By Mr. REED of West Virginia: A resolution (H. Res. 566) authorizing the Commissioners of the District of Columbia to investigate and report at the beginning of the Sixty-eighth Congress upon the advisability or necessity of legislation looking to an increase in the number of judges of the police court of the District of Columbia; to the Committee on the District of Columbia.

By the SPEAKER (by request): Memorial of the Legislature of the State of Oregon petitioning Congress to pass an act whereby all revenue secured by the Federal Government from leases on Sand Island shall be turned over to the treasurer of the State of Oregon; to the Committee on Military Affairs.

Also (by request), memorial of the Legislature of the State of California favoring the establishment of a forest experiment station in California; to the Committee on Agriculture.

By Mr. BECK: Memorial of the Legislature of the State of Wisconsin petitioning Congress to enact legislation relating to forest products; to the Committee on Agriculture.

By Mr. McARTHUR: Memorial of the Legislature of the State of Oregon, urging Congress to enact legislation guaranteeing the price of wheat; to the Committee on Agriculture.

By Mr. PATTERSON of New Jersey: Memorial of the Legislature of the State of New Jersey, urging reorganization and certain corrections of administration in the second district of the United States Veterans' Bureau; to the Committee on Interstate and Foreign Commerce.

By Mr. RAKER: Memorial of the Legislature of the State of California, relative to the immigration bill; to the Committee on Immigration and Naturalization.

Also, memorial of the Legislature of the State of California, relative to the establishment of a forest experiment station in California and indorsing Senate bill 3031 and House bill 11249; to the Committee on Appropriations.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. CANTRILL: A bill (H. R. 14439) granting a pension to Austin Price; to the Committee on Pensions.

By Mr. KOPP: A bill (H. R. 14440) granting an increase of pension to Ellen L. Stone; to the Committee on Invalid Pensions.

By Mr. SNELL: A bill (H. R. 14441) granting an increase of pension to Cleopatra Soper; to the Committee on Invalid Pensions.

By Mr. TEN EYCK: A bill (H. R. 14442) for the relief of Emma B. McOmber; to the Committee on Claims.

By Mr. IRELAND: A resolution (H. Res. 565) authorizing the appointment of a legislative clerk at the rate of $1,800 per annum; 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:

7467. By Mr. BRITTEN: Petition of representatives of the American Assyrians in Chicago, Ill., urging Congress to permit the remaining Assyrians outside of the United States to immigrate into this country; to the Committee on Immigration and Naturalization.

7468. By Mr. CONNOLLY of Pennsylvania: Petition from sundry citizens of the fifth Pennsylvania district, indorsing House Joint Resolution 412, providing for the relief of the distress and famine conditions in Germany and Austria; to the Committee on Foreign Affairs.

7469. By Mr. FESS: Petition of 165 members of the congregation of the United Presbyterian Church, of Sebring, Ohio, to amend the preamble of the Constitution of the United States; to the Committee on the Judiciary.

7470. By Mr. KELLY of Pennsylvania: Petition of General Putnam Council, Sons and Daughters of Liberty, of Pittsburgh, Pa., urging restriction of immigration; to the Committee on Immigration and Naturalization.

7471. Also, petition of citizens of Allegheny County, Pa., opposing the prohibition of transportation and sale of firearms; to the Committee on Interstate and Foreign Commerce.

7472. By Mr. KISSEL: Petition of the Woman's Republican Club, New York City, N. Y., urging an amendment to the Constitution of the United States to limit or prohibit the labor of children; to the Committee on the Judiciary.

7473. Also, petition of New York State Association of Builders, Rochester, N. Y., urging the passage of Senate bill 4304, which provides for the admission of immigrants regardless of the legal quota; to the Committee on Immigration and Naturalization.

7474. By Mr. RAKER: Petition of Mrs. Nettie Bowe, past president Admiral Glass Auxiliary, No. 26, United Spanish War Veterans, indorsing and urging support of House bill 13298 and Senate bill 4142; also Julia A. Martin Auxiliary, No. 2, United Spanish War Veterans, of Oakland, Calif., indorsing and urging the passage of House bill 13298 and Senate bill 4142; to the Committee on Interstate and Foreign Commerce.

7475. Also, resolution of the National Association of Manufacturers, 50 Church Street, New York City, relative to the provisions of the Sterling-Lehlbach bill (H. R. 8928); to the Committee on Reform in the Civil Service.

7476. Also, petition of Karl H. M. Gardner, chief priest and master supreme of the Holy Rosikrucian Church, of San Francisco, Calif., relative to Treasury Decision 3391, providing for securing sacramental wines; to the Committee on the Judiciary.

7477. Also, petition of the First National Bank of Alturas, Calif., urging support of House conferees on bank tax bill (H. R. 11939) and to reject the Senate amended bill; to the Committee on Banking and Currency.

7478. Also, resolution adopted by the Siskiyou County Pomona Grange, of Siskiyou County, Calif., relative to the early completion of the best and most feasible highway from ocean to ocean; to the Committee on Roads.

7479. By Mr. ROUSE: Petition of 230 citizens of Campbell County, Ky., protesting against the enactment of any legislation toward the change of the present immigration law that will permit admission of aliens other than provided by present laws; to the Committee on Immigration and Naturalization.

7480. By Mr. WINSLOW: Petition of residents of Massachusetts and California, opposing House bill 4388; to the Committee on the District of Columbia.

SENATE.

WEDNESDAY, *February 28, 1923.*

The Senate met at 11 o'clock a. m.

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

Our Father and our fathers' God, we turn our thoughts to Thee with the beginning of the day's duties and seek Thy wisdom. We ask that whatever may come before this body in connection with its high responsibilities, wisdom may always be dispensed unto it, and that each one under the consciousness of his charge may fulfill the duties for the highest interests of the country and to the glory of Thy great name. We ask in Jesus' name. Amen.

The reading clerk proceeded to read the Journal of the proceedings of the legislative day of Monday, February 26, 1923, when, on request of Mr. CURTIS and by unanimous consent, the further reading was dispensed with and the Journal was approved.

CALL OF THE ROLL.

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

The VICE PRESIDENT. Let the roll be called.

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

Ashurst	Fernald	Ladd	Sheppard
Ball	Fletcher	Lenroot	Shields
Bayard	Frelinghuysen	Lodge	Shortridge
Borah	George	McCormick	Smoot
Brandegee	Gerry	McKellar	Spencer
Brookhart	Glass	McKinley	Stanley
Bursum	Gooding	McLean	Sterling
Calder	Hale	McNary	Sutherland
Cameron	Harreld	Moses	Swanson
Capper	Harris	Norbeck	Townsend
Caraway	Harrison	Norris	Wadsworth
Colt	Heflin	Oddie	Walsh, Mass.
Couzens	Hitchcock	Overman	Walsh, Mont.
Culberson	Johnson	Pepper	Warren
Cummins	Jones, N. Mex.	Phipps	Watson
Curtis	Jones, Wash.	Pittman	Weller
Dial	Kellogg	Poindexter	Willis
Dillingham	Kendrick	Ransdell	
Edge	Keyes	Reed, Pa.	
Ernst	King	Robinson	

Mr. PHIPPS. I desire to announce the absence of my colleague [Mr. NICHOLSON] on account of illness.

Mr. KING. I wish to announce that the senior Senator from South Carolina [Mr. SMITH] is detained on account of official business.

The VICE PRESIDENT. Seventy-seven Senators have answered to their names. A quorum is present.

AUTHENTICATED U.S. GOVERNMENT INFORMATION GPO

REPORT OF THE FEDERAL RESERVE BOARD.

The VICE PRESIDENT laid before the Senate a communication from the acting governor of the Federal Reserve Board, transmitting, pursuant to law, the ninth annual report of the Federal Reserve Board covering operations for the year 1922, which was referred to the Committee on Banking and Currency.

NORTH CAROLINA STATE CLAIM.

The VICE PRESIDENT laid before the Senate a communication from the Comptroller General of the United States, transmitting, pursuant to Senate Resolution 324, agreed to July 22, 1922, a report of the reexamination and restatement of the account of advances and expenditures made by the State of North Carolina for military purposes in the War of 1812, which was referred to the Committee on Claims and ordered to be printed.

JUDGMENTS IN CLAIMS AGAINST THE UNITED STATES (S. DOC. 324).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting, pursuant to law, a list of judgments rendered by the Court of Claims, as follows: Under the Department of the Interior, $480; under the War Department, $111,025.22; in total amount, $111,455.22, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

TRANSPORTATION OF ANTHRACITE COAL DURING COAL EMERGENCY.

The VICE PRESIDENT laid before the Senate a communication from the chairman of the Interstate Commerce Commission, in response to Senate Resolution 418, agreed to January 23 (calendar day, January 24), 1923, and submitted by Mr. WALSH of Massachusetts, transmitting a report adopted by the commission relative to the recent transportation and distribution of anthracite coal, which was referred to the Committee on Education and Labor.

Mr. WALSH of Massachusetts. I move that the report be printed in the RECORD and referred to the Committee on Education and Labor.

The VICE PRESIDENT. Is there objection?

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

INTERSTATE COMMERCE COMMISSION,
Washington, February 28, 1923.

SIR: I transmit herewith report adopted February 27, 1923, in response to Senate Resolution 418, of January 23 (calendar day, January 24), 1923, directing the Interstate Commerce Commission to report to the Senate:

1. Whether it has investigated the feasibility and advisability of ordering an embargo upon shipments of anthracite coal to foreign countries;

2. The action taken as a result of such investigation, if one has been made, together with the facts considered and the conclusions reached by the commission;

3. If no investigation has been made, whether such an investigation should not be immediately instituted to determine the feasibility and advisability of ordering such an embargo; and

4. What other necessary and appropriate steps for the priority in transportation and equitable distribution of coal (anthracite) have been taken to prevent, upon the part of any person, partnership, association, or corporation, the purchase or sale of coal (anthracite) at prices unjustly or unreasonably high.

Respectfully,

B. H. MEYER, *Chairman.*

To the PRESIDENT OF THE SENATE OF THE UNITED STATES.

INTERSTATE COMMERCE COMMISSION,
February 27, 1923.

(No. 14624.)

TRANSPORTATION AND DISTRIBUTION OF ANTHRACITE COAL.

REPORT OF THE COMMISSION.

By the commission:

By Resolution No. 418, adopted by the Senate of the United States on January 23, 1923, we were directed to report to the Senate (1) whether we have investigated the feasibility and advisability of ordering an embargo upon shipments of anthracite coal to foreign countries; (2) the action taken as a result of such investigation, if one has been made, together with the facts considered and the conclusions reached by us; (3) if no investigation has been made, whether such an investigation should not be immediately instituted to determine the feasibility and advisability of ordering such an embargo; and (4) what other necessary and appropriate steps for the priority in transportation and equitable distribution of coal (anthracite) have been taken to prevent, upon the part of any person, partnership, association, or corporation, the purchase or sale of coal (anthracite) at prices unjustly or unreasonably high.

Accordingly, of our own motion, we instituted a formal proceeding of inquiry and investigation into the matters set out in the resolution, and we held public hearings in the city of New York and Washington on four days in the present month, at which we afforded an opportunity to all parties interested therein to be heard. Prior to such formal investigation and prior to the adoption of the Senate resolution, in an informal way, in the usual course of our service work, we had obtained reasonably full and reliable current information as to the matters set out in the resolution.

The strike of the United Mine Workers and the strikes of the railway shop crafts during the year 1922 brought about conditions in the transportation and distribution of fuel which invited and throughout the past nine months have received our close attention. In the light of the information elicited at the hearings and information which we have gathered informally we make the following report:

1. We have investigated the matter and have elicited information which we deem to be sufficient to enable us to report to the Senate upon the feasibility and advisability of ordering an embargo upon shipments of anthracite coal to foreign countries.

2. We have concluded that we should not order any common carrier to lay an embargo against the shipment or transportation of anthracite coal to any foreign country.

The report of the Bureau of Foreign and Domestic Commerce, in the Department of Commerce, for the calendar year 1921 shows that anthracite coal produced in this country was exported to 33 foreign countries; that during that year 4,035,014 long tons of anthracite coal were exported to Canada; 15,397 long tons of anthracite coal to Newfoundland, including Labrador; 44,482 long tons of anthracite coal were exported to Mexico; 47,901 long tons of anthracite coal were exported to Cuba; and the tonnage of anthracite coal exported to each of the 29 other foreign countries was less than 10,000 long tons. That report also shows that 11,961,405 tons of bituminous coal were exported from the United States to Canada, and that 975,118 tons of bituminous coal were imported into the United States from Canada during that calendar year.

On September 21, 1922, a conference of representatives of the United States and representatives of several of the States, called by Mr. Henry B. Spencer, the administrative officer of the presidential fuel committee, took place in Philadelphia. The purpose of the conference was to adopt a plan for the distribution of anthracite coal during the present coal year, ending on March 31, 1923. At this conference an estimate that the production and distribution of anthracite coal during the present coal year would be approximately 60 per cent of the production and distribution of anthracite coal during the preceding coal year was adopted and announced, and a plan was evolved to allot to each of 44 States and to the District of Columbia, which had received a substantial tonnage of anthracite coal during the preceding coal year, 60 per cent of the tonnage they had received during that preceding coal year. Four of the States did not receive anthracite coal during the coal year ended on March 31, 1922. On the date of that conference certain of the Federal representatives and representatives of the Pennsylvania Fuel Commission met and assured representatives of the Dominion of Canada that during the present coal year Canada would receive an allotment of anthracite coal computed substantially on the same basis as were the allotments to the 44 States and the District of Columbia. Subsequently those assurances were adopted and confirmed in writing by the Pennsylvania Fuel Commission. This plan was in conformity with the plan followed in the distribution of anthracite coal to Canada during the coal year ended on March 31, 1919. The tonnage of anthracite coal exported to Canada during the calendar year ended on March 31, 1921, was 4,035,014 tons. However, the Federal and State representatives ascertained that the maritime Provinces of Canada would be able to obtain coal from Wales, and therefore the allotment to Canada was fixed at approximately 2,000,000 tons, which is 421,008 tons less than the allotment to Canada would be if computed at 60 per cent of the tonnage exported. Since the distribution of coal has been within the general jurisdiction of the Federal Fuel Distributor, appointed by authority of law, the same basis of distribution has been maintained with his sanction.

The production of anthracite up to January 29, 1923, as a whole has not departed to a material extent from the estimate referred to above.

Many complaints of shortage of coal in various communities in the New England States and in the northeastern section of the State of New York have been brought to our attention.

The Hudson Coal Co., which produced approximately 10 per cent of the anthracite coal produced in the State of Pennsylvania during the period involved, refused to furnish to the Federal Fuel Distributor, and did not furnish up to the time we held hearings in this matter, information as to the tonnage of anthracite coal which it distributed to the several States, to the District of Columbia, and to Canada during the present coal year. Two other producers of anthracite coal also refused to furnish and have not furnished such information to the Federal Fuel Distributor. During the hearing the Hudson Coal Co. furnished part of the desired statistics of distribution of anthracite coal made by it, but those statistics are not now sufficient to enable the Federal Fuel Distributor to include those figures with the statistics of distribution reported to him by approximately 78 producers and shippers of anthracite coal. Therefore, the following figures, which show distribution of anthracite coal during the present year to the New England States, the State of New York, and the Dominion of Canada, reflect only approximately 87 per cent of the allotments and distributions to those States, the District of Columbia, and Canada. It is estimated that the distribution made by the three companies which refused to report their distribution figures amounts to approximately 13 per cent of the total distribution of anthracite coal made during the present coal year.

Distribution of anthracite coal made by 78 producers and shippers to certain States during the present coal year.

To—	Allotment up to Jan. 20, 1923.	Distribution up to Jan. 20, 1923.	Overdistribution.	Short distribution.
	Long tons.	*Long tons.*	*Long tons.*	*Long tons.*
Maine	174,382	201,659	27,277	.....
New Hampshire	71,136	70,913	.....	223
Vermont	34,770	35,584	814	.....
Massachusetts	1,372,351	1,384,964	12,613	.....
Rhode Island	231,097	198,483	.....	32,614
Connecticut	643,720	642,965	.....	755
Total for the New England States	2,527,456	2,534,568	7,112	.....
New York	4,657,850	4,703,221	45,371	.....

The distribution of anthracite coal, which was produced at collieries and washeries operated by the Hudson Coal Co. during the present coal year up to February 15, 1923, to the New England States,

the State of New York, and Canada, as reported during the hearing by the Hudson Coal Co., was as follows:

To—	Up to Jan. 20, 1923.	Up to Feb. 15, 1923.
	Long tons.	*Long tons.*
Maine	34,938	39,107
New Hampshire	61,045	68,774
Vermont	81,902	94,032
Massachusetts	490,647	556,868
Rhode Island	6,108	10,361
Connecticut	1,458	1,498
Total for the New England States	676,091	770,638
New York	797,921	944,694
Canada	340,174	391,818

At the time this report is written we are without information as to the distribution made of the anthracite coal produced at collieries and washeries of the Hudson Coal Co. during the coal year ended on March 31, 1922. Therefore we can not compute the allotments to the New England States and the State of New York on the 60 per cent basis for the distribution of the production of those collieries and washeries during the present coal year. We expect that the Hudson Coal Co. will soon furnish the statistics which are not now at hand. However, the aggregate of the distribution of anthracite coal made to Canada by the 78 producers and shippers and the Hudson Coal Co. up to January 20, 1923, was 1,286,959 long tons, which is 26,400 tons short of the allotment due Canada on that date. These figures are based upon reports of approximately 97 per cent of the distribution made during the present coal year.

The allotment to any community is not more than 60 per cent of a normal supply of that fuel and the basis for the allotment is the consumption of anthracite coal in the several communities during the coal year ended March 31, 1922, which included a comparatively mild winter. The present winter has been especially severe in the New England States and in the State of New York and undoubtedly the several communities in those States have needed more fuel during this winter than they used during the corresponding period last winter, and, therefore, the basis of allotments of anthracite for this winter is below the quantity desired by those communities. Necessarily each of them must procure and use fuel other than anthracite to augment the supply of anthracite which they may reasonably expect to receive. The shortage of fuel in those communities undoubtedly has been accentuated by delay in the transportation of coal ascribable to insufficient motive power, to heavy snows, and to storms which have impeded rail transportation.

The Pennsylvania Fuel Commission has protested against the suggestion of an embargo against shipment of anthracite coal to Canada. That commission recommends full compliance with the assurances given by representatives of the United States and by that commission to representatives of the Dominion Government.

One witness estimated that if the tonnage of anthracite coal which reasonably may be expected to be shipped to Canada within the next six weeks was withheld from Canada and equitably distributed to the 44 States and the District of Columbia the allotment to each of those States and the District of Columbia would be increased approximately 8 per cent during those six weeks. This estimate has not been challenged. It seems to us that such a drastic action as an embargo of the transportation of anthracite coal to Canada ought not to be taken to attain such an inconsequential increase of our domestic fuel supply during such a short period.

Although the plan of distributing anthracite coal during the present coal year does not allot any tonnage thereof to any foreign country other than Canada, we do not understand that it necessarily prevents all reshipping of such coal to other foreign countries. The tonnage of anthracite coal normally exported to foreign countries other than Canada is so much smaller than the tonnage of such coal exported to Canada that, in our opinion, it is of such little consequence in the matter that further discussion of it is not called for.

We are not persuaded that during the remaining six weeks of the present coal year there should be departure from the plan of distribution adopted by the Federal and State representatives in September, 1922. No better plan of distribution has been brought to our attention. It seems to us that an embargo against the shipment of anthracite coal to Canada, if laid, would effect a substantial departure from that plan.

We can not give our approval to an embargo which, if enforced, might benefit certain communities but which inevitably would deprive other communities of their allotted supply of anthracite coal, which in most cases is but 60 per cent of the quantity actually needed. We can not overlook the possibility that such embargoes, if approved, might tend to incite appropriation of a full supply of fuel in the State or the communities in which it is produced and that the ultimate result might be accentuation of the distress elsewhere.

We have given consideration to the expediency of issuing an order for priority in the movement of anthracite coal from the mines in Pennsylvania to points of consumption in the New England States and in the northeastern section of the State of New York. Several reasons and conditions, including those outlined below, have impelled us to refrain at present from issuing such an order for priority.

A regular and orderly movement of cars through classification yards of the carriers is essential to normal or expedited movement of traffic. The plans of switching, of classification of cars, and of making up trains in such yards generally contemplate the assembling of cars on the several tracks in such yards in accordance with the destinations, or groups of destination, of such cars. The yard and train crews of the individual carrier are familiar with the plan in use. A priority order would impose a different plan upon the operation of such yards; that is, it would require a special classification of one or more commodities, which would call for reassignment of yard tracks, additional instructions to many railway employees, and plans for the handling or storage of nonpriority freight traffic on the line at the time the priority order becomes effective. More or less confusion may arise before the expedited movement required by the order can be effected.

The need for expedited movement of anthracite coal from mines in the State of Pennsylvania to the New England States and to approximately 60 points in the State of New York, as presented to us, seemed to be immediate and pressing. Therefore on February 16, 1923, we took the following action, which we believe will be more effective in expediting the movement of anthracite coal to the points in need of fuel than an embargo or a priority order would be.

We sent telegrams of the following substance to the presidents of the Delaware & Hudson Co., the Boston & Maine Railroad Co., the Boston & Albany Railroad Co., and the New York, New Haven & Hartford Railroad Co., and the New York Central Railway Co.:

"It has been urged upon the commission that emergency conditions exist in northern New York and New England involving great distress because of shortage of fuel. We have been importuned for assistance in the movement of fuel. We have confidence that you appreciate the situation and can deal with it satisfactorily. For this reason and fearing that priority orders might bring about conditions that would retard movement, we are not issuing order to-day. We request you to exert every power to transport coal needed and will support you in the exercise of every discretion to this end. While we temporarily withhold priority order, we are relying upon you and will grant at any time any order which you feel will be helpful. We suggest you maintain contact with the fuel distributors New York and New England in order to facilitate location of coal to be moved. Advised they have list of communities to be served and points at which coal can be obtained. Please advise Federal Fuel Distributor and commission daily of situation."

Each of those presidents responded with a promise of cooperation and they immediately took action to that end.

We also advised either the governors or the fuel administrators of those seven States of the contents of the above-described telegrams and made the following suggestions to them:

"Commission is ready to exercise its power by order to facilitate any movement necessary. Rely upon you to advise railways and this commission points of origin and destination of coal you desire moved. We are sending inspectors to-night to all important gateways to facilitate movement and suggest your local administrators maintain contact with them. We suggest you keep us and Federal Fuel Distributor fully advised of the situation and particularly of specific movements which are essential."

We also sent our service agents to the appropriate gateways, classification yards, and points where anthracite coal was evidently being detained in transit, with instructions to act and cooperate with State and local fuel administrators and with railway officials and employees to the end that all available anthracite coal should be promptly transported to the communities most in need of it. The American Railway Association also sent its agents to those points with instructions to cooperate with all concerned.

There is now active cooperation of Federal, State, and local fuel administrators, and of railway officials, with us in expediting the movement of anthracite coal to points of need in those seven States. Preference and priority is being given the movement of anthracite coal without the material changes in plans of railway operation that might arise from the imposition of an inflexible priority order upon carriers which at present are under great stress in operating their lines.

3. We have made an appropriate investigation of the matter.

4. Prior to the hearings no substantial evidence as to any purchase or sale of anthracite at prices unreasonably or unjustly high had been brought to our attention, formally or informally. At the hearings we afforded an opportunity for the presentation of evidence by any person who had information in respect of the purchase or sale of anthracite coal at prices unjustly or unreasonably high. One person suggested that advertisements which had appeared in certain Canadian newspapers were indicative of such purchase or sale. However, competent evidence of the purchase or sale of such coal at such prices is not before us and information sufficient to invoke further investigation thereof has not been presented to us. We are of opinion that no steps or action other than the action described above should be taken at present.

INTERNATIONAL COURT OF JUSTICE.

Mr. LODGE. I present a letter from Bishop McDowell, chairman, and the Reverend Doctor Watson, secretary of the Federal Council of the Churches of Christ in America, which I ask to have printed in the RECORD.

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

FEDERAL COUNCIL OF THE CHURCHES OF CHRIST IN AMERICA,
Washington, February 26, 1923.

Senator HENRY CABOT LODGE,
Chairman Committee on Foreign Relations:

In behalf of the Federal Council of Churches of Christ in America, representing 32 of the leading Protestant denominations of the United States, with a constituency of some 21,000,000 membership, we wish to express to you our great gratification at the message of the President of the United States to this Congress requesting action permitting the United States to enter into the International Court of Justice. There is no action that can possibly be taken by Congress upon which the sentiment of the churches of this country is more unified than favorable action upon this recommendation of the President. The Federal Council of Churches again and again has expressed the mind of the churches as desiring such participation by the United States. We beg to present to you the following action taken by the Federal Council at a meeting January 30, 1922:

"The Federal Council of the Churches of Christ in America sees in the Permanent Court of International Justice not only the fruition and consummation of many decades of American discussions, plans, and desires for international peace through justice based on law but also the promise of a larger and truer righteousness and justice among the nations, a step forward in the establishment of the Kingdom of God among men. It believes this court will promote the development of a well-considered body of international law and the substitution of reason, justice, mutual good will, and universal law in place of the crude and savage methods of war or threats of war in maintaining even legitimate and vital national interests.

"It understands, through the careful inquiry of its commission on international justice and good will, that participation in the court is open to any nation mentioned in the annex to the covenant of the League of Nations.

"It is informed that 45 States have already become members and supporters of the court, of which 18 nations have indicated their acceptance of the jurisdiction of the court as 'obligatory in any or all of the four legal categories enumerated.'

"Moreover, among the members of the international committee which framed the plan creating the Permanent Court of International Justice was our own distinguished citizen, Hon. Elihu Root, and among the 11 judges chosen to constitute the first court is another distinguished citizen, Dr. John Bassett Moore: Therefore

"*Resolved*, That this administrative committee of the Federal Council of the Churches of Christ in America, expressing the repeated action of our constituent bodies in behalf of this method of settling international disputes, earnestly requests President Harding, Secretary of State Hughes, and the Senate to take into consideration the importance of such action as may be necessary to enable the United States to become a party to and supporter of the Permanent Court of International Justice."

We may add that delegations of the Federal Council have from time to time waited upon the President and the Secretary of State, urging upon them the desire of the churches and the religious forces of the country generally for participation by the United States in the International Court of Justice. The action of the Federal Council of Churches is based upon actions of the governing bodies of practically all the constituent bodies forming the council. We realize that the time is extremely short for action by this Congress, and respectfully urge that this question, which we believe to be vital to the world's welfare, be promptly and favorably acted upon by the Foreign Relations Committee. But for the shortness of the time and the multitude of matters pressing toward the conclusion of this session of Congress, we could gather before your committee outstanding representatives of all these bodies from every section of the country unanimously urging prompt and favorable action upon this recommendation of the President. In the shortness of time, however, and aware of the great pressure upon the committee for time, we simply ask opportunity for a local committee, representing the Federal Council of Churches, to present its plea briefly to the Committee on Foreign Relations at the earliest moment possible.

Respectfully,

WILLIAM F. MCDOWELL, *Chairman.*
E. O. WATSON, *Secretary.*

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed the bill (S. 4197) to authorize the Secretary of the Interior to issue to certain persons and certain corporations permits to explore, or leases of, certain lands that lie south of the medial line of the main channel of Red River, in Oklahoma, and for other purposes, with amendments, in which it requested the concurrence of the Senate.

The message also announced that the House had receded from its disagreement to the amendment of the Senate to the bill (H. R. 11939) to amend section 5219 of the Revised Statutes of the United States, and concurred therein, with an amendment, in which it requested the concurrence of the Senate.

ENROLLED BILL SIGNED.

The message further announced that the Speaker pro tempore had signed the bill (H. R. 13978) granting the consent of Congress to the Hudson River Bridge Co., at Albany, to maintain two bridges already constructed across the Hudson River, and it was thereupon signed by the Vice President.

STATEMENT BY SENATOR EDGE ON INTERNATIONAL CONFERENCE.

Mr. CALDER. Mr. President, I ask unanimous consent to have printed in the RECORD, in 8-point type, a statement issued by the junior Senator from New Jersey [Mr. EDGE] and recently published in the New York papers.

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

STATEMENT BY SENATOR WALTER E. EDGE, OF NEW JERSEY.

Providing other nations affected will openly, frankly, candidly, and without evasion or subterfuge agree to join with the United States in a sincere effort to adjust existing international economic difficulties, it is the duty of the United States, both in the interest of our own citizens and to the civilized world to initiate and in every way to encourage such an undertaking.

Before any material headway can be made to bring about practical or lasting readjustments, an inventory of the assets and liabilities of every debtor nation in the world needing help must be taken; and this can only be accomplished through a complete show-down, with frankness on all sides

To date, few nations have approached the problem excepting from a selfish standpoint, and while I have no idea that the millennium has arrived or perhaps ever will, still from some personal observation and study during the past two months I am convinced that conditions abroad are now so acute, and in some instances almost appalling, that the necessity for our help and cooperation will demand and assure an entirely new reception of our willingness to "sit in" is properly manifested.

It is folly to attempt to fool ourselves with the thought that an isolation policy is permitting us to escape contamination, as it were, or forms an insurance for our people against foreign entanglements. Every false economic move abroad directly affects our own prosperity and from the material standpoint millions of dollars are being lost annually by our producers, especially the farmers, who are our greatest exporters, because of the sickness of Europe, which can only be cured by the assistance of the United States. We saved ourselves unnecessary complications by our waiting policy while the selfishness of European nations was so manifest, but in my judgment the time has arrived when a continued policy of aloofness is not only too costly to ourselves but Europe, generally speaking, is so prostrated that the stricken countries must and will now listen to reason.

However, some other agency than the League of Nations must be employed through which to formulate a broad policy of rehabilitation. The American people have spoken in no uncertain terms and would never have confidence in the league. A new tribunal whose ritual is based first on common sense business lines and not on the selfishness inevitably invited by the treaty of Versailles with its territorial grabbing and perpetuated by the league, must be established. I thoroughly appreciate the Entente have held many conferences since the impossible treaty of Versailles and mostly without result. But to use plain language, they have all been greatly superficial and with force and more force as the background and never, so far as I can recall, with any real demand that common sense business principles and understandings be adopted as the fundamental basis for negotiations. Conferences are as old as the hills. There is no new healing power in the word "conference." It must be the spirit represented by the people participating. I agree any further conferences of the average variety would be just as resultless and useless, as stated, unless nations abroad are prepared to drop the cloak of party or political diplomacy and really try to prepare a formula for a world and financial rehabilitation, then the United States should still remain on the side lines.

The present administration inaugurated a new type of international discussions or conversations, as the diplomat might put it, at the limitation of armament and pacific problem conference a little more than a year ago, and accomplished more in 10 weeks than any conference before or since. In that spirit with real determination must Europe meet the present crisis or the United States is helpless to make concessions or greatly remedy the deplorable situation. The futility of conferences conducted and controlled by old-style diplomacy is well demonstrated by a review of the many held in Europe during the past three years. In all, 18 conferences were convened between January, 1920, and March, 1922. The United States was invited to participate in several, but consistently refused, mainly because the time was not ripe, and apparently it was well recognized by the President and the State Department that the agenda was not sufficiently far-reaching to bring effective results and that European nations had not suffered sufficiently to be ready to generally subscribe to the policy, as Mr. Balfour once put it, of "what the world has been slow to learn, that the advantage of the part is best to be reached by the advantage of the whole."

However, whatever may have been the reasons for the declination of the United States to participate, such decision was well justified, as the general results of the conferences so far as curing world ills were concerned have been negligible. Apparently those gatherings have always evaded the real fundamentals. Discussions of the reduction of armaments, cutting down expenditures for military purposes, balancing budgets, or stabilizing or controlling paper or fiat money issues were always studiously avoided. The result has been, as already referred to, almost a complete breakdown of continental governmental financing.

There is more than a grain of truth in the witticism, "Conferences only succeed when their results are arranged beforehand." Witness again the success of the Washington gathering.

Kennedy, the English writer, in his recently published book, "Old Diplomacy and New," says of the Washington conference, when comparing its results with the futile European meetings, "It was carefully arranged and ably conducted." Again he speaks of "the greatness of America's diplomatic achievement. Being herself the power least crippled by the war, she could have made a bold bid for naval supremacy. She deliberately chose to substitute the principle of agreed limitation of armaments for that of competition, and gained the support of the world's four principal powers in eliminating from the naval sphere that burden of rival building which diverted wealth and effort from productive purposes and fed the disease of international jealousy of which it was itself the outgrowth."

He further adds: "The Washington conference, the first great international diplomatic gathering at which English displaced French as the official language, was a triumph of the

new diplomacy. Secrecy and privacy are abhorrent to the Americans, and the negotiations were carried on with great frankness and publicity. * * * Although international conferences may henceforth be more frequent, any change to be real and lasting must be in the spirit rather than in the method."

Only two weeks ago I was in Paris, and following much heralding and flare of trumpets it was announced that the much advertised Council of the League of Nations would meet there and some of the perplexing and acute problems of the hour, and none was more acute than the French occupation of the Ruhr, could be discussed and adjustments or at least friendly suggestions for a better and clearer understanding would follow. The facts are that the council met in all solemnity and the Ruhr was not even mentioned and after a few academic passages, the august body that was to be the arbiter of the world's troubles adjourned.

And yet we are criticized for not taking the helm. An economic conference—yes, but not until continental Europe is ready to lay down her arms and substitute frankness and candor for intrigue and bluff. In order that such a conference be successful, delegates should be appointed by the respective nations with understandings and powers similar to those possessed at the Washington conference. If the representatives are not given plenary powers, then it must be generally understood that their respective Governments will accept any fairly unanimous agreements reached at such a gathering. If results are to be secured, the utmost frankness must precede such a conference. Each nation must present its complete budgets, its real, honest cash income, against expenditures and the purposes of such expenditures. These are times one must call a spade a spade and evasion or smart bookkeeping be avoided.

For instance, in France, it is stated on good authority that the Government is right now spending approximately three times her income and to a great extent making up the balance with short-time notes rather than to try to collect necessary revenues from the citizens, hoping against hope or expectation that sufficient can be collected from Germany to make up the difference. Apart from Great Britain, similar conditions, I believe, exist with other allied nations. In some circles we are asked to reduce our claims against various nations. We exacted no cash indemnity from Germany but we have insisted that our accounts, representing direct loans to other nations, be paid. It must be conceded that Germany, evading and side-stepping, as she has, can not meet the demands, if her earning power is more and more destroyed. Of course, the Allies can not have the cake and the penny both. They can not annihilate and at the same time collect. Neither can they consistently ask the United States for concessions, when they steadfastly refuse to grant any.

Further, it must be recognized that some countries can not pay us unless Germany pays, and all good business men, when dealing with badly involved creditors make the best deal possible, rather than show happiness or satisfaction looking at a fixed frozen credit balance through smoked glasses. Therefore, it must be seen that our interests demand that Germany be permitted—yes, be made to pay, not by destruction, but by a cold-blooded surveillance over her activities and compelling her to work and permitting her to do so.

To add to the inconsistency, according to the press reports only last week, the Chamber of Deputies of France approved a bill authorizing a governmental loan of 400,000,000 francs to Poland. It is alleged this is mainly for military purposes. How can France ask the United States for financial concessions if such a report is accurate? So more and more does it become necessary for nations to sit around the same table and frankly face and solve the present conflicting problems and not compound the confusion and distrust through long distance negotiations or old fashioned drawn-out diplomacy. In other words, bring some order out of the chaos resulting from the effort to enforce the Versailles treaty and the four years of lone-hand administration which has followed.

A casual study of the present condition in foreign exchange must likewise reveal the present status and foretell the inevitable collapse. It is not sufficient to draw attention to the worthlessness of the German mark or the Austrian krone. But when Belgian francs show a drop of 50 per cent in six months, French francs almost as much, Italian lira selling under 5 cents, and still all creditor nations in their relations with Germany, it must be readily understood how remote is the chance of their being able to buy the American dollar and thus trade with us unless we step into the breach and force a stabilization, which under a proper understanding we can do. It must always be remembered that the people of these nations are not bankrupt. Securities of priceless value are obtainable everywhere, but their Governments must cease their deceiving efforts to delude their own people by false financing and calls on the United States for help or concessions as long as they are unwilling to properly balance budgets and administer a business government. Again, the question of the nature of expenditures must be considered by the United States, and very properly, if we are to be the world's bankers, as it were.

Any such conference to be successful must take into account a reduction "of military expenses." We can not afford to help or encourage Europe to maintain the doubtful peace provided by the treaty of Versailles through preparation for more war.

Until European nations are ready to assemble with an announced readiness to proceed on the basis that peace can best be guaranteed without large armies, there is no place at the conference table for the United States.

Francisco Nitti, former premier of Italy, in his book, The Decadence of Europe, just fresh from the press, is authority for the statement that there are now 4,780,953 men under arms in Europe. France has the largest army, with 760,000 men, and Russia next, with approximately 700,000. Military expenditure, in proportion to the population, is greatest in Yugoslavia and France. These figures are much greater than before the war.

However, and notwithstanding the rather involved situation, I have great sympathy for France. She suffered at the hands of Germany almost beyond repair. She is now beset by internal emotions most difficult to influence or control. I do not criticize her occupation of the Ruhr or question her right to do so. I, of course, can not prophesy the direct result of her action so far as it may or may not effect immediate cash returns on account of our due indemnities. I am convinced, however, that her bold stroke will at least reawaken world interest in Germany's failure to meet her promises and obligations and will stimulate the necessity for united effort in an endeavor to meet a situation which unadjusted simply invites open hostilities. Germany has clearly evaded every possible obligation, and with France holding a majority interest in remunerations she could have little sympathy for four-year moratoriums. On the other hand, her occupation should be confined to an endeavor to compel Germany to make a strict accounting, and not with any thought of annexation or subsequent control or of a destruction of her industries. Germany should and must pay to the utmost for her damnable challenge to progress, international comity, and an enlightened civilization, but it should be ascertained in a business way what she can pay and, as stated, then made to do it.

As to preparations for such a conference, in my judgment, the Senate should not attempt to force their hand or to direct the executive department in matters of this character. We are not sufficiently well acquainted with the rapidly changing facts and conditions and it is anyhow an Executive function. I have every confidence in the judgment of the administration. The views of Senators are always in order, but the time for action should not be determined here. The Senate can assist, not by directing the Executive how and when to act but rather when requested by giving the administration the authority necessary to be able to properly represent the interests of the country.

The Senate can not do the negotiating, neither should it be so jealous of its prerogatives and power that it insists in sitting as a judge over every detail of adjustment. No treaties can be ratified without Senate approval, and as the Constitution provides that we have last say, is it not fair and logical that we should be satisfied, without exercising that great power?

When one has the opportunity of having close personal contact with the really appalling conditions in the greater portion of continental Europe and compares them with the prosperity at home, the great difference is all the more appealing, and it makes one feel in spite of our conviction that their policy is wrong, that if there is any way to help adjust the situation without oppressing our own people that it is our duty to use our very best efforts.

If other nations are finally ready to subscribe to the new diplomacy and the Executive must first learn that, then a great opportunity lies open to the United States. The peace of the last four years, which as Clemenceau has well said "has been mainly used as a method of continuing the war," can be transformed into a lasting and abiding peace, and in the words of Nitti:

> The people which accomplishes this great task will acquire in the world a prestige which will be vastly superior to any which can be conferred by wealth, by continued success, or by an unbroken chain of victories.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT laid before the Senate resolutions unanimously adopted at a meeting of the Minneapolis Unit No. 35, Steuben Society of America, protesting against the occupation of German territory by the French, and favoring the calling of a world conference to make a new peace conformable to the promises made in the "fourteen points" as they were submitted to the German Government, which were referred to the Committee on Foreign Relations.

Mr. LODGE presented resolutions of the Federal Council of the Churches of Christ in America; of the Chamber of Commerce of the United States; of the Executive Commission of the Church Federation of Harrisburg, Pa.; of the Moorestown Church Federation of Moorestown, N. J.; of the Executive Committee of the Council of Churches of Atlantic City, N. J.; of Methodist Ministers of Milwaukee, Wis.; of the staff of the Young Men's Christian Association of Milwaukee, Wis.; of the Pastors' Association of Bridgeport, Conn.; of the Federation of Churches of Cheyenne, Wyo.; of the Council of Churches of Duluth, Minn.; of the Council of Churches of Dayton, Ohio; and of the Council of Churches of New York City, favoring the adherence of the United States to the protocol under which the Permanent Court of International Justice has been erected at The Hague, which were referred to the Committee on Foreign Relations.

He also presented resolutions adopted by sundry citizens of Provincetown, Mass., in town meeting assembled, favoring the passage of legislation fixing a maximum price of coal, etc., which were referred to the Committee on Education and Labor.

Mr. WARREN presented communications in the nature of petitions of the Federal Council of the Churches of Christ in America, and the Cheyenne (Wyo.) Federation of Churches, praying that the United States enter into the Permanent Court of International Justice at The Hague, which were referred to the Committee on Foreign Relations.

Mr. McLEAN presented petitions of sundry members of Hannah Benedict Carter Chapter, Daughters of the American Revolution, of New Canaan; the board of directors of the Young Women's Christian Association of Bridgeport, and members of the College Club, of Greenwich, all in the State of Connecticut, praying for an amendment to the Constitution governing the passage of legislation regulating child labor, which were ordered to lie on the table.

He also presented a memorial of the Steuben Society of New Haven, Conn., remonstrating against the French occupation of the Ruhr district, which was referred to the Committee on Foreign Relations.

He also presented a petition of the Connecticut League of Women Voters, of Sound Beach, Conn., praying for the passage of the so-called Voigt filled milk bill, which was ordered to lie on the table.

He also presented a memorial of Goddess of Liberty Council No. 3, Sons and Daughters of Liberty, of New Haven, Conn., remonstrating against any relaxing of existing immigration laws, which was referred to the Committee on Immigration.

He also presented a resolution adopted by the annual convention of the Connecticut Dairymen's Association, at Bristol, Conn., favoring the passage of legislation permitting the admission of a total of 3 per cent net immigration in any fiscal year, which was referred to the Committee on Immigration.

Mr. EDGE presented resolutions adopted by the Third Annual State Caucus of the National Disabled Soldiers' League, at Newark, N. J., which were referred to the Committee on Finance and ordered to be printed in the RECORD, as follows:

A resolution petitioning Congress to authorize the Veterans' Bureau to train 150 men and 9 officers for the permanent caretaker positions and other positions in the national cemeteries in France, Belgium, and England.

Whereas it is the intention of the Quartermaster Corps to employ 9 officers and 150 men for the permanent positions in our national cemeteries in France, England, and Belgium; and

Whereas the United States Veterans' Bureau is to-day training disabled soldiers, who are vocationally handicapped as a result of the recent World War; and

Whereas these disabled soldiers could be trained by the United States Veterans' Bureau for these positions; and

Whereas it is the opinion of this caucus that the disabled soldier would make a desirable employee for these particular positions; and

Whereas, if Congress will grant this petition, it will be the means of rehabilitating 159 men: Now, therefore, be it

Resolved, That the National Disabled Soldiers' League, Department of New Jersey, at the third annual State caucus assembled at Newark, N. J., on February 10, 1923, hereby petition the Senate and the House of Representatives to enact a law authorizing the Veterans' Bureau to train these 159 men for these permanent cemeterial positions in our national cemeteries in France, England, and Belgium.

This is to certify that this resolution was unanimously adopted at the third annual State caucus of the National Disabled Soldiers' League held in Newark, N. J., on February 10, 1923.

[SEAL.] THOMAS V. FIELDS,
State Commander.
H. D. MURPHY,
Secretary-Treasurer.

Attest:

FRANK URBAN,
Caucus Secretary.

This is to certify that the Ladies' Auxiliary of the National Disabled Soldiers' League, Department of New Jersey, in third annual State caucus assembled at Newark, N. J., February 10, 1923, did unanimously concur in the above resolution.

[SEAL.] ROSE WYTHE LEWIS,
State Auxiliary Commander.

Attest:

EDITH BORCHER,
State Auxiliary Secretary.

A resolution petitioning Congress to grant permission to institute an action in the circuit court to contest the legality of the decision of the legal counsel of the United States Veterans' Bureau, which ruled that the bonuses paid disabled men and deducted by the Veterans' Bureau from their training allowances should not be returned.

Whereas the United States Veterans' Bureau issued an order in October, 1921, ordering the deduction of bonuses paid disabled soldiers in placement vocational training by the patriotic merchants, manufacturers, and other business men who had these men in placement vocational training with them; and

Whereas this order was rescinded February 17, 1922, and since that time no further reductions have been made; and

Whereas district No. 2, comprising New York, New Jersey, and Connecticut, are the only States wherein these deductions were made; and

Whereas just a few of the trainees of district No. 2 in vocational training were subjected to this deduction; and

Whereas the National Disabled Soldiers' League has continually petitioned the United States Veterans' Bureau to refund these moneys because of the unfairness of the ruling and because the National Disabled Soldiers' League felt that the ruling must have been wrong, since it was rescinded; and

Whereas the legal counsel of the United States Veterans' Bureau has just recently ruled that these moneys will not be refunded to the disabled veterans: Now, therefore, be it

Resolved, That the National Disabled Soldiers' League, Department of New Jersey, at the third annual State caucus, assembled in Newark, N. J., on February 10, 1923, hereby petition the Senate and House of Representatives of the United States that they be granted permission to institute action in the circuit court of the United States to determine the legality of this unjust decision, which has discriminated against some of our disabled ex-service men.

This is to certify that this resolution was unanimously adopted at the third annual caucus of the National Disabled Soldiers' League, held in Newark, N. J., on February 10, 1923.

[SEAL.] THOMAS V. FIELDS,
State Commander.
H. D. MURPHY,
Secretary-Treasurer.

Attest:

FRANK URBAN,
Caucus Secretary.

This is to certify that the Ladies' Auxiliary of the National Disabled Soldiers' League, Department of New Jersey, in third annual caucus assembled, at Newark, N. J., February 10, 1923, did unanimously concur in the above resolution.

ROSE WYTHE LEWIS,
State Auxiliary Commander.

Attest:
[SEAL.] EDITH BORCHER,
State Auxiliary Secretary.

Mr. EDGE presented resolutions adopted by the third annual State caucus of the National Disabled Soldiers' League, at Newark, N. J., which were referred to the Committee on Military Affairs and ordered to be printed in the RECORD, as follows:

A resolution petitioning the Congress of the United States to rescind the order of the cemeterial division of the Quartermaster Corps, United States Army, which prohibits the return of American deceased soldiers from our national cemeteries in France, Belgium, and England.

Whereas there are many mothers, wives, and families of our deceased heroes who now rest in our national cemeteries in France, England, and Belgium who desire to have returned the bodies of their loved ones; and

Whereas the cemeterial division of the Quartermaster Corps, United States Army, has issued an order stating that no bodies will be returned from overseas: Now, therefore be it

Resolved, That the National Soldiers' League, in third annual State caucus assembled, hereby petition the Senate and House of Congress of the United States of America to rescind this order and to permit the return of American deceased soldiers from our national cemeteries in France, England, and Belgium, and that a copy of this resolution be sent to the Senate and the House of Representatives.

This is to certify that this is a true copy of the resolution of the above title which was adopted at the third annual State caucus of the National Disabled Soldiers' League, assembled at Newark, N. J., on February 10, 1923.

THOMAS O. FIELDS,
State Commander.
K. W. MURPHY,
Secretary-Treasurer.

Attest:

FRANK URBAN,
Caucus Secretary.

This is to certify that the Ladies' Auxiliary of the National Disabled Soldiers' League, Department of New Jersey, in third annual caucus assembled at Newark, N. J., February 10, 1923, did unanimously concur in the above resolutions.

ROSE WYTHE LEWIS,
State Auxiliary Commander.

Attest:
[SEAL.]

EDITH BORCHER,
State Auxiliary Secretary.

A resolution calling upon Congress to grant free transportation to the Gold Star Mothers to visit the graves of their sons in France, Belgium, and England.

Whereas in most cases where the next of kin have requested the Quartermaster Corps to return their loved ones, who paid the supreme sacrifice in defense of our flag, has been granted; and

Whereas there are still 30,000 of our heroes in our national cemeteries in France, Belgium, and England; and

Whereas many of the next of kin are unable to visit the graves of their loved ones in France, England, and Belgium because of the enormous expense connected with such a trip: Now, therefore, be it

Resolved, That the National Disabled Soldiers' League, in third annual State caucus assembled at Newark, N. J., on February 10, 1923, hereby evidence and record their desire to petition the Congress and Senate of the United States to grant free transportation to the Gold Star Mothers, or next of kin, to our national cemeteries in France, Belgium, and England.

This is to certify that this resolution was unanimously adopted at the third annual caucus of the National Disabled Soldiers' League, held in Newark, N. J., on February 10, 1923.

THOMAS O. FIELDS,
State Commander.
K. W. MURPHY,
Secretary-Treasurer.

Attest:

FRANK URBAN,
Caucus Secretary.

This is to certify that the Ladies' Auxiliary of the National Disabled Soldiers' League, Department of New Jersey, in third annual caucus assembled at Newark, N. J., February 10, 1923, did unanimously concur in the above resolution.

ROSE WYTHE LEWIS,
State Auxiliary Commander.

Attest:
[SEAL.]

EDITH BORCHER,
State Auxiliary Secretary.

REPORTS OF COMMITTEES.

Mr. RANSDELL, from the Committee on Commerce, to which was referred the joint resolution (S. J. Res. 209) to establish a national hydraulic laboratory, reported it with amendments and submitted a report (No. 1240) thereon.

Mr. SPENCER, from the Committee on Indian Affairs, to which was referred the bill (H. R. 13835) authorizing the Secretary of the Interior to appraise tribal property of Indians, and for other purposes, reported it with amendments and submitted a report (Rept. No. 1241) thereon.

Mr. SMOOT, from the Committee on Public Lands and Surveys, to which were referred the following bills, reported them severally without amendment:

H. R. 624. An act for the relief of Albert H. White, Mary E. Fowler, Lorena B. Winkler, E. E. White, and C. A. White (Rept. No. 1242);

H. R. 8625. An act to provide for the cession to the State of Michigan of certain public lands in the county of Keweenaw, State of Michigan (Rept. No. 1246);

H. R. 12171. An act to grant certain lands to the city of Skagway, Alaska, for a public park (Rept. No. 1243);

H. R. 13724. An act for the relief of Hugh Marshall Montgomery (Rept. No. 1244); and

H. R. 14296. An act to authorize the county of Huron, State of Michigan, to convey a certain described tract of land to the State of Michigan for public-park purposes (Rept. No. 1247).

Mr. BORAH, from the Committee on Education and Labor, to which was referred the bill (S. 4635) to amend the act entitled "An act to provide compensation for employees of the United States suffering injuries while in the performance of their duties, and for other purposes," approved September 7, 1916, as amended, reported it with an amendment.

Mr. CAMERON, from the Committee on Military Affairs, to which was referred the bill (H. R. 1252) for the relief of John A. Douglas, reported it without amendment and submitted a report (No. 1248) thereon.

Mr. BURSUM, from the Committee on Military Affairs, to which was referred the bill (H. R. 13004) authorizing the Secretary of War to lease to the Kansas Electric Power Co., its successors and assigns, a certain tract of land in the military reservation at Fort Leavenworth, reported it without amendment.

ENROLLED BILL PRESENTED.

Mr. SUTHERLAND, from the Committee on Enrolled Bills, reported that on February 27, 1923, they persented to the President of the United States the enrolled bill (S. 3083) authorizing the Baltimore & Ohio Railroad Co. to construct an elevated railroad siding adjacent to its tracks in the city of Washington.

RIO GRANDE RIVER BRIDGE BETWEEN TEXAS AND MEXICO.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably with amendments the bill (S. 4592) granting the consent of Congress to the Eagle Pass & Piedras Negras Bridge Co. for construction of a bridge across the Rio Grande between Eagle Pass, Tex., and Piedras Negras, Mexico, and I submit a report (No. 1245) thereon. I ask unanimous consent for the immediate consideration of the bill.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill.

The amendments of the Committee on Commerce were: On page 1, line 7, after the word "navigation," to strike out "and to purposes for which said bridge is to be operated"; in line 10, after the word "Mexico," to strike out "to unite and connect the street railroad to be constructed by said corporation in the said city of Eagle Pass with any street railroad that may be constructed by any person or company in said city of Piedras Negras, and to build and lay on and across said bridge ways for the passage of animals, foot passengers, and vehicles of all kinds and charge a reasonable toll therefor, subject to reasonable revision and regulation by the Secretary of War"; and on page 2, at the end of line 10, to strike out the period and insert a colon and the following proviso: "*Provided*, That the consent of the proper authorities of the Republic of Mexico to the construction, maintenance, and operation of the bridge shall also be obtained"; so as to make the bill read:

Be it enacted, etc., That the consent of Congress be, and is hereby, granted to the Eagle Pass & Piedras Negras Bridge Co., a corporation organized under the laws of Texas, to construct, maintain, and operate a bridge and approaches thereto, at a point suitable to the interests of navigation across the Rio Grande between Eagle Pass, Tex., and Piedras Negras, Mexico, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906: *Provided*, That the consent of the proper authorities of the Republic of Mexico to the construction, maintenance, and operation of the bridge shall also be obtained.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

LEASE OF LAND FOR GOVERNMENT HOTEL.

Mr. FERNALD. Mr. President, from the Committee on Public Buildings and Grounds I report favorably a Senate joint resolution which I ask to have read at length and for which I ask immediate consideration. In the event that any explanation is necessary, which I think is not, I shall ask unanimous consent to be given five minutes to make a statement.

The joint resolution (S. J. Res. 290) authorizing the President of the United States to lease certain land in the District of Columbia, and pay rental from revenues derived from the operation of Government hotels for Government workers, was read the first time by its title and the second time at length as follows:

Resolved, etc., That the President of the United States be, and he is hereby, authorized to enter into an agreement of lease with the owner or owners of squares Nos. 632, 681, and part of 680 in the city of Washington, D. C., for the use and occupancy of the said land by the Government, for the period commencing on the 14th day of November, 1922, and terminating on the 31st day of January, 1924, or any extension thereof, at a fair and reasonable rental, to be determined by him, and he is further authorized to pay the said rental out of the money collected from the operation of the Government hotel for Government workers in the District of Columbia: *Provided*, That the charges made to occupants of said buildings upon said premises shall be sufficient to meet said rental to be paid to said railway company in addition to all charges and expenses now paid by the said United States Housing Corporation: *Provided further*, That the President may exercise the power and authority herein granted through such agency as he may designate.

The VICE PRESIDENT. Is there objection to the immediate consideration of the joint resolution?

Mr. JONES of Washington. Mr. President, the other morning we had a bill reported in this way and unanimous consent was given for its immediate consideration, and it took up the whole morning hour. I am not willing to give my consent unconditionally to the consideration of bills or other measures reported from committees. If it will take but a short time to dispose of the joint resolution reported by the Senator from Maine, I am perfectly willing to have it taken up, but I want it done with the understanding that if it leads to prolonged debate an objection may be entered and the joint resolution will go to the calendar.

Mr. BALL. Mr. President, I would like to state that the bill to which the Senator refers was reported from the Committee on the District of Columbia. The joint resolution just reported really comes from that committee, although reported from a

different committee. The amendments which caused the discussion on the bill the other day will not be proposed to the joint resolution now presented.

Mr. JONES of Washington. But other amendments may be proposed, and I give my consent with the condition understood that an objection may be interposed at any time.

Mr. FERNALD. I ask that the joint resolution be taken up under the five-minute rule.

Mr. SMOOT. Mr. President, there was so much confusion in the Chamber that I could not hear the reading of all the joint resolution, but from the little I did hear I gathered that the amount of the rental is to be left to the President of the United States, and that the President is to pay the amount of the rental out of the receipts from the so-called hotel. Does the Senator from Maine think that there will be receipts enough to pay the rental? Up to the present time they have only been able to pay expenses out of the receipts.

Mr. FERNALD. Last year there was a credit of $86,000 from the operation of these hotels. If it shall become necessary to advance the price a dollar a week, the girls are perfectly willing to pay that. Unless some legislation be enacted, those hotels will probably be torn down on the 1st day of April. Such action, it seems to me, would be exceedingly unfortunate. There will be no expense to the Government in this matter. These girls ought to be allowed to remain there, in my judgment, until such time at least as those buildings shall require extensive repairs.

The whole United States is represented there. I do not think there is a State in the Union but has girls living in those buildings, and that is true as to almost every Representative district.

Mr. SMOOT. Mr. President, I am not objecting to the girls remaining there, but I doubt whether the President can carry out the direction of this joint resolution. It evidently means that the expense shall be paid out of the receipts which come to the housing corporation from the employees of the Government residing in the buildings. The Senator says that there was a credit of $86,000, but that does not pay all of the expenses by any manner of means. Does the Senator have any idea of what the rent is going to be?

Mr. FERNALD. I have no idea at all as to that, because I had no authority to determine the question. I am satisfied that the prices charged the girls residing in the buildings may be readily advanced to pay the rental for the land. It seems to me that some legislation must be enacted by this Congress. The committee went into the matter very carefully. We have some very good lawyers on the committee. We decided unanimously that this was the best way to handle the situation. The chairman of the Committee on Public Buildings and Grounds in the other House agreed with us, and this seemed to be the one piece of legislation which we could promptly have passed through both branches of Congress.

Mr. SMOOT. Does the Senator from Maine desire the Senate to understand that the increased charge to the employees who are now occupying the rooms in those buildings will take care of the rent of the ground?

Mr. FERNALD. Yes, sir; I do.

Mr. SMOOT. Is that perfectly understood?

Mr. FERNALD. Of course, that is provided in the joint resolution.

Mr. ROBINSON. Mr. President, can the Senator from Maine state what rental it is proposed shall be paid to the railroad company?

Mr. FERNALD. I will say to the Senator from Arkansas that I can not. That property was condemned in 1913. Then the Baltimore & Ohio Railroad Co. granted the Government a lease of the land until one year after the close of the World War. That time expired on the 14th day of last November. Since 1913 the railroad company, I think, have paid about $75,000 in taxes. The taxes on this particular piece of land are in the neighborhood of $20,000 a year, and, of course, the railroad company is anxious to sell it.

Mr. ROBINSON. How much has the Government been required to pay for the lease?

Mr. FERNALD. The Government has been required to pay nothing at all for the lease except the taxes on the land.

Mr. ROBINSON. But the Government did pay the taxes?

Mr. FERNALD. Yes; the Government paid the taxes. The term of the lease expired last November. No one on the committee, however, knew that it had expired until last week. Then there was no opportunity to go into it sufficiently thoroughly to undertake to purchase the land, though, of course, the Government must eventually have it. So we thought this was the best way to handle the matter until the convening of another Congress.

Mr. ROBINSON. Neither the Senator nor his committee has undertaken to ascertain the terms upon which a new lease may be obtained?

Mr. FERNALD. No; but I thought the matter was of sufficient importance to investigate; so, after talking with the real-estate department of the railroad, I called up Mr. Willard, the president of the road, and he said, "We desire to do whatever the Government wants to do. There is going to be no forcing of a sale there." I told him that I believed it was not at this time feasible to make that purchase. He said, "If you feel that the Government should have a lease of the land, the railroad company will be perfectly willing to lease you the property for a nominal sum."

Mr. ROBINSON. If this joint resolution is not passed or if some action is not taken by Congress to retain the right of the Government to occupy the area, what will occur?

Mr. FERNALD. Beyond a doubt the buildings will be taken down on the land which is owned by the Baltimore & Ohio Railroad Co.

Mr. ROBINSON. Then the occupants will be required to find other quarters in which to live?

Mr. FERNALD. They will be turned out of doors. We have six buildings there, outside the power house and other property.

Mr. OVERMAN. How many girls are quartered in those buildings?

Mr. FERNALD. There are 1,876 girls now there, and there is a waiting list of several hundred. There has never been a time when every room was not occupied except for a few months, for a short time, I think, two years ago.

Mr. ROBINSON. Under the conditions respecting the rentals of apartments in the city of Washington I think it would be calamitous to permit these buildings to be destroyed at this time.

Mr. SMOOT. Mr. President, in reading the resolution I find there is no mention whatever of any increase in the charge for rooms in order to meet this additional amount for the payment of the rent.

Mr. FERNALD. That may be done by the manager of the buildings there. He is allowed to advance or decrease the rent. At first the charges were $55 per month, then they were reduced to $50 a month, then to $47.50, and now they are $45 and $43 per month. The manager may at any time decrease or advance the price.

Mr. KING. Mr. President, will my colleague yield to me?

Mr. SMOOT. I yield to my colleague.

Mr. KING. Mr. President, I am going to ask the Senator from Maine to accept an amendment. I will say it is prompted by a suggestion which has been made by my colleague. I suggest the following amendment to the joint resolution:

Provided, That the charges made to the occupants of said buildings upon said premises shall be sufficient to meet said rental to be paid said railroad company in addition to all charges and expenses now paid by the United States Housing Corporation.

Will the Senator from Maine accept that amendment?

Mr. FERNALD. I have no objection to that amendment. I think, however, it is already covered by the joint resolution as it now stands.

Mr. KING. I do not think so.

Mr. McKELLAR. What rental is it proposed shall be paid?

Mr. FERNALD. There is no proposition of that kind. I was not authorized to make any proposition, but we said it should be a fair and reasonable rate of rental.

Mr. McKELLAR. Unquestionably these buildings ought to be retained for the present; I concur with the Senator entirely about that, and I hope the joint resolution may pass; but we are proposing to give to the railroad company rights and privileges, and we ought to make some arrangement with them by which no extra cost shall be entailed upon the Government.

Mr. KING. Mr. President, the Senator from Maine, as I understand him, has accepted the amendment which I have hastily prepared and which I have read?

Mr. FERNALD. The amendment proposed by the Senator from Utah is entirely satisfactory to me.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from Utah.

The amendment was agreed to.

The joint resolution was reported to the Senate as amended, and the amendment was concurred in.

The joint resolution was ordered to be engrossed for a third reading, read the third time, and passed.

THE CALENDAR—UNANIMOUS-CONSENT AGREEMENT.

Mr. CURTIS. I desire to submit a request for unanimous consent. I ask unanimous consent that at the conclusion of the routine morning business the Senate shall proceed with

the consideration of the calendar, disposing of unobjected bills, commencing at No. 996, which is the number where the Senate left off when the calendar was last under consideration.

Mr. McKELLAR. What effect will that have on the unanimous-consent agreement which we already have?

Mr. CURTIS. It will not affect that.

Mr. ROBINSON. Mr. President, I have no objection to the request. I think the unobjected bills on the calendar ought to be disposed of as quickly as possible.

Mr. KING. Mr. President, I shall have no objection to that, because I know the importance of disposing of the bills upon the calendar, but I have upon the table a resolution calling for the action of the Senate upon the proposal of the President of the United States recently submitted with respect to the international court of justice. I shall seek during the day an opportunity to present that resolution to the Senate, but I shall not object now to the request made by the Senator from Kansas.

The VICE PRESIDENT. Is there objection to the request of the Senator from Kansas? The Chair hears none, and the unanimous-consent agreement is entered into.

Mr. JONES of New Mexico. Mr. President, owing to the confusion which obtained in the Chamber at the time the Senate was proceeding under the order of petitions and memorials, I failed to get the attention of the Chair. I ask now to refer to a petition coming from the Legislature of the State of New Mexico regarding the extension of the time during which cattle taken over into old Mexico for pasturage purposes may be returned to the United States without the payment of duty.

The House of Representatives has passed a bill upon that subject, which bill has been referred to the Finance Committee of the Senate and a unanimous report has been made by the Finance Committee, with the recommendation that a couple of amendments be added to the bill, making it a little more specific. I ask unanimous consent for the consideration of that bill.

Mr. CURTIS. Mr. President, in view of the unanimous-consent order I think I ought to object to the request of the Senator from New Mexico. The bill to which he refers will be reached in the morning hour between now and 1 o'clock.

Mr. JONES of New Mexico. I doubt whether it will be reached, because it comes rather late on the calendar.

Mr. CURTIS. Only unobjected bills are to be taken up, and I think the bill in which the Senator is interested will be reached if we proceed expeditiously.

The VICE PRESIDENT. Objection is made.

INVESTIGATION OF DISTRICT STREET RAILWAYS.

Mr. CALDER. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably Senate Resolution 456, providing for the appointment by the Vice President of a special committee to inquire into the traffic situation in this city and also resolutions providing for the reappointment of certain clerks of certain committees of the Senate. I ask unanimous consent for the present consideration of these resolutions.

Mr. JONES of Washington. Mr. President, I understand that there are 10 or 12 of these resolutions, and I think they should go to the calendar. It seems to me that bills on the calendar should be taken up before we consider resolutions providing for the appointment of additional clerks to serve during the vacation.

Mr. McKELLAR. I hope the Senator from Washington will not object to the resolution with respect to street car fares.

Mr. JONES of Washington. I have no objection to the one with reference to the street car situation.

Mr. McKELLAR. I ask unanimous consent for the present consideration of that resolution.

The VICE PRESIDENT. Is there objection?

Mr. BRANDEGEE. Mr. President, the Senator from Illinois [Mr. McKINLEY] told me that he desired to be here at the time that resolution was considered; that he was called away to one of the departments for an hour, and he would be back.

Mr. McKELLAR. I will let it go over now, then, and call it up later in the day when he can be here.

Mr. BRANDEGEE. Very well.

Mr. CALDER. Mr. President, is there objection to the immediate consideration of these other resolutions?

Mr. CURTIS. Let them go to the calendar.

Mr. CALDER. I withdraw the reports for the present.

Mr. McKELLAR. I presume that does not include the street railway matter.

BILLS INTRODUCED.

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

By Mr. DILLINGHAM:

A bill (S. 4644) authorizing the superintendent of the Washington Asylum and Jail to execute the judgments of the courts in the District of Columbia in capital cases, and ratifying and confirming appointments to the position of such superintendent made by the Commissioners of the District of Columbia; to the Committee on the Judiciary.

By Mr. MOSES:

A bill (S. 4645) granting an increase of pension to J. Alphonso Courtemanche (with accompanying papers); to the Committee on Pensions.

By Mr. BURSUM:

A bill (S. 4647) for the relief of the Maryland Casualty Co.; to the Committee on Claims.

By Mr. CALDER:

A bill (S. 4648) for the relief of Louis Leavitt; to the Committee on Claims.

SHIPMENT OF FILLED MILK.

Mr. DIAL submitted an amendment intended to be proposed by him to the bill (H. R. 8086) to prohibit the shipment of filled milk in interstate or foreign commerce, which was ordered to lie on the table and to be printed.

CLAIMS OF CERTAIN OIL COMPANIES.

Mr. McKELLAR submitted an amendment intended to be proposed by him to the bill (S. 4479) for the relief of Rose City Cotton Oil Mill and others, which was referred to the Committee on Claims and ordered to be printed.

AMENDMENTS TO THIRD DEFICIENCY APPROPRIATION BILL.

Mr. LODGE submitted an amendment authorizing the Secretary of Labor, under such regulations as he may deem advisable, to pay extra compensation to immigrant inspectors and other immigration employees when, at the request of any transportation company, corporation, or individual bringing aliens to the United States, such officers or employees are required to report for extra duty or to work overtime, or on nights, Sundays, or holidays in connection with the examination of alien passengers or crews; and the transportation company, corporation, or individual requesting such extra service shall pay to the Secretary of Labor as reimbursement the amounts expended by him for such extra service in accordance with his regulations, and such reimbursement shall be credited to the appropriation "Expenses regulating immigration," intended to be proposed by him to House bill 14408, the third deficiency appropriation bill, which was referred to the Committee on Appropriations and ordered to be printed.

Mr. SPENCER submitted an amendment proposing to increase the salary of the laborer in charge of private passage, under the office of Sergeant at Arms and Doorkeeper of the Senate, intended to be proposed by him to House bill 14408, the third deficiency appropriation bill, which was ordered to lie on the table and to be printed.

ANNOTATION OF SENATE RULES.

Mr. CURTIS submitted the following resolution (S. Res. 459), which was referred to the Committee to Audit and Control the Contingent Expenses of the Senate:

Resolved, That an annotation be made of the Standing Rules of the Senate with the more important decisions on points of order and parliamentary questions listed and digested under each rule, with a full index, and that 1,000 copies be printed and bound for the use of the Senate. The Rules Committee is authorized to employ a competent person to assist in preparing the annotation, if necessary, his compensation to be paid out of the contingent fund of the Senate.

ENCOURAGEMENT OF IMMIGRATION.

Mr. SPENCER. I ask unanimous consent to have printed in the RECORD a letter from the St. Louis Malleable Casting Co. which contains some valuable information on the immigration question which I think will be of great interest to the Senate.

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

ST. LOUIS MALLEABLE CASTING CO.,
St. Louis, February 23, 1923.

Hon. SELDEN P. SPENCER,
Washington, D. C.

MY DEAR SENATOR: In reference to the various proposed bills on immigration, I desire to explain to you the situation in our line of business, which is the manufacturing of malleable-iron castings, as shown by the above letterhead.

There are 73 malleable-iron foundries in the United States, each employing from 150 to 2,000 men, and nearly half of these are what are known as molders (skilled labor). Before the war when foundries were running to full capacity they employed from 40 to 80 per cent foreigners—Polacks, Hungarians, Italians, Germans, Frenchmen, Belgians, and Swedes.

The malleable foundries of this country have an association, meeting once a month, and at the last meeting it was learned that there is not a single foundry in the United States in this line but what is suffering for the want of molders.

After the armistice so many men returned to Europe and so few came back since then that we are really suffering for the want of these men. We have plenty of business, but not enough molders.

In Poland, Germany, Belgium, and Hungary we know positively that there are thousands of molders out of employment and their families suffering almost to starvation.

If the laws would permit us we would be only too happy to pay the fare of any of these molders that wanted to come here and guarantee them steady employment for a year, earning from $7 to $9 daily, out of which they could not only support themselves but their families in Europe, and at the end of the year, if they would not want to remain here, we would be glad to pay their fare back, but we are sure that before the year was up many of them would send for their families. In the meantime the terrible situation with them in Europe and us here would be relieved.

Can not something be done that we can get these men? We are positive that 5,000 molders at least could obtain positions immediately if they were here.

Anything at all that can be done to relieve this situation will certainly be very much appreciated, not only by us but by every foundry in the country.

The gray iron and steel foundries, who employ even more molders than the malleable foundries, are also in the same position.

Assuring you, dear Senator, that any relief we can obtain from this situation will be more than appreciated, I am

Yours most respectfully,

CHAS. G. ETTE,
General Manager St. Louis Malleable Casting Co.

TAXATION OF THE RAILROADS.

Mr. CALDER. Mr. President, I am in receipt of resolutions adopted by the New York Board of Trade and Transportation relating to the increasingly heavy burden of taxation imposed upon the railroads, and having particular reference to some remarks made by the Senator from Idaho [Mr. BORAH] in the Senate. I ask unanimous consent that the resolutions may be printed in the RECORD.

There being no objection, the resolutions were ordered to be printed in the RECORD, as follows:

NEW YORK BOARD OF TRADE AND TRANSPORTATION,
New York City.

At a general meeting of the New York Board of Trade and Transportation held this day, Wednesday, February 21, 1923, in the rooms of the board, New York City, the committee on taxation reported the following preamble and resolutions, which were unanimously adopted by the board:

DEPRECATING THE INCREASINGLY HEAVY BURDEN OF TAXATION WHICH THE RAILROADS HAVE TO CARRY.

Whereas Senator BORAH, in the course of a speech in the United States Senate on December 21 last, said:

"We discuss considerably in these days the question of reducing freight rates; and the reduction of freight rates is an indispensable step in the recovery of our producing classes, because at the present time the freight rates are such as to take away all possible profit from that which they may produce. It will be very difficult to reduce freight rates if we continue in this country to increase taxes upon railroads as we have for the last four years. More than one-half of all the net earnings of the railroads which I shall mention was taken during the last year to pay taxes"; and

Whereas the roads mentioned by the Senator are: The Santa Fe, the Chicago & North Western, the Chicago, Milwaukee & St. Paul, the Great Northern, the Southern Pacific, and the Union Pacific; and

Whereas the Senator pointed out also that in the State of Idaho taxes on the railroads were $540 per mile in 1916, but had risen to $1,458 per mile in 1920; in Oregon the taxes per mile on the roads were $530 in 1916, but had risen to $1,061 in 1920; in Washington, $772 in 1916 and $1,709 in 1920; and

Whereas while these illustrations were drawn only from western roads, the burden of taxation is in fact nation-wide. The taxation per mile of line on class 1 roads throughout the country was $680.12 in 1916; it was $921.28 in 1917; $956.09 in 1918; $994.36 in 1919; $1,159.03 in 1920, and $1,179.05 in 1921; and

Whereas the total burden of taxation of class 1 roads for 1916 was $157,113,372; in 1917 the total taxation was $213,920,095; in 1918 it was $223,175,379; in 1919, $232,601,396; in 1920, $272,061,453; in 1921, $275,882,150; and for class 1 roads the total taxes in 1921 were almost three times as great as in 1911: Therefore be it

Resolved by the New York Board of Trade and Transportation, That we cordially commend Senator BORAH for calling the attention of the Congress to the excessive increase of taxation levied upon the railroads of the country in recent years and we heartily approve his views in this respect and commend his efforts to show the people that by such excessive burdens the railroads and the Interstate Commerce Commission are seriously hindered in their desire to meet the needs and demands of the country for a reduction of railroad rates and passenger fares, which of necessity must be paid by the shippers and passengers.

Resolved, That we extend to Senator BORAH the assurance of the support of this board in this respect and express the hope that he will continue his laudable efforts, in which we hereby pledge him our fullest cooperation.

Respectfully submitted.

[SEAL.]

B. B. ODELL, *Acting Chairman*,
SAMUEL S. CONOVER,
J. S. BACHE,
M. L. SEIDMAN,
ALEXANDER GILBERT,
For the Committee on Taxation.

A true copy.

LEE KOHNS, *President.*

Attest:

FRANK S. GARDNER, *Secretary.*

PRESIDENTIAL APPROVALS.

A message from the President of the United States, by Mr. Latta, one of his secretaries, announced that the President had approved and signed the following acts:

On February 26, 1923:

S. 851. An act authorizing the Secretary of War to make settlement with the lessees who erected buildings on a five-year lease on the zone at Camp Funston, Kans., and for other purposes;

S. 2023. An act defining the crop failure in the production of wheat, rye, or oats by those who borrowed money from the Government of the United States in the years 1918 and 1919 for the purchase of wheat, rye, or oats for seed, and for other purposes;

S. 3350. An act for the relief of Alice M. Gorman;

S. 4310. An act for the relief of the owners of the steamship *Mohican;*

S. 4311. An act for the relief of the owners of the steam lighter *Comport;* and

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.

On February 27, 1923:

S. 3611. An act authorizing and directing the Secretary of War to abrogate a contract lease of water power on the Muskingum River;

S. 4358. An act to authorize the American Niagara Railroad Corporation to build a bridge across the Niagara River between the State of New York and the Dominion of Canada; and

S. 4411. An act granting the consent of Congress to the cities of Minneapolis and St. Paul, Minn., or either of them, to construct a bridge across the Mississippi River in section 17, township 28 north, range 23 west of the fourth principal meridian, in the State of Minnesota.

On February 28, 1923:

S. 3593. An act to authorize an exchange of lands with owners of private land holdings within the Glacier National Park; and

S. 4187. An act to extend the time for payment of charges due on reclamation projects, and for other purposes.

INTERNATIONAL COURT OF JUSTICE.

The VICE PRESIDENT. Resolutions coming over from a previous day are in order.

Mr. KING. Mr. President, a moment ago I stated that I had a resolution lying upon the table. In view of the manifest desire of Senators to proceed with the consideration of bills on the calendar, I shall pretermit for the moment asking for the consideration of the resolution to which I have just referred.

LIQUOR SALES BY SHIPPING BOARD.

The VICE PRESIDENT. The Secretary will state the other resolutions coming over from previous days.

The reading clerk read Senate Resolution 446, submitted by Mr. MCKELLAR on the 19th instant, as follows:

Resolved, That the Shipping Board report to the Senate at the earliest practicable hour the following:

1. What quantity of whisky, wine, beer, and other alcoholic beverages was sold on Shipping Board vessels during the time that such sales were carried on with the approval of the Shipping Board?
2. What was the quantity dispensed per vessel?
3. What quantity of these liquors was purchased by the Shipping Board or by its agents, and what was the total value thereof and the total receipts thereof per vessel?
4. How many pints, quarts, and cases of liquor were sold to passengers independent of what they purchased over the bars of the vessels?
5. How much liquor was purchased by the crews of such vessels and what was the value thereof?
6. Was liquor served as a part of the crews' mess and could the crews of such vessels purchase liquor freely?
7. How many pints, quarts, gallons, and barrels of whisky, wine, beer, and cognac and other intoxicating beverages were in the possession of the Shipping Board when the order was given to stop selling same aboard vessels?
7½. Has any of these liquors been sold in the United States?
8. Where is this liquor at the present time? If disposed of, to whom, at what prices, where shipped, and what was total amount of sales?
9. Was any of it sold to officers or members of the crews of such vessels or to any employees of the Shipping Board, and at what prices, when the order for stoppage of sales was given?
10. Did any of the officials of the Shipping Board or officers of Shipping Board vessels engage in the sale of liquors to passengers aboard vessels for private gain?
11. To what extent, if any, is liquor being sold aboard vessels at the present time? Are any prohibition enforcement officers allowed aboard such vessels?
12. What was total amount of profits made by the Shipping Board out of sales of intoxicating beverages?

Mr. MCKELLAR. I ask unanimous consent for the immediate consideration of the resolution.

The VICE PRESIDENT. Is there objection?

Mr. JONES of Washington. I think it ought to go over.

The VICE PRESIDENT. The resolution will be placed on the Table Calendar.

FEDERAL AND STATE DEBTS.

