present immigration law; to the Committee on Immigration and Naturalization.

7301. By Mr. PORTER: Petition of 869 signers, residents of Pittsburgh, Pa., indorsing House Joint Resolution 412, for the relief of Austria and Germany; to the Committee on Foreign Affairs.

7302. By Mr. RIORDAN: Petition of sundry citizens of the eleventh and nineteenth congressional districts of New York, urging that aid be extended to the people of the German and Austrian Republics; to the Committee on Foreign Affairs.

7303. By Mr. TREADWAY: Petition of the town of Hancock, Mass., making recommendations with reference to the existing coal situation; to the Committee on Interstate and Foreign Commerce.

SENATE.

THURSDAY, *February 15, 1923.*

(Legislative day of Tuesday, February 13, 1923.)

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

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

The VICE PRESIDENT. The Secretary will call the roll.

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

Ashurst	Gerry	McKinley	Smith
Ball	Glass	McNary	Smoot
Bayard	Gooding	Moses	Spencer
Borah	Hale	Nelson	Sterling
Bursum	Harreld	New	Sutherland
Calder	Harrison	Nicholson	Swanson
Cameron	Heflin	Norris	Townsend
Capper	Hitchcock	Oddie	Trammell
Caraway	Johnson	Overman	Underwood
Colt	Jones, N. Mex.	Owen	Wadsworth
Couzens	Jones, Wash.	Page	Walsh, Mass.
Culberson	Kellogg	Phipps	Walsh, Mont.
Curtis	Keyes	Pittman	Warren
Dial	Ladd	Pomerene	Watson
Dillingham	La Follette	Ransdell	Weller
Ernst	Lenroot	Reed, Mo.	Williams
Fernald	Lodge	Reed, Pa.	Willis
Fletcher	McCormick	Robinson	
Frelinghuysen	McCumber	Sheppard	
George	McKellar	Shields	

The VICE PRESIDENT. Seventy-seven Senators have answered to their names. A quorum is present.

DEPARTMENTAL USE OF AUTOMOBILES.

The VICE PRESIDENT laid before the Senate a communication from the president of the Board of Managers of the National Home for Disabled Volunteer Soldiers, transmitting, in response to Senate Resolution 399, agreed to January 6, 1923, information relative to the number and cost of maintenance of privately owned passenger-carrying automobiles in use by the National Home for Disabled Volunteer Soldiers and its branches, which, with the accompanying papers, was ordered to lie on the table.

SENATOR FROM OHIO.

Mr. WILLIS. I present the credentials of Hon. SIMEON D. FESS, Senator elect from the State of Ohio, which I ask may be read and placed on file.

The credentials were read, and ordered to be placed on file, as follows:

IN THE NAME AND BY THE AUTHORITY OF THE STATE OF OHIO.

To the PRESIDENT OF THE SENATE OF THE UNITED STATES:

This is to certify that at a regular election held in the State of Ohio on the 7th day of November, A. D. 1922, SIMEON D. FESS was duly elected 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, Harry L. Davis, and our seal hereto affixed at Columbus, Ohio, this 8th day of December, in the year of our Lord 1922.

[SEAL.] HARRY L. DAVIS, *Governor.*

By the governor:

HARVEY C. SMITH,
Secretary of State.

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 bill (S. 3721) providing for the erection of additional suitable and necessary buildings for the National Leper Home.

The message also announced that the House had passed the bill (S. 3220) to amend sections 2, 5, 11, 12, 15, 19, 29, and 30 of the United States warehouse act, approved August 11, 1916, with amendments, in which it requested the concurrence of the Senate.

The message further announced that the House had passed bills of the following titles, in which it requested the concurrence of the Senate:

H. R. 12053. An act to define butter and to provide a standard therefor; and

H. R. 14302. An act to establish and promote the use of the official cotton standards of the United States in interstate and foreign commerce, to prevent deception therein, and provide for the proper application of such standards, and for other purposes.

PETITIONS AND MEMORIALS.

Mr. WILLIS presented a resolution of the Akron (Ohio) Chamber of Commerce favoring the passage of the so-called ship subsidy bill, which was ordered to lie on the table.

Mr. LADD presented a memorial, numerously signed, of sundry citizens of Mandan, N. Dak., remonstrating against the passage of legislation providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia.

Mr. KEYES presented communications in the nature of petitions of the congregations of the Atkinson Congregational Church of Atkinson, the Congregational and Baptist Churches of New Ipswich, the Congregational Church of Henniker, the Congregational Church of Gilsum, and the trustees of the New Hampshire Congregational conference, held at the South Congregational Church of Concord, all in the State of New Hampshire, praying an amendment to the Constitution regulating child labor, which were referred to the Committee on the Judiciary.

Mr. RANSDELL presented a memorial, numerously signed, by sundry citizens of New Orleans, La., remonstrating against the passage of legislation providing for compulsory Sunday observance in the District of Columbia, which was referred to the Committee on the District of Columbia, and the body of the memorial was ordered to be printed in the RECORD as follows:

PETITION TO CONGRESS.

To the honorable the Senate and House of Representatives of the United States:

Believing (1) in the separation of church and the State;

(2) That Congress is prohibited by the first amendment to the Constitution from enacting any law enforcing the observance of any religious institution, or looking toward a union of church and State, or of religion and civil government;

(3) That any such legislation is opposed to the best interests of both church and State; and

(4) That the first step in this direction is a dangerous step and should be opposed by every lover of liberty;

We, the undersigned adult residents of New Orleans, State of Louisiana, earnestly petition your honorable body not to pass the compulsory Sunday observance bill (S. 1948) which aims to regulate Sunday observance by civil force under penalty for the District of Columbia.

Mr. REED of Pennsylvania. I ask unanimous consent to present and have embodied in the RECORD in 8-point type a concurrent resolution of the Legislature of Pennsylvania regarding the installation of the modern mail-tube system, and I also request that the memorial be referred to the Committee on Post Offices and Post Roads.

The memorial was referred to the Committee on Post Offices and Post Roads and ordered to be printed in the RECORD in 8-point type, as follows:

No. 2.

IN THE HOUSE OF REPRESENTATIVES,
January 29, 1923.

Whereas the sentiment of Philadelphia, like that of the other cities of the country where the modern mail-tube system has been tested, is emphatically in favor of it, as indicated by the press and by public expression, by the great business organizations, by city councils, and by the public generally: Therefore be it

Resolved (if the senate concur). That this legislature associates itself with the public's progressive demand for the use and extension of such service as a necessity of the post office