The reading clerk read Senate Resolution 451, submitted by Mr. NORRIS on the 26th instant, as follows:

Whereas the public debts of the United States and of the several States and their political subdivisions, many of which are exempt from taxation, have reached enormous proportions of the total wealth of the country; and

Whereas many of the agricultural, manufacturing, and other industries, or trades, of the country are suffering from heavy indebtedness and from burdensome taxation; and

Whereas the situation as to international debts in relation to the revival of productive enterprise throughout the world presents a problem of great complexity, and a general accounting with regard to the economic position of this country is necessary in order to formulate an intelligent policy: Now, therefore, be it

Resolved, That the Federal Trade Commission is hereby directed to make an inquiry into, and to compile data concerning, the total amount of the chief kinds of wealth in the United States, including land, improvements, movables, and other tangible and intangible goods, and also the ownership thereof, and the various liabilities incumbent thereon, including public and private debts of various kinds, corporation stocks and other choses in action, and to make inquiry into, and compile data concerning, the amount of the annual increase in national wealth in recent years in different lines of economic activity and of the income received by different classes of the population, including data as to the amount of the income from securities exempt from taxation under the Federal income and profits taxes; and to make report on the aforesaid matters, as soon as practicable: *Provided, however*, That in respect to such data no information shall be reported or published which would reveal the amount of wealth, property, indebtedness, or income of any person, partnership, or corporation; and be it further

Resolved, That in accordance with section 8 of an act approved September 26, 1914, entitled "An act to create a Federal Trade Commission, to define its powers and duties, and for other purposes," the President is requested to direct the Internal Revenue Bureau of the Department of the Treasury, the Census Bureau of the Department of Commerce, the Interstate Commerce Commission, the Federal Reserve Board, and such other departments or Government establishments as may have information with respect to the foregoing matters, whether in the form of individual or corporation reports or otherwise, to give access to such information and to render such assistance in the compilation thereof as may be requested by the Federal Trade Commission and approved by the President.

Mr. NORRIS. Mr. President, the Senator from Illinois [Mr. McCORMICK], who is not in the Chamber—I sent for him some time ago in anticipation of this resolution being reached—desired to offer an amendment to it. He was here when I introduced it, and it went over. I think there is no objection to the resolution and I have no objection to his amendment. He did not leave it with me. Did he leave it at the desk?

The VICE PRESIDENT. The Chair is informed that he did not.

Mr. NORRIS. With the understanding that I can call up this resolution when the Senator from Illinois comes into the Chamber, I do not want to delay the Senate, but still I do not want it to go over for the day. I ask unanimous consent that it may be temporarily passed over, so that I can call it up later in the day.

The VICE PRESIDENT. Is there objection? The Chair hears none.

Mr. NORRIS subsequently said: Mr. President, the Senator from Illinois has now returned. I ask that the resolution which I had temporarily laid aside be now taken up.

The VICE PRESIDENT. Is there objection to the present consideration of the resolution?

There being no objection, the Senate proceeded to consider the resolution.

Mr. NORRIS. The Senator from Illinois has an amendment.

Mr. McCORMICK. Mr. President, I offer the amendment which I send to the desk and ask that it be stated.

The VICE PRESIDENT. The amendment will be stated.

The READING CLERK. It is proposed to add, at the proper place, the following:

The commission shall further present tables to show by States the aggregate taxes levied by municipalities and by other local taxing bodies and by the States for the last completed fiscal year, and for the corresponding fiscal year five years ago.

Mr. NORRIS. I have no objection to the amendment, Mr. President.

The VICE PRESIDENT. The question is on agreeing to the amendment.

The amendment was agreed to.

Mr. FERNALD. Mr. President, have we any information about the expense of this commission? How many men will the investigation require? Are we about to establish another commission to travel over the country, like the Federal Trade Commission, and determine the value of railroads?

Mr. NORRIS. No, Mr. President. It will cost some money, it is true; but I understand—at least, it is my idea—that all this information is in existence. It is scattered all over, as the resolution itself shows, in the Internal Revenue Bureau, the Federal Trade Commission itself, the Interstate Commerce Commission, the Census Bureau, and perhaps some others. The idea I had in proposing the resolution was to compile the information and get it together as one document.

Mr. JONES of Washington. It is not a committee of the Senate, is it?

Mr. NORRIS. It is not a committee of the Senate.

The VICE PRESIDENT. The question is on agreeing to the resolution as amended.

The resolution, as amended, was agreed to.

TAXICAB AND AUTOMOBILE RATES IN THE DISTRICT.

Mr. HARRISON. Mr. President, I offered a resolution that properly should have been on the table, but it was allowed to go to the committee. It has been reported, and I ask for its consideration. There can not be any objection to it. It is Senate Joint Resolution 283.

The VICE PRESIDENT. The Secretary will read the joint resolution.

The resolution (S. J. Res. 283) directing the Public Utilities Commission of the District of Columbia to investigate rates charged by taxicabs and automobiles for hire, was read, as follows:

Resolved, etc., That the Public Utilities Commission of the District of Columbia be, and it is hereby, directed to make full and complete investigation of the rates charged by the owners or operators of taxicabs and automobiles for hire in other cities and in the District of Columbia, and to recommend to the Commissioners of the District of Columbia for action and enforcement such rates as may be reasonable and which may compare with such rates as are permitted to be charged by the owners or operators of automobiles and taxicabs for hire in other cities of the United States.

That the Commissioners of the District of Columbia shall make full report of the investigations and findings of the Public Utilities Commission on or before the convening of the next regular session of the Sixty-eighth Congress.

The VICE PRESIDENT. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

THE MERCHANT MARINE.

Mr. CARAWAY. Mr. President, I introduce a bill which I ask to have referred to the Committee on Commerce.

The bill (S. 4646) to provide for the disposal of vessels held by the United States Shipping Board was read twice by its title.

Mr. CARAWAY. Mr. President, I should like the attention of the Senator from Washington [Mr. JONES].

The ship subsidy bill, I understand, is to go to its grave to-day, amid the rejoicing of all who do not think that all the people ought to be taxed to enrich the few. The bill authorizes the Shipping Board to turn over, under such conditions as the board may direct, to States or municipalities or other political subdivisions thereof ships sufficient to care for the commerce of their ports. Among these are regulations requiring those who receive the vessels to give bond to keep them in repair and insured and to operate them on trade routes which shall be approved by the said Shipping Board.

If Mobile, Ala., New Orleans, La., Galveston, Tex., or Newport News, Va., Seattle, Wash., Los Angeles, Calif., New York City, or Wilmington, N. C., believe that they are entitled to additional shipping, the board will be authorized to turn over these vessels to them without charge, upon condition that they shall operate them for five years upon the routes where ships are needed. If, at the expiration of that time, they have observed their charter agreements, and will agree to operate the vessels for a period of three years longer, the Government will transfer title to the ships to these municipalities or governmental agencies of the States, and they thereafter will own the ships, conditioned upon their continuing their operation.

As it is now, I understand, judging from an interview of Mr. Lasker, that the Shipping Board will sacrifice all these vessels. Instead, then, of giving them to private individuals who wish to speculate upon them, or selling them to be junked at a price that is not at all commensurate with their real value—practically no price at all—the Government will part with title to municipalities or States or subdivisions of the States that may see fit to take these vessels, conditioned upon their operation. I hope the chairman of the Committee on Commerce will call a committee meeting and let us report the bill.

Mr. President, I desire to make a brief statement also in reference to the shipping bill that is just about to be withdrawn.

I did not engage in any filibuster against the bill. I am willing for the majority to carry the responsibility of the legislation, if it cares to enact it; but we have 1,400 ships, that cost us somewhere near $3,000,000,000. It is admitted that they can not be operated now without loss. The policy of the shipping bill that we have been considering was to let private indi-

viduals have these vessels at whatever price they might see fit to give, and, in addition, to give them a subsidy.

Mr. CURTIS. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state his point of order.

Mr. CURTIS. Is the Senator limited to five minutes this morning? We have a unanimous-consent agreement to dispose of unobjected bills.

Mr. CARAWAY. I have no desire to interfere with the consideration of bills on the calendar, and I will suspend at this time. I will complete the statement later.

The VICE PRESIDENT. Without objection, the bill introduced by the Senator will be received and referred to the Committee on Commerce.

Mr. CARAWAY subsequently said: Mr. President, if all the Senators who wish to confess that their faith is different from their vote—in other words, that their vote is on one side and their wish is on the other—have concluded, I wish to finish the statement I started to make a few moments ago, but which I had not finished when I acceded to the suggestion of the Senator from Kansas [Mr. CURTIS] that I yield for the consideration of other matters during the morning hour. I wish now to complete the statement which I intended to make, and I shall not long delay the vote on the motion of the Senator from North Dakota [Mr. LADD] to take up the filled milk bill.

Mr. President, the bill I introduced this morning authorizes the Shipping Board to deliver ships to any State, municipality, or a subdivision of a State that would undertake to keep the ships in repair, insured, and in operation. It has been charged that the Shipping Board intends to wreck this fleet, or, if not to wreck it, to give it to its favorites. As I said this morning, it is admitted that the ships can not be operated without a loss at this time. It has been asserted, however, that within 10 years, with certain subsidies, the ships could become self-sustaining. I do not know as to that, but I wish to say—and I think I possibly partly stated it——

The VICE PRESIDENT. The Senate will be in order.

Mr. CARAWAY. Mr. President, I am not complaining about the disorder. It is always customary after a funeral for the friends to get together and recite the good qualities of the deceased. I do not object to their now doing that, because it will not take them very long, for the deceased shipping bill had so few good qualities that the noise will be over in a minute.

We own the ships; the American people paid for them. The proposed plan that is to be displaced is in effect to give these ships to private parties, and to give with the ships the right to tax the American people at least $750,000,000, and perhaps $1,000,000,000, in order to make profitable the operation of these ships. After the American public shall have lost its ships and after it shall have paid another billion dollars to private individuals to experiment with operating the ships, if the experiment proves successful those private interests will own the ships and the American public would be out its original investment of $3,000,000,000 and its subsidiary investment in a subsidy, amounting to another $1,000,000,000, or $4,000,000,000 in all.

Mr. DIAL. Mr. President——

Mr. CARAWAY. I yield to the Senator from South Carolina.

Mr. DIAL. I did not hear the beginning of the Senator's speech. In the bill which he has introduced to whom does he propose the ships shall be turned over?

Mr. CARAWAY. I introduced the bill merely as a tentative measure. Of course it is not going to get favorable consideration now, because there is no possibility of anyone getting something for nothing out of it; therefore it will not appeal to the present majority.

Mr. DIAL. I am very much afraid that we are going to give the ships away, in any event.

Mr. CARAWAY. Yes; we are going to give them away; but I have introduced a bill the provisions of which are to give the ships to States and municipalities which want to operate them from ports where there is necessity for them to be operated.

The proposal of the bill just introduced by me, as I said, is to permit municipalities, States, or political subdivisions of States to have ships assigned to them, to operate them for five years, and if they operate them successfully, and will agree to operate them continuously for a period of three years longer, the Government shall give them the ships.

My friend the Senator from Louisiana [Mr. RANSDELL] has made four speeches in favor of the ship subsidy bill; he wants Louisiana taken care of and New Orleans made a great commercial port. Well, if New Orleans has the cargoes and New Orleans believes it can operate the ships, let the Senator from Louisiana support this proposition and the Government will turn over to New Orleans or to the State of Louisiana enough ships to care for the commerce of the port of that great city, New Orleans.

If Montgomery, Ala., or any other port believes that it has the commerce, or the possibilities of commerce, and is willing to back the faith that it can become a great port, let it prepare to operate the ships, maintain the routes that will be beneficial to the American public, and we shall see that it gets the ships.

What I protest against, Mr. President, is the proposition to give the ships away—for that is what selling them for such an insignificant sum would amount to—and to give with them a privilege to tax the American public for 10 or 15 years to the extent of $75,000,000 or $100,000,000 a year. Then, if the experiment proves profitable, private interests will have the ships and the good will that goes with them and the American public will have lost $4,000,000,000 and have received nothing. On the other hand, if at the end of 10 years the experiment has proven a failure, the private interests can quit; they will have invested nothing; they will have paid nothing for the ships; but the American public will have been taxed to run the ships. So the private interests may walk out of the bargain and say, "It was an unprofitable experiment; the public has paid the bill, and we have had the experience; that is all."

Now, we want to say to those who are advocating ship subsidy that if the Senator from Washington, for instance, believes that the great port in his State would furnish cargoes for ships let his State or the municipality in his State take the vessels and operate them at their expense, and, if they prove to be profitable, we will let them continue to operate them and the ships will cost them nothing.

I know and everybody knows that there is going to be an attempt by the Shipping Board to punish certain sections of this country when this bill is dead by withdrawing from them the ships they have heretofore allocated to them, in order to make it appear that if we had passed this bill their ports would have been taken care of, but their representatives not having voted for it, their communities are thus punished.

If there is any real belief upon the part of the majority in the Senate, Mr. President, that an American merchant marine can be put upon the seas and maintained, let those ports that have the commerce and those States that have that faith take the ships and operate them and build up a real commerce. Let us not, after taxing the people $3,000,000,000 to build these ships, give them away to private interests, as this deceiving bill purported to do, and with them give what America never gave to a private interest before, namely, the right of taxing people for 10 or 15 years—to go into the pockets of every man, woman, and child in America and take therefrom money to be turned over to a group of private individuals in order to enable them that they may speculate whether they can maintain an American merchant marine. If there is faith in this body that an American merchant marine can be maintained—and I have such faith—let us show that faith, but do not let us do it by robbing the American public for the benefit of speculative interests. I am willing to agree upon some proposition that is fair to all the people, but do not let us tax the people $3,000,000,000 to build ships, then give them to private interests in two or three ports in this country, and give with it the right, as I said a moment ago, to go into the pocket of the American public for another billion dollars in order that private interests may experiment as to whether they can run the ships; and if the operation proves profitable, theirs is the profit, while, if it results in a loss, the American people shall sustain it. This scheme proposes to plunder the long-suffering, tax-paying American public, first, of $3,000,000,000 worth of ships it now owns, and then of a billion dollars more to enable a speculative group to ascertain whether they can operate these ships successfully.

I move that the bill be referred to the Committee on Commerce.

The motion was agreed to.

Mr. ASHURST obtained the floor.

Mr. KING. Mr. President, will the Senator yield to me for a few minutes?

Mr. ASHURST. I will yield cheerfully, so long as I do not lose the floor.

Mr. KING. Mr. President, apropos of the statement made by the Senator from Arkansas [Mr. CARAWAY], I should be glad if he would accept as an amendment to his bill the provisions of a measure which I have offered and which is now pending, and which, of course, will receive no consideration at the hands of the majority of the Commerce Committee. The bill which

I have introduced transfers all of the functions, powers, and authority of the Shipping Board to the Department of Commerce. The Shipping Board has lost the confidence of the American people. It has failed to function properly, economically, or efficiently, and many believe that it has been criminally wasteful and extravagant and has frittered away hundreds of millions of dollars. I think it would be a wise policy to abolish both the Shipping Board and the Emergency Fleet Corporation and to confer upon the Department of Commerce the necessary authority to carry out the wishes of Congress. There are objections to this course, but, giving to them due weight, I am of opinion this course would be for the best interests of the people. The Shipping Board will soon, if it pursues its present course, dissipate all of its assets. It lives now by great annual appropriations from Congress. Its assets are diminishing, and within two or three years the property in hand will be of less value than the sums appropriated during the same period to keep it alive. The Department of Commerce could handle the work of the Shipping Board far more economically and could break away from the unwise and destructive policies which now control the board. Certainly it could do no worse, and it would be far more reassuring to the people if the Department of Commerce were empowered to take the place of the Shipping Board.

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

Mr. KING. I have not the floor.

Mr. ASHURST. I yield to the Senator from New Jersey.

Mr. FRELINGHUYSEN. I should like to ask the Senator from Utah a question.

Mr. KING. If I may trespass further on the time of the Senator from Arizona, I shall answer briefly, if I can.

Mr. ASHURST. I will yield for that purpose.

Mr. FRELINGHUYSEN. Mr. President, I should like to ask the Senator from Utah if it is not true that when the Shipping Board was taken over by Mr. Lasker it was losing approximately $360,000,000 a year, and that to-day the losses have been reduced to less than $50,000,000. Is not that true?

Mr. KING. Mr. President, answering the question categorically, I say no. I can not trespass further to explain my answer and present the facts.

Mr. ASHURST. I yield.

Mr. FRELINGHUYSEN. Those are the figures, simply because the appropriations asked for under the old board to operate it were $360,000,000 a year. To-day it is being run at $50,000,000 a year, and is much more efficient, categorically or not.

Mr. KING. Mr. President, I do not agree with the statement or the conclusions of the able Senator from New Jersey. In the first place, if I may be pardoned——

Mr. ASHURST. I yield.

Mr. KING. A considerable part of the amount which the Senator first named as having been appropriated for the Shipping Board under the régime anterior to the advent of Mr. Lasker was utilized in the construction and completion of ships, not their operation. Most of the work of construction had been completed when Mr. Lasker took charge, so that of necessity there was a reduction in the expenditures of the Shipping Board. Moreover, hundreds of ships were being withdrawn from service just before this period, which resulted in reducing the expenses of the board. Mr. Lasker, as we were informed, was to work great reforms; he was to abolish the MO–4 contract and introduce efficient methods. He has perpetuated the MO–4 contract, and has tied up many more vessels. The withdrawal of ships from service and the termination of construction has, of course, reduced the expenses of the board. At one time 1,400 ships were being operated by the Shipping Board; now but about 600 or 700.

Mr. FRELINGHUYSEN. Mr. President——

Mr. ASHURST. I yield to the Senator from New Jersey.

Mr. FRELINGHUYSEN. I simply wish to state that the abolition of construction by Mr. Lasker was in itself an economy. The program of the previous board was grossly wasteful, and for that Mr. Lasker is to be commended and congratulated. Whatever the Senator from Utah may say, the spirit of economy has prevailed in the Shipping Board ever since Mr. Lasker took charge of it, and it has been efficiently managed, and it can not be shown otherwise.

THE CALENDAR.

The VICE PRESIDENT. If there is no further morning business, the morning business is closed. The calendar under Rule VIII is in order, under the unanimous-consent agreement, beginning at Order of Business 996.

The first business on the calendar under the unanimous-consent agreement was the bill (S. 3773) to reduce night work in the postal service.

Mr. DIAL. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 4315) to amend section 2 of the legislative, executive, and judicial appropriation act, approved July 31, 1894, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 3544) to enlarge the powers and duties of the Department of Justice in relation to the repression of prostitution for the protection of the armed forces, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 1517) for the relief of Antti Merihelmi, was announced as next in order.

Mr. SHORTRIDGE. Mr. President, was Senate bill 3544 disposed of?

The VICE PRESIDENT. It went over.

Mr. SHORTRIDGE. I would ask, if there was objection, that it be withdrawn. This matter was up some 10 days or 2 weeks ago, and, upon the suggestion of the Senator from Montana [Mr. WALSH], there was a slight amendment, and as of that time the bill was briefly explained. I hope the Senator will withdraw the objection.

Mr. ROBINSON. Mr. President, a point of order.

The VICE PRESIDENT. The Senator will state his point of order.

Mr. ROBINSON. An objection was interposed to the consideration of the bill at the time it was reached on the calendar, was it not?

The VICE PRESIDENT. It was.

Mr. SHORTRIDGE. I did not hear it, and I am asking that it be reconsidered. There was so much confusion that I did not hear it.

The VICE PRESIDENT. Is there objection to reconsideration?

Mr. WALSH of Montana. Mr. President, I hope no objection will be urged to the bill. It seems to me that with the amendment made the other day it ought to have the very general approval of the body.

Mr. KING. What bill is it?

The VICE PRESIDENT. Senate bill 3544.

Mr. KING. I objected to it.

The VICE PRESIDENT. There is objection, and the bill will be passed over.

ANTTI MERIHELMI.

The bill (S. 1517) for the relief of Antti Merihelmi was announced as next in order.

Mr. McKELLAR. Will the Senator in charge of the bill explain what it provides?

Mr. CALDER. Mr. President, this bill as introduced was to pay Antti Merihelmi $5,000 for damages incurred to his person as a result of being struck by a motor truck. The committee reduced the amount from $5,000 to $500. There is some question as to his responsibility for the accident, but it appears that the truck was not under the control of the driver at the time, and it seems to me the man is entitled to some damages.

Mr. McKELLAR. Why should not the bill be drawn so as to refer it to the Court of Claims and let him there establish his claim, if he has a just claim? There is a question raised about the liability.

Mr. CALDER. It has been the practice of Congress to pay damages in cases of this kind without a reference to the Court of Claims, where it can be proven that the injury was the fault of the Government.

Mr. McKELLAR. I do not object.

Mr. DIAL. I do not object to the consideration of the bill, but I think it ought to be defeated. I note that the man made a claim for $5,000, which shows that he had no regard for justice and equity and that he was inclined to mulct the Government. I have no respect for a man who tries to magnify an injury in this manner. It is true the committee has offered an amendment to cut it down to $500, but it should not have recommended that he be given anything. It is a hard matter for us to decide these cases on ex parte statements. On page 2 the report states:

That the foregoing accident was due to the fact that while Antti Merihelmi was crossing Mail Street, not paying attention to traffic, truck No. 45533 came from behind him, turning from Broadway into Mail Street, and struck him, injuring him as described.

The man did not receive a permanent injury. There were no bones broken. It just bruised him a little. I read further from the committee report:

That the board is of the opinion that the Army truck was not traveling at an excessive rate of speed, inasmuch as the traffic was heavy, and that it would be impossible to turn a large truck into a narrow street at a high rate of speed.

That the driver of the Government truck did not have his truck under the proper control necessitated by the crowded condition of the traffic, and to this extent contributed to this accident and to this extent is responsible.

That Antti Merihelmi crossed the street without paying proper heed to the traffic——

Mr. KING. Will the Senator permit an interruption?

Mr. DIAL. Yes.

Mr. KING. I shall object to the consideration of the bill.

Mr. DIAL. I am not objecting to the consideration of the bill.

Mr. KING. I object.

Mr. DIAL. I do not want it to pass, however.

The VICE PRESIDENT. Objection is made, and the bill will be passed over.

BILLS PASSED OVER.

The bill (H. R. 6134) for relief of estate of Anne C. Shymer, was announced as next in order.

Mr. SMOOT. Let that go over.

The VICE PRESIDENT. The bill will be passsed over.

The bill (H. R. 7864) providing for sundry matters affecting the Naval Establishment, was announced as next in order.

Mr. KING. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

ORGANIZATION OF THE CUSTOMS SERVICE.

The bill (S. 4245) to provide the necessary organization of the customs service for an adequate administration and enforcement of the tariff act of 1922, and all other customs revenue laws, was considered as in Committee of the Whole.

Mr. CALDER. The Senator from Utah [Mr. KING] objected to the consideration of this bill yesterday, but he has informed me that if an amendment were adopted striking out certain language on the first page, he would not object, and I offer an amendment to strike out lines 3 to 7, inclusive, on the first page.

The VICE PRESIDENT. The Secretary will state the amendment.

The READING CLERK. On page 1, strike out lines 3 to 7, inclusive, as follows:

That on and after the passage of this act the President is authorized and directed to fix the compensation of collectors of customs, comptrollers of customs, surveyors of customs, and appraisers of merchandise, to be effective on and after the first of the fiscal year next ensuing.

The amendment was agreed to.

The bill had been reported from the Committee on Finance with amendments, on page 2, line 8, to strike out the word "employees" and insert in lieu thereof the word "officers"; on line 18, after the word "appoint" to strike out the words "and fix the compensation of"; on line 19, to insert the words "in number" after the word "service"; on line 20, after the word "law," to insert the words "and fix their compensation" and a comma; on page 4, line 8, to strike out the words "from within the District" and to insert the words "or transfer"; on line 17, to strike out the words "traveling expenses and actual expenses incurred for sub-"; on page 5, line 2, after the word "employees" and the comma, to insert the words "including the Director and Assistant Directors of Customs"; on line 6, to strike out "section 1" and to insert "section 1 to 6 inclusive, as amended"; and on line 7 to strike out the words "limiting the compensation of laborers in the Customs Service," and to insert the words "an act fixing the compensation of certain officials of the customs service, and for other purposes," so as to make the bill read:

Be it enacted, etc., That on and after the passage of this act the Secretary of the Treasury is authorized and directed to appoint, pursuant to the civil service laws and regulations, fix the compensation, and prescribe the duties, when not otherwise defined by law, of one director of customs (in lieu of Chief, Division of Customs), two assistant directors of customs (in lieu of two assistant chiefs, Division of Customs), one director, special agency service of the customs, and one assistant director, all with headquarters in the District of Columbia. The director of the special agency service and assistant director shall be officers of the special agency service familiar with the statutory and prescribed duties of that service.

SEC. 2. That the Secretary of the Treasury is hereby further authorized and directed to appoint deputy collectors, deputy comptrollers, deputy surveyors, deputy and assistant appraisers, examiners of merchandise, inspectors and such other customs officers, laborers, and other employees as he shall deem necessary, prescribe their designations and duties when not otherwise defined by law, and fix their compensation. He is authorized to appoint special agents of the customs service in number as now provided by law and fix their compensation, and to appoint and fix the compensation of such number of customs agents as he may deem necessary, all of whom shall perform their duties as defined by existing law or prescribed by the Secretary of the Treasury, under the immediate supervision of the director, special agency service of the customs. He shall likewise appoint and fix the compensation of the clerks and other employees of the Board of United States General Appraisers. The appointment of such customs officers and employees shall be made pursuant to the civil service laws and regulations upon the nomination of the principal officer in charge of the office to which such appointments are to be made.

SEC. 3. That the collectors of customs, comptrollers of customs, surveyors of customs, and appraisers of merchandise shall each, with the approval of the Secretary of the Treasury, appoint a customs officer familiar with the customs laws and procedure, to act and be known as the assistant collector, the assistant comptroller, the assistant surveyor, and the chief assistant appraiser (in lieu of the special deputies), and the Secretary of the Treasury shall fix their compensation. The collector of customs at the port of New York shall also, with the approval of the Secretary of the Treasury, appoint a customs officer qualified in the law and familiar with customs procedure, to act and be known as solicitor to the collector, whose compensation shall likewise be fixed by the Secretary of the Treasury.

SEC. 4. That in case of a vacancy in the office of a collector of customs, comptroller of customs, surveyor of customs, or appraiser of merchandise, such assistant collector, assistant comptroller, assistant surveyor, or chief assistant appraiser shall give bond when required, act as such officer, and receive the compensation of such office until an appointment thereto has been made and the person so appointed has duly qualified. Whenever a vacancy occurs in the position of such assistants, chief assistant, and solicitor to the collector, herein provided for, it shall be filled, with the approval of the Secretary of the Treasury, by the promotion or transfer of a trained and qualified customs officer, and the assistant, chief assistant, and solicitor to the collector so appointed shall continue in office and shall not be reduced or removed except for cause and in accordance with the civil service laws and regulations.

SEC. 5. That all customs officers and employees, including customs officers and employees in foreign countries, in addition to their compensation shall receive their necessary traveling expenses and actual expenses incurred for subsistence while traveling on duty and away from their designated station, and when transferred from one official station to another for duty may be allowed, within the discretion and under written orders of the Secretary of the Treasury, the expenses incurred for packing, crating, freight, and drayage in the transfer of their household effects and other personal property, not exceeding in all 5,000 pounds.

SEC. 6. That the compensation of all customs officers and employees, including the director and assistant directors of customs, herein provided for, and the expenses authorized by section 6 of this act, shall be paid from the appropriation for the collection of the revenue from customs.

SEC. 7. That sections 1 to 6, inclusive, as amended, of the act of March 4, 1909, an act fixing the compensation of certain officials of the customs service, and for other purposes, and all laws and parts of laws inconsistent with the provisions of this act, are hereby repealed.

The amendments were agreed to.

Mr. KING. May I make an inquiry of the Senator? The bill does not authorize the transfer of employees from the ineligible list to the eligible list?

Mr. CALDER. It does not.

Mr. KING. It does not waive any of the requirements of the civil service?

Mr. CALDER. It does not.

Mr. SMOOT. None whatever.

Mr. KING. As I understand, it does not exceed the appropriations made for this particular agency of the Government?

Mr. CALDER. That is correct.

Mr. KING. It gives more power to readjust salaries with respect to the responsibilities resting upon the several employees?

Mr. CALDER. The Senator is correct.

Mr. KING. I have no objection to the passage of the bill.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

CONTAINERS FOR FRUITS AND VEGETABLES.

The bill (S. 4399) to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

Mr. McNARY. I can not conceive that any Senator would object to the consideration of this bill. Has objection been made?

Mr. McKELLAR. It is an important bill. I would like to have the Senator explain what is sought to be accomplished by it. I think it ought to be considered carefully before it is passed.

Mr. McNARY. The bill passed the House almost unanimously.

Mr. HARRISON. Will the Senator yield?

Mr. McNARY. I yield to the Senator.

Mr. HARRISON. If the Senator from Tennessee should not object, I would object to the consideration of the bill; it is so far-reaching, and it would just delay the taking up of other important bills.

Mr. McNARY. May I ask the Senator from Mississippi if he has read the bill and the report?

Mr. HARRISON. I have studied the bill.

Mr. McNARY. It met with little opposition in the House, and it is very much needed by those who consume and those who produce. I should like to have it considered at this session of Congress, because it means much to the people of the country.

Mr. HARRISON. I will say that there is an amendment I wish to offer, and if the Senator would accept it I would have no objection to the bill. It seeks to eliminate what is known as the seven-eighths bushel hamper, which has been in use 50 years by the producers in my State and in many other States of the South. It is the custom of the trade to use it, and some people are trying to put this measure through who do not know anything about that situation.

Mr. McNARY. I will state to the Senator from Mississippi that is the particular container we want to abolish. That container is an outlaw device in seven of the States of the Union and comes in competition with the container holding a full bushel.

Mr. HARRISON. I do not care to discuss the proposition on the floor. I have very strong convictions about it, and I can present a very long argument. I doubt whether it would convince the Senator from Oregon, but this bill is fraught with such evil to a large number of producers in my State that I feel compelled to object to the bill and will fight it.

Mr. McNARY. Let me ask the Senator from Mississippi if he will not be satisfied to permit it to go to a vote and then take such action as he desires?

Mr. HARRISON. I would be thoroughly satisfied if the Senator would accept an amendment that would prevent the elimination of the seven-eighths bushel hamper.

Mr. McKELLAR. I would like to have this go over to-day, anyway, until I can make some investigation about it. I hope the Senator will let it go over. I will undertake in the meantime to communicate with people I know are interested in this matter.

The VICE PRESIDENT. There is objection.

Mr. McNARY. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his inquiry.

Mr. McNARY. Is it in order to move to take the bill up?

The VICE PRESIDENT. The Chair does not understand that it is in order, as the unanimous-consent agreement is that the Senate shall consider only unobjected bills.

FARM CREDITS.

The bill (S. 4132) to amend an act entitled "An act to provide further for the national security and defense, and, for the purpose of assisting in the prosecution of the war, to provide credits for industries and enterprises in the United States necessary or contributory to the prosecution of the war, and to supervise the issuance of securities, and for other purposes," approved April 5, 1918, and for other purposes, was announced as next in order.

Mr. NORBECK. Mr. President, this is a bill that was reported unanimously by the Committee on Agriculture and Forestry some time ago. I offered it as an amendment to the Lenroot bill when that was pending. It provides credit for foreign exports. The measure was fully explained and is well understood. It is the one measure before us that would probably grant substantial relief to the agricultural interests by helping them dispose of their surplus.

Mr. SMOOT. It would be absolutely impossible to pass the bill under the five-minute rule. If there were time, I would be glad to have it taken up, but it can not be disposed of under the five-minute rule, and I therefore ask that it may go over.

The VICE PRESIDENT. The bill will be passed over.

COL. JOSEPH S. HARDIN AND CAPT. P. A. SCHOLL.

The bill (S. 4425) to authorize appropriations for the relief of certain officers of the Army of the United States was announced as next in order.

Mr. McKELLAR. Will not the Senator from South Carolina explain the bill?

Mr. DIAL. It is a bill to relieve Joseph S. Hardin, who was a lieutenant colonel in the Army, in a case where funds under his control were stolen by an employee furnished him by the Government over whom he had no control. The young man who stole the money was under bond, and the bond was collected, and the bill is to reimburse the officer for the amount of the balance he had to pay. The man who stole the money was sent to the penitentiary. The War Department recommends the passage of the bill. There was no negligence whatever on the part of the officer, and the committee unanimously reported that the bill be passed. The Senator from Indiana [Mr. NEW] had the bill called up the other day, and there was no objection; so I trust it will pass. It is just like scores of others we have passed for the relief of civil officials, postmasters, and others, under similar conditions.

Mr. SMOOT. I am not going to object to the consideration of the bill, because so many similar bills have passed the Senate already, but I want to say once more that the Government of the United States will have to do something to protect itself against thousands of cases similar to this that are arising. It seems to me that in effect we are notifying all officers of the Army, all postmasters, any employee of the Government who handles money, that they need not take care of the money at all, and that if anybody steals it from them the Government of the United States will relieve them of any responsibility. There have been a hundred cases in the last five years where there used to be one. This practice is growing so fast I do not know where it will end, and I think the only way to stop it is to compel every employee of the Government who handles Government funds to be bonded to the Government for the amount in his hands.

Mr. DIAL. I entirely agree with the Senator from Utah. I think we should take such steps as the Senator suggests, but we have passed many similar bills in the last few days and I hope there will be no objection to the passage of this bill.

The bill was considered as in Committee of the Whole, and was read, as follows:

Be it enacted, etc., That the Comptroller General of the United States is authorized and directed to allow and credit in the accounts of Lieut. Col. Joseph S. Hardin, Finance Department, the sum of $6,779.96, and in the accounts of Capt. P. A. Scholl, Finance Department, the sum of $202.02, which amounts represent public funds which were stolen by a former employee.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

MONUMENT IN MEMORY OF COLORED MAMMIES OF THE SOUTH.

The bill (S. 4119) authorizing the erection in the city of Washington of a monument in memory of the faithful colored mammies of the South, was announced as next in order.

Mr. SMOOT. Mr. President, some Senator who is not now present asked me to object to the consideration of this bill, but I have forgotten which Senator requested it.

Mr. HARRISON. Was it not some Senator who asked the Senator from Utah to look after it for him?

Mr. SMOOT. No; I will say to the Senator that was not the case.

Mr. HARRISON. I hope there will be no objection to the consideration of the bill. My colleague [Mr. WILLIAMS] has a very acute interest in this particular measure. It is the last of a great number of important bills which he has had on the calendar. This is the only one remaining. I hope before he goes out of the Senate this bill may be enacted into law.

The Senate as in Committee of the Whole proceeded to consider the bill, which had been reported from the Committee on the Library with amendments on page 2, line 2, after the word "joint" to strike out the word "library," and in line 3 strike out "of Congress, with" and insert in lieu thereof "on the Library, after procuring," so as to make the bill read:

Be it enacted, etc., That the Chief of Engineers, United States Army, be, and he is hereby, authorized and directed to select a suitable site and to grant permission to the Jefferson Davis Chapter No. 1650, United Daughters of the Confederacy, for the erection as a gift to the people of the United States on public grounds of the United States in the city of Washington, D. C., other than those of the Capitol, the Library of Congress, Potomac Park, and the White House, a monument in memory of the faithful colored mammies of the South: *Provided*, That the site chosen and the design of the memorial shall be approved by the Joint Committee on the Library, after procuring the advice of the Commission of Fine Arts; that the monument shall be erected under the supervision of the Chief of Engineers; and that the United States shall be put to no expense in or by the erection of the said monument.

The amendments were agreed to.

The bill was reported to the Senate as amended, and the amendments were concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

INCREASE OF PENSIONS.

The bill (S. 4305) granting an increase of pension to certain soldiers of the Mexican War and Civil War and their widows and minor children, widows of the War of 1812, Army nurses, and for other purposes, was announced as next in order.

Mr. DIAL. Let the bill go over.

Mr. BURSUM. Mr. President, I hope the Senator from South Carolina will withdraw his objection. This is a general pension bill, much modified, involving much less cost to the Government than the former pension bill, which was passed without a dissenting vote in the Senate and which passed the lower House. That bill was vetoed by the President. The present bill has been gone over by the Secretary of the Interior and analyzed, and is satisfactory.

The bill only grants an increase of pension to the very aged widows and very aged veterans. Only those veterans 78 years of age or more can benefit by the bill. Only those widows 68 years of age or more can benefit by the provisions of the bill. It should be apparent to everyone that these aged widows and veterans are in great need. We ought to take care of them. The bill would give them a slight increase of pension.

Mr. KING. I call for the regular order.

Mr. BURSUM. Is it in order at this time to move to proceed to the consideration of the bill?

The VICE PRESIDENT. It is not in order under the unanimous-consent agreement.

Mr. BURSUM. I ask unanimous consent that the bill may be taken up for consideration to-morrow morning at 11 o'clock.

The VICE PRESIDENT. Is there objection?

Mr. DIAL. I object.

The VICE PRESIDENT. The bill will go over.

ELEPHANT BUTTE IRRIGATION DISTRICT.

The bill (S. 4232) 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 compensation therefor, was announced as next in order.

Mr. OVERMAN. Mr. President, from a reading of the bill it appears that there is apparently a million dollars involved. I would like to hear the report of the committee read. The committee reported on the bill, and let us have the report read.

Mr. BURSUM. I will say to the Senator from North Carolina that the committee made a favorable report and the Secretary of the Interior made a favorable report.

Mr. OVERMAN. Let us have the report read so that we may see just what it is.

The VICE PRESIDENT. The report will be read.

The reading clerk proceeded to read report No. 1080, submitted by Mr. McNary February 1, 1923, from the Committee on Irrigation and Reclamation.

Mr. SMOOT. Mr. President, I have not had much time to examine the measure, but in hastily going through the report I can not see but what this is simply taking a million dollars out of the reclamation fund and crediting the project with that amount. If that is the case, it seems to me we ought, in justice, to go into every reclamation project in the United States which has cost more than the amount estimated by the Reclamation Service and credit each project with the amount over and above the estimated cost. If that were done we would not have money enough in the reclamation fund in the next 20 years to pay those credits.

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

Mr. SMOOT. Certainly.

Mr. BURSUM. That is not quite a correct analysis of the bill.

Mr. SMOOT. That is what I want to find out.

Mr. BURSUM. Here is the proposition: The Government of the United States entered into a treaty with Mexico to deliver at the head gates of the ditch entering into Mexico 60,000 acre-feet of water annually. In order to deliver that water, the actual annual cost involved was found to be $35,000. That cost has already been paid by the water users for six years, but now they have agreed to deliver it perpetually without cost to the Government.

Mr. SMOOT. But the treaty was made before the reclamation project was begun, was it not?

Mr. BURSUM. Yes; but there is an obligation to deliver the water, and the operating expense of delivering the water is $35,000 a year.

Mr. SMOOT. It does not make any difference what it costs to deliver the water; the treaty was in force before the reclamation project was undertaken. When the project was undertaken the agreement was that they should deliver annually 60,000 feet of water to Mexico.

Mr. BURSUM. That was the agreement of the Government, but it was not the agreement of the farmers to do it at their own expense.

Mr. SMOOT. The farmers understood very well that the agreement was to be carried out.

Mr. BURSUM. Not at all. The reservoir was built at the expense of the farmers and not at the expense of the Government.

Mr. SMOOT. Does the Senator mean to say that the farmers of New Mexico consented to build the project and never knew there were 60,000 acre-feet of water to be delivered annually to Mexico?

Mr. BURSUM. Oh, yes; they knew that.

Mr. SMOOT. Then they are estopped.

Mr. BURSUM. But the Government itself recognized its obligation to pay its proportion of the cost of delivering the water.

Mr. OVERMAN. May I inquire if this money would come out of the Treasury of the United States?

Mr. BURSUM. It would not. Here is the situation——

Mr. SMOOT. I can say to the Senator that it would not be paid back into the Treasury of the United States.

Mr. BURSUM. There was some money paid out by the Reclamation Service——

Mr. SMOOT. Mr. President, I shall have to object to the present consideration of the bill.

The VICE PRESIDENT. The bill goes over under objection.

Mr. JONES of New Mexico. Mr. President, I hope Senators may read the report on the measure just under discussion coming from the Secretary of the Interior. It contains, I think, a very clear and concise statement of the situation, and I believe if it is understood there will be no objection to the passage of the bill. We will undoubtedly have an opportunity tomorrow to take it up again on the call of the calendar. I trust that Senators will read the report in the meantime.

Mr. LODGE. Mr. President, I ask for the regular order.

The VICE PRESIDENT. The Secretary will report the next bill on the calendar.

BILLS PASSED OVER.

The bill (S. 2098) for the relief of Jacob Mull was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 4396) for the relief of Eldredge & Mason, of Malone, N. Y., was announced as next in order.

Mr. McKELLAR. Will some one explain what the bill proposes?

Mr. WILLIS. The Senator from New York [Mr. WADSWORTH] is temporarily absent. I suggest that the bill be passed over without prejudice until he returns to the Chamber.

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

WIDENING OF FIRST STREET NE.

The bill (H. R. 5018) to authorize the widening of First Street NE., and for other purposes, was considered as in Committee of the Whole, and was read as follows:

Be it enacted, etc., That under and in accordance with the provisions of subchapter 1 of chapter 15 of the Code of Law for the District of Columbia, within six months after the passage of this act, the Commissioners of the District of Columbia be, and they are hereby, authorized and directed to institute in the Supreme Court of the District of Columbia a proceeding in rem to condemn the land that may be necessary for the widening of First Street NE., along the eastern boundaries of squares numbered 675, 676, and 677, to a width of 60 feet, as shown on plan on file in the office of the Engineer Commissioner of the District of Columbia: *Provided, however*, That of the amount found to be due and awarded by the jury in said proceeding as damages for and in respect of the land to be condemned for said widening, plus the costs and expenses of the proceeding hereunder, not less than two-thirds thereof shall be assessed by the jury as benefits.

SEC. 2. That there is hereby authorized to be appropriated, out of the revenues of the District of Columbia, an amount sufficient to pay the necessary costs and expenses of the condemnation proceeding taken pursuant hereto and for the payment of amounts awarded as damages. The amounts assessed as benefits when collected shall be repaid to the District of Columbia and covered into the Treasury to the credit of the revenues of the District of Columbia.

SEC. 3. That the act approved June 11, 1910, entitled "An act authorizing the widening of First Street NE., in the District of Columbia," be, and the same is hereby, repealed, and the Commissioners of the District of Columbia are hereby authorized and directed to discontinue and abandon the proceeding heretofore instituted by them under said act for the widening of said First Street, now pending in the Supreme Court of the District of Columbia, and known as District court cause numbered 922.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

BILLS PASSED OVER.

The bill (H. R. 12368) to abolish the inspection districts of Apalachicola, Fla., and Burlington, Vt., and the office of one supervising inspector, Steamboat Inspection Service, was announced as next in order.

Mr. REED of Pennsylvania. I ask that the bill may go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 4318) authorizing the Secretary of the Treasury to make collections and refunds of taxes out of the proceeds of sales of property held in the Treasury was announced as next in order.

Mr. KING. Reserving the right to object, let the bill be read.

The reading clerk read the bill.

Mr. WILLIS. I observe that the Senator from North Dakota [Mr. McCUMBER] is not in the Chamber at this time. This is a very important bill, and I suggest that it be passed over temporarily without prejudice.

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

The bill (S. 1194) for the relief of Northrup Banks was announced as next in order.

Mr. KING. Let the bill go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (S. 4282) for the purchase of the statue "The Pilgrim Mother and Child of the Mayflower" and presentation of same to the Government of Great Britain was announced as next in order.

Mr. REED of Pennsylvania and Mr. MOSES asked that the bill go over.

The VICE PRESIDENT. The bill will go over.

ROBERT F. HAMILTON.

The bill (S. 3023) for the relief of Robert F. Hamilton was announced as next in order.

Mr. KING. Let the bill go over.

Mr. HARRELD. Mr. President, I hope the Senator will not object to the consideration of that bill.

Mr. KING. I will withhold my objection pending an explanation.

Mr. HARRELD. This bill provides for relief in another one of those cases where a soldier in the Union Army during the Civil War was taken as a prisoner of war and confined in prison. He was afterwards paroled and returned to his home. He was young and did not know that it was necessary for him to secure a formal discharge from the Army. I personally am acquainted with this man and know that this is a very meritorious case.

Mr. KING. I should like to hear the report in this case read. It is not very long.

The VICE PRESIDENT. The report will be read.

The reading clerk read the report (No. 1131) submitted by Mr. SHEPPARD on the 10th instant, as follows:

The Committee on Military Affairs, to which was referred the bill (S. 3023) for the relief of Robert F. Hamilton, having considered the same, report favorably thereon with the recommendation that the bill do pass without amendment.

The report on this bill from the War Department is appended hereto and made a part of this report, as follows:

WAR DEPARTMENT,
THE ADJUTANT GENERAL'S OFFICE,
April 12, 1922.

It is shown by the records that Robert F. Hamilton, 18 years of age, was enrolled October 15, 1863, with the consent of his guardian—J. H. Hafford—at Shelbyville, Tenn., and mustered into the service as of the same date, as a private in Company M, Tenth Regiment Ohio Cavalry, to serve three years. He appears to have served faithfully until March 14, 1864, when he deserted at La Vergne, Tenn., never thereafter returning to his command, which remained in the service until July 24, 1865, when it was mustered out at Lexington, N. C.

The medical records show that he was treated in field hospital at Chattanooga, Tenn., from December 24 to 25, 1863, for indigestion and debility, and in Cumberland General Hospital, Nashville, Tenn., from December 29, 1863, to January 15, 1864, for intermittent fever. No record has been found of the alleged capture of this man.

Applying for removal of the charge of desertion and for an honorable discharge, R. F. Hamilton, under date of February 15, 1890, testified as follows:

"About February 15, 1864, claimant and a comrade named Roberson went out of camp to have washing done; nearest place could get it done was 3 miles from camp; on returning to camp were captured by bushwhackers, Capt. Sam Moore. Roberson escaped fifth night after; claimant was kept as kind of waiting boy by Captain Moore, under close watch; was taken sick middle of July, 1864, in swamps of Alabama and when no longer able to serve the captain was given a parole and told to do the best he could; made his way to house of Union man named Neal, where stayed until could travel and then went back to Tennessee until war closed."

He again testified under date of January 30, 1892, that he served faithfully until on or about the 15th day of February, 1864, when without any intention of desertion he left the regiment under the following circumstances:

"Was captured while out of camp by Confederates. Was held as a prisoner until July, 1864; was paroled, but being unable for service, caused by exposure, I did not return to command. Remained a paroled soldier until the close of the war, never having been exchanged. The officer who paroled me, Capt. Sam Moore, Confederate, told me that I had no right to go back into service unless I was exchanged, and if I did and was captured again I would be shot, and for me to go home and stay there. I was sick at the time, and being only 15 years of age and inexperienced, I did not know what to do in the premises. I never returned to my command. At the close of the war I sent my parole to the department, but was informed that I was reported as a deserter. I never did draw a cent of pay or bounty, and never received any discharge, and never deserted—only as herein set forth."

Applying to the President in 1904 for the desired relief, Hamilton made substantially the same allegations as he made in 1890 and 1892, adding that at the time of his enlistment he was an orphan and had no guardian.

Application for removal of the charge of desertion and for an honorable discharge in the case of this soldier has been denied, and now stands denied, on the ground that the soldier did not serve until May 1, 1865, and that it has not been established that he was prevented from completing his term of enlistment by reason of disability incurred in the line of duty, and because the case does not come within the provisions of the act of Congress approved March 2, 1889, which is the only law in force governing the subject of removal of charges of desertion.

Respectfully submitted.

ROBERT C. DAVIS,
Acting The Adjutant General.

The SECRETARY OF WAR.

Your committee has carefully considered the merits of this case and has come to the conclusion that Hamilton did not desert his command. Mr. Hamilton enlisted at the age of 15; he is now 74. The circumstances as he describes them are corroborated by affidavits on file in connection with this case. They support his story that he was captured by Confederates and after imprisonment for several months was paroled. He observed his parole until the close of the war, serving, however, in a home guard company to check marauders in his community.

Mr. OVERMAN. Is there any evidence to sustain the affidavit of the beneficiary in this case? I think it is evident from the report that there is no corroborating evidence.

Mr. KING. It is merely the statement of the beneficiary.

Mr. OVERMAN. Then let the bill go over, Mr. President.

The VICE PRESIDENT. The bill will go over.

ELDREDGE & MASON, OF MALONE, N. Y.

Mr. WADSWORTH. Mr. President, I understand that in my absence from the Chamber just a little while ago Order of Business 1065, being Senate bill 4396, was postponed until my return. I ask that that number be now called.

The VICE PRESIDENT. The bill referred to by the Senator from New York will be stated by title.

The READING CLERK. A bill (S. 4396) for the relief of Eldredge & Mason, of Malone, N. Y.

Mr. WADSWORTH. Mr. President, I understand that an explanation of that bill was desired.

Mr. McKELLAR. Will the Senator from New York explain the bill?

Mr. WADSWORTH. The complete explanation of the bill is found in the report of the committee thereon. This is a case involving the seizure of an automobile which was being operated in northern New York by a bootlegger. A man named Disotelle purchased an automobile from this concern, Eldredge & Mason, paying part cash and giving a note for $500 for the balance of the price of the car, which was secured by a chattel mortgage given to Eldredge & Mason. Disotelle was caught later on transporting liquor. He was tried and convicted, as I recollect, and the court ordered the automobile sold and sufficient of the proceeds from the sale paid to Eldredge & Mason to satisfy their lien. The automobile was sold and the officer who sold it turned the money in to the clerk of the court, who, failing to recollect the order of the court, turned the money into the Treasury of the United States. This concern, as I have stated, had a lien on the car, and the court ordered that that lien be satisfied, but the clerk of the court made an error and did not do so.

Mr. OVERMAN. How was that lien to be satisfied? Was it to be satisfied according to the decree of the court by the payment of the money to this concern?

Mr. WADSWORTH. Yes. This lien had been filed against the car.

Mr. OVERMAN. Did the court order the lien to be paid in that way?

Mr. WADSWORTH. It did; that was the decree of the court.

Mr. OVERMAN. Then ought not the clerk be made to pay the money if the court had ordered it to be paid by the clerk and he did not do it?

Mr. WADSWORTH. He did not do his duty, but turned the money into the Treasury of the United States.

Mr. McKELLAR. And, of course, after it got into the possession of the Treasury it was impossible to get it out except by congressional action.

Mr. WADSWORTH. It requires an appropriation by Congress to get it out.

The VICE PRESIDENT. Is there objection to the consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 4396) for the relief of Eldredge & Mason, of Malone, N. Y. It proposes to pay to Eldredge & Mason, of Malone, N. Y., $473.25, erroneously paid into the Treasury of the United States, which was the proceeds of a marshal's sale of an automobile which was seized by the Federal authorities for violation of the Volstead Act and upon which automobile Eldredge & Mason held a lien.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

MONUMENT AT FORT PIERRE, S. DAK.

The bill (S. 4350) authorizing the Secretary of the Interior to erect a monument at Fort Pierre, S. Dak., to commemorate the explorations and discoveries of the Verendrye brothers and to expend not to exceed $25,000 therefor, was announced as next in order.

Mr. ROBINSON. Mr. President, there is no printed report accompanying this bill, but it proposes to establish a policy which I think may result in large and numerous appropriations for the erection of monuments in different parts of the country. I think the bill ought to go over.

The VICE PRESIDENT. The bill will go over.

Mr. STERLING. Mr. President, will the Senator permit a brief statement with regard to this measure?

Mr. ROBINSON. Certainly.

Mr. STERLING. Mr. President, I think this bill should pass. It is, I think, a matter of national importance that important places of discovery and claims of territory should be marked. In the year 1743, now just about 180 years ago, the Verendrye brothers, two French explorers, made claim to this territory in behalf of the King of France, and at the point at Fort Pierre where it is proposed to erect this monument they fixed a tablet. That tablet was discovered, I think, in the year 1913. The exact place where the Verendrye brothers stood and claimed this territory for France has thus been located, and it is of great national importance, I think, that places such as this should be appropriately marked. Since the bill does not call for an appropriation of over $25,000, or, rather, authorize an appropriation for more than that sum, I hope there will be no further objection.

Mr. ROBINSON. Mr. President, there are thousands of historical incidents at least as important as any incident connected with the Verendrye brothers or any act of their lives; and if this Government embarks upon the policy of appropriating $25,000 to commemorate events of the character mentioned in this bill, it will occasion the expenditure of very large sums of money. I think the policy as a whole ought to be considered rather than entered upon through a specific case of this character. I object to the consideration of the bill.

The VICE PRESIDENT. Being objected to, the bill will go over.

JOINT RESOLUTION PASSED OVER.

The joint resolution (S. J. Res. 91) authorizing the President to require the United States Sugar Equalization Board (Inc.) to adjust a transaction relating to 3,500 tons of sugar imported from the Argentine Republic was announced as next in order.

Mr. WALSH of Montana. I object to that, Mr. President.

The VICE PRESIDENT. There is objection.

Mr. FRELINGHUYSEN. I appeal to the Senator from Montana to allow the bill to be considered. Other bills of a similar character have been considered. This is the case of a man who lost everything. Under the report it is shown that he actually had written stipulations regarding the transaction.

Mr. WALSH of Montana. The Senator knows I am opposed to this legislation——

Mr. FRELINGHUYSEN. I know the Senator is.

Mr. WALSH of Montana. And have fought it heretofore on the floor. It will occupy the entire morning hour to dispose of these matters if they are taken up.

Mr. FRELINGHUYSEN. If it leads to any discussion, I will allow the bill to go over.

Mr. WALSH of Montana. I can assure the Senator that it will lead to discussion.

Mr. FRELINGHUYSEN. Of course, if the Senator wishes to speak on it to that extent, any appeal is useless. The Senator, then, will not withdraw his objection?

Mr. WALSH of Montana. I insist upon the objection.

The VICE PRESIDENT. The joint resolution will be passed over.

The joint resolution (S. J. Res. 172) authorizing the President to require the United States Sugar Equalization Board (Inc.) to take over and dispose of 2,000 tons of sugar imported from the Argentine Republic and adjust the loss sustained thereby was announced as next in order.

Mr. WALSH of Montana. I object to the joint resolution.

The VICE PRESIDENT. The joint resolution will be passed over.

MONUMENT SYMBOLIZING THE NATIONAL GAME OF BASEBALL.

The joint resolution (S. J. Res. 277) granting permission for the erection of a monument to symbolize the national game of baseball was announced as next in order.

Mr. ROBINSON. Mr. President, I suggest that that joint resolution go over.

Mr. PEPPER. Mr. President——

Mr. ROBINSON. I can not consent at this time, under the conditions that surround the business of the Senate, to the consideration of a measure to provide for the erection of a monument to the national game of baseball. I object to the consideration of the joint resolution.

Mr. PEPPER. I ask the Senator to reconsider the position he has taken. This is the case of an offer by the American League of Professional Baseball Clubs to erect, without expense to the Government, and in accordance with designs approved in the usual way by the Fine Arts Commission——

Mr. ROBINSON. If the Senator will pardon me, my objection goes to the fact that we are consuming the time of the Senate of the United States in the consideration of trivial matters when it ought to be engaged in the consideration of important matters. I object, Mr. President, to the consideration of the joint resolution for the present.

Mr. PEPPER. Mr. President, I merely wish to suggest to the Senator that a work of art symbolizing the idea of play and sport in America——

Mr. ROBINSON. Mr. President, if the Senator persists in discussing the joint resolution, we may pass it; so I withhold my objection.

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution. It authorizes the Chief of Engineers, United States Army, to select a suitable site and to grant permission to the American League of Professional Baseball Clubs for the erection, as a gift to the people of the United States, on public grounds of the United States in the city of Washington, D. C., other than those of the Capitol, Library of Congress, the Mall, West Potomac Park, and the White House, of a monument to symbolize the national game of baseball and the benefits resulting therefrom to the people of the United States; but the site chosen and the design of the monument shall be approved by the Joint Committee on the Library of the Congress after procuring the advice of the Commission of Fine Arts; and the monument shall be erected under the supervision of the Chief of Engineers, and the United States shall be put to no expense in or by its erection.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

PRICE OF WHEAT.

The bill (S. 4478) to promote agriculture by stabilizing the price of wheat was announced as next in order.

Mr. WADSWORTH. I ask that that bill go over.

The VICE PRESIDENT. The bill will be passed over.

REORGANIZATION OF THE FOREIGN SERVICE.

The bill (H. R. 13880) for the reorganization and improvement of the foreign service of the United States, and for other purposes, was announced as next in order.

Mr. ROBINSON. Mr. President, this appears to be a bill of importance. Reserving the right to object, I ask the Senator from Massachusetts to make a brief explanation of it.

Mr. LODGE. Mr. President, it is a bill of very great importance. It has been very carefully prepared by the department, by the House committee, and by the Senate committee.

The main purpose of the bill is the consolidation and interchangeability of the services, to put the consuls and all diplomatic officers below the rank of minister together, so that they can be used in either service. It puts them under the law providing civilian pensions for service. They are the only class that have none.

Those are the two principal features of the bill. It would take me some time to go into all the details.

Mr. ROBINSON. Mr. President, is the report of the committee unanimous?

Mr. LODGE. The report is unanimous. There was no objection to it either in the House or in the Senate.

Mr. STERLING. Mr. President, I have some hesitation in consenting to the passage of this bill. It provides an annuity, after the analogy, of course, of the civil service retirement law. The largest annuity paid under the civil service retirement law is $720 per annum.

Mr. ROBINSON. Mr. President, I object to the present consideration of the bill.

The VICE PRESIDENT. There is objection. The bill will be passed over.

BLATTMANN & CO.

The bill (S. 3701) for the relief of Blattmann & Co. was considered as in Committee of the Whole.

The bill had been reported from the Committee on Foreign Relations with an amendment, on page 1, line 3, after the words

"sum of," to strike out "$145,526" and insert "$124,383.86," so as to make the bill read:

Be it enacted, etc., That the sum of $124,383.86 is hereby appropriated, out of any money in the Treasury not otherwise appropriated, for the purpose of compensating Blattman & Co., of Waedenswil, Switzerland, for losses sustained through the wrongful seizure and sale of 1,057,100 pounds of devitalized gluten by the Alien Property Custodian of the United States which belonged to the said Blattmann & Co.

Mr. McKELLAR. Mr. President, this seems to be a good, large sum. I wish the Senator in charge of it, or the Senator responsible for it, would explain it to the Senate.

Mr. KING. Mr. President, I am not in charge of the measure, but I know something about it. It was under discussion here the other day and went over.

Mr. McKELLAR. I see that the Senator from Connecticut is here.

Mr. BRANDEGEE. Mr. President, I could not hear what the Senator from Utah said.

Mr. KING. The Senator from Tennessee asked for some explanation, and I saw that the Senator from Indiana [Mr. NEW], who had charge of the bill, was not here, and I was responding and giving such information as I could.

Mr. BRANDEGEE. I wish the Senator would continue his statement.

Mr. KING. I shall be glad to yield to the Senator.

Mr. BRANDEGEE. I did not want the Senator to. I thought he took his seat after asking a question.

Mr. President, this bill was before the Committee on Foreign Relations. It is a claim for the value of property which the Alien Property Custodian had taken over during the war, on the ground that it belonged to an alien enemy. It was proved before a subcommittee of the Committee on Foreign Relations, to which the claim was referred, that the owner of the property was not an alien enemy, and never had been. Blattmann & Co. were Swiss, and the claim was substantiated by proper evidence and affidavits. The former Senator from Georgia, Mr. Smith, appeared before the committee as counsel for the claimant and advocated the claim, and satisfied the committee that it was a just one. This money is to compensate the man for the amount of property that was taken from him, which the Government now admits was not the property of an alien enemy. The Government did pay him a certain amount in cash, for which it holds his receipt; I think it was $65,000; and this is the difference between that amount and the amount that the property was worth.

Mr. President, I will state further that I was the chairman of the subcommittee that considered the matter. The Senator from Indiana [Mr. NEW] and the Senator from Nebraska [Mr. HITCHCOCK] were the other two members of the subcommittee. I was instructed to draw the report of the subcommittee. When I went down to the committee room to look at the letter which the Secretary of State had written in relation to the claim in response to the request of the chairman of the committee—the Senator from Massachusetts [Mr. LODGE]—I noticed that the Secretary of State said that he had written two letters to the Alien Property Custodian requesting information and the opinion of that officer upon the merits of the claim, and he had been unable to get a reply from him. The State Department made no objection to the bill, but they did state that fact, whereupon I took the liberty of delaying the report and wrote the Alien Property Custodian, Colonel Miller, myself, asking him to give me such information as he could about the claim. I received no reply from him, and I thereupon conferred with the Senator from Nebraska and the Senator from Indiana and told them that I would like to know why he would not answer the letters in relation to that matter that had taken place in his department. There it stands. I have no more information about it than I had. The claim, as proved before the committee, seemed to be perfectly justifiable and legal.

Mr. McKELLAR. Mr. President——

Mr. BRANDEGEE. I yield.

Mr. McKELLAR. As I understand the Senator, this property belonging to Blattmann & Co. was taken by the Government during the war and turned into the hands of the Alien Property Custodian. A part of it has been turned back to them by the Alien Property Custodian, and this bill is to return the remainder. Is that the situation?

Mr. BRANDEGEE. Part of it was sold by the Alien Property Custodian at a very greatly reduced price, not a fair price in the market at all, and what was received from that sale—I think $65,000—was paid to Blattmann & Co. Now they ask for the fair value of what was not accounted for to them.

Mr. McKELLAR. And this is to pay the difference between what the property sold for and its fair value?

Mr. BRANDEGEE. Yes, sir; but, as I say——

Mr. McKELLAR. Has it been determined that Blattmann was a resident citizen?

Mr. BRANDEGEE. Blattmann was a Swiss, and he was over here in this country. He was not an alien enemy and never had been, nor had any of his firm. The former Senator from Georgia, Mr. Smith, offered to produce him before the subcommittee and allow us to examine and question him, and had him here in the galleries and downstairs, subject to our call. We saw no necessity of having him there, as the documents seemed to be ample to prove the claim and there was no dispute about it.

What I am at a loss to account for, however, is why the Alien Property Custodian, whose office made this blunder, will not answer either the Secretary of State or the Foreign Relations Committee as to what the situation about that claim is; and although it seemed to me that the case was a perfectly clear one, and that the claim ought to be paid, I hesitated to have final action taken upon it and then perhaps have the Alien Property Custodian say that it was all wrong and that it ought not to have been paid.

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

Mr. BRANDEGEE. I yield.

Mr. ROBINSON. I notice in a letter printed in the report, which letter is dated August 22, 1919, that the Assistant Attorney General, Mr. R. P. Stewart, made the following statement:

The nonenemy character of the claimant is fully established and its claim accordingly has been allowed.

That was with reference to the proceeds of the property sold. Why did not the committee call the Alien Property Custodian before it and require him to testify about the matter?

Mr. BRANDEGEE. As I say, it was not until I noticed in the letter of the Secretary of State to the Senator from Massachusetts [Mr. LODGE], the chairman of the committee, that he had written two letters to the Alien Property Custodian for information, but had not received a reply to either of them, that I was put upon inquiry. I then wrote a courteous letter to the Alien Property Custodian, telling him that we had reported the bill favorably, and that it was upon the calendar, but that before final action was taken I should like to know why he did not answer the letters of the Secretary of State, and what the position of his department or bureau was on the question. I have received no reply from him. The Senator from Indiana [Mr. NEW] told me yesterday or the day before, when I spoke to him about this matter, that he had talked to the Alien Property Custodian, who told him verbally that the claim was all right; and I can not understand why he will not put that in writing so that there may be a record of it. The Senator from Indiana told me that I might state that fact upon the floor, and, if I understood him correctly, stated that the Alien Property Custodian said he had no objection to being quoted to that effect.

That is all I know about this matter.

Mr. McKELLAR. Mr. President——

Mr. BRANDEGEE. I yield.

Mr. McKELLAR. If the Senator and the committee are absolutely certain that this man, the claimant, was a Swiss and not a German or an Austrian——

Mr. BRANDEGEE. There is no question about his being a Swiss.

Mr. McKELLAR. If there was no question about his nationality, and no question about the difference in value, it seems to me the Government should pay it.

Mr. BRANDEGEE. It seemed so to the committee, and they so reported.

Mr. STERLING. Mr. President, I think the time limit has expired.

Mr. ROBINSON. I shall not object to the consideration of the bill.

The VICE PRESIDENT. The time of the Senator from Connecticut has expired.

Mr. WALSH of Montana and Mr. HITCHCOCK addressed the Chair.

The VICE PRESIDENT. The Senator from Montana.

Mr. WALSH of Montana. Mr. President, although this claim seems on its face to be absolutely just, and the man apparently is entitled to his money, this is a rather startling kind of a proposition. Apparently, the Alien Property Custodian not only seized and took possession of this man's property and held it in trust, but he went on and sold the property, and now, apparently, there is no controversy whatever but that the man is a Swiss. It does seem to me that under those circumstances some explanation ought to be forced out of the Alien Property Custodian by subpœnaing him before the committee. Of course, they must have had some reason, they must have had some in-

formation, they must have had some testimony to establish that the claimant was indeed a subject of one of the enemy countries. There must be in existence, as it seems to me, evidence countervailing that which appears in this record. If I might say so, there must be a file of the case in the office of the Alien Property Custodian.

Mr. BRANDEGEE. Mr. President, if the Senator will yield to me——

Mr. WALSH of Montana. I yield.

Mr. BRANDEGEE. The Senator will recall that I stated that I had requested the Alien Property Custodian to furnish me with information on the case, and he does not even answer the letter. He speaks verbally to the Senator from Indiana [Mr. NEW] about it, and I am at a loss to know why he will not answer the letter, why he will not put in writing, either to the Secretary of State or to the Senate committee, his views upon this question. He knows that the bill has been favorably reported, and if there is anything in his files that shows that it is an unjust bill, I assume that he would tell us so; but why he will not give in writing his opinion that the claim ought to be paid, if that is his opinion, I do not know.

Mr. STERLING. Mr. President, I invoke the rule as to time.

Mr. BRANDEGEE. The Senator from Montana yielded to me.

Mr. STERLING. I did not so understand.

Mr. WALSH of Montana. The Senator is speaking in my time.

Mr. BRANDEGEE. I want to call the Senator's attention to the fact that this property was taken not by the present Alien Property Custodian but by the previous one, and was sold by the previous one.

Mr. WALSH of Montana. Presumably he proceeded upon some information.

Mr. BRANDEGEE. I have no doubt he acted in good faith, and that he thought it was alien property.

Mr. WALSH of Montana. We ought to have the benefit of the information upon which he acted, at least.

Mr. HITCHCOCK. Mr. President, this has been a very serious comedy of errors, and I am actually in doubt at the present time whether Congress ought to recognize this claim or not. It was referred to a subcommittee, as the Senator from Connecticut has said, and the subcommittee gave a hearing to the attorney who represented Blattmann. It appeared to the subcommittee that it was a good claim. It was evident that Blattmann was not an alien enemy. It was evident that he had bought a certain amount of gluten prior to the war and had it stored in the United States. It was evident that it was seized by the Alien Property Custodian. It was evident that it was sold by the Alien Property Custodian for $65,000, and when Blattmann made his claim to the State Department, the State Department made representations to the Alien Property Custodian, and the proceeds of the sale were paid over to Blattmann. A receipt was taken from the Swiss minister which purported to be a receipt in full, except for a note at the bottom that it was to the extent of $65,000.

The evidence before the committee was that this gluten had cost Mr. Blattmann's firm $88,000, and he received back in cash $65,000, and this evidence was not before the committee at the time. What he claims is the advance in the value of the gluten which occurred since he purchased it in the United States, which, if paid, would amount to something like $120,000.

When this came before the committee we were told that the State Department had been unable to get any reply out of the Alien Property Custodian as to the merits of the case, but a little later we learned that the Alien Property Custodian had directed the counsel for the Alien Property Custodian to reply, and he had replied. I think his name is Wilson. He disputed the right of Blattmann to have any further sum returned. I have not the Wilson letter here, but it was evident that it was an error to assume that the Alien Property Custodian had not resisted the claim, because, through his counsel, he did resist it.

The present attitude of the Alien Property Custodian is to avoid committing himself on the case. He declines to write a letter and declines to advise the committee, except as he personally says it would be all right to pay the claim.

Mr. WALSH of Montana. Was any evidence given as to the reason why Blattmann did not proceed, as entitled by law, to establish his claim in court?

Mr. HITCHCOCK. No explanation was made.

Mr. WALSH of Montana. He has a perfect right to do that.

Mr. HITCHCOCK. I think he has, but it was considered by the State Department as a matter of courtesy and grace that the United States should make good for the mistake. I think there is a legal question as to whether we are called upon to make good for the amount the goods might have been sold for if they had been sold for the full market value. There is a question as to whether Blattmann is to be compensated for what he actually lost, taking the cost of the goods into account, or whether he should be compensated for what he lost, taking the advanced value into account.

Mr. McNARY. Mr. President——

Mr. HITCHCOCK. I am rather inclined to think it is a legal question, and that it would be better to have it submitted in the proper way as provided by the law. I yield to the Senator.

Mr. McNARY. If this bill leads to further discussion, I shall have to object to its consideration. It is taking the whole morning, and there are many bills that ought to be considered.

Mr. HITCHCOCK. I think I ought to make one statement, if the Senator will permit me. When the subcommittee discovered this additional evidence, it requested that the bill be recommitted to the committee, and that was done. Then, without any action by the committee, or any action by the subcommittee, it was again put upon the calendar, I think through an inadvertence, by the Senator from Indiana. We have never had an opportunity to consider it, as had been intended when we asked the Senate to recommit it.

Mr. OVERMAN. I just want to ask one question in regard to the bill.

Mr. McNARY. I object to the further consideration of the bill.

The VICE PRESIDENT. There is objection.

Mr. LODGE. I ask for the regular order.

The VICE PRESIDENT. The regular order is the calendar. The Secretary will call the next number on the calendar.

PUBLIC WORKS.

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 was announced as next in order.

Mr. DIAL. Let that go over.

Mr. FRELINGHUYSEN. Will not the Senator withhold his objection for a moment? This is a very important bill, and I do not think it will take long to consider it.

Mr. DIAL. I have no objection to the Senate considering it, but I object to its passage. If the Senator wants to make a statement, I will withhold the objection.

Mr. FRELINGHUYSEN. Does the Senator insist on his objection?

Mr. DIAL. I do.

The VICE PRESIDENT. The bill will be passed over.

GRADE CROSSINGS IN THE DISTRICT OF COLUMBIA.

The bill (S. 1847) to amend an act approved February 12, 1901, entitled "An act to provide for eliminating certain grade crossings on the line of the Baltimore & Potomac Railroad Co. in the city of Washington, D. C., and requiring said company to depress and elevate its tracks, and to enable it to relocate parts of its railroad therein, and for other purposes," was considered as in Committee of the Whole, and was read, as follows:

Be it enacted, etc., That section 12 of the act entitled "An act to provide for eliminating certain grade crossings on the line of the Baltimore & Potomac Railroad Co. in the city of Washington, D. C., and requiring said company to depress and elevate its tracks, and to enable it to relocate parts of its railroad therein, and for other purposes," approved February 12, 1901, be, and the same is hereby, amended as follows:

Strike out the following words in said section: "Each street-railway company using said bridge shall pay, in addition to other taxes as by its charter provided, one-half of 1 cent for each and every passenger carried across said bridge," and insert in lieu thereof the following: "The street or electric railway company, or if more than one, then all, but not each, of such companies, using said bridge shall pay, in addition to other taxes as by its or their charter or charters provided, the sum of $10,000 annually as compensation for the use of said bridge."

SEC. 2. That all acts or parts of acts inconsistent with this act be, and they are hereby, repealed.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

ALLEY DWELLINGS IN THE DISTRICT OF COLUMBIA.

The bill (S. 4414) to amend the act of Congress approved September 6, 1922, relating to the discontinuance of the use as dwellings of buildings situated in alleys in the District of Columbia, was announced as next in order.

Mr. McKELLAR. Let the bill go over.

Mr. BALL. I trust the Senator will withdraw his objection. This is a very important bill. There are between fourteen and fifteen thousand alley dwellers in this District who, under the law, will be turned out on the 1st day of June. The law compels the District authorities to close all alleys by that date.

Mr. McKELLAR. I had an understanding about this matter with the Senator from Delaware, and I hope the measure can

be passed; but I am not going to permit it to go through to-day unless the agreement the Senator and I had is carried out.

Mr. BALL. I did not understand the Senator. Does he insist on his objection?

Mr. McKELLAR. For the present I do.

The VICE PRESIDENT. The bill will be passed over.

TERMINAL FACILITIES.

The bill (H. R. 6650) providing additional terminal facilities in square east of 710 and square 712 in the District of Columbia for freight traffic was announced as next in order.

Mr. McKELLAR. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

STANDARD FOR BUTTER.

The bill (H. R. 12053) to define butter and to provide a standard therefor was announced as next in order.

Mr. STERLING. I desire to submit a letter from the Secretary of Agriculture upon the bill, and would like to have it read.

The VICE PRESIDENT. Without objection, the Secretary will read the letter.

The reading clerk read as follows:

Hon. THOMAS STERLING,
United States Senate.

DEAR SENATOR: I am writing in response to a request from your office made on February 13 for an expression of the department's views regarding the pending Senate bill 3858, which proposes to establish a legislative standard for butter.

In the administration of the Federal food and drugs act, this department has been compelled to operate on the basis of administrative standards. It has been necessary in each instance where litigation involving the composition of butter was concerned to secure competent evidence from experts in the trade in support of the department's standard for that product. This necessitates considerable expense. The standard under which this department orginally operated in the enforcement of the Federal food and drugs act was published in 1906, and called for a milk fat content of 82.5 per cent. This figure correctly represented the composition of butter as it was manufactured at that time. Conditions in the trade have changed, however, and the present practice sanctions the manufacture of butter having a milk-fat content as low as 80 per cent. In view of this the department has for several years observed in its regulatory work a tolerance of 2.5 per cent and no action under the law has been instituted against butter containing 80 per cent of milk fat or more. Many States, however, have in their laws a provision which automatically makes effective within the State, without providing for tolerances, those administrative standards adopted by this department. As a consequence, there has been during the last few years a great deal of confusion in the butter industry because of the variance between the Federal Government and certain States.

In recognition of this fact the department, on January 10, 1923, issued a new administrative standard for butter which calls for a fat content of not less than 80 per cent, which is the fat standard called for in the pending bill.

Mr. STERLING. I do not ask for the further reading of the letter. The Secretary of Agriculture has fixed the standard at 80 per cent instead of 82½ per cent, as it has been heretofore. He finds that the old standard does not accord with the custom of the trade, and is unworkable, and so he asks that the standard be fixed at 80 per cent, and that is the only purpose of this bill.

Mr. OVERMAN. I understood there was a conflict between the Federal Government and the governments of some of the States of the Union.

Mr. STERLING. There is; because some of the States of the Union have fixed 80 per cent as the standard. Where they have fixed 82½ per cent, the States have found the standard unworkable, and there is great confusion in the standards, and it is very hard to administer these varying regulations. Hence the Secretary of Agriculture says, in effect, "If you adopt an 80 per cent standard, which is sufficient, and make it the law, that will settle the matter, will make it certain, and the law will be more easily enforced than a mere regulation."

Mr. McKELLAR. Will the Senator accept an amendment on line 8, to strike out the words "and with or without additional coloring matter"?

Mr. STERLING. No; I will not.

Mr. McKELLAR. Then I object to it.

Mr. STERLING. Let me say to the Senator from Tennessee, that that is allowed now under the law. We have two statutes which allow of coloring matter.

Mr. McKELLAR. If it is allowed under the law, then it ought to be stricken out, and unless the Senator will permit that amendment, I object.

Mr. STERLING. I can not permit the amendment. I can not agree to the changing of the law.

Mr. NORRIS. I would like to ask the Senator from South Dakota what committee reported the bill?

Mr. STERLING. The Committee on Agriculture and Forestry, in the first place, and this is the same as the Senate bill reported by the Committee on Agriculture, except in the last six words, which are added.

Mr. OVERMAN. I object. It would interfere with the laws of some of the States.

Mr. McKELLAR. I call for the regular order.

The VICE PRESIDENT. The regular order is the calendar, and the Secretary will call the next number on the calendar.

BILLS PASSED OVER.

The bill (H. R. 5020) to provide for the sale by the Commissioners of the District of Columbia of certain land in the District of Columbia acquired for a school site, and for other purposes, was announced as next in order.

Mr. McKELLAR. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

The bill (H. R. 5027) to amend an act approved February 28, 1899, entitled "An act relative to the payment of claims for material and labor furnished for District of Columbia buildings," was announced as next in order.

Mr. McKELLAR. Let that go over.

The VICE PRESIDENT. The bill will be passed over.

ALLEY DWELLINGS IN THE DISTRICT OF COLUMBIA.

Mr. KING. I ask unanimous consent that the Senate consider Senate bill 4414, which the Senator from Tennessee objected to, a bill introduced by the Senator from Delaware, commonly called the "alley bill."

Mr. McKELLAR. I object for the present.

Mr. KING. It is a very important measure.

The VICE PRESIDENT. Objection is made.

JOSEPH F. BECKER.

The bill (S. 3615) for the relief of Joseph F. Becker was announced as next in order.

Mr. NORRIS. I think that in the consideration of a bill similar to this the Senate reached the conclusion that it wanted to provide for a different method of treatment than that provided for in this measure, and now I offer the same amendment, with the exception of the change of the name, that was offered by the Senator from New York [Mr. WADSWORTH] in the Livingston case and agreed to.

Mr. DIAL. What is the number of the bill?

Mr. NORRIS. It is Senate bill 3615. This is the same kind of a bill as the one in the Livingston case. I have that before me as it was agreed to.

Mr. OVERMAN. Was this man an officer of the same rank as Livingston?

Mr. NORRIS. No; of higher rank than that officer. I move to strike out all after the enacting clause and to insert:

That the Secretary of the Interior be, and he is hereby, authorized and directed to place on the pension rolls, subject to the provisions and limitations of the pension laws, the name of Joseph F. Becker, late lieutenant commander, United States Naval Reserves, and pay him a pension at the rate of $150 a month, to begin at the date of his discharge.

The VICE PRESIDENT. The question is on agreeing to the amendment.

Mr. SMOOT. As the only Senator who voted against granting a pension of $150 a month to a lieutenant in the Navy, I do not propose to vote for any such proposition. I do not think the House will ever pass the bill. Therefore I shall object to its consideration.

Mr. NORRIS. Will the Senator just wait a moment? In the other case, after debate of an hour or two—three hours, as is suggested by a Senator near me—the Senate decided on the procedure it would follow. This is the same kind of a case, except that this man is an officer of higher grade than the one in the case we disposed of the other day. It seems to me the Senate, having decided on a policy in this kind of a case, should not allow a pension to one and refuse it to another.

Mr. SMOOT. I voted against the other bill.

Mr. NORRIS. I understand, and the Senator can vote against this bill.

THE MERCHANT MARINE.

The VICE PRESIDENT. The hour of 1 o'clock having arrived, under the unanimous-consent agreement the Senate will vote on the motion of the Senator from Arkansas [Mr. ROBINSON] to recommit to the Committee on Commerce the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, on which the yeas and nays have been ordered.

Mr. LODGE. Mr. President, I make the point of no quorum.

The VICE PRESIDENT. The roll will be called.

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

Ashurst	Broussard	Colt	Dillingham
Ball	Bursum	Couzens	Edge
Bayard	Calder	Culberson	Ernst
Borah	Cameron	Cummins	Fernald
Brandegee	Capper	Curtis	Fletcher
Brookhart	Caraway	Dial	France

Frelinghuysen	Keyes	Norris	Smoot
George	King	Oddie	Spencer
Gerry	Ladd	Overman	Stanley
Glass	La Follette	Page	Sterling
Gooding	Lenroot	Pepper	Sutherland
Hale	Lodge	Phipps	Townsend
Harreld	McCormick	Pittman	Wadsworth
Harris	McCumber	Poindexter	Walsh, Mass.
Harrison	McKellar	Pomerene	Walsh, Mont.
Heflin	McKinley	Ransdell	Warren
Hitchcock	McLean	Reed, Pa.	Watson
Johnson	McNary	Robinson	Weller
Jones, N. Mex.	Moses	Sheppard	Williams
Jones, Wash.	Myers	Shields	Willis
Kellogg	New	Shortridge	
Kendrick	Norbeck	Smith	

The VICE PRESIDENT. Eighty-six Senators have answered to their names. A quorum is present. The question is on the motion made by the Senator from Arkansas [Mr. ROBINSON] to recommit the shipping bill, on which the yeas and nays have been ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. OWEN]. At this time I am unable to secure a transfer. If permitted to vote, I would vote "nay."

Mr. LODGE (when his name was called). I announce my general pair with the senior Senator from Alabama [Mr. UNDERWOOD]. I am unable to obtain a transfer, so I refrain from voting. If allowed to vote, I should vote "nay."

Mr. OVERMAN (when Mr. SIMMONS's name was called). I desire to announce that my colleague [Mr. SIMMONS] is absent on account of illness. He has a general pair with the junior Senator from West Virginia [Mr. ELKINS]. If my colleague were present and permitted to vote, he would vote "yea."

Mr. FLETCHER (when Mr. TRAMMELL's name was called). My colleague [Mr. TRAMMELL] is unavoidably absent. He has a general pair with the Senator from Rhode Island [Mr. COLT]. I will let this announcement stand for the day.

The roll call was concluded.

Mr. COLT (after having voted in the negative). I have a general pair with the junior Senator from Florida [Mr. TRAMMELL]. I am unable to obtain a transfer, so I withdraw my vote.

Mr. CURTIS. I wish to announce that the senior Senator from Minnesota [Mr. NELSON] is paired with the senior Senator from Missouri [Mr. REED] and that the junior Senator from West Virginia [Mr. ELKINS] is paired with the senior Senator from North Carolina [Mr. SIMMONS].

The result was announced—yeas 36, nays 48, as follows:

YEAS—36.

Ashurst	France	Kendrick	Robinson
Bayard	George	King	Sheppard
Borah	Gerry	La Follette	Shields
Brookhart	Glass	McKellar	Smith
Capper	Harris	McNary	Stanley
Caraway	Harrison	Myers	Swanson
Culberson	Heflin	Norris	Walsh, Mass.
Dial	Hitchcock	Overman	Walsh, Mont.
Fletcher	Jones, N. Mex.	Pittman	Williams

NAYS—48.

Ball	Frelinghuysen	McKinley	Reed, Pa.
Brandegee	Gooding	McLean	Shortridge
Broussard	Hale	Moses	Smoot
Bursum	Harreld	New	Spencer
Calder	Johnson	Norbeck	Sterling
Cameron	Jones, Wash.	Oddie	Sutherland
Couzens	Kellogg	Page	Townsend
Cummins	Keyes	Pepper	Wadsworth
Curtis	Ladd	Phipps	Warren
Dillingham	Lenroot	Poindexter	Watson
Ernst	McCormick	Pomerene	Weller
Fernald	McCumber	Ransdell	Willis

NOT VOTING—12.

Colt	Lodge	Owen	Stanfield
Edge	Nelson	Reed, Mo.	Trammell
Elkins	Nicholson	Simmons	Underwood

So the Senate refused to recommit the bill (H. R. 12817) to amend and supplement the merchant marine act, 1920, and for other purposes, to the Committee on Commerce.

FILLED MILK.

Mr. LADD. I move that the Senate proceed to the consideration of the bill (H. R. 8086) to prohibit the shipment of filled milk in interstate or foreign commerce, and I ask for the yeas and nays on the motion.

The yeas and nays were ordered.

Mr. HARRISON. Mr. President, I merely desire to know before I answer to my name if the motion which has been made by the Senator from North Dakota [Mr. LADD] is agreeable to the Senator from Washington?

Mr. JONES of Washington. Mr. President, I think I stated to the Senator from Mississippi the other day clearly what my position is.

Mr. HARRISON. But I should like to hear the Senator state it again.

Mr. JONES of Washington. I expect to vote for the motion of the Senator from North Dakota.

Mr. HEFLIN. Mr. President, this is the last test vote that will be had upon the ship subsidy bill, and I take it that the RECORD discloses the fact that those who were for the bill voted against recommitting it and those who were against the bill voted to recommit it.

Mr. COUZENS. Mr. President, I merely wish to point out that the conclusion of the Senator from Alabama that those who voted for the recommitment of the bill were in favor of the bill is not a correct assumption, for I voted against recommitting the bill, and I am not in favor of the bill.

Mr. HARRELD. Mr. President, I wish to say that the Senator from Alabama has no right to speak for me at any time.

REFERENCE OF NOMINATIONS.

Mr. LODGE. Mr. President, I ask unanimous consent that as in open executive session the nominations sent in by the President this day be referred to the appropriate committee.

The PRESIDING OFFICER (Mr. WILLIS in the chair). Is there objection to the request of the Senator from Massachusetts? The Chair hears none, and it is so ordered.

AMENDMENTS TO THE CONSTITUTION—TERMS OF PRESIDENT AND VICE PRESIDENT.

Mr. ASHURST. Mr. President, on February 13 last the Senate by the requisite majority agreed to the following Senate joint resolution.

Resolved by the Senate and House of Representatives of the United States of America in Congress assembled (two-thirds of each House concurring therein), That the following amendment to the Constitution be, and hereby is, proposed to the States, to become valid as a part of the Constitution when ratified by the legislatures of the several States as provided by the Constitution:

SECTION 1. That the terms of the President and Vice President of the United States, elected after the adoption of this amendment, shall commence at noon on the third Monday in January following their election.

SEC. 2. That the terms of Senators and Representatives, elected after the adoption of this amendment, shall commence at noon on the first Monday in January following their election.

SEC. 3. That the Congress shall assemble at least once in every year and such meeting shall be on the first Monday in January, unless they shall by law appoint a different day.

Mr. President, the Constitution, Article II, section 1, ordains that the President and Vice President shall hold office for the term of four years, but does not provide when the terms shall commence. The only recognition of the 4th of March succeeding the day of a presidential election as the day of the commencement of the terms of the President and Vice President is the provision in the twelfth amendment to the Constitution, effective September 25, 1804, that—

if the House of Representatives shall not choose a President whenever the right of choice shall devolve upon them before the 4th day of March next following, then the Vice President shall act as President, as in the case of the death or other constitutional disability of the President.

This would probably be construed to be a provision that the term of the President expired on the 4th of March after a presidential election—that a vacancy then exists—in which event the then Vice President succeeded to the office.

The time when the presidential electors should be elected, and the date on which they shall meet and give their vote is, by Article II, section 1, of the Constitution, left to the discretion of Congress, with the restriction that the day of voting shall be the same throughout the United States. An act was passed February 3, 1887, requiring them to meet and give their vote on the second Monday in January next after their appointment, in such place in each State as the legislature thereof shall direct; which vote, duly certified, to be delivered to the President of the Senate before the first Wednesday in February, and be canvassed by Congress, in joint session, on the second Wednesday in February thereafter.

The Constitution, while providing that Representatives shall hold their offices for two years (Art. I, sec. 2) and Senators for six years (Art. I, sec. 3), does not provide when the terms shall commence.

The commencement of the terms of the first President and Vice President, and of the Senators and Representatives composing the first Congress, was fixed by a resolution of Congress adopted September 13, 1788, providing "that the first Wednesday in March next—which happened to be the 4th day of March—be the time for commencing proceedings under the Constitution."

Congress has provided (act of Mar. 1, 1792, Rev. Stat., sec. 152) that the terms of the President and Vice President shall commence on the 4th day of March next succeeding the day on which the votes of the electors have been given, but there seems to be no statutes enacted since the adoption of the Constitution

fixing the commencement of the terms of Senators and Representatives.

The Constitution is proposed to be amended by the resolution as follows:

1. The terms of the President and Vice President, by the first section, are made to commence on the third Monday in January instead of the 4th day of March succeeding the election of electors.

The terms of Senators and Representatives are, by the second section, made to commence on the first Monday in January following their election.

The third section merely changes the second paragraph of section 4 of Article I of the Constitution, in effect, so as to provide that Congress shall meet each year, commencing on the first Monday of January instead of the first Monday in December.

Under the present law Congress does not convene in regular session until 13 months after the election of its Members. There was some reason for such a provision at the time of the formation of our Government, as it then took a long time to ascertain the results of elections and to reach the Capitol from remote parts of the country. But there is no excuse whatever now, since the most distant States of the Union are within a few days' travel of Washington.

Senators heretofore have been elected by the legislatures of the States in January, and sometimes not until February or March. But since the adoption of the seventeenth amendment to the Constitution, by which Senators are to be elected by the people, probably at the November election, it becomes opportune for Congress to convene in January following. The convening of Congress on the first Monday of December, as at present, is inopportune, as adjournment for the Christmas holidays is always taken and many Members go to their homes, returning late, which precludes any real work until January.

The reasons for the adoption of the proposed amendment are these:

First. Congress should at the earliest practicable time enact—within the limits of the Constitution—the principles of the majority of the people, as expressed in the election of each Congress. That is why the Constitution requires the election of a new Congress every two years. If it be not to reflect the sentiment of the people these frequent elections have no meaning nor purpose. Any evasion of this is subversive of the fundamental principle of our Government, that the majority shall rule. No other nation has its legislative body convene so long after the expression of the people upon governmental questions.

During the campaign preceding a congressional election the great questions that divide the political parties are discussed for the purpose of determining the policy of the Government and of having the sentiments of the majority crystallized into legislation. It seems to be trifling with the rights of the people when their mandates can not be obeyed within a reasonable time. It is unfair to an administration that the legislation which it thinks so essential to the prosperity of the country should be so long deferred. It is true an extraordinary session may be called early, but such sessions are limited generally to one or two subjects, which of necessity make for enormous waste of the time of each House, waiting for the other to consider and pass the measures.

Second. As the law is at the present time, the second regular session does not convene until after the election of the succeeding Congress. As an election often changes the political complexion of a Congress, under the present law many times we have the injustice of a Congress that has been disapproved by the people enacting laws for the people opposed to their last expression. Such a condition does violence to the rights of the majority. A Member of the House of Representatives can barely get started in his work until the time arrives for the nominating convention of his district. He has accomplished nothing, and hence has made no record upon which to go before his party or his people. This is an injustice both to the Members and to the people. The record of a Representative should be completed before he asks an indorsement of his course.

Third. Under the present system a contest over a seat in the House of Representatives is seldom, if ever, decided until more than half the term, and in many instances until a period of 22 months of the term has expired. For all that time the occupant of the seat draws the salary, and when his opponent is seated he also draws the salary for the full term; thus the Government pays for the representation from that district twice. But that is not the worst feature of the situation; during all of that time the district is being misrepresented, at least politically, in Congress.

By Congress meeting the first Monday in January succeeding the elections, contested-election cases can be disposed of at least during the first six months of the Congress.

Fourth. The President and Vice President should enter upon the performance of their duties as soon as the new Congress can count the electoral votes. The newly elected governors of the States are inducted into office as soon as the new legislatures of the States canvass the votes and declare their election. It is the old Congress which now counts the electoral votes. It is dangerous to permit the defeated party to retain control of the machinery by which such important officers are declared elected.

In the event that no candidate for President receives a majority of the electoral votes, the Constitution provides that the House of Representatives shall elect the President, each State having one vote. At the present time it is the old Congress that elects the President under such contingency, and thereby it becomes possible for a political party repudiated by the people to elect a President who was defeated at the election. Under the present provision of the Constitution, in the event the House fails to choose a President before the 4th of March, then the Vice President then in office becomes President for four years. This affords a temptation by mere delay to defeat the will of the people, and if it is ever exercised it will likely produce a revolution.

It is true that January weather might be inclement for an inaugural parade, but that is a reason too insignificant to constitute an argument against a constitutional amendment which promises so much for good government. Nearly all the governors of the States are inaugurated in January. The pomp and ceremony which usually attend the coronations of monarchs are at least not necessary to a republic.

But, Mr. President, even greater in importance than advancing the date for the inauguration of President and Vice President is our duty to submit a constitutional amendment so that the people themselves may have an opportunity to be heard upon the ratification of amendments.

I am happy to say that on Monday, February 26, the Senate Committee on the Judiciary ordered a favorable report on the following proposed amendment, to wit:

The Congress, whenever two-thirds of both Houses shall deem it necessary, shall propose amendments to this Constitution, or, on the application of the legislatures of two-thirds of the several States, shall call a convention for proposing amendments, which, in either case, shall be valid to all intents and purposes, as part of this Constitution, when ratified by the vote of the qualified electors in three-fourths of the several States, and that, until three-fourths of the States shall have ratified or more than one-fourth of the States shall have rejected or defeated a proposed amendment, any State in like manner may change its vote: *Provided*, That no State, without its consent, shall be deprived of its equal suffrage in the Senate.

If this proposed amendment should be ratified and become therefore a part of the Federal Constitution, it would mean that hereafter neither the legislatures of the various States nor conventions therein would be eligible to ratify proposed amendments to the Federal Constitution and that the qualified electors themselves would be the only eligible authority to ratify proposed amendments. This is simply a back-to-the-people amendment.

The Federal Constitution conserves and protects all that real Americans hold precious; it should not be changed by legislative caucus.

There is not a State in the Federal Union whose constitution may be amended by the State legislature. The State of Delaware is an apparent but not a real exception, as Delaware requires that an amendment to the State constitution must be proposed by at least two-thirds of one legislature, then there must be notice to the electors for a certain period before the next election, so that if they desire they can express their will at the polls upon the proposition, then the amendment must be ratified by a second legislature by a two-thirds vote, which gives them an indirect vote. The various State constitutions may be amended only by the electorate of the State. How utterly archaic, therefore, it is to deny the electorate an opportunity to express itself upon the proposed change in our fundamental law.

If the consent of the voters be required to alter and amend a State constitution, a fortiori, the vote of the people should be required to change the Federal Constitution.

It is vital to our American system that the voter should have an opportunity to say at the ballot box under what form of government he desires to live.

If you are not willing that the State legislatures should choose United States Senators, for a much stronger reason the State legislatures should not change your fundamental law.

Every argument in favor of the election of Senators by a direct vote of the people is a stronger argument in favor of consulting the people on constitutional amendments.

I favored the amendments providing for the income tax, direct election of Senators, prohibition, and woman suffrage. I believe they were wise amendments, and that they were in response to the deliberate judgment and progressive thought of a vast majority of our countrymen; indeed, I believe those amendments were demanded by the people and were not forced upon the people. My belief, unfortunately, does not settle the question; for the stubborn fact exists that millions of our countrymen thoroughly believe that the prohibition and woman-suffrage amendments were adopted by cunning, by craftiness and indirection, and that the Congress and the State legislatures were either browbeaten into voting for the amendments or were induced to do so by an insidious lobby. It is my opinion that if a referendum to the people on the prohibition and woman-suffrage amendments could have been had, each amendment would have been adopted and ratified by the electors. We should, therefore, take the requisite steps to preclude in the future a recurrence of such discontent and suspicion by providing a means by which the electors of each State may pass upon amendments to the Federal Constitution.

Mr. President, there are 435 Members of the House of Representatives and 96 Members of the Senate, in all 531. I ask unanimous consent to include in the RECORD, as a part of my remarks, a statement showing the number of State senators, number of members of the house or assembly, as the case may be, in the State legislatures.

Number of members in State legislatures according to the year 1919.

State.	Senate.	House or assembly.
Alabama	35	106
Arizona	19	35
Arkansas	35	100
California	40	80
Colorado	35	60
Connecticut	35	258
Delaware	17	35
Florida	32	75
Georgia	44	189
Idaho	37	65
Illinois	51	152
Indiana	50	100
Iowa	50	108
Kansas	40	125
Kentucky	38	100
Louisiana	41	115
Maine	31	151
Maryland	27	102
Massachusetts	40	240
Michigan	32	100
Minnesota	67	130
Mississippi	49	133
Missouri	34	142
Montana	41	95
Nebraska	33	100
Nevada	17	37
New Hampshire	24	404
New Jersey	21	60
New Mexico	24	49
New York	51	150
North Carolina	50	120
North Dakota	49	113
Ohio	36	128
Oklahoma	44	111
Oregon	30	60
Pennsylvania	50	207
Rhode Island	39	100
South Carolina	44	124
South Dakota	45	103
Tennessee	33	99
Texas	31	142
Utah	18	46
Vermont	30	246
Virginia	40	100
Washington	41	97
West Virginia	30	94
Wisconsin	33	100
Wyoming	27	57
	1,760	5,643

Members of senate	1,760
Members of houses of assembly	5,643
Total	7,403

So we have a total of 7,403 members of the State legislatures, according to the figures for the year 1919. Not two-thirds but a bare majority of that 7,400 men may pass upon an amendment to the Constitution.

We find ourselves in this posture: Two-thirds of the Congress and a majority of the 7,400, or about 4,500 men, pass upon the destiny of the most advanced people that ever lived in the tide of time. We set ourselves up as the leader among the nations in thought and as responsive to the people's will, and yet 4,500 men, if they saw fit, could Prussianize the Republic.

At this juncture I will read a brief extract from the statement by Mr. Caperton Braxton, of Staunton, Va., that was read to the Committee on the Judiciary whilst Senate Joint Resolution No. 40 was being considered. It relates to the method in which the fifteenth amendment to the Constitution was ratified:

THE FIFTEENTH AMENDMENT—AN ACCOUNT OF ITS ENACTMENT.

[By A. Caperton Braxton, of Staunton, Va.]

"If the passage of this amendment through Congress was unseemly, its ratification by the State legislature was, in several instances at least, nothing short of scandalous.

"The amendment passed the Senate rather late Friday night, February 26, 1869. The next morning, as soon as the enrolled resolution was signed by the Presiding Officer, it was telegraphed by Congressman Sydney Clarke to the Legislature of Kansas, then on the point of adjournment. His telegram, entirely unofficial, was received by the legislature during its afternoon session, and that very evening, in less than 24 hours after the amendment had passed Congress, long before it had been certified to the States for action, and before anyone in Kansas had even seen it (other than Clarke's telegraphic copy), the legislature of that State ratified it. The people of Kansas, at the polls about a year previous, had voted against negro suffrage by a majority of 2 to 1.

"Senator Stewart, of Nevada, was, if anything, more anxious than Congressman Clarke, of Kansas, to obtain action by existing legislatures before the people could make themselves heard. The State of Nevada had very recently adopted a constitution which restricted suffrage to 'white' men. The people of that State, like those of California and Oregon, were overwhelmingly opposed to an extension of the elective franchise to any but white men—not so much for fear of the negro as of the Chinese vote. It was generally conceded among the radical press that Nevada would certainly reject the amendment, but they underrated the resources of their own generals. Late Friday night, as soon as the Presiding Officer had announced that 39 votes was two-thirds of a Senate of 66 Members, Senator Stewart, impressed with the fact just stated by him to the Senate that the legislatures were waiting to ratify the amendment, and that if it was not done by them, and at once, the whole thing would be lost, caused the Secretary of the Senate, without even waiting for the resolution to be enrolled or signed, to telegraph it to the Legislatures of Nevada and Louisiana, to which telegrams he and three others added a message urging the immediate ratification by the legislatures.

"This remarkable dispatch did not reach Nevada till the next morning, Saturday, when the legislature at once endeavored to comply with its instructions, but they were not quite so docile as in Kansas, and did not succeed until Monday morning, March 1, 1869, when they ratified the amendment against a strong written protest of the minority, including Republicans and Democrats. This protest insisted, among other things, that the amendment had not received the constitutional two-thirds majority in the Federal Senate; that the Legislature of Nevada had as yet no official knowledge of the proposed amendment (the telegraphic report of it being, as it afterwards transpired, materially incorrect); that the people of Nevada should be given an opportunity to be heard upon it, and that the people, by voting the Republican ticket for President, had just within a few months past ratified the declaration of the Republican platform of May, 1868, that the control by loyal States of their suffrage laws should not be interfered with. But all this was as baying at the moon, and Nevada was recorded as the second State ratifying the fifteenth amendment.

"The records of the Legislature of Missouri fail to show how that body was informed of the passage of the fifteenth amendment in Congress; the newspapers of the day said someone heard of it by telegram. This was enough; accordingly, that legislature, early Monday morning, March 1, 1869, suspended their rules and ratified what they thought was the amendment, but it turned out, after they had adjourned, that the thing they ratified was not the amendment at all and so they had to ratify all over again when they next assembled."

We have had 19 amendments to the Federal Constitution. I will consider the first 10 amendments as a part and parcel of the original Constitution, because when the Constitution was ratified it was upon the implied, in some cases express, understanding that these Bill of Rights amendments would be adopted. They were proposed and submitted by the First Congress on the 15th of September, 1789. They were 12 in number. The third, fourth, fifth, sixth, seventh, eighth, ninth, tenth, eleventh, and twelfth were ratified by the required number of States within exactly two years and three months. But No. 1 and No. 2 are still pending, and on the 15th day of next September will have been pending 134 years.

Congress, in submitting the prohibition amendment, laid a limit upon the time within which the States could ratify.

Amendments have been brought about by "amendment epochs." The eleventh and twelfth amendments were adopted in the 10-year period between 1794 and 1804, the twelfth having been brought about by the unfortunate tie in the Electoral College between Thomas Jefferson and Aaron Burr. Call that the first amendment epoch. Then, notwithstanding the fact that many scores of amendments were introduced in Congress and two were proposed between 1804 and 1864, no amendment was adopted; thus there was a 60-year period of immobility with respect to amending our Federal Constitution.

Then came the second amendment epoch, which began in 1865 and lasted until 1875. In that 10-year period the thirteenth, fourteenth, and fifteenth amendments were proposed and adopted.

Then came nearly 40 years of immobility, and then came the sixteenth, seventeenth, eighteenth, and nineteenth amendments—the third amendment epoch, 1909 to 1923—showing that these amendments move in cycles.

It is startling to investigate and then reflect upon the perils that have come and that in the future may come by a continued failure to set a time limit within which a proposed amendment may be ratified.

Four different amendments duly proposed by the Congress are now pending before the States for their action. These amendments are as follows:

One, proposed September 15, 1789, 134 years ago, relating to enumeration and representation:

ARTICLE I. After the first enumeration required by the first article of the Constitution there shall be one Representative for every 30,000 until the number shall amount to 100, after which the proportion shall be so regulated by Congress that there shall be not less than 100 Representatives, nor less than 1 Representative for every 40,000 persons, until the number of Representatives shall amount to 200, after which the proportion shall be so regulated by Congress that there shall not be less than 200 Representatives nor more than 1 Representative for every 50,000 persons.

Another, proposed September 15, 1789, 134 years ago, relating to compensation of Members of Congress:

ART. II. No law varying the compensation for the services of the Senators and Representatives shall take effect until an election of Representatives shall have intervened.

Another, proposed May 1, 1810, 113 years ago, to prohibit citizens of the United States from accepting presents, pensions, or titles from princes or from foreign powers:

If any citizen of the United States shall accept, claim, receive, or retain any title of nobility or honor, or shall, without the consent of Congress, accept and retain any present, pension, office, or emolument of any kind whatever, from any emperor, king, prince, or foreign power, such person shall cease to be a citizen of the United States, and shall be incapable of holding any office of trust or profit under them, or either of them.

Another, proposed March 2, 1861, 62 years ago, known as the Corwin amendment, prohibiting Congress from interfering with slavery within the States:

No amendment shall be made to the Constitution which will authorize or give to Congress the power to abolish or interfere, within any State, with the domestic institutions thereof, including that of persons held to labor or service by the laws of said State. (12 Stat. 251.)

On September 15, 1789, 12 constitutional amendments were proposed by the First Congress. The requisite number of States ratified proposed articles numbered 3, 4, 5, 6, 7, 8, 9, 10, 11, and 12 within exactly two years and three months, whilst Nos. 1 and 2, although proposed 134 years ago, have not, according to the latest available returns, received favorable action by the requisite number of States and are yet before the American people, or the States, rather, have been for 134 years, and are now subject to ratification or rejection by the States. After those two proposed amendments, to wit, Nos. 1 and 2, had been in nubilous—"in the clouds"—for 84 years, the Ohio State Senate in 1873, in response to a tide of indignation that swept over the land in opposition to the so-called "back-salary grab," resurrected proposed amendment No. 2 and passed a resolution of ratification through the State senate. No criticism can be visited upon the Ohio Legislature that attempted to ratify the amendment proposed in 1789, and if the amendment had been freshly proposed by Congress at the time of the "back-salary grab," instead of having been drawn forth from musty tomes, where it had so long lain idle, stale, and dormant, other States doubtless would have ratified it during the period from 1873 to 1881.

Thus it would seem that a period of 134 years, or 84 years, within which a State may act is altogether too long, and I will support a proposition limiting the time to 6, 8, or 10 years within which a State may act under a particular submission, so that we will not hand down to posterity a conglomerate mass of amendments floating around in a cloudy, nebulous haze, which a State here may resurrect and ratify, and a State there may galvanize and ratify.

We ought to have homogeneous, steady, united exertion, and certainly we should have contemporaneous action with reference to these various proposed amendments. Judgment on the case should be rendered within the ordinary lifetime of those interested in bringing about the change in our fundamental law. Final action should be had while the discussions and arguments are within the remembrance of those who are called upon to act.

There is still another reason why a time limit should be set: When the 12 amendments were submitted in 1789 there were only 13 States. Vermont had not been admitted, if I remember correctly.

Question: Should three-fourths of the States then in the Union or three-fourths of those now in the Union be the test as to what shall be the number required for ratification?

The amendment proposed on May 1, 1810, was submitted to the States under interesting and peculiar auspices and was as follows:

If any citizen of the United States shall accept, claim, receive, or retain any title of nobility or honor, or shall, without the consent of Congress, accept and retain any present, pension, office, or emolument of any kind whatever from any emperor, king, prince, or foreign power, such person shall cease to be a citizen of the United States and shall be incapable of holding any office of trust or profit under them, or either of them.

What was the reason for that proposed amendment? It is probable that the Congress which submitted the amendment believed that when officials accept presents of great value they dissolve the pearl of independence in the vinegar of obligation.

Unfortunately, the annals of Congress and contemporary newspapers do not give any of the debate upon this interesting proposition. The only light thrown upon the subject by the annals is the remark of Mr. Macon, who said "he considered the vote on this question as deciding whether or not we were to have members of the Legion of Honor in this country." What event connected with our diplomatic or political history suggested the need of such an amendment is not now apparent, but it is possible that the presence of Jerome Bonaparte in this country a few years previous, and his marriage to a Maryland lady, may have suggested this measure.

An article in Niles's Register (vol. 72, p. 166), written many years after this event, refers to an amendment having been adopted to prevent any but native-born citizens from being President of the United States. This is, of course, a mistake, as the Constitution in its original form contained such a provision; but it may be possible that the circumstances referred to by the writer in Niles relate to the passage of this amendment through Congress in regard to titles of nobility. The article referred to maintains that at the time Jerome Bonaparte was in this country the Federalist Party, as a political trick, affecting to apprehend that Jerome might find his way to the Presidency through "French influence," proposed the amendment. The Federalists thought the Democratic Party would oppose it as unnecessary, which would thus appear to the public as a further proof of their subserviency to French influence. The Democrats, to avoid this imputation, concluded to carry the amendment. "It can do no harm" was what reconciled it to all.

That amendment was submitted 113 years ago, and it was ratified within two years by Maryland, Kentucky, Ohio, Delaware, Pennsylvania, New Jersey, Vermont, Tennessee, Georgia, North Carolina, Massachusetts, and New Hampshire. It was rejected by two or three of the States. At one period of our national life the school-book histories and the public men stated that it was a part of our organic law, because in the early days of our Government the Secretary of State did not send messages to Congress announcing ratification or promulgate to the public any notice whatever as to when an amendment became a part of the Constitution. I have caused the journals, records, and files in the Department of State to be searched, and there may not be found any notice of any proclamation or promulgation of the ratification of the first 10 amendments to the Constitution. The States assumed—it was not an unwarranted or violent assumption—that when the requisite number of States had ratified an amendment it was then and there a part of our organic law.

When the War between the States began to throw its shadow over the land, men rushed here and there with a compromise to heal the breach, if possible, and tried to avert the shock that was apparently about to come to our governmental structure.

Expedient after expedient was proposed, and just before the adjournment of Congress—to wit, on March 2, 1861—the following amendment, known as the Corwin amendment, to the Constitution of the United States was proposed to the States, and it read as follows:

No amendment shall be made to the Constitution which will authorize or give to Congress the power to abolish or interfere, within any State, with the domestic institutions thereof, including that of persons held to labor or service by the laws of said State. (12 Stat. 251.) Proposed by Congress March 2, 1861.

That amendment was proposed by Congress on the 2d of March, 1861, and I warrant there are not 5,000 people in the United States to-day who know that such an amendment is now pending before the various States of the Union for their ratification. The amendment was ratified by the State of Ohio and by the State of Maryland through their legislatures and by the State of Illinois in 1862 by a convention.

Thus we perceive that a system which permits of no limitation as to the time when an amendment may not be voted upon by the State is not fair to posterity nor to the present generation. It keeps historians, publishers, and annalists, as well as the general public, constantly in doubt.

Having searched closely as to whether there is in the Constitution itself any expressed or implied limitation as to when an amendment may not be adopted, I am driven irresistibly to the conclusion that an amendment to the Constitution, once having been duly proposed, although proposed September 15, 1789, could not be recalled even by the unanimous vote of both Houses, if the Congress wished the same recalled, because the power to submit an amendment is specifically pointed out; but no power is given to recall it, and silence is negation.

I am not without authority, and I shall include in the RECORD some data I have collected on this subject.

I ask unanimous consent to insert in the RECORD some data respecting the ratification of the various amendments to the Constitution.

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

The matter referred to is as follows:

DISCUSSION OF CONSTITUTIONAL QUESTIONS INVOLVED.

(Jameson.)

SEC. 585. VI. Two further questions may be considered: (1) When Congress has submitted amendments to the States, can it recall them? and (2) How long are amendments thus submitted open to adoption or rejection by the States?

1. The first question must, we think, receive a negative answer. When Congress has submitted amendments at the time deemed by itself or its constituents desirable to concede to that body the power of afterwards recalling them would be to give to it that of definitely rejecting such amendments, since the recall would withdraw them from the consideration of the States and thus render their adoption impossible. However this may be, it is enough to justify a negative answer to say that the Federal Constitution, from which alone Congress derives its power to submit amendments to the States, does not provide for recalling them upon any event or condition, and that the power to recall can not be considered as involved in that to submit as necessary to its complete execution. It therefore can not exist.

2. The same consideration will perhaps furnish the answer to the second question. The Constitution gives to Congress the power to submit amendments to the States; that is, either to the State legislatures or to conventions called by the States for this purpose, but there it stops. No power is granted to prescribe conditions as to the time within which the amendments are to be ratified, and hence to do so would be to transcend the power given. The practice of Congress in such cases has always conformed to the implied limitations of the Constitution. It has contented itself with proposing amendments to become valid as parts of the Constitution according to the terms of that instrument. It is therefore possible, though hardly probable, that an amendment once proposed is always open to adoption by the nonacting or nonratifying States.

The better opinion would seem to be that an alteration of the Constitution proposed to-day has relation to the sentiment and the felt needs of to-day, and that, if not ratified early, while that sentiment may fairly be supposed to exist, it ought to be regarded as waived and not again to be voted upon unless a second time proposed by Congress.

SEC. 586. In discussing the question of the right of the States to vote upon proposed amendments at any time after the date of their proposal it is proper to look into the consequences of such a right. If they have the right, there are now floating about us as it were in nubilous several amendments to the Constitution proposed by Congress which have received the ratification of one or more States but not of enough to make them valid as parts of that instrument. Congress could not withdraw them, and there is in force in regard to them no recognized statute of limitations. Unless abrogated by amendments subsequently adopted they are, on the hypothesis stated, still before the American people to be adopted or rejected.

In 1873 the Senate of Ohio, acting upon the theory that once proposed an amendment to the Constitution is always open to ratification, adopted a joint resolution ratifying the second of the 12 amendments submitted to the States by Congress in 1789, but then rejected, providing that "no law varying the compensation of Members of Congress shall take effect until an election for Representatives shall have intervened." This resolution, prepared by Madison, was an excellent one; but suppose it had been unjust, proposed, perhaps, in the interest of a section or of a party, and, failing at the time to receive the requisite majority, it had subsequently by a concerted rally of those interested in its adoption been carried without discussion or a clear expression of the existing public will; is that a true construction of the Constitution which may be followed by so dangerous consequences? And supposing the right referred to exists, by what majority shall the resurrected amendments be adopted? If proposed in 1789, when the States numbered but 13 and when a majority of 10 States might have ratified the amendment, how many would have been requisite in 1873, when there were 38 States which would have been called upon to vote? If the answer should be that 29 States must have voted to ratify, since that number was three-fourths of all the States in 1873, however reasonable such an answer might seem, it would be founded upon no statute or custom of the country, and therefore different opinions as to its reasonableness might well be entertained. Hence the danger of confusion or conflict. We discuss this question here merely to emphasize the dangers involved in the Constitution as it stands and to show the necessity of legislation to make certain those points upon which doubts may arise in the employment of the constitutional process for amending the fundamental law of the Nation. A constitutional statute of limitation prescribing the time within which proposed amendments shall be adopted or be treated as waived ought by all means to be passed. (Jameson, John A. A Treatise on Constitutional Conventions (4th ed., 1887), pp. 634–636.)

—

AMENDMENTS TO THE CONSTITUTION OF THE UNITED STATES PROPOSED BY CONGRESS BUT NOT RATIFIED BY THREE-FOURTHS OF THE STATES, COLLATED BY SENATOR ASHURST.

APPORTIONMENT OF REPRESENTATIVES.

After the first enumeration required by the first article of the Constitution, there shall be 1 Representative for every 30,000 until the number shall amount to 100; after which the proportion shall be so regulated by Congress that there shall be not less than 100 Representatives nor less than 1 Representative for every 40,000 persons, until the number of Representatives shall amount to 200; after which the proportion shall be so regulated by Congress that there shall not be less than 200 Representatives nor more than 1 Representative for every 50,000 persons. (1 Stat. 97.) (Submitted at the same time as those which became part of the Constitution as amendments 1 to 10.)

Proposed by Congress September 15, 1789.

Ratified by the following States:

New Jersey, November 20, 1789. (Senate Journal, p. 199, 1st Cong., 2d sess.)

Maryland, December 19, 1789. (Senate Journal, p. 106, 1st Cong., 2d sess.)

North Carolina, December 22, 1789. (Senate Journal, p. 103, 1st Cong., 2d sess.)

South Carolina, January 19, 1790. (Senate Journal, p. 50, 1st Cong., 2d sess.)

New Hampshire, January 25, 1790. (Senate Journal, p. 105, 1st Cong., 2d sess.)

New York, March 27, 1790. (Senate Journal, p. 53, 1st Cong., 2d sess.)

Rhode Island, June 15, 1790. (Senate Journal, p. 110, 1st Cong., 2d sess.)

Virginia, October 25, 1791. (Senate Journal, p. 30, 2d Cong., 1st sess.)

Pennsylvania, September 21, 1791. (Senate Journal, p. 11, 2d Cong., 1st sess.)

Vermont, November 3, 1791. (Senate Journal, p. 98, 2d Cong., 1st sess.)

Pennsylvania had first rejected the proposed amendment March 10, 1790.

Rejected by Deleware January 28, 1790.

The Journals give no record of the action of the Legislatures of Massachusetts, Connecticut, and Georgia.

COMPENSATION OF MEMBERS OF CONGRESS.

No law varying the compensation for the services of the Senators and Representatives shall take effect until an election of Representatives shall have intervened. (1 Stat. 97.) (Submitted at the same time as those which became part of the Constitution as amendments 1 to 10.)

Proposed by Congress September 15, 1789.

Ratified by Congress September 15, 1789.

Maryland, December 19, 1789. (Senate Journal, p. 106, 1st Cong., 2d sess.)

North Carolina, December 22, 1789. (Senate Journal, p. 103, 1st Cong., 2d sess.)

South Carolina, January 19, 1790. (Senate Journal, p. 50, 1st Cong., 2d sess.)

Delaware, January 28, 1790. (Senate Journal, p. 35, 1st Cong., 2d sess.)

Vermont, November 3, 1791. (Senate Journal, p. 98, 2d Cong., 1st sess.)

Virginia, December 15, 1791. (Senate Journal, p. 69, 2d Cong., 1st sess.)

Rejected by New Jersey, November 20, 1789 (Senate Journal, p. 199, 1st Cong., 2d sess.); New Hampshire, January 25, 1790 (Senate Journal, p. 105, 1st Cong., 2d sess.); Pennsylvania, March 10, 1790 (Senate Journal, p. 39, 1st Cong., 2d sess.); New York, March 27, 1790 (Senate Journal, p. 53, 1st Cong., 2d sess.); Rhode Island, June 15, 1790 (Senate Journal, p. 110, 1st Cong., 2d sess.).

The Journals give no record of the action of the Legislatures of Massachusetts, Connecticut, and Georgia.

TITLES OF NOBILITY.

If any citizen of the United States shall accept, claim, receive, or retain any title of nobility or honor, or shall, without the consent of Congress, accept and retain any present, pension, office, or emolument of any kind whatever, from any Emperor, King, prince, or foreign power, such person shall cease to be a citizen of the United States and shall be incapable of holding any office of trust or profit under them or either of them. (2 Stat. 613.)

Proposed by Congress May 1, 1810.

Ratified by the following States:

Maryland, December 25, 1810.

Kentucky, January 31, 1811.

Ohio, January 31, 1811.

Delaware, February 2, 1811.

Pennsylvania, February 6, 1811.

New Jersey, February 13, 1811.

Vermont, October 24, 1811.

Tennessee, November 21, 1811.

Georgia, December 13, 1811.

North Carolina, December 23, 1811.

Massachusetts, February 27, 1812.

New Hampshire, December 10, 1812.

Rejected by New York (senate) March 12, 1811; Connecticut, May session, 1813; South Carolina, approved by senate November 28, 1811, reported unfavorably in house and not further considered December 7, 1813; Rhode Island, September 15, 1814.

AMENDMENT ABOLISHING OR INTERFERING WITH SLAVERY PROHIBITED (CORWIN AMENDMENT).

No amendment shall be made to the Constitution which will authorize or give to Congress the power to abolish or interfere, within any State, with the domestic institutions thereof, including that of persons held to labor or service by the laws of said State. (12 Stat. 251.)

Proposed by Congress March 2, 1861.

Ratified by the following States:

Ohio, March 13, 1861.

Maryland, January 10, 1862.

Illinois (convention), February 14, 1862.

ATTEMPTS TO REGULATE RATIFICATION.

On May 23, 1866, when the resolution proposing the fourteenth amendment was under consideration, Mr. Buckalew, of Pennsylvania, submitted an amendment to add to the resolution the following additional section:

"SEC. 6. This amendment shall be passed upon in each State by the legislature thereof which shall be chosen, or the members of the most popular branch of which shall be chosen, next after the submission of the amendment, and at its first session; and no acceptance or rejection shall be reconsidered or again brought in question at any subsequent session; nor shall any acceptance of the amendment be valid if made after three years from the passage of this resolution." (Cong. Globe, vol. 36, p. 2771.)

When the fifteenth amendment was before the Senate on February 3, 1869, Mr. Buckalew, of Pennsylvania, proposed to add to the resolution submitting it to the States the words:

"That the foregoing amendment shall be submitted to the legislatures of the several States, the most numerous branch of which shall be chosen next after the passage of this resolution." (Cong. Globe, vol. 40, p. 828.)

His speech in support of this proposal on February 5, 1869, is reported in the Congressional Globe, volume 40, pages 912 and 913. On February 8, 1869, this amendment was rejected—yeas 13, nays 43.

On February 17, 1869, an amendment practically identical with the above was offered by Mr. Hendricks, of Indiana, and the constitutionality of such a limitation was discussed by Senators Morton, Bayard, Buckalew, Dixon, and Yates. The question being taken, the amendment was rejected—yeas 12, nays 40. (Cong. Globe, vol. 40, pp. 1311–1314.)

On January 30, 1882, Mr. Berry, of California, introduced a joint resolution (H. J. Res. 116, 47th Cong., 1st sess.) proposing an amendment to the Constitution to regulate ratification, as follows:

"SECTION 1. The legislature of a State shall not vote upon a proposed amendment to the Constitution of the United States except at a regular session held following an election of the members of the most numerous branch of the State legislature, which election must take place subsequent to the time of submission by Congress or a convention of the proposed amendment.

"SEC. 2. This amendment shall not take effect until the 5th of March, 1885."

On March 17, 1869, Mr. Morton, of Indiana, introduced in the Senate, and on March 29, 1869, Mr. Shanks, of Indiana, introduced in the House, identical joint resolutions (S. J. Res. 32 and H. J. Res. 57, 41st Cong., 1st sess.), which read as follows:

"*Be it enacted, etc.*, That on the sixth legislative day of a regular session, or of a legally called special session, of any State legislature, each house of said legislature, at the hour of 12 meridian, shall proceed to the consideration of any amendment of the Constitution of the United States that may have been submitted by the Congress of the United States to the legislatures of the several States for ratification according to the provisions of the fifth article of the Constitution of the United States: *Provided*, That such amendment may not have been acted upon at any preceding session of said legislature. And if, upon the consideration of such amendment, it shall receive the votes of a majority of the members elected to each house of said legislature, it shall be held to be duly ratified by such legislature. And if final action is not taken upon the first day, then the house shall meet the next day at the same hour and so continue to meet from day to day (Sundays excepted) until final action is taken upon such amendment. Nor shall the action of either house of said legislature upon such amendment be hindered or prevented by the resignation or withdrawal, or the refusal to qualify, of a minority of either or of both houses of said legislature.

"SEC. 2. *And be it further resolved*, That if such amendment or amendments shall be ratified according to the provisions of the preceding section, the same shall be duly certified by the officers of each house and shall be transmitted by the governor of the State to the President of the United States."

(Cf. Ames, H. V. The proposed amendments to the Constitution of the United States during the first century of its history. Pp. 287–292.)

FILLED MILK.

The PRESIDING OFFICER. The question is on the motion of the Senator from North Dakota [Mr. LADD] that the Senate proceed to the consideration of the bill (H. R. 8086) to prohibit the shipment of filled milk in interstate or foreign commerce.

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

The PRESIDING OFFICER. The Secretary will call the roll.

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

Ashurst	Gerry	McCormick	Robinson
Bayard	Glass	McCumber	Sheppard
Borah	Gooding	McKellar	Shields
Brookhart	Hale	McKinley	Shortridge
Broussard	Harreld	McLean	Smith
Calder	Harris	McNary	Smoot
Cameron	Harrison	Moses	Spencer
Capper	Heflin	New	Sterling
Caraway	Hitchcock	Norbeck	Sutherland
Couzens	Johnson	Norris	Swanson
Cummins	Jones, N. Mex.	Oddie	Townsend
Curtis	Jones, Wash.	Overman	Wadsworth
Dial	Kellogg	Page	Walsh, Mass.
Dillingham	Kendrick	Pepper	Walsh, Mont.
Edge	Keyes	Phipps	Warren
Ernst	Ladd	Pittman	Watson
Fletcher	La Follette	Poindexter	Weller
Frelinghuysen	Lenroot	Ransdell	Williams
George	Lodge	Reed, Pa.	Willis

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

The question is on the motion of the Senator from North Dakota [Mr. LADD] to proceed to the consideration of House bill 8086, known as the filled milk bill. The yeas and nays have been ordered.

Mr. DIAL. Mr. President, I understand the shipping bill is at an end and will not be brought up any more during this session. Therefore we are at liberty to vote now as we see proper with reference to other legislation. The motion now pending is to take up the so-called filled milk bill. To my mind the legislation is unnecessary, and certainly at this late day in the session will take up considerable time and create a great deal of discussion. I do not deem it of any great importance one way or the other.

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

Mr. DIAL. Certainly.

Mr. LENROOT. I would like to remind the Senator that the shipping bill is still before the Senate but will be displaced if the pending motion prevails.

Mr. DIAL. But we could displace it by taking up any other business.

Mr. LENROOT. Any matter that is taken up would displace it. The point I wanted to make is that the shipping bill is still before the Senate.

Mr. DIAL. I understand that; but it will not be seriously pressed again.

Mr. LENROOT. Of course, no other motion can be made until the pending motion is disposed of.

Mr. DIAL. I understand the parliamentary situation, and I am going to ask Senators to vote down the pending motion. That is the way to get rid of it, as I understand it.

We have a great many bills on the calendar. Probably every Senator is interested in getting some of the bills passed. I myself have some bills that I am anxious to get disposed of at this session if possible. If the filled milk bill is taken up I have a very important amendment which I propose to offer and which, no doubt, will provoke a great deal of discussion. I do not deem that the discussion would be out of place at all, because I think it would be very enlightening to the country. It would also help to educate the people along lines upon which I am very desirous of having them better posted.

Therefore I think the Senate ought to know beforehand that if the filled milk bill is taken up it will consume considerable time, possibly a day or two. We ought to vote down the motion and proceed with the calendar where we left off this afternoon. I hope the motion will be voted down and that we may proceed with the calendar.

The PRESIDING OFFICER. The question is on the motion of the Senator from North Dakota [Mr. LADD] to proceed to the consideration of the so-called filled milk bill, on which the yeas and nays have been ordered. The Secretary will call the roll.

The reading clerk proceeded to call the roll.

Mr. EDGE (when his name was called). I have a general pair with the senior Senator from Oklahoma [Mr. OWEN]. Not having been able to secure a transfer, I withhold my vote.

Mr. LODGE (when his name was called). On this question my general pair, the senior Senator from Alabama [Mr. UNDERWOOD], has a special pair with the Senator from New Mexico [Mr. BURSUM]. I am therefore at liberty to vote. I vote "yea."

The roll call was concluded.

Mr. ERNST. I have a general pair with the senior Senator from Kentucky [Mr. STANLEY]. I transfer that pair to the senior Senator from Maryland [Mr. FRANCE] and vote "yea."

Mr. SWANSON (after having voted in the affirmative). I have a pair to-day with the senior Senator from Michigan [Mr. TOWNSEND]. I understand that he would vote as I have voted, so I let my vote stand.

The PRESIDING OFFICE (Mr. WILLIS, after having voted in the affirmative). The present occupant of the chair is paired with the senior Senator from Ohio [Mr. POMERENE]. He transfers that pair to the senior Senator from Minnesota [Mr. NELSON], and permits his vote to stand.

Mr. PEPPER. Mr. President, I merely wish to say that the vote I have cast in opposition to the pending motion is not because of any opposition to the filled milk bill, which I heartily favor and for which I shall vote, but merely in conformity with my position that the ship subsidy bill should not be disposed of otherwise than by voting it up or down.

Mr. CURTIS. I wish to announce the following pairs:

The Senator from West Virginia [Mr. ELKINS] with the Senator from North Carolina [Mr. SIMMONS];

The Senator from Colorado [Mr. NICHOLSON] with the Senator from Missouri [Mr. REED];

The Senator from New Mexico [Mr. BURSUM] with the Senator from Alabama [Mr. UNDERWOOD];

The Senator from Delaware [Mr. BALL] with the senior Senator from Florida [Mr. FLETCHER];

The Senator from Rhode Island [Mr. COLT] with the junior Senator from Florida [Mr. TRAMMELL]; and

The Senator from New Jersey [Mr. EDGE] with the Senator from Oklahoma [Mr. OWEN].

The result was announced—yeas 63, nays 7, as follows:

YEAS—63.

Ashurst	Harreld	McKellar	Shortridge
Borah	Harris	McKinley	Smith
Brookhart	Harrison	McNary	Spencer
Cameron	Heflin	Moses	Sterling
Capper	Hitchcock	Norbeck	Sutherland
Couzens	Johnson	Norris	Swanson
Cummins	Jones, N. Mex.	Oddie	Townsend
Curtis	Jones, Wash.	Overman	Wadsworth
Dillingham	Kellogg	Page	Walsh, Mass.
Ernst	Kendrick	Pittman	Walsh, Mont.
Fletcher	Keyes	Poindexter	Warren
Frelinghuysen	Ladd	Ransdell	Watson
George	La Follette	Reed, Pa.	Weller
Glass	Lenroot	Robinson	Williams
Gooding	Lodge	Sheppard	Willis
Hale	McCormick	Shields	

NAYS—7.

Bayard	Dial	New	Phipps
Calder	Gerry	Pepper	

NOT VOTING—26.

Ball	Edge	Myers	Smoot
Brandegee	Elkins	Nelson	Stanfield
Broussard	Fernald	Nicholson	Stanley
Bursum	France	Owen	Trammell
Caraway	King	Pomerene	Underwood
Colt	McCumber	Reed, Mo.	
Culberson	McLean	Simmons	

So the motion was agreed to; and the Senate, as in Committee of the Whole, proceeded to consider the bill (H. R. 8086) to prohibit the shipment of filled milk in interstate or foreign commerce, which had been reported from the Committee on Agriculture and Forestry with amendments.

Mr. LADD. I ask that the formal reading of the bill be dispensed with, that the bill be read for amendment, and that the committee amendments be first considered.

The PRESIDING OFFICER. Is there objection to the request of the Senator from North Dakota? The Chair hears none, and it is so ordered.

Mr. DIAL. Mr. President, I send to the desk an amendment to the pending bill.

The PRESIDING OFFICER. The Chair advises the Senator from South Carolina that under the order just made committee amendments are to be first considered.

Mr. DIAL. I do not ask for the present consideration of the amendment. I merely ask that it be printed and lie on the table.

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

NOMINATION OF SENATOR NEW TO BE POSTMASTER GENERAL.

Mr. HARRISON. Mr. President, on yesterday there came before the Senate the nomination of the junior Senator from Indiana [Mr. NEW] to be Postmaster General of the United States. The Senate did the very appropriate thing in confirming that nomination quickly and unanimously in open executive session. I am quite sure that the nomination of Senator NEW for Postmaster General is pleasing not only to all his colleagues on this side of the aisle but to every Member of the Senate. No Senator in this body has more warm personal friends than has the distinguished junior Senator from Indiana. The President by this appointment shows a feeling of personal gratitude as well as party appreciation.

As a member of the minority, I wish to say that it delighted me to see the nomination come in. I am sure that the Senator will continue to reflect credit on his State, as he has done heretofore, as well as upon his colleagues with whom he has served in the Senate. We wish for him success and happiness in his new public service.

THE RAILROAD AND THE FINANCIAL SITUATION.

Mr. GOODING. Mr. President, early in this session I introduced three bills proposing to amend the interstate commerce act. Unfortunately, because of the illness of the chairman of the Committee on Interstate Commerce [Mr. CUMMINS], there was no hearing had on any of the bills. It seems to me it is very unfortunate that a great committee of the Senate like the Interstate Commerce Committee should cease to function merely because its chairman is ill. I feel it very proper for me at this time to give the Senate some reason why I introduced the bills.

On December 8, 1922, I introduced Senate bill 4120 amending the fourth section of the interstate commerce act, making it unlawful for any common carrier subject to the provisions of that act to charge or receive a greater compensation for the transportation of freight for a shorter haul than for a longer haul over the same road moving in the same direction.

The violation of the fourth section, which permits railroads to charge more for a shorter haul than for a longer haul, has broken down and destroyed the use of our rivers for the transportation of freight, and at the same time it has worked a great hardship on the interior of all the Western States. This policy has done much to build up great cities at the expense of the interior, a policy that, in my judgment, is dangerous, unfair, unjust, and un-American.

The purpose of the bill is to deny to the Interstate Commerce Commission the right to permit the railroads to charge more for the shorter haul than for a longer haul on the same class of freight over the same railroad moving in the same direction to meet water competition.

This bill does not forbid such violations of the fourth section as have been permitted on circuitous roads whose lines are much longer than those of railroads that are constructed directly through the country. There may be some merit in permitting violations of the fourth section in such cases. The purpose of this bill is to deny to the Interstate Commerce Commission the right to permit violations that have for their purpose the destruction of water competition on our rivers and the coastwise shipping of the country.

Nothing in our railroad laws has been so much discussed or caused so much litigation as the violations that have been permitted under the fourth section of the interstate commerce act by the Interstate Commerce Commission.

Mr. President, I voted for the appropriation of $56,000,000 for river and harbor improvements as passed by the House and reported by the Senate committee, and recommended by the engineers as being necessary at this time for river and harbor improvements, for I believed if the amendment cutting down the recommendations of the engineers for river and harbor improvements from $56,000,000 to $27,000,000 should pass it would mean the abandonment of all the smaller projects that benefit the interior of the country. With an appropriation of only $27,000,000 I was satisfied that only harbors, and possibly some of the rivers in the South where there is much levying yet to be done, could receive any consideration by the Government

I believe that the reduction to $27,000,000 would mean the abandonment of the work proposed on the Columbia River, which is of vital importance to what we call in the West the inland empire, the granary of the West.

For a number of years water transportation on the Columbia and on the Snake, which flows through my State, has had a remarkable influence on freight rates at Lewiston, Idaho. Lewiston is in what we call the inland empire, and around Lewiston is one of the great wheat sections of America. Because there was water transportation on the Snake a number of years ago, the wheat rate from Lewiston to Portland, Oreg., is 24 cents per 100, while the wheat rate from Weiser, Idaho, which is in the southern part of the State, but is not affected by water transportation and is practically the same distance from Portland, is 35½ cents per 100. The farmers at Lewiston, because of the possibility of water transportation, are receiving a rate that is 47½ per cent lower than that granted to the farmers around Weiser, with practically the same length haul over railroads owned and operated by the same system.

If the amendment providing an appropriation of $27,000,000 had been adopted the country would have had a right to believe that it was the intention of Congress to abandon all of our river improvements for the benefit of water transportation.

Mr. President, if it became known that it was the policy of this Government to abandon river improvements designed for the benefit of water transportation, overnight the railroads would be petitioning the Interstate Commerce Commission for an increase in railroad rates that are now affected by water transportation.

With me the small projects in the interior of the country constituted the strength of the appropriation recommended by the engineers, for if this country is to reach its fullest possible greatness as a nation and is to continue to be a factor in the trade of the world, in view of the high freight rates on our railroads to-day there are two things that are of vital necessity: First, more electric power and cheaper power; and second, water transportation on all of our rivers where it is possible, even by a system of canalization.

It is through this system that I hope some day to see water transportation extended on the Snake River in Idaho until the people of my State are able to ship by water the products of the great valley of the Snake from some place in southern Idaho to the markets of the world.

I am satisfied that the amount of power that could be developed on such a project as the Snake River, together with the

benefit that water transportation would afford, would make this project entirely feasible.

Mr. President, let me say to the Senators that it is not strange that the railroads should destroy water transportation wherever it is possible for them to do so. With the railroads it is a business proposition not to permit any development of water transportation where it is possible to break it down and destroy it. Nor am I blaming the Interstate Commerce Commission altogether for permitting the violation of the fourth section. Congress has refused for many years to pass a bill that would make the fourth section absolute.

As I see it, the responsibility for the destruction of transportation on our rivers rests with Congress, and the responsibility can not be shifted to the railroads or to the commission. In this age of selfishness it must be expected that the railroads are going to hold a monopoly of the transportation of this country and destroy water competition just as long as Congress will permit them to do so.

But it is not my purpose at this time to discuss at any length the bill which I have introduced. It is a great disappointment to me that the Interstate Commerce Committee of the Senate has not seen fit to give the measure some consideration, for the bill is of great importance.

On December 9 I introduced Senate bill 4135, the purpose of which is again to amend section 4 of the interstate commerce act, making it unlawful for any common carrier subject to the provisions of that act to charge or receive a greater compensation for the transportation of the same kind of freight for the same distance in one direction than in another, to divert traffic from the short haul to the long haul, or to deny shippers the right to route traffic via the short haul in connection with competing carriers by rail or water. For example, the Union Pacific controls the Oregon Short Line and the Oregon-Washington Railroad & Navigation Co., so that it can be said that the lines of the Union Pacific extend from the Missouri River to Portland, Seattle, and other Pacific coast points.

Through the policy of charging excessive rates for the short haul westbound to water transportation the railroads force practically all of the farm products of Idaho and eastern Oregon over the long haul to the eastern markets. In this way the Union Pacific denies to the people of Idaho the use of the great Pacific Ocean, which God Almighty no doubt created for the benefit of all the people. At the same time they have denied to the people of my State and eastern Oregon the use of the Panama Canal, which the people of the interior were taxed to help build, as were the remainder of the people of America.

This same policy is followed on all the great transcontinental railroads in the West. Wherever it is possible the transcontinental railroads have forced all kinds of freight from the interior over the long haul to the East.

Mr. President, this policy has done much to bring about the car shortage in America, from which all the country has suffered during the last 20 years. It is this policy of forcing all of the products of the West over the long haul to the eastern markets which brings about the great congestion in the eastern freight yards when farm products are moving to market.

In railroad circles the Chicago freight yards are called the "neck of the bottle," through which much of the traffic of the West must pass. In those yards great congestion occurs every year when farm products are moving to market, causing great delay and contributing to the car shortage.

By every right all of Idaho's wheat and all of Idaho's wool and most of Idaho's products should be shipped to Portland, where they would receive the benefit of water transportation through the Panama Canal to the eastern and southern markets.

Here are a few concrete examples of what happens to the farmers of Idaho: The distance from Weiser, Idaho, to Portland is 412 miles; the distance from Weiser to Chicago is 1,861 miles. The rate on wheat to Portland from Weiser is 35½ cents per hundred; the rate on wheat from Weiser to Chicago is 65½ cents per hundred.

If the Idaho farmers at Weiser were given the same rate on a mileage basis to Portland that they are to Chicago, they would have a rate of 14½ cents per hundred instead of 35½ cents per hundred. The rate on wheat from Portland to Weiser is just two and a half times more on a mileage basis than it is to Chicago.

Take wool: The rate on wool from Shoshone, Idaho, to Portland, a distance of 608 miles, is $1.29½ per hundred. The rate on wool from Shoshone to Boston, a distance of 2,691 miles, is $2.81 per hundred. If the farmers had the same rate on wool on a mileage basis from Shoshone that is made on wool to Boston, they would have a rate of 63 cents per hundred instead of $1.29½ to Portland.

I quite agree that more should be charged on a mileage basis for a short haul than for a long haul, but I find that the average freight haul in the United States is 181 miles; so the haul of 416 miles from Weiser to Portland and the haul of 608 miles from Shoshone to Portland can not be called a short haul.

It takes from 30 to 60 days for a car of wool shipped from Shoshone, Idaho, to reach Boston. It is safe to say that the same car, if shipped to Portland, would reach that point in from 6 to 10 days. The same is true of wheat shipped from Weiser to Portland. A car of wheat shipped from Weiser would take from four to six days to reach Portland, while it is safe to say that it requires 30 days to transport this same car of wheat to Chicago.

All of the railroads in the United States insist on forcing every ton of freight they can over the long haul on their railroads, whenever it is possible to do so, by charging exorbitant rates for the short haul.

In this car shortage, hundreds of millions of dollars have been lost by the American people to sustain a policy of criminal extravagance in handling the commerce of the country. This outrageous policy has done much to retard the growth and development of the West. The purpose of this policy, of course, is to destroy as far as possible water transportation in this country, and up to the present time its work has been almost complete.

Mr. President, as far as the West is concerned, I believe the railroads themselves would be benefited if they would adopt a policy that would give the interior of our Western States a chance to grow, a chance to develop their own resources, a chance to have manufacturing institutions, a chance to enjoy the same privileges as other people in America, which is impossible at the present time under the policy of our transcontinental railroads.

One of the great needs of the country to-day is a better distribution of the people. The present policy of the railroads is to build great cities at terminal points. This policy is responsible, in a large measure, for the congested condition of our population—a policy that, if continued, will impair the growth and development of the whole country and make the problems of Government harder to solve.

Mr. President, on December 11, 1922, I introduced Senate bill 4148. If this bill could have been passed at this session of Congress it would have given the farmers of this country immediate relief.

Of course, I understood when I introduced this bill that I should be told that Congress should not legislate on railroad rates; that it is impractical, and that a great injustice might be done the railroads of this country. It seems to be all right for the railroads to paralyze the great agricultural interests of the country, but when agriculture asks for relief we immediately hear about the wrecking of the great railroad system of America.

If I had believed that a majority of the Interstate Commerce Commission were in sympathy with and wanted to be fair to the great agricultural interests of the country, then I should not have introduced this bill; but when I investigate the horizontal increases made as the result of the Federal control act and the Esch-Cummins Act, in which, with but one or two exceptions, horizontal increases were made on the agricultural products, the same as on the higher-priced commodities of the country, without any investigation or consideration of what the farm products would bear to carry them to market, or as to how high the rate or how low the rate was originally, or how long the haul or how short the haul I am forced to the conclusion that at least a majority of the Interstate Commerce Commission is without sympathy for the great agricultural interests of this country; for any expert on railroad rates must have understood that such a horizontal increase was unfair and unjust and they should have known that it was criminal, and that the results would be just what they have been—the wrecking of agriculture.

Mr. President, the action of the Interstate Commerce Commission in ordering these horizontal increases was beyond my understanding until I read an article in the Manufacturers' Record, of Baltimore, of February 22, 1923. I will read the headlines of this article, and I am going to ask that it be printed in the RECORD, in 8-point type, following my remarks.

There being no objection, the matter referred to was ordered to be printed in the RECORD in 8-point type.

Mr. MCNARY. Mr. President——

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

Mr. GOODING. I do.

Mr. McNARY. The article referred to by the able Senator from Idaho is a splendid one, and I should like to have it read from the desk.

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

The reading clerk proceeded to read the article. After having read for some time—

Mr. GOODING. Mr. President, I ask that the reading be discontinued and that the remainder of the article may be printed in the RECORD without reading.

Mr. DIAL. I object. Let us have the whole article read. It is very interesting.

The VICE PRESIDENT. The reading will be continued.

The reading clerk continued and concluded the reading of the article.

Mr. STERLING. Mr. President, a parliamentary inquiry.

The VICE PRESIDENT. The Senator will state his parliamentary inquiry.

Mr. STERLING. I inquire whether the reading of this document is bound to continue, or whether a Senator may object to the further reading at the desk under the circumstances?

The VICE PRESIDENT. The reading has been concluded.

Mr. STERLING. I am glad to hear it.

Mr. DIAL. Mr. President, will the Senator from Idaho yield?

Mr. GOODING. I yield.

Mr. DIAL. Mr. President, the article which was being read at the desk was, I thought, much longer than indicated by the reading. I was very much interested in hearing the article read, but if there is any more of it, and if the Senator desires to put it in the RECORD, I shall have no objection.

Mr. GOODING. I am glad the Senator has withdrawn his objection. I ask that it may be printed in the RECORD in 8-point type as an appendix to my remarks.

The VICE PRESIDENT. The article having been read, it goes in the RECORD, anyway.

Mr. GOODING. Mr. President, the article just read embodies a resolution adopted at the meeting therein referred to, which seems to me to be the most remarkable resolution ever passed by any body of men in America. Why bankers who met in this city to deflate credits and to deflate everything else should want to inflate railroad rates is clear beyond my understanding, unless, of course, it was for the purpose stated in the editorial in the Manufacturers Record, to deflate the whole country and to destroy its prosperity. God knows that was its effect. No man ever uttered truer words than Governor Harding did when he said on dismissing that body of bankers, "Your work will spread throughout the whole country." A short time after that meeting of May 18, 1920, the bankers of the West were called to Chicago, and the damnable work of this conspiracy of destroying the prosperity of America was spread all over the country.

Will anyone tell me why the bankers, with the Secretary of the Treasury sitting in their midst, should unanimously pass a resolution providing for the appointment of a committee of five to go before the Interstate Commerce Commission and the Shipping Board to ask for increased freight rates? No body of men in America understand, Mr. President, any better than did the men who were present at that meeting that the farmers of this country pay the freight; there is not any doubt about that; and that increase in freight rates meant, of course, a deflation in the price of farm products. That was the purpose of it, and that was the method of following the lines of easiest resistance. Of course, the unorganized agricultural interests broke down, and during the last three years have lost, because of this deflation, something over $34,000,000,000 in the shrinkage in the value of their land and the value of their products as compared with 1919. Talk about a conspiracy! This country never heard of such damnable work as followed the adoption of the resolution passed at that meeting of the Federal Reserve Board and those who met with them.

Mr. President, this is most important, it seems to me, but I am not going to discuss it any longer, for the editorial discusses the whole problem very fully. I think the people of this country owe a debt of gratitude to the Manufacturers Record, of Baltimore, for having the courage to publish the story of this conspiracy as it was formed here in this city on May 18, 1920. I offer the resolution which I send to the desk.

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

Mr. GOODING. I yield for a question.

Mr. HEFLIN. Does the Senator recall the fact that some days ago some one on the floor of the Senate said that the country banks were trying to shift the responsibility onto the regional reserve banks, stating that the country banks refused to make loans to the people, and gave as their reason for so doing that the necessary money was denied them by the Federal reserve banks. This conspiracy discloses the fact that they agreed not to make loans to the country banks, and it was agreed that they must get these bankers to meet them face to face and tell them they were not going to get the loans.

Mr. GOODING. The Senator is correct.

This article shows they refused to make loans on notes backed by Government Liberty bonds, to purchase which some people had almost bled, and that through that method they deflated the price of Liberty bonds and forced them on the market. I ask for the reading of the resolution which I send to the desk.

The VICE PRESIDENT. The Secretary will read as requested.

The principal legislative clerk read the resolution (S. Res. 460), as follows:

Whereas it is reported in the Manufacturers' Record of February 22, 1923, that on May 18, 1920, there was held in Washington a secret meeting of the Federal Reserve Board, the Federal Advisory Council, and the class A directors of the Federal reserve banks; and

Whereas it is reported in the Manufacturers' Record of February 22, 1923, that the then governor of the Federal Reserve Board, in closing the above-mentioned meeting, said: "I would suggest, gentlemen, that you be careful not to give out anything about any discussion of discount rates. That is one thing there ought not to be any previous discussion about, because it disturbs everybody, and if people think rates are going to be advanced, there will be an immediate rush to get into the banks before the rates are put up and the policy of the Reserve Board is that that is one thing we never discuss with a newspaper man. If he comes in and wants to know if the board has considered any rates or is likely to do anything about any rates, some remark is made about the weather or something else and we tell him we can not discuss rates at all. And I think we are all agreed it would be very ill advised to give out any impression that any general overhauling of rates was discussed at this conference. We have discussed the general credit situation and your committee, which has been appointed with plenary powers, will prepare a statement which will be given out to the press to-morrow morning and we will all see what it is. You can go back to your banks and, of course, tell your fellow directors as frankly as you choose what has happened here to-day, but caution them to avoid any premature discussion of rates as such. We have had an exceedingly interesting day, gentlemen. The suggestions which have been made are valuable and we have profited by your views. I wish to express on behalf of the board our appreciation of your coming here and to thank you for the unselfish and loyal interest you have taken in the Federal bank situation throughout the country in giving this matter the careful thought and consideration that you have. And I am sure that the spirit which has manifested itself at this meeting here to-day will spread throughout all the country, to the member and non-member banks, and if it does we can look the future in the face with courage and confidence"; and

Whereas there appears in the Manufacturers' Record of February 22, 1923, the following statement: "When the press is denied the right to learn for itself what is going on and must accept as law and gospel any prepared report, the public may rest assured that it is not getting the real facts, and yet such a prepared report was all that the press has heretofore ever been able to secure as to the discussions which took place in that meeting"; and

Whereas there appears in the Manufacturers' Record of February 22, 1923, the following additional statement: "At the close of the meeting, in which only one day was given to this general discussion of the most tremendous financial problem that this country had ever faced, when days and days might well have been spent in a careful analysis of the situation, the meeting was closed with the statement by Governor Harding, which we have quoted in the opening paragraph, insisting that nothing should be given out by those in attendance in regard to the discussions that had taken place; and thus the public was to be kept in dense ignorance, knowing nothing except the official statement issued by the committee, and from which the public and the press could get no information worth having as to what was being done or would be done by Federal reserve banks"; and

Whereas numerous other assertions are made in the Manufacturers' Record of February 22, 1923, indicating that the above-mentioned meeting discussed deflation in currency, restriction of credit, breaking down of prices, and higher freight rates, with a view to governing the future administration of the Federal reserve banks by adherence to such policies, and indicating that the conclusions of this meeting were reached in secret and withheld from the public: Therefore, be it

Resolved, That the President is requested to cause an investigation to be made to determine the truth of the above statements, and, if not, in his judgment, incompatible with the public interests, to report thereon to the Senate.

Mr. GOODING. I ask that the resolution be referred to the Committee on Interstate Commerce.

Mr. HARRISON. Mr. President, does not the Senator want it referred to the Committee on Banking and Currency? It is a matter that relates to the Federal Reserve Board.

Mr. GOODING. All right; then I will ask that it go to that committee.

Mr. HARRISON. I should imagine that would be the proper committee. I do not know. I have no suggestion to make.

Mr. HEFLIN. Why does the Senator ask that the President have the matter investigated? Why not have the resolution changed, so as to provide that a committee from the Senate shall be appointed by the Chair to investigate and report at the next session of Congress?

Mr. GOODING. I think that this conspiracy of May 18, 1920, is of such importance to the American people that it should have the attention of the President, and I want him to investigate it in his own way. I think the President can best investigate the conspiracy of that date, and I believe that he is going to do

it. I want to know what influence the special committee that was appointed by this meeting on May 18, 1920, had on the Interstate Commerce Commission in increasing freight rates. I want the President to find out. The country is entitled to know.

The VICE PRESIDENT. The resolution will be referred to the Committee on Banking and Currency.

Mr. GOODING. Mr. President, this resolution explains very fully to me the action of the Interstate Commerce Commission in increasing rates. I hope the President will find out how many bankers who were in that meeting are large owners of railroad stocks in America. If the country can not be protected against a conspiracy of that kind, then we have not much of a Government. If the whole country is to be wrecked and ruined by the money changers of America, then God pity this free Government of ours.

I do not know whether the commission acted on the resolution or not; but on August 26, 1920, they made a horizontal increase in all rates as they existed at that time, with one or two exceptions.

The conspiracy of the Federal Reserve Board worked better than they knew. It brought about the greatest crisis this country has ever known. It is not strange that the agricultural interests of the country, unorganized as they are, should be the first to break down; and in the last three years, taking 1919 as a basis, there has been a shrinkage in the value of farm products and farm lands of more than $34,000,000,000.

It is quite evident that the Federal Reserve Board and the Interstate Commerce Commission understood and knew the easiest lines of resistance. By increasing railroad rates they knew they could paralyze the agricultural interests of the country and bring about the deflation so much desired, regardless of who suffered from their damnable conspiracy.

When we learn of the conspiracy of the Federal Reserve Board and the treatment that the farmers received from the Grain Corporation during the war, in which they forced the farmers of this country to produce wheat far below the actual cost of production, it is not strange that we hear the distressing stories that come from American farms all over this country to-day. Hardships and privations have been the price that the American farmer has been forced to pay for thrift and industry.

I want to offer here for the RECORD, Mr. President, a table showing the price of a bushel of wheat received by the farmers in the different States of the Union. I shall not take time to read it. I am offering it to show who pays the freight rate. In South Carolina the farmer received $2.08 for his wheat in 1921; in Wyoming he received 79 cents; in Colorado, 76 cents; in Utah, 75 cents; in Idaho, 72 cents. The farther away he is from the market the higher the freight rate and the less the farmer receives for a bushel of wheat. I offer this table to show who pays the freight rate.

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

Farm prices for 1921 wheat, taken from Yearbook.
(Page 138.)

South Carolina	$2.08
Maine	1.75
Georgia	1.75
Alabama	1.53
North Carolina	1.44
Nevada	1.30
Mississippi	1.30
Arizona	1.25
Vermont	1.25
Tennessee	1.20
West Virginia	1.17
Virginia	1.16
Kentucky	1.15
New Jersey	1.13
New York	1.08
Ohio	1.08
California	1.07
Indiana	1.06
New Mexico	1.05
Michigan	1.04
Pennsylvania	1.03
Maryland	1.03
Arkansas	1.00
Texas	1.00
Illinois	1.00
Missouri	.99
Delaware	.98
Minnesota	.97
Wisconsin	.97
Kansas	.93
Iowa	.88
South Dakota	.87
Oklahoma	.86
Washington	.86
Montana	.85
Oregon	.85
North Dakota	.85
Nebraska	.83
Wyoming	.79
Colorado	.76
Utah	.75
Idaho	.72

The great surplus comes from the West; the surplus States are as follows:

	Bushels.
Kansas	74,000,000
South Dakota	26,900,000
Oklahoma	10,200,000
Washington	36,300,000
Montana	10,700,000
Oregon	11,300,000
North Dakota	68,200,000
Nebraska	41,400,000
Wyoming	800,000
Colorado	30,000,000
Utah	400,000
Idaho	10,700,000
Nevada	400,000
Minnesota	35,300,000
Missouri	13,000,000

All other States produce a deficit, in other words, they do not produce as much as they consume.

Mr. GOODING. A simple comparison of the freight rates that the low-priced farm products pay to carry them to market with the rates that the low-priced manufactured articles pay on their market value to carry them to market shows very conclusively the injustice and the crime that was committed against agriculture when these horizontal increases were made by the Interstate Commerce Commission.

For instance, if we take the percentage of the value that goes to make up the freight rates on the low-priced farm products, such as wheat, potatoes, onions, and hay, that make up a large acreage of agriculture, and compare it with the percentage that goes to make up the freight rate on manufactured articles, such as men's suitings, men's and women's shoes, and cotton goods, we find that these low-priced farm products are paying 2,892 per cent higher rates, according to their value, than the manufactured articles that I have mentioned.

If the Interstate Commerce Commission—these experts in freight rates—had wanted to be fair and just to the agricultural interests of the country, they would not have placed the great burden upon the agricultural industry that they did when these horizontal increases were made.

Mr. President, I ask leave to have printed in the RECORD part of the President's message of December 8, 1922, in which he advocated a reduction in freight rates on farm products and the basic materials of the country, stating that he had suggested it to the railroad men of the country and the Interstate Commerce Commission, and that the Interstate Commerce Commission, together with the railroads, refused to make the reduction on the low-priced products.

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

The matter referred to is as follows:

This transportation problem can not be waived aside. The demand for lowered costs on farm products and basic materials can not be ignored. Rates horizontally increased, to meet increased wage outlays during the war inflation, are not easily reduced. When some very moderate wage reductions were effected last summer there was a 10 per cent horizontal reduction in rates. I sought at that time, in a very informal way, to have the railway managers go before the Interstate Commerce Commission and agree to a heavier reduction on farm products and coal and other basic commodities and leave unchanged the freight tariffs, which a very large portion of the traffic was able to bear. Neither the managers nor the commission saw fit to adopt the suggestion, so we have the horizontal reduction too slight to be felt by the higher class cargoes and too little to benefit the heavy tonnage calling most loudly for relief.

Mr. GOODING. Mr. President, it is not strange that the majority of the Interstate Commerce Commission refused to accept the suggestions of the President for a more liberal reduction on agricultural products than the higher-priced products when we are advised that a committee of five was appointed at the meeting of the Federal Reserve Board on May 18, 1920, urging an increase in freight rates.

I find, however, that five members of the Interstate Commerce Commission were willing to place the entire reduction of 10 per cent that was made at that time on farm products and the basic materials of the country, letting the higher-class, higher-priced products carry a heavier burden in freight rates. In justice to five members of the commission, I think I ought to say that.

Mr. President, I am going to review briefly the increases made under the Federal control act passed March 21, 1918, also the increases made by the Interstate Commerce Commission under the act passed February 28, 1920, known as the Esch-Cummins Act.

On March 21, 1918, the Federal control act was approved, and under that act the Director General of Railroads, Mr. McAdoo, on June 25, 1918, ordered a 25 per cent horizontal increase on all railroads in the United States, regardless of how long the haul or how high the rate, with one or two slight modifications, and without any regard as to what the products would bear to carry them to market. It was a war measure, however, and some excuses can possibly be made for the horizontal increases that were made at that time.

During the period of Federal control it was agreed that the Government should pay for the use of the railroads the average yearly earnings of the railroads for the three years previous to Government control, which was claimed by the railroads to be $906,500,000. The three years previous to Government control were the most prosperous years in the history of the railroads of this country.

Under Federal control the railroads fell far short of earning this amount, so that for 1918 the Government was forced to pay $216,000,000 out of the Treasury to the railroads to make up the deficiency. In 1919 the Government paid out of the Treasury to the railroads $390,000,000, and for the first two months of 1920, $108,000,000. The total amount paid to the railroads under Government control to make the earnings of the roads equal the test period before the war was $715,000,000.

The Federal control of our railroads terminated March 1, 1920, and on February 20, 1920, the transportation act known as the Esch-Cummins Act was approved. That act guaranteed to the railroads the same annual rate of return for six months, beginning with March 1, 1920, as the earnings of the railroads shown in the test period before Federal control.

It is estimated that the Government will be forced to pay to the railroads $536,000,000 to make up the deficiency in the earnings of the railroads for those six months.

Subdivision 2 of section 15–a of the Esch-Cummins act makes it mandatory upon the Interstate Commerce Commission to fix rates that will, after paying the cost of operation, earn an amount equal to a fair return on the aggregate value of the railway property as a whole or in different groups.

The language of subdivision 2, section 15–a, is as follows:

In the exercise of its power to prescribe just and reasonable rates the commission shall initiate, modify, establish, or adjust such rates so that the carriers as a whole (or as a whole in each of the rate groups or territories as the commission may from time to time designate) will, under honest, efficient, and economical management and reasonable expenditure for maintenance of way, structures, and equipment, earn an aggregate annual net railway operating income equal as nearly as may be to a fair return upon the aggregate value of the railway property of such carriers held for and used in the service of transportation: *Provided*, That the commission shall have reasonable latitude to modify or adjust any particular rate which it may find to be unjust or unreasonable and to prescribe different rates for different sections of the country.

Subdivision 3 of the same act places the duty on the commission of determining what is a fair rate of return, and denies the commission the right to fix the fair rate of return at less than 5½ per cent, permitting discretionary power to add on one-half of 1 per cent for improvements and betterments for the two years beginning March 1, 1920. The exact wording of subdivision 3 is as follows:

The commission shall from time to time determine and make public what percentage of such aggregate property value constitutes a fair return thereon, and such percentage shall be uniform for all rate groups or territories which may be designated by the commission. In making such determination it shall give due consideration, among other things, to the transportation needs of the country and the necessity under honest, efficient, and economical management of existing transportation: *Provided*, That during the two years beginning March 1, 1920, the commission shall take as such fair return a sum equal to 5½ per cent of such aggregate value, but may, in its discretion, add thereto a sum not exceeding one-half of 1 per cent of such aggregate value to make provision, in whole or in part, for improvements, betterments, or equipment which, according to the accounting system prescribed by the commission, are chargeable to capital account.

Subdivision 4 of the same act charges the commission with the duty of determining the value of the railway property. Subdivision 4 reads as follows:

For the purpose of this section such aggregate value of the property of the carriers shall be determined by the commission from time to time and as often as may be necessary. The commission may utilize the results of its investigation under section 19a of this act, in so far as deemed by it available, and shall give due consideration to all elements of value recognized by the law of the land for rate-making purposes, and shall give to the property investment account of the carriers only that consideration which under the law it is entitled to in establishing values for rate-making purposes. Whenever pursuant to section 19a of this act the value of the railway property of any carrier held for and used in the service of transportation has been finally ascertained, the value so ascertained shall be deemed by the commission to be the value thereof for the purpose of determining such aggregate value.

In obedience to the dictates of that section the Interstate Commerce Commission entered upon a hearing and fixed the aggregate value of the properties for rate-making purposes as follows:

For the eastern group of railroads	$8,800,000,000
For the southern group of railroads	2,000,000,000
For the western group of railroads	8,100,000,000
Total	18,900,000,000

Then, realizing that some railroads might earn more than others, a brake was applied to those roads by the insertion of the recapture provision, providing that one-half of the return of any railroad in excess of 6 per cent should be paid into a contingent fund for the purpose of making loans to other railroads.

The value taken by the Interstate Commerce Commission was largely based on the book values of the railroads. It is true that the amount fixed was less than the amount claimed by the railroads, but there is nothing to indicate the correctness of the valuation, for the valuation department of the Government has not finished its work of finding the value of the railroad properties in the United States.

In fixing rates that would earn a return of 5½ per cent, plus one-half of 1 per cent for improvements and betterments and equipment, the Interstate Commerce Commission, on August 26, 1920, increased the rates by horizontal increases on all railroads in the United States, as follows.

	Per cent.
For the eastern group of railroads	40
For the western group of railroads	35
For the southern group of railroads	25
For the Mountain Pacific group	25
From one group to another	33⅓

On July 1, 1920, a reduction of 10 per cent was made in and between all of the groups, effective January 1, 1922. Rates on grain products and hay throughout the western and Mountain Pacific groups were reduced approximately as follows: On wheat, hay, and other grain products, 13 per cent; on corn, rye, oats, and barley, 20 per cent.

In October, 1921, rates on live stock throughout the western and Mountain Pacific groups in excess of 50 cents were reduced 20 per cent. These constitute the principal rate reductions.

Taking all of the increases and reductions made by the Interstate Commerce Commission since 1913 into consideration, and calling the rates of 1913 100 per cent, the rates to-day are as follows:

Eastern group, 190 per cent; southern group, 141 per cent; western group, 152 per cent; Mountain Pacific group, 141 per cent; from one group to another, 149 per cent. Notwithstanding the fact that the eastern group rates were increased a greater per cent than the other groups, the rates of the West are still much higher than the rates of the East and the South. This is accounted for by the fact that the rates for the western group of railroads, especially the Mountain Pacific group, were very much higher originally than on any other railroads in the United States.

For the year 1921 the average revenue per ton-mile for the eastern roads was 12.43 mills; for the South, 10.81 mills; for the West, 14.22 mills per ton-mile.

In other words, the rate per ton-mile in the western group is 14.4 per cent higher than in the eastern group, and is 31.5 per cent higher than in the southern group.

It will be recalled that subsection 3 of the Esch-Cummins law fixed the fair rate of return at 5½ per cent, plus one-half of 1 per cent for improvements, betterments, and equipment, for a period of two years, beginning March 1, 1920.

May 16, 1922, the Interstate Commerce Commission fixed a rate of 5¾ per cent of the aggregate value of all properties as a fair return effective on and after March 1, 1922.

And so our railroads are being operated to-day under the Esch-Cummins law with the interest earnings fixed at 5¾ per cent, based on the valuation of $18,900,000,000 and, as I analyze the railroads, very few of them are having any trouble to earn 5¾ per cent, and some of them are earning more than twice that amount.

Taking the year 1913 as a normal year on our railroad systems, and comparing it with 1921, a year after the Esch-Cummins law was passed, I shall have no trouble in showing that the railroads are in a prosperous condition to-day under a reckless expenditure of money that, in my judgment, is nothing less than criminal.

Mr. President, the Nation's freight bill has nearly doubled since 1913. The freight revenue for 1913 and 1921 is as follows:

1913	$2,140,083,394
1921	3,911,204,509
Increase	1,771,121,115

which is an increase of 83.5 per cent.

There was only a very slight increase in the tonnage. The ton-miles increased as follows:

Ton-miles in 1913	297,722,528,693
Ton-miles in 1921	306,736,765,622
Increase	9,014,236,929

which is an increase of only 3 per cent.

Railroad officials will tell you that the expense of a railroad is largely measured by train-miles; that it is the train-miles that make the expense.

A comparison of freight train-miles shows that there were not nearly as many train-miles in 1921 as in 1913:

Freight train-miles in 1913	628,319,136
Freight train-miles in 1921	510,290,560
Decrease	118,028,576

or a decrease of 18.8 per cent.

In other words, the people were called on to pay 83.5 per cent more revenue for 3 per cent additional ton-miles, which was performed by 18.8 per cent less freight train-miles.

The decrease in freight train-miles was brought about in two ways: First, by cooperation on the part of the people by heavier loading per car; second, by handling more cars per train-mile.

The cost to the people, measured by the ton-mile rate, is as follows:

	Mills per ton-mile.
1913	7.19
1921	12.75
Increase	5.56

The empty-car movement per train-mile has considerably increased:

	Empty cars per train-mile.
1913	9.59
1921	14.22
Increase	4.63

which is an increase of 48 per cent.

This reflects the unsettled condition of the country and shows the lack of purchasing power on the part of the farmers. They move their goods to market and have no money with which to buy. A reduction in rates would stimulate the loading both ways and would increase the revenue without corresponding increase in the expense.

The increased cost of passenger traffic is shown in the following figures:

1913	$678,966,749
1921	1,151,771,045
Increase	472,804,296

It cost the people 70 per cent more in 1921 to travel on our railroads than in 1913.

There was a slight increase in the passenger miles, as follows:

1913	33,875,085,958
1921	37,312,585,966
Increase	3,437,500,008

or an increase in the passenger miles of only 10 per cent.

The passenger-train miles, like the freight miles, decreased:

1913	572,503,969
1921	554,799,797
Decrease	17,704,172

or a decrease of 3 per cent.

The increase in the passenger revenue is a net gain to the railroad, for the reason that passenger trains, unlike freight trains, run on regular schedules, whether there is anyone to ride on them or not, while freight trains move only when there is sufficient tonnage.

Mr. President, the importance of agriculture to the great railroads of this country is clearly shown in the number of tons of agricultural products shipped over our railroads in 1913 as compared with 1921, and the number of tons shipped by other great industries of the country in 1913 and 1921.

The farmers of the country produce what we call a vital necessity of life. Most of the other industries are producing what might be called a deferred necessity. In other words, for a time we can defer the use of mine products and the products of the forest; and when there is an overproduction our manufacturers can close down, and they do close down, and public opinion sustains them in closing their factories. But that is not so with the farmer. He must go on, regardless of what his products bring on the market. The lower the price of farm products, the more he must produce in order to keep the wolf from the door; but unless the country treats him with more of a spirit of fairness in the future than it has in the past, especially as far as freight rates are concerned, he will be forced to limit his production and let the wolf wait at some other man's door.

These figures show the amount of different classes of freight transported in 1913 and 1921 and tell a most wonderful story. They show how vital the agricultural industry of the country is to the railroads themselves.

The number of tons hauled by the railroads in 1913 and in 1921 is as follows:

	1913	1921
	Tons	*Tons.*
Products of agriculture	203,203,192	222,678,348
Products of animals	42,261,263	41,777,754
Products of mines	1,099,867,548	878,224,636
Products of forests	203,615,494	148,042,863
Products of manufacture	506,087,990	400,039,094

Mr. President, I have had time to examine into the affairs of but a few of our railroads, but from the few I have examined I am satisfied that the people by rights own a large interest in our railroads to-day upon which they are now asked to pay an interest charge of 5¾ per cent under the Esch-Cummins law.

For instance, examination into the affairs of the Union Pacific system, which is one of the greatest railroads in the United States to-day, shows that practically all of the great development on that system, such as double tracking, building new roads and equipment, has been made out of the earnings of the road after paying interest on their funded debt and dividends to their stockholders.

I find on examination of the three roads, the Union Pacific Railroad, the Oregon-Washington Navigation Co., and the Oregon Short Line, which make up the Union Pacific system, that the amount of the stocks and bonds on June 30, 1902, was $451,752,965, and on December 31, 1921, the total amount of capital stocks and bonds outstanding was $701,502,130. The capital stock increased in the last 20 years $118,181,635, and bonds outstanding increased $131,567,530, or a total increase in stocks and bonds of $249,749,165.

During the same time their investments in outside securities increased from $141,494,986 in 1902 to $301,075,047 in 1921, an increase of $159,580,061 in 20 years; and their book value of road and equipment increased from $355,029,493 in 1902 to $653,962,537 in 1921, an increase in the book value of road and equipment of $298,933,044 in 20 years, making a total increase in outside securities and investment in road equipment of $458,513,105.

Now compare this increase in investment of $458,513,105 with the increase in stocks and bonds during the same time of $249,749,165. It shows that there was a greater increase of $208,763,940 in the investment than in stocks and bonds. This undoubtedly came from the earnings of the company.

Nor was this all. During the same 20 years the road paid $501,180,713 in dividends, and during the same 20 years, 1902–1921, inclusive, the company set up a surplus above dividends and fixed charges of $216,301,818.

Now if we compare the increase in the stocks and bonds of $249,749,065 with the accumulated surplus account during the same period of $216,301,818, we find a difference of only $33,447,347, which may be designated as new money invested in the Union Pacific system in the last 20 years.

The book value of the Union Pacific system on December 31, 1921, is shown to be $653,962,537, and the road during the past 20 years set up out of earnings a surplus account above dividends and fixed charges of $216,301,818. In other words, the people contributed $216,301,818 toward the $653,962,537 to build the Union Pacific system, upon which the company now asks the people to pay an interest charge of 5¾ per cent. By every right this $216,301,818 should be deducted from the value of the Union Pacific system and the people only required to pay a rate on $437,660,719, instead of $653,962,537, as claimed by the Union Pacific system. This same system of building the road out of the earnings has been carried on ever since the road was constructed and I am satisfied that if an investigation was made and the water squeezed out of the book value the people of the West would have freight rates that would permit the West to develop.

I have also learned that stock was sold to favored stockholders at less than market price. I have not been able to find out just what amount of stock was sold, or the price for which it was sold, but I understand that it was sold at a price considerably less than the market price. The difference between what the stock was sold for to the favored stockholders and the market price may be sufficient to wipe out the new money figure of $33,447,247.

A large part of the Union Pacific system 25 or 30 years ago was little better than a cow trail. To-day it is one of the greatest roads in this country. All the heavy grades have been eliminated. Practically every mile of the Union Pacific has been double-tracked. The Oregon Short Line has been developed and improved and part of it double-tracked. It is a first-class system in every respect.

The same can be said of the Oregon-Washington Navigation Co. It is on this road that new branches have been built of very expensive and difficult construction. On the Union Pacific system in the last 20 years 1,931 miles of new road have been constructed and equipped. All of this wonderful development has been done out of the earnings of the system after paying at times excessive dividends, and the interest charge on their indebtedness, with the exception of $33,447,347 of new money, as to the existence of which there is much doubt. I have no doubt that an investigation would show that this method has been practiced by all railroads.

Mr. President, I am satisfied that if the Senators who voted for the Esch-Cummins law would take time to investigate the administration of our railroads under that law they would be forced to the same conclusion that I have reached—that the Esch-Cummins law, under the reckless and extravagant administration of our railroads, was a most serious mistake.

In 1913 there was 1,746,092 men employed on the railroads, and in 1921 there were 1,622,758 employed, a decrease of 123,334 men. During that time there was a decrease of 18.8 per cent in the freight-train miles and a decrease of 3 per cent in the passenger-train miles.

With all these reductions in train miles and passenger miles, and a reduction of 123,334 empolyees, I find that in 1913 it required 12,928 general and division officers to administer our railroads, and that in 1921 it required 21,763 general and division officers to administer our railroads, an increase of 8,835 over 1913. The salaries of these officers in 1913 were $39,869,656, and in 1921 their salaries were $86,026,886, or an increase of $46,157,230.

The operating revenues and expenses of the railroads in the United States were as follows:

	1913	1921
Operating revenues	$3,108,361,215	$5,516,556,455
Operating expenses	2,173,463,563	4,562,668,302
Net revenue	934,897,653	943,888,153

The railroads in 1921 made a greater net earning than in 1913 by $8,990,501.

During the same time there was a decrease in the train miles, both freight and passenger, and a decrease of 123,334 employees, and an increase of 8,835 officers, and an increase in officers' compensation of $46,157,230.

Taking the increase of $8,990,501 and cutting out the extravagant increase of $46,157,230 for the management of the roads, it would make the net revenues for 1921 $55,147,731 greater than in 1913.

The extravagance and waste undoubtedly run all through the operation of the roads. If this waste was cut out the rates could be reduced and the railroads would be in a very prosperous condition to-day. I am satisfied from my investigation that the railroads of this country are in a prosperous condition to-day, or would be if they would give their roads an honest and economical management. The cry of "wolf" is only to divert the people's attention from the real, true condition of our railroads. Some day the people will discover that there is no "wolf," and that the managers and officers of the railroads themselves are the real "wolves."

Mr. President, I have tried very hard to find some reasonable excuse for the remarkable increase in the number of officers on the railroads of the United States, but nowhere have I been able to find the slightest reason or excuse for the increase.

It is far from me to want to do any injustice to the men who direct the affairs of the great railroad systems of America, and if any Senator can shed any light on this tremendous increase I have shown I shall be more than gratified to hear it.

If there is any difference in the operation of our railroads to-day than in 1913 I am unable to find it. The only difference that I find in the railroad situation to-day as compared with that of 1913 is that for two years our railroads were under Government control, and that to-day the railroads are operating under the Esch-Cummins Act, with a fixed earning interest charge of 5½ per cent, based on a valuation of $18,900,000,000, and now we have an income tax that some corporations have not accepted in a very fair spirit.

It makes but little difference to me whether the increased number of officers are actually employed on the railroads or whether they are dummies set up to show an increase in the operation of the roads. If they are actually in existence, then I want to say that it is an unwarranted extravagance and is criminal in its nature.

Mr. President, I have never been in favor of Government ownership of railroads in this country, and I hope the time will never come when I will be forced to change my position on that great question; but the selfishness and reckless and extravagant management of our railroads to-day may force many people in this country to change their position on Government ownership and operation of railroads.

An article in the Literary Digest, under the headline "Are our railroad presidents worth their salaries," says that "five railroad executives, the first, second, third, fourth, and seventh highest paid in the United States, with offices in New York City, receive salaries, according to the Interstate Commerce Commission, aggregating $427,674, an average of $84,934." With an increase of 8,835 officers of our railroads in 1921 over 1913, it seems to me that the work of these great generals should have been made so much lighter that their salaries might have been decreased instead of increased.

Mr. President, I have but little regard for the man in this country who is not willing to give our railroads a fair return on their investment. The man who is not willing to do that is an undesirable citizen and should be branded as an anarchist. We have had a few such citizens, but not many. They are harmless, however, in any country so long as there is honesty in what is called the upper strata of life.

But when greed becomes so common in a country that men who occupy high positions in its business affairs can so far forget themselves that for any purpose they permit such conditions to exist as are shown to exist by the reports which I have received from the accounting department of the Interstate Commerce Commission in the management of their roads there is grave danger some day, unless this selfishness is curbed, that this country may suffer the same fate of other countries where selfishness and greed have created anarchy and together have broken down and destroyed one government after another as far back as authentic history tells the story of the rise and fall of civilizations.

SECTION 4 OF INTERSTATE COMMERCE ACT.

The resolution (S. Res. 472) submitted this day by Mr. GOODING, was considered by the Senate and agreed to, as follows:

Resolved, That the Interstate Commerce Commission is directed to investigate and report to the Senate the following information relating to the administration of section 4 of the interstate commerce act:

(a) The number of applications in special cases for relief from the operation of such section, filed with the commission, granted by the commission, granted by the commission after investigation including hearing, denied by the commission, or denied by the commission after investigation including hearing, for each of the following periods: The period between the amendment of the interstate commerce act on June 29, 1906, and its amendment on June 18, 1910, the period between such amendment on June 18, 1910, and the enactment of the transportation act, 1920, and the period since the enactment of the transportation act, 1920;

(b) The number of such applications granted since the date of the enactment of the transportation act, 1920, in order to meet rail competition, and the number granted since such date in order to meet water competition;

(c) The number of such applications granted since the date of the enactment of the transportation act, 1920, in which proof was presented satisfactory to the commission that the rate applied for would be reasonably compensatory for service performed, and the number of such applications granted since such date in order to meet water competition in which proof was presented satisfactory to the commission that the water competition was actual and not merely potential;

(d) The names of the railroads that have made such applications, the purposes intended to be accomplished and actually accomplished, in the opinion of the commission, by the filing and granting of such applications, and the effect of such applications on other railroads;

(e) The localities that have been most interested in having the railroads make such applications, and what pressnre such localities have brought upon the railroads and other localities in order to obtain the filing of such applications; and

(f) The number of cases of increases of rates previously reduced in order to meet competition from a water route, and the number of such cases in which there was presented proof satisfactory to the commission that such increase rested upon changed conditions other than the elimination of the water competition.

APPENDIX.

[From the Manufacturers Record, February 22, 1923.]

AN AMAZING REVELATION OF SECRET FINANCIAL MEETING—ON MAY 18, 1920, FEDERAL RESERVE MEETING IN WASHINGTON DISCUSSED DEFLATION, RESTRICTION OF CREDIT, BREAKING DOWN OF PRICES, AND HIGHER FREIGHT RATES, BUT GOVERNOR HARDING WARNED THOSE PRESENT NOT TO DIVULGE THE DISCUSSIONS OF THE DAY—THE INSIDE STORY REVEALED BY A STENOGRAPHIC REPORT OBTAINED BY THE MANUFACTURERS RECORD.

"After one of the most fateful meetings in the financial history of the world, a meeting which no other organization, including the Interstate Commerce Commission or the Supreme Court of the United States, would ever have dared to hold in secret and reach its conclusions in secret and withhold its conclusions from the public, Governor Harding, of the Federal Reserve Board, in closing that meeting of the Federal Re-

serve Board, the Federal Advisory Council, and the class A directors of Federal reserve banks, said: 'I would suggest, gentlemen, that you be careful not to give out anything about any discussion of discount rates. That is one thing there ought not to be any previous discussion about, because it disturbs everybody, and if people think rates are going to be advanced there will be an immediate rush to get into the banks before the rates are put up, and the policy of the reserve board is that that is one thing we never discuss with a newspaper man. If he comes in and wants to know if the board has considered any rates or is likely to do anything about rates, some remark is made about the weather or something else and we tell him we can not discuss rates at all. And I think we are all agreed it would be very ill advised to give out any impression that any general overhauling of rates was discussed at this conference. We have discussed the general credit situation and your committee, which has been appointed with plenary powers, will prepare a statement which will be given out to the press to-morrow morning and we will all see what it is. You can go back to your banks and of course tell your fellow directors as frankly as you choose what has happened here to-day, but caution them to avoid any premature discussion of rates as such. We have had an exceedingly interesting day, gentlemen. The suggestions which have been made have been valuable and we have profited by your views. I wish to express on behalf of the board our appreciation of your coming here and to thank you for the unselfish and loyal interest you have taken in the Federal bank situation throughout the country in giving this matter the careful thought and consideration that you have. And I am sure that the spirit which has manifested itself at this meeting here to-day will spread throughout all the country, to the member and nonmember banks, and if it does we can look the future in the face with courage and confidence.'

"These closing words of a fateful conference, it can be conservatively said, are the most damning indictment of the management of the Federal reserve system which could be penned by the worst enemies of that organization. The Manufacturers Record has shown since shortly after that meeting was held some of its decisions, but it has never until within the last few days been able to get hold of a stenographic copy of the minutes. But with this stenographic report we are now able to give to our readers some details regarding that meeting which strengthened and confirmed the work of deflation which had already been inaugurated. After a long conference and full discussion, covering 37 pages of foolscap, closely typewritten, the statement that Governor Harding closed the meeting with was emphatic warning to those in attendance that the deliberations of that meeting should be held as strictly confidential except to fellow directors and that the public should not be allowed to know what had taken place and the newspapers should know only so much of the meeting as the carefully prepared statement would present.

"As far back as July 3, 1919, the Manufacturers Record warned the Federal Reserve Board against some of the actions that were then being taken, and said:

"'Not for a moment would we suggest that the members of the Federal Reserve Board were in any way financially interested in the stock market, but we can readily understand the limitless power of stock speculation and the manipulation of the stock market which would be available to anyone who knew a few hours in advance of such proposed action by the Reserve Board. It is entirely within the power of that board to break the stock or the cotton market or to bring about a big boom movement in cotton or stocks. The power is too great to rest in the hands of any seven men, even if they were angelic in character, for they might be succeeded by those who were not so angelic.'

"That editorial emphasized the control which big financial interests had held over the stock market to break it when it suited their convenience to buy in stock or to boom it when it suited their convenience to unload stocks, and we added: 'It was hoped that the organization of the Federal Reserve Board would make this impossible; but the recent action of the board resulted in a very rapid break in the stock market, and it is within the power of the board to bring about a rapid advance whenever there is a change of policy and prevent the calling of loans or the sharp advance in money.'

"In that editorial we quoted from the Boston News Bureau a very sharp arraignment of some of the methods of the Federal Reserve Board and closed with the statement from the news bureau:

"'Before the Federal reserve system a money squeeze was one of the tricks of the trade to frighten the public out of their stocks. Are the administrators of the Federal reserve system going to countenance the same old game by allowing the people who have the control of money to play with values on a discount basis, arresting advancement and prosperity?'

"When two years ago the Manufacturers Record urged that every important meeting of the Federal Reserve Board should be held in the open, with the right of the public to know what was taking place, so that no secret acts should be passed giving to the insiders limitless possibilities for money-making, we knew that we had thrown a bombshell into the camp of secrecy, but we did not at that time know that Governor Harding had so specifically and emphatically urged that that conference should regard its whole discussion as secret and to be withheld from the newspapers and from the public at large. The human mind is somewhat staggered as it tries to outline the limitless possibilities for money-making on the part of every man who, having this secret information, knew exactly what would happen in the business world long in advance of what the general business public could even suspect, even if no man ever used this information to his own individual profit. This conference, the closing statement of which we have quoted, was held on May 18, 1920. Those in attendance were as follows:

"Hon. Adolph C. Miller, member of the Federal Reserve Board.

"Hon. Henry A. Mohlenpah, member of the Federal Reserve Board.

"Hon. John Skelton Williams, Comptroller of the Currency and member ex officio of the Federal Reserve Board.

"Hon. David F. Houston, Secretary of the Treasury and member ex officio of the Federal Reserve Board.

"George L. Harrison, counsel, Federal Reserve Board.

"Also the members of the Federal advisory council:

"Philip Stockton, Federal reserve district No. 1.

"A. B. Hepburn, Federal reserve district No. 2.

"L. L. Rue, Federal reserve district No. 3.

"W. S. Rowe, Federal reserve board No. 4.

"J. G. Brown, Federal reserve district No. 5.

"Oscar Wells, Federal reserve district No. 6.

"James B. Forgan, Federal reserve district No. 7.

"F. O. Watts, Federal reserve district No. 8.

"E. F. Swinney, Federal reserve district No. 10.

"R. L. Ball, Federal reserve district No. 11.

"A. L. Mills, Federal reserve district No. 12.

"J. H. Puelicher, Marshall & Ilsley Bank, Milwaukee, Wis.

"John Perrin, chairman of the board and Federal reserve agent, Federal Reserve Bank of San Francisco.

"Hon. Edmund Platt, chairman of the Banking and Currency Committee, House of Representatives.

"Also the following class A directors of the Federal reserve banks:

"Boston: Thomas Beal, Edward S. Kennard, and Frederick S. Chamberlain.

"New York: James A. Alexander, R. H. Treman, Charles Smith, and J. H. Sisson.

"Philadelphia: Joseph Wayne, jr., M. J. Murphy, and Francis Douglas.

"Cleveland: O. N. Sams, Robert Wardrop, and Chess Lamberton.

"Richmond: John F. Bruton, Charles E. Rieman, and Edwin Mann.

"Atlanta: J. K. Ottley, Oscar Newton, P. R. Kittles, and W. H. Kettig.

"Chicago: George M. Reynolds, Charles H. McNider, and E. L. Johnson.

"St. Louis: J. C. Utterback and Sam A. Ziegler.

"Minneapolis: Wesley C. McDowell and E. W. Decker.

"Kansas City: J. C. Mitchell, C. E. Burham, and W. J. Bailey.

"Dallas: John T. Scott, E. K. Smith, and B. A. McKinney.

"San Francisco: C. K. McIntosh, J. E. Fishburn, and M. A. Buchan.

DOOM OF COUNTRY'S BUSINESS INTERESTS SOUNDED AT CONFERENCE COMPOSED EXCLUSIVELY OF BANKERS.

"It will be noted that those in attendance were preeminently bankers and that business men as such were not there, though the business men and not the bankers are the ones who create the business of the country, whether in agriculture, manufacture, or other lines of industry. Their doom was being settled in a conference composed exclusively of bankers.

"In opening the proceedings Governor Harding, referring to those in attendance, said:

"'The class A directors are the banker members of the boards of directors of the Federal reserve banks. They are not only directors, and as a rule very influential directors, of Federal reserve banks but they are officials of member banks, and thus they see both sides of the picture. So it seems to be

peculiarly appropriate at a time when there is a banking situation to discuss to have bankers here to discuss it.'

"It is true that it might have been important to have bankers there to discuss the subjects up for consideration that day, but is it not also true that the manufacturers, the merchants, the farmers, and all others representing the producing and transportation interests of the country were just as vitally interested in a conference of this kind as those who were exclusively engaged in banking? In a rather lengthy opening speech Governor Harding said:

"'Every effort should be made to stimulate necessary production, especially of food products, and to avoid waste.'

"And having encouraged the farmers to the utmost extent during the spring of 1920 to carry forward their farming operations despite the high wages that were being paid labor drastic deflation was put into effect, breaking down the prices of farm products to an extent that literally bankrupted hundreds of thousands of farmers.

"'We can,' said Governor Harding, 'restrict credit and expand production, letting the expansion of production proceed at a greater rate than the restriction of credit, and we are then working along in the right direction.'

"No human being has yet found a way to restrict the credit facilities essential for increasing production and at the same time bring about increased production. That statement is so rankly absurd on its face that it is an amazing thing that any man professing to be either a banker or a political economist could presume to suggest that restriction of credit and expansion of production could go hand in hand.

"It is in striking contrast with the statement quoted from Hon. Reginald McKenna, formerly Chancellor of the Exchequer of Great Britain and one of the world's great banking authorities, given elsewhere in this issue, in which Mr. McKenna said: 'The continuance of a high rate or the adoption of any other method for the purpose of forcing down prices is bound to strangle trade and reduce output. We must not interfere with the natural flow of trade by any restriction of existing producing power but must seek a general increase of wealth through a more abundant output.'

"And as that day's meeting was devoted to a discussion of how to increase interest rates in order to lessen the volume of business, it is interesting to quote from a statement made by Comptroller Crissinger, recently nominated as governor of the Federal Reserve Board, in which he said: 'Falling prices and high interest rates are never twin sisters of prosperity. I can not too emphatically say that I do not believe deflation in currency and credits can go hand in hand with a régime of high interest rates without imposing great and dangerous hardships upon the people.'

"'It is very clear,' said Governor Harding, 'that if we find it impossible under the present circumstances to increase the volume of production of the most essential articles, the only thing for us to do is to reduce consumption of those articles.' In other words, here was a definite plan to break down business and lessen consumption at a time when the American people and the world at large were buying freely of everything that could be produced.

"This plan of forcing down prices and breaking down business had been secretly inaugurated long before the meeting whose records we now have before us and from which we have been quoting, for on February 12, 1920, the Manufacturers Record published an extract from a letter from one of the foremost bankers of the country, in the course of which, criticising this paper because we had denounced the efforts of banks through the pressure of the Federal reserve system to call all loans on Government bonds, he said:

"'You can further see that if by any pressure these bonds can be turned out of the Federal reserve banks and passed over to the strong boxes of great institutions—savings banks, life-insurance companies, large estates, benevolent and philanthropic institutions—just to that extent the 12 banks would be in a position to extend additional facilities to merchants and business men generally. Of course it seems hard that anyone who for patriotic purposes should have invested in Government bonds should be practically called upon to part with, say, a loss of from 8 to 9 per cent, but facts are stubborn things and conditions more important than theories.'

"That same banker wrote us that he would not lend money on any collateral of any kind, it mattered not how good it might be, and that there was too much business in the country and it should be brought down to normal conditions.

"That was the spirit which was being inculcated by the then management of the Federal reserve system. Stripped of all its useless verbiage, the meeting of May 18 was largely devoted to the discussion of how to lessen the activity which was prevailing throughout the country and bring on deflation of business and of credits. Governor Harding said: 'We should be careful, however, not to overdo this matter of liquidation, because too drastic a policy of deflation, which might result in crowding to the wall and throwing into bankruptcy legitimate enterprises, however unessential their operations may be, would have a tremendously bad effect and would defeat the purpose of the very policy which we are trying to have established.' He added 'A sensible and gradual liquidation will result in permanent improvement, as we all know, but any attempt at radical or drastic deflation, merely for the sake of deflation, will result in very serious consequences, and such a policy should be avoided.'

"But drastic deflation is exactly what took place. Some of the men who went from that meeting went with the impression, and said so, that a policy of deflation and the breaking down of prices could be put into effect and that the Federal reserve management would have the power to stop this deflation and price breaking at any point when it might decide that it had gone far enough, not having financial ability sufficient to comprehend the fact that when they started business on the toboggan slide they would not be able to stop it until it collapsed at the bottom. Every man of ordinary intelligence ought to have been able to see the inevitable result of the policies discussed and outlined in that campaign.

"Over and over again during the process of deflation it was stated by Governor Harding and others that the banks of the country were guilty of misleading, even to the extent of practically lying to their customers by declining to make loans, alleging the opposition of the Federal Reserve Board, but in Governor Harding's speech he said: 'The directors of the Federal reserve banks are clearly within their rights when they say to any member bank, "You have gone far enough; we are familiar with your condition; you have got more than your share and we want you to reduce. We can not let you have any more." They must exercise their discretion as to the proper course to pursue but they have the power and there are many cases where the rule ought to be laid down and a member bank ought to be made to understand that it can not use the resources of the Federal reserve banks for its own private advantage for profit.'

"At the close of his address Mr. Hepburn asked if any arrangement had been made to place Governor Harding's opening remarks before the public and to this Governor Harding said: 'I have a synopsis prepared which was given to the press on yesterday for release to-morrow morning. It is rather more abridged than the statement I made this morning, but it is the substance of it.'

"It is interesting to take this statement in connection with Governor Harding's closing remark at the end of the convention which we have already quoted and in which he insisted that the discussion of the meeting should not be given to the press or to the people and the only thing which should be given to the press would be a summary prepared by the committee.

"Thus neither the press nor the public ever had any real information on what took place at that meeting.

TRIFLING DISCUSSION BY FIRST DISTRICT OFFICIALS.

"After closing his address the meeting was opened by Governor Harding with an invitation to those in attendance to make reports as to conditions in their communities and in the Federal reserve banks with which they were connected. Mr. Thomas Beal, of the Federal Reserve Bank of Boston, said: 'We seem to have been able to have had some liquidation in our district.'

"And the public knew only too well that there has been a great deal of liquidation due to drastic deflation, not only in Boston but elsewhere.

"Mr. Chamberlain, of the Boston bank, had nothing to say, but added, 'I am the baby director on the board and Mr. Beal is our spokesman.'

"Mr. Kennard, of the same bank, said: 'I am a group 3 director of the first Federal district, and I want to say that we have a very healthy looking baby.'

"But whether he was referring to the bank as a healthy looking baby or to Mr. Chamberlain as the baby director we have no means of knowing, but the public can probably gain some light from the trifling discussion of the healthy looking baby and baby director from men who were facing one of the greatest financial problems that the world has ever had to meet. It was a time which called for real men, men who could think and who could say and did not plead the baby act or newness. However, Mr. Kennard, continuing, said, 'I also think that the rates for money should continue on a high level, with the hope of causing liquidation in commodities. Of course, liquidation would result in low prices and the easing up of business. I do not think this body should encourage any dras-

tice measures of readjustment. I think the deflation should be gradual, and I think we should give more care to the commercial paper that is rediscounted at the Federal reserve banks.'

"That Mr. Kennard or anyone else has found out how high rates of money shall be forced upon a country without producing drastic liquidation in place of gradual deflation he will have discovered something that no other human being has yet been able to discover. Mr. Kennard emphasized the congestion of the transportation facilities and the fact that the warehouses were congested because they did not have the shipping facilities, and this thought runs through a great many of the discussions of that day, and yet without shipping facilities merchants and manufacturers were told that they must ship their stuff in order to liquidate their accounts.

NEW YORK BANKERS FAVORED CURTAILMENT OF EXPANSION WHEREVER POSSIBLE.

"Mr. James A. Alexander, of New York, said, 'We find today, I think, a hesitation in business. Large users of credit are inquiring as to what the future has in store for them. I think now is the logical time to deal with this question, perhaps the best time that has occurred up to now, to bring this credit situation home to the users of credit. Although while this hesitation is on they will get some loans, prices are being reduced, but nevertheless, unless there is a very substantial contraction and a very definite and positive announcement made in some way, the users of credit in the country may become more hopeful again that the situation is not one to be feared, and they will feel justified in going ahead and making very substantial and large commitments for the future.'

"Following this, Mr. Alexander suggested that the discount rate should be raised, 'not to 6¼ or 6½ per cent but to 7 per cent on commercial paper.' In reply to a question from Governor Harding as to whether the raise in rate would penalize anybody who could not liquidate on account of transportation facilities, Mr. Alexander said: 'I am afraid somebody is bound to be penalized in order to bring about "production." A percentage of 1 per cent is not a very heavy penalty in the way of an interest charge, but it is a very positive announcement that the credit situation is such that further expansion must be prevented and that curtailment should be had wherever possible.' When asked as to the transportation situation in his district Mr. Alexander said: 'There is almost no such thing there now'; and he added: 'There is one thing, I think, to be feared, and that is that if the transportation facilities are improved and commodities moved freely and credits are thereby released it may make a temporary ease in the money market, and may encourage people to go ahead and expand. I believe now is the time to put the rates up and to keep them up.'

"From this one might interpret Mr. Alexander's statement as indicating that he did not desire to see transportation facilities improved and commodities moved freely, because that would release credits and encourage the business people to go ahead. May Heaven save this Nation from a policy so narrow visioned and so amazing as that!

"Mr. Treman, also of the New York district, said: 'I think Mr. Alexander has well expressed the general sentiment of the directors in our district, that there is a spirit of hesitation and uncertainty prevailing throughout the country, and that the business interests are looking to the Federal Reserve Board and the Federal reserve banks to indicate what is to be done. We have felt in New York that it was advisable to advance the rate further than at present, because we got good results from the action which was taken in the winter. We believe the time is coming when there should be a further warning by the advancement of the rate throughout the country. Not that it would curtail business—that is, the advancement of a point or a half point in the commercial rate—but it would be a warning to a great many banks that will not be affected by the graduated or progressive rate that in dealing with their customers they should recognize what many of them apparently do not recognize yet, and that is that the credit situation is a very strained one and should be dealt with now before the conflagration becomes too severe. As to the particular method to be employed, Mr. Alexander, I think, has correctly stated the position of the directors of the Federal Reserve Bank of New York—that is, that there should be an immediate raise in rate; second, that the position outlined by Governor Harding with regard to the process and methods of education should be carried out. * * * I am in very close touch with certain of the distributing interests—jobbers in hardware and jewelry and other lines—and I am sure that they are disturbed and they are looking to the Federal Reserve Board and the Federal reserve banks to outline a remedy which will deal with the situation in a sound and sane way at the present time without causing undue alarm. We can do that if we begin and restrict within reason the granting of credit through individual banks. You must do something more than send them requests not to do it. The way to do it is to bring them face to face with the officials of the Federal reserve banks in each district and have them understand the situation and have them in turn go back and deal with the commercial and business interests. We can in addition to reaching the business organizations through their officials reach the agricultural societies and organizations though their officials, so that if there should be an effort to get in touch with the large interests in each district and merely point out the necessity for a reasonable curtailment of credit, the same as we curtailed sugar and coal when there was a real need for it, it seems to me that by the raising of rates now, by the education of bankers individually and by these group meetings and by going on further and extending our suggestions to the business interests of the country, I believe that we can forestall any very serious disturbance in the fall.'

"Mr. Alexander was asked by Mr. Ottley, referring to the suggested raise in rates to 7 per cent: 'In view of the basic line that is under consideration by the Federal reserve bank, would it be your idea, Mr. Alexander, to just make a flat rate of 7 per cent or start off the basic line at 6 per cent with a rising scale?' And to this Mr. Alexander replied: 'Make the basic rate 7 per cent. I am in hopes that there will be no plan of progressive rates put in effect in New York. Make the rate 7 per cent. I am speaking of commercial paper. * * * Commercial paper is the thing that is being created in volume right now and we want to limit it as much as we possibly can limit the creation of commercial paper.'

"Mr. Charles Smith, of New York, said: 'The entire board of our bank is in hearty accord with the advancement of rates as expresed by both Mr. Alexander and Mr. Treman.'

"Mr. John Skelton Williams said: 'Before we leave this question, Mr. Alexander, as you suggest a 7 per cent rate, do you not think that one of the effects of a 7 per cent rate as a minimum rate for all banks would be to discharge essential industries? Six per cent is the maximum rate in New York except on bonds and certain other things. A small bank might have an application from an essential industry and it would realize that if it were to lend to that industry the accommodation that it needed it could only reimburse itself at the higher rate or at a loss. It would have to charge that essential industry 6 per cent and would have to pay 7 per cent, and there would therefore be no inclination to extend the accommodation at a loss even to an essential industry. On the other hand, if you put the rate at 7 per cent, that would not deter the profiteers who are making 70 per cent profit, 60 per cent, or 50 per cent. My apprehension and wonder is whether a higher rate of interest would not in the long run discourage the essential producers and at the same time have no effect at all upon the profiteers, upon the men who are making exorbitant and extortionate profits.'

"Mr. Alexander replied: 'In the case of a corporation there can be a contract rate, whatever is agreed upon.' But to this statement Mr. Williams replied: 'The farmers, for example, are not corporations and a great many of the smaller transactions are not carried on with corporations.' And to this Mr. Alexander replied: 'No, I am coming to that point. Between corporations there is a contract rate, but in smaller transactions, where you are dealing with individuals and with farmers, 6 per cent is the legal rate. I do not think it makes a particle of difference to any of these borrowers, certainly to none of those with whom we come in contact, whether they pay 5 per cent, 6 per cent, or 7 per cent. The question is, "Can we get the money?" That is the question to-day. They say, "You lend us the money and we will pay the rate." Now, there is the objection as stated by you of charging 7 per cent to the member banks when they can only collect 6 per cent. I think that is a feature of the situation that must be met. In other words, I think the purpose to be served is so great and of such prime importance that these other matters must be considered of smaller importance. I think the bank would have to stand in between the users of credit for essential purposes, if necessary, or they can have balances which will justify them in making a loan at 6 per cent, although they have to pay 7 per cent for the money.'

"Continuing the discussion, Mr. Alexander said: 'That is exactly what you would accomplish by making a profiteer understand that credit is a luxury and difficult to get,' and so a great New York banker, holding the purse strings over hundreds of milions, we believe, wants to make it out that credit is a luxury and it is difficult to get. In this particular case he was referring to the profiteer, but that spirit that 'credit is a luxury, and is difficult to get,' in this particular, prevailed in too many banking rooms where a man was entitled to credit and should not have been made to feel that credit was a luxury.

"Mr. Williams suggested that in dealing with a profiteer the purpose could be better accomplished by saying to him: 'We won't let you have the money,' than by letting him have the money, even at 10 per cent.

"Mr. Alexander agreed to this statement as true and added: 'We could say that they could not have the money and we should see to it that the profiteer is cut out and that the essential industry is carried, even at the expense of the bank.' Referring to those who had engaged in what was called profiteering during the period of rising prices, Mr. Alexander said: 'People of that kind will disappear rapidly, I think, under present conditions, because they will be forced out.'

THIRD DISTRICT COOPERATED IN DEFLATION OF CREDIT.

"Mr. Joseph Wayne, of Philadelphia, said that he did not think the third district was unduly alarmed over the credit situation, but that they 'felt for some time that it required rationing and the green signal had been out.'

"When the Government sold its bonds the Treasury Department and the banks of the country pledged to 20,000,000 buyers of these bonds that they could be carried through the banks until they could be paid for out of earnings. On the subject of liquidating these Government bonds, Mr. Wayne said:

"'We may have been subject to criticism for not liquidating more promptly the obligations secured by Government bonds, but we more or less acted along the suggestion of the previous Secretary of the Treasury and the Federal Reserve Board at the time these loans were taken, and it now looks to us to be a pretty bad time to force these bonds on the market. They are being more or less liquidated. We have been endeavoring in our own bank in the last month to force Liberty bonds on the market, but they do not go on very comfortably. People who have to part with them and lose 13 points do not part with their money very gracefully.'

"When asked by Governor Harding if a 7 per cent rate in New York had forced the Philadelphia bank to put on a 7 per cent rate, Mr. Wayne said: 'No; but you know the general custom is that when one bank raises its rate we usually get a suggestion from the Federal Reserve Board that they will approve a raising of rate for our district, and that usually goes through.' When asked as to transportation facilities, Mr. Wayne reported them as very poor and the freight blockade as serious, and that during the past few weeks the transportation situation had not shown any improvement.

"Mr. Francis Douglas, of the Philadelphia Reserve Bank, reported that some banks were not cooperating to the fullest extent with the Federal reserve bank, and he suggested that a letter stating the actual conditions should be sent to the various banks, not only member banks but nonmember banks, throughout the country, in a plan of education, and added: 'It would be very beneficial and would help a great deal in the deflation of credit.'

FOURTH DISTRICT OFFICIAL FAVORED BREAKING DOWN BUSINESS AND BUILDING UP FROM BOTTOM.

"Mr. Robert Wardrop, of the Cleveland Reserve Bank, said: 'I think a reasonable depression in business will be a good thing for the country,' and he added, 'I really think we would do better if we could get down to a lower basis, a different basis, and then from that we can work up again.'

"In other words, it would be a good thing, according to Mr. Wardrop, which was the view of a leading banker we have already quoted, that business should be broken down and then take a fresh start from the bottom. Millions of people who lost by that kind of teaching naturally question its wisdom.

"Mr. Chess Lamberton, of the Cleveland bank, one whom we have already quoted, also classes himself as a 'baby director,' and declined to express any opinion on any of the subjects discussed.

NECESSITY FOR RAISING DISCOUNT RATE DOUBTED BY FIFTH DISTRICT REPRESENTATIVES.

"Notwithstanding the fact that the Richmond Federal Reserve Bank sent out a circular letter in August, 1920, that it had been urging its member banks for more than 12 months to restrict credit, Mr. John F. Bruton, of the Richmond bank, referring to the heavy demands of agricultural loans, said: 'I hope it will not be necessary to increase the rate of interest, for fear that it might be construed as a reflection upon this great industry, which in the final analysis is doing the work of the country. Probably I am a little old-fashioned, but I have the impression that some positive relief could be had at the discount table of the Federal reserve bank by the discounting committee in drawing in on certain few banks in the district and limiting their borrowings, which would give to their banks the opportunity to make essential arrangements.' When referring to some banks that he thought had been borrowing too heavily, Mr. Bruton said: 'Some of them have two feet in the trough already and it might be advisable to reduce on some of them.'

"The suggestion that any bankers trying to take care of their customers were hoggishly inserting two feet in the credit trough seems a little rough, and perhaps Mr. Bruton spoke unadvisedly.

"Mr. Charles E. Rieman, of Baltimore, a director of the Richmond bank, said: 'I hardly see the necessity of increasing the rate at this time. * * * With regard to the retail business, I have made a pretty close examination of it, and I do not think the shelves are overloaded.'

"Mr. Rieman was entirely correct in his position that there was no necessity of increasing the rate and that the country was not overstocked with goods.

PENALTIES IN SIXTH DISTRICT CERTAINLY BECAME STRONG.

"Mr. J. K. Ottley, of the Atlanta Federal Reserve Bank, said: 'The condition of the farmers, merchants, and manufacturers in the sixth district, in large majority, is good.'

"Contrast this good condition of farmers, merchants, and manufacturers in the latter part of May, 1920, as reported by Mr. Ottley, with the chaotic condition of business in that district when, by higher rates and curtailment of credit, business chaos was produced, not only in that immediate district but throughout the country generally. In further discussion of the matter Mr. Ottley said: 'I would not feel at this time, from an independent standpoint, that a raise in the rate was necessary other than to put in this basic line and make the penalties very strong as they progressed.'

"In view of the fact that penalties for higher rates were inflicted by the Atlanta bank on one Alabama bank, which was trying to protect its farmer customers, up to 87½ per cent, the Atlanta bank evidently carried out the suggestion of making 'the penalties very strong.'

EMINENT CHICAGO BANKER SOUNDED WARNING NOTE.

"Mr. George M. Reynolds, of Chicago, was evidently not in favor of breaking down business so as to get a new basis from which to start again, for he said: 'If we pass through this crisis successfully and maintain prosperity at anything like its present level, I think the first requisite necessary is the maintenance of confidence. Believing, furthermore, that confidence is to a considerable extent a state of mind, it seems to me that we people who are from the outside points here could do more for the state of mind along the line of trying to enable the members of the Federal Reserve Board to look through our glasses and get the focus of things as we see them at the other end of the line.'

"What a daggerlike thrust that was on the part of Mr. Reynolds against some members of the Federal Reserve Board when he, as one of the greatest bankers of America, suggested that one of the most important things was to get the Federal Reserve Board to look at the situation from his standpoint. What an infinite pity Mr. Reynolds was not able to bring about such a desirable change of vision! Further discussing the subject, Mr. Reynolds said: 'I would not be honest with myself if I did not express my own frank opinion on some of the questions that have been raised here. I have not lost my belief in the theory that the yardstick is the interest rate, which is after all the best means of controlling the demand for money. * * * I hope the Federal Reserve Board and the other people interested in this problem will not overlook this one principle.

"'As I understand it, reserves are kept and enmassed and impounded for the purpose of loans in times of emergency. * * * Take the central reserve cities, and there are deposited in those banks, as you know, secondary reserve deposits, which since the organization of the system have been lying there dormant. In times like this when there is an emergency there is a shrinking first in deposits, and then many of these institutions come back to us for credit requirements which are not borrowed ordinarily. We have that situation in this crisis. * * * In every institution in this country there is a large amount of paper which is not eligible for rediscount at the Federal reserve bank, but at the same time it represents the very cream of paper in so far as the question of safety is concerned. * * * It may seem to you people here that under conditions which arise whereby there should be deflation rather than inflation the banks should stop loaning money. That is just as impossible without trouble as it is for us to fly out of this room. * * * I have not one particle of fear about the outcome. It is just a question of using what we might call horse sense and not getting stampeded or excited or doing something under stress of excitement or going off, as we sometimes say in the country, half cocked.'

"Mr. Charles H. McNider said: 'We feel there must be reason, there must be sanity, that the essentials must be taken care of, that there can not be an extraordinary cutting down of

credits at this time because that would create disaster. * * * We ought to deflate in a sane and reasonable manner.'

"Unfortunately, Mr. McNider's suggestions were not taken, for we deflated in an insane and extraordinary manner, and the result was world disaster.

"Mr. E. L. Johnson, of the Chicago Reserve Bank, said: 'I believe that education and propaganda must be carried on, with authority and with strength, carried on from this board and from these gentlemen here down to all the nonmember banks on to the small business man in the small factory.'

"Evidently the propaganda was carried on and carried on with authority and with strength, for bankers everywhere were warned to curtail credits, and naturally any man who was not a fool from the top of his head to the bottom of his feet knew that that meant the breakdown of prices, the breakdown of business, and the increase of unemployment; and therefore every man stopped buying raw materials or finished products of every kind. Mr. Johnson added that Governor Harding's speech should be 'properly disseminated among them with the show of authority, even if you do not have it.'

"What an amazing statement for one of the directors of the Federal Reserve Bank of Chicago to make to the effect that Governor Harding's speech should be broadly disseminated among the banks with a show of authority, even if Governor Harding did not have such authority!

MINNEAPOLIS BANKER WANTED TO STOP HIGH FINANCE IN POLITICS AND BUSINESS.

"Mr. Wesley C. McDowell, of the Minneapolis Reserve Bank, said: 'I do not like this increase in rates. Out in our part of the country we have been going a little bit wrong on our thinking, so that we have established a bank of our own, called the State Bank of North Dakota. * * * I think that any method that would raise the rate arbitrarily when the farmer has had four or five years of poor crops * * * it looks to me like the institution they told us of when we started the Federal reserve system, that was going to take care of us and prevent panics, was now going to fall down and penalize them. * * * It seems to me that now is a poor time to penalize the little fellow. * * * The Federal Reserve Bank of Minneapolis is making $10,000 a day. Is that profiteering, when they have been using our money without any interest ever since it started? Is the Federal Reserve Board going to be put in the same class with the sugar profiteer and the manufacturer who has been making big money? * * * So I say again, it does not seem to me that now is the proper time to increase our rate. We want to cure that unrest out there more than we do anything else. We want to stop some of this high finance in politics, in business.'

DRASTIC REMEDIES OF TENTH DISTRICT MANAGERS PROVED FATAL TO VICTIMS.

"Mr. J. C. Mitchell, of Denver, director of the Kansas City Federal Reserve Bank, referring to the condition in his district, said: 'In my opinion we corrected the trouble there by putting in the progressive interest rate; we felt we had to do something. We considered it a little bit drastic, but we thought we would try it, and we did try it.'

"It looks like the directors of that bank were trying an experiment the end of which they could not see. Mr. Mitchell thought it was a success. We venture to say that a million people in that territory thought it was a dismal failure. It looks very much like the quack doctor called in to attend an ill child. The quack admitted that he could not diagnose the case, but, said he: 'I am hell on fits, and I will throw the child into fits and cure the fits.' Unfortunately, the child died, and many a farmer and many a business man in the Southwest died financially because of the action of the Kansas City bank.

"Mr. W. J. Bailey, of the Kansas City Reserve Bank, said: 'I am well convinced, gentlemen, that you will bring the Federal reserve system back to a reserve system rather than a commercial system if you will make it unprofitable for certain great banks to use the funds of other banks.'

"What a pity that Mr. Bailey did not mention by name the great banks against which he aimed this dart! Then he added: 'I think the real remedy is in a graduated rate. Of course, make the basic line whatever you want and let us say you would raise the rate to 7 per cent. Now, the only complaint we have among our banks is that there ought to be a maximum rate. I do not believe that, gentlemen. I would put a danger signal here and another there and another up there—that is, death; and he will never go against the death signal. You have made the Kansas City Federal Reserve Bank a broker's shop; you have changed it from a reserve bank to a commercial bank and I want to get it back, and that is the reason I am in favor of the graduated rate.'

"Mr. Forgan offered a resolution that a committee of five be appointed 'to prepare a resolution in regard to the effect the transportation situation is having on the expanded condition of credit in the country, with a view to placing such a resolution before the Interstate Commerce Commission, requesting them to do what in their power they can to relieve the situation by increased freight rates or otherwise.'

"It has been reported that one of the thoughts expressed by some at that meeting was that one way to break down business in addition to restricting credit was to secure increased freight rates and thus lessen the volume of business, bringing business down to a point where the railroads and the banks without trouble could transport and finance the business then in operation. That does not, however, appear in the resolution nor in the report of the meeting, but that was a current report in Washington at the time of the meeting as the intention of those who sought to persuade the Interstate Commerce Commission to raise rates.

GRADUAL DEFLATION FAVORED BY ELEVENTH DISTRICT MANAGER, WHO DOUBTED WISDOM OF PROPOSED RAISE IN RATES—WITH 100 PER CENT PROFIT, FEDERAL RESERVE BANKS WERE ALREADY CHARGED WITH PROFITEERING.

"Mr. John T. Scott, of the Dallas bank, said: 'Speaking of the increased rates proposed by some of the districts, I can not find myself in agreement on that proposition. We have already increased the rate, and the increase of the rate is not going to correct the evil unless the member banks all cooperate.

"'We might increase the rate from 7 to 8, 9, and 10, and the situation would still be uncorrected. I believe we ought to continue our efforts with our member banks throughout the country and induce them to curtail their loans as far as possible to only the legitimate needs of legitimate business, and by that means we can bring about in a normal way the deflation of credit. We must remember that this inflation has not taken place over night; it has been going on from three to four years, and it is going to take some time to correct it. We can not hope to correct the situation in a day or a month or in six months. We have got to go at it in a sensible way, to bring it about in a gradual way rather than attempt to correct it within a short period of time. The Federal reserve banks have been charged with profiteering by reason of the rates they are now charging. We are making in the neighborhood of 100 per cent on our capital. * * * The Federal Reserve Bank of Dallas has already adopted the progressive rate proposed to be put in wherever the executive committee finds it necessary to do so. * * * We have sent out two letters within the last three months to the member banks. The last one was sent out at our last directors' meeting, under the order of the directors, to be sent under personal cover to the president of each member bank and by registered mail, so the letter would receive attention, and they were requested to read these letters at the next meeting of their boards.'

"With a registered letter to the president of each member bank and requirement that he read this letter at the next meeting of his board of directors the Dallas bank was evidently following the suggestion of Mr. Johnson, of the Chicago bank, who suggested that the governor's speech should be disseminated among the bankers with a show of authority, even though the governor did not have the authority. The Dallas bank either had the authority or it took it, and at any rate the member banks that received that registered letter well knew they were taking their life in their hands if they failed to obey it.

"Mr. B. A. McKinney, of the Dallas bank, said: 'From a study of the condition of those banks I can say that throughout all the districts they are in stronger condition to-day than they were a year ago.'

"That favorable condition, however, hardly held good after drastic deflation was put into effect.

WIELDING A CLUB ON FRIEND AND FOE ALIKE NOT APPROVED BY TWELFTH DISTRICT DIRECTOR.

"Mr. C. K. McIntosh, of San Francisco, said: 'We are thoroughly in accord with the resolution adopted and with the speech of Governor Harding outlining the methods that are desirable for us to proceed on. We can see the problem and we know fairly well some of the causes. We know that there is a demand that exceeds the supply of credit; we know there must be discrimination, and we are ready to join in any proposition. * * * I can hardly conceive that it is wise, in the endeavor to keep out the undesirable feature, to permit it to be rocked, even though the rocker is willing to pay 7 per cent for the privilege. I find it hard to convince myself that it is the most intelligent restraint to wield a club on the heads of friends and foes alike. A rate which applies beyond a certain arbitrary and calculated line has its effect, but without regard to what the man on the other end of the line is doing it is something

like running into a melee with a club in one's hand to assist in quelling it and making up your mind you are going to strike every fellow on the other side of the fence, whether he has his coat off helping to reduce the melee or whether he is one of the main instigators. It seems to me the character and not the amount of opposition should be the prevailing factor in penalties. * * * We must have the assurance, or should have the assurance, that we may have the unqualified support of the Federal reserve banks in our district, because that is their job; also the reserves are not sacrosanct; they are not to be framed and hung on the wall. That given the purpose, given the fact that the real purpose is being served by the advance, the Federal reserve bank must help us, must help those who are doing that thing, and must decline when discrimination is practiced against those not doing that thing. * * * If we can go to our people with the assurance that there is credit available for the production of essential and quickly assimilable things and that as compensation for that use we must ask to refrain from the demand for credit for those things not essential or for those which in our minds are not essential, we shall have gone a long way toward solving the difficulty as far as it is within our power to do so.'

"Unfortunately for the good of the country the reserves were regarded as sacrosanct and were not called upon to help out in the emergency—the very thing for which they were established—and the banks did not, with the cooperation of the Federal reserve system, guarantee to their customers credit for essential things.

CALLING LOANS AGGREGATING $2,000,000,000 PROPOSED AS DESIRABLE WAY TO PREPARE FOR FALL BUSINESS.

"Mr. John Perrin, of the Federal Reserve Bank of Chicago, said: 'The way to meet that problem is to bring about in the next three or four months a definite amount of contraction which would permit us to expand correspondingly in the fall. If it were possible for every bank in the country to reduce its loans during the next three or four months to the extent, say, of 10 per cent, there would be a total expansion in the fall possible of approximately $2,000,000,000.'

"Here is a definite suggestion as to calling loans amounting to $2,000,000,000 in order that they might be reloaned in the fall, or, in other words, break down business in order to give it a fresh start a few months later!

"Mr. Forgan said that the calling of the convention 'has stirred up sentiment throughout the country and there has been some thought, I think, of a good deal of misapprehension of what we were going to do when we got here. The fear got out that we were going to meet here and in some way were going to classify loans into essentials and nonessentials and with that even send an order through the country that there were to be no loans on what we term nonessentials.'

"Mr. Forgan then presented some documents from the American Bankers' Association committee and other organizations which had been disturbed by the unrest already created throughout the country by the campaign of deflation which had been for some time under way by Federal reserve banks and by the fear that this convention would make still more drastic rulings. Letters were presented also from some leading business concerns along the same line. If any of these big business interests were tipped off in advance as to what was to be done prior to this information leaking out to the public they would have had an opportunity to make many millions of dollars. If, for instance, some corporation through some member of this meeting learned that deflation was to be continued it would have had a chance to unload before the break in prices came. It is hardly possible that, as 100 copies of the report from which we are quoting were printed for confidential circulation, so we are advised, and the type then destroyed, some people did not have an opportunity of learning what the public had not learned and thus of having the opportunity of utilizing this information in a way which might have made millions or saved millions.

"Mr. F. O. Watts, of Federal Reserve District No. 8, chairman of the committee on transportation, made a report for the committee reviewing the inadequate transportation facilities of the country, which were hampering business, and in the course of which it was said: 'A striking necessity exists which can only be relieved through the upbuilding of the credit of the railroads. This must come through adequate and prompt increase in freight rates. Every delay means the paying of greater cost, directly or indirectly, and places a burden on the credit system which in the approaching time for seasonal expansion may cause abnormal strain. Even under the light of war inflation, high price level, and extravagances the bank reserves would probably be sufficient if quick transportation could be assured during the time of the greatest strain.'

WERE INCREASED FREIGHT RATES SUGGESTED AS MEANS OF LESSENING VOLUME OF BUSINESS?

"Mr. Watts offered the following resolution, which was unanimously adopted:

"'*Resolved*, That this conference urge as the most important remedies that the Interstate Commerce Commission and the United States Shipping Board give increased rates and adequate facilities such immediate effect as may be warranted under their authority, and that a committee of five be appointed by the chair to present this resolution to the Interstate Commerce Commission and the United States Shipping Board with such verbal presentation as may seem appropriate to the committee.'

"What was the verbal presentation made by the committee to the Interstate Commerce Commission in behalf of increased freight rates? Was it, as some have surmised, a suggestion that it would be better temporarily to lessen the volume of business of the country in order to enable the railroads and the banks to handle it? Some rumors to that effect were circulated at the time. Were they correct?

"Mr. Wayne raised the question of graduated rates on borrowings or rediscounts and said: 'I would like to know whether in the districts that have adopted this procedure there has been eliminated the question of borrowing on Government securities from calculations as to the line of credit granted to a bank?'

"Governor Harding replied: 'In the Kansas City district and the Dallas district, in their tentative plans they have eliminated entirely borrowing on Treasury certificates of indebtedness and on Liberty bonds actually owned on the 1st of April, 1920.'

"Mr. Wayne then asked: 'Have they made any reference to collateral notes of customers that have been discounted by the banks as a result of Liberty loan subscriptions?'

"Mr. Bailey replied: 'They have to belong to the bank on the first day of April. We have made that rule.'

"Mr. Scott said: 'It is the same way in the Atlanta district.'

"Mr. Wells said: 'He wants to know if customers' notes secured by Liberty bonds are exempt from the application of it'; and Mr. Bailey said: 'They are not.'

"When the Federal reserve system undertook to violate every promise made by the Government and by the banks in persuading people to buy Liberty bonds, promising to carry them and then calling loans on them in order to force them out of the banks, breaking them down from 12 to 15 points or more, the honor of the Government and the good faith of banks was trampled in the mire and millions of bonds bought in good faith by patriotic people to help the banks and help the Government were forced to be sold at a loss, and the National Government bought in $2,000,000,000 of its own dishonest promises to pay and the Secretary of the Treasury boasted of the money that had been saved in doing so! And at these low prices hundreds of millions of bonds were bought in by big estates and big institutions, with heavy losses to innocent original purchasers.

"At the afternoon session it was proposed to appoint a committee of five, as that number 'would be more impressive,' 'to prepare some kind of a statement or memorandum to be submitted back to the conference, which we can use as a basis of a press statement and which you can all use as a basis of a statement to your own banks when you get back home touching the situation as you see it, and forestalling any more remarks such as were made in the Senate yesterday as to all kinds of trouble coming, and yet being careful not to stir up another bomb.'

PRESS DENIED OPPORTUNITY OF GETTING FACTS OF MEETING.

"When the press is denied the right to learn for itself what is going on and must accept as law and gospel any prepared report, the public may rest assured that it is not getting the real facts, and yet such a prepared report was all that the press has heretofore ever been able to secure as to the discussions which took place in that meeting.

"Mr. John Skelton Williams, discussing in the afternoon some of the things that had been said during the morning, said: 'I do not think myself that there is any ground for expecting a commercial cataclysm or crisis such as some people are predicting. * * * I see nothing in the situation to justify the fear of such a commercial crisis or financial catastrophe as we had either in 1873 or in 1890 or in 1907. If anything of that kind comes it will be our fault, the fault of those who are in charge of the banking and commercial interests of the country, and I do not believe they are going to bungle it.'

"Unfortunately those in charge of the banking interests of the country did bungle it and bungled it badly, as Mr. Williams

has repeatedly said that they did, and proved by the figures which he has published showing how badly it was bungled.

"Mr. Henry A. Mohlenpah, member of the Federal Reserve Board, and who, it is generally thought, joined Mr. Williams from time to time in vigorous opposition to the drastic deflation campaign carried out by Governor Harding and other members of the board, in following Mr. Williams's address said: 'I think it to be right to say that there is no member of the board at this time that has been related to your problem so directly as perhaps I have been, because I have just come from the desk and I have during the past six months visualized the proposition you are up against, and I want to say right here, gentlemen, that I refuse to be a pessimist. I quite agree with the comptroller. That does not mean to say that I am an expansionist or an inflationist, but I do believe in the broad general proposition that we have just as much right to take stock of our assets and of our privileges and of our opportunities as we have of the darker phases of the question. * * * I believe out of this question will come a stronger, higher morale on the part of the bankers themselves.' And referring further to the situation he said: 'It is just exactly to my mind what this situation needs; not a contraction that is going to hurt; it needs the steady nerve of the bankers, just as they faced their problems in 1903 and 1907.'

"The situation did need, just as Mr. Mohlenpah said, the kind of handling that would not produce a contraction to hurt business, but in place of that it got a contraction that well nigh destroyed business. Mr. Mohlenpah and Mr. Williams thought that the management of the Federal reserve system would not bungle the job, but the most disastrous commodity panic in the world's history and the most disastrous agricultural condition which this country has faced in its whole life proved that the job was badly bungled, unpardonably bungled. As one of the speakers said, it had taken three or four years of inflation to carry us to the top, and it should have been evident to every man that the only way to come down safely was to take as long in coming down from inflation as we had taken in climbing up. This, however, was made impossible by the urgent efforts of Federal reserve banks to cause member banks to restrict credit and with the Federal Reserve Board carrying out its constant efforts to impress upon all banks the need of restricting credit and curtailing business operations chaos was inevitable.

$32,000,000,000 LOSSES AS RESULT OF RESERVE BOARD'S DEFLATION PROGRAM.

"As the Manufacturers Record showed a few weeks ago, the decline in the value of farm lands in 1920 and 1921 under deflation amounted to about $18,000,000,000, and the decline in the value of farm products of these two years as compared with 1919 prices showed a decrease of over $14,000,000,000, making a total loss to the farmers of upward of $32,000,000,000. If to this we add the decrease in securities, stocks, and bonds of railroads and industrial corporations and the losses in the decline of output in manufacturing and mineral industries, it will be found that under the system pursued of erroneous financing and financing directly contrary to the teachings of such bankers as Reginald McKenna and others of his standing we wiped out about $50,000,000,000 of values, a staggering loss which well nigh shocked the very life out of the country. Mr. Wayne, referring to the proposed progressive discount rate, said: 'It does not appeal to me as a director of the Federal reserve bank at all, at least for operation in our district. I am afraid it will do just the opposite for which the Federal reserve act was enacted. In other words, the act was proposed to enable the banks to cater to commercial business. I know in the operation of our bank we were very often called upon to borrow quite heavily and we cut it down as fast as we could, but if we are going to accumulate a batch of commercial paper, either by direct transactions for customers or by purchase on the market, because our borrowings at the Federal reserve banks happen to go beyond a certain limit we are going to be heavily penalized, we are going to stop buying the paper, and we are going to invest our money in call loans on Wall Street, which is exactly what the Federal Reserve Board does not want the member banks to do. * * * I think that you are going to defeat the very purpose of the act, which was to enable commercial banks of the country to do a safe commercial business. We will simply be driven into call loans on Wall Street for our surplus money if they are going to penalize us.'

"Mr. Scott, in discussing the matter, said: 'We find that about 80 per cent of our members are small country banks, with a small capital and small deposits. * * * They are the ones that we really need to help out in the farming communities. We had a complete list made up of every borrowing bank, showing what its rate would be if they were under the Kansas City plan, and we found that some of them ran up as high as 18 and 19 per cent. If that plan were applied it would mean the ruination of the agricultural districts.'

"That plan was put into effect and the agricultural districts were ruined, exactly as Mr. Scott had predicted.

"After considerable discussion in regard to the progressive rate and vigorous opposition on the part of a number, Mr. Mohlenpah said, 'Is it absolutely necessary in every transaction made in a Federal reserve bank that it has got to be made on a basis of profit to the Federal reserve bank, or is it not time that these reserve banks will have to forego their profit in this overplus of borrowing when the country banks have to move crops or other commodities?'

"Judging by the 100 per cent profit that the Dallas bank was making, as one of its officers said, and the $10,000 a day that the Minneapolis bank was making, it looks as though every Federal reserve bank did business only on the basis of a profit on each transaction, regardless of its effect upon the country at large.

UNHEEDED WARNINGS OF COMPTROLLER OF THE CURRENCY JOHN SKELTON WILLIAMS.

"As shown by letters from John Skelton Williams, then Comptroller of the Currency and a member of the Federal Reserve Board, Mr. Williams repeatedly warned the board of the danger that faced the country from its deflation campaign. In a speech before the Maine Bankers' Association at Bangor June 26, 1920, Comptroller Williams called attention to the fact that the Federal reserve banks had an unused lending power at that time of about $700,000,000 and that if the reserve requirements should be temporarily reduced by only 10 per cent the total unused lending power of the reserve system could be increased to two thousand million dollars.

"Nevertheless the financial situation, under the reserve board influence, grew worse, and on July 31, 1920, Comptroller Williams gave a statement to the press showing that the unused lending power of the reserve banks was still $750,000,000. Mr. Williams added in that statement: 'Such figures as these ought to be sufficient to allay fears of pessimists as to the financial condition of the country at this time.'

"Mr. Williams's statement was resented by the chairman of the Federal Reserve Bank of New York, who promptly wrote a letter to the reserve board complaining that Mr. Williams's public statement was interfering with the plans for deflation.

"On August 9, 1920, Mr. Williams called attention of the reserve board to the fact that certain banks in New York were using the funds of the reserve system for speculative ventures and were extorting grossly excessive interest rates from customers, so that business men and merchants needing funds for legitimate business were being required to pay exorbitant rates.

"August 26, 1920, Comptroller Williams filed a memorandum with the board urging a reduction in rates which the reserve banks were exacting on Liberty bonds and for legitimate business transactions, and he also warned the board at that time that the drastic liquidation which had already taken place in leading commodities, including cotton, corn, wheat, rice, silk, wool, leather, etc., had brought about a shrinkage in some cases amounting to over 50 per cent. He also showed the board that the pressure had been so great that the prices of Government bonds and other high-class investment securities had been broken down to the lowest level they had touched in half a century. At that time he told the board: 'Such additional liquidation as is needed could be brought about without the exaction of interest rates as high as those which have prevailed.'

"On October 26, 1920, in a letter to the Secretary of the Treasury, remonstrating against the reserve board's policies and urging a revival of the War Finance Corporation, he said: 'The shrinkage in our leading commodities throughout the current year has ranged from 25 to 75 per cent from prices of less than a year ago. This shrinkage amounts not to millions or hundreds of millions but to billions of dollars. The strain upon the business fabric of the country is in some respects unparalleled, and I do feel that the time has come for the exercise of such salutary and constructive powers as may be at our command.'

"The reserve board's answer to Mr. Williams's protestation and remonstrances was to tighten the screws still further and to force a contraction or deflation in loans held by the reserve banks which amounted to one thousand million dollars in the succeeding 12 months, every month showing an actual contraction from the preceding month.

"When Comptroller Williams a few weeks later offered a resolution in the board to require the banks which had been exacting extortionate interest rates from member banks—as high as 50, 60, 70, and 85 per cent—to limit interest charged

member banks to 6 per cent, the board voted down his resolution, and when in February, 1921, he offered another resolution to limit the interest rates charged member banks to 10 per cent they also voted that down.

"At the close of the meeting, in which only one day was given to this general discussion of the most tremendous financial problem that this country had every faced, when days and days might well have been spent in a careful analysis of the situation, the meeting was closed with the statement by Governor Harding, which we have quoted in the opening paragraph, insisting that nothing should be given out by those in attendance in regard to the discussions that had taken place; and thus the public was to be kept in dense ignorance, knowing nothing except the official statement issued by the committee, and from which the public and the press could get no information worth having as to what was being done or would be done by Federal reserve banks.

"We do not know what has become of the 100 copies of this stenographic report of the day's proceedings which were printed for confidential distribution, but the Manufacturers' Record feels that in having secured one copy and in giving this summary of it to its readers it is rendering a service of inestimable value to the Nation."

PRESIDENTIAL NOMINATIONS.

During the delivery of Mr. GOODING's speech,

Mr. PAGE. As in open executive session I present for confirmation several nominations from the Committee on Naval Affairs. We have held our last committee meeting, and it is quite essential that they be presented. I ask that that may be done.

The VICE PRESIDENT. Without objection, the nominations will be received and placed on the Executive Calendar.

POTOMAC RIVER BRIDGE.

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

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

Mr. CALDER. I have two bills from the Commerce Committee, one that the Senator from Washington [Mr. POINDEXTER] is anxious to have passed, a bridge bill, and one that we have already passed in the Senate, but a House bill of exactly the same character has come over.

Mr. GOODING. If there is no discussion of them, I will yield.

Mr. CALDER. I make the request with the understanding that they will not lead to any debate, and that if they do I shall withdraw them.

From the Committee on Commerce I report back favorably without amendment House bill 13554, authorizing the construction, maintenance, and operation of a dam and appurtenant intake and outlet structures across or in the Potomac River at or near Williamsport, Washington County, Md.; and I ask unanimous consent for its present consideration.

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

Be it enacted, etc., That the Williamsport Power Co., a corporation organized and existing under the laws of the State of Maryland, its successors and assigns, is hereby authorized to construct, maintain, and operate, at a point suitable to the interests of navigation, a dam and appurtenant intake and outlet structures across or in the Potomac River at or near Williamsport, Washington County, Md.: *Provided*, That the work shall not be commenced until the plans therefor have been submitted to and approved by the Chief of Engineers, United States Army, and by the Secretary of War: *Provided further*, That this act shall not be construed to authorize the use of such dam and/or other structures to develop water power or generate hydroelectric energy.

SEC. 2. That the authority granted by this act shall cease and be null and void unless the actual construction of the dam and other structures hereby authorized is commenced within one year and completed within three years from the date of approval of this act: *Provided*, That from and after 30 days' notice from the Federal Power Commission, or other authorized agency of the United States, to said company or its successors, that desirable water-power development will be interfered with by the existence of such dam and/or other structures, as the case may be, the authority hereby granted to construct, maintain, and operate such dam and/or other structures designated in such notice shall terminate and be at an end; and any grantee or licensee of the United States proposing to develop a power project at or near such dam and/or other structure shall have authority to remove, submerge, or utilize such dam and/or other structures under such conditions as said commission or other agency may determine, but such conditions shall not include compensation for the removal, submergence, or utilization of such dam.

SEC. 3. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to a third reading, read the third time, and passed.

COLUMBIA RIVER BRIDGE.

Mr. CALDER. From the Committee on Commerce I report back favorably without amendment Senate bill 4638, authorizing the Great Northern Railway Co. to maintain and operate, or reconstruct, maintain, and operate, its bridge across the Columbia River at Marcus, in the State of Washington, and I ask unanimous consent for its present consideration.

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

Be it enacted, etc., That the consent of Congress is hereby granted to the Great Northern Railway Co., a corporation organized and existing under the laws of the State of Minnesota, its successors and assigns, to maintain and operate, or reconstruct, maintain, and operate, its existing bridge and approaches thereto across the Columbia River between the town of Marcus, Wash., and a point across the river opposite thereto, all in Stevens County, Wash., in accordance with the provisions of the act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

INVESTIGATION OF DISTRICT STREET RAILWAYS.

Mr. GOODING having resumed his speech,

Mr. McKELLAR. Mr. President, will the Senator from Idaho yield to me while I ask unanimous consent for the immediate consideration of a resolution of investigation of local street-car matters?

Mr. GOODING. Mr. President, I am very sorry that I can not yield to the Senator for that purpose. I am quite sure it will take up considerable time.

Mr. McKELLAR. I do not think there will be any debate at all about it.

Mr. McNARY. Mr. President, I should not want to have the resolution considered in the absence of the chairman of the committee, the Senator from Delaware [Mr. BALL].

Mr. McKELLAR. As I understood, he agreed to it.

Mr. McNARY. We had better wait until he comes in.

Mr. GOODING. Mr. President, I object.

Mr. GOODING having resumed his speech,

REPORTS FROM COMMITTEE TO AUDIT AND CONTROL CONTINGENT EXPENSES.

Mr. CALDER. Mr. President——

The PRESIDING OFFICER (Mr. WATSON in the chair). Does the Senator from Idaho yield to the Senator from New York?

Mr. GOODING. I yield.

Mr. CALDER. I desire to report from the Committee to Audit and Control the Contingent Expenses of the Senate several resolutions providing for the employment of several clerks. I expect to be out of the Chamber most of the afternoon. Does the Senator from Idaho object to my reporting those resolutions now and asking unanimous consent for their present consideratin, with the understanding that if any debate at all is caused they will be withdrawn?

Mr. GOODING. I yield to the Senator from New York with that understanding.

Mr. CALDER. I make the request with the understanding that there shall be no debate.

Mr. GOODING. That is my understanding.

The PRESIDING OFFICER. Is there objection? The Chair hears none.

ASSISTANT CLERK TO THE VICE PRESIDENT.

Mr. CALDER. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably without amendment Senate Resolution 401, and I ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The resolution will be read.

The reading clerk read the resolution (S. Res. 401) submitted by Mr. LODGE January 10, 1923, as follows:

Resolved, That Senate Resolution 57, agreed to May 2, 1921, authorizing the Vice President to employ an assistant clerk, payable out of the contingent fund, during the Sixty-seventh Congress, be, and the same is hereby, extended in full force and effect until the end of the Sixty-eighth Congress.

Mr. ROBINSON. I have no objection to that resolution.

The resolution was considered by unanimous consent and agreed to.

ASSISTANT CLERK TO COMMITTEE ON FOREIGN RELATIONS.

Mr. CALDER. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably without amendment Senate Resolution 402, and I ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The resolution will be read.

The reading clerk read the resolution (S. Res. 402) submitted by Mr. LODGE on January 10, 1923, as follows:

Resolved, That Senate Resolution 448, agreed to March 3, 1921, authorizing the Committee on Foreign Realtions to continue the employment of an assistant clerk, payable out of the contingent fund, until the end of the present Congress, be, and the same hereby is, further continued in full force and effect until the end of the Sixty-eighth Congress.

Mr. ROBINSON. I understand that the resolution merely proposes to continue in employment a clerk who is already engaged, and that his services are necessary?

Mr. CALDER. Yes, sir.

Mr. ROBINSON. I have no objection to the resolution.

The resolution was considered by unanimous consent and agreed to.

ASSISTANT CLERK TO COMMITTEE ON CLAIMS.

Mr. CALDER. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably without amendment Senate Resolution 380, and I ask unanimous consent for its present consideration.

The PRESIDING OFFICER. The resolution will be read.

The reading clerk read the resolution (S. Res. 380) submitted by Mr. CAPPER December 9, 1922, as follows:

Resolved, That S. Res. 442, agreed to March 3, 1921, being a resolution authorizing the Committee on Claims to employ an assistant clerk during the Sixty-seventh Congress, at the rate of $2,200 per annum, said compensation to be paid out of the miscellaneous items of the contingent fund of the Senate, be, and the same is hereby, further extended in full force and effect until the end of the Sixty-eighth Congress.

Mr. ROBINSON. I am familiar with the work which this clerk does, and I am sure that the committee could not get along without his services.

The resolution was considered by unanimous consent and agreed to.

JOINT COMMISSION OF GOLD AND SILVER INQUIRY.

Mr. GOODING having resumed his speech,

Mr. ODDIE. Through the courtesy of the Senator from Idaho, I ask unanimous consent for the present consideration of the joint resolution (S. J. Res. 287) creating the joint commission of gold and silver inquiry.

I will state that the joint resolution has had the approval of the Senate Committee on Mines and Mining and of the House Committee on Mines and Mining. My colleague [Mr. PITTMAN], who has taken an especially active part in this matter, and several other Senators on the other side, as well as Senators on this side of the Chamber, are heartily in favor of this joint resolution, originally introduced by Senator NICHOLSON.

Mr. PITTMAN. Mr. President, I sincerely hope that permission will be given for the consideration of the joint resolution at this time. It will take but a few moments to consider and act upon it.

Mr. GOODING. If the joint resolution can be disposed of without debate, I will yield; but if it leads to debate, I will refuse to yield.

The VICE PRESIDENT. Is there objection to the immediate consideration of the joint resolution?

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 a joint commission is hereby created, to be known as the joint commission of gold and silver inquiry, which shall consist of five Senators, three of whom shall be members of the majority party and two of whom shall be members of the minority party, to be appointed by the President of the Senate, and five Representatives, three of whom shall be members of the majority party and two of whom shall be members of the minority party, to be appointed by the Speaker.

Said commission shall investigate and report to the Congress on January 1, 1924, upon the following subjects:

1. The causes of the continuing decrease in the production of gold and silver.

2. The causes of the depressed condition of the gold and silver industry in the United States.

3. The production, reduction, refining, transportation, marketing, sale, and uses of gold and silver in the United States and elsewhere.

4. The effect of the decreased production of gold and silver upon commerce, industry, exchange, and prices.

The said commission is further authorized:

1. To confer with citizens, associations, or corporations of foreign countries with a view to the stabilization and wider use of silver in exchange.

2. To propose, either formally or informally, to the President of the United States or the heads of the proper departments plans for negotiations with foreign governments to the same end.

The commission shall include in its report recommendations for legislation which in its opinion will tend to remedy existing conditions and shall specifically report upon the limitations of the powers of Congress in enacting relief legislation.

The commission shall elect its chairman, and vacancies occurring in the membership of the commission shall be filled in the same manner as the original appointments.

The commission or any subcommittee of its members is authorized to sit during the sessions, recesses, or adjournments of the Sixty-seventh and Sixty-eighth Congresses in the District of Columbia or elsewhere in continental United States, to send for persons and papers, to administer oaths, to summon and compel the attendance of witnesses, to employ a stenographer at a cost not exceeding 25 cents per folio to report such hearings as may be had in connection with any subject which may be before said joint commission, and to employ such personal services and incur such expenses as may be necessary to carry out the purposes of this resolution; such expenditure shall be paid from the contingent funds of the Senate and the House of Representatives in equal proportions upon vouchers authorized by the committee and signed by the chairman thereof.

The joint resolution was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

DEFLATION POLICY OF FEDERAL RESERVE BOARD.

Mr. HEFLIN addressed the Senate. After having spoken for half an hour,

FILLED MILK—UNANIMOUS-CONSENT AGREEMENT.

Mr. LADD. Mr. President——

Mr. HEFLIN. I yield to the Senator from North Dakota.

Mr. LADD. I ask unanimous consent that to-morrow at 5 o'clock all debate cease on the filled milk bill (H. R. 8086), and that the request apply to the bill and all amendments.

The PRESIDING OFFICER (Mr. CAPPER in the chair). Is there objection to the request made by the Senator from North Dakota that all debate on the filled milk bill cease to-morrow at 5 o'clock. The Chair hears none, and the unanimous-consent agreement is entered into.

Mr. STERLING. I understand the unanimous-consent agreement has been entered into?

The PRESIDING OFFICER. It has been agreed to.

The agreement was reduced to writing, as follows:

UNANIMOUS-CONSENT AGREEMENT.

It is agreed by unanimous consent that at 5 o'clock p. m. on the calendar day of Thursday, March 1, 1923, debate shall cease upon any amendment that may be pending, any amendment that may be offered, and upon the bill (H. R. 8086), an act to prohibit the shipment of filled milk in interstate or foreign commerce.

ORDER FOR ADJOURNMENT.

Mr. JONES of Washington. Mr. President, will the Senator from Alabama yield to me a moment?

Mr. HEFLIN. I yield.

Mr. JONES of Washington. I ask unanimous consent that when the Senate closes its business to-day it adjourn until 11 o'clock to-morrow morning.

The PRESIDING OFFICER. Is there objection to the request made by the Senator from Washington? The Chair hears none, and it is so ordered.

AMENDMENT OF COAL COMMISSION ACT.

During Mr. HEFLIN's speech,

Mr. BORAH. Mr. President——

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

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

Mr. BORAH. Mr. President, I have asked the Senator from Alabama to yield to me in order that I may ask unanimous consent for the consideration of a bill, with the understanding, of course, that it shall not take any considerable time to pass it. I do so because, if we do not get the bill through to-day, we are not likely to get it through the other House, and it is a matter of wide-reaching public interest. I refer to Senate bill 4160, to amend what is known as the coal commission act.

The PRESIDING OFFICER. The Secretary will state the title of the bill.

The READING CLERK. A bill (S. 4160) to amend the act of Congress entitled "An act to establish a commission for the purpose of securing information in connection with questions relative to interstate commerce in coal, and for other purposes," approved September 22, 1922.

Mr. BORAH. I can state in two minutes what the amendments are.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

Mr. ROBINSON. Mr. President, the Senator from Idaho has explained to me the purposes of the bill, and I hope it may be considered and passed.

The PRESIDING OFFICER. Does the Senator from Idaho desire to discuss the bill?

Mr. BORAH. No; I do not desire to take the time to discuss it unless some one wants to ask me a question about it.

The PRESIDING OFFICER. Is there objection to the present consideration of the bill?

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

Be it enacted, etc., That the first paragraph of the act of Congress entitled "An act to establish a commission for the purpose of securing information in connection with questions relative to interstate commerce in coal, and for other purposes," approved September 22, 1922, is amended to read as follows:

"That for the purpose of securing information in connection with questions relative to interstate commerce in coal and all questions and problems arising out of and connected with the coal industry, there is hereby established a governmental agency to be known and designated as the United States Coal Commission, to be composed of

not more than seven members appointed by the President of the United States, by and with the advice and consent of the Senate. Judges of courts of the United States shall be eligible for appointment as members of the commission, and the appointment, qualification, and service of a judge as member shall in nowise affect or impair his tenure as judge. No Member of the United States Senate or of the House of Representatives shall be eligible to serve on said commission. Said commission shall elect a chairman by majority vote of its members and shall maintain central offices in the District of Columbia, but may, whenever it deems it necessary, meet at such other place as it may determine. A member of the commission may be removed by the President for neglect of duty or malfeasance in office but for no other cause. Each member of said commission shall receive a salary of $7,500 a year, except that if a judge of any court of the United States serves as a member of the commission, he shall continue to receive only his salary as judge, and shall receive no salary as a member of the commission, but any such judge hereafter serving as a member of the commission, or who has heretofore under appointment by the President served on or advised with the commission, shall be allowed for his necessary expenses of travel and reasonable expenses of maintenance while necessarily away from his place of official residence as judge and in the service of the commission, the same amount, and upon like certificate, as is by law allowed circuit and district judges of the United States when transacting official business at places other than their place of official residence as judge, such payment to be paid out of any appropriation for said commission. Any vacancy on the commission shall be filled in the same manner as the original appointment. Said commission shall cease to exist one year after taking effect of this act."

SEC. 2. That such act of September 22, 1922, is amended by adding after the fourteenth paragraph thereof the following:

"That the commission or any officer, employee, or agent thereof may prepare and submit to and require to be answered by any person written questions of fact concerning any of the matters which by this act the commission is empowered or directed to investigate, and such person shall thereupon answer fully and in good faith any and all questions so propounded. Such answers shall be in writing and shall be verified by oath of the persons making them and shall be returned to the commission or its officer or agent within the time which the commission or any officer or agent thereof may prescribe. The oath may be taken before any member of the commission or any officer or agent of the commission by it duly authorized, or before any officer authorized to administer oaths either by the laws of the United States or the laws of the State in which verification is made, but when taken before a notary or other State officer such oath shall be certified under the hand and official seal of such officer."

SEC. 3. That the seventeenth paragraph of such act of September 22, 1922, is amended to read as follows:

"That any person who shall willfully neglect or refuse to attend and testify or depose, or to produce or permit access to any book, account, record, document, correspondence, paper, or other evidence, or to answer any written questions propounded by the commission or any officer or agent thereof, as herein provided for, and any person who shall willfully give false testimony in respect of any matter or thing under investigation by the commission, or shall make or cause to be made any false entry or statement of fact in any written answer or report called for by the commission of any officer or agent thereof, and any person who shall make or cause to be made any false entry or statement of fact in any book, account, record, document, correspondence, paper, or other evidence, with intent to deceive the commission or any officer or agent thereof, shall be guilty of an offense, and upon conviction thereof be punished by a fine of not more than $5,000 or by imprisonment for not more than one year, or by both such fine and imprisonment.

"That in case of disobedience to any subpœna issued by the commission or any member thereof, or of refusal or neglect to testify fully and freely concerning any matter or thing under investigation by the commission, or of refusal to make written answer to any question propounded by the commission or any officer or agent thereof, or of refusal to permit access to any book, account, record, document, correspondence, paper, or other evidence, by any person, the commission may invoke the aid of the district court of the United States for the district in which such person resides in requiring obedience to its process, orders, and requests; and the several district courts of the United States are hereby invested with jurisdiction in case of such contumacy or refusal to obey the process, orders, and requests of the commission to issue an order requiring compliance therewith. Any failure to obey such order of the court may be punished by the court as a contempt thereof."

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

FREE ENTRY OF CERTAIN DOMESTIC ANIMALS.

Mr. JONES of New Mexico. Mr. President, will the Senator from Alabama yield to me?

Mr. HEFLIN. I yield to the Senator.

Mr. JONES of New Mexico. I desire to ask unanimous consent for the consideration and passage of a joint resolution, which has already passed the House and has been favorably reported from the Finance Committee, relating to permission to return to the United States cattle which have been taken over to Mexico on account of the drouth. The committee reports it with two amendments.

The PRESIDING OFFICER. Is there objection to the present consideration of the joint resolution?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the joint resolution (H. J. Res. 422) permitting the entry free of duty of certain domestic animals which have crossed the boundary line into foreign countries, which had been reported from the Committee on Finance, with amendments.

The amendments were, on page 1, line 6, to strike out "heretofore" and to insert "during the years 1921 and 1922," and on page 2, lines 2 and 3, to strike out "within 12 months from the time they so strayed or were driven," and to insert "on or before July 1, 1924," so as to make the joint resolution read:

Resolved, etc., That despite the provisions of the third paragraph of paragraph 1506 of Title II of the tariff act of 1922, horses, mules, asses, cattle, sheep, goats, and other domestic animals, which during the years 1921 and 1922 have strayed across the boundary line into any foreign country, or been driven across such boundary line by the owner for temporary pasturage purposes only, or which may so stray or be driven before March 1, 1923, shall, together with their offspring, be admitted free of duty, under regulations to be prescribed by the Secretary of the Treasury, if brought back to the United States on or before July 1, 1924.

The amendments were agreed to.

The joint resolution was reported to the Senate as amended, and the amendments were concurred in.

The amendments were ordered to be engrossed, and the joint resolution to be read a third time.

The joint resolution was read the third time and passed.

INVESTIGATION OF DISTRICT STREET RAILWAYS.

Mr. CALDER. Mr. President, will the Senator from Alabama yield to me?

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

Mr. HEFLIN. I yield.

Mr. CALDER. Mr. President, I have asked the Senator to yield to me in order that I might report, from the Committee to Audit and Control the Contingent Expenses of the Senate, Senate Resolution 456.

Mr. McKINLEY. Mr. President, I object at this time. The filled milk bill is being delayed.

Mr. McKELLAR. Mr. President, the Senator from New York has a right to make a unanimous report from a committee. The Senator from Illinois can not object to it.

Mr. LADD. Mr. President, I have not objected to routine matters coming in, but we will not get through with this bill to-night if we keep devoting our time to something else, and I shall have to object to all other business.

Mr. McKINLEY. I demand the regular order, Mr. President.

The PRESIDING OFFICER. Objection is made. The regular order is demanded.

Mr. McKELLAR. Mr. President, a parliamentary inquiry. When a Senator has the floor and submits a report from a committee, does he have to get unanimous consent to do so? He has a right to do so; has he not?

The PRESIDING OFFICER. He must secure unanimous consent unless it is during the regular morning hour.

Mr. McKELLAR. Very well; we will present it to-morrow morning.

The PRESIDING OFFICER. The Senator from Alabama has the floor and will proceed.

Mr. HEFLIN resumed his speech. After having spoken for some time,

Mr. STANFIELD. Will the Senator from Alabama yield that the Chair may lay before the Senate amendments of the House to a Senate bill?

Mr. HEFLIN. I yield for that purpose.

LEASES ON LANDS IN OKLAHOMA.

The PRESIDING OFFICER laid before the Senate the amendments of the House of Representatives to the bill (S. 4197) to authorize the Secretary of the Interior to issue to certain persons and certain corporations permits to explore or leases of certain lands that lie south of the medial line of the main channel of Red River, in Oklahoma, and for other purposes, which were, on page 1, line 10, to strike out "January 1, 1920," and insert "February 25, 1920"; on page 2, line 2, to strike out all after "gas" down to and including "them," in line 6, and insert ", by issuance of permits or leases to those found equitably entitled thereto"; on page 2, line 9, to strike out "thirty" and insert "sixty"; on page 2, line 11, to strike out "shall" and insert "may"; on page 2, line 19, to strike out all after "interest" down to and including "required," in line 3, page 3, and insert ". In case of conflicting claimants for permits or leases under this act the Secretary of the Interior is authorized to grant permits or leases to one or more of them, as shall be deemed just"; on page 3, line 11, after "pay," to insert "as royalty"; on page 3, line 22, to strike out "who was"; on page 3, line 23, to strike out all after "States," down to and including "wells," in line 25; on page 3, line 25, after "centum" insert "as royalty"; on page 4, line 1, after "residue," to insert "after deducting and paying the expenses of the litigation incurred by the United States and the expenses of the receivership"; and on page 6, line 24, after "funds," to insert "derived from oil and gas produced from lands of the United States."

Mr. STANFIELD. I move that the Senate concur in the House amendments.

Mr. JONES of Washington. Are these amendments material or are they mere matters of form?

Mr. STANFIELD. They are material, although in principle they are really matters of form. I will state the principal amendment which has been made to the bill by the House. The Senate laid down the rule by which the Secretary of the Interior was to judge of the right of claimants. In the House amendment they have applied the rule laid down in the general leasing act, that in case of conflict and contest the Secretary of the Interior is empowered to give leases to one or more in case of contest or conflict as he shall judge. That is the principal change.

Mr. JONES of Washington. Has the Senator conferred with any of the other members of the committee and learned that the amendments are satisfactory to them?

Mr. STANFIELD. I have, and they are agreeable to the action I propose.

The PRESIDING OFFICER. The question is on the motion of the Senator from Oregon to concur in the amendments of the House.

The motion was agreed to.

DEFLATION POLICY OF THE FEDERAL RESERVE BOARD.

Mr. HEFLIN. Mr. President, the Senator from Idaho has had read into the RECORD a part of the great editorial written by Richard H. Edmonds, the editor of the Manufacturers' Record. That editorial ought to be read by every man and woman in the country. It is a masterful document, written by one of the ablest, cleverest, and most courageous editorial writers in the Republic. He was the first editor of a great magazine to set himself to the task of exposing the conspiracy to bring about destructive deflation in the United States. When hundreds of newspapers in the country were working in concert to prevent the truth of this thing from being known, when they were doing everything in their power to lull the people to sleep at home, suppressing news from the Capitol, and trying to hush up any discussion that would lead to the real truth in the case, Richard H. Edmonds was writing strong, powerful editorials demanding an investigation and bringing to the attention of the public just what he believed had transpired.

The first newspaper, Mr. President, to take up the fight was the Augusta Chronicle, the oldest newspaper in the South, which is ably edited by the brave and brilliant Tom Hamilton, of Augusta. I feel that these two men are entitled to have something of praise and commendation said of them in the closing hours of a Congress to which they have given so much information and aid in disclosing the greatest conspiracy that was ever planned and consummated in the United States. These two men, Richard H. Edmonds and Tom Hamilton, deserve the praise of all the American people.

Mr. President, it is a difficult thing to have to combat the many influences which are working in the Government to suppress the truth and to cripple and break down those who are trying to disclose the truth to the country. I know what that is.

The Washington Post of last Monday morning had a column and more describing a cock fight over in the State of Maryland where a few boys and men had gathered to see some game cocks from Virginia and Maryland do battle. That article was on the front page of this great administration sheet on Monday last, and it devoted a little more than a column to describing a chicken fight. I remarked to one of my newspaper friends that the Washington Post had given more space to that cock fight in one day than it had given to my fight against the evils of deflation and the deflation crooks in the fight of two long years. The Supreme Court of the United States rendered a decision months ago taking the Federal Reserve Board seriously to task, criticizing and condemning its conduct in its effort to destroy a little State bank out in Nebraska, and no news was ever sent out from the Capitol regarding that decision. If that decision had been against the State bank and had been favorable to the Federal Reserve Board and its criminal policies against that little bank, it would have been printed and sent broadcast through the country. I wondered what influence it was that kept that information from going out to the country.

Mr. President, I know that when I make a fight to have a fair deal for the people with the newspapers of the country I incur the displeasure of that portion of the press which is subsidized. I want to state again that a large portion of the press is not subsidized; it is honest and clean; but there is a portion of it that is as corrupt as it is possible for a newspaper to be, and I know that I incur the displeasure of that rotten element of the press, but that does not deter me. I owe it to my constituents and I owe it to the country I am trying to serve to keep on fighting here until a fair deal is had for the people of the country. Somebody should tell the truth about it.

When a man subscribes for a newspaper, they usually tell him, "You want this paper so that you can keep up with the news. Congress will be in session soon, and you want the paper so that you can keep up with the news of Congress," and thousands of people subscribe to these papers for the purpose of getting the news about the great public questions that are being discussed, what the Members of the House are saying, and what the Members of the Senate are saying about the issues of the day and the conduct of the Government.

Mr. President, I have been engaged in the Senate for two years in a fight vital to 110,000,000 American people. But few newspapers have given me a fair deal. Scores of newspapers nestling about these regional reserve banks have attacked me, have written editorials criticizing and condemning me for the fight that I have made. They did not know anything about the fight I was making. They did not know the merits of the cause I was pleading. They were simply doing what they were told to do. They were simply told to fire upon me, to level their broadsides against me; that I was treading close to a dangerous thing, and that if it should be disclosed it would hurt many of those who were enjoying a respectable status at that time; that if I was not stopped, the truth would be made known and these people would be discredited. That was the effort that they made, but it did not deter me, Mr. President. I said on this floor time and time again that there was a conspiracy, a secret meeting held somewhere, I did not know where, to bring about deflation. I said that it did not come of its own accord; that it was prearranged. That statement was denied. These newspaper yelpers of the Federal Reserve Board said, "There is nothing in it." They said that it was a pipe dream; that it could not be substantiated; and I kept on saying that there was a conspiracy. When I was at the high tide of the battle against them in the Senate the Wall Street Journal was criticizing me, and the New York Journal of Commerce was criticizing me; and when I saw the criticisms coming from that quarter I knew that I was right and that I was moving in the right direction. I knew that they knew that I was treading dangerously near something that they did not want disclosed.

What happened since Governor Harding went off this board? I have here a copy of the little journal that was kept of that conspiracy that they held. Here it is. It is entitled:

Transcript of stenographic minutes of conference with the Federal Reserve Board of the Federal Advisory Council and the class A directors of the Federal reserve banks, held at Washington, May 18, 1920.

We never got hold of this little document until Governor Harding was driven from the Federal Reserve Board.

Mr. President, I did not have that document when I was making the fight here for nearly two years; but I told about what had happened at this meeting without really knowing all of the inside facts. Those who will take the time to read this document and read the charges and the argument I made will see how closely I tracked what occurred. I said that they agreed not to tell what had happened. I said that there was a secret arrangement. I said that those present were to go home and whisper the word around.

Mr. President, Governor Harding in closing that meeting cautioned them all to be exceedingly careful and discreet, and to say nothing about anything that was said regarding rediscount rates. That was the vital question. They had agreed to raise the rediscount rate. They knew what effect that would have upon the business of the country; and they agreed in secret conclave not to let the American people, who were to be vitally affected by the change, know anything about what had happened or what was going to happen.

After that parting injunction of Governor Harding these gentlemen dispersed. The country did not know that it was sleeping over a volcano. The country did not know that within 30 days there would be serious trouble in the financial world over here. The country did not know that the Liberty bonds, which the Government had plighted its faith to hold at par to the people who bought them out of patriotic motives, were to tumble down, and that the people who had them and who were trying to hold them would be forced to throw them upon the market, and that the bond sharks of Wall Street would feast and fatten upon them at the cost and expense of the American people who bought them to help their country in the hour of its peril.

Mr. President, at that meeting Mr. Treman, the acting governor of the Federal Reserve Bank of New York, in advocat-

ing that the reserve banks begin to restrict the granting of credit through individual banks, said:

You must do something more than send them requests not to do it.

That is, not to make loans.

The way to do it is to bring them face to face with the officials of the Federal reserve bank in each district and have them understand the situation and have them in turn go back and deal with the commercial and business interests.

Mr. President, on the floor of the Senate I called attention to one of these meetings where these bankers were brought face to face with the Federal reserve agent out in southern California. I can understand it all now. All this sort of business was discussed and agreed upon. It was agreed in that secret meeting to hoist the black flag; but the people to be slaughtered did not know it. Out in southern California the bankers' convention was in session. Judge SWING, Congressman from that State, was there, and a friend of his said, "Come and go into the convention and sit with me." The officials, it seems, did not know that any man was in the convention who was not a banker, and this Federal reserve agent got up and said to these bankers, "You must not loan any more money on farm paper, agricultural products, live stock," and so forth, and dozens of bankers sprang to their feet and said, "We do business with the farmers and cattle people. We loan money to them. Our business is tied up with their business. They need money, and we must let them have money." Then this agent made this significant statement: "If you loan them money, we will not rediscount your paper." That was the first open and bald act, so far as I know, carrying out the secret instructions given at the secret conference held here in the city of Washington May 18, 1920. What was it doing? Striking dead the agricultural business and the cattle business of the West.

What happened here in the Senate on that same day? The Senator from Illinois [Mr. MCCORMICK] introduced a resolution in a way suggesting deflation, calling upon the board to know what it was going to do about deflation. I have said here a dozen times that there must have been some understanding that that action should be taken here in the Senate the same day this advisory council was in oathbound secret session in Washington. That resolution was passed through this body, and the Senator from Oklahoma [Mr. OWEN] made a speech in the Senate in which he said that that resolution was a nucleus around which they hoped to hang deflation, and he was a prophet. Just what he said would happen did happen, and he said that he could easily understand how the financial interests of New York, and the financial interests of Chicago, the home of the Senator from Illinois [Mr. MCCORMICK], would be interested in having this decision brought about.

That resolution passed, and Governor Harding immediately wrote a reply to the Senate, and in it promised to use every power at his command to do what was suggested in the Senate resolution.

Mr. President, I knew they had not given the country any notice, but I did not know that they actually promised in this secret meeting that no notice would be given to the various business interests of the country. I did not know that I would find on printed page somewhere that Governor Harding had actually said such a thing, and that some of the things said had been taken down so that it could be read and preserved, but in speaking upon this subject one day I said that it was a secret arrangement, and that no notice was given to the country; that nobody had notice as to what was going to happen so that he could prepare himself or herself and be ready for the crash when it came.

I referred to a man from the Northwest, a Republican, himself a wealthy man, now a Senator in this body, telling me that they sent him word that they were going to deflate, and telling him to act accordingly and get in out of the weather, and he said, "I can not get in. My business is in such shape that if you do deflate, it is going to cost me thousands of dollars," and he said, "It did cost me thousands of dollars."

I likened that situation to people sitting in a theater, hundreds of men, women, and children looking at the stage and laughing and being entertained, happy at what was transpiring there, when some one slipped down the aisle and went over to a box and whispered to the distinguished personages there that a bomb was being planted under the building, and that in 15 minutes it would go off; for them to get out while the getting was good; that they gathered up their wraps and coats and hats, and silently stole away; that they had gone hardly a couple of blocks before the bomb went off, the roar was heard for miles, the groans of the dying were heard, and hundreds of people were murdered in the crash.

I said that was what happened under the deflation drive. They deliberately planted this bomb under the business of seventy-odd million people in America, and they touched it off without giving them a moment's notice. The little man, the one-horse farmer, the ten-horse farmer, the blacksmith, the crossroads merchant, the village merchant, the town merchant, the country banker, men in all kinds of business in the common walks of life, were literally slaughtered by that cruel deflation drive, and not a moment's warning was given to any of them. That is precisely what the Federal Reserve Board did.

The Senator from Idaho [Mr. GOODING] has introduced a resolution calling upon the President to have this thing investigated. The President has held the same Federal Reserve Board in office. Governor Harding did not go off the board until his term expired by law August 9. He held on two years after President Harding went into office. He held on during all the time some of us were condemning deflation here in the Senate. I said repeatedly that the President ought to remove him, that unless he condoned what he did and indorsed his policy he ought to get rid of him; but he did not get rid of him. He did not get rid of him until his term expired under the law and it was disclosed that he could not be confirmed by the Senate if he had been reappointed. The other members are still on the board.

I do not know just how vigorous and thorough the investigation would be if the President should conduct it. The President has so many things to occupy his mind. I had rather have a congressional investigation. I may seek to get one next fall, when we come back, unless good results come from this investigation, if such an investigation is ordered, because I want a real investigation. I would like to interrogate these gentlemen myself. I have already convicted Governor Harding of a grave national crime. I would like to ask them about certain things and go a little more into detail as to what occurred in that secret conference.

I would like to ask them if the spokesman for the New York bank did not protest, as this secret record shows he did, against having this progressive interest rate applied to New York, and I would like to ask them why it was they never did apply that rate to New York. I would like to ask them if the governor of the bank which serves my State, Governor Wellborn, of the Atlanta bank, and the governor of the bank of Dallas, did not ask them not to apply the progressive rate down there, and why it was that it was applied at those two banks and not to New York. There are several questions I would like to propound to these gentlemen in this connection.

I have contended all along that deflation was cruel, criminal, inexcusable, and indefensible. I still contend that. It was a cut and dried plan to pillage and plunder the American people. God only knows how much money they made out of that steal. Think of it, these men sitting behind closed doors, playing with billions and billions of wealth, and agreeing amongst themselves that they would go out and strike a blow that would cause the destruction of property values by the billions, and nobody but themselves and those in the inner circle was to know anything about it.

Do you know, Mr. President, there are men in this Republic who speculate who would have given $50,000,000 for that information that night. If they could have been told, and I suppose they got the tip, that this thing was going to happen, they would have gone upon the stock exchanges and sold and sold and sold. Senators, when men sell on these exchanges, the lower the price goes, the more money they make, and they would take no risk whatever in selling, because they knew that what was going to happen by the direction of Governor Harding and his board would tumble prices down and down, and they would gather up their profits by the millions. That is what the conspirators did.

President Wilson was very ill at that time. If I had been President, that deflation policy should never have been pulled off. If I had been President and I had known they intended to pull it off, I would have in a quiet way tried to stop it, and if I could not have stopped it that way, I would have employed sterner means and have been tempted to do as Old Hickory Jackson did in the case of old Biddle. You know what he told him, do you not? Biddle went to Jackson and wanted to have Congress couple some of his speculative measures with a Government measure and told Jackson that they ought to be put through together. Jackson would not agree to it. Then Biddle said to Jackson, "I will not let your bill pass." Jackson

told him that he could not prevent its passage. Biddle said that he could. Then Jackson said to him that was too much power for one man or one concern to have, and he would take it from him; and he did. Then what did old Biddle tell Jackson? He said, "I will contract the currency and produce a panic." And Old Hickory Jackson said to Biddle, "If you do, damn you, I will hang you." He ought to have been hanged for such a crime. Biddle's panic did not come. The men who inspired and pulled this deflation conspiracy in 1920 were criminals. They destroyed property values by the billions. They swept away in thousands of instances the accumulations of a lifetime. They deserved to be hanged.

Mr. President, that deflation policy drove men mad. Hundreds were driven to death by their own hands. They were good men struggling for an honest livelihood, struggling to support their wives and children, and yet this deflation was produced through the conspiracy held here in Washington, and it brought this crash upon the country, and it dazed and stunned hundreds of these men and drove them mad, and I have said drove them to kill themselves. Why not hang half a dozen conscienceless criminals rather than permit hundreds of men to be driven to death by their own hands or into the insane asylums of the country?

The reason they wanted to suppress me was because I was on a hot trail and they feared that I would disclose to the public the truth of their cruel and criminal conduct and I was interfering with their false theories regarding panics. They were spreading their propaganda over the country in an effort to educate the people that panics could not be prevented, that they would just come anyhow every 5 or 10 years. I knew that that was not true and I said so. It is a falsehood as black as midnight. There is no excuse for a panic in a great Government like ours under the Federal reserve system and our other banking institutions if they are honestly administered. They must be honestly administered. A few Senators in this body, who have the courage to speak their minds and who have the zeal to study the problems presented from time to time, can do a great deal toward keeping the Federal Reserve Board on the right road. We can get the news to the bankers and to business generally through the CONGRESSIONAL RECORD. I have received hundreds of letters saying something like this: "I have been reading your speeches about this deflation policy. I agree with you. We only get this information through the RECORD. The newspapers do not give it to us."

Mr. President, I want to mention another thing just here. I would like to know why the nomination of Mr. Crissinger has not been favorably reported to the Senate. He was appointed governor of the Federal Reserve Board several weeks ago. Why is he being held up? What does this delay in reporting his name mean? Why can we not have the opportunity to vote on his confirmation? There would be no question about his confirmation. Why does the majority of the Banking and Currency Committee hold back the report? Do they want to give Mr. Crissinger a recess appointment? Do they want him to go without confirmation until next December? Do they want these vultures to have an opportunity to pick at him and peck at him for nine months? Why is it they do not bring his name into this Chamber? He is a good man, I repeat, and an honest man. He favored a reduction of the rediscount rate when I was making a fight for it here for months; he incurred the displeasure of Wall Street by saying it ought to be reduced. Why does not the Banking and Currency Committee bring his name into this Chamber and let us vote on him before adjournment Sunday?

I am going to insist on his confirmation. He must be confirmed before we adjourn or the people must know the reason why. I want to read here what the Manufacturers' Record says on this subject:

WHAT ARE THE FORCES FIGHTING CONFIRMATION OF MR. CRISSINGER AS GOVERNOR OF RESERVE BOARD?

The question may be well asked, Why should the confirmation of Mr. Crissinger be held up on account of the fight on Mr. McNary?

Are they the ones which two years ago were declaring that the office of the comptroller ought to be abolished? (And we presume that the chief reason for desiring to abolish the office was the great fight of the then comptroller, who was actively antagonizing the deflation campaign of the Federal Reserve Board.)

Now, these influences are saying that the comptrollership is so important that Mr. Crissinger must not be confirmed until his successor is in office.

This apparently is a trick to prevent the confirmation of Crissinger and compel him to accept a recess appointment, and thus have held over his head a possible failure of the next Congress to confirm his appointment.

Mr. Crissinger has repeatedly given evidence of his sympathy for the troubles of agriculture and his desire to make the Federal reserve system useful to farmers and business men generally.

His failure to be confirmed would in many respects be a calamity to the country. Senators who have the true interest of the country at heart and who want to make certain that no such policy of secrecy, fatal to the management of the Federal Reserve Board, shall prevail in the future should demand that Mr. Crissinger be confirmed immediately, whether the Committee on Banking acts or doesn't, and in this way administer a much-needed rebuke to the forces of reaction which have subtly endeavored by indirection to prevent a vote on his nomination to the governship of the Federal Reserve Board.

The exposé in the Manufacturers' Record of last week of the amazing methods adopted to prevent the public and the press from getting information about the actions of the reserve board and the secrecy enjoined upon those in attendance should awaken the Senate and the country to the supreme necessity of confirming Mr. Crissinger immediately, despite the quiet but determined efforts of the forces which seek to continue their control over the Federal reserve system.

That is a strong and timely editorial from the Manufacturers' Record of February 28, 1923.

Oh, Mr. President, the people are getting tired, they are getting exceedingly weary of making a football of this great Federal banking institution and playing politics with it. We want it administered fairly and honestly. I have never criticized the system. I am proud of it. I helped to create it. I said all the time that deflation was not the fault of the system, that they perverted it from the end of its institution, that they maladministered it and turned it over to the control of the Wall Street financiers.

I said a moment ago that the deflation was inexcusable and indefensible. I want to read, in support of that statement, Governor Harding's own words in the report of the board for 1920. Here is what he said:

The Federal reserve system has met the requirements of war and readjustment by expanding, without, however, encroaching upon its legal reserves. It is capable, if need be, of expanding still further without having recourse to the emergency provisions of the act, and very much further by availing itself of these provisions.

Why did we create the reserve system? We created it for the purpose of resorting to the reserves in a crisis. We created it for the purpose of calling upon the reserve if the hour came when it was necessary to do so. We had no pride in merely providing a reserve and nursing it as a plaything and permitting a crash to come throughout the country, destroying the business of the people. The business of the people was not created for the purpose of supporting the Federal reserve banks. The Federal reserve system was created for the purpose of aiding and supplying the needs of the business interests of the country. Now what happened?

Mr. President, John Skelton Williams was at that meeting here in Washington. He made a statement to the board that if this thing was to be done at all, it should be done in a sane manner, gradually, so as not to seriously disturb business. He said, in substance, "If a crash comes, you will be responsible," speaking to the members of the Federal Reserve Board, "for that crash," because the sound condition of the Federal reserve system was such, he said, that any serious business disturbance would be wholly unjustifiable.

Mr. President, wherever they have had their hired agents—I mean the crooked, subsidized press—they have distorted what I have said. They have circulated in my own State newspaper articles from other States which have been reproduced in one or two papers in Alabama to the effect that "Senator HEFLIN renewed his attack on the Federal reserve system again today," and so forth, or "Senator HEFLIN made another speech attacking the Federal reserve system." I challenge anybody to read the speeches I have made and find one word where I have ever criticized the Federal reserve system. I have always praised it. I have criticized the conduct of those who betrayed it, of those who entered into a conspiracy to destroy business and produce a panic, and that is what they planned to do in this secret meeting held here in Washington.

There are several of these quotations from this little pamphlet, with comments thereon from a former member of the Federal Reserve Board and the Comptroller of the Currency, that I want to print in the RECORD. I shall not take the time to read them, but I ask permission to readjust them and print them in the RECORD.

The PRESIDING OFFICER. Without objection, the request is granted.

(See Appendix 1.)

Mr. HEFLIN. I shall not detain the Senate much longer. In view of the fact that some of the newspapers have printed articles that misrepresent my position upon the question, I ask unanimous consent to print in connection with my speech some of the letters I have received complimentary to my work against the Federal Reserve Board's deflation policy.

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

(See Appendix 2.)

Mr. HEFLIN. Mr. President, I shall conclude, because I do not want to detain Senators at this time. I shall have something to say on various occasions on the subject. God being my helper, I am going to fight to prevent the recurrence of such a crime. Under this deflation drive I saw the agricultural masses of the South and West swept down, pillaged and plundered by the speculators and gamblers of the country. I saw 7,000,000 men driven out of employment. I saw industries stand idle. I saw stagnation in business in my country, while a few men flourished in evil doing and clipped their coupons by the million as a result of this conspiracy held in Washington May 18, 1920.

Mr. President, in order that I may get in form for circulating purposes a statement, I propose to put something in the RECORD regarding the subsidized press that has undertaken to hamper me and misrepresent me in this work.

Mr. President, the man who winks at and condones a thing that he believes is wrong, a thing that he believes is fraught with danger to his country, is not the right kind of a citizen; but the one who dares to do what he believes is right, and condemns wrong whenever he finds it—in the strong as well as in the weak—he is a good citizen, valuable in many ways to his day and generation.

The press, like the public servant, owes a duty to the people. Both should ever be on guard, striving at all times to do that which will promote the common weal and best serve the cause of humanity. Predatory interests can work no injury to the country as long as the press is free and fearless and the public servant is honest and faithful. But a corrupt and venal press, like a corrupt and crooked public official, becomes a constant menace and danger to the life of the State and Nation. Neither one should have the respect or support of patriotic, self-respecting people anywhere. An incorruptible press and an incorruptible public official are essential to the prosperity and happiness of the people, and absolutely necessary to the preservation of our free institutions. Then it is true, of course, that a corrupt press and a corrupt public official are the enemies of all that is clean and wholesome in our Government, and they should both be pointed out and treated as arch enemies to the country.

When the criminal agencies of greed and avarice go out to gather where they have not planted, to reap where they have not sown, to deprive others of the fruits of their toil, they seek first to corruptly control certain newspapers and then they seek to elect to office men who have no courage or convictions—men who will do what they want done without regard to the principles of right and justice. While a large portion of the American press is still free, the number of subsidized and corrupt newspapers are increasing to an alarming degree. The successful effort is being made by certain selfish and sinister interests to buy control of certain newspapers. They have in mind two things in doing that; one is to prevent the paper in question from antagonizing their propaganda and putting the people wise to just what they are trying to do, and the other is to make the paper their own enthusiastic agent or handy instrument in deceiving and misleading the people. In buying over secretly and corruptly controlling one of these papers in some communities they frequently leave the people without a single paper that will give the truth regarding matters that vitally affect the welfare of the community.

The Bible tells us that the truth is the light, and yet subsidized newspapers suppress the truth and spread the darkness of deception and falsehood where God's sunlight of truth should ever shine. Thank God there are newspapers in America—many of them—that stand foursquare to every wind that blows. Some of them are country weeklies, published far from the hustle and stir of the city. Such papers, daily and weekly, year in and year out advocate what they conscientiously believe is right and best for the country. They are serving their day and generation well, and contributing to the strength and glory of the Republic. They are mighty factors in the preservation of American ideals, and they are contributing in a superb and powerful way to the perpetuity of American institutions. All hail to them! Long live the courageous and unbridled press of our country! May their tribe increase.

No honest man has any right to contribute a dollar in subscription, or in any other way, to the support of a newspaper that belongs soul and body to predatory interests. What do people do when they discover that a public official they have been voting for has become the tool of their enemies and is being used to misrepresent and rob them? Why, they quit voting for him and he is retired to private life.

What would happen to the corrupt newspaper, the bribed agent of the corrupt interests, if the people who subscribe to it would write to the editor or manager and simply say: "My dear sir, your paper editorially is antagonistic to the principles of fair play and justice. You traduce and slander the public officials who advocate measures that are good for the masses of the people. You seem to represent those who are diametrically opposed to my interest, and if I continue to subscribe to your paper I am aiding you to destroy those who are fighting for me and mine. I therefore request you to stop sending your paper to me." What would happen if that should be done? Why, these papers would be put out of business. The big advertisements, for which they get big money, are given to them because of the large subscription list that they have amongst the people. Cut down the subscription list, reduce it to a low figure, and the advertisements would immediately fall off and the corrupt sheet would die. When the citizen subscribes to and helps to support a corrupt and venal newspaper, he becomes responsible in part for the wicked work of such a paper. He not only permits the vile and venomous sheet to carry its scurrilous slime into his home, but he is helping to make it possible for such a sheet to continue its rotten and infamous existence.

I want to see the rank and file of our citizens, men and women everywhere, wake up to a full realization of their duty and responsibility in the matter of fighting, not supporting, but fighting, that part of the press which has no principle, no conviction, but is corrupt and venal, and therefore dangerously harmful to the best interest of the American people.

On the other hand, the newspaper that cries out against a dangerous policy and gives the truth to the people, in spite of the greed and wealth of those back of that policy, is the kind of newspaper that must continue if the Republic is to live. Such a paper is entitled to the confidence and support of patriotic people everywhere. I have in mind several such newspapers. I am going to mention one of them now. In 1920, when the Republican leaders and the big speculators and financiers of Wall Street conspired to bring on deflation and produce a panic, the effort was made by the conspirators to keep the truth from the people. The propaganda was started in New York and Washington, and spread rapidly over the country, to the effect that the business distress and financial disaster that had come upon us in all their fury could not be helped, but just came of their own accord from somewhere. Many people, dazed and stunned by the blow that came with the destruction of property values and the utter collapse of business of every kind, accepted the theory of the deflation propagandists as they gazed despondently upon the ruin that deflation had wrought. The big criminals of the biggest financial crime of the century were busy fooling the people, covering up their tracks, hiding the proof of their guilt, as they gathered in the rich fruits of their crime. Then it was that Tom Hamilton, the brave and brilliant editor of the oldest newspaper in the South, the Augusta Chronicle, commenced to lay the blame for deflation upon the Federal Reserve Board and its fellow conspirators. His was the first daily paper in the country that dared to lay at the door of the Federal Reserve Board the charge that deflation was deliberately planned and brought about for the purpose of enriching the few at the expense of the many. It required courage of a high order to do that. While some other papers took up the fight and rendered valuable service later on, the Augusta Chronicle and the Manufacturers' Record were first and foremost in the great battle against the deflation conspirators.

I wonder what would happen if they could drive out, scare out, and buy out all the courage and moral stamina left in our public men. Time was when the public man who condemned the wrong and cried out against crooks in high places had the support of most of the press of the country. But the time has come when some newspapers will openly and brazenly attack, vilify, and slander the public man who dares to condemn the conduct of the man or set of men that they have been hired to boost, protect, and defend.

The question is, Shall devotion to duty, courage, and love of fair play and justice in our public men be encouraged and upheld as things to be prized in the land that we love, or shall the corrupt newspapers be permitted the use of the mails and come into our homes in order to peddle out their bartered poison against clean and courageous public men?

Mr. President, because of the unfair treatment of me by certain newspapers in other parts of the country and one or two in my own State, I feel it my duty to print excerpts from some of the letters that I have received regarding my work in the Senate. Those who read them will understand that I am placing them in the CONGRESSIONAL RECORD so that the people who have read the criticisms and perversions of the truth regarding my service may read what others, unbribed and unafraid, have voluntarily written to me upon the subject.

APPENDIX 1.

CENTRAL BUREAU OF THE CENTRAL VEREIN,
St. Louis, Mo., August 16, 1922.

Hon. J. THOMAS HEFLIN,
United States Senate, Senate Office Building,
Washington, D. C.

HON. DEAR SIR: The St. Louis Globe-Democrat of August 3 contained a short report regarding statements made by you on the previous day in the Senate. We clipped this item and compared it with the stenographic report as printed in the CONGRESSIONAL RECORD, and thereby discovered how misleading the newspaper report is.

We concluded to bring this matter to the attention of our people and have done so in our Press Bulletin of August 9, which we are sending you herewith.

Sincerely yours,

CENTRAL BUREAU OF THE CENTRAL VEREIN,
F. P. KENKEL, *Director.*

—

[From Press Bulletin of the Central Bureau of the Central Verein, vol. 10, August 9, 1922, No. 10.]

NOT SUPPRESSED BUT GROSSLY DISTORTED—SENATOR HEFLIN'S SERIOUS CHARGE OF EXTORTION AGAINST FEDERAL RESERVE BOARD—PRESS ITEM COMPARED WITH REPORT IN CONGRESSIONAL RECORD.

The manner in which the reading public is being misled by the news vendors—that is, the parties responsible for the information distributed to the dailies—is well illustrated by the following observation: Papers of August 3 contained an account from Washington saying that Senator HEFLIN, of Alabama, in opposing the reappointment of Governor Harding, of the Federal Reserve Board, had declared that interest of 87½ per cent had been charged a small bank in his State by the Atlanta Federal Reserve Bank in 1920. Senator SMOOT, of Utah, thus the item continues, said he could not understand how Senator HEFLIN's statement could be true, or how a bank could pay such an interest rate and survive.

Senator HEFLIN's response to the doubt the Utah Senator cast on his remarks is quoted in the newspaper report, but in a manner that seems intended to mislead the reading public. "Senator HEFLIN," thus runs his reply, as contained in the item from Washington, "insisting he had documents to prove his statements, said the Alabama bank barely managed to live but that its business and customers were destroyed."

Now, the fact that Senator HEFLIN is simply "insisting he had the documents" and not producing them would naturally lead skeptical newspaper readers, or those who favor the present banking system, to doubt, as Senator SMOOT did, the possibility of so preposterous an interest charge as the one Senator HEFLIN alleged an Alabama bank to have paid. But what did Senator HEFLIN really say? Turning to the CONGRESSIONAL RECORD, No. 196, issue of August 2, 1922, we find, on page 11871, that, having charged the governor of the Federal Reserve Board, Mr. Harding, with having applied the progressive interest rate to the agricultural sections of the South and West, but not at all to the other sections of the country, the Senator continued: "I hold in my hand a letter, written by the governor of the Federal Reserve Bank of Atlanta, in which he acknowledges that they charged a bank in my State 87½ per cent interest.

Now, this is evidently something entirely different from what Senator HEFLIN was reported in the daily papers as having said. Furthermore, he added weight to what we have quoted from his address in the Senate by informing his colleagues that this valuable document had been furnished him by the former Comptroller of the Currency, Williams. "I made that charge," Senator HEFLIN continued, "on this floor for more than a year, and I could get no information on the subject from either the board or the bank of Atlanta as to the correctness or incorrectness of my charge. In the meantime the governor of the Federal Reserve Board was proclaiming that agriculture was in no way being discriminated against. He declared that agriculture had been aided in every way possible, when the real facts show that agriculture was stricken down and practically destroyed by the deflation policy conduct of Governor Harding."

Clinching his arguments, Senator HEFLIN, addressing himself to the Chair, proclaimed: "Mr. President, I have the proof now. A bank in my State, furnishing money and credit to farmers at the crop-moving time, had the progressive interest rate applied to it by the Reserve Bank of Atlanta and forced to pay 87½ per cent interest." "Does that look like a fair deal for agriculture?" he exclaimed. "Does that look like aiding agriculture in every way possible?"

At this point Senator ROBINSON, of Arkansas, interjected a question regarding the object of imposing such a rate. Senator HEFLIN, answering the interrogation, said: "The object was to shut off loans, to prevent agriculture from getting money, to force the farmer to sell regardless of market conditions, because the edict had gone out, in a quiet way, to stop loaning money on cotton and live stock and other farm products." Moreover, Senator HEFLIN made it absolutely clear that this rate was actually collected. "I criticized the Federal Reserve Board," he stated furthermore, "for its brutal and inhuman conduct in this matter, until I, with John Skelton Williams, forced the policy to be changed and the money to be refunded. The injury had been done, however, before the money was refunded."

To the question now put to him by Senator ROBINSON: "How could a bank continue in business and pay that exorbitant rate?" the Senator from Alabama replied: "It practically had to quit, barely lived through that trying time." And while a bank in the South, the dependence of agriculturists, had financial thumbscrews applied to it in such a manner, "a bank in New York borrowed many, many times more than its capital, and they never applied the progressive interest rate to it at all." In other words, as Senator HEFLIN so trenchantly put it: "Six per cent in New York, and an interest rate of 87½ per cent in Alabama."

Let anyone compare the item regarding Senator HEFLIN's accusation, as it appeared in the papers of August 3, with the stenographer's report printed in the CONGRESSIONAL RECORD, and the result must be the conviction that the public was kept entirely in the dark regarding the serious indictment against the Federal Reserve Board pronounced by the Alabama Senator. And it is difficult to believe that the misleading newspaper report was due to the incompetence of some reporter. The account, as it was given to the papers, impresses one as studied, inasmuch as the writer can not be accused of having suppressed the fact of the charge, while only a comparison of his item and the report printed in the CONGRESSIONAL RECORD would prove that in reality Senator HEFLIN's damaging statements had been falsified.

CENTRAL BUREAU OF THE CENTRAL VEREIN.

—

AUGUST 22, 1922.

Mr. F. P. KENKEL,
Director Central Bureau of the Central Verein,
3835 Westminster Place, St. Louis, Mo.

MY DEAR SIR: Your letter inclosing a copy of press bulletin of the Central Bureau of the Central Verein has been received and noted. I have read with keen interest and appreciation your bulletin, in which you show how unfairly my speech was reported on the date mentioned.

I am receiving letters from all over the country indorsing my position on the destructive deflation policy conducted by the Federal Reserve Board. Wherever the CONGRESSIONAL RECORD goes and the people can get the truth I have received letters strongly indorsing my stand in this matter. I have never seen one report sent out from Washington on a speech that I made upon this subject that gave a fair report of what I said in discussing the subject. Some strange influence has been at work to keep the facts that I have given from time to time from reaching the public.

Again thanking you for your interest and kindness in this matter, I am, with best wishes,

Yours sincerely, J. THOS. HEFLIN.

APPENDIX 2.

Mr. HEFLIN. Here is a copy of an interesting letter, written by Hon. John Skelton Williams to the editor of the Manufacturers' Record, Hon. Richard H. Edmonds, of Baltimore:

MARCH 3, 1923.

DEAR MR. EDMONDS: I thank you for sending me a copy of the letter addressed to you by Acting Governor Platt, of the Federal Reserve Board, in which he pretends to set forth, but really misrepresents, my position at the conference of May 18, 1920, at which I was present during a part of the proceedings.

After the well-merited excoriation which Judge BRAND, of Georgia, publicly administered to this self-same Platt on the floor of the House of Representatives a year or so ago, he "ran to cover" and nothing was heard from him for some time. As you probably know, he is the particular member of the board to whom I referred in my speech before the Georgia Press Association on July 14, 1921, when I said:

"Upon another occasion when certain policies were being discussed in the Federal Reserve Board, which were being opposed on the ground that they might result in forcing the failure or retirement from business of many small State banks throughout

the country, a certain member of the board, who has never been conspicuous for a knowledge of banking or an adequate comprehension of the difficulties which the country has had to face in the past year, spoke up and said, in effect, 'If this plan means the failure of the small State banks, that need not stop it; in fact, if we can't get rid of the small State banks by any other method, it might be as well to get rid of them that way'—that is to say, by their failure. It was the same statesman and member of the board who a few weeks later condoned the action of a large bank in a big city which had been discovered to have charged a valued customer the equivalent of about 200 per cent per annum interest on a loan of several hundred thousand dollars for about six months, with the remark that '*all banks charge those rates, more or less.*'"

Mr. Platt's statement to the effect that all banks charge such unconscionable rates as those which I was at the time condemning was of course untrue, for there are thousands of decent and self-respecting banks throughout the country who have never charged or countenanced those unscrupulous rates.

If Platt denies now the above statement which I made publicly more than 18 months ago, and was never denied as far as I have ever heard, he will only furnish additional evidence of his reckless mendacity. The speech in which I made those charges was made by me openly before the Joint Commission on Agricultural Inquiry of the United States Senate and House of Representatives on August 2, 1921, in the presence of several members of the Reserve Board, and they did not dare to question or deny them. It is too late now for them to try to do so.

In his speech before the May 18 conference, in admitting his ignorance of banking matters, Mr. Platt said to the assembly:

"I feel a little bit of trepidation before an audience made up exclusively of bankers, because I think I may be subject to a little criticism for not having had a great deal of banking experience. In fact, my actual banking experience is confined chiefly to acting as teller at a few bank elections."

His whole conduct on the board impresses me as confirmatory of that confession. Platt's letter to you is so ill-tempered, so undignified, and so full of misstatements that I doubt whether you will think it worthy of a reply.

I note that he has the impudence to say to you:

"If persons who took part in the discussion decide to prosecute the Manufacturers' Record for libel, as I shall urge them to do, it would be natural to expect Mr. Williams to join in the prosecution, because his own attitude is as grossly misrepresented as anyone's."

As your editorial was a plain, dignified, and forceful statement of facts and contained no misrepresentation of anyone, as far as I can see, Platt may be right in saying that my attitude was subjected to the same degree of misrepresentation as anyone's when *no one's* was misrepresented; but if I should undertake to "join in a prosecution" it would not be of the Manufacturers' Record, which has so courageously exposed and turned the light of publicity upon the proceedings of the May 18 conference, for Platt knows well enough the intense and bitter feeling which exists against the men who have been described on the floor of the Senate and elsewhere as "conspirators," who, after the soothing assurances which they gave as to the orderly, intelligent, and considerate manner with which a reasonable degree of deflation was to be brought about, cut the props from under the country's prosperity and precipitated, artificially, and as many believe designedly, the most ruinous and drastic deflation and contraction of credits which the commercial, industrial, and agricultural interests of the world ever experienced.

In his letter to you he has the effrontery to say that I—

"First. Agreed to the conclusions of the meeting.

"Second. Voted for the resolution adopted.

"Third. Advocated deflation in express terms, and was practically the only person taking part in the discussion who did so."

Those brief extracts from his letter contains three false and misleading statements.

I did *not* agree to the conclusions of the meeting as put into practice.

I did *not* vote for the resolution adopted.

I was *not* practically the only person taking part in the discussion who advocated deflation in express terms.

Platt doubtless knows well enough that at conferences and hearings of that character the members of the *board* present who are *conducting* the hearing do *not vote* on the questions brought up; at least they did not when I was a member of the board. Such meetings and conferences go on record by the passage of resolutions, and their resolutions are taken up subsequently at meetings of the board in executive session for consideration and action if desirable.

Platt admits a little later in his letter, however, that what I advocated was a "proper and reasonable degree of contraction"—"a reasonable degree of deflation."

When, in the meeting of May 18, 1920, I had unsuspectingly commended Governor Harding's opening address, in which he had given those positive assurances that whatever liquidation was to be brought about was to be "gradual" and "sensible," and that great care was to be taken "not to overdo this matter of liquidation," I never imagined that a majority of the Reserve Board could sympathize or agree with the views of the chairman of one of the Federal reserve banks who got up during the meeting and actually suggested that the reserve system should "without disturbance" bring about a contraction of loans during the ensuing three or four months of *two or three billions of dollars*, or 10 per cent of all outstanding loans, which he stated to the meeting was the kind of liquidation that had been "*spoken of in the Federal reserve system as orderly liquidation.*" I can not conceive how any sane and intelligent man could regard such ruinous deflation as would naturally follow the calling in of two or three billions of loans in three or four months as indicative of the "wise and discriminating judgment" which Governor Harding had assured those present at the meeting was to be exercised in this supremely important matter. If any such program had been adopted *openly* at that time the country would have been stunned but would have revolted immediately and would have prevented the cataclysm.

Mr. Platt says in his letter to you that I "wanted contraction at once," and that I criticized a colleague for going no further than "to desire and hope that we would not inflate any further." Mr. Platt knows that his statement is a perversion of my consistent position throughout that whole period. I was in favor of curbing and restraining profiteers and speculators, but I urged that the fullest consideration should be given to the country's legitimate business and commerce—agricultural interests and essential industries. To quote my exact words in this connection, at that meeting I said:

"It seems to me the greatest factor would be to restrict arbitrarily the granting of credit to nonessential industries or those concerns that are making inordinate profits, especially on products that are not most needed."

A few weeks later, on August 26, 1920, I urged upon the board a *moderation* of its contraction policies, and filed a memorandum with the board in order that the record might be clear. I said in that warning note:

"Mr. Williams called attention to the drastic liquidation which has already taken place in the past six or eight months in leading commodities, including cotton, wheat, corn, rice, silk, wool, leather, and so forth, the shrinkage in some cases amounting to over 50 per cent. He also stated that prices of standard securities, including United States Government bonds, high-class railroad bonds and shares, and other securities, had this summer reached the lowest level they had touched in half a century, and expressed the view that such additional liquidation as is needed could be brought about without the exaction of interest rates as high as those which have prevailed.

In a communication to the governor of the board on January 28, 1920, I had remonstrated against the reckless manner with which the funds of the Federal reserve system *were being withdrawn from the legitimate channels of trade and commerce to feed the fires of speculation in New York.* I pointed out in that letter that the Reserve Bank of New York was lending to a certain conspicuous banking institution in that city an amount equal to nearly six times the capital of the Federal Reserve Bank of New York, or an amount *in excess of the total loans and discounts made about that time to all of their member banks by either the Federal Reserve Banks of St. Louis, Minneapolis, Kansas City, Richmond, or Atlanta*, and I showed that the amount which was being loaned to that one particular trust company was about *twice as much as the aggregate of all loans and discounts and purchased paper held at that time by the Federal Reserve Bank of Dallas.*

I registered my protest against such an abuse of the aims and purposes of the reserve system in the following language in a letter to the governor of the board. I said:

"This is a concentration of the funds of the system with one debtor bank conspicuous for its speculative operations and promotions, which in my judgment is not only not justified but distinctly dangerous, and I feel it my duty to register my strong dissent from a continuance of such conditions as these by writing you, as I am doing, as an ex officio member of the board. * * * With such facts before us * * * as I

have here undertaken to bring to your attention, our responsibility becomes serious and very real."

My recommendations at that time, however, were unfortunately disregarded, and the concern referred to continued its speculative operations and promotions and its absorption of Federal reserve funds, and about 18 months later the bankers of New York City were hurriedly called together to provide from $75,000,000 to $100,000,000 to prevent a disastrous failure.

Like so many others, I was also misled for a while by Governor Harding's specious promises and protestations as to the "gradual" and "sensible" manner in which "reasonable" deflation was to be brought about. The stenographic record shows that I said to the conference:

"I see nothing in the situation to justify the fear of such a commercial crisis or financial catastrophe as we had either in 1873, 1890, or 1907."

That was perfectly true. There *was* no justification or excuse for the cataclysm which was subsequently precipitated. It is clear now that I had greater confidence in the "wisdom," "discriminating judgment," and real intentions of a majority of my colleagues on the board than was justified. I realized their tremendous power for evil as well as for good, but I did not think that it was the power for evil that was to be exercised rather than the power for good; but I did warn the conference, in referring to the commercial crisis of 1873, 1890, and 1907, that "*if anything of that kind comes, it will be our fault—the fault of those who are in charge of the banking and commercial interests of the country*, and I do not believe they are going to bungle it."

In commenting upon that statement by me you say, very properly, in your editorial:

"Unfortunately those in charge of the banking interests of the country did bungle it, and bungled it badly, as Mr. Williams has repeatedly said that they did, and proved by the figures which he has published showing how badly it was bungled."

The clear and unmistakable written record of those times shows *how I urged and implored the Federal Reserve Board*, when I realized the dangers of the drastic deflation and contraction which they were bringing about and the annihilation in commodity values of all kinds which was taking place—*not the "proper and reasonable degree of contraction"* of which I had spoken—*to put on the brakes and save the situation from such ruthless deflation before it should be too late.*

Governor Harding's reply to one of my communications was to the effect that the paralyzing collapse in values which was taking place was merely the puncturing of a balloon and letting out hot air, to which I replied that intelligent men in charge of the management of a balloon were not expected to "puncture" it and bring it crashing in ruin to earth, but to effect a safe landing by the intelligent use of valves, ropes, and ballast.

Did you notice Mr. Platt declares in his letter that in your article "it is stated that 100 copies of the report of this meeting 'were printed for confidential circulation' at the time and the type destroyed"? His statement is plainly false. You did not say in the article from which Platt intends to quote that the 100 copies were printed "at the time." The words "at the time" were simply inserted by Platt without warrant. For aught we know, however, 100 or more copies may also have been distributed "at the time" of the meeting as well as later. It would quite naturally have caused a shudder throughout the country if the board had foretold the ruinous deflation plans which it put into execution in the ensuing months.

The Manufacturers' Record did not misrepresent my position in the least degree; but I do resent very thoroughly the "gross perversion and falsification" of my recorded position which Mr. Platt attempts to make in his letter to you.

By the way, I notice that your long editorial of 18,000 words was considered to be of so much importance to the whole country that two United States Senators, from North Dakota and from Idaho, in the past few days have each had the entire editorial inserted in the CONGRESSIONAL RECORD as a part of their speeches in the Senate. And on February 28, as your editorial was being commended by Senator GOODING, Senator MCNARY obtained the floor to say that "the article referred to by the able Senator from Idaho is a splendid one and I should like to have it read from the desk."

Senator DIAL, of South Carolina, arose and said:

"Let us have the whole article read. It is very interesting."

The clerk of the Senate then read your 18,000-word editorial throughout. Upon the conclusion of the reading, Senator GOODING said to the Senate:

"I think the people of this country owe a debt of gratitude to the Manufacturers' Record, of Baltimore, for having the courage to publish the story of this conspiracy, as it was formed here in this city on May 18, 1920."

I again congratulate you upon the manner in which you have brought this important subject before the country.

Yours very truly,

JOHN SKELTON WILLIAMS.

Mr. RICHARD H. EDMONDS,
Editor Manufacturers' Record, Daytona, Fla.

THIRD DEFICIENCY APPROPRIATION BILL.

Mr. WARREN. From the Committee on Appropriations I report back favorably with amendments the bill (H. R. 14408) making appropriations to supply deficiencies in certain appropriations for the fiscal year ending June 30, 1923, and prior fiscal years, to provide supplemental appropriations for the fiscal year ending June 30, 1924, and for other purposes, and I submit a report (No. 1250) thereon. I give notice that I shall expect to have the bill taken up to-morrow.

PENSIONS AND INCREASE OF PENSIONS.

Mr. BURSUM. I desire to give notice that upon the disposition of the pending bill I intend to move that the Senate take up for consideration the bill S. 4305, granting an increase of pension to certain soldiers of the Mexican War and Civil War and their widows and minor children, widows of the War of 1812, Army nurses, and for other purposes.

SULPHUR RIVER BRIDGE, TEX.

Mr. SHEPPARD. From the Committee on Commerce I report back favorably without amendment the bill (S. 4631) granting the consent of Congress to the counties of Bowie and Cass, State of Texas, for construction of a bridge across Sulphur River at or near Paces Ferry, in said counties and State, and I submit a report (No. 1249) thereon. I ask unanimous consent for the immediate consideration of the bill.

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

Be it enacted, etc., That the consent of Congress is hereby granted to the counties of Bowie and Cass, State of Texas, to construct, maintain, and operate a bridge and approaches thereto across the Sulphur River at a point suitable to the interests of navigation, at or near Paces Ferry, in accordance with the provisions of an act entitled "An act to regulate the construction of bridges over navigable waters," approved March 23, 1906.

SEC. 2. That the right to alter, amend, or repeal this act is hereby expressly reserved.

The bill was reported to the Senate without amendment, ordered to be engrossed for a third reading, read the third time, and passed.

RENT FOR OFFICE, RECORDER OF DEEDS (S. DOC. NO. 326).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the District of Columbia, office of the recorder of deeds, fiscal year 1923, in amount $3,890, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PRINTING AND BINDING, PATENT OFFICE (S. DOC. NO. 328).

The VICE PRESIDENT laid before the Senate a supplemental estimate of appropriation for the Interior Department, fiscal year 1923, for printing and binding, Patent Office, $54,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

PREVENTING FOREST FIRES AND INSECT INFESTATION (S. DOC. NO. 329).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Agricultural Department, fiscal year 1923, for fighting and preventing forest fires and combating insect infestation, $35,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

TEMPORARY POST-OFFICE CLERKS AND CARRIERS (S. DOC. NO. 330).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Post Office Department, fiscal year 1923, in amount $550,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

INDUSTRY IN COLORADO RIVER BASIN (S. DOC. NO. 331).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of

Commerce, fiscal year 1924, in amount $7,500, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DISTRIBUTION OF BOLL-WEEVIL INSECTICIDES (S. DOC. NO. 332).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Agricultural Department, fiscal year 1923, for developing the use of the airplane as a means of distributing insecticides for the control of the boll weevil, $60,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

REPAIRS TO COURTHOUSE, DISTRICT OF COLUMBIA (S. DOC. NO. 327).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the District of Columbia, fiscal year 1923, for repairs and improvements to the courthouse, District of Columbia, $15,300, and a draft of proposed legislation to increase the amount authorized to be paid from the policemen and firemen's relief fund, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

BUILDING AT FORT TOTTEN (N. DAK.) INDIAN SCHOOL (S. DOC. NO. 333).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Interior Department, fiscal year 1923, for rebuilding and reequipping the shop building at the Fort Totten Indian School, Fort Totten, N. Dak., recently destroyed by fire, $10,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SEARCH FOR BODY OF JOHN PAUL JONES (S. DOC. NO. 334).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Department of State, fiscal year 1923, for the payment of a claim of the Government of France to reimburse a French citizen for loss and damage to property resulting from the search for the body of Admiral John Paul Jones, in amount $13,511.13, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

DISCREPANCIES IN CERTAIN ACCOUNTS (S. DOC. NO. 335).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department, fiscal year 1923, for the adjustment of any discrepancies in the paper accounts between the office of the Secretary of the Treasury and the Bureau of Engraving and Printing existing on April 8, 1922, and the adjustment of any actual losses which may be shown to have occurred to the Government on account of such discrepancies, in amount $100,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

COLLECTION AND DISBURSEMENT OF PUBLIC MONEYS (S. DOC. NO. 336).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department, fiscal year 1923, for the collection, safe-keeping, transfer, and disbursement of public moneys, $15,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

SUBTREASURY AND ASSAY OFFICE, NEW YORK CITY (S. DOC. NO. 337).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting supplemental estimates of appropriations for the Treasury Department, fiscal year 1923, in amount $50,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

COURTHOUSE AND POST OFFICE, PHILADELPHIA, PA. (S. DOC. NO. 338).

The VICE PRESIDENT laid before the Senate a communication from the President of the United States, transmitting a supplemental estimate of appropriation for the Treasury Department, fiscal year 1923, in amount $40,000, which, with the accompanying papers, was referred to the Committee on Appropriations and ordered to be printed.

LANDS WITHIN PUEBLO INDIAN GRANTS.

Mr. CURTIS. I move that the Senate adjourn.

Mr. LENROOT. Mr. President, will the Senator withhold that motion for a moment in order that I may make a statement?

Mr. CURTIS. I withhold the motion.

Mr. LENROOT. Mr. President, there is a bill known as the Pueblo Indian bill, or the Bursum bill, which has caused a great deal of controversy. The Committee on Public Lands and Surveys have held hearings for several weeks on the measure, and all parties have now agreed upon a bill. There is no objection to the bill that has been reported, and if it is passed to-night I think probably the bill can be passed at this session through both Houses, otherwise it can not be passed until next winter. I therefore ask unanimous consent for the present consideration of the bill.

The VICE PRESIDENT. The title of the bill will be stated.

The READING CLERK. A bill (S. 3855) to ascertain and settle land claims of persons not Indian within Pueblo Indian land, land grants, and reservations in the State of New Mexico.

Mr. WALSH of Massachusetts. Mr. President, I have received some communications criticizing the bill which the Senator from Wisconsin desires to have considered.

Mr. LENROOT. I have had many telegrams from the Senator's State all favoring the bill to which I have referred. It was the old bill which was so severely criticized.

Mr. WALSH of Massachusetts. I may be misinformed about the particular bill. I will inquire if the Senator from New Mexico [Mr. JONES] approves of the bill in its present shape?

Mr. JONES of New Mexico. Yes; I think all parties who have taken an interest in the subject are agreed upon the bill which the committee has now presented.

Mr. WALSH of Massachusetts. Very well; I shall make no objection to the consideration of the bill.

Mr. LENROOT. If the bill shall lead to any debate, I will not insist upon its consideration.

The VICE PRESIDENT. Is there objection to the immediate consideration of the bill?

There being no objection, the Senate, as in Committee of the Whole, proceeded to consider the bill (S. 3855) to ascertain and settle land claims of persons not Indian within Pueblo Indian land, land grants, and reservations in the State of New Mexico, which had been reported from the Committee on Public Lands and Surveys with an amendment to strike out all after the enacting clause and to insert:

That in order to quiet title to various lots, parcels, and tracts of land in the State of New Mexico for which claim shall be made by or on behalf of the Pueblo Indians of said State as hereinafter provided, the United States of America, in its sovereign capacity as guardian of said Pueblo Indians, shall, by its Attorney General, file in the District Court of the United States for the District of New Mexico its bill or bills of complaint with a prayer for discovery of the nature of any such claim or claims of any kind whatsoever adverse to the claim of said Pueblo Indians, as hereinafter determined.

SEC. 2. That there shall be, and hereby is, established a board to be known as "Pueblo lands board," to consist of the Secretary of the Interior, the Attorney General, and a third member to be appointed by the President of the United States. The board shall be provided with suitable quarters in the city of Santa Fe, N. Mex., and shall employ such clerical assistance, interpreters, and stenographers, with such compensation as the Attorney General shall deem adequate, and it shall be provided with such necessary supplies and equipment as it may require on requisitions to the Department of Justice. The compensation and allowance for travel and expenses of the member appointed by the President shall be fixed by the Attorney General.

It shall be the duty of said board to investigate, determine, and report and set forth by metes and bounds, illustrated where necessary by field notes and plats, the lands within the exterior boundaries of any lands granted or confirmed to the Pueblo Indians of New Mexico by any authority of the United States of America, or acquired by said Indians as a community by purchase or otherwise, title to which the said board shall find not to have been extinguished in accordance with the provisions of this act, and the board shall not include in their report any claims of non-Indian claimants who, in the opinion of said board after investigation, hold and occupy lands of which they have had adverse possession within the terms of the limitations, or either of them, prescribed in section 4 of this act: *Provided, however*, That if all the members of the board shall not agree that the Indian title is not extinguished to any tract or tracts of land, then such tract or tracts of land shall be included in the lands which shall be claimed for said Indians.

The board shall report upon each pueblo as a separate unit and shall complete its report upon one pueblo before taking up another, and upon the completion of each report one copy shall be filed with the United States District Court for the District of New Mexico, one with the Attorney General of the United States, one with the Secretary of the Interior, and one with the Board of Indian Commissioners.

SEC. 3. That upon the filing of each report by the said board the Attorney General shall cause to be filed in the United States District Court for the District of New Mexico, as provided in section 1 of this act, a suit to quiet title to the lands described in said report as Indian lands, the Indian title to which is not extinguished.

SEC. 4. That all persons other than Pueblo Indians claiming title to or ownership of any lands involved in any such suit or suits may, in addition to any other legal or equitable defenses which they may have, plead limitation of action, as follows, to wit:

(a) That in themselves, their ancestors, grantors, privies, or predecessors in interest or claim of interest they have had open, notorious, actual, exclusive, continuous, adverse possession of the premises claimed for more than 20 years next preceding the passage of this act under color of title.

(b) That in themselves, their ancestors, grantors, privies, or predecessors in interest or claim of interest they have had open, notorious, actual, exclusive, continuous, adverse possession of the premises claimed for more than 30 years next preceding the passage of this act with claim of ownership but without color of title.

SEC. 5. The plea of such limitations, successfully maintained, shall entitle the claimants so pleading to a decree in favor of them, their heirs, executors, successors, and assigns, for the premises so claimed by them, respectively, or so much thereof as may be thus established, which shall have the effect of a deed of quitclaim as against the United States and said Indians, and a decree in favor of claimants upon any other ground shall have a like effect.

The United States may plead with like effect in favor of the pueblo or any individual Indian thereof, as the case may be, the said limitations hereinbefore defined.

SEC. 6. That all lands the title to which is determined in said suit or suits shall, where necessary, be surveyed and mapped under the direction of the Secretary of the Interior, at the expense of the United States, but such survey shall be subject to the approval of the judge of the United States district court, and if approved by said judge shall be filed in said court and become a part of the decree or decrees entered in said district court.

SEC. 7. That necessary costs in all original proceedings under this act, to be determined by the court, shall be taxed against the United States, and any party aggrieved by any final judgment or decree shall have the right to a review thereof by appeal or writ of error or other process, as in other cases, but upon such appeal being taken each party shall pay his own costs.

SEC. 8. That in the sense in which used in this act the word "purchase" shall be taken to mean the acquisition of community lands by the Indians other than by grant or donation from a sovereign.

SEC. 9. That any person not impleaded in any such action, and claiming any interest in the premises involved, may be made a party defendant thereto, or may intervene in such action, setting up his claim in usual form.

SEC. 10. That as to all lands within the exterior boundaries of any lands granted or confirmed to the Pueblo Indians of New Mexico, by any authority of the United States of America, or acquired by said Indians as a community by purchase or otherwise and which have not been claimed for said Indians by the findings and report of the board as herein provided, the Secretary of the Interior shall cause notice to be published in some newspaper or newspapers of general circulation issued, if any there be, in the county in which the said lands or some part of them are located, otherwise in some newspaper or newspapers of general circulation published nearest to such lands, once a week for five successive weeks, setting forth as nearly as may be the names of claimants of land holdings within said exterior boundaries and not embraced within the lands claimed for said Indians as aforesaid, with a description of such several holdings as shown by a survey of Pueblo Indian lands heretofore made under the direction of the Secretary of the Interior, and commonly known as the Joy Survey, or as may be otherwise shown, and requiring that any person or persons claiming such described parcel or parcels of land adversely to the apparent claimant or claimants so named as aforesaid, or their heirs or assigns, shall, on or before the thirtieth day after the last publication of such notice file his or their adverse claim in the United States land office in the land district wherein such parcel or parcels of land are situate, in the nature of a contest, stating the nature and basis of such adverse claim, and notice of such contest shall be served upon the claimant or claimants named in the said notice, in the same manner as in cases of contest of homestead entries; if no such contest is instituted as aforesaid, the Secretary of the Interior shall issue to the claimant or claimants named in the said notice a patent or other certificate of title for the parcel or parcels of land so described in the said notice; but if a contest be filed, it shall proceed and be heard and decided as contests of homestead entries are heard and decided, under the rules and regulations of the General Land Office pertinent thereto. Upon such contest either party may claim the benefit of the provisions of section 4 of this act, to the same effect as if he were a party to a suit to quiet title brought under the provisions hereof, and the successful party shall receive a patent or certificate of title. Any patent or certificate of title issued to non-Indian claimants under the provisions of this act shall have the effect only of a relinquishment of title by the United States of America and the said Indians and shall not affect the adverse rights of any other party or parties whatsoever. If the names of the claimants of such parcel or parcels of land are unknown, and after such notice more than one person or group of persons united in interest makes claim in such land office adversely to each other, the register and receiver shall require them to set forth in writing the nature of their respective claims, and thereupon the said claims shall be heard and decided as if they were made in a contest in the first instance. All patents or certificates of title which may be issued in accordance with this act shall be in such form as to convey the title of the United States and said Indians to the grantee, naming him, and to his heirs and legal representatives.

SEC. 11. That if any non-Indian party to any such suit shall assert against the Indian title a claim based upon a Spanish or Mexican grant, and if the court should finally find that such claim by the non-Indian is superior to that of the Indian claim, no final decree or judgment of ouster of the said Indians shall be entered or writ of possession or assistance shall be allowed against said Indians, or any of them, or against the United States of America acting in their behalf, unless it shall be found that such non-Indian claimant shall also be entitled to said land under the provisions of section 4 as herein provided. In such case the court shall ascertain the area and value of the land thus held by any non-Indian claimant under such superior title, excluding therefrom the area and value of lots or parcels of land the title to which has been found to be in other persons by adverse possession under the provisions of this act: *Provided, however,* That any findings by the court under the provisions of this section may be reviewed on appeal or writ of error at the instance of any party aggrieved thereby in the same manner, to the same extent, and with like effect as if such findings were a final judgment or decree. When such finding adverse to the Indian claim has become final, the Secretary of the Interior shall report to Congress the facts, including the area and value of the land so adjudged against the Indian claim, with his recommendations in the premises.

SEC. 12. That when any claimant, other than the United States for said Indians, fails to sustain his claim to any parcel of land within any Pueblo Indian grant, purchase, or donation under the provisions of this act, but has held and occupied any such parcel in good faith, claiming the same as his own, and the same has been improved, the value of the improvements upon the said parcel of land shall be found by the court and reported by the Secretary of the Interior to Congress with his request for appropriations to pay such claimants for such improvements at the valuation so found by the court.

SEC. 13. That if any land adjudged against any claimant be situate among lands adjudicated or otherwise determined in favor of non-Indian claimants and apart from the main body of the Indian land, and the Secretary of the Interior deems it to be for the best interest of the Indians that such parcels so adjudged against the non-Indian claimant be sold, he may, with the consent of the governing authorities of the pueblo, order the sale thereof, under such regulations as he may make, to the highest bidder for cash, and if the buyer thereof be other than the losing claimant, the purchase price shall be used in paying to such losing claimant the adjudicated value of the improvements aforesaid, if found under the provisions of section 12 hereof, and the balance thereof, if any, shall be paid over to the proper officer or officers of the Indian community, but if the buyer be the losing claimant, and the value of his improvements has been adjudicated as aforesaid, such buyer shall be entitled to have credit upon his bid for the value of such improvements so adjudicated.

SEC. 14. That the pleading, practice, procedure, and rules of evidence shall be the same in all causes arising under this act as in other civil causes in the Federal courts except as otherwise herein provided.

Mr. JONES of New Mexico. Mr. President, the committee reports what is virtually a substitute bill. To that substitute I have a couple of amendments to propose, one of which is acceptable to all the other members of the subcommittee. I presume that now is the time to propose the amendment. I therefore offer the following amendment to the amendment reported by the committee.

The VICE PRESIDENT. The amendment to the amendment will be stated.

The READING CLERK. On page 15, after line 11, it is proposed to add the following:

That in the event there is submitted to the Pueblo land board any claim or claims originating during the 20-year period provided for in subsection (a) of section 4 of this act under and by virtue of a deed or deeds, or a contract for a deed or deeds, entered into by the authorities of any pueblo with such claimant or claimants in behalf of such pueblo then the board shall not report such claim or claims for suit to quiet title, but shall investigate all the circumstances surrounding the transaction, the value of the improvements upon and extent of use of the land claimed, and shall report the facts fully to the Secretary of the Interior, who in turn shall report the same to Congress with his recommendations in the premises: *Provided, however,* That if after one year from the date of the transmittal to Congress of the recommendation by the Secretary of the Interior no action has been taken pursuant thereto, then the claimant or claimants shall be served with process in the appropriate suit to quiet title and his or their rights shall be litigated in the same manner as would any other claim under the provisions of this act: *And provided further,* That if it shall appear that any of the claims above mentioned in this paragraph originated prior to June 20, 1910, such claims shall, if the governing authorities of the pueblo interested in the premises shall file with the said board their written approval thereof, be recognized as valid and disposed of in the manner provided for the disposition of the claims included in the provisions of section 10 of this act.

Mr. SMOOT. Mr. President, I have been trying to follow the reading of the amendment in detail, but it was impossible for me to do so. Therefore, I should like to ask the Senator having the bill in charge if the amendment which has just been offered by the Senator from New Mexico has been agreed to by the subcommittee?

Mr. LENROOT. Mr. President, I will say to the Senator that the subcommittee has not considered the amendment, but I will state the effect of it. It is that where there has been possession under a deed purporting to come from the pueblo the matter shall be referred to Congress before action may be brought to quiet title; and if Congress does not act, the action shall nevertheless be brought unless the pueblo thereafter shall consent to the ratification of their deed.

Mr. SMOOT. Is there any time limit as to the action of Congress?

Mr. LENROOT. There is a time limit of one year. I think no possible harm can come from it.

Mr. SMOOT. I shall make no objection to it, if it is limited to one year.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Mexico to the amendment reported by the committee.

The amendment to the amendment was agreed to.

Mr. SMOOT. Mr. President, just a word for the RECORD. I have had my attention called to the fact that this is a bill which the Senator from Idaho [Mr. BORAH] had recalled after it was passed and had gone to the House. I have been asked whether the Senator from Idaho is in favor of the bill as it has now been reported. I could not say definitely, but I have understood that the Senator had no objection to the bill as it is now reported. I simply wanted to make that statement for the RECORD.

Mr. LENROOT. Mr. President, may I say to the Senator that I submitted the bill to the Senator from Idaho and asked him to examine it carefully? He reported to me that he had examined it carefully and had no objection, but was willing to accept it.

Mr. SMOOT. Very well; I merely desired that statement to go into the RECORD.

Mr. JONES of Washington. Mr. President, I have had some very severe criticisms in reference to the original bill—at any rate, the origin of it, and so forth—much of which, I think, was rather unjust; but, as I understand, the committee believe that the bill now reported protects fully the rights of the Indians, and it is especially framed to that end.

Mr. SMOOT. The Indians themselves have agreed to the provisions of the bill, as I understand.

Mr. LENROOT. That is, their attorney has.

Mr. SMOOT. Yes; their attorney has.

Mr. LENROOT. Mr. President, I desire to offer a formal amendment to the committee amendment. On page 18, line 21, I move to amend by striking out the word "such."

The VICE PRESIDENT. Without objection, the amendment to the amendment is agreed to.

Mr. JONES of New Mexico. Mr. President, the counsel for the Indians and the Indians themselves have insisted upon having an attorney satisfactory to them to be associated with the United States attorney. I present an amendment which is in the language of a proposal in another form of bill which was prepared by the attorney for the associations representing these Indians. It provides that if 15 pueblos in council shall ask that they be accorded an attorney satisfactory to them, then the Secretary of the Interior shall appoint such attorney, if he be a reputable attorney in the State of New Mexico; and he is only authorized to be associated with the attorney representing the United States in the ordinary way.

Mr. WILLIS. Mr. President——

Mr. JONES of New Mexico. I yield.

Mr. WILLIS. I want to be assured by the Senator upon one point. As recently as this morning there was brought to my office a very vigorous protest against this bill. I have had no time to examine it. Does the Senator know whether all these objections have been met in the amendments that have been proposed by him and by the Senator from Wisconsin [Mr. LENROOT]?

Mr. JONES of New Mexico. I do not know, of course, what the objections are which were presented to the Senator from Ohio.

Mr. LENROOT. Mr. President, I have not received a single protest.

Mr. JONES of New Mexico. I have not received a single protest, but I have in my pocket a number of telegrams approving this bill as reported by the subcommittee.

Mr. LENROOT. From the other side?

Mr. JONES of New Mexico. They come from the people who objected so strongly to the so-called Bursum bill.

Mr. WILLIS. Both Senators are confident that this bill properly protects the rights of the Indians?

Mr. JONES of New Mexico. I must say that I feel that this bill will be fair both to the Indians and to the non-Indians, and will meet with general approval.

Mr. WILLIS. That is the opinion of the Senator from Wisconsin, is it?

Mr. LENROOT. It certainly is.

Mr. JONES of New Mexico. If that is not the result, I shall certainly be grossly and greatly disappointed.

The VICE PRESIDENT. The Secretary will state the amendment offered by the Senator from New Mexico to the amendment of the committee.

The READING CLERK. On page 22, after line 12, it is proposed to insert a new section, to read as follows:

SEC. 15. If at a general council attended by representatives of not less than 15 pueblos it is decided that it would be desirable to have an associate counsel to act for the Indians with the United States attorney in the proceedings contemplated by this act, and shall in a formal request to the Commissioner of Indian Affairs designate a reputable member of the bar of the State of New Mexico for such position, such person so designated shall be appointed by the Secretary of the Interior as such associate counsel, at a compensation in an amount not less than that allowed to an assistant United States attorney for New Mexico and an allowance for a stenographer of not less than $90 per month.

Such associate counsel may join with the United States attorney in all pleadings or file separate pleadings in behalf of the Indians after the institution of the suits provided for in section 3, and may participate in all arguments, written or oral, and may take appeals where the United States has failed for any reason to do so, and may participate in all appellate proceedings, including arguments, written or oral.

Mr. LENROOT. Mr. President, I hope this amendment will not be accepted but will be voted down. I will say that the subcommittee had the matter up informally with the department and was assured that the department would ask the different pueblos to recommend to the department a number of qualified attorneys, and if any of them were qualified the department would appoint some one whom they had recommended, which I think is vastly more for the benefit of the Indians than to let the Indians themselves directly select some attorney who may use political and other methods in bring about his selection.

Mr. JONES of New Mexico. Mr. President, just a word. I understand the agreement, if it may be called such, to which the Senator from Wisconsin has just referred; but I wish to call to the attention of the Senator from Wisconsin the fact that the amendment which I propose does not require the pueblos to select an attorney at all, but provides that in the event that not less than 15 of the pueblos shall meet in council and make a request, then the attorney shall be appointed. Of course they would not make the request if the Indian Office had already selected an attorney satisfactory to them; but if through some mischance the attorney selected should not be satisfactory to the Indians, this would give them an opportunity to suggest some one with whom they would be satisfied.

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

Mr. JONES of New Mexico. Gladly.

Mr. LENROOT. The Senator knows very well that if it be left solely to the selection of the Indians they will be hounded by these professional Indian attorneys, and very likely one of them will be selected who may not be qualified, while the interests of the Indians are much better protected under the understanding that we have had.

Mr. JONES of New Mexico. Mr. President, I think that criticism is cared for in the amendment, because it provides, in the first place, that the attorney shall be a reputable attorney and that he shall be a member of the bar of the State of New Mexico. There are no professional Indian attorneys in the State of New Mexico, so far as I know; and that provision was put in at the suggestion of the Senator from Montana to meet the criticism which the Senator from Wisconsin now offers.

Mr. LENROOT. I imagine that there are some attorneys in New Mexico who are not of the highest class and who might take advantage of these Indians if they had the opportunity to do so.

Mr. JONES of New Mexico. The amendment provides that the attorney shall be a reputable member of the bar, and the question as to whether or not he is a reputable member of the bar of course is left for the decision of the Department of the Interior; so I think that criticism is fully met in the amendment.

Mr. BURSUM obtained the floor.

Mr. ROBINSON. Mr. President, it was represented that a complete agreement had been reached touching this bill, and that debate would not be required; and with that understanding consent was given for its consideration.

Mr. JONES of New Mexico. I may say to the Senator that the debate is ended right now.

Mr. BURSUM. No; I have something to say about it.

Mr. President, I think it would be very unwise to adopt this amendment. In the first place, the Government is now providing legal services for these Indians. The district attorney for the district of New Mexico——

Mr. ROBINSON. Mr. President, it was represented to the Senate that an agreement had been reached touching this bill, and with that understanding the Senate proceeded to its consideration. We have been debating it now for some minutes. I think, in good faith, in view of the representations that were made to the Senate in open session, if this debate is to continue, that we ought to adjourn.

The VICE PRESIDENT. The question is on the amendment offered by the Senator from New Mexico [Mr. JONES] to the amendment of the committee.

Mr. BURSUM. I am perfectly willing not to have debate; but it is very unfair to have one side of the question stated, and then undertake to shut off the answer to it.

Mr. ROBINSON. Mr. President, I ask recognition. I shall move that the Senate adjourn if the debate is to continue; and I want to give notice to Senators that hereafter when a representation is made that a unanimous agreement has been reached, and that a bill will not require debate, that representation must be adhered to.

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

Mr. ROBINSON. I yield.

Mr. LENROOT. I wish to say to the Senator that upon the first amendment there was no debate. As I understood the Senator from New Mexico, he wished to offer the other amendment formally, but it was not expected that it would be discussed or debated.

Mr. JONES of New Mexico. That is quite true.

Mr. ROBINSON. If we can vote now, we will vote.

The VICE PRESIDENT. The question is on agreeing to the amendment offered by the Senator from New Mexico [Mr. JONES] to the amendment of the committee.

The amendment to the amendment was rejected.

The VICE PRESIDENT. The question now is on the amendment of the committee as amended.

The amendment as amended was agreed to.

The bill was reported to the Senate as amended, and the amendment was concurred in.

The bill was ordered to be engrossed for a third reading, read the third time, and passed.

The title was amended so as to read: "A bill to quiet the title to lands within Pueblo Indian land grants, and for other purposes."

ADJOURNMENT.

Mr. CURTIS. Mr. President, I renew my motion that the Senate adjourn.

The motion was agreed to; and (at 5 o'clock and 40 minutes p. m.) the Senate, under the order previously entered, adjourned until to-morrow, Thursday, March 1, 1923, at 11 o'clock a. m.

HOUSE OF REPRESENTATIVES.

WEDNESDAY, *February 28, 1923.*

The House met at 12 o'clock noon, and was called to order by Mr. CAMPBELL of Kansas, as Speaker pro tempore.

The Chaplain, Rev. James Shera Montgomery, D. D., offered the following prayer:

Our fathers' God, from out of whose hand we receive the boundless gifts of life, we thank Thee. There is a guidance for each of us, and by lowly listening we would hear Thee speak. With singleness of heart we wait that we may know Thy will. May all that we do to-day yield sweetness and strength. Above all motives may the love of country and the welfare of our fellowmen direct us to diligence, patience, and wisdom in the performance of all duty. As children of the day let us turn our faces toward the light, and may we covet the uphill of life where the sunsets are more beautiful and the twilights last longer. Amen.

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

CALL OF THE HOUSE.

Mr. SNELL. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER pro tempore. The gentleman from New York makes the point of order that there is no quorum present. Evidently there is not.

Mr. MONDELL. Mr. Speaker, I move a call of the House.

The motion was agreed to.

The SPEAKER pro tempore. The Doorkeeper will close the doors, the Sergeant at Arms will bring in absentees, and the Clerk will call the roll.

The Clerk called the roll, and the following Members failed to answer to their names:

Ansorge	Focht	Lineberger	Riddick
Bird	Freeman	Linthicum	Rodenberg
Brennan	Garner	Longworth	Rose
Brooks, Ill.	Gould	Luhring	Rossdale
Brooks, Pa.	Graham, Pa.	McClintic	Ryan
Brown, Tenn.	Greene, Vt.	McCormick	Sabath
Browne, Wis.	Hooker	McLaughlin, Nebr.	Schall
Buchanan	Huck	McLaughlin, Pa.	Scott, Mich.
Burke	Humphrey, Nebr.	Michaelson	Sears
Burtness	Hutchinson	Moore, Ill.	Slemp
Cantrill	Jacoway	Morin	Smith, Mich.
Chandler, N. Y.	James	Mudd	Smithwick
Chandler, Okla.	Jefferis, Nebr.	Nelson, Me.	Stiness
Clark, Fla.	Johnson, Miss.	Nolan	Stoll
Classon	Johnson, S. Dak.	O'Brien	Sullivan
Cockran	Jones, Pa.	O'Connor	Taylor, Ark.
Codd	Kahn	Ogden	Thomas
Collins	Keller	Olpp	Thorpe
Connolly, Pa.	Kelley, Mich.	Overstreet	Treadway
Cooper, Ohio	Kennedy	Paige	Voigt
Copley	Kindred	Park, Ga.	Volk
Crisp	King	Patterson, N. J.	Ward, N. C.
Crowther	Kitchin	Paul	Wheeler
Cullen	Kleczka	Perkins	White, Me.
Drane	Knight	Petersen	Williams, Tex.
Edmonds	Kreider	Rainey, Ala.	Wood, Ind.
Ellis	Lampert	Ransley	
Evans	Lee, Ga.	Reber	
Fairchild	Lee, N. Y.	Rhodes	

The SPEAKER pro tempore. Three hundred and thirteen Members have answered to their names, a quorum.

Mr. MONDELL. Mr. Speaker, I move to dispense with further proceedings under the call.

The motion was agreed to.

The doors were opened.

RED RIVER OIL LANDS, OKLA.

Mr. SINNOTT. Mr. Speaker, I demand the regular order.

The SPEAKER pro tempore. The gentleman from Oregon demands the regular order. The regular order is the report of the Chairman of the Committee of the Whole House on the state of the Union which was considering the bill (S. 4197) to authorize the Secretary of the Interior to issue to certain persons and certain corporations permits to explore, or leases of, certain lands that lie south of the medial line of the main channel of the Red River, in Oklahoma, and for other purposes.

Mr. BLANTON. Mr. Speaker, I make the point of order that when the Chairman of the Committee of the Whole House on the state of the Union fails to make his report to the House before adjournment, when the House meets again it becomes simply a question of recognition by the Chair, and that the regular order is not that the Chair must recognize the Chairman who had the bill in charge, because the Speaker may recognize some one else.

The SPEAKER pro tempore. The Chair is ready to rule. The Chair recognizes the gentleman from New York, Chairman of the Committee of the Whole House on the state of the Union.

Mr. HUSTED. Mr. Speaker, the Committee of the Whole House on the state of the Union, having had under consideration the bill S. 4197, directs me to report the same back to the House with sundry amendments, with the recommendation that the amendments be agreed to and that the bill as amended do pass.

The SPEAKER pro tempore. Is a separate vote demanded on any amendment? If not, the Chair will put them in gross. The question is on agreeing to the amendments.

The amendments were agreed to.

The SPEAKER pro tempore. 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. CONNALLY of Texas. Mr. Speaker, I offer the following motion to recommit, which I send to the desk.

The Clerk read as follows:

Mr. CONNALLY of Texas moves to recommit the bill to the Committee on Public Lands, with instructions to report the same forthwith, with the following amendment: On page 3, line 11, after the word "corporation," strike out the comma, insert a period, and strike out all of the remainder of section 3 of the bill.

Mr. SINNOTT. Mr. Speaker, on that I demand the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the motion to recommit.

The question was taken, and on a division (demanded by Mr. CONNALLY of Texas) there were—ayes 30, noes 193.

Mr. CONNALLY of Texas. Mr. Speaker, I demand the yeas and nays.

The yeas and nays were refused.

So the motion to recommit was rejected.

The SPEAKER pro tempore. The question is on the passage of the bill.

The bill was passed.

On motion of Mr. SINNOTT, a motion to reconsider the vote by which the bill was passed was laid on the table.

MESSAGE FROM THE SENATE.

A message from the Senate, by Mr. Craven, its Chief Clerk, announced that the Senate had passed without amendment bills of the following titles:

H. R. 14317. An act granting permission to Capt. Norman Randolph, United States Army, to accept the decoration of the Spanish Order of Military Merit of Alfonso XIII;

H. R. 7267. An act granting permission to Mrs. R. S. Abernethy, of Lincolnton, N. C., to accept the decoration of the bust of Bolivar;

H. R. 5018. An act to authorize the widening of First Street NE., and for other purposes; and

H. R. 10677. An act for the relief of Quincy R. Craft.

The message also announced that the Senate had passed bills of the following titles in which the concurrence of the House of Representatives was requested:

S. 4500. An act authorizing the appointment of William Schuyler Woodruff as an Infantry officer, United States Army;

S. 4609. An act to authorize the President in certain cases to reduce fees for the visé of passports;

S. 4639. An act to remit the duty on a carillon of bells to be imported for Grace Church, Plainfield, N. J.;

S. J. Res. 290. Joint resolution authorizing the President of the United States to lease certain land in the District of Columbia and pay rental from revenues derived from the operation of Government hotels for Government workers; and

S. 4592. An act granting consent of Congress to the Eagle Pass & Piedras Negras Bridge Co. for construction of a bridge across the Rio Grande between Eagle Pass, Tex., and Piedras Negras, Mexico.

BONUS FOR CIVIL EMPLOYEES.

Mr. MADDEN. Mr. Speaker, I move to suspend the rules and pass the bill (H. R. 14435) making appropriations to provide additional compensation for certain civilian employees of the Governments of the United States and the District of Columbia during the fiscal year ending June 30, 1924.

The SPEAKER pro tempore. The gentleman from Illinois moves to suspend the rules and pass the bill, H. R. 14435, which the Clerk will report.

The Clerk read the bill, as follows:

Be it enacted, etc., That all civilian employees of the Governments of the United States and the District of Columbia who receive a total of compensation at the rate of $2,500 per annum or less, except as otherwise provided in this act, shall receive during the fiscal year ending June 30, 1924, additional compensation at the rate of $240 per annum: *Provided*, That such employees as receive a total of annual compensation at a rate more than $2,500 and less than $2,740 shall receive additional compensation at such rate per annum as may be necessary to make their salaries, plus their additional compensation, at the rate of $2,740 per annum, and no employee shall receive additional compensation under this act at a rate which is more than 60 per cent of the rate of the total annual compensation received by such employee: *Provided further*, That the increased compensation at the rate of $240 per annum for the fiscal year ending June 30, 1923, shall not be computed as salary in construing this act: *Provided further*, That where an employee in the service on June 30, 1922, has received during the fiscal year 1923, or shall receive during the fiscal year 1924, an increase of salary at a rate in excess of $200 per annum, or where an employee, whether previously in the service or not, has entered the service since June 30, 1922, whether such employee has received an increase in salary or not, such employee shall be granted the increased compensation provided herein only when and upon the certification of the person in the legislative branch or the head of the department or establishment employing such persons of the ability and qualifications personal to such employees as would justify such increased compensation.

SEC. 2. That the provisions of this act shall not apply to the following: Employees paid from the postal revenues and sums which may be advanced from the Treasury to meet deficiencies in the postal revenues, except employees of the Post Office Department in the District of Columbia, who shall be included; employees whose pay is adjustable from time to time through wage boards or similar authority to accord with the commercial rates paid locally for the same class of service; employees of the field service of the Engineer Department of the Army engaged upon river and harbor work, including flood-control work and dam-construction work at Muscle Shoals, Ala.; employees of the Panama Canal on the Canal Zone; employees of the Alaskan Engineering Commission in Alaska; employees paid from lump-sum appropriations in bureaus, divisions, commissions, or any other governmental agencies or employments created by law since January 1, 1916, except employees of the United States Tariff Commission, the United States Veterans' Bureau, the Bureau of the Budget, the General Accounting Office, and the Bureau of Accounts of the Post Office Department, who shall be included, but the additional compensation granted herein shall not be paid to any person employed in the United States Veterans' Bureau who did not receive the additional compensation during the fiscal year 1923; employees whose duties require only a portion of their time, except charwomen, who shall be included; employees whose services are utilized for brief periods at intervals; persons employed by or through corporations, firms, or individuals acting for or on behalf of or as agents of the United States or any department or independent establishment of the Government of the United States in connection with construction work or the operation of plants; employees who receive a part of their pay from any outside sources under cooperative arrangements with the Government of the United States or the District of Columbia; employees who serve voluntarily or receive only a nominal compensation, and employees who may be provided with special allowances because of their service in foreign countries.

SEC. 3. That section 6 of the legislative, executive, and judicial appropriation act approved May 10, 1916, as amended by the naval appropriation act approved August 29, 1916, shall not operate to prevent anyone from receiving the additional compensation provided in this act who otherwise is entitled to receive the same.

SEC. 4. That such employees as are engaged on piecework, by the hour, or at per diem rates, if otherwise entitled to receive the additional compensation, shall receive the same at the rate to which they are entitled in this act when their fixed rate of pay for the regular working hours and on the basis of 313 days in the said fiscal year would amount to $2,500 or less: *Provided*, That this method of computation shall not apply to any per diem employees regularly paid a per diem for every day in the year.

SEC. 5. That the secretary of the Civil Service Commission shall be deemed an employee for the purposes of this act.

SEC. 6. That to pay the additional compensation provided in this act to employees of the Government of the United States, there are appropriated, out of any money in the Treasury not otherwise appropriated, the following sums, respectively:

LEGISLATIVE.

United States Senate, including 17 employees who are authorized to be paid from the contingent fund, $189,000; House of Representatives, $315,000; Library of Congress, $111,600; Library Building and Grounds, $24,996; Architect of the Capitol, $91,104; Botanic Garden, $13,440; Government Printing Office, $960,000.

EXECUTIVE AND JUDICIAL.

Independent offices: Bureau of Efficiency, $7,200; Civil Service Commission, $114,000; Commission of Fine Arts, $480; Executive Office and Executive Mansion and Grounds, $38,000; Federal Trade Commission, $55,000; General Accounting Office, $504,288; Interstate Commerce Commission, $300,000; National Advisory Committee for Aeronautics, $24,000; Smithsonian Institution, $92,744; State, War, and Navy Departments Buildings, $369,360; Tariff Commission, $42,000; United States Employees' Compensation Commission, $15,840; United States Veterans' Bureau, $3,353,280.

Executive departments: Department of Agriculture, $3,304,800; Department of Commerce, $1,958,956; Department of the Interior, exclusive of employees of the Government fuel yard, who shall be paid the additional compensation, if entitled thereto, from the fund for maintenance and operation of the Government fuel yard, Bureau of Mines, $2,832,449; Department of Justice and the Judiciary, $875,000; Department of Labor, $566,640; Navy Department, $434,892; Naval Establishment, $75,780; Post Office Department, employees engaged in connection with the distribution, sale, and keeping of accounts of Treasury savings certificates as provided in the deficiency appropriation act approved November 4, 1918, $11,520; Department of State, $134,000; Treasury Department, $10,749,292; War Department, including the Military Establishment and all other field activities, $5,124,537; National Home for Disabled Volunteer Soldiers, $960,000; Panama Canal, $17,520.

Post Office Department, payable from the revenues of the Post Office Department, $337,248.

In all, section 6, $34,003,966.

SEC. 7. That to pay the additional compensation provided in this act to employees of the government of the District of Columbia the following sums are hereby appropriated: $1,511,327, of which 40 per cent is appropriated out of any money in the Treasury not otherwise appropriated and 60 per cent out of the revenues of the District of Columbia; $22,320 from the revenues of the water department, on account of employees of that department; $20,880 from the revenues of the water department, on account of employees of the Washington Aqueduct; $21,296 wholly out of the revenues of the District of Columbia, on account of employees of the Minimum Wage Board, the employment service, the playgrounds department, and the community center department of the public schools.

To pay the additional compensation provided in this act to employees of the United States whose basic compensation is payable 40 per cent out of the Treasury of the United States and 60 per cent out of the revenues of the District of Columbia, the following sums are hereby appropriated, 40 per cent out of any money in the Treasury not otherwise appropriated and 60 per cent out of the revenues of the District of Columbia: Engineer Department of the Army, $182,640; National Zoological Park, $19,960; Department of Justice and the Judiciary, $16,644; in all, $219,244.

In all, section 7, $1,795,067.

SEC. 8. That so much as may be necessary to pay the increased compensation provided in this act to persons employed under trust funds who may be construed to be employees of the Government of the United States or of the District of Columbia is authorized to be paid, respectively, from such trust funds.

SEC. 9. That the additional compensation granted in this act shall be applied by administrative officers in such a manner that the appropriations made herein will not be exceeded.

SEC. 10. That a joint committee of Congress is hereby created, consisting of three Senators who are Members of the Sixty-eighth Congress, to be appointed by the Vice President, and three Representatives-elect to the Sixty-eighth Congress, who are Members of the Sixty-seventh Congress, to be appointed by the Speaker. It shall be the duty of the joint committee to investigate and report to Congress on the first day of the next regular session what adjustments, if any, should be made in the compensation of the officers and employees of the Senate and House of Representatives, including joint committees and joint commissions, the office of the Architect of the Capitol, the Legislative Drafting Service, and the Capitol Police.

The SPEAKER pro tempore. Is a second demanded?

Mr. SISSON. Mr. Speaker, I demand a second.

Mr. MADDEN. Mr. Speaker, I ask unanimous consent that a second be considered as ordered.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MADDEN. Mr. Speaker, this bill carries $35,799,033. That is $2,622,960 less than was requested by the various departments. I have a statement here giving the amount allotted to each bureau, and I ask unanimous consent to have that inserted in the RECORD at this point.

The SPEAKER pro tempore. Is there objection?

There was no objection.

The statement is as follows:

Statement of appropriations for increase of compensation, fiscal year 1923, and of estimates for increase of compensation, fiscal year 1924, in detail.

	Appropriations for 1923.	Estimates for 1924.
Legislative:		
Senate	$188,520.00	$189,000.00
House of Representatives	315,000.00	315,000.00
Office, Architect of Capitol	91,220.00	91,104.00
Government Printing Office—		
Office of the Public Printer	27,360.00	24,480.00
Public printing and binding	872,060.00	877,920.00
Office of Superintendent of Documents	57,840.00	57,600.00
Total, Government Printing Office	957,260.00	960,000.00

Statement of appropriations for increase of compensation, fiscal year 1923, etc.—Continued.

	Appropriations for 1923.	Estimates for 1924.
Legislative—Continued.		
Library of Congress—		
Salaries	$105,600.00	$111,600.00
Care and maintenance	24,756.00	24,996.00
Total, Library of Congress	130,356.00	136,596.00
Botanic Garden	12,000.00	13,440.00
Total under legislative	1,694,356.00	1,705,140.00
Executive office and independent establishments:		
Executive Office—		
Salaries and expenses	26,010.00	25,080.00
White House police	5,940.00	7,920.00
Total, Executive Office	31,950.00	33,000.00
Arlington Memorial Bridge Commission		720.00
Bureau of Efficiency	7,200.00	7,200.00
Civil Service Commission—		
Local	79,776.00	70,560.00
Field	8,160.00	43,440.00
Total, Civil Service Commission	87,936.00	114,000.00
Commission of Fine Arts	480.00	480.00
Employees' Compensation Commission	15,800.00	15,840.00
Federal Trade Commission	50,600.00	55,000.00
General Accounting Office	506,400.00	504,288.00
Interstate Commerce Commission—		
General	182,759.00	174,000.00
Accounts	17,883.00	20,000.00
Safety	4,648.00	5,000.00
Locomotive inspection	5,242.00	5,000.00
Valuation	105,280.00	96,000.00
Total, Interstate Commerce Commission	315,812.00	300,000.00
National Advisory Committee for Aeronautics	15,600.00	24,000.00
Smithsonian Institution—		
National Museum	78,036.00	79,896.00
Bureau of American Ethnology	4,080.00	4,300.00
International exchanges	3,600.00	3,700.00
National Gallery of Art	2,208.00	2,288.00
Astrophysical Observatory	1,200.00	1,580.00
International catalogue of scientific literature	960.00	980.00
Total, Smithsonian Institution	90,084.00	92,744.00
State, War, and Navy Department Buildings—		
Office of the Superintendent State, War, and Navy Buildings		30,000.00
Walker-Johnson Building		4,560.00
Potomac Park Office Buildings		94,320.00
Mail Office Building		65,280.00
Lemon Building		1,680.00
Temporary building, 1800 Virginia Avenue		10,320.00
Temporary building, 1800 E Street		2,880.00
Temporary office buildings		47,520.00
Interior Department Building		34,560.00
Pension, Patent, and General Land Offices		42,240.00
Department of Commerce Building		8,640.00
Department of Labor Building		6,000.00
Wardman-Justice Building		7,680.00
Civil Service Commission Building		2,880.00
Interstate Commerce Commission Building		10,800.00
Total under Superintendent State, War, and Navy Department Buildings	[1] 372,000.00	369,360.00
Tariff Commission	30,000.00	42,000.00
United States Veterans' Bureau—		
Central office	881,280.00	889,680.00
District and subdistrict offices	833,480.00	786,000.00
Hospitals	2,298,720.00	1,677,600.00
Total United States Veterans' Bureau	4,013,480.00	3,353,280.00
Total Executive Office and Independent Establishments	5,527,342.00	4,911,912.00
Department of Agriculture:		
Office of the Secretary	95,587.84	96,690.00
Weather Bureau	204,036.56	205,000.00
Bureau of Animal Industry	920,937.52	920,938.00
Bureau of Plant Industry	233,385.00	303,385.00
Forest Service	764,500.00	774,500.00
Bureau of Chemistry	114,000.00	120,000.00
Bureau of Soils	28,848.00	30,480.00
Bureau of Entomology	86,000.00	91,000.00
Bureau of Biological Survey	45,276.35	47,200.00
Division of Accounts and Disbursements	8,880.00	9,600.00
Library	8,640.00	9,120.00
Division of Publications	50,000.00	53,424.00
States Relations Service	60,000.00	60,000.00
Bureau of Public Roads	160,164.00	168,964.00
Bureau of Agricultural Economics	313,029.54	338,030.00
Insecticide and Fungicide Board	11,257.18	11,520.00

[1] This appropriation was largely in excess of the requirements and was not allotted to the several buildings.

Statement of appropriations for increase of compensation, fiscal year 1923, etc.—Continued.

	Appropriations for 1923.	Estimates for 1924.
Department of Agriculture—Continued.		
Federal Horticultural Board	$44,856.00	$46,735.00
Enforcement of the packers and stock yards act	20,888.00	25,888.00
Enforcement of the future trading act	1,640.00	5,640.00
Fixed nitrogen laboratory	23,302.15	22,206.00
Seed loan office	430.00	480.00
Reserve	28,204.86	
Total, Department of Agriculture	3,232,863.00	3,341,800.00
Department of Commerce:		
Office of the Secretary	40,260.00	30,240.00
Bureau of Standards	190,600.00	185,000.00
Bureau of Foreign and Domestic Commerce	106,120.00	172,512.00
Coast and Geodetic Survey	157,000.00	166,000.00
Bureau of Navigation	42,900.00	52,320.00
Steamboat Inspection Service	79,760.00	80,720.00
Bureau of Lighthouses	916,500.00	930,000.00
Bureau of the Census	190,000.00	230,000.00
Bureau of Fisheries	106,000.00	112,164.00
Reserve	6,619.00	
Total, Department of Commerce	1,835,159.00	1,958,956.00
Interior Department:		
Secretary's office	35,280.00	35,280.00
Office of the Solicitor	9,360.00	9,360.00
General Land Office	261,600.00	254,500.00
Indian Office	1,061,200.00	984,520.00
Pension Office	288,000.00	243,840.00
Patent Office	204,720.00	224,000.00
Bureau of Education	60,000.00	63,360.00
Geological Survey	126,240.00	151,300.00
Reclamation Service	280,000.00	400,000.00
Bureau of Mines	117,600.00	160,145.00
National Park Service	63,000.00	75,860.00
Alaskan Engineering Commission	3,120.00	3,120.00
St. Elizabeths Hospital	280,000.00	292,000.00
Freedmen's Hospital	12,972.00	14,124.00
War Minerals Relief Commission		2,800.00
Government in Alaska		4,100.00
Total, Interior Department	2,803,092.00	2,918,309.00
Department of Justice	121,089.00	65,648.00
Judicial—		
United States courts	482,793.00	534,895.00
Detection and prosecution of crime	90,000.00	143,500.00
Penal institutions	82,002.00	82,957.00
Total, Judicial	654,795.00	761,352.00
Total under Department of Justice	775,884.00	827,000.00
Department of Labor:		
Office of the Secretary	26,352.00	20,880.00
Division of Conciliation	1,200.00	1,200.00
Bureau of Immigration	396,240.00	396,240.00
Bureau of Labor Statistics	29,280.00	29,280.00
Bureau of Naturalization	60,240.00	63,120.00
Children's Bureau	34,320.00	34,320.00
Employment Service	19,200.00	21,600.00
Total, Department of Labor	566,832.00	566,640.00
Navy Department:		
Bureau of Aeronautics	18,240.00	20,000.00
Bureau of Construction and Repair	30,000.00	26,800.00
Bureau of Engineering	29,520.00	25,768.00
Bureau of Medicine and Surgery	11,280.00	11,040.00
Bureau of Navigation	70,080.00	67,920.00
Bureau of Ordnance	15,840.00	13,672.00
Bureau of Supplies and Accounts	129,120.00	122,400.00
Bureau of Yards and Docks	19,920.00	16,012.00
Office of the Secretary	18,480.00	18,000.00
Judge Advocate General	9,840.00	10,560.00
Operations	11,520.00	10,320.00
Naval records and Library	7,200.00	7,440.00
Office of Naval Intelligence	5,760.00	5,760.00
Director of Naval Communication	22,080.00	11,120.00
Hydrographic Office	33,400.00	37,680.00
Branch Hydrographic Office	5,280.00	5,280.00
Naval Observatory	16,080.00	15,120.00
Total, Navy Department	458,640.00	434,892.00
Naval Establishment:		
Hydrographic Office Survey	720.00	1,440.00
General Board	1,920.00	1,680.00
Compensation Board	5,520.00	4,500.00
Examining Board	1,440.00	1,440.00
Board of Inspection and Survey	3,600.00	2,880.00
Marine Corps	23,280.00	22,080.00
Naval Home	17,040.00	17,040.00
Naval Academy	24,960.00	24,720.00
Total, Naval Establishment	78,480.00	75,780.00
Grand total, Navy Department	537,120.00	510,672.00
Post Office Department (from postal revenues):		
Postmaster General	342,192.00	326,208.00
First Assistant Postmaster General	1,200.00	1,200.00
Second Assistant Postmaster General	1,200.00	1,200.00
Third Assistant Postmaster General	960.00	1,920.00

Statement of appropriations for increase of compensation, fiscal year 1923, etc.—Continued.

	Appropriations for 1923.	Estimates for 1924.
Post Office Department (from postal revenues)—Con.		
Fourth Assistant Postmaster General	$1,440.00	$1,440.00
Bureau of Accounts	5,808.00	5,280.00
Total, Post Office Department (payable from postal revenues)	352,800.00	337,248.00
Post Office Department (from Treasury):		
Treasury savings certificate employees	12,000.00	11,520.00
Grand total, Post Office Department	364,800.00	348,768.00
State Department	144,000.00	134,000.00
Treasury Department:		
Office of the Secretary	6,000.00	5,760.00
Office of Chief Clerk and Superintendent	147,312.00	141,024.00
General Supply Committee	30,000.00	29,760.00
Office of Commissioner of Accounts and Deposits	960.00	960.00
Division of Bookkeeping and Warrants	20,160.00	20,160.00
Division of Deposits	1,920.00	1,920.00
Public Debt Service	647,040.00	655,600.00
Division of Appointments	8,160.00	7,920.00
Division of Printing and Stationery	10,080.00	10,080.00
Division of Mails and Files	3,120.00	3,120.00
Office of the disbursing clerk	4,320.00	4,080.00
Customs Service	1,460,380.00	1,775,000.00
Bureau of the Budget	4,800.00	4,800.00
Federal Farm Loan Bureau	6,720.00	7,200.00
Office of the Treasurer of the United States	161,980.00	259,264.00
Office of the Comptroller of Currency	54,480.00	54,528.00
Internal Revenue Service	4,640,221.00	4,510,000.00
Coast Guard	30,960.00	31,920.00
Bureau of Engraving and Printing	1,100,000.00	922,392.00
Secret Service Division	2,160.00	26,580.00
Public Health Service	811,260.00	739,260.00
Mint Service	178,769.00	178,800.00
Office of the Supervising Architect	1,393,524.00	1,399,164.00
Total, Treasury Department	10,724,326.00	10,789,292.00
War Department:		
Secretary of War	44,642.00	40,224.00
General Staff Corps	37,380.00	35,040.00
Adjutant General's Department	274,090.00	241,824.00
Army War College	12,440.00	11,280.00
Inspector General	3,600.00	3,360.00
Judge Advocate General	9,456.00	8,880.00
Finance Department	258,900.00	308,400.00
Quartermaster Corps	3,464,020.00	2,878,872.00
Signal Corps	93,180.00	101,760.00
Air Service	809,236.00	680,160.00
Medical Department	246,536.00	218,357.00
Bureau of Insular Affairs	11,520.00	11,520.00
Corps of Engineers	2,158,370.00	2,787,000.00
Ordnance Department	52,800.00	53,240.00
Chemical Warfare Service	178,420.00	107,280.00
National Board for Promotion of Rifle Practice	5,760.00	4,320.00
Chief of Infantry	5,760.00	6,480.00
Chief of Cavalry	600.00	1,860.00
Chief of Field Artillery	240.00	240.00
Chief of Coast Artillery	6,000.00	5,760.00
Militia Bureau	13,920.00	16,320.00
United States Military Academy	93,850.00	70,080.00
Inland and Coastwise Waterways Service	2,180.00	2,160.00
National Military Parks	23,760.00	27,500.00
National Home for Disabled Volunteer Soldiers	894,000.00	960,000.00
Panama Canal	16,800.00	17,520.00
General Reserve	114,498.00	.....
Total, War Department	8,831,958.00	8,599,437.00
District of Columbia:		
Salaries	151,720.00	136,240.00
Public Library	20,736.00	22,416.00
Miscellaneous	6,696.00	2,136.00
Streets	33,120.00	32,840.00
Electrical department	13,680.00	13,440.00
Schools	652,724.00	742,940.00
Police	240,000.00	245,760.00
Fire	155,280.00	165,120.00
Health	25,680.00	25,200.00
Courts	16,932.00	18,612.00
Charities and Corrections	50,040.00	51,720.00
Hospitals	25,626.00	34,780.00
Board of Children's Guardians	5,280.00	6,960.00
Homes	19,687.00	19,459.00
Sewer and street improvements and general and special engineering and construction work	.....	30,000.00
Water Department and Washington Aqueduct	76,960.00	43,200.00
Under Engineer Corps	180,720.00	182,640.00
National Zoological Park	18,960.00	19,960.00
Courts	3,600.00	16,644.00
Total, District of Columbia	1,697,441.00	1,810,067.00
Grand total	38,735,173.00	38,421,993.00

SUMMARY.

Legislative Establishment:		
Senate	$188,520.00	$189,000.00
House of Representatives	315,000.00	315,000.00
Architect of the Capitol	91,220.00	91,104.00
Government Printing Office	957,260.00	960,000.00

Statement of appropriations for increase of compensation, fiscal year 1923, etc.—Continued.

SUMMARY—continued.

	Appropriations for 1923.	Estimates for 1924.
Legislative Establishment—Continued.		
Library of Congress	$130,356.00	$136,596.00
Botanic Garden	12,000.00	13,440.00
Total, Legislative Establishment	1,694,356.00	1,705,140.00
Executive Office and Independent Establishments:		
Executive Office	31,950.00	33,000.00
Arlington Memorial Bridge Commission	.....	720.00
Bureau of Efficiency	7,200.00	7,200.00
Civil Service Commission	87,336.00	114,000.00
Commission of Fine Arts	480.00	480.00
Employees' Compensation Commission	15,800.00	15,840.00
Federal Trade Commission	50,600.00	55,000.00
General Accounting Office	506,400.00	504,288.00
Interstate Commerce Commission	315,812.00	300,000.00
National Advisory Committee, Aeronautics	15,600.00	24,000.00
Smithsonian Institution	90,084.00	92,744.00
State, War, and Navy Departments Buildings	372,000.00	369,360.00
Tariff Commission	20,000.00	42,000.00
United States Veterans' Bureau	4,013,480.00	3,353,280.00
Total, Executive Office and Independent Establishments	5,527,342.00	4,911,912.00
Executive Departments:		
Department of Agriculture	3,232,863.00	3,341,800.00
Department of Commerce	1,835,153.00	1,958,956.00
Interior Department	2,803,092.00	2,918,309.00
Department of Justice	775,884.00	827,000.00
Department of Labor	566,832.00	566,640.00
Navy Department	537,120.00	510,672.00
Post Office Department	364,800.00	348,768.00
State Department	144,000.00	134,000.00
Treasury Department	10,724,326.00	10,789,292.00
War Department	8,831,958.00	8,599,437.00
Total, Executive Departments	29,816,034.00	29,934,874.00
District of Columbia	1,697,441.00	1,810,067.00
Grand total	38,735,173.00	38,421,993.00

Mr. MADDEN. Mr. Speaker, the policy of allowing a bonus to the civil employees of the Government was established in 1918.

For the fiscal year 1918 the amount paid for this purpose was $11,402,439.49. It was based on the 5 per cent increase of the compensation of all receiving pay over $1,200 per annum in 1918 and 10 per cent on all receiving pay under $1,200 per annum. In 1919 the policy was changed, and instead of paying on a percentage basis the amount was fixed at $120 per annum on all receiving compensation under $2,500, and the amount expended during the year 1919 was $18,077,763.40. In 1920 the compensation was increased to $240 per annum, and the amount paid was $54,184,884.70. In 1921 the amount reached $63,639,643.64. But that was due to the fact that the Secretary of the Navy at the end of the year issued a blanket order for the payment of the bonus to men who were excluded from the privilege of receiving the bonus under the law. In 1922 the amount paid was $39,066,666.02. In 1923 the amount paid was $38,735,173. The amount requested in 1924—that is, in this bill—is $38,735,173. And by a study of the questions involved and by an examination of the departments the committee was able to reduce the amount to the figures proposed in the bill, namely, $35,799,033. The pending classification bill makes no provision for the employees in the legislative branch of the Government. The temporary increase has been applicable to employees of the Senate and House in the past. When reclassification is enacted the salaries of the great bulk of the employees of the legislative branch of the Government will revert to pre-war figures unless some provision is made to provide for them. The committee therefore recommends an additional section in the accompanying bill providing for the creation of a joint committee, consisting of three Senators and three Representatives, to report to Congress on the first day of the next regular session upon such adjustments as they may deem necessary to be put into effect when the application of the temporary increase ceases. The section is as follows:

SEC. 10. That a joint committee of Congress is hereby created, consisting of three Senators who are Members of the Sixty-eighth Congress, to be appointed by the Vice President, and three Representatives-elect to the Sixty-eighth Congress who are Members of the Sixty-seventh Congress, to be appointed by the Speaker. It shall be the duty of the joint committee to investigate and report to Congress on the first day of the next regular session what adjustments, if any, should be made in the compensation of the officers and employees of the Senate and House of Representatives, including joint committees and joint commissions, the office of the Architect of the Capitol, the legislative drafting service, and the Capitol police.

All other services are provided in the classification act, if it becomes an act. No one knows to-day whether the classification bill pending in the Senate will become a law, but even if it does this bill will be necessary because it will be impossible to put the classification act into effect, in my judgment, for a year. It has been said, I know, by Members here and there that all you have to do is to pass the bill and it will put itself into operation. They have had the bill over in the Senate for 14 months. It went there in December, 1921. Up to this good hour it has not become the law. It has been reported to the Senate. It is on the calendar, but when it will be taken up, if ever, no one can tell, but even if it is taken up and it is passed, there is no provision for putting it into effect, and it will take a year, in my judgment, before it can be effectively put into operation, and in the meantime some provision must be made toward the payment of additional compensation allowed under the act and to the extent that the provisions of this bill will meet the situation the appropriations herein contained will apply.

Mr. FESS. Will the gentleman yield?

Mr. MADDEN. Yes.

Mr. FESS. Are there amendments to the bill as it was sent over by the House?

Mr. MADDEN. A good many amendments, and after it goes to conference nobody knows what will happen. Nobody even knows whether it will ever come up in the Senate. Nobody knows whether it will be passed or not, but we have entered upon a policy of adding to the basic compensation of the men and women in the service. Everybody admits that the basic compensation is not adequate to meet the present needs, and I commend the enactment of this temporary measure to meet the situation which exists among the employees of the Government all over the United States to the extent that this provision will meet those necessities.

Mr. BYRNES of South Carolina. Will the gentleman yield?

Mr. MADDEN. I will.

Mr. BYRNES of South Carolina. Does this legislation differ in any respect from the existing appropriation for the current year?

Mr. MADDEN. No; this bill is just the same. It goes into detail, and this year and last year are the only two years in which specific items were set out in the bill. We limit the amount which each bureau of the Government may spend for bonus by specifying the amount that is to be allowed. I reserve the balance of my time and yield three minutes——

Mr. MOORE of Virginia. Before the gentleman takes his seat, may I ask him a question?

Mr. MADDEN. Yes.

Mr. MOORE of Virginia. Conceding the merits of the bill, it seems that the amount for 1924 is not a great deal less than the amount for 1922 and 1923?

Mr. MADDEN. That is true.

Mr. MOORE of Virginia. There has been a good deal of talk about reducing the official force of the Government. Has the gentleman any information as to the extent to which reductions have been put into effect?

Mr. MADDEN. It is a little less than $3,000,000—less than it was in 1923.

Mr. MOORE of Virginia. I thought perhaps the gentleman had some figures as to the number of employees in 1922, as compared with those in 1921.

Mr. MADDEN. I have not. I yield to the gentleman from Tennessee [Mr. BYRNS].

The SPEAKER pro tempore. The gentleman from Tennessee is recognized.

Mr. BYRNS of Tennessee. Mr. Speaker, this bonus has been paid to the civilian employees of the Government drawing a salary of $2,500 and less for the past six years. When a similar resolution was pending before the House a year ago providing for the fiscal year 1923, I voted against it, and I did so because I felt that Congress should take up the question of the readjustment and equalization of the salaries paid employees of the Government by some sort of permanent legislation, and not continue, as we had done theretofore on account of the exigencies of the war and other conditions, to give them what we commonly called a bonus. I said at the time that I believed that those who particularly favored fair salaries for those employees who draw the very small salaries and who need relief could best serve them by defeating the resolution and thus forcing the consideration of some bill looking to the reclassification of the employees.

The House had passed the reclassification bill in December, 1921, and it was pending at that time in the Senate. I think subsequent events have justified the statement I made, because, despite the fact that the bill was passed by the House in December, 1921, no consideration has been given to it by the Senate. We are now told through the newspapers that it may possibly be passed during the closing days of this session, and if the newspapers are correct, it is proposed to pass a bill radically different from the two bills which were considered by the House.

I am frank to say to you that the question being such a big one, involving all the salaries, large and small, of employees under the Government, and there being so many different propositions involved, I do not believe that bill ought to pass and be put on the statute books in the last two or three busy days of the session, because, of course, it will be impossible to give it that consideration and deliberation that it ought to have in order to do justice, both to the Government and the people. I realize, however, gentlemen, that that bill not having passed, if this resolution is not passed it will mean practically a reduction of salary to the employees of the Government, and since Congress is to adjourn March 4 until December there will be no opportunity to provide proper relief.

The SPEAKER pro tempore. The time of the gentleman from Tennessee has expired.

Mr. BYRNS of Tennessee. Can the gentleman from Illinois give me two minutes more?

Mr. MADDEN. Yes; I yield to the gentleman from Tennessee two minutes more.

Mr. BYRNS of Tennessee. It will mean a sharp reduction of salary to the lower paid employees of the Government, with no opportunity for Congress to readjust their salaries before December. Owing to the increased cost of living and the conditions here in Washington it would, to my mind, be a very serious injustice to them, and for that reason I am going to vote for this resolution. I think it ought to pass, particularly in justice to the lower paid employees of the Government, who need this particular relief, and whose salary I am not willing to reduce by my voting against this particular resolution.

This resolution, as the gentleman from Illinois [Mr. MADDEN] said, carries a reduction below the amount carried in the last bill of something over $2,000,000. That has been explained by him and accounted for by the fact that certain employees of the War Department that are paid out of lump sums and whose salaries may be fixed by the administrative officers can be paid out of those lump sums and their salaries fairly fixed by these administrative officers, and the fact that the $23,000 paid to the employees of the fuel yard should be paid by the fuel yard, which is expected to be self-sustaining. With these deductions it is found that we are providing for next year a bonus to 1,315 fewer employees than were appropriated for for the present fiscal year. For the reasons stated I propose to give this resolution my support.

Mr. SISSON. Mr. Speaker and gentlemen of the House, as the Members of the House doubtless know, I have never been in favor of paying bonuses to employees. I did give my support to the bonus during the war as a war measure. The cost of living in the District of Columbia and the rents here were so high that it was very difficult for the employees to fairly exist on the salaries paid. But we gave the employees the $240 in the form of a bonus with the express understanding of the Members of Congress and with the express understanding by the members of the committee—and it was so stated on the floor of the House repeatedly—that it was not to become part of the base pay of the employees of the Government. It was paid in this form for the express purpose of not being a part of the base pay. To our surprise, within the last two years the Committee on Appropriations and the Reclassification Committee find themselves confronted with the statement that the $240 is a part of the base pay. It was not so intended, nor did we believe that the language used in the bill that was passed would warrant any such construction as that.

Now, the salaries of all the Government employees may not be too high, but I want to impress, if I can do so, upon the membership of this House that if you take the average salary for the same kind and character of work throughout the United States the pay of the Government clerk and the pay of the Government employee is better than the average pay in any community throughout the country. This is why so many thousand people are daily seeking to get on the Government pay roll. At this particular time I am not willing to give my support to a proposition that takes out of the Treasury about $37,000,000 in the form of a bonus. I am willing that the reclassification bill should pass. If these Government clerks are not getting a sufficient amount of money let each department of the Government have their salaries classified and pay their people what they are entitled to and what they earn. But under this plan now existing, whether a man is efficient or not, whether

he earns his pay or not, he gets, by virtue of the application of this law, $240 increase. I do not believe we are warranted in doing this, and I can not support the bill.

I realize that I am trying to do a vain thing. I know that when a man comes before the House or the Senate and makes any sort of a contest for the purpose of saving the Treasury money, he is working against overwhelming odds, against overwhelming influences that are brought to bear on Members of Congress by virtue of the employees from their State. It is not my money; it is the taxpayers' money. Every good Member of Congress should keep this in mind and be more careful of this money than of his own. But unfortunately this is not true. They vote their constituents' money away with ease and carelessness. They serve those on the pay rolls and not the taxpayers. This attitude will soon destroy the Government. Why should our Members of Congress rather serve the people who are burdens upon the taxpayer than the taxpayer? I can not forget the people back home who are bearing the burden of carrying the load. The Government employees have the majority of Congress in the hollow of their hands. I know that I shall get but little support and that I shall be voted down by a large majority, but I shall do my duty as I see it.

I want to state to the House seriously that this matter has impressed on me the fact that there is nothing so wicked as a precedent, and a bad precedent is infinitely worse than a bad law. A custom can not be gotten rid of. Now, the customs of a people are more fixed than the constitutional law of the land, and so are precedents. When we gave the bonus to the employees of the District of Columbia, as we started out to do, of course it rapidly grew until all the employees had it, and now every employee in the country claims that it is a part of the basic pay, and whenever it is suggested taking the bonus away they say it is reducing salaries. The very reason that we gave it in this form in the first place was to prevent an increase of salary, and so that it could be dropped simply by taking the item out of the bill. So, gentlemen of the House, I shall not give this bill my support. I am sure I state the sentiment of a majority of the Committee on Appropriations when I say that a majority of the committee is opposed to this method of legislation.

I believe we tried last year to take out of the bill the $240 bonus, but it did not last as long as the paper collar in a fight when it got on this floor. Oh, how fortunate for the country that the Government employees do not know their influence. They could fix their own salaries if they only knew it. Congress can not resist the pressure. So I realize that I am doing nothing more than protesting against what I conceive to be a bad precedent and bad legislation. I presume many throughout the country will rejoice when they contemplate that this will be my last stand against Government extravagance.

SEVERAL MEMBERS. No! No!

Mr. SISSON. When I came into the House, as my colleagues know—and that accounts perhaps for my being a member of the Committee on Appropriations—I began to fight against extravagance. When the Democrats got control of the House, I was placed on that committee. I consistently fought against what I conceived to be extravagance, and let me tell you that it is a very thankless job. A man gets mad when you stand between him and a dollar, and if it is a good many dollars, he gets very mad.

So this will be my last effort, and in doing this I do it also with a degree of sadness, because most people who get the bonus are as good people as there are in the world, and as good friends of mine as there are in the world. I have endeavored never to let my friendship interfere with my good judgment, and I have never permitted my enmity to interfere with justice being done in the House of Representatives. I have no man to be afraid of, and I am simply making a protest against the passage of this bill because I do not think it is right. If I had my way about it, I would give all these people more than $240. If I could with Midas touch fill the Treasury, I would double the salary of these people and would not hesitate to do it. But when I am conscious of the fact that we are straining in every direction to find the methods of raising money, when I look abroad and see the taxpayers groaning under the burdens of taxation, not only of the Federal Government but city, county, and municipal burdens, I feel it to be my duty to resist the payment of every dollar that is being taken out of the Public Treasury unnecessarily.

Now, while the taxpayers are making some sacrifices back home, I feel that those of us drawing salaries, the Government employees, might for a generation, if you please, make some sacrifices to help the Government in its dire need and dire distress. That is why I am making this protest now; although it is vain, I am protesting because I want my people and the Members of the House to understand my feelings.

Now, I want to congratulate the country on the chairmanship of this great Committee on Appropriations. Every chairman of that committee, so far as I know, has been a consistent economist, and there has never been a chairman of that committee, so far as I know, who has not fought to conserve the resources of the Treasury. I have served here in the House with five great chairmen, beginning with Mr. Tawney, then Mr. Fitzgerald, then Mr. Sherley, next Mr. Good, and now the present chairman, Mr. MADDEN.

The State of Illinois has furnished two great chairmen of that committee, Uncle Joe CANNON, the well beloved ex-Speaker. He made a great reputation as chairman of the Committee on Appropriations. [Applause.] We all love him and respect him. He has made history and will live among the great Speakers and the great men of the country, and I will say this now of Uncle Joe: He has been one of the really great men that I have been permitted to know intimately.

I say now, without hesitation, that the present chairman of the committee measures up to the full standard of the chairmanships of this committee in the past, and Illinois will have the distinction, in my judgment, of furnishing two of the very greatest chairmen of this great committee. Under the present organization of the House and the Government, the next place in importance to that of President of the United States is the position occupied by my friend from Illinois as chairman of the Committee on Appropriations. He is performing that duty well and the House, the Government, and the country ought to be congratulated that his party saw fit to make him the chairman of that committee. He has made good in every sense of the word.

Mr. Speaker, I now yield five minutes to the gentleman from Texas [Mr. BLANTON].

Mr. BLANTON. Mr. Speaker, the present pay of the Government employees is unequal and not proportionate to their respective services rendered. The reclassification bill seeks to remedy that defect. It seeks to properly adjust inequities, to stop paying to the inefficient employee a larger salary than is paid to the efficient employee. That classification bill is a scientific readjustment, and it ought to pass. It is the only means of bringing about a proper readjustment. Just so long as you continue these bonus bills you are never going to get a classification bill passed. It has been going on and on and on. This bonus was a war-time proposition. Four years and three months have gone since the armistice and still the bonus is continued. This will be the seventh bonus that you have granted to civilian employees. We have already granted $1,320 of bonus in cash to civilian employees—one bonus of $120 and five of $240 each—and this is another one for $240. I am not in favor of it. I am going to vote against this bill, and I wish that there could be enough Members to vote against it to stop its passage. Whenever you stop the passage of this bonus bill you will get some action in the other end of the Capitol on the reclassification measure and there will be a chance to get it into conference and out again before the conclusion of the session. A great injustice is done to many employees in this District now. Go down here and talk to them in the departments as I have done. You will find many who are idle, many who are careless, many who are indifferent, many who are inefficient, with positions of little responsibility, who are receiving more salary than the active, energetic, careful, efficient employees of the Government who are in positions of great responsibility. How long are we going to let it last? If you want to get some action on the reclassification bill kill this bonus bill now. As one Member of the House, I believe if that be done that the reclassification bill will be acted upon and will go to conference, and I believe that the conferees will iron out the differences and that we can pass it before the Congress closes. I am surprised that the distinguished gentleman from Illinois [Mr. MADDEN] should bring a measure of this kind upon the floor, the seventh bonus measure. I can remember the time in the history of this House when he used to fight the proposition, even shortly after the war.

Mr. MADDEN. Oh, I think the gentleman is mistaken about that.

Mr. BLANTON. I remember that he helped me kill one bonus measure.

Mr. MADDEN. The gentleman is mistaken about that.

Mr. BLANTON. I can get the record.

Mr. MADDEN. Get it.

The SPEAKER pro tempore. The time of the gentleman from Texas has expired.

Mr. BLANTON. Mr. Speaker, I ask unanimous consent to insert such matter in the RECORD, as soon as I have time to look it up, on the proposition to which I have just referred.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. MADDEN. Mr. Speaker, I ask for a vote.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Illinois to suspend the rules and pass the bill.

The question was taken; and on a division (demanded by Mr. BLANTON) there were—ayes 139, noes 8.

Mr. BLANTON. Mr. Speaker, I object to the vote and make the point of order that there is no quorum present.

The SPEAKER pro tempore. The gentleman from Texas objects to the vote and makes the point of order that there is no quorum present. The Chair will count. [After counting.] One hundred and ninety-four Members present, not a quorum. The Doorkeeper will close the doors, the Sergeant at Arms will bring in absentees, and the Clerk will call the roll.

The Clerk called the roll; and there were—yeas 300, nays 20, not voting 107, as follows:

YEAS—300.

Abernethy	Faust	Lankford	Rosenbloom
Ackerman	Favrot	Larsen, Ga.	Rouse
Almon	Fenn	Lawrence	Rucker
Anderson	Fess	Lazaro	Sabath
Andrew, Mass.	Fields	Lea, Calif.	Sanders, Ind.
Andrews, Nebr.	Fish	Leatherwood	Sanders, N. Y.
Anthony	Fisher	Lee, Ga.	Sanders, Tex.
Appleby	Fitzgerald	Lee, N. Y.	Sandlin
Arentz	Fordney	Lehlbach	Schall
Aswell	Foster	Lineberger	Shaw
Atkeson	Frear	Little	Shreve
Bacharach	Free	Logan	Siegel
Bankhead	French	London	Sinclair
Barbour	Fuller	Luce	Sinnott
Barkley	Funk	Lyon	Smith, Idaho
Beck	Gallivan	McDuffie	Smithwick
Beedy	Garrett, Tenn.	McFadden	Snell
Begg	Garrett, Tex.	McKenzie	Snyder
Bixler	Gensman	McLaughlin, Mich.	Speaks
Black	Gernerd	McLaughlin, Pa.	Sproul
Blakeney	Gifford	McPherson	Stafford
Bland, Ind.	Goldsborough	McSwain	Stedman
Bland, Va.	Goodykoontz	MacGregor	Stephens
Boies	Gorman	MacLafferty	Stevenson
Bond	Green, Iowa	Madden	Strong, Kans.
Bowers	Greene, Mass.	Magee	Strong, Pa.
Box	Greene, Vt.	Maloney	Sullivan
Briggs	Griest	Mapes	Summers, Wash.
Britten	Griffin	Mead	Swank
Bulwinkle	Hadley	Merritt	Sweet
Burdick	Hammer	Michener	Swing
Burton	Hardy, Colo.	Miller	Tague
Butler	Hardy, Tex.	Mills	Taylor, Ark.
Byrnes, S. C.	Haugen	Mondell	Taylor, N. J.
Byrns, Tenn.	Hawes	Montague	Taylor, Tenn.
Cable	Hawley	Moore, Ohio	Temple
Campbell, Kans.	Hayden	Moore, Va.	Ten Eyck
Campbell, Pa.	Hays	Moores, Ind.	Thompson
Cantrill	Henry	Morgan	Tilson
Carew	Herrick	Morin	Timberlake
Carter	Hersey	Mott	Tincher
Chalmers	Hickey	Murphy	Tinkham
Chindblom	Hicks	Nelson, Me.	Tucker
Christopherson	Hill	Nelson, A. P.	Turner
Clarke, N. Y.	Hoch	Nelson, J. M.	Tyson
Cockran	Hogan	Newton, Minn.	Upshaw
Cole, Iowa	Hooker	Newton, Mo.	Vaile
Collins	Huddleston	Nolan	Vestal
Colton	Hudspeth	Norton	Vinson
Connally, Tex.	Hukriede	O'Brien	Volgt
Cooper, Ohio	Hull	O'Connor	Volk
Cooper, Wis.	Humphrey, Nebr.	Oldfield	Volstead
Coughlin	Humphreys, Miss.	Oliver	Walters
Cramton	Husted	Parker, N. J.	Ward, N. Y.
Curry	Ireland	Patterson, Mo.	Wason
Dale	Jefferis, Nebr.	Perlman	Watson
Dallinger	Jeffers, Ala.	Porter	Weaver
Darrow	Johnson, S. Dak.	Pou	Webster
Davis, Minn.	Johnson, Wash.	Pringey	White, Kans.
Davis, Tenn.	Kearns	Purnell	Williams, Ill.
Dempsey	Kelley, Mich.	Radcliffe	Williamson
Dickinson	Kelly, Pa.	Rainey, Ill.	Wilson
Doughton	Kendall	Raker	Wingo
Dowell	Ketcham	Ramseyer	Winslow
Drewry	Kiess	Ransley	Wise
Driver	Kirkpatrick	Reed, N. Y.	Wood, Ind.
Dunbar	Kissel	Reed, W. Va.	Woodruff
Dunn	Kleczka	Rhodes	Woods, Va.
Dupré	Kline, N. Y.	Ricketts	Woodyard
Dyer	Kline, Pa.	Riordan	Wright
Echols	Knutson	Roach	Wurzbach
Elliott	Kopp	Robertson	Wyant
Evans	Kreider	Robsion	Yates
Fairchild	Kunz	Rodenberg	Young
Fairfield	Langley	Rogers	Zihlman

NAYS—20.

Blanton	Graham, Ill.	Lanham	Rayburn
Bowling	Johnson, Ky.	Lowrey	Sisson
Deal	Jones, Tex.	Parks, Ark.	Sumners, Tex.
Dominick	Kincheloe	Quin	Tillman
Gilbert	Kraus	Rankin	Underhill

NOT VOTING—107.

Ansorge	Crowther	Kitchin	Rainey, Ala.
Bell	Cullen	Knight	Reber
Benham	Denison	Lampert	Reece
Bird	Drane	Larson, Minn.	Riddick
Brand	Edmonds	Layton	Rose
Brennan	Ellis	Linthicum	Rossdale
Brooks, Ill.	Focht	Longworth	Ryan
Brooks, Pa.	Freeman	Luhring	Scott, Mich.
Brown, Tenn.	Frothingham	McArthur	Scott, Tenn.
Browne, Wis.	Fulmer	McClintic	Sears
Buchanan	Gahn	McCormick	Shelton
Burke	Garner	McLaughlin, Nebr.	Slemp
Burtness	Glynn	Mansfield	Smith, Mich.
Cannon	Gould	Martin	Steagall
Chandler, N. Y.	Graham, Pa.	Michaelson	Steenerson
Chandler, Okla.	Himes	Moore, Ill.	Stiness
Clague	Huck	Mudd	Stoll
Clark, Fla.	Hutchinson	Ogden	Taylor, Colo.
Classon	Jacoway	Olpp	Thomas
Clouse	James	Overstreet	Thorpe
Codd	Johnson, Miss.	Paige	Towner
Cole, Ohio	Jones, Pa.	Park, Ga.	Treadway
Collier	Kahn	Parker, N. Y.	Ward, N. C.
Connolly, Pa.	Keller	Patterson, N. J.	Wheeler
Copley	Kennedy	Paul	White, Me.
Crago	Kindred	Perkins	Williams, Tex.
Crisp	King	Petersen	

So two-thirds having voted in favor thereof, the rules were suspended and the bill was passed.

The Clerk announced the following pairs:

Until further notice:

Mr. Frothingham with Mr. Bell.

Mr. Treadway with Mr. Garner.

Mr. Cole of Ohio with Mr. McClintic.

Mr. King with Mr. Steagall.

Mr. White of Maine with Mr. Brand.

Mr. Paige with Mr. Clark of Florida.

Mr. Freeman with Mr. Linthicum.

Mr. Graham of Pennsylvania with Mr. Martin.

Mr. Perkins with Mr. Thomas.

Mr. Steenerson with Mr. Williams of Texas.

Mr. Kahn with Mr. Buchanan.

Mr. Browne of Wisconsin with Mr. Kindred.

Mr. Connolly of Pennsylvania with Mr. Drane.

Mr. Edmonds with Mr. Cullen.

Mr. Moore of Illinois with Mr. Park of Georgia.

Mr. Longworth with Mr. Collier.

Mr. Kennedy with Mr. Kitchin.

Mr. Crowther with Mr. Stoll.

Mr. Lampert with Mr. Fulmer.

Mr. Michaelson with Mr. Mansfield.

Mr. Patterson of New Jersey with Mr. Crisp.

Mr. Denison with Mr. Johnson of Mississippi.

Mr. Mudd with Mr. Overstreet.

Mr. Keller with Mr. Ward of North Carolina.

Mr. Ellis with Mr. Rainey of Alabama.

Mr. Olpp with Mr. Jacoway.

Mr. Chandler of Oklahoma with Mr. Sears.

Mr. Brennan with Mr. Taylor of Colorado.

The result of the vote was announced as above recorded.

The SPEAKER pro tempore. The Doorkeeper will open the doors.

FARM CREDITS LEGISLATION.

Mr. SNELL. Mr. Speaker, I desire to submit a privileged report from the Committee on Rules.

The SPEAKER pro tempore. The gentleman from New York presents a privileged report from the Committee on Rules, which the Clerk will report.

The Clerk read as follows:

House Resolution 567 (Rept. No. 1737).

Resolved, That immediately upon the adoption of this resolution it shall be in order to move that the House resolve itself into the Committee of the Whole House on the state of the Union for the consideration of the bill (S. 4280) entitled "An act to provide additional credit facilities for the agricultural and live-stock industries of the United States; to amend the Federal farm loan act; to amend the Federal reserve act; and for other purposes."

That there shall be not to exceed four hours of general debate on said bill, one-half to be controlled by those favoring the bill and one-half by those opposed.

That during the consideration of the bill and committee amendments no paragraph nor section now in the bill or committee amendments as reported by the Committee on Banking and Currency shall be subject to a point of order.

That at the conclusion of general debate the bill shall be read for amendment under the five-minute rule. At the conclusion of such consideration the bill shall be reported back to the House with amendments, if any, whereupon the previous question shall be considered as ordered on the bill and all amendments thereto to final passage without intervening motion, except one motion to recommit.

Mr. SNELL. Mr. Speaker, the rule, in effect, if adopted by the House, simply makes provision for the consideration of the bill S. 4280, an act to provide additional credit facilities for

the agricultural and live-stock industries of the United States, and for other purposes. It provides for four hours of general debate and to be read as usual under the five-minute rule. Section 3 simply provides that the matter reported by the committee shall be in order for consideration in the House. That is necessary for this reason: The Senate has passed two rural credits bills, one known as the Capper bill and the other known as the Lenroot-Anderson bill. In order that we may move along with this bill, and the bill may immediately go to conference if passed by the House, our Banking and Currency Committee has reported Senate bill 4280, but they have struck out everything after the title and they have included in their bill the main provisions, as I understand it, of both the rural credits bills passed by the Senate, so that if we pass it here now in this way it can immediately go to conference and we will get some action during the present session.

Mr. TILSON. Will the gentleman yield?

Mr. SNELL. I will.

Mr. TILSON. Is it the intention of the gentleman to finish this bill to-day?

Mr. SNELL. It is the intention to try to finish it.

Mr. TILSON. Why should we have four hours of general debate? Why not have less general debate and more under the five-minute rule in order that we may discuss the matters in the bill?

Mr. SNELL. Well, I can say to the gentleman that he is in the same position that I took, but I was overruled and voted down on that proposition. The general purpose of this bill is to respond to the recognized need of credit facilities for agricultural operations extending over a longer period than may be provided for by the Federal reserve banks, but falling short of the longer term credit provided by the Federal farm loan act and based upon a different type of securities.

The banks that are created under this act will be under the Federal Farm Loan Board. While I do not consider that this will cure all of the evils affecting the financial burdens of the rural districts of this country, I do hope it is a step in the right direction. I know that this legislation is important enough so that it has been mentioned by the Executive in special messages to the Congress. It is desired to be considered by Members of the House, and I also know that there is an honest and earnest demand from every part of the country that we give some consideration to legislation of this character at this time, and it is simply the desire of the Rules Committee at this time to clear the legislative road and make it possible to consider this legislation, and we trust the recommendation will be approved by the House.

Mr. WINSLOW. Will the gentleman yield?

Mr. SNELL. I will.

Mr. WINSLOW. On the assumption that the measure is as meritorious as you say it is, and on the further assumption this House will vote for it, which is a predetermined conclusion, why not cut down the time and give some other bill a chance to come in for consideration?

Mr. SNELL. In answer to the question of the gentleman from Connecticut, I said on that proposition I was voted down, and I would be breaking faith with the committee to consent at this time to that amendment.

Mr. COCKRAN. We can vote this down.

Mr. SNELL. I reserve the balance of my time.

Mr. WINSLOW. I do not want to be shunted off——

Mr. BURTON. Will the gentleman from New York yield for a question?

Mr. SNELL. I will.

Mr. BURTON. Under this rule would it be possible to strike out one portion of this bill, such as the intermediate credit banks?

Mr. SNELL. It is open for general amendment, under this rule.

Mr. BURTON. No restrictions?

Mr. SNELL. No special restrictions.

Mr. DUPRÉ. Will the gentleman yield?

Mr. SNELL. I will.

Mr. DUPRÉ. What has become of the Strong bill, which passed the House the other day?

Mr. SNELL. I can not tell the gentleman. I yield 10 minutes to the gentleman from North Carolina.

Mr. STEVENSON. The Strong bill is absolutely in here just as it passed the House.

Mr. DUPRÉ. I thought so, and I am sorry that the acting chairman of the committee is so ignorant of the measure he is reporting to the House.

Mr. WINSLOW. Mr. Speaker, will the gentleman allow me some time?

Mr. SNELL. On the rule I can.

Mr. Speaker, I reserve the balance of my time and yield 10 minutes to the gentleman from North Carolina [Mr. POU].

The SPEAKER pro tempore. The gentleman from North Carolina is recognized for 10 minutes.

Mr. POU. Mr. Speaker, there is no controversy about the rule which the gentleman from New York [Mr. SNELL] has presented. I think it comes with unanimous report.

Mr. Speaker, the life of this Congress is now counted by hours rather than by days. Ordinarily I would not avail myself of this opportunity to discuss even very briefly a joint resolution in which our people are deeply interested, if there were adequate time for discussion in the future. Immediately following this so-called rural credits bill, as I understand the program to be, another rule will be presented providing for the consideration of the $10,000,000 revolving fund plan, which gives the President of the United States authority to purchase poison to kill the boll weevil and to purchase nitrate of soda to force the cotton plant in its growth.

Gentlemen, it is impossible to put in words the importance of that resolution to the cotton-producing sections of the country and, incidentally, every section of the country. Every consumer throughout the United States is vitally affected by that measure. Unless something can be done to stop the ravages of the boll weevil the time is rapidly approaching when you will see 50-cents-a-pound cotton instead of 28-cents-a-pound cotton. The blight of this pest is so complete that people hesitate to invest their money in the production of cotton, and there are only two practicable ways of combating the boll weevil. The first is to use nitrate of soda to force the plant forward in its growth, and the second is to use this poison—calcium arsenate—to kill the boll weevil.

The resolution I am discussing has this parliamentary status: It was unanimously passed by the Senate, and I understand it has the recommendation of the Secretary of Agriculture. It was unanimously recommended by the Committee on Agriculture in this House. There was not a voice raised in the Committee on Rules when it was considered, and I appeal to this House not to allow this session to end without passing that measure. [Applause.]

Mr. CHALMERS. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. CHALMERS. I want to ask the gentleman, then, why is it necessary to spend four hours on general debate on this rural credits bill when by so doing you may jeopardize other bills of such importance as the one the gentleman mentioned?

Mr. POU. I thoroughly agree with the gentleman. I am one of those who wanted to cut down the time for general debate on this bill. But I can not have my way. The majority rules. I will vote now to cut down the general debate to two hours. [Applause.] I have done everything in the world I could to facilitate and expedite the passage of this measure, which is so vital to people all over the cotton-producing sections. People all over the cotton-producing sections of the Nation are watching our action with the deepest interest.

Mr. JOHNSON of South Dakota. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. JOHNSON of South Dakota. As a matter of fact, the majority of the Committee on Rules would be glad to see this time cut down so that we can consider these bills.

Mr. POU. Yes. I would be glad to vote to reduce the time.

Mr. BRIGGS. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. BRIGGS. Does the acting chairman of the Committee on Rules propose to offer an amendment for cutting down the time for general debate to two hours?

Mr. POU. In reply to the gentleman's question, I will say that when the gentlemen asking for a rule came before the Committee on Rules and said, "We can not get along with less than four hours," it was not known at that time that other measures were going to occupy so much time. At that time the Committee on Rules thought there would be time to allow four hours to the discussion of this legislation, and also to give ample time for the consideration of other bills which the membership of the House is anxious to consider.

Mr. McFADDEN. I agree with what the gentleman is saying about the time, but I am sure he realizes the responsibilities of those having charge of the bill and the desire of many gentlemen who wish to speak thereon. I expect to have charge of the time in favor of the bill, and I have insistent demands for time in excess of two hours.

Mr. POU. Everybody, I think, understands the attitude in which the chairman of the Committee on Banking and Currency finds himself. He is not absolutely free to fix the time. When

gentlemen wish time to discuss so important a measure, necessarily time must be given them if possible.

Mr. WINSLOW. Mr. Speaker, will the gentleman yield for a question?

Mr. POU. Yes.

Mr. WINSLOW. I assume that the committee acted in entire good faith in establishing four hours for the reason you assign; that they did not appreciate the onrush of business. But the business has rushed on here before Congress. I do not see why the time allowed for general debate on this bill, which is already forestalled as to the outcome, should be extended to four hours to give gentlemen an opportunity to talk simply because they want to talk, when other measures equally meritorious can not be talked on at all. [Applause.]

Mr. GARRETT of Tennessee. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. GARRETT of Tennessee. I do not think we should go wild over this question of four hours of general debate without understanding something about what it is and what the situation is. This bill is a Senate bill. It has but one amendment. If gentlemen choose to exercise their power there can be just 10 minutes of debate under the five-minute rule. Four hours of general debate is not too much.

Mr. POU. With all these important measures pending it seems to me that for one time we might have a night session and get rid of the rural credits bill to-night, I believe. I am willing to stay here; there would be little objection to a night session.

Mr. SNELL. Mr. Speaker, will the gentleman yield?

Mr. POU. Yes.

Mr. SNELL. We expect to be in session to-night.

Mr. POU. I am glad the gentleman makes that statement.

Mr. Speaker, I will take only one more minute to remind the House that this measure has the indorsement of the Secretary of Agriculture, the Senate, the Committee on Agriculture of the House, the Committee on Rules, which is here with a unanimous report, that it will not cost the taxpayers of the Nation one cent. I conclude with the earnest hope that the friends of the measure on both sides will see to it that the gavel does not fall until this measure is considered by the House of Representatives. [Applause.]

Mr. SNELL. Mr. Speaker, the Rules Committee intends and tries to be fair with the Members of the House, and also tries to give due consideration to important measures. We considered this matter very carefully, and incessant demands were made by the people interested on both sides of this House for four hours. Now, we considered this very carefully, and insistent demands were made by people interested on both sides for four hours, and some even more. As long as it was so important and entirely a new proposition, we did feel that they were entitled to that much consideration. Mr. Speaker, I move the previous question.

The previous question was ordered.

The SPEAKER pro tempore. The question is on the adoption of the resolution.

Mr. GALLIVAN. Mr. Speaker, I raise the point that there is no quorum present.

The SPEAKER pro tempore. The gentleman from Massachusetts raises the point of order that no quorum is present. The Chair will count. [After counting]. Two hundred and eighteen Members present—a quorum.

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into Committee of the Whole House on the state of the Union for the consideration of Senate bill 4280, and pending that I ask unanimous consent that the time be divided between the gentleman from Massachusetts [Mr. LUCE], who is opposed to the bill, to control one-half of the time, and that I control the other half.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. WINGO. Reserving the right to object, I have some interest in knowing what part of the time, both for and against, Members on the Democratic side will have.

Mr. McFADDEN. Will the gentleman yield?

Mr. WINGO. Certainly.

Mr. McFADDEN. I will say that I will yield to Members on both sides in favor of the bill.

Mr. LUCE. My understanding is that I will yield to both sides in the same way.

Mr. WINGO. I will state that ordinarily I would insist on a division of the time on party lines, but in view of the situation I do not blame the Republican organization for suggesting that they control all the time on that side.

The SPEAKER pro tempore. The Chair hears no objection to the request of the gentleman from Pennsylvania. The question is on the motion of the gentleman to go into Committee of the Whole House on the state of the Union for the consideration of the bill S. 4280.

The motion was agreed to.

Accordingly the House resolved itself into Committee of the Whole House on the state of the Union, with Mr. SANDERS of Indiana in the chair.

The CHAIRMAN. The Clerk will read the bill.

The Clerk read the title of the bill, as follows:

S. 4280. An act to provide for the incorporation and supervision of corporations formed for the purpose of making agricultural and livestock loans; to amend the Federal reserve act; to amend the Federal farm loan act; to extend and stabilize the market for United States bonds and other securities; to provide fiscal agents for the United States, and for other purposes.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that the first reading of the bill be dispensed with.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent to dispense with the first reading of the bill. Is there objection?

Mr. UNDERHILL. I object.

The Clerk began reading the bill.

Mr. TILSON (interrupting the reading). Mr. Chairman, I wish to renew the request that the further reading of the bill be dispensed with.

The CHAIRMAN. Is there objection?

Mr. UNDERHILL. Mr. Chairman, reserving the right to object, I merely wish to say to some of the men who are particularly interested in this bill, that those of us who are vitally interested in another measure which was killed by indirection and the same method, are keenly alive to the possibilities of the situation that is presented to us.

Mr. WINGO. To what bill does the gentleman refer?

Mr. UNDERHILL. The Cape Cod bill.

Mr. WINGO. Does the gentleman think that the friends of this bill killed that bill?

Mr. UNDERHILL. I think a great many of them did; the gentleman from Texas and the gentleman from Alabama.

Mr. WINGO. Neither one of them had anything to do with the framing of this bill. Does the gentleman know how the Democratic members on the Banking and Currency Committee stood on the Cape Cod bill?

Mr. UNDERHILL. I hope they were all right.

Mr. WINGO. The gentleman admits that he is shooting in the air and bringing charges against men whose attitude on the measure he does not know. I suggest that the gentleman get his information first.

Mr. UNDERHILL. I have heard several gentlemen complain about the influence of New England. Why, she has not got a single solitary piece of legislation through, and in spite of the claim that it is said that New England is dominating Congress we have not been able to get any of our measures passed.

Mr. WINGO. Oh, the gentleman only exposes his ignorance with reference to my attitude on the matter.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman and gentleman of the House, I appreciate the difficulty, notwithstanding the fact that the debate has been limited as it has been, of attempting to explain a bill which is as long as this one is and as important as this bill is, containing some 98 pages, in the time which I shall feel at liberty to take in discussing and explaining the several items of it. I appreciate the fact that the House has had very little time to study the merits of these measures, because of the fact that the bills were not sent to the House from the Senate until a few days ago. The Senate then sent separate bills to the House, which were referred to the Committee on Banking and Currency in the regular way. The committee has been very diligent in trying to put these bills together in a workable form. We realize, of course, that legislation of this kind has been demanded for some 15 years or more; and we all realize that it was in response to the demands of the commercial as well as the agricultural interests that the Federal reserve act was formulated and passed in 1913. I am not sure but that the passage of that act had somewhat to do with the situation which became apparent with respect to farmers in regard to a proper division of credit for them, because the enactment of the Federal reserve act did classify credit paper. I am not sure but that perhaps some of the relief which the farmers formerly had through the different banking channels was denied to them when the Federal reserve act was passed, because of this

definition of eligible paper. But we all know that after the Federal reserve act was passed there still remained an insistent demand from the agricultural interests of the country, particularly from those large producing areas in the South, Southwest, and the Central West.

With an honest attempt to remedy the farmers' situation in 1916 the Congress enacted the Federal farm loan act. This was a constructive piece of legislation and has been functioning to quite some extent and has relieved the farmers' requirements to a great extent on long-time credits. It has permitted the farmers of the country, under the rules and regulations of this system, to borrow up to 50 per cent of the value of their farms and 20 per cent of the value of their improvements for a period of as long as 30 years, with a provision that those payments could be amortized and paid off in small installments at the various interest-paying periods. The farm-loan system has loaned something over $700,000,000 to the farmers through this system, and at the present time it is functioning to its full ability and is daily making new loans to farmers under the law. Notwithstanding that fact, however, and perhaps due somewhat to the strained conditions resulting from the war, the need of the farmer, according to those who are familiar with it and the evidence which has been presented to Congress for some time past, is not being fully met by the present banking facilities; and this, too, in face of the fact that during his period of readjustment the Congress enacted the law providing for the War Finance Corporation, having for its purpose the relief of the war industries but later broadened to aid in the export of farm products and other commerce in export trade. In some cases loans were made to industrial organizations. Much relief was given to the cattlemen and cattle-loan companies and the cooperative-marketing associations when the Congress passed this amendment to the War Finance Corporation act and permitted loans to be made to that class of agricultural interests. At one time the War Finance Corporation had loaned, for the relief of the cattlemen and the cooperative-marketing associations principally, in excess of $360,000,000.

At the present time this corporation is still functioning under the law, and is loaning a large amount of money to this class of borrowers. Notwithstanding this, and as I said before, the incessant demand continues and I am sure that if the agricultural interests of the country are not being properly taken care of we must come to the point where we recognize the fact that our present banking facilities are not competent care for the requirements of the country. If we consider and enact legislation of this kind it must be upon that basis, because we must look the matter squarely in the face that we are creating by this instrument a Government bank. This bill provides for a capitalization of $60,000,000, which shall be subscribed by the Secretary of the Treasury and the stock then owned by the United States. This institution is to be added as an adjunct, under the present form of the bill, to the Federal farm-loan system. There are to be 12 banks located in the same district in which the Federal farm-loan banks are located.

As the gentleman who presented this rule this morning said, this is a composite bill composed of the so-called Capper bill and the so-called Lenroot-Anderson bill. The committee have also seen fit to add to it certain sections of the Strong bill, which passed the House the other day. And right here I would like to explain to the House why we have done that. We are all familiar with the fact that during these closing days of Congress both Houses are filled to the limit with demands for legislation. Our reason for adding the Strong amendments to this bill is the importance of these amendments to the Federal farm-loan system, taking into consideration the fact that in all probability the Senate will not have an opportunity to consider that bill; therefore we have added it for the purpose of its becoming law at this session because we believe this rural credit bill will have the right of way.

Mr. WOODRUFF. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. WOODRUFF. I would like to ask the gentleman if the committee has added any part of the Strong bill stricken out in the House?

Mr. McFADDEN. I do not think we have. There may be a slight variation——

Mr. STRONG. If the gentleman will permit, section 5, stricken out in the House, was not included in this. But I want to say it ought to be included, but it was not.

Mr. McFADDEN. I appreciate that fact. It has been my attempt, as chairman of the committee, to keep out of the bill anything from the Strong bill that might cause any opposition in the other body, so that it might have clear sailing and become the law at this session of Congress. The provisions of the so-called Capper bill were thoroughly discussed by the committee. The committee felt that in this bill there was an opportunity to serve the agricultural interests of the country without getting the Government into the banking business, but we realized we were confronted with the fact that there was a large public sentiment in favor of the Lenroot-Anderson bill. The committee also realized there was a large number, if not a majority, of the House who would be quite insistent upon the enactment of that measure. We were confronted with the problem of looking the situation squarely in the face as to what could be done, realizing that if there were an attempt upon the floor of the House to substitute this bill by amendment or otherwise we might have a bill that might not be workable. We tried to consolidate this bill into a workable form, and we believe we will have done it when we have added a few more amendments which will be offered upon the floor of the House.

Mr. CARTER. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. CARTER. I do not want to divert the gentleman from his argument, but I want to know if he is going to discuss before he gets through the amount of capitalization of the banks and the procedure; whether they will take deposits, and so on?

Mr. McFADDEN. I was going to try if I could in the limited time which I have.

Mr. HUSTED. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. HUSTED. Does the gentleman think that sufficient private capital could be enlisted to finance all the necessary agricultural credits without Government aid?

Mr. McFADDEN. The gentleman has always hoped such might be the case.

Mr. HUSTED. Has the gentleman any reason to believe such is not the case?

Mr. McFADDEN. That is the statement of the agricultural interests, and the conclusion that it will not be served in any other way.

Mr. WILLIAMSON. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. WILLIAMSON. I notice that in the rewriting of the Anderson-Lenroot bill the committee has endeavored to segregate the intermediate banks from the Federal farm-loan banks. Will these intermediate credit banks conduct their business in the same building as the Federal farm-loan bank, have the same directors, or will they use a separate building or institution?

Mr. McFADDEN. So far as possible in regard to the assets and liabilities we have attempted absolutely to segregate, so that the two systems will not be liable for each other's obligations, and each system will have control of its own assets.

Mr. BURTON. Will the gentleman yield for a couple of questions?

Mr. McFADDEN. I will.

Mr. BURTON. First, the so-called intermediate credit banks and the agricultural corporation make the same class of loans and cover the same ground, do they not?

Mr. McFADDEN. To a very great extent; yes. I will say to the gentleman that it is claimed that those who are being served now through the War Finance Corporation are the existing loan companies, cooperative market organizations. We feel they can be served and are entitled to be served through the Lenroot-Anderson portion of the bill, which is the intermediate credit bank part of this bill.

Mr. BURTON. Is it not true that if the Government should subscribe capital amounting to $60,000,000 that that would practically exclude investments by private parties under the section of the bill pertaining to agricultural-credit corporations? Would not the fact the Government is provided by a subscription of $60,000,000 prevent private investors going in the same field and competing with them?

Mr. McFADDEN. It would mean Government competition with those concerns. Of course this system provides a system which would be a serious impediment, I should think, to individuals embarking in the same line of loaning business.

Mr. BURTON. As regards this $600,000,000 debentures which may be issued, has the Government under this bill any responsibility for the payment of these debenture associations or corporations issuing them?

Mr. McFADDEN. No, we have inserted a clause in the bill which prescribes specifically the Government shall assume no liability.

Mr. BURTON. Does the gentleman believe that a limitation in these debentures could be placed?

Mr. McFADDEN. I believe so, yes. I believe there are so many other attractive features in connection with the issuance and sale of these debentures that they will be readily salable.

Mr. HUSTED. There is the highest kind of moral responsibility, is there not? Those debentures are the debentures of a

corporation in which the Government owns every dollar of the capital stock?

Mr. McFADDEN. That is correct.

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

Mr. McFADDEN. I think many of the questions that are being asked will be answered in my general explanation of the provisions of the bill, if I can make it; but I yield to the gentleman from New York.

Mr. COCKRAN. I do not think the gentleman has explained what I have in mind, although he has been partially over the ground. The gentleman speaks of the difficulty of obtaining service by certain borrowers. May I ask him what he means by the difficulty in obtaining service?

Mr. McFADDEN. I will say to the gentleman that I mean by that that the farmers' cooperative marketing associations and cattle loan companies and all those people who are engaged in furnishing financial relief to the agricultural sections of the country claim that they are not able to secure sufficient funds to take care of the requirements of the agricultural interests, not only in planting but in bringing their crops and their cattle to the period of sale or harvesting and the marketing of the same.

Mr. COCKRAN. In other words, they can not borrow as much as they would like to borrow? That is the substantial meaning of the statement that they are not properly served?

Mr. McFADDEN. Of course, they present a very incessant demand for further service.

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

Mr. McFADDEN. Yes.

Mr. WINGO. Is not what he really has in mind the fact, which is very obvious, that an intermediate credit paper is not eligible for rediscount at the Federal reserve banks?

Mr. COCKRAN. Is that the gentleman's answer?

Mr. McFADDEN. That is the collateral answer. You may put it that way as a part of it. In other words, the farm interests of this country are demanding that their financial requirements should be taken care of. At the present time they claim they are restricted.

Mr. COCKRAN. Will the gentleman yield for a moment further?

Mr. McFADDEN. They complain that they are not given sufficient rediscount facilities in the Federal reserve system, and that they can not borrow for a period of one to three years from any agency, although they can borrow from the Federal farm loan system for a longer time and from the Federal reserve banks for a shorter time, but there is a gap between these two that should be filled which will permit them to finance agricultural operations and market their productions in an orderly manner.

Mr. COCKRAN. Let me ask the gentleman if this is practically what he means, that this bill is intended through Federal aid to enable these agriculturists to borrow more money on their property than they could obtain in the ordinary and regular channels of trade?

Mr. McFADDEN. That is the idea.

Now gentlemen will have to desist, because I want to get through my explanation of the bill. The House is entitled to know what is in this bill.

Mr. COCKRAN. I have learned what I wanted to ascertain.

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

Mr. McFADDEN. Yes.

Mr. ARENTZ. The farmers of to-day when they want to borrow a sum of money for five years have a mortgage placed on their farm and that mortgage is discounted and secured. If a man wants to borrow a thousand dollars for six months he goes to a bank and the bank furnishes him that money out of its own funds. But if he wants to borrow for two years or more, the bank has not the money to furnish the farmer for a term of 18 months or two years. This bill furnishes the facilities whereby the farmer can borrow money for 18 months or a year on live stock or anything else.

Mr. COCKRAN. Will the gentleman let me ask him another question, so that we can put the proper interpretation of his meaning before the House?

Mr. McFADDEN. Yes.

Mr. COCKRAN. The gentleman means, as I understand, that the object of this legislation is to enable farmers to borrow practically on mortgage and get credits that ordinarily were given on mortgages and to classify it under the head of banking?

Mr. McFADDEN. No; I fear the gentleman has not read this bill with reference to the different classes that he is discussing. The gentleman will find provisions in this bill which will permit a producer of agricultural products to store them in a warehouse or put them with a factor and take the warehouse receipt or what is given to him by the factor and borrow from the bank.

Mr. COCKRAN. He can do it now.

Mr. McFADDEN. And then he can get a portion of his money down immediately.

Mr. COCKRAN. He can do that now.

Mr. McFADDEN. This is to facilitate that, so that there will be no clogging of the system, so that the farmer can get the money when he wants it. Many of the farmers complain that they can not do it through their banks and through the cooperative associations because those concerns are not properly financed.

Mr. COCKRAN. When it comes to ordinary banking and credits they are distinguished from other credits in the one element, I may say, that they are always for a brief time, so as to be liquid, and other financial transactions or loans are made for fixed periods, and in such cases they are entirely apart from regular banking transactions. The gentleman will concede that, will he not?

Mr. McFADDEN. No; I would not concede that. This is to take care of longer credit than the gentleman has referred to—credits between what the banks are now handling and loans of the farm-loan system or those of the Federal reserve banks.

Mr. COCKRAN. These credits that heretofore have been a feature of agriculture are brought within the system of banking by this bill?

Mr. McFADDEN. Yes.

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

Mr. McFADDEN. Yes.

Mr. BRIGGS. Under this act the farmers can get a longer credit than is extended by the banks at the present time.

Mr. McFADDEN. In order to get this into workable form we have amended the farm loan act and amended title 2. Title 2 starts out with the so-called Lenroot-Anderson feature. We have provided that these institutions shall be established in the same cities as the 12 Federal land banks, and the officers and directors of those banks shall be ex officio officers and directors of the intermediary credit banks. We have provided for a separation of expenses in the operation in the bill so that there will be no overlapping in that respect. We have given the institution corporate powers of institutions of that kind. They have also been given authority to act as fiscal agents of the Government. They may buy and sell Government securities, Federal farm loan bonds, and instruments which are issued by the intermediary credit organizations. We have provided also that in case of liquidation through failure, that the liquidation shall be carried on by the Federal Farm Loan Board. The charters of the intermediary credit banks shall be granted on the application of the directors of the Federal land banks. In other words, we have given the management to the Federal farm land banks. During the discussion of the bill under the five-minute rule I expect to offer an amendment changing that to some extent. The original Capper bill provided that in the creation of institutions under that plan that certain supervision of the operations of these banks should be given over to the Comptroller of the Currency, and it provided that the Secretary of Agriculture should license appraisers who were to pass on the value of the assets of these people before they attempted to appeal through this system. What we are trying to do is to surround the system with all the safeguards we can.

Mr. PARKER of New Jersey. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. PARKER of New Jersey. Is it not rather dangerous for the assets of two different banks to be kept in the same building, so that if inspections are made at different times they can be substituted?

Mr. McFADDEN. I do not think that applies to these institutions.

Mr. PARKER of New Jersey. I have known it in two institutions under the same management, where they were sent to New York and came back between the days of inspection on Tuesday and Friday.

Mr. McFADDEN. All these operations are going to be under the trustee, and the securities or debentures which we submit for additional funds to take care of agricultural interests. We have tried in every way to surround the system with safeguards which will protect the investor in the securities and prevent loss.

We have provided that the institution can issue debentures and that they can go, under certain conditions, to the Federal reserve system and get relief. We have provided that under no circumstances shall they issue obligations in excess of ten times their capital.

Mr. KNUTSON. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. KNUTSON. What sort of securities, aside from warehouse receipts, can be accepted as collateral?

Mr. McFADDEN. We provide that they can make advances secured by warehouse receipts and other merchantable products having an agricultural origin up to 75 per cent of their value.

Mr. BRIGGS. Will the gentleman yield?

Mr. McFADDEN. I will.

Mr. BRIGGS. The gentleman spoke a moment ago about debentures being readily marketed. Are these to be tax exempt?

Mr. McFADDEN. There is a provision in the bill to that effect.

Mr. KINCHELOE. Will the gentleman yield?

Mr. McFADDEN. I will yield to the gentleman from Kentucky.

Mr. KINCHELOE. If I understand the provisions of this bill, for instance, take a farmer who has tobacco stored in a warehouse duly insured; he is advanced 50 per cent of the value and issued warehouse certificates for the balance. Under the provisions of the bill, can he go to a bank and deposit that certificate as collateral, and is there anything in the bill that authorizes the Federal reserve system to authorize its banks to loan money on that certificate?

Mr. McFADDEN. We have made an amendment to the Federal reserve act which makes factor paper eligible for discount.

Mr. KINCHELOE. What does that mean?

Mr. McFADDEN. The middleman who stands between the market and the producer, the man who finances the farmer in the production of cotton or tobacco—he loans the farmer money to buy fertilizer and will take a mortgage on the crop and carry it until the farmer has a return from his sale. That man is a factor in every sense of the word.

Mr. KINCHELOE. Let me ask the gentleman further: Under the cooperative marketing system of tobacco which we have in Kentucky, when the farmer delivers the tobacco to the warehouse he receives 50 per cent of the value and 50 per cent in a certificate. The title to the tobacco goes to the corporation. Where would the factor man come in there?

Mr. McFADDEN. That is in conflict with the cooperative-marketing idea. Generally speaking, the factor is in competition with the cooperative-marketing plan.

Mr. KINCHELOE. That farmer surrenders his title to the tobacco. The warehouse certificate is issued in lieu of the value of the property. He is permitted under this bill to go to the banks created under this bill and borrow money and deposit that as collateral. I was wondering whether there was anything in the bill permitting the Federal reserve system to do the same thing.

Mr. McFADDEN. That is in charge of the cooperative market concern. I do not know whether they would be permitted to do that.

Mr. KINCHELOE. It is a loan on the tobacco and is good as manufacturers' paper.

Mr. McFADDEN. I suppose the bank would work out something whereby he would get relief.

Mr. KINCHELOE. Is there a provision in the bill to permit member banks of the Federal reserve system in their discretion to take this as collateral for loans?

Mr. McFADDEN. Not directly; but the Federal reserve system can rediscount for member banks, and they can under certain conditions rediscount for the creations under this bill, so that, I think, indirectly there is some relief for the situation to which the gentleman refers.

Mr. BARKLEY. What is the maturity of these rediscount papers as provided in this bill?

Mr. McFADDEN. Up to six months; and we have amended the bill so that agricultural paper up to nine months can be rediscounted in the Federal reserve system. There are certain restrictions, however, in that which will not permit the paper to be used as a basis for the issuance of Federal reserve notes on as long time as that, but it must come within a shorter maturity date.

Mr. BARKLEY. At present the maximum maturity date is six months, and you increase that to nine months under certain conditions?

Mr. McFADDEN. Yes.

Mr. HUSTED. Does not the bill provide that it can not be rediscounted for less than six months? It is six months and three years, not less than six month nor more than three years.

Mr. McFADDEN. The gentleman is referring to the clause in respect to the intermediate credit banks. I was referring to an amendment to the Federal reserve act itself. All of these intermediate credit banks have the right, subject to the approval of the Federal Farm Loan Board, to issue and sell collateral trust obligations with a maturity at the time of issue of not more than five years, which shall be secured by at least a like safe amount of cash, or notes, or other such obligations discounted or purchased or representing loans made under subdivision (a).

We have the provision in here also which fixes the rate of interest as follows:

Rates of interest upon debentures and other such obligations issued under this subdivision shall, subject to the approval of the Federal Farm Loan Board, be fixed by the intermediate credit bank making the issue, not exceeding 6 per cent per annum.

SEC. 202. That before making any discounts under the provisions of this act, each intermediate credit bank shall establish and promulgate a rate of discount to be approved by the Federal Farm Loan Board. Any intermediate credit bank which has made an issue of debentures under the provisions of this act may thereafter establish, with the approval of the Farm Loan Board, a rate of discount not exceeding by more than 1 per cent per annum the rate borne by its last preceding issue of debentures.

That is practically the same provision we put in the Federal farm loan act, which fixes the rate of interest to borrowers under that system.

Mr. BRIGGS. Is it possible under this to charge as high a rate as 10 per cent?

Mr. McFADDEN. No. We have attempted to hold the interest rates down. I would say to the gentleman in that respect that the regulation of interest rates is largely a State matter. The States control the rate of interest in the various States, and what we have tried to do here is to see to it that the farmer gets his money and is not exploited by either the present banking institutions or these creations under this act, and we are trying to hold it down to 1 per cent higher than the amount that these debentures sell for in the locality, and we believe that that will mean that the farmer will get his money at a low rate of interest.

Mr. BRIGGS. At approximately what rate?

Mr. McFADDEN. If the gentleman can tell me what rates these debentures will sell for in the open market, I shall tell him. That is what regulates the rates to be charged to borrowers—1 per cent in excess of that. Another provision in the bill is this: That these intermediate credit banks shall go into the open market and buy and sell their own debentures for the purpose of maintaining the market, and in order to do that we inserted the provision that they shall buy them at not less than par.

The capital for each one of these banks is $5,000,000. There are to be 12 of these banks. We have provided, as I previously said, for the expenses and management of these institutions. We have also provided for the disposition of the profits, and this is the provision, that after the necessary expenses of the banks have been paid or provided for, any profit that accures shall revert to the Public Treasury, and we have inserted a provision that is practically the same as is in the Federal reserve act, that the Treasury shall dispose of these earnings by a reduction of the public debt or place them to the gold redemption fund.

Mr. KINCHELOE. Who stands the loss in case there is loss on the part of these intermediate credit banks?

Mr. McFADDEN. The banks themselves would stand the loss.

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

Mr. McFADDEN. Yes.

Mr. ARENTZ. I think the question has been asked by several Members of the House in the last few minutes as to whether the identity of the collateral will be retained; in others words, you put farm products in a warehouse and put a distinguishing mark upon the sacks or the container, and a loan is issued upon the warehouse receipts up to 50 per cent of the value of the products. At the end of nine months the loan must be paid, and the question arises whether or not that collateral could be moved to another section of the warehouse and another nine months' loan made on the same goods?

Mr. McFADDEN. That is largely a matter of warehousing, but I would imagine that these institutions in handling that would probably permit a substitution, but at the same time they would always see to it that they were properly secured. If, for instance, the borrower had seen fit to sell a part of his goods which were in storage and get the money and wanted to substitute other products that were satisfactory to the loaning institution, I presume that would work out in about that manner.

Another provision is the question of the consent to be examined. These banks in order to borrow money from this institution have to submit to an examination. I mean by that State banks, savings institutions, trust companies, and so forth. If they want to come in under the privileges afforded under this system, they must submit to this examination. They have to do that in writing, and must agree to submit reports as required by the Federal Farm Loan Board.

Mr. BURTON. Is there any provision for an examination as to the condition of the cooperative associations?

Mr. McFADDEN. That would come under the authority and the rules and regulations promulgated by the Federal Farm Loan Board, and I would presume that they would investigate those institutions thoroughly at all times.

Mr. BURTON. Are these cooperative associations to have any capital whatever?

Mr. McFADDEN. Yes.

Mr. BURTON. Is there any provision in the bill to that effect?

Mr. McFADDEN. No; but there will be an amendment introduced covering that subject. There is also a provision which requires the publication of reports of these institutions, such special reports as may be called for by the Federal Farm Loan Board. My own opinion is that there should be an independent examination of these institutions by the Comptroller of the Currency. That is especially so when the paper which some of these institutions will hold might go into the reservoirs of the Federal reserve system. These institutions can be organized by groups of people, not less than five in any case, and, I think, as the gentleman says, we should put a limitation there that they should have a certain amount of capital.

The name of the Capper organizations, so called, we have decided on as Agricultural Credit Corporations. They shall have corporate powers similar to other organizations, and what was planned there was that they should be practically independent organizations. It permits the incorporation of companies with $250,000 of capital. It also provides a right to these institutions to issue debentures and other obligations, which can be sold in the open market or can be used for the purpose of rediscount with the Federal reserve system. They are authorized also to make loans, advances, to discount, rediscount, purchase or sell, negotiate with or without its indorsement any obligations issued for agricultural purposes.

They are also authorized to act as fiscal agents of the United States. There is a provision also in the bill which permits national banks to subscribe to the stock of these corporations up to 6 per cent of their capital. You remember when we passed the Edge Corporation Act we gave the national banks the right to subscribe to the stock of those institutions up to 10 per cent.

Mr. BRIGGS. Will the gentleman yield for another question?

Mr. McFADDEN. I will.

Mr. BRIGGS. Is there any provision anywhere for the extension of the life of the War Finance Corporation?

Mr. McFADDEN. There is not, but I will say to the gentleman the reason for that is this, that we felt, inasmuch as we were creating an institution here which was to be financed out of the Public Treasury, it would not be necessary in the long run to continue the life of the War Finance Corporation because these two instrumentalities which are created here would serve the same purpose, but the committee have been practically convinced, I think, that it will be necessary to continue the War Finance Corporation until these institutions can be organized and made to function.

Mr. BRIGGS. That is what I had in mind.

Mr. McFADDEN. My own thought and suggestion in regard to it is we should perhaps continue the life of the War Finance Corporation until December 31, 1923.

Mr. BRIGGS. It expires now the 1st of July?

Mr. McFADDEN. It does; and under the present plan of dissolution it provides that no loans can be made and no new obligations received after May 30. They can continue to close loans up to June 30 on applications received and in process before that time. After July 1 the method in the bill provides for an orderly liquidation over a period of from three to five years.

Mr. BRIGGS. Does the gentleman expect to have a joint resolution passed by the Congress before its adjournment extending the life of this corporation?

Mr. McFADDEN. I understand such a proposal will be offered.

Mr. BRIGGS. In respect to the loans made from the War Finance Corporation, are not they paid back with remarkable effectiveness?

Mr. McFADDEN. I understand so; yes.

Mr. HUSTED. May I interrupt the gentleman?

Mr. McFADDEN. Yes.

Mr. HUSTED. I see that the bill provides that the intermediate credit bank may loan up to 20 per cent of its capital on one class of paper to one borrower. Now, can it loan on different classes of paper to one borrower more than 20 per cent?

Mr. McFADDEN. I will say to the gentleman that is a provision to which the committee gave very careful consideration, and I am frank to say there will be an amendment offered here which will increase that up to 50 per cent.

Mr. HUSTED. On one class of paper?

Mr. McFADDEN. Yes.

Mr. HUSTED. That is 50 per cent on one class of paper and 50 per cent on another?

Mr. McFADDEN. The problem was largely a problem of the cooperative market organizations. For instance, take the Texas Cotton Growers' Association, which has been one of the large borrowers from the War Finance Corporation. Last year they made application and the War Finance Corporation loaned some $9,000,000 to that organization. Suppose it were one of those institutions at Dallas, Tex., or some other accessible point in Texas, and the Texas corporation of the cotton association came in with a demand for relief through its organization for $9,000,000. The capital of this local institution would be $5,000,000. The gentleman can readily see that the Cooperative Market Association could not be served, and he will bear in mind also the loan may be on the basis of 75 per cent of the value of the goods as security.

Mr. HUSTED. I can say this, that a national bank is only permitted to loan up to 10 per cent of its capital and surplus to one borrower on any kind of security.

Mr. McFADDEN. The gentleman is a little confused in this respect. These loans on agricultural products were made on warehouse receipts, and the Federal reserve act makes loans up to a much higher rate than that. The Cooperative Market Association demands, and they are fully satisfied that they can borrow, up to 65 per cent of the value of their securities.

Mr. HUSTED. I know, but these intermediate credit banks are not only banks of discount but of rediscount and can rewrite and loan their money to certain institutions.

Mr. McFADDEN. Yes.

Mr. HUSTED. On certain classes of paper. Now, this bill provides, as I understand it, they can make loans up to 20 per cent of their capital on any one class of paper to one borrower.

Mr. McFADDEN. That is what the provision is. The committee considered the proposition and we cut it down to 25 because we wanted diversification of loans. It was pointed out to the committee, however, that these are different institutions from institutions which take deposits. They only handle goods as security.

Mr. HUSTED. I realize they do not take deposits, but practically the loans are the same. Does the gentleman think it is consistent with sound banking to permit a thing of that kind to be done?

Mr. McFADDEN. I think it is well to have a limitation on it perhaps, but the demand of the Cooperative Market Association is that the limit ought to be taken off entirely and they ought to be permitted to borrow up to at least 65 or 75 per cent of the value of their products. The probabilities are in instances of that kind, with this organization of 12 banks, that those loans will be split up and the burden of responsibility will be shifted from the institutions to 3 or 5 or possibly the 12 banks.

Mr. HUSTED. Is it not true under the provisions of this bill that a few borrowers could exhaust the entire capital of one of these intermediate credit banks?

Mr. McFADDEN. Yes. But all of these operations are to be carried on subject to the regulations provided by the Federal Farm Loan Board.

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

Mr. McFADDEN. Yes.

Mr. KINCHELOE. The gentleman stated that it is contemplated to extend the life of this War Finance Corporation until the 31st of next December. Is that for the purpose of making loans up to that time or for the purpose of liquidation?

Mr. McFADDEN. I should say it was for the purpose of making loans and to proceed practically as it is now doing, but to continue the life of it up to December 31. Congress will then be in session, and Congress can decide whether or not it is necessary to continue the life of the institution for a longer period. I hope, however, it will not be necessary.

Now I want to get along. I do not want to take up the whole four hours in explaining this bill. We have provided that these institutions can start business when they have paid in 25 per cent of the capital stock, and the balance of it must be paid in and security made in 10 per cent installments. We have also provided that the capital of these institutions can not be reduced without a corresponding reduction of their liabilities, so that the same rate of protection is carried through as the capital might be decreased.

These rediscount corporations can only be organized with a capital of $1,000,000, and they are provided for the purpose of permitting smaller institutions organized with a capitalization of $250,000 each to rediscount their paper through these institutions.

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

Mr. McFADDEN. Yes.

Mr. BRIGGS. What form of supervision will the Farm Loan Board have over these intermediate credit banks?

Mr. McFADDEN. I hope that machinery will be provided so that they will be supervised by the Comptroller of the Currency. I believe it will be an additional safeguard to transfer the examination of these institutions from the Federal Farm Loan Board over to the Comptroller of the Currency, and at the proper time I am going to offer such an amendment. I think also they should be further protected by having appraisers.

I do not know anything that would make them more attractive and give evidence of security to a greater extent than to have that paper as originally approved and to have these appraisers keep track of the securities; if it is cattle, to know that the cattle are being taken care of, and so on, so that when that paper goes out in the investment market they will feel that the security is cared for.

Mr. BRIGGS. Mr. Chairman, will the gentleman yield again?

Mr. McFADDEN. Yes.

Mr. BRIGGS. Will the Federal Reserve Board have any control over the credit of these intermediate credit banks?

Mr. McFADDEN. Not directly. But if, as a matter of fact, any of this paper gets into the Federal reserve system in the way of rediscount I can imagine that the Federal reserve system will see to it that they have full knowledge of the security back of those obligations.

Mr. BRIGGS. So that there will be a certain amount of indirect control?

Mr. McFADDEN. Yes. I should say there would be.

Mr. WINGO. I did not get what the gentleman said he would propose with reference to farm loans.

Mr. McFADDEN. I said there would be an independent examination of these institutions through the office of the Comptroller of the Currency, like that of the Federal farm loan.

Mr. WINGO. What is the idea?

Mr. McFADDEN. The original Capper bill made such a provision, and it is the general opinion of those engaged in the operation of the War Finance Corporation, which has been handling these loans that are to be continued through this other organization, that that is the proper channel to supervise the issue of that paper, the farm loan system being engaged in the handling of long-time credit mortgage loans, and they will be charged with the responsibility of handling the long-time credit from the intermediate banks.

Mr. WINGO. I thought we had settled that dispute when we made the decision in regard to the farm loan system.

Mr. McFADDEN. I do not think we will have any difficulty when we come to the consideration of that proposition.

Mr. WINGO. Do you not provide under the bill that the board may call for and require the comptroller to furnish reports on the banks that are trying to do business through the intermediate banks? Do you not?

Mr. McFADDEN. That is very true.

Mr. WINGO. And do you not provide for a special audit by special examiners?

Mr. McFADDEN. Yes; under the control of the Federal Farm Loan Board, I will say to the gentleman.

Mr. WINGO. Yes. You do provide, first of all, to get information from the comptroller's office, and then you also provide for the board calling for special reports not exceeding three times a year, something comparable to the case of national banks. Then you also provide for an examiner on the part of the board to check up those banks, do you not?

Mr. McFADDEN. The gentleman is correct.

Now, I do not care to take up any more of the time of the committee with these explanations. I have tried to explain the various provisions of the bill. We have an amendment of the Federal farm loan act, and there is an element as to rediscount which is very important. We have also inserted a provision making eligible factor paper.

The amendments to the Federal reserve act are on page 93. We have provided for the repeal of the progressive interest rates, which provision was put in the Federal reserve act during the war and was intended to prevent overborrowing by certain institutions.

Mr. WILSON. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. WILSON. Relative to the tax-exempt feature of the securities issued, I understand that those which are to be issued by the intermediate credit banks would amount to $600,000,000 available for loans.

Mr. McFADDEN. That is right.

Mr. WILSON. What about the debentures issued by the agricultural associations?

Mr. McFADDEN. They are all exempt.

Mr. WILSON. So that all the paper issued by the banks and the organizations created and authorized in this bill will be exempt?

Mr. McFADDEN. There is a general tax-exemption provision inserted in the bill. I want to make it clear, however, that it does not meet with my approval. The House has gone on record against these tax-exempt securities, and I hope that it may be possible to strike it out. I think these institutions can get along without it.

Mr. WILSON. Will the gentleman give an estimate of the volume of these securities?

Mr. McFADDEN. Six hundred millions, and I think it will run more than that; it may run up to one billion two hundred millions.

Mr. HUSTED. Will the gentleman yield?

Mr. McFADDEN. Yes.

Mr. HUSTED. Is it not true that under the provisions in this bill the intermediate credit banks can issue tax-free debentures up to the full amount of its value and all securities and cash?

Mr. McFADDEN. That is true.

Mr. LONDON. Will the gentleman enumerate the credit agencies available to the borrower, the farmer?

Mr. McFADDEN. Banks, saving institutions, cooperative produce and marketing organizations—practically every financial institution in the country; and the institutions created under this act have a right to get into the Federal farm loan and Federal reserve system.

Mr. LONDON. You have the farm-land banks and the joint-stock land banks, and you are now creating the intermediate credit banks. You are establishing a new financial system. None of the existing institutions seem to be able to furnish the necessary relief.

Mr. McFADDEN. I stated in the beginning that that is evidently the situation. Mr. Chairman, I reserve the balance of my time.

I yield 10 minutes to the gentleman from Arkansas [Mr. WINGO].

Mr. WINGO. Mr. Chairman, it would take 10 hours to outline the three bills included in this one committee amendment. I shall not undertake that task, but I want to submit a few observations for the benefit of my Democratic colleagues. We, of course, are not surprised at the situation in which we find this legislation. The last Democratic administration took up certain parts of its major program, the revision of the banking and currency laws and the credit agencies of the Nation. Whatever may have been the maladministration of any part of the Federal reserve system, it is conceded by all that this great constructive act is one of the greatest pieces of legislation that any party or any Congress ever enacted. At that time those of you who were present will recall that I insisted that the legitimate credit demands of the American farmer should be taken care of to a greater extent than was taken care of in the Federal reserve act. You will remember the fight we had over the agricultural paper section of that act. The Democratic administration at that time said that the next problem we will take up will be the rural credits, and we took up and we passed the farmers' measure called the Federal land bank act. We were compelled to confine the act to the land-credit system, but we did that with the assurance that the next problem tackled would be that of intermediate credit; that is, the credit that was personal in its character and with a maturity beyond the maturities of the Federal reserve act. But before the Democratic Party could take up and make a solution of that problem the Great War broke out. Of course, then every energy had to be directed toward the winning of the war. Just as the war was about to end the American people, for reasons that it is not necessary to discuss—because there would be a difference of opinion on that—but whatever the reasons may have been, the American people in a moment of mental weakness put this House into the charge of the Republican Party. That was four years ago. They promised then in that campaign that they would carry out that great constructive program which only remained to be completed by taking care of the intermediate credit, and the American people believed it. I said then that they would not keep faith with the American farmer, and now in face of the fact that only a few more days remain of this Congress the problem still remains unsolved.

They had success in the last campaign, and then said, "If you will just elect us to the present Congress, we will do it then," and the American people trusted them once more. I thought I understood the temper and honest convictions of those who are in control of this administration, so I predicted we would find ourselves in the situation we are in at the present time. Two years of this Congress have come and gone and here at the last moment we are called upon to act hastily upon this composite bill, and there are not three lawyers in America who can agree upon a majority of its provisions. We warned our Republican friends in the beginning of this session that they had delayed this matter, and we told them that the Democrats were willing to help them, that we would not obstruct, but to the contrary we said that any effort that they would make to solve this problem would find sympathy and aid from the Democrats. But they said in the beginning of this session of Congress, "We have got to settle the row among the farmers in the Senate," and I think the time has come to tell the truth about this situation. There has been a great deal of camouflage in the newspapers about it and about who is to blame for the present situation. Our Republican friends on the Banking and Currency Committee have had to admit that the Democrats were not to blame. They have said: "Let us get the warring elements in the Senate together. We can not get the Cappers, we can not get the Lenroots, we can not get the La Follettes and the Andersons to agree among themselves, and whenever we do we will put it through the Senate." So the Banking and Currency Committee of the House was restrained by administrative influences and orders from considering this matter until the Senate had got together. Finally they decided that they would have a Capper bill and that they would have an Anderson bill, and they split it up and duplicated the identical words in both bills on some of the provisions, and they sent those into the House committee just a few days ago, in the closing hours of Congress, and then they set up a howl that we must act quickly, that the Banking and Currency Committee was holding it up.

I repeat that the Democratic members of that committee and the Democratic Members of this House have said for two long years to our Republican friends, "Go on and devote yourselves to this problem and solve it; and whatever you try to do, however little it may do for the American farmer, we will come along with you and we will not obstruct"; and we have not obstructed. If there is any man that challenges the accuracy of that statement or says that I have obstructed or refused to help, or that any other Democrat has, I want him to stand up now and challenge it. Do you? Well, if you do not challenge it now, I want you to forever after hold your peace.

Mr. STEAGALL. Mr. Chairman, I desire to call the gentleman's attention to the fact in that connection that the Democrats of the Committee on Banking and Currency have furnished the quorum.

Mr. WINGO. The truth of the business is that you would not have had this bill out if it had not been for the Democrats, but that is another story that I will tell you about at another time.

Let us get down to this bill. I am talking to you Democrats, and our Republican friends need not listen, because they have got their order from one group or the other.

I will say to them in passing that the bill is not as bad as some of you think it is, nor is it as good as the rest of you think it is. We have pursued the policy of sincerely wanting to help, and we have worked night and day trying to help get something out, hoping that there might be something that would help the farmer. I do not believe there is going to be the great relief coming to agriculture from this bill that the farmer has been told there is going to be. I do not think it is quite as vicious as some of these gentlemen have indicated by their questions. Of course, most of the questions here this morning indicated that the gentlemen who asked them had not read the bill, or else they were ignorant of the present Federal reserve act. That is the situation that confronts the Democratic Members of the House. Of course, I understand how you feel. Those of you who have been studying this question know that this whole question is being handled from a viewpoint that does not touch the real problem of rural credits. As I said here a few weeks ago on this floor, our Republican friends seem to be wholly incapable of grasping the proposition that by continually improving the credit facilities and the agencies of the man who buys the commodity from the farmer you do not solve the immediate, primary problem of the producer. He may get an indirect benefit, provided the man you are helping, the factor, the cotton factor, the wheat elevator man, will pass the benefits down to the man below. Oh, gentlemen, some of you heard me 10 years ago on the Federal reserve act and the question of agricultural paper.

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

Mr. McFADDEN. Mr. Chairman, I yield five minutes more to the gentleman from Arkansas.

Mr. WINGO. What is the problem of rural credits? Each year the tide of tenantry rolls higher and higher; each year it is more difficult not alone for the man who has already his farm home to live and exist and educate his family but it becomes all the more impossible for the young farmer starting out in life, under our present credit agencies, to find any means or system or any plan by which he can finance himself, so that by hard work, by industry, thrift, and economy he can hope to build himself a home that is a home in the real sense of the word because he has builded it and paid for it with his sweat and his brawn. That is the real problem of rural credits. One of the gentlemen by his question suggested something about not being banking paper. Where did we get our ideas of banking paper? We borrowed them from England. We borrowed our maturities of 60 and 90 days from England, because the English business was purely a manufacturing and a commodity business. It did not fit all of the requirements of the business of America. Under the Federal reserve act there are three distinct classes of paper—industrial, commercial, and agricultural. Now, your 60 and 90 day paper takes care of your commercial and industrial matters, because it fits the turnover of manufactures and of industry, but it does not fit the turnover requirements of American agriculture; and I am sick and tired of hearing men—good men, it is true—who know nothing of this problem talk about the farmer wanting some special privilege. For years the American farmer has knocked at the doors of Congress, not asking for special privilege, but he says: "You have given an adequate credit system to the manufacturer; you have given an adequate credit system to commerce and business, one that fits its maturities, and in that system you have made it possible for the paper of manufacture and industry and commerce to be used as a basis for the issuance of currency and gold demand obligations on the United States Treasury."

The farmers say that if you will just give us some agency that will amply and reasonably rediscount our paper, we will not ask for the other. He is not asking for a special privilege, but he is demanding that you at least in part give equal facilities to work out his problems upon the farm, build up his industry, and increase the wealth, the strength, and the credit of the Nation by increasing its food supply and the production of raw material upon the farm. Those are just a few scattered thoughts I desire to leave with you to-day. Later on I may discuss this bill; I am not going to tell you it is absolutely perfect; I am not going to tell you it will make the American farmer wealthy and happy. It is not going to give that credit which some gentlemen believe it can. Neither is it going to bankrupt the Treasury of the United States, nor is it going to overturn all the credit agencies of America. It is not so important as either the enemies or the friends of the measure insist that it is.

The CHAIRMAN. The time of the gentleman has expired.

Mr. LUCE. It is almost a calamity that problems of this magnitude should be laid before the House in the closing days of the session, with the necessity of hasty consideration and imperfect treatment. I am told that gentlemen worked over the act creating the Federal reserve system for three months. The House will not now have devoted three days to a system that in principle and perchance in possibilities is just as important or will prove to be as important as the Federal reserve system. The most dangerous part of this bill was considered by the committee with less time than it has given to any other important proposition since I have been one of its members. As a member of the committee I conceived it to be my duty, although opposing many features of the bill and intending to oppose it as a whole, to contribute as I could toward perfecting the measure. If perchance in considering it under the five-minute rule I should have occasion to point out defects which we did not remedy I trust it may be understood that had they been brought to attention before the committee had reported I should have tried to secure attention to them then and shall now present objections in no captious or dilatory spirit.

It is particularly desirable that there shall be at least one consecutive statement of the situation, even though it must be laid before less than one-fourth of the Members of the House who will pass the final judgment upon this measure. But accepting the conditions under which Congress works, although with great regret that such a huge problem as this

will be voted upon by many gentlemen who have not heard a word of the argument—accepting the conditions, I shall take advantage of the good fortune that gave me the control of the time in opposition to ask your indulgence for as nearly an adequate statement of the problem as it is within my power to present.

In the course of the Great War the American farmer profited more than any other class in the community. The average yearly earnings of the factory employee, as measured on the basis of prices of 1913 and as reported by your instrument of the farmers' bloc, the Commission of Agricultural Inquiry, fell from $793 to $725 in two years. The average yearly earnings of Government employees fell from $810 to $566. The average reward per farmer rose from $534 to $826.

This wonderful accession of prosperity to the class which of all classes in the community might, without intent of invidious suggestion, be called the profiteering class during the war, this wonderful accession of prosperity resulted in resort to comforts and luxuries not before that enjoyed, and ended with the farmer having laid by little or nothing against the lean years. He was first hit by deflation and he suffered the worst. The outcome was that in 1921 his condition became lamentable and he turned to Congress for relief. Whether or not the charges made by my Democratic friend from Arkansas just now are justified, the fact that the Republicans must stare in the face is that many months have passed without giving the farmer the full measure of relief he has asked. Meanwhile in the last year the condition has changed once more, and there is no longer that crying need for help which previously existed. The total actual value of the cultivated crops of 1922 was $7,483,000,000, or about 33 per cent greater than in 1921, and it is estimated by the Department of Agriculture that those crops had a 43 per cent greater purchasing value than the crops of 1921. In spite, however, of this rapid return toward prosperity the farmers have risen en masse and demand of us help out of the Public Treasury.

The trouble with the farmer is very simple. After the inflation period following the war he raised more crops than the world could or would buy. He overproduced. The natural and inevitable work of the law of supply and demand followed. The farmer had put upon the market more food than the world could or would buy. The price of his food fell. He imagines various remedies desirable. One appears in bills now before the Congress providing for loans to possible buyers in Europe. It is as if a merchant who finds his trade is falling off—customers are not coming into his shop—should say, "I will go out on the street and lend the passers-by $10,000 in order that they may come in and trade with me."

Of course, the one remedy when you raise more than the world will buy is to stop raising so much food. That is what we people in the manufacturing centers do. When men will not buy our shoes or our cloth or our other products we shut down the factories or reduce the force and let employees go into occupations where there is a demand for what they can produce. Instead of that the farmer comes up here and makes two types of demands: One, "Lend to the poor people of the world money so that they can trade with me"; the other, "Lend me money so that I can hold my product until the rest of the world gets able to buy."

At present there are at the command of the farmer material sources of credit. The War Finance Corporation now has loans outstanding to the amount of $131,000,000. The national banks have lent, under that provision of the statute relating to loans on farm lands and real estate, the last time I made inquiry, $163,000,000. Those are small sums compared with the one thousand million dollars or thereabouts that we have lent through the system of farm-loan banks and joint-stock land banks, and there are 30,000 national and State banks throughout the country hunting for business.

Within a fortnight a banker in Illinois has written to me telling me that he has on hand to lend in a farming region three times as much money as he can safely lend upon the security that is offered.

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

Mr. LUCE. Yes.

Mr. RANKIN. What interest does he propose to charge?

Mr. LUCE. I do not know.

Yet the farmer, having been impregnated with the idea that the way to prosper is to borrow, and being in dire straits, as he thinks, comes up and asks that we emulate Moses. You will remember that Moses had told the Lord that the people were almost ready to stone him, as there was no water in the desert, and He said: "Behold, I will stand before thee there upon the rock in Horeb; and thou shalt smite the rock and there shall come water out of it that the people may drink." And Moses did so in the sight of the elders of Israel.

These men come and ask that, like Moses or Alexander Hamilton, we smite the rock that the flood of credit may come out and relieve their ills; and to that end we are asked to plunge the Government still further into the operations of business and to construct a system that shall furnish this stream of credit at the expense of the taxpayer.

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

Mr. LUCE. Yes.

Mr. LONDON. If Moses could do it, why can not CAPPER or TINCHER do it? [Laughter.]

Mr. LUCE. One of those gentlemen is here to answer for himself as to his power.

Mr. STAFFORD. Let the gentleman yield to the stately gentleman from Kansas to answer. [Laughter.]

Mr. LUCE. He will get time after I have finished if he wishes.

Let me recall to you that Buckle, in his History of Civilization, made this statement:

> The accusation which the historian is bound to bring against every government which has hitherto existed is that it has overstepped its proper functions, and at each step has done incalculable harm.

And further:

> No government having recognized its proper limits, the result is that every government has inflicted on its subjects great injuries.

And still further, as of particular application to the bill before us:

> Legislators, in every attempt to protect some particular interests and to uphold some particular principles, have not only failed but have brought about results diametrically opposite to those which they proposed.

Now let us draw some conclusions from recent economic history as to whether in this instance the results for the farmer himself as well as for the people may not be diametrically opposite to those which are hoped. For instance, the only reason why the farm-loan system was justified and adopted was that it would lessen tenancy, the hiring of farms. Not as a result of but coincident in part with the early development of the system we find that tenancy in the United States actually increased from 37 per cent in 1910 to 38.1 per cent in 1920.

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

Mr. LUCE. Yes.

Mr. McSWAIN. Does the gentleman consider whether or not but for the enactment of the Federal farm-loan system it would have increased 60 per cent? I know that a farm owner would have become a tenant except for the relief that that system gave him.

Mr. LUCE. That is possibly true. But one can only draw the apparent conclusion from the figures presented.

The mortgage indebtedness of Iowa increased from $205,000,000 in 1910 to $490,000,000 in 1920, or about 140 per cent.

Mr. LONDON. For the same acreage?

Mr. LUCE. As to that I have not the figures.

Mr. JOHNSON of South Dakota. Mr. Chairman, will the gentleman yield?

Mr. LUCE. Yes.

Mr. JOHNSON of South Dakota. The gentleman realizes, however, that the value of lands in Iowa increased more than 140 per cent in the same period—the value of the farms themselves?

Mr. LUCE. The values of land in Iowa change so rapidly from day to day that I would not undertake to tell at what point they stood on any given date in 1920.

Mr. JOHNSON of South Dakota. The gentleman will recognize that, as they change from day to day, it is an increase instead of a decrease?

Mr. LUCE. Not in the last year or two. The arrow that went up has come down. Almost everything that goes up comes down.

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

Mr. LUCE. Yes.

Mr. STEVENSON. If the farmers in Iowa are going back, as the gentleman has stated, does not the gentleman think that we ought to help them out?

Mr. LUCE. Of course we are here to help them out.

Mr. STEAGALL. Will the gentleman yield?

Mr. LUCE. I will.

Mr. STEAGALL. If the farmer's indebtedness in Iowa has increased, as stated by the gentleman, which I do not question, since 1910, is not that a good argument in favor of some legislation that will increase his credit facilities?

Mr. LUCE. The appetite grows by what it feeds on. [Laughter.]

Mr. STEAGALL. Does not the necessity grow where there is such an enlargement of public indebtedness?

Mr. LUCE. The victim of the borrowing disease imagines it.

Mr. FESS. Will the gentleman yield?

Mr. LUCE. I will yield to the gentleman from Ohio.

Mr. FESS. Immediately after we entered the war there was such an inflation of farm-land prices that in many places the price of the farm, not the value, went up two or three times what it was normally. In my section farms that would sell for $150 an acre sold as high as $300 an acre.

Mr. LUCE. And it is the men who got caught that come here and ask for this legislation.

Mr. FESS. When such prices as those were offered many people in my community sold—perhaps for $100 down and $200 given as a mortgage, so that the mortgage on that particular piece of land was 200 per cent more than the mortgage would have been before the war. The difficulty is that when the slump came here is the mortgagor holding the property with a mortgage on it and the whole value of the farm would hardly pay the mortgage. I do not see how we can remedy that by more legislation. That is a bad situation growing out of the war.

Mr. LUCE. I quite agree with the gentleman.

Mr. JONES of Texas. Will the gentleman yield?

Mr. LUCE. Yes.

Mr. JONES of Texas. I want to suggest that in my section the trouble is not so much that there is no credit, but the rates that are charged, compounding the interest every 90 days, and in many instances at the rate of 8 and 10 per cent, that we want some credit system devised whereby credits may be at a lower rate of interest.

Mr. LUCE. The Banking and Currency Committee worked long and faithfully to devise such a system, and last Thursday had such a system ready to present to the House, with almost unanimous agreement, when in the twinkling of an eye we had the whole work spoiled by adding a fifth wheel to the coach. I may come to that later, if I am permitted to proceed.

Mr. RANKIN. Will the gentleman yield?

Mr. LUCE. I will yield.

Mr. RANKIN. The gentleman was apparently quoting some authority a few minutes ago to the effect that when the Government stepped beyond the bounds of propriety of legitimate authority to enact legislation apparently protecting a class or an element, that invariably they brought about a more direful situation than when they attempted to——

Mr. LUCE. I have another illustration.

Mr. RANKIN. I want to ask the gentleman if that does not apply more forcibly to the tariff?

Mr. LUCE. My next illustration is directly on that point. My friend may remember that I fought as vigorously as I could against the so-called emergency tariff bill. Was the gentleman with me in that matter?

Mr. RANKIN. I was. I am opposed to all tariff except for revenue. I want to say further, the gentleman said a minute ago that in the manufacturing business you relieve the situation when you have low production. You criticized the farmers because they can not relieve their situation and then you say that in the manufacturing sections they cut down the products, when as a matter of fact they come to Congress and ask a raise in the tariff to take care of it.

Mr. LUCE. Continuing with the illustration in question, I want to lay before the House the fact that when the emergency tariff bill was passed the price of wheat was $1.33½, and in the course of the operations of the emergency tariff the price fell to 92.7 cents.

Mr. CARTER. Will the gentleman yield?

Mr. LUCE. Yes.

Mr. CARTER. Is the gentleman attempting to prove by that that the tariff does the farmer no good and that the Democratic idea that it is all bunk is correct?

Mr. LUCE. I am trying to prove that every time Congress hands out special legislation or special privilege to help a class it hurts the recipient.

Mr. DOWELL. Will the gentleman yield?

Mr. LUCE. I will.

Mr. DOWELL. Does the gentleman hold that same notion in reference to the purchase of the Cape Cod Canal?

Mr. LUCE. The Cape Cod Canal can stand on its own bottom.

The effect of it was to reduce the exportation of wheat flour from this country from 26,000,000 barrels and odd to 16,000,000 barrels and odd. We lost the milling of 10,000,000 barrels of flour. At the same time we kept the price of bran and shorts where it was. The farmer got it coming and going as the result of the special privilege.

Another instance of special privilege is the War Finance Corporation.

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

Mr. LUCE. Yes.

Mr. WINGO. The gentleman is still talking about the tariff, is he not?

Mr. LUCE. I have just embarked upon another feature of discussion. Let us take up the tariff after I have finished with the others.

Mr. WINGO. I thought the gentleman had been discussing the tariff all of the time.

Mr. LUCE. I am now turning my attention to a field of Government activity with which the Democrats have been in just as hearty sympathy as the Republicans, in the committee and out of the committee. I demurred at extending the operations of the War Finance Corporation. The War Finance Corporation, you will recall, was revived very largely in order to lend money to foreigners with which they might buy our overproduction, and in the course of the corporation's effort to do this they succeeded in one year in financing as many exports as would have been handled ordinarily by our exporters in four days and a half out of the 365. Not accomplishing their promises in that direction, they undertook to lend money to save the struggling farmer. They did not lend a cent in New England, in New Jersey, in Pennsylvania, Delaware, Maryland, the District of Columbia, or West Virginia, and in New York they lent about one-fifth of 1 per cent of all their loans.

I do not desire to be understood as criticizing the administrative excellence of the work of the War Finance Corporation. From the first I have held that it is always unwise for the Government to embark upon any enterprise when private capital is ready to engage therein. I have the same objections in the present instance, and fear that the same result will follow the further debauching of the spirit of self-reliance which has been the boast of the American people.

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

Mr. LUCE. Yes.

Mr. BLACK. Does the gentleman take the position that the War Finance Corporation has not rendered very great assistance to the cooperative organizations in the marketing of cotton and tobacco, and so forth? And can the gentleman cite any other agency that would have taken care of those credits in the event that the Congress had not created it?

Mr. LUCE. At the very moment that you were passing the bill bankers were gathered in Chicago for the purpose of starting precisely this movement; and as soon as the Government undertook it private enterprise disappeared. It always does, and it will follow in this case. You are creating here two competing systems, a Government system and a private system; and the private system is idle, vain, and useless, because the Government system, which will be free from taxation and all of the other charges of private operation, will leave no opportunity for private enterprise to succeed.

Mr. BLACK. Speaking of exports, we passed a law authorizing what is known as Edge corporations. There has been no restriction upon them, and we are bound to admit that private capital has not availed of it. So far as I know, none of these corporations has been organized.

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

Mr. LUCE. Yes.

Mr. LONDON. Is not a bank a public reservoir of private funds?

Mr. LUCE. Yes.

Mr. LONDON. Then, the public should have something to do with it.

Mr. LUCE. The gentleman and I are using the word "public," however, in different significations.

I told you we had prepared a bill that we hoped would meet the exigency, combining the provisions of what is known as the Capper bill and the Strong bill, when there was precipitated upon us the proposal to incorporate the Lenroot bill.

At this point I desire to lay before the House the judgment of that bill given by the man who is the chief financial adviser of the United States of America at the present time, the Secretary of the Treasury. His words are apropos of my statement that these things do not benefit recipients. He says:

> I am convinced that no benefits will inure to the farmer from a system which is financially unsound. The farmer has suffered enough in the past from unsafe banking systems. Let us not now add to this source of danger to the farmer by giving the sanction of the United States to a system which violates every canon of sound banking to which this Government has been committed since the establishment of the national-bank system.

Let us, then, consider this proposal which violates every canon of sound banking. It is, of course, unfortunate that in

this matter two other Secretaries of the Cabinet take an opposite view. Mr. Hoover and Mr. Wallace praise this thing with glittering generalities—as many as the facts that Mr. Mellon uses in condemnation. It is not true that the thing before us was ever approved by the Federal Reserve Board or the Treasury Department or recommended by the credit committee of the Agricultural Conference. I doubt if the thing actually before us has been studied by any of the men who have written letters to you or sent you telegrams.

I think I am within the bounds of accuracy in declaring my confidence that not one man in five of your Committee on Banking and Currency believes in his heart that this is a sound bill, and yet you are asked hastily, precipitously, to sweep this thing upon the statute books. Gentlemen, in pity for myself I recall my own situation when in the recent presidential campaign I left no stone unturned to declare it my own judgment that the Congress of the United States should make the laws for the Nation.

Let us see what is the trouble with this bill. Its purpose is fundamentally dangerous. The maintenance of prices at a level higher than is warranted by the operation of the law of supply and demand is always an ill-advised economic proposition, sure to be a disappointment to those whom it is meant to benefit.

The operations of the bill will constitute a serious menace. It is proposed here to build a banking system upon the security of staple crops. Let me point out to you that in the 10 years between 1912 and 1921 the price of No. 2 yellow corn in Chicago fluctuated from a minimum of 60 cents to a maximum of $1.95.

You are to use as security for loans of as long a term as the farmer can induce the credit bank to make—up to three years—products ranging in a single decade between the extreme of 60 cents and $1.95.

Mr. BLACK. The gentleman does not mean to tell the House that there is in contemplation in this bill any loans to be made on the marketing of corn for three years, does he?

Mr. LUCE. I see no reason why not, if the marketer desires to store the corn for three years. Pharaoh, or was it Joseph, stored it for seven years.

Mr. BLACK. The gentleman knows that it is not contemplated to make loans on commodities stored in warehouses for any longer time than the marketing season.

Mr. LUCE. But what is to prevent it?

Mr. BLACK. Of course, there is no express prohibition in the bill.

Mr. LUCE. My friend knows that one of the purposes of this bill is to enable the farmer to gamble with his products.

Mr. BLACK. Oh, no; I absolutely deny the gentleman's conclusion. Of course, I know that he would not make a willful misstatement, but I take issue with the gentleman. The very purpose of the bill is to eliminate speculation.

Mr. LUCE. It has that as one purpose, but we have been told again and again and again that the farmer is now in the hands of the middleman.

Mr. McSWAIN. Will the gentleman yield?

Mr. LUCE. That the farmer is now in the hands of the middleman and the commission merchant, and that his only salvation is to let him do the work of the middleman and the commission merchant himself. We are told that the farmer ought to be furnished facilities to hold his product until he can get a good price for it. That is just as much the purpose of the bill as is that of any other provision.

Mr. McSWAIN. While I am not on the committee and know nothing of its secrets or purposes, I would vote for the bill on the assumption that its purpose is to enable the farmer, if anybody is going to speculate, to speculate on what he has raised before the other fellow gets a chance to speculate on it.

Mr. LUCE. Precisely.

Mr. MORGAN. Will the gentleman yield?

Mr. LUCE. If the gentleman will confirm my argument, as did the gentleman from South Carolina, I will yield.

Mr. MORGAN. The gentleman referred to the fact of the fluctuation in corn between certain periods. The grain business happens to be one business I am engaged in. Is not it the fact that there is a preferred credit through banking institutions securing loans to gamblers upon farm products, and that the gambler receives a higher range of prices or profits than the price the farmer receives; that the speculator ultimately receives a higher price for his product because he is a preferred creditor over the farmer?

Mr. LUCE. That confirms my understanding.

Mr. MORGAN. Because the credits are not limited. Hence the frozen credit will not occur in the case of the farmer's credit because of the credits extended to speculators on the market beyond a base on which it can be maintained.

Mr. LUCE. So far as the gentleman's statement refers to the point I was making I understand he agrees with the gentleman from South Carolina. The farmer comes up here and says, "Deal me a hand." [Laughter.]

Mr. BLANTON. Will the gentleman from Massachusetts yield?

Mr. LUCE. I will.

Mr. BLANTON. The gentleman designates it as naughty gambling.

Mr. LUCE. Naughty?

Mr. BLANTON. At least he intimated it was naughty gambling that permitted the farmer——

Mr. LUCE. I deny the word "naughty." I did not use it.

Mr. BLANTON. I gathered that from the gentleman's tone of voice. Why should not the farmer as well as the manufacturer of the implements he uses or the manufacturer of his clothing, both of them can go upon the market under the financial system that the gentleman has helped to establish and get all the money they want and hold over their articles in the market as against them, and why should not the farmer have the same right?

Mr. LUCE. Simply because the manufacturer, the trader, comes pretty near gambling on a sure thing and the farmer is gambling on a most uncertain thing.

Mr. BLANTON. I have seen a farmer who raised milo maize one year that would not sell at $5 a ton, and if he could have held it for less than nine months milo maize was selling at $20 a ton.

Mr. LUCE. It might be selling at 20 cents a ton.

Mr. BLANTON. Yes; and if he could have a chance he should have the same right as well as everybody else.

Mr. LUCE. I am perfectly willing, but I do not want him to take my money so that he may gamble. I do not want him to tax me to get money with which to speculate.

Mr. BLANTON. It is a question of who is being taxed.

Mr. LUCE. Here is another illustration: In January, 1921, butter was being put on the market out of cold storage in New York at 40 to 45 cents a pound, 10 cents a pound less than what the middleman paid. In my State the egg men a little while ago came pretty near going broke by reason of the rapid fluctuation in foodstuffs. Take the matter of wheat. In the war period, from July, 1920, it was selling at $2.88, and it dropped and dropped until it got to 92.7 cents.

The farmer, in my judgment, is not by training or temperament as a rule qualified to be a good marketer. I do not believe it is wise for this Congress to encourage him in trying to be a marketer; but if he is to be a marketer and if we are to give an equal chance, let him have a system without the defects of this one.

You propose to set up side by side with the national banks a system of Government owned and controlled banks offering lending facilities. Will not the first effect be that your local banker will turn over to it all the worst loans? He will unload the bad debts on the Government.

In the second place, we are putting a huge system of long-time credits in the hands of inexperienced men. Within two or three years there have failed in my city, or rather in the city of Boston, where I have my office, five trust companies, involving about $45,000,000, handicapping and harassing 116,000 depositors. The reason that those failures took place—the primary reason—was the volume of money that had been lent to manufacturers for the purpose of furnishing them working capital.

Here is the basic weakness of this system, in my judgment: The attempt at the expense of the taxpayer to furnish working capital to farmers through institutions where there ought to be at least liquidity enough to secure the payment of the debentures to be issued when these debentures are due.

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

Mr. LUCE. I would like to finish this line of argument.

Next, the question of the security upon which this money is to be lent; and here again I desire to quote from the Nation's chief financial expert, the Secretary of the Treasury. He says:

> One might expect to find, therefore, safeguards and limitations thrown about such paper comparable to the safeguards thrown around the farm-mortgage paper upon which the existing Federal farm-loan system is based.
>
> No such limitations or safeguards are provided. Only in the case of direct loans to cooperative producing or marketing associations is there any requirement as to security. Such direct loans must be upon live stock or commodities, and must not exceed 75 per cent of their value. These limitations are not applicable to paper rediscounted for banks, rural-credit corporations, live-stock loan or farm-credit companies, or cooperative credit associations. A farm-credit corporation could invest ten times its capital in crop mortgage paper, with all its

hazards and uncertainties. A cooperative credit association, without a dollar of capital, could make unlimited loans to its members without any security whatever. And such paper, discounted with a farm-credit department, could form the security for debentures issued under Government auspices and sold to investors.

Now notice the conclusion of your chief financial expert, officially the foremost financial authority:

It is apparent, therefore, that the most elementary principles of sound finance have been overlooked in drafting the bill. In its national banking laws the United States Government has set up a standard of sound banking which is regarded as a model among the States. Through the Federal Reserve Board it endeavors to promote sound banking practices on the part of State banks which are members of the system. In its Federal farm-loan system it has set a standard of conservatism and soundness which has won the confidence of investors. It is difficult to conceive that Congress should now stand sponsor for a system which violates every sound banking principle and contains not even the rudiments of safety.

It seems to me that a careful study of the measure in the light of this memorandum leads necessarily to the conclusion that its financial provisions as now drawn are unsound and dangerous, and that its administrative features are unworkable.

And further:

I am convinced, however, that no benefits will inure to the farmer from a system which is financially unsound. The farmer has suffered enough in the past from unsafe banking systems. Let us not now add to this source of danger to the farmer by giving the sanction of the United States Government to a system which violates every canon of sound banking to which this Government has been committed since the establishment of the national banking system.

A fundamental defect in the Lenroot-Anderson bill, from the point of view of the farmers whom it is intended to benefit, will be its inelasticity. The Federal reserve system is based upon the theory of an elastic currency. As long as reserve requirements are met the Federal reserve banks can issue all the currency that is required for legitimate commercial or agricultural needs. The farm credits system created by the Lenroot-Anderson bill, however, depends upon the sale of debentures in the investment market. In a time of difficulty debentures may be unsalable. Yet it is in periods of stress that the farmer is generally most in need of credit. During the collapse in agricultural prices in 1921 the situation was greatly aggravated by a general calling of loans on the part of the banks, due to reduced deposits. A bank has a strong incentive to accommodate its customers in a time of stringency. The investors holding farm credit debentures will have no such incentive. They will expect that the debentures be paid when due, regardless of the needs of the farmer. To protect their debentures the land banks will be compelled to liquidate their paper, to press it for collection, regardless of the hardships to the farmer. Far from supplying a reserve facility in times of deflation and stringency, the Lenroot-Anderson bill will, therefore, tend to accentuate the stringency and accelerate the contraction of credit.

This still further puts the Government into business, and probably permanently. Secretary Hoover gives what I think is an inaccurate impression when he speaks of this money being a temporary advance from the Government. It will be a long, long time before the profits repay the capital invested. We have had some experience with these temporary matters. When the war-finance system was first under consideration in this House the gentleman from North Carolina [Mr. KITCHIN] commented that even for the purposes of war it was so radical and economically revolutionary that a mind most radical would hesitate to indorse it. More recently, in August, 1921, my friend from Arkansas [Mr. WINGO] quoted the chairman of our committee [Mr. MCFADDEN] as saying:

I will agree to it, provided you will bring the business to a close July 1, 1922.

Mr. Meyer himself, the head of the corporation, came before our committee on the previous 9th of August and said:

We feel that July 1, 1922, would be an appropriate date on which to terminate positive action in connection with this power.

But Mr. Meyer wrote to the President on April 20, recommending an extension until 1923. I thought on Saturday night that we had put a quietus on this temporary expedient; but this afternoon the chairman of the committee has assured the House that before we conclude the consideration of this bill he is going to move to extend its life still more.

How many assurances are necessary in order to secure the ending of any temporary governmental emergency?

The great objection to this matter is that it is class legislation. One-quarter of the men of this country are farmers; one-quarter. It is proposed here to give the special privilege of working capital free from taxation to this one-quarter of the people. You are going to give it to the man who raises the calf, but you are not going to give it to the man who turns the calfskin into a shoe. You are going to give it to the man who raises the wheat, but you are going to refuse it to the man who turns the wheat into flour. You are going to help one-quarter of this country with a special privilege that you deny to the other three-quarters.

More than that, you are going to confine all actual help of this system, if it gives any help at all, to one region of the country. Gentlemen of the West and South do not admit that there is a farm east of Pittsburgh. But I would point out to them the fact that in New England and the Middle States there are nearly 600,000 farmers, using property valued at $5,000,000,000 and with an agricultural output of $2,427,000,000. Through you, Mr. Chairman, I want to tell some of my agricultural constituents that this bill will not give one iota of help to any eastern farmer. It is meant for the Junkers of Iowa and Kansas and Nebraska, the men who come here and say, "Our farms are worth $60,000 or $80,000 or $100,000. We must have money out of the Public Treasury." No small farmer will get anything out of this. No small farmer will be allowed to participate. This is going to go on for the benefit of that one-eighth of the farmers of the United States who have prospered so greatly that they have put themselves into the industrial class, and now they ask special favor.

They ask for bread and you give them a stone. There is nothing compelling the banks to use this system. The discount limitations strangle the thing. The delay in putting it into operation will prevent it from being of any value to the farmer this year.

It is almost wholly built on warehouse certificates. We have no warehouse certificates in New England. A New England farmer meeting a warehouse certificate in the dark would be afraid of it.

The system is inelastic, and that is its weakest point. It can be the least used when it is most desirable, for in times of stress you can not sell the debentures. Only when there is plenty of money can you sell the debentures. What is going to happen? In times of stress the farmer will come to the Treasury, as he came in the case of the Farm Loan Board, and say: "I can not sell the debentures; give me the taxpayers' money." We gave it to him, through the Farm Loan Board, in millions. That is what is going to happen here. You have built this system absolutely the reverse of the Federal reserve system, which was created so that in time of stress, when men most needed and deserved credit they could be protected from ruin. Here you have the opposite of that system. Whenever the clouds appear on the horizon there is no haven of refuge. When the storm breaks the door is shut, and the farmer can get no relief.

Mr. MCSWAIN. Will the gentleman yield?

Mr. LUCE. Yes.

Mr. MCSWAIN. If what the gentleman says is true, would it not be fair to have the notes and obligations of the farmer placed in the Government agency, just like the Federal Reserve Board, and issue upon that the currency of the United States just as obligations of merchants and manufacturers are issued under the Federal reserve system, so as to relieve the stress and strain that the gentleman is arguing against?

Mr. LUCE. My friend will have ample opportunity to present that in the next presidential campaign when he takes the stump in favor of Henry Ford as President and Thomas A. Edison as Vice President. [Laughter.]

Mr. MCSWAIN. Did not my friend and the bankers make that same argument against the Federal reserve system in 1913?

Mr. HILL. Will the gentleman yield?

Mr. LUCE. I will.

Mr. HILL. On page 17 of the report of the committee I notice this:

The intermediate credit banks are permitted to rediscount paper purchased by them and to issue collateral trust notes and debentures based on such paper and sell the same for the procurement of additional loanable funds. These debentures are made tax free and may be purchased by Federal reserve banks with the restriction that no such debentures may be purchased by a Federal reserve bank which has a maturity of more than nine months from the date of purchase.

I would like to ask the gentleman if he has estimated how much these tax-free securities will amount to?

Mr. LUCE. Six hundred million dollars.

Mr. HILL. The intermediate banks are to be capitalized and capital owned by the United States—$5,000,000 a bank; $60,000,000. Does the gentleman know why, in view of the fact that the United States Government is to be the sole stockholder, the shares are put at $5 a share?

Mr. LUCE. Those are mysteries of the bill that I have not yet solved.

Mr. LONDON. It is no mystery. It is a part of the fraud to make the poor devil believe that there is such a thing as a $5 share. It is not any mystery at all.

Mr. LUCE. Now, let me get down to some facts that may show the real problem and the real remedy. There came before our committee one man who knew what he was talking about. Probably there were others, but there was one experienced man whom I particularly have in mind. He had actually solved the problem. After we had gone into the war he wanted to help. Some wealthy friends in New York asked him what he could do. He said, "You put $500,000 at my command and I will get the farmers of New York State to grow crops." He started an institution known as the Farmers' Fund (Inc.), and in four weeks it was lending money.

That is what private initiative did. After the war he continued the concern as a philanthropic enterprise. It has loaned money to more than 26,000 farmers in New York State—1 out of every 10. It has loaned more than a million dollars. What did this man—who knew what he was talking about, who had tried out the thing, who knew what the farmer wanted and what he needed—what did he tell us? He told us that the average size of his loan had never exceeded $110—that he had made scores of loans of $50—and he said, "If you will only furnish rediscount opportunity you need do nothing more." That is what the Capper bill provides. But at the moment when private enterprise begins to meet the real needs of the men who need the money—the poor farmers, the struggling farmers, not the wealthy land barons of Iowa, but the struggling farmers of all the land—you are making provision sure to throttle private enterprise. If you will only devise some system to meet those needs, you have fulfilled your promise.

Recently has appeared a statement of what is being done in Iowa, where the supplicants for public bounty have overloaded themselves and demand this help.

I find that at this very instant a concern capitalized at $5,000,000, known as the Iowa Farm Credits Corporation, is at work promising to accomplish successfully that which these gentlemen desire to do at public expense.

Every time you start the Government into business and give it the support of tax-free money, give it unjust and unrighteous advantage over private competitors, you destroy private competition.

Remedy in the way of private initiative has been the most useful result of the War Finance Corporation. Mr. Meyer went through the West and induced the starting of live-stock association after live-stock association. Now he advises us to furnish machinery, without cost to the taxpayer, by which men may help themselves. That is the secret of the safety of this country.

I come from an industrial city, a city of wage earners, the city of Waltham, in Massachusetts, a city of 30,000 people, having very few persons of large means. Let me show you what the savings bank is doing in a city of 30,000 people. We have a savings bank with 13,799 open accounts. Almost one for every two inhabitants of the city. We have deposits of $6,449,000. These men with a small daily wage are furnishing the money.

You of the West point your finger reproachfully at me as representing the interests, as representing Wall Street and State Street. I do. I am a director in one of the lesser insurance companies, and every time I earn a $10 bill by going to a directors' meeting—and that is all I get out of it for the use of my name, it is a mutual concern—I hear the report of the investment committee giving the list of loans. They are made in Oklahoma, in Kansas, in Missouri, in Iowa, in Minnesota. I do represent the interests. Where is this money coming from which is going there? It is coming from 10 and 15 and 20 and 25 cents a week savings made by scrub women, by cooks, by laundry workers, by poor men and women who lay aside that much every week in order to be sure of enough money to pay the doctor and the undertaker. That is the money that is going out there to fertilize the fields of Kansas and Oklahoma and Iowa.

We are furnishing it because we have inculcated in my country the doctrine of thrift. There is your remedy—not in any recourse to the Public Treasury for funds, not in coming to Congress for a law that will compel the taxpayers to help you out of the hole. Let you gentlemen of the South and the West organize mutual savings banks and cooperative banks, and out of your own savings furnish your own capital.

This bill does not even contemplate the offering of a single share of one of these credit associations to anyone to buy. It prevents investment. It does not encourage anybody to take any part in the enterprise. It shuts the door on thrift, and says that you will rely only upon the taxpayer and on Washington. I deplore that program. I beg of you to imitate the East in what it has done in saving this money, in putting this capital into the hands of those who will use it profitably. If you will turn to thrift and self-help and make your motto, "God helps them that help themselves," then you will cure your ills. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Kansas [Mr. TINCHER].

Mr. TINCHER. Mr. Speaker, my friend from Massachusetts is here, and I am glad he is here. I think that all schools of thought should be represented in a body of this kind. We all knew what position he would take. When the farmers of America agreed to ask that a certain kind of legislation be enacted into law, we did not have to wait until the Banking and Currency Committee reported a bill to know that our friend LUCE would be against the bill. Those of us who have had the pleasure of serving with him knew the position that he would take. I want you to stop and think about one thing he says. He said the farmer should not be a marketer. He repeated it time and again. What did that mean? That means that my constituents must be peasants, not even have the facilities for marketing their own productions, while his constituents should be the marketers. Ah, Mr. LUCE, the day and time has passed when we shall legislate only for the man who manufactures "cawfskin" into a shoe, ignoring the man who produces the "cawf." Them days are gone forever. I think one distinguished Congressman said to the gentleman that he was born under a shell, and I say that he should come out from under his shell; he should get out of the New England fog and appreciate the fact that this great country of ours in the main is west of the Allegheny Mountains. [Applause.] We have some rights. When you say that we should not be marketers, when you say that there should not be any legislation for the man who raises the "cawf," when you say to the American farmer that he should not have the same credit facilities and the same advantages in business as the man that manufactures in Boston, then I say, how about special legislation for Boston? I have been to Boston, and when I was there I wished that your common council would pass an ordnance to straighten out some of your streets. How could a man be straight on a bill and advocate good legislation who winds his way around those streets? [Laughter.]

Of course the gentleman represents the interests, and he is honest because he says we should be peasants, but those days are getting better and better every day. I was up to your own town and your own people did not agree with you. They sent for me because you told them that I belonged to a farm bloc, and they thought they were going to see a fellow come there with horns, but when I told them that they were narrow provincials they said "no," that it was just their Congressman who was that way. They have seen the light. I will tell you how Henry Ford can be elected President. Let you write the Republican platform. That is the only way that he can be elected President. Let you write the tariff laws, and let you be the Republican Party; but you are not it. You do not represent even the majority of your own delegation.

I predict now without having talked to the Members of Congress from Massachusetts that we will get 80 per cent of the votes for this bill which is in the interest of the producer of the calf and not the manufacturer of the calfskin. Of course you were against the emergency tariff law because it was not a law to place a tariff on the products of your district. Thank God I represent a district that will let me vote for a law that is for the benefit of the whole people. They do not have to get a special benefit in the seventh district of Kansas for me to vote for a law; if it is good for the whole Nation I can vote for it, and the time has come when grand old Massachusetts is going to take the same attitude. We are in the Union, we are part of it; we help feed you, and we help clothe you, and we are entitled to our credit facilities the same as you are. Of course, you would like to keep on lending money at 10 per cent in harvest time, and of course you would like to keep up the possibility of our paying 8 and 10 per cent; you would like to have that for Boston, but the time has come when you must stand the same as we do, and the laws of this country must apply to Kansas and Texas and every other place just the same as they do for the people of Massachusetts. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. McFADDEN. I yield to the gentleman from North Dakota [Mr. YOUNG].

Mr. YOUNG. Mr. Chairman, I do not find anything in this bill which permits farmers to make deposits. That was to my mind a very serious defect in the Federal farm loan act.

Those who went to Europe on behalf of the Government to investigate the workings of rural-credit banks recommended upon their return the enactment of a rural credits law largely as afterwards contained in the Federal farm loan act. They recommended that the land banks be permitted to receive deposits of money. The Federal farm loan bill, as originally introduced and referred to the committee, contained a provision permitting such deposits to be made, but the committee struck this provision out.

Evidently there must have been some influence used to eliminate this provision, because the committee on legislation of the American Bankers' Association reported at the annual meeting, first held thereafter, that they had succeeded in preventing the inclusion in the Federal farm loan act of a provision to permit deposits. They boasted of it.

Farmers are in a dependent position at this time. They are practically in the attitude of saying "how much," no matter what kind of transaction is made, either of purchase or sale. When they offer their products for sale they take the prices fixed by the market, which are sometimes actually less than the

cost of production. They can not themselves fix the price as manufacturers and other producers do. When farmers buy they are also obliged to let other men fix the price, and they fix it so that it will give the cost of production plus a profit. So, as already stated, whether the farmer buys or sells he is in a dependent position.

When it comes to the matter of borrowing money they are also in a dependent position. They say to the banker, "How much interest will you charge?" Or if they go to the Federal farm-land banks for money upon real estate security the managers of those banks say the rate must be so-and-so because certain people who buy our bonds will not buy them unless the rate is made satisfactory to them, and that condition is bound to continue just so long as the Federal land banks must depend entirely upon what people will pay for their bonds.

To my mind all legislation should be shaped as far as possible to make the farmers independent and to give them real control of their own business.

I do not have figures covering the period since the Great World War, but prior to that time the rural-credit banks of France and Germany had such immense sums of money on deposit made by the farmers themselves that it was not necessary for them to depend on the sale of bonds, although they did sell considerable quantities of them. In doing so, however, they were able to fix the rates of interest. They were strong enough so that they had something to say about it. They were in a position of independence.

While the Federal farm loan act has been of great value to the farmers, to my mind it was a fundamental defect to make no provision in that law to permit the farmers to gradually build up strong loaning institutions out of their own savings.

I hope that all those who believe my position is correct regarding this, both here and throughout the country, will get back of this idea, with the hope of some day being able to write it into all the laws respecting our rural-credit institutions.

Mr. LUCE. I yield 15 minutes to the gentleman from Ohio [Mr. BURTON]. [Applause.]

Mr. BURTON. Mr. Chairman and gentlemen, I wish for 15 minutes, as far as possible, without interruption, to engage in a dispassionate discussion of this very important subject. I should count myself lacking not alone in courage but in duty to my constituency and my country if I were not just as ready to espouse that which is apparently an unpopular cause as to advocate the most popular cause that might be presented here before this Congress. There is no one who has a more sympathetic feeling for the farmer because of the disasters through which we have been passing in recent years than I. Part of my constituency is made up of farmers. No measure that is fair and practical will meet with opposition from me. But you can not cure these conditions by legislation. What is the reason for the farmer's distress in recent years? Shall we ignore the fact there was a Great War in which millions of men were taken out of agricultural employment; that the demands of war enormously increased the sale of food; that one of the richest granaries of the world in Russia, in the Balkan region, was shut off during the time of that conflict. All these factors caused the price of wheat to go ballooning and to reach unprecedented prices in 1920. Live stock reached its maximum in 1919. Now, there was after the war and for some months preceding the armistice what is little short of an obsession. It held in its grip a great many of the industrials and farmers of the United States. I was engaged in the banking business during the war and for some six months thereafter. Our principal task was to point out to a considerable number of the borrowers who were coming to us the fact that they were proceeding with confidence in the continuance of a condition which could not endure. We said, "You are buying too much raw material; you are enlarging your plants as if this extraordinary and exceptional demand would continue indefinitely. It will not." We refused frequent demands for those purposes.

There are some men here before me who are investors in corporations that have gone on the rocks when those organizations would have survived and have been profitable to-day if they had accepted the advice offered to them in those recent years. Now, what was the result? There was an inevitable falling off after the increased demands caused by the war had ceased. There was a falling off in the price of wheat. Now, I am about to make a statement to you that is paradoxical to many of you—that the chief injury to the farmer himself has been too much borrowing, too much credit. Why? These very men who are coming here, many of them, and pressing these bills, advised the farmer in 1920, when prices sagged a little, to hold his wheat, to hold his corn, borrow money at the banks. The good farmer took their advice, and what is the result? He held his wheat, he borrowed all that he could at the bank, prices went down and down, and he was a heavy loser. One of the slogans of the campaign of 1920 was "More business in Government and less Government in business." [Applause.] We had lessons enough. We lost some two or three billions by the Government going into the shipping business, we lost other billions by the Government going into the management of the railroads, and now you want the Government to go into the banking business, which affords a more fruitful and, it seems to me, a more frightful field of loss than any of them. What are you proposing to do here? You are proposing to have the Government of the United States subscribe $5,000,000 for each of 12 regional banks.

Now, those banks are to loan money to divers associations on agricultural products. I want to say to you, my colleagues, that the proposition presented here of the class of loans that they are allowed to make is neither feasible nor safe as a banking proposition. There are two kinds of banking which can be conducted safely and profitably; one upon loans upon that which is imperishable, as mortgage loans or things which have permanent value. Those can run for an indefinite time. The other, upon things that are perishable, things that are subject to fluctuation in price, that are subject to uncertainty as to realization. That second class of banking is provided for by short-time loans, and in no other way can it be made safe except by short periods, and in case the loans are made by those who are in close touch with the borrowers, who are familiar with their business.

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

Mr. BURTON. I regret I can not until I am through.

That means the banks in the near-by locality are the only institutions adapted to that.

Let me call your attention to one thing, in the contrast between the loans of the farm-loan banks secured by mortgage and these loans proposed by this bill to run from six months to three years. The distinction, in my mind, is little short of ridiculous. In passing let me say I believe in the farm-loan banks and the joint-stock banks. I think they have rendered an excellent service. I would be willing to favor the second part of this bill, where private organizations of $250,000 capital may be established. But I most unhesitatingly make the prediction that this first plan here will fail. It is calling upon the Government to perform functions which it should not perform.

The distinction to which I referred is that in making farm loans the land banks are allowed to lend only up to 50 per cent of the value of the land and 20 per cent of the permanent insured improvements thereon. What are you doing in this bill? Seventy-five per cent of what many bankers would call "cats and dogs." I would not say that I share their opinion, but 75 per cent of things that are perishable and uncertain, while the legislation we now have on the statute books restricts you to 50 per cent on the value of the land and 20 per cent on the value of the permanent improvements insured.

Now, gentlemen, can you justify that distinction? Can you justify a plan under which you are lending 75 per cent on live stock that may take two or three years to grow, on all kinds of crops, which weather or wind may destroy, which a drought may render useless?

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

Mr. BURTON. Yes.

Mr. McFADDEN. In answer to what the gentleman states I will say that commercial banks to-day are making loans on that basis. They are loaning 80 and sometimes 90 per cent on butter and wheat and corn.

Mr. BURTON. That is a very different kind of transaction. It is by a bank which presumably knows the farmer or other grower or producer of butter or wheat or corn, and he makes the loan, not for six months to three years but for two or three months, or a very limited period.

Mr. McFADDEN. The kind of loans he makes is for the period of the probable marketing of the same, and that is the way it is done on cattle loans.

Mr. BURTON. They have a special organization to make it. If you want to have a private organization familiar with the business, let them go into that business.

Now, the House voted here two to one not long ago to do away with tax-free securities in the future. This bill proposes the issuance of at least $600,000,000, and it may be $1,200,000,000, of debentures which shall be tax free. I do not know about those debentures. One of two things must happen. They must be guaranteed by the Government, or they must stand on their value as debentures with the securities presented, having a maturity not less than six months and not more than three years. Now, if the Government guarantees those debentures, they are good. If the Government does not guarantee those debentures, they will not have a steady market and maybe

they can not be sold at all. You must be confronted by that situation and realize it from the start.

Mr. Chairman, how much more time have I?

The CHAIRMAN. The gentleman has three minutes remaining.

Mr. BURTON. Mr. Chairman, I regret very much that the time is so limited that I can not go into a further analysis of this bill.

You are placing the Government in a business that it ought to refrain from. You are creating side by side in the same bill two agencies for loans, one of which must presumably exclude the other from the field. Here is one, $5,000,000 for 12 banks backed by the Government. Well, is the private investor who is thinking of embarking in that business, and who would go into the business and supply every rational demand, likely to enter it with the Government right beside him, with the partiality of Government management and Government ownership and presumably very much more lenient regulations as to the manner of making the loans?

You must concede, gentlemen, that there is a certain difference between the business of farming and other lines of business. But there is enough vitality in the farming communities, there is enough interest in this supremely important line of production, to provide every means that is necessary to furnish loans where they are needed. I am perfectly willing to see the second provision, so far as I am concerned, of this law, this so-called Capper bill, prevail.

Let these private corporations be organized; let them do business; let men be placed at the head of them who have knowledge of it. During the war many things were done which we would not justify in times of peace. But I want to stand here firmly against the Government of the United States entering upon an untried path and embarking upon the business of banking, when in a few years it will not only be the farmer that will wish credit institutions for his benefit but the miners and the labor unions and all those who think that the Government owes them a debt, all those who are suffering from depression which, though temporary, we trust can readily be explained. I am not willing to allow this bill to be presented here for passage without entering my protest against it. Stand by the rational method for transacting business. No man will be injured worse in the long run through this legislation than the farmer himself if he is made the beneficiary of this measure. Just as sure as the night follows the day, there will be a reaction in which the privileges he has enjoyed will cause the legislatures of this country to turn against him at the time when he most needs their aid. [Applause.]

Mr. MACGREGOR. Mr. Chairman, I yield 10 minutes to the gentleman from South Carolina [Mr. STEVENSON].

Mr. STEVENSON. Mr. Chairman and gentlemen, there has been a good deal said about this being a special favor to the farming population. Criticism has been made of the rehabilitation of the War Finance Corporation, which has been a wonderful benefit to the farming population. Before I begin to discuss the bill I want to call the attention of the distinguished gentleman from Massachusetts to the fact that so long as the War Finance Corporation was restricted to the loaning of its money or money of the Government to the New Haven & Hartford Railway Co., which, I believe, got $60,000,000 of it, and other institutions of that kind, I heard no complaint from the gentleman from Massachusetts; but when it comes to broadening its scope and giving it an opportunity to assist the agricultural people of this country who were in dire stress, into which they had been plunged by no fault of theirs, then he enters his serious protest. I would like to call the gentleman's attention to the fact that this is not such a discrimination in favor of the farming population, because in the Esch-Cummins bill, which was supported by my friend from Massachusetts and the majority of the House—I voted against it, I am glad to say—after presenting the railroads with $746,000,000, the imagined shrinkage of the earning of the first six months after their return, we provided a loan fund of $350,000,000 and put it under the control of the Interstate Commerce Commission, and to-day from time to time the railroads are borrowing from that fund.

Now, if it is so fearfully wrong to loan Government money to the extent of $60,000,000 to the farmers, I want to call attention to the fact that they industrially are as basic and fundamental as the railroads in this country, and we are only giving one-sixth of what we loaned the railroad interests of this country.

Now, what does the bill do? It simply creates 12 banks of intermediate discount which can loan in certain ways. How can you get the money? A great many people have asked this. Here is a farmer who lives in a community and wants to market his cotton when the market will absorb it as we are doing it now. By the way, I turned my cotton over last fall when cotton was 20 cents, and to-day they are selling it at 30 and 32 cents because they did not dump it all on the market at once but waited until the market could take care of it. That is a godsend to the cotton spinner as well as the farmer, because the cotton spinner does not pay any more than he would have to pay anyway, and under the old way the middleman got between the spinner and the farmer. The farmer can turn it over to the association and the association can make the advances. The cooperative company can take the paper and go to the corporation we are establishing and get their paper discounted and carry it until they sell the cotton, wheat, or corn as they are designed to do.

But some man does not want to put his notes in the hands of the association. All right; put the crop in a good warehouse, have it properly insured and certificated, take the certificates to the local bank, whether it is a State bank, a national bank, a member bank, or any other kind of bank, put up the warehouse receipt as security and the bank can take the note, if it is for nine months, to the intermediate bank and discount it and get the money. In turn they can go to the Federal reserve bank and rediscount the paper and the funds can be used. How else can you get it? Go to your cooperative association, join yourselves together, unite, put yourselves together and have it properly warehoused, and take the corporation notes to the discount banks we are establishing and get your money. That can be rediscounted in the Federal reserve banks if it has not over nine months to run.

It can sell debentures to the extent of ten times its capital stock. You say that that is too much. You should remember that these intermediate banks are not banks of deposit, and therefore their liability is nothing except their bills payable. What bank in this country that has deposits—demand deposits, withdrawable every day and every minute during banking hours—that does not owe to its depositors alone more than ten times its capital stock? It is of the most dangerous kind, because it can be drawn in a minute by every depositor. Ten times the amount of the debentures issued does not mean so much. They have a fixed time to mature and a fixed time at which the interest is paid. There is no uncertainty about it, and it is safe. I do not think the Government stands a chance to lose any money, and I am sure that nobody else does. However, since we stood the loss that we have had with the railroads and with the ships and the losses that we will have to stand before we are through loaning the railroads the $350,000,000 revolving fund that is provided in the Esch-Cummins Act, I venture to say that you will lose ten times as much through these institutions that run into New England as you will in these institutions that are established for the benefit of the farmer.

Mr. ALMON. How long do these railroad loans extend?

Mr. STEVENSON. I do not remember, but you will see every now and then where some railroad company has applied to the Interstate Commerce Commission for a loan from that fund.

Mr. MCSWAIN. And is it not true that most of the people who would naturally oppose this legislation are in favor of a ship subsidy, where we do not propose to lend money but to give it away?

Mr. STEVENSON. I am inclined to think that is true, but I do not want to bring that ghost in here. I do not care to scare that crowd with seeing the ghost of their child come back here, so that they will run off and kill this bill. This bill is the only thing proposed for the farmer during this session that has amounted to anything.

The CHAIRMAN. The time of the gentleman has expired.

Mr. STEVENSON. Mr. Chairman, I ask unanimous consent to revise and extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MCFADDEN. Mr. Chairman, I move that the committee do now rise.

The motion was agreed to.

Accordingly the committee rose; and Mr. CAMPBELL of Kansas having resumed the chair as Speaker pro tempore, Mr. SANDERS of Indiana, 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. 4280, and had come to no resolution thereon.

Mr. MCFADDEN. Mr. Speaker, I ask unanimous consent that at the conclusion of the general debate upon this bill, which should be about 6.30 o'clock this evening, the committee then stand in recess for a period of two hours, at the conclusion of which it shall reconvene and take up the reading of the bill under the five-minute rule for amendment, and I hope to go to the point of the previous question to-night, and if not, then to the completion of the bill in the morning.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania?

Mr. ANDERSON. Mr. Speaker, I suggest that the gentleman set a definite time, say, 8.30 o'clock.

Mr. McFADDEN. I accept that suggestion.

The SPEAKER pro tempore. Is there objection to the request of the gentleman from Pennsylvania that the Committee of the Whole House on the state of the Union shall stand in recess at the conclusion of general debate upon the bill until 8.30 o'clock this evening?

There was no objection.

AMENDING THE REVENUE ACT.

Mr. GREEN of Iowa. Mr. Speaker, I present for printing, under the rule, a conference report upon the bill H. R. 13774, to amend the revenue act of 1921 in respect to the exchange of property.

The conference report and statement are as follows:

CONFERENCE REPORT.

The committee of conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13774) to amend the revenue act of 1921 in respect to exchanges of property, having met, after full and free conference have agreed to recommend and do recommend to their respective Houses as follows:

That the Senate recede from its amendments numbered 1, 2, 3, 4, and 5.

W. R. GREEN,
NICHOLAS LONGWORTH,
OGDEN L. MILLS,
J. W. COLLIER,
W. A. OLDFIELD,
Managers on the part of the House.

P. J. McCUMBER,
REED SMOOT,
A. A. JONES,
Managers on the part of the Senate.

STATEMENT.

The managers on the part of the House at the conference on the disagreeing votes of the two Houses on the amendments of the Senate to the bill (H. R. 13774) to amend the revenue act of 1921 in respect to exchanges of property, submit the following statement in explanation of the effect of the action agreed upon by the conferees and recommended in the accompanying conference report:

On amendment Nos. 1, 2, and 3: These amendments are clerical changes and the Senate recedes.

On amendment No. 4: This amendment makes effective on the passage of the bill, instead of January 1, 1923, as provided by the House, an amendment to section 202 of the revenue act of 1921. The Senate recedes.

On amendment No. 5: This amendment allows a taxpayer to exchange, without taxable gain or deductible loss, stock owned by him in a corporation for other stock in the same corporation. It also strikes out of section 202 of the revenue act of 1921 a definition of "reorganization." The Senate recedes.

W. R. GREEN,
NICHOLAS LONGWORTH,
OGDEN L. MILLS,
J. W. COLLIER,
W. A. OLDFIELD,
Managers on the part of the House.

FARM CREDITS LEGISLATION.

Mr. McFADDEN. Mr. Speaker, I move that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4280.

Mr. WINGO. Mr. Speaker, pending that I wish to get a definite understanding from the gentleman as to his intention in respect to the session to-night. The gentleman desires to take it up to the previous question?

Mr. McFADDEN. That is correct.

Mr. WINGO. And a vote upon a motion to recommit or upon the final passage will not take place?

Mr. McFADDEN. No.

Mr. WINGO. Gentlemen on this side desire a complete understanding that a final vote on a motion to recommit or on the passage of the bill will not take place to-night.

Mr. McFADDEN. That is correct; it will not.

The SPEAKER pro tempore. The question is on the motion of the gentleman from Pennsylvania that the House resolve itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4280.

The motion was agreed to.

Accordingly the House resolved itself into the Committee of the Whole House on the state of the Union for the further consideration of the bill H. R. 4280, with Mr. SANDERS of Indiana in the chair.

Mr. LUCE. Mr. Chairman, I yield 15 minutes to the gentleman from New York [Mr. HUSTED].

Mr. HUSTED. Mr. Chairman, the farmers of this country, particularly of the Middle West and of the Northwest, were in sore straits after the Great War was over. That was partly due to economic conditions and partly due, I think, to an unwise policy of the Federal Reserve Board. They increased the discount rates and in some States applied the progressive discount rates. The result was that these farmers could not get their papers rediscounted in the Federal reserve banks and were forced to secure some kind of immediate relief or in many cases go to the wall. It was a very serious, a very critical situation which affected the cattlemen of the Northwest and the great crop producers of the Middle West. In that emergency we continued the life of the War Finance Corporation, with Mr. Eugene Meyer, of New York, at its head. Mr. Meyer thoroughly understood farm conditions in the West and was very sympathetic toward agriculture, even though he does come from the State of New York and happens to be a distinguished citizen of the district that I have the honor to represent.

He went out into the West and into the Southwest, and he called these farmers together and he explained the situation to them and suggested to them the remedy. He told them that they would have to help themselves by organizing loan institutions with ample capital, so that they could extend the relief to the farmers which the farmers needed and really had to have. Mr. Meyer's campaign in the West was eminently successful. Those private loan associations were instituted, and the War Finance Board rediscounted the paper of these loan associations and the agricultural paper of the local banks, so that the farmers got the relief and very few suffered when we thought that many would lose their all. Of course, the Government aided in that matter. The War Finance Corporation under Mr. Meyer loaned altogether about $300,000,000, and I do not think there is going to be any loss on those transactions. The indications are that every dollar will be paid back to the Government of the United States; but it was not intended by the Congress that the War Finance Corporation was to be a permanent institution.

The War Finance Corporation was used as an instrument of temporary relief in the great emergency caused by the war, and it did not mean that the Government of the United States had adopted a policy of permanently going into the business of loaning money to its citizens. But Mr. Eugene Meyer, the head of the War Finance Corporation, realized that the farmers of the Northwest and the farmers of the Middle West and the cotton planters of the South did not have the credit facilities which their peculiar business needs require, and as he knew that the life of the War Finance Corporation was coming to an end he set his brains at work to devise means of giving permanent relief to these grain producers of the Middle West and the cotton planters of the South and the cattle producers of the Northwest and the cattle-finishing farmers of the Corn Belt, and he drafted what is known as the Capper-McFadden bill. He invited the representatives of the great live-stock industry of this country to come to Washington, and the National Livestock Association, which is one of the biggest and most influential of the agricultural associations in the Nation, sent its officers here, and they indorsed the Capper-McFadden bill line for line and word for word, and they said they did not want any change in it and particularly they said they did not want any Government money invested in the business. They said it ought to be done and that it could be done by the employment of private capital and that under the Capper-McFadden bill adequate credit facilities were furnished. Why, in the great Northwest where they produce cattle it takes three years for a calf to come to maturity, so they provided credit for three years for the farmers of the cattle-producing States, and it takes nine months in the States where they fatten and finish the cattle, so they provided for nine months' credit, and they also provided for nine months' credit for the producers of crops, and that is long enough. It certainly seems to me, when the Capper-McFadden bill was perfectly satisfactory to all of the 18 States which produce cattle and apparently to all the Middle States that produce

crops, that legislation should be enacted by this Congress, which would give all the needed facilities without putting the Government into business.

But what have we got here? We have got here a combination of the Capper bill and the Lenroot bill. Well, the Capper bill was based upon sound banking principles and the Lenroot bill was based upon what the Secretary of the Treasury says are absolutely unsound banking principles. You have eliminated some of the worst features of the Lenroot bill, and you have retained many features which are unsound and unwise, and you have retained the provision that puts the Government into the business of loaning money permanently by providing for the organization of these 12 intermediate credit banks with a total capital of $60,000,000, all of which is to be subscribed for by the United States Government and represented by stock to be held by the Treasurer of the United States. Then you provide that each one of these banks may issue five-year debentures up to ten times the amount of its capital stock, and you say that the Government is not responsible for those debentures, although it owns every dollar of the capital stock of the corporation. Well, I submit here that if the Government owns and holds every dollar of the capital stock of these corporations it is morally responsible for every debenture issued by those corporations, and the corporations can issue debentures up to $600,000,000, so that the Government may be legally and morally responsible for $660,000,000. Under the provisions of this bill, when it is unnecessary, you are establishing a very dangerous precedent by instituting a system through which public money is used in making direct and indirect loans to individuals. This amounts to nothing less than state socialism. You have put some safeguards in this bill, but you have not put all the safeguards that you might and should put in it. You and I know perfectly well that demands will be made from time to time for the liberalizing of these provisions, to make loans easier, to bring the rate of interest down, to reduce the discount rate, to enlarge the classes of securities in which Government money can be invested. That is always what happens when the Government gets into business, and it is very difficult, indeed, for the Government to resist the pressure. You will establish here to-day by the passage of this bill in its present form one of the most dangerous, one of the most vicious precedents that Congress has ever set in the whole period of its history. It is absolutely unnecessary to do it in order to give to the farmers of the West, the South, or of the great Northwest all the credit facilities, all the money they need to finance their operation under any sound and proper system of finance. [Applause.]

Mr. McFADDEN. Mr. Chairman, I yield 15 minutes to the gentleman from Minnesota [Mr. ANDERSON].

Mr. ANDERSON. Mr. Chairman, I had hoped to make a detailed analysis of the provisions of this bill, but in the time I have I can not do that. I want to nail right off the bat, however, the statements which have just been made with respect to the use of Government finances in connection with this bill. We heard no such complaint as that in connection with the subsidy bill, and I am sure that if we had brought up the bill to purchase Cape Cod there would not have been any objection to using Government funds for that purpose. In addition to that, I want to remind Members of this House that the Federal reserve banks and the business interests which they serve have received $3,800,000,000 in the form of Federal reserve notes, which represents a far greater use of Government money than is proposed by the $660,000,000 which this bill will permit to be loaned the farmers of the United States, only $60,000,000 of which is money of the Government of the United States. The gentleman from Arkansas referred to the contest which was waged over the provisions of the Federal reserve act in reference to discounts of paper for agricultural purposes. I refer to that because it never has been claimed by anyone, so far as I know, that the provision which permited agricultural paper carrying a maturity of six months represented an adequate finance to the farmers of the United States.

That was a purely marketing credit, a credit which was extended not to the farmer but to the people who handled the farmer's commodities. This bill extends the maturity of agricultural paper which can be discounted by a Federal reserve bank to nine months. That is all right, as far as it goes, but it will be of relatively little concern to the farmers of the United States. Sixty-seven per cent in number and 33 per cent in banking power in the United States are represented by banks not in the Federal reserve system, and those banks are largely in the agricultural centers of the United States, so that, so far as the provisions of the Federal reserve acts relating to the discount of agricultural paper are concerned, they will be of little value to the agricultural sections of the United States.

Now, why had the farmer never been able to get credit for more than six months? There is no law, so far as I know, no regulation that prohibits a bank from making a farm loan for more than six months. The reason has been that paper having a maturity of more than six months had no market. A banker whose deposits were withdrawn or who for some other reason required money, could take a commercial paper with a maturity of less than 90 days and discount it with the Federal reserve bank and make good whatever deficit he had, but if he had paper running to run for eight months or a year or eighteen months, there was no place where that paper could be discounted. In other words, there was no market for that note.

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

Mr. ANDERSON. Yes.

Mr. SNYDER. Of course, the gentleman knows that it is the practice of every bank to-day that takes farm paper to take notes for three or four months and renew that note if the farmer can not pay it at that time.

Mr. ANDERSON. Yes. But that has nothing to do with the argument I am making.

Mr. SNYDER. Yes. The farmers to-day are getting credit for three months and six months and nine months, and in some instances it is extended for as long as twelve months.

Mr. ANDERSON. That is at the option of the banker. It was assumed that the marketing period of farm products was approximately six months, and the period of six months was fixed partially on that theory and partially on the theory that the bank notes having a longer maturity than that ought not to be rediscounted in a system where liquidity was a prime requisite. But as a matter of fact the production and turnover period of the farmer, which is the real measure of the period of maturity which ought to be permitted upon farm loans, is a much longer period than six months. For example, between the time the farmer makes his purchase of fertilizer and the time he can sell his crop may be as much as 18 months. It is admitted that in the case of cattle the period of production and marketing may run as long as three years. Now, in order to make a market for this longer intermediate term paper, it is proposed in this bill to set up intermediate credit banks in the same cities where the Federal land banks are located. These corporations are to be officered and have the same directors as the Federal land banks, so that they become in effect a part of the Federal land-bank system. They are supervised by the Federal Farm Loan Board, which deals with the longer-time land-mortgage credits of the farmer.

Of course these intermediate banks themselves must have credit. They can not do business entirely upon capital, and in order to secure that credit they issue a debenture backed by the cash capital and by the agricultural paper which they may have discounted.

Now, what is back of these notes? First, the personal security of the commodity when the loan is so secured. Most of the men who have talked about warehouse receipts and cattle loans have apparently assumed that these loans were based on a single cow out somewhere in somebody's barn or on a few bushels of grain in a warehouse. But these loans are secured not only by the actual mortgage security covering them but the total net assets of the farmer who makes the loan.

In the second place, back of these debentures is the indorsement of the bank which made the loan, because these intermediate credit banks will only rediscount for national banks, State banks, or cooperative banks. So that you have back of these debentures the mortgage credit, the personal assets of the farmer, the indorsement of the bank, and finally the assets of the intermediate credit bank.

I have no doubt that debentures of this sort will sell. They will sell just as readily as the mortgage bonds issued by a Federal land bank. I think there may be a much larger market for them, because the field for short-time debentures is not nearly so thoroughly occupied as the field for long-time bonds.

Now I want to refer just very briefly to the system set up under the so-called Capper bill. This bill provides for the creation of two other classes of banks, or rather discount corporations. The first of these, organizations having a capitalization of $250,000, are authorized to purchase paper or rediscount paper which has back of it warehouse receipts or mortgages upon live stock being fattened for market, or dairy herds. In the case of warehouse receipts or stock that is being fattened for market the maturity period can not be for more than nine months. In the case of stock that is being purchased or used for dairy purposes it may be for three years. These $250,000 corporations are permitted to discount paper they may take with another corporation, which must have a capital stock of $1,000,000.

In other words, you have two parallel systems, practically the same situation as you now have in the case of the Federal land bank system, the Federal land banks and the joint-stock land banks. If I could have my way about it, I think less difficulty in operation would result if one system or the other could be adopted. But in the compromise that inevitably results in legislative matters the committee has reported out these two parallel systems. They do not interfere with each other. If the bill remains as it is, all of these institutions will be all under the supervision of the Federal Loan Board. They will furnish the farmer with the kind of credit which the character of his operations necessitates. This does not represent any special privilege to the farmer. The maturity of the paper discounted by the Federal reserve system is predicated on the needs of the commercial business of the country. All the farmer is asking is that machinery be provided which will handle paper which corresponds with the needs of his business. Those who are in control of the Federal reserve system are not willing that paper having a maturity of more than nine months shall be eligible for discount under the Federal reserve system, and I think they are right about it. The paper discounted by the Federal reserve system must be self-liquidating. They are dealing with banks whose resources are in deposits, and the whole system ought to be liquid and based on short-time paper. The banks created by this bill are not banks of deposit; they do not deal with short-time funds at all. They get their funds on debentures which may run from one to five years, and they will not have the fluctuations in their volume of assets which characterize the banks of deposit. Gentlemen who object to what we are trying to do overlook the fact that there is an essential difference between dealing with investment credits dealt with in this bill and dealing with deposit credits which is the commodity dealt with in the Federal reserve system.

I recognize the fact that the farmer is not going to be benefited in the long run by setting up any system that is unsound in any essential particulars. You have to remember that in dealing with a matter of this kind there are two ends to it—the fellow that borrows the money and the fellow that lends the money. If you are not giving the fellow that lends the money the security which he believes he ought to have, you have not benefited the farmer, because nothing will flow through the system. What we are trying to do is to make it possible for the great agricultural interests west of the Mississippi River, where more than two-thirds of the commodities are produced, to get into the great investment pool of the East, where the money and credit resulting from commerce necessarily tends to concentrate—to draw that money out into the great stretches of agricultural countries where credit demands are greater than credit volume, and by doing that to reduce the interest rate which the farmers in the West have to pay. [Applause.]

Mr. LUCE. Mr. Chairman, I yield five minutes to the gentleman from New Jersey [Mr. PARKER].

Mr. PARKER of New Jersey. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

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

There was no objection.

Mr. PARKER of New Jersey. Mr. Chairman, I shall try to get at the gist of this bill—the Lenroot bill. It authorizes the issue of $600,000,000 of debentures, which are instrumentalities; not obligations of the United States, but obligations of banks in which the United States owns and subscribes for all of the capital stock, $60,000,000. By section 208 these debentures are to have the tax exemption that is accorded to farm-loan bonds, which means that they are absolutely free from income tax and surtax. They can be issued at 6 per cent. The Government is refunding its debt and trying to do it on 4 per cent bonds or less, which is now subject to surtax and hereafter will be subject to the income tax. The selling of these debentures will break the market for these Government bonds and render the refunding impossible.

This statement is perfectly plain on its face—that with these 6 per cent bonds tax free, morally guaranteed by the United States, in the market, the Government will not be able to issue its own bonds at any low rate.

Then the money got by sale of these debentures is to be invested by these "intermediate credit banks," with the $60,000,000 capital paid by the Untied States. They are to invest that money in agricultural products or live stock up to 75 per cent of its market value on loans running from six months to three years. What certainty is there of the value of agricultural products during such a period?

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

Mr. PARKER of New Jersey. In a moment. We remember when meat was three times as high as it is now, when wheat was $2.25 a bushel, and it is now $1.25. The intermediate credit bank may make those loans at 1½ per cent more than the 6 per cent, or at 7½ per cent, and this in three years will put 25 per cent more on the borrower. I have known farmers in the old days to try to carry crops from year to year, and they were all eaten up by interest. That is not all. Stored agricultural products hardly ever keep without depreciation except perhaps, cotton. Wheat has mold and weevils, and damp brings in mold. Moth and rust do corrupt, and even a warehouse receipt does not protect the creditor if prices or the goods depreciate. Cattle have to be fed and cared for during the course of years, and the man who makes the loan has to take the chance of blizzards, cattle plague, accidents, and whether the money is really spent on their maintenance. He must really depend upon the solvency and honesty of the man who is in the cattle business, and a more uncertain business can not be found anywhere. For this reason these loans are not now made by banks. They are ordered to make loans on the security of these products only for short periods, so that they can guard against depreciation, decay, or change in value. This puts the Government into the banking business, and I do not believe in carrying stock for farmers any more than I do in carrying stocks for bankers.

Mr. PARKER of New Jersey extended his remarks as follows:

This Lenroot-Anderson bill is sections 201 to 208, and if it remains there will be no life in the Capper-McFadden provisions, sections 209 to 227, providing for agricultural credit corporations, with their comparatively small capital of $250,000 each, which are to function without United States aid and with no tax-free privileges. Private banks can not compete with great central institutions whose capital is furnished and whose debentures are morally guaranteed by the United States. The two schemes will not work together, and unless the scheme of Government banking is dropped that of private agricultural credit corporations is dead.

This latter scheme is a good one. Privately owned companies will be more careful as to their loans. The plan provides for cooperation among farmers, and while it might be better instituted by the several States it is fairly a branch of the United States banking system.

If agricultural credit corporations are desired, the great United States owned banks must be abandoned.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Louisiana [Mr. O'CONNOR].

Mr. O'CONNOR. Mr. Chairman, I am in favor of this bill and will therefore vote for it. The reasons for such an attitude on my part are so clearly and succinctly set forth in the report of the committee that any attempt on my part at great elaboration would be a work of supererogation. "And God said let there be light, and there was light" needs no ornamentation.

The report without rhetorical flourish and void of any oratorical coloring is convincing. It is a judgment that will receive the approbation of common-sense Americans from ocean to ocean.

The necessity for preserving the basic industry of the land upon which has been reared such a towering and majestic superstructure has been preached and orated upon in State legislatures, in this House, and in the Senate, and in innumerable conventions held in every city of the United States during a number of years past. It is doubtful, however, if all of the wisdom contained in these eloquent dissertations, sermons, homilies, preachments, and orations is equal to that which finds such ready access to the mind, as that which is expressed in the noble and alluring lines dear to every country boy and girl, and which are found in the immortal Deserted Village:

> Ill fares the land, to hastening ills a prey,
> Where wealth accumulates and men decay;
> Princes and lords may flourish, or may fade;
> A breath can make them, as a breath has made;
> But a bold yeomanry, their country's pride,
> When once destroyed, can never be supplied.

Just as Byron has immortalized The Dying Gladiator, rescuing this noble sculpture from the neglect and oblivion into which it was falling in its Roman repository on Capitoline Hill, the New York Life in an unforgetable two-page principal picture during the war emphasized Goldsmith's great stanza and drew a truth from it that should be in the minds of Americans through all the generations to come. That picture should be made accessible to those who would desire after seeing it

to purchase a copy and place it upon the wall of the room or parlor in which their boys or girls pass their evenings, so that the lesson conveyed by it would never fade from their memories. The Life picture was one showing a mountain of dollars, huge piles of silver dollars and greenbacks, burying beneath their weight expiring humanity. No tragedy of any generation, no woe of any age, was ever so strikingly, pathetically, fearfully, and lastingly expressed.

For true indeed it is that in direct proportion to the concentration of wealth in the hands of the few will the poverty of the many become augmented, and as the few become lessened in number the many become numerically larger and then necessarily comes the land of palaces with many hovels near by—hovels that can not conceal the hopelessness, despair, want, and misery of the land "where wealth accumulates and men decay." Mr. Chairman, we must maintain the basic industry of the land, agriculture; we must make that foundation secure or the superstructure and the roof garden at the top will sink to their destruction and fall, leaving a ruined foundation behind. I am from the city and love the city as well as I do the agricultural reaches that lie behind them. But if I did not love the country, an enlightened self-interest would prompt me to take care of and sustain the farm, for it is indeed "the best home of the family, main source of national wealth, foundation of civilized society, the natural providence." From the building of the first city to the present hour it must have been clear to thoughtful men in every generation that the thought expressed so thrillingly in Chicago in 1896, when a great nominating convention was swept from its moorings, was and is indeed a governmental, sociological, economic, industrial, and agricultural truism. "Burn down your cities and the country will build them up, but destroy your country and the grass will soon grow in the streets of your city," is not only a great rhetorical and dramatic expression but is a sublime truth conveyed in a simplicity of phraseology that gives it an easy, ready, and secure place in the minds of those who have eyes to see, ears to hear, and minds to understand.

Many causes have been assigned for the destruction and fall of the Roman Empire. That which in all probability was the most determining factor in that great tragedy when a mighty and glorious empire reeled and tottered and fell into fragments, carrying in its fall to destruction the noblest works of art that the world could boast of was that which was called "latifundia." It was an expression of the agricultural condition of a country that had changed from a bold yoemanry or peasantry, a country of small but independent farmers into a country of tenants gradually sinking to the low state of vassalage, to the relatively few who had grown to be superior lords and owned and ruled the many small farms which had been merged into large plantations. The yoemanry and peasantry in their proper sense had been destroyed. Wealth had accumulated but could not stay the destruction of the empire. On the contrary, the virtue, the heroism, courage, the valor necessary to sustain it was buried beneath the mountain of accumulated wealth. Just as the picture in "Life" showed the vast piles and heaps of money, wealth in the hands or under the control of the few was not only the death but the tomb of men, who under circumstances that would make for independence, would stand with heads erect and be able to answer the call of their native land when she gave her bugle blast: "God gives us men." I am for the bill because it will give the farmers, the agriculturists, the opportunity to secure that credit which is so necessary to their existence and to what I hope will prove their prosperity.

The credits now in existence and available are taken up by all others but farmers. We should supply him with a credit which he has not been able to obtain upon anything but harsh terms and high rates up to this time, unavoidable though such may have been. We must not only give him cheap money and a reasonable time in which to pay it but we must perfect our transportation and terminal facilities so as to minimize the cost to the producer in landing his products in the cities and at the docks from whence his surplus will go over the seven seas into every land that needs them and which will send its "raws" back to us in exchange. In the minds of many thoughtful people the aid given to railroads in various ways—land grants, relief under the terms of the transportation act, and so forth, aid given to the States in building good roads, aid given to develop our inland waterways, the building or construction of the Panama Canal—was wisely extended by the Federal Government and the expenditures amply justify themselves. So will this aid to the farmers justify itself. We have taken care of the limbs, branches, and leaves of the tree of American civilization; let us strengthen, sustain, and fortify the trunk of that tree lest it die, and with it die all that depend upon it.

Under my leave to extend I am incorporating a paper prepared for my information by a noted economist, statistician, and organizer, who is presently the general manager of the New Orleans Association of Commerce—Walter Parker by name. He is known throughout the Mississippi Valley as a hero in the strife for the improvement of the Father of Waters and its tributaries. He is known to the membership of every association of commerce in this country. He stands for and expresses the best thought of the commercial, industrial, and agricultural life of this country.

REALIZATION OF A NEW CHARACTER OF PORT ECONOMY IN WHICH RAIL, WATER, AND HIGHWAY TRANSPORTATION ARE FULLY COORDINATED AT WAREHOUSE AND FACTORY SITE IN A PORT MARKET OF DEPOSIT AND EXCHANGE BETWEEN SOURCES OF SUPPLY AND CENTERS OF DISTRIBUTION.

[By Walter Parker, New Orleans, La.]

AMERICA'S NEW STATUS.

North America, long the farm and the forest for the Old World, must now become the factory for the New World and the Orient and must readjust its industrial and transportation economy.

Western Europe will continue to take North America's cotton, lumber, foodstuffs, and the like, in so far as its finances will permit, but North America will desire more and more to sell the finished articles of commerce rather than raw materials; and to this end there will be an ever-increasing favoring spirit for the development of new overseas markets in those overseas regions where raw materials are to be had.

Such regions, available, exist in Mexico, Central and South America, where the overflow populations of Europe may seek homes, and in the Orient, where huge populations and a relatively undisturbed economic life permit the creation of exchangeable products.

It is from the great valleys of the country, particularly of the Mississippi and its tributaries, that the food and the raw-material supply of the United States must come. Within such valleys easy-grade railroads and navigable waterways may be made to supply efficient transportation at low cost.

By centering the processes of industry within those valleys in close juxtaposition to food supply, raw material, and the means of low-cost transportation along trade channels of low natural resistance, a new and lower cost equation is created; and when such processes be carried to their logical goal, a new economic margin for business is evolved just as surely as was done when steam power and machinery replaced hand labor.

When to these processes in the interior there be added the factor of scientifically coordinated port economy, the net saving to commerce and industry should prove great enough to offset in overseas markets lower labor cost levels in less-favored regions which long have been strong competitors of the United States in foreign fields.

Changing world trade routes made Carthage, developed Venice, forced the Panama Canal, and now gives New Orleans a world port opportunity of a new order—an opportunity to serve the Mississippi Valley efficiently and at low cost.

To capitalize that opportunity, New Orleans, with public money, has built wharves, warehouses, elevators, and terminals, and at the beginning of 1923 completed an inner ship harbor and industrial canal at a cost of $20,000,000. This makes possible complete coordination between transportation, factory, and warehouse, and clears the way for continuing uninterrupted development under the following four-phase policy:

Public ownership of river harbor front commercial sites and facilities, available to all users on equal terms—the system long in operation.

Public ownership of inner harbor sites and commercial facilities thereon, subject to short-term leases by business enterprise.

Public ownership of inner harbor sites, subject to long-term leases, and business ownership and operation of commercial facilities thereon.

Private ownership of sites on ship laterals of the main canal and private ownership and unhampered use of industrial facilities thereon.

WORLD CHANGES.

This world port opportunity of a new order arises as a result of several major causes.

The war curtailed Europe's buying power, hastened the period in which Latin America must develop, greatly augmented the industrial capacity of the United States, increased the cost of rail transportation, forced a return of inland water transportation, and left the world more largely dependent than before upon the Mississippi Valley, the only producing region of the first magnitude capable of fully functioning at this time.

The huge debt imposed by the war upon all enterprise has forced men to reduce waste and lost motion, and to develop and use new economies.

Commerce can no longer be moved over indirect routes or mountain grades when direct routes and easy grades are available, except at an uneconomic cost, which means loss of advantage in competitive fields.

The United States now needs overseas markets for the finished articles of its factories. Such markets, of great promise, now lie in Latin America, Asia, and Africa, and not in Europe.

Europe will continue to need raw material from North America, but more and more North America will manufacture its own raw material at home and seek to sell the products of its mills abroad.

Competition will be keen, keener than ever before, and so the process of translating raw material into finished products must take place within easy reach of the raw material, food supplies, and low-cost transportation.

THE MISSISSIPPI VALLEY.

Broadly, the region lying between the Appalachians, the Rockies, Canada, and the Gulf is an economic entity. It is called the Mississippi Valley. Within it are produced 80.8 per cent of all the wheat yield of continental United States, 86.9 per cent of all the corn, 97 per cent of the iron ore, 82 per cent of the agricultural implements, 95.8 per cent of the coal, 61.6 per cent of the cotton, 52.9 per cent of the lumber, 74.8 per cent of the live stock, 97.5 per cent of the sulphur, 66.4 per cent of the salt, and 70.8 per cent of the oil.

Navigable waterways radiate from New Orleans to Pittsburgh, to St. Paul and Minneapolis, to Kansas City, and soon will reach Chicago.

An intracoastal canal for barges will, in a short while, extend complete from Pensacola to Brownsville, Tex., crossing the Mississippi at New Orleans.

Easy grade railroads radiate from New Orleans to Atlanta and beyond; to Chicago and St. Paul, to St. Louis, to Kansas City, Omaha, and beyond.

The valley and its transportation lines, all capable of the most effective economy or operation, form a great funnel down to the port at the mouth of the Mississippi, thence by short sea routes to the world's new markets of great promise.

That port, both with far-visioned policy and carefully worked out project, has planned its facilities in such a way as to assure safety from congestion and the development of a character of economy possible only where ample space permits efficient coordination.

New Orleans has many miles of yet unused river harbor frontage, 11 miles of inner harbor ship frontage, and 96,000 acres of now unused and very low value lands capable of being changed into private harbors at a mere expense for dredging ship channels through it to connect with the great now ready ship locks on the river's bank.

In this way the four-phase port policy is made possible, and the valley is given its choice of sites and facilities.

PUBLIC OWNERSHIP.

Public ownership of harbor sites, as practiced at New Orleans, is not confined to the mere building and operation of port facilities, but embraces a complete policy under which both public and private enterprise may find free play under the most wholesome conditions. The idea is to supply, with public funds, facilities for shippers and transportation lines who are not ready to create facilities for themselves, leased sites for those who desire temporary occupancy, and an opportunity for fee simple ownership of harbor site for those who desire to invest in facilities for permanent occupancy.

The working out of this broad policy has required many years of effort. Prior to 1896 the public owned all the river harbor frontage but had not created any machinery for the practical operation of the port under public ownership.

A board of commissioners of the port of New Orleans was created by law in 1896. It sold some bonds against the revenues of the port and built some covered wharves, then some warehouses and other facilities. Ultimately this board was taken out of politics and given enormous powers in the constitution of Louisiana. Its vision developed as its work progressed.

To-day the board is composed of five of the strongest business men, appointed by the governor for definite terms. This board serves without pay and acts as a board of directors. It names a general manager, who need not, at the time of his appointment, be a resident of the State, and empowers him to operate the port in the same way any other large enterprise is operated. He employs his staff, who in turn employ the workers. The surest way for an applicant to fail to obtain employment is for such applicant to attempt to bring political influence to bear.

Department heads are employed because of executive abilities and salaries are paid accordingly. There is nothing in the law to prevent a proper salary reward for merit and service.

The world's greatest cotton warehouse and terminal has been built on the river front by the board. Similarly, the world's's most efficient grain elevator, and a splendid coal tipple, and storage plant have been created.

Many miles of wharves, with inclosed steel sheds over them, have been built.

INNER HARBOR AND INDUSTRIAL CANAL.

Now, the opening of the inner ship harbor and industrial canal, a facility which was paid for by the people of New Orleans, with no Federal aid whatever, makes possible the leasing of harbor front sites to business enterprise and the fee simple ownership of harbor sites on ship channels by business enterprise.

Under the conditions of public ownership of the river harbor front business enterprise can not lease sites there.

New Orleans covers an area of 196 square miles—all of Orleans Parish, or county. Much of this area has not been needed by the city, and has remained undrained and unused. This area, part of which has recently been drained, lies between the Mississippi River and Lake Pontchartrain, an arm of the Gulf of Mexico, and large portions of it are within 3 miles of the center of New Orleans' business district. Lake Pontchartrain is 5 miles from the river.

Because of the rise and fall of the river, a ship lock was necessary in order to adjust the levels in the canal and inner harbor, between the Gulf and river.

The area of low-value land adjacent to the canal and inner harbor, which is available for development into privately owned harbor frontage through the dredging of lateral ship channels and canals, is 96,000 acres in extent. The land is low and level. There are no rocks in it. Spoil from the dredging of laterals and harbors raises the remaining land, giving it natural drainage.

The value of this land as harbor frontage so greatly exceeds the present value, plus the cost of changing it into harbor sites, that there should be ultimately enough profit out of the increment alone to pay off the $20,000,000 cost of the lock and primary canal and inner harbor. At least that is the basis upon which port economists are now working.

DRIFT OF TRADE.

Because the markets of great promise now lie in Latin America, the the Orient, and Africa;

Because the bulk of the resources of raw material and food supply and low cost of transportation are in the Mississippi Valley; and

Because of a port policy which is open and all-embracing, New Orleans, on the valley's direct trade route to the new markets, anticipates a sharp, favorable diversion from the normal tonnage graph of commerce and industry, and has planned its development only after comprehensive study and thorough analysis to take care of this increase.

It has sought all the good there is in public ownership and all the good in private ownership of facilities and is using its great powers to so guide and influence both as to avoid the limitations of the one and the tendency toward monopolization in the case of the other.

NEW SHIP CHANNEL TO THE SEA.

Silt and current create a channel problem at the mouth of the river, 110 miles below New Orleans. South Pass, where the Eads Jetties are, has served as a 31-foot channel since 1879. Some years ago the Government began work on a 35-foot channel through Southwest Pass, but has not yet succeeded in getting the desired depth there.

The completion of the inner harbor and industrial canal lock now makes possible the dredging of a ship channel of 40 of 45 feet depth direct to the Gulf through Lake Pontchartrain, which will be free from silt and currents. Such a channel would strike the Gulf many miles east of the mouth of the Mississippi. Ninety per cent of the ships coming to New Orleans approach from the east. Through such a channel 9 out of every 10 ships would save possibly 24 hours' time on every voyage to and from New Orleans. The money value of such saving, it has been estimated, would equal the cost of such a channel in a period of less than three years.

By opening such a channel the Federal Government would greatly facilitate the commerce of the Mississippi Valley, and ultimately save much monetary outlay. Sailing ships could then reach the main harbor of New Orleans under their own sails. The inner harbor lock into the river harbor would also serve the new channel to the sea, which would reduce the cost of such a channel by half. Such a channel is a probability of the near future.

PORT ECONOMY.

As a rule, bulk commodities are produced and made ready for market at one season of the year, and must rest in store somewhere until gradually consumed by the world. The producer needs money, and so must call upon the middleman to carry the load until consuming markets become available. It follows that the greater the cost, risk, and difficulty ahead of the middleman, the greater the margin of profit and expense required by him. This means lower returns to the producer and higher prices to the consumer.

It also follows that where world-used commodities are rapidly passed into consuming markets before required for actual consumption they often lose relative value because they can not again be offered for sale in world markets, as would be the case were they held in store in primary supply markets until actually required in some consuming market. This is well illustrated by the case of cotton. Once cotton crosses the ocean to Liverpool it must carry the cost of ocean transportation and it can not be resold to American or oriental mills. But so long as such cotton remains in a primary supply market, such as New Orleans, it maintains its parity and may be resold into any consuming market. In most years cotton values in winter, spring, and summer reflect a greater increase over fall values than the mere carrying charges amount to.

Lost motion in handling, unnecessary drayage, high costs of labor, insurance, and money, and delays which impose a burden on transportation are a factor of moment in every American port, and reduce the advantage American traders should naturally enjoy by reason of an abundance of raw material, unimpaired credit, and potentially low cost of transportation.

Port congestion, resulting from lack of proper planning, from personal greed, and from an absence of unselfish guidance and authority has resulted in high charges in many American ports, which in turn narrow world competitive markets for American products.

Knowing these facts and given a wide-open opportunity for the testing out of schools of thought and competitive policies and for encouraging enterprise and business endeavor, the New Orleans port authorities have planned for to-day and to-morrow, and are in position to provide policies under which any wholesome tendency in commerce and industry may be fostered.

A market of deposit for the products of the valley on their way abroad, and for the products of the world on their way to the valley, is on the cards. The facilities for such a market of deposit embrace complete coordination between rail, highway, and inland water and ocean transportation, storage, and mill. There is provision for certificates of storage, bearing the guaranty of the sovereign State of Louisiana, showing character, class, weight, and condition of commodities in store. This means low-cost money. Fireproof waterside warehouses means low-cost insurance. Coordination means low-cost handling.

Such warehouses may be built on leased harbor frontage by warehousemen, or built by the port authorities and leased to warehousemen, or be both owned and operated by the public, through the port board, as the case may require.

A municipally owned and operated belt-railway system coordinates all rail lines entering the city, all wharves and warehouses, and all factory sites.

Through privately owned harbors and harbor sites on ship laterals of the inner harbor industry, using either the raw products of the valley or of foreign fields and coordinated with all port facilities and transportation by publicly owned belt railroad and by lighter, may, singly or in combination, develop and employ economies of a very rare character.

GROUNDWORK.

Before port development plans on such a scale and so complete in policy could be made effective New Orleans had to do many important things. It had to devise a sewerage and drainage system for a region devoid of natural grades. This it did in the case of sewerage through the installation of underground automatic electric pumps which created pipe-line grades between each station. In the case of drainage a new type of low-lift, high-capacity pump, many of them 10 feet in diameter, had to be designed for this work.

With a mighty but muddy river passing its front door, New Orleans had relied on a rain-water supply for domestic use. Wells would not do, because they yield salt water only. A real water supply was required, and so a monster filtration plant, depending primarily upon coagulation and precipitation, was built, which now delivers a filtered, pure water supply so cheaply that it is freely used to wash the streets and put out fires.

Then there was the old yellow-fever problem. This problem was solved through mosquito elimination. Two hundred and fifty thousand surface cisterns were destroyed by law. These cisterns afforded the only great breeding place for the particular mosquito which can transmit the poison from one sufferer to another. The fever does not originate in any portion of the United States. It is not contagious. With no stegomyia faciata mosquito to transmit it there can be no transmission. And so yellow fever, if brought into the port, can not now become epidemic.

The same is true of bubonic plague. This is a rat disease, and is transmitted through the rat flea to the human when the rat dies.

To make bubonic plague impossible in New Orleans every residence, building, wharf, warehouse, and terminal has been rat proofed. More than 2,000,000 rats have been trapped and millions more have been poisoned. The saving in goods alone, not destroyed by rats, justifies the cost of rat proofing, aside from its value as a health measure.

With safety from yellow fever and bubonic plague, New Orleans, a semitropical port, need maintain no more stringent health regulations against other ports than are required by the ports in the colder climate far to the northward. This means open commercial movement.

BARGE LINES.

Prior to 1846 boats on the Mississippi, Ohio, and other rivers enjoyed a monopoly of Mississippi Valley commerce, and none destined for a seaport could escape New Orleans. The boat owners, never fear-

ing competition from artificial transportation, fought among themselves, but no terminals, through bills of lading, or truly economical methods were developed. They wasted steam, gave over space they needed for freight to promenade decks, and relied on the muscles of men to do work machinery should have done. Their patrons welcomed the railroads as a relief from an arbitrary monopoly which had never made effective the basic economy of water transportation.

The valley was developing, resources were abundant, and the residents were wasteful in many ways.

And so the railroads, building out fanlike from the North Atlantic ports, tapped the valley at many points. The public was agreeable, and the boat lines fell fairly easy victims. Midnight tariffs and sometimes unfair competition finished the job. Railroad exploiters of those days did not believe there would ever be commerce enough for rails and boats, too. Anyway, the valley's foreign markets were then almost solely in western Europe, which is nearer New York than New Orleans.

Finally the Civil War permitted a situation to develop which fostered the North Atlantic ports and retarded New Orleans.

Out of it all came rate structures, laws, and other factors which stood as a barrier to private enterprise whenever it attempted to redevelop inland water transportation.

THEN THE GREAT WAR CAME.

At the request of the people of the Mississippi, Ohio, Missouri, and other great valleys the Federal Government created a barge line service between New Orleans and St. Louis on the Mississippi, and between New Orleans, Mobile, and Birmingham on the Warrior River. There was a double purpose. First, to augment rail transportation. Next to wipe out by actual service handicaps on inland waterway use which had developed through long nonuse. The idea was and is for the Government to complete a practical demonstration of the feasibility and economy of inland water transportation and then sell out its equipment to business enterprise.

The demonstration thus far has proven successful, more freight is being offered than the barge line can carry, and on every pound of freight moved the shipper saves a very material percentage of the normal rail rate.

This saving applies through joint rail and water rates between inland towns and ports as well as between ports.

With the completion of the lock and dam system on the Ohio the channel improvement projects on the upper Mississippi and Missouri Rivers and the Lakes-to-the-Gulf Channel from Chicago, the former largely completed and the latter fully provided for, there will be water interchange between Minneapolis, Chicago, Kansas City, Pittsburgh, St. Louis, New Orleans, Pensacola, Birmingham, Mobile, Galveston, Houston, and Brownsville, Tex., the last four being on the now nearly completed intracoastal canal. New Orleans is the main junction point of this waterway system.

NATURAL RESOURCES.

The world's largest sulphur deposits are on the Intracoastal Canal. So are the world's largest salt mines.

The Mesaba iron mines are about as near Minneapolis on the Mississippi as they are to Duluth on Lake Superior.

Pittsburgh's coal and iron supply is on the Ohio and its navigable tributaries.

Similarly, Alabama's iron and coal are on the Warrior, which is a part of the system, as is also much of Alabama's limestone.

The wheat of the upper valley and the cotton of the lower valley are now finding their way to ship side over joint rail and water routes at material saving in transportation costs, and these savings should increase.

Louisiana's sugar, molasses and rice, and Brazil's coffee are being moved up the river on barges at low rates.

Nicaragua's mahogany is moving along the same route, while agricultural implements, automobile, and many other export products are coming down.

Early in 1923 a great fleet of towboats loaded with export steel for the Orient arrived at New Orleans from Pittsburgh. It was the first of a series.

The facts all appeal strongly to the economist and to the industrial and transportation engineers, and, more or less to their surprise, the people of New Orleans are now hearing much about plans and projects for basic steel industries on their just completed inner harbor; about projected lumber and timber harbors which contemplate a trade in Central and South American hardwood, and hardwoods and pine from the Southern States; woodworking plants and waste material for paper pulp, the chlorine to be available from a planned chemical harbor near by.

This chemical harbor project has received a great deal of attention. Oil, sulphur, gas, and salt are available from near-by sources of abundant supply. There are cotton, coal-tar products, limestone, gypsum near, in addition to foreign chemicals.

Plans for these great basic enterprises include coordination each with the other, and the maximum use of waste material.

May 2, 3, and 4 the National Foreign Trade Convention will again meet in New Orleans, the second time within a few years, largely for the purpose of bringing the commerce generators of the country into personal contact with the new order of commercial and industrial economy as New Orleans is developing it.

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

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, I now yield to the gentleman from Louisiana [Mr. LAZARO].

Mr. LAZARO. Mr. Chairman, I have always been glad to do all I could to help place agriculture on a sound basis. Therefore I shall gladly support this farmers' credit bill, hoping that it will give some relief.

I regret very much, however, that the Committee on Banking and Currency did not report a bill earlier in the session, so that the membership of the House could have had ample time to study and perfect it. I am very much afraid that a bill passed in such a hurry at the close of a session, when so many measures are being considered, will not give the relief it is intended to give.

We are told that this legislation will provide intermediary credits for the agricultural interests of the United States, and by agricultural interests is meant all of the people who are engaged in the production of agricultural products, including the warehousing and orderly marketing organizations.

The farmers of this country are not asking for special favors; they are asking for the same consideration that is given other interests. A considerable part of the farmers' credit needs are to be classed neither with short-time credit, as thought of in commercial circles, nor long-term mortgage credit, but are represented by what we have come to call intermediate credit—that is, a term of credit which corresponds fairly well with the farmers' turnover period, which varies from a year for crops to as long as three years in the case of breeding stock. The need for some such system has been recognized for years, and has been brought to public attention in a very emphatic way during the past few years. The lack of it has caused hundreds of thousands to fail and has injuriously affected general business and industry.

There is nothing that can be done through legislation that will be more helpful in reestablishing agriculture on a sound basis than the enactment of a satisfactory rural credits bill, and certainly the reestablishment of agriculture on a solid foundation is now generally looked upon as a national need.

We have got to have a prosperous agriculture if we are to have a productive agriculture. Prices for farm products which are the actual cost of production may for a time seem to be a good thing for the people in the cities. In the end the result is bad for everybody. Unless agriculture pays the cost of production plus a profit it can not continue to be productive. Farmers can not and will not continue to produce at a loss. If this continues, more and more farmers will go to the towns and cities, and this, of course, will result in reduced agricultural production. There must be a fair relationship between the prices of the things the farmer has to sell and the prices of the things he has to buy. That is the only way we can have a balanced national life. Of course, the farmers of this country must understand that they will never receive the full benefit of any kind of legislation, such as credits legislation, cooperative marketing legislation, and warehouse legislation, unless they work through organization.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Texas [Mr. BLANTON].

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

The CHAIRMAN. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. BLANTON. Mr. Chairman, I have secured permission to extend my remarks in the RECORD in order to print some documents I have received from Dr. Edwin C. Dinwiddie in defending himself against a statement which, on request, I inserted in the RECORD June 21, 1921. I personally knew nothing about the controversy. I believe in being fair and in giving both sides an opportunity to be heard. I have received the following from Doctor Dinwiddie:

WASHINGTON, D. C., *February 28, 1923.*

Hon. T. L. BLANTON, M. C.,
House of Representatives, Washington, D. C.

MY DEAR MR. BLANTON: I beg to say that the Anderson attack on me was printed in the CONGRESSIONAL RECORD upon your request, in volume 61, part 3, on page 2844, under date of June 21, 1921. I am passing up entirely Mr. Anderson's statements with regard to my seeking the position in the Federal enforcement service, although it is easily refuted by the Assistant Secretary of the Treasury and by the Commissioner of Internal Revenue at the time, as well as several prominent Anti-Saloon League officers who are familiar with the facts. I pass this statement up because the public is not concerned in it, and it is Mr. Anderson's personal opinion about my qualifications, for which I do not care.

I inclose data comprising a letter voluntarily written me by the associate superintendent of the league, Dr. Howard H. Russell, who has known me intimately for nearly 30 years past, and a letter from Hon. William S. Bennet, one of our former leaders in the House of Representatives, and himself in the New York Legislature and the Federal Congress a practical and successful antisaloon leader.

I certainly appreciate your attitude as expressed to me this morning.

Very cordially yours,

EDWIN C. DINWIDDIE, *Superintendent.*

—

WESTERVILLE, OHIO, *May 10, 1920.*

Rev. E. C. DINWIDDIE,
32 Bliss Building, Washington, D. C.

MY DEAR EDWIN: May 24 will begin the twenty-eighth year of the Anti-Saloon League. Next November it will be 27 years since we met at Willoughby and agreed to work together to abolish the liquor traffic. Both of us had unusual right to hate that satanic destroyer. It was natural we should enlist against it. It was clearly providential we should work together. I am profoundly grateful I have known you and have had the privilege of fighting side by side with you to national victory.

God has used your talents with a great degree of effectiveness. No true history of the victorious conflict can ever be written without ascribing an essential and most conspicuous part to your unique and distinguished services. You have had vision, consecration, and superior legislative efficiency. In the hall of fame of temperance and prohibition your name and repute are forever assured.

It is consistent with your record that you have chosen to continue your service in work for social welfare, and in this I wish you most abundant success. It is a great personal pleasure to learn from Doctor Baker that you consent to serve, if elected, as one of the advisory officers of the Anti-Saloon League, and if at any time your full-time personal services become essential that you will endeavor to respond to a call. We shall need your wisdom upon legislative matters, and this arrangement is very pleasing to me.

With cordial regard, in which Mrs. Russell joins, to Mrs. Dinwiddie, who also has borne the burden and heat of the day in this service, and congratulating you both, we remain,

Fraternally and faithfully yours,

HOWARD H. RUSSELL.

—

NOVEMBER 30, 1921.

Rev. P. A. BAKER, D. D.,
General Superintendent Anti-Saloon League of America,
Westerville, Ohio.

MY DEAR DOCTOR BAKER: Last summer, during the pendency of the so-called antibeer bill, Mr. W. H. Anderson, superintendent of the New York Anti-Saloon League, made what I believe to have been an unwarranted, unfraternal, and untruthful public attack upon Mr. Edwin C. Dinwiddie. This was naturally resented at the time and since by both Mr. Dinwiddie and his friends. Many of the latter felt at that time that the matter should have been taken up then and there and a retraction or repudiation made, or steps taken to insure suitable redress for such an uncalled-for slander. Mr. Dinwiddie took the position, however, that there was pending in the Congress a measure which was designed to meet a threatened emergency and at that time in such shape that it had the prospect of passing promptly, and he did not want to be responsible for precipitating a controversy which might divide the forces in favor of the Campbell-Willis bill and militate against that result.

In deference to that expressed view, and, I may say, sharing it in the main, postponement even of this letter by concert of representatives of organizations in interest, as well as special individual friends, has been made.

I am hopeful, however, that any such necessity may be avoided now, as I can but think that you will feel about the matter as I and all of whom I have knowledge do, and on behalf of your organization disclaim the slanderous statements and innuendoes in Mr. Anderson's attack, for they were made by him as a superintendent of the league in New York State and as a member of the legislative and executive committees of the national league.

Whatever Mr. Anderson's personal views or feelings might have been, I am confident he absolutely misrepresented the feelings of the league as such and of the men generally who were identified with it, in view of the actions which have been taken, statements made by you and other leaders both in the press and in letters, as well as orally, concerning Mr. Dinwiddie and his loyal and effective services to the cause and the league during a long period of years.

Mr. Anderson's whole effort was to lug into this two-page vituperative assault extraneous matters wholly unconnected with the subject before Congress for the purpose of discrediting Mr. Dinwiddie and, if possible, to "break him down," so to speak. The occasion of which he took advantage was a difference in judgment as to what should go into a bill to meet an emergency which your people—with other temperance forces—insisted was imminent. Mr. Dinwiddie took the position that the way to meet it was to pursue the same methods which had characterized league efforts for years—confine the emergency measure to uncontroverted features and afford no legitimate grounds for opposition or delay. He knew enough about Congress from his long and intimate contact with it to know the danger in any other course. The major portion of our best dependable friends agreed with him, and the experiences since June have clearly demonstrated to the country that he had correctly appraised the situation.

I have no intention of going into the matter exhaustively in this letter. I indulge the hope that you may so agree with me as to the seriousness of such slanderous terms as "betrayal of prohibition," "de facto ally of the wets," and the desirability from every standpoint of fairness both to Mr. Dinwiddie and the league itself of a suitable disclaimer, that nothing beyond calling attention to it may be required.

These statements were deliberately put in form so they would seem to carry the league's authority and weight with them, and no man who has rendered the length and character of service Mr. Dinwiddie has to both the league and the cause ought to be permitted to rest under them. Time has conclusively demonstrated that if the attempt had been made to pass the bill as Mr. Anderson wanted it the bill would never have passed.

Yours truly,

WILLIAM S. BENNET.

—

THE ANTI-SALOON LEAGUE OF AMERICA,
Washington, D. C., December 16, 1922.

Hon. WILLIAM S. BENNET,
10 South La Salle Street, Chicago, Ill.

DEAR MR. BENNET: You doubtless, by this time, think me a great prevaricator, but I am really nothing of the sort. I came through Chicago, as per my former letter to you, but my wife's sister was in a dying condition and did die, consequently I hurried on through.

I expected to be in Chicago again about a month later, when I assured myself that I would call and see you. I reached Chicago, did not have your letter with me and have not now, and tried for an hour or more to find you, through the telephone book, etc., but could not. I then determined to see Mr. Dinwiddie at the earliest opportunity and get your address, but which did not appear until the Toronto convention. I now have it.

Relative to the matter of which you wrote me, it does not seem to me, in view of the fact that the national executive committee of the Anti-Saloon League passed friendly resolutions as to Mr. Dinwiddie and his work with the league, that anything can be gained by stirring up the Anderson-Wheeler-Dinwiddie matter. Mr. Anderson is sort of a law unto himself and always has been. Mr. Wheeler said before the committee that he might have spoken too quickly, but felt justified, however, in saying what he did.

Since the executive committee has taken the action it did when Mr. Dinwiddie severed his connection and friendly relations prevailed between Mr. Dinwiddie and Mr. Wheeler, I can but feel that it would be unwise to stir up these matters that have been forgotten. I wish you to know, however, that I have meant no discourtesy toward you or this whole matter in not reaching you sooner. The circumstances are as I have stated above.

With kindest personal regards, I am

Cordially yours,

P. A. BAKER.

—

COPY OF LETTER SENT ALL PROHIBITION MEMBERS OF CONGRESS.

WASHINGTON, D. C., *June 25, 1921.*

MY DEAR SIR: Under a unanimous-consent agreement in the House, the bill by Representative CAMPBELL, of Kansas (H. R. 7294), is expected to be called up and placed upon its passage on Monday, the 27th. This bill contains the provisions of the original H. R. 5033 as amended by the Committee on the Judiciary in H. R. 6752, with the seriously controverted sections omitted in order to meet in ample time an emergency in the threatened opening of breweries for the manufacture of beer and its prescription under the law for medicinal purposes.

This was the only way, under conditions which were known to exist and the opposition of chemists, druggists, manufacturers, and users of alcohol and liquors for perfectly legitimate purposes, by which complete congressional action could be obtained in time to avert what our prohibition forces have feared as a "flood of beer." Several amendments which are helpful, and are not of a character to cause opposition from any interests entitled to consideration by the advocates of prohibition, have been added by the Committee on the Judiciary.

The representatives of the various national agencies engaged in promoting temperance reform at the National Capitol are all asking the early passage of this emergency legislation, and it is our hope that you can see your way clear, by vote and influence, to secure its enactment Monday by the House.

Very sincerely yours,

EDWIN C. DINWIDDIE,
Legislative Superintendent, Committee on Promotion, etc., National Electoral Superintendent, International Order of Good Templars, Commissioner of Prohibition, National Reform Association.

—

RELEASED ON RECEIPT.

[From Edwin C. Dinwiddie, 734 Munsey Building, Washington, D. C.]

My attention having been called to a two-page single-spaced typewritten statement by Mr. Anderson, of New York, which I have just been able to read, I wish to say I do not believe the general public is any more interested in his opinion of me than I myself am. I have a definite course mapped out which I think is best calculated to advance the cause of prohibition throughout the country, and I do not intend to be diverted therefrom to engage in useless newspaper controversies of a personal character.

Under the opinion rendered by former Attorney General Palmer and regulations conforming thereto ready to be issued by the Treasury Department, there will doubtless, unless Congress passes a law promptly to prevent it, be a "flood of beer" by its manufacture and prescription for medicinal purposes.

The simple question is, Shall such a bill be one to meet the emergency which confronts the country as to beer, or shall it be one loaded down also with provisions which everyone conversant with conditions in Congress knows will provoke serious discussion and encounter lengthy delay? I have favored and do now favor meeting the emergency in time to avoid the predicted deluge of beer.

The correctness of my position is attested by the fact that Senator WILLIS, of Ohio, known throughout the country as a long-time champion of prohibition, and Representative CAMPBELL, of Kansas, a life-long prohibitionist, whose State adopted prohibition 40 years ago, have introduced identical bills to prohibit beer, but with the controverted provisions of the Volstead bill eliminated. I believe both Senate and House will pass such a bill promptly if the Judiciary Committee will report it out at once.

—

STATEMENT BY EDWIN C. DINWIDDIE, SUPERINTENDENT NATIONAL TEMPERANCE BUREAU, COMMISSIONER OF PROHIBITION, NATIONAL REFORM ASSOCIATION.

OCTOBER, 1921.

Beer is not in the same class for medical uses with other intoxicating liquors like whisky, brandy, and wines. It has never been officially recognized as a medicine; has not been listed in the United States Pharmacopœia or indorsed by any standard work on material medica.

This is why I favor the passage of the pending Campbell-Willis measure by Congress consistently with my position as opposing interference with alcohol and alcoholic liquors for legitimate, scientific, medicinal, mechanical, and sacramental purposes.

Had the original bill been confined to this proposition to meet the impending emergency there is scarcely a doubt that it would have been passed long ago and to a large extent forgotten by this time. The whole movement is not to be penalized by a strategical blunder, nor are long-established methods for the detection and apprehension of crime, existing and sanctioned by laws, decisions, and practice since the earliest days of the Republic, to be ruthlessly cast aside in the interest of a forlorn hope of resuscitating the liquor traffic in this country, as would be done by the adoption of the Stanley amendment.

The conference committee compromise amply provides all needful protection against unreasonable and improper searches and seizures, and should be adopted.

If the obstructive tactics which have prevented the Senate from reaching a decision on this matter for several months past are continued after disposition of the pending tax bill, the friends of the Campbell-Willis measure will not be open to censure if they exhaust all parliamentary expedients to secure final action by the Senate at an early date.

—

LETTER TO EDITORS OF RELIGIOUS AND TEMPERANCE PAPERS.

NOVEMBER 16, 1921.

TO THE EDITOR: The United States Senate under a unanimous-consent agreement will pass on the so-called antimedicinal beer bill on Friday, November 18. There has not been the slightest doubt about the ultimate adoption of the conference report which carries the compromise section on search and seizure—as distinguished from the

STANLEY wholesale inhibition against it—whenever the Senate should vote upon it. There has been no occasion therefore to beat the bushes unduly pending the time it could be reached.

Just for your information, however, I am inclosing copy of a statement issued to the press several weeks ago and also of a letter which I have sent to Senators in support of the bill, both of which are self-explanatory, and which I trust may be of interest to you.

Very fraternally yours,

EDWIN C. DINWIDDIE, *Superintendent.*

—

LETTER TO SENATORS.

NOVEMBER 15, 1921.

MY DEAR SENATOR: Kindly permit me to bring briefly to your attention some considerations in connection with the pending conference report on H. R. 7294 (the Campbell-Willis bill), which I hope may be of interest.

In advocating the submission and adoption of national constitutional prohibition we expressly exempted liquors for legitimate scientific, medicinal, and sacramental purposes. I find nothing inconsistent, however, in the advocacy of the pending antimedicinal beer proposition, in view of the fact that beer has never been listed in the United States Pharmacopoeia as a medicine and has not been so recognized in any standard work on materia medica. Besides the official representative of the corporation which has been the largest manufacturer of beer in the world in preprohibition days declared that this amendment ought to be adopted, and, without changing their views on the general subject of prohibition, that his company favored this antibeer provision, saying in effect that the manufacture and prescription of beer as a medicine practically meant it would find its way into channels for beverage use and seriously hamper enforcement of prohibition.

There are those who honestly believe that Congress should not and can not limit physicians in the prescription of medicines, including alcoholic liquors as such, which have had—whether correctly or not—official recognition as medicines; but it does not seem out of place to prohibit the use of beer, which has never been in the same category.

It is earnestly hoped that the conference report will be adopted, for the compromise amendment re search and seizure provides ample safeguards against unreasonable and unwarranted searches, etc. The Senate amendment, however, which it is now felt was adopted hastily and without a realization of its full effects, would overturn necessary procedure with respect to the detection of crime and apprehension of criminals which has existed and been sanctioned under laws, decisions, and practices since the earliest days of the Republic. Its substitution for the conference provision would not only be most unfortunate for the proper enforcement of the constitutional prohibition mandate but it would revolutionize procedure and would result in rendering absolutely nugatory much other needed legislation prohibiting counterfeiting, smuggling, and theft, as well as other crimes, and to proceed under the proposed substitute would make the criminal's escape probable, if not certain, and thereby render the protection of property, the safeguarding of the national currency and revenues, as well as the safety of human life, well-nigh impossible.

Very respectfully yours,

EDWIN C. DINWIDDIE, *Superintendent.*

—

EXTRACTS FROM THE HISTORY OF THE ANTI-SALOON LEAGUE.

[Written by Ernest Hurst Cherrington, general manager of publishing interests and secretary World League Against Alcoholism.]

The passage of this measure (the Webb-Kenyon interstate liquor shipment bill), after more than a decade of aggressive work by the league at Washington and in the congressional districts of the several States, was secured only by the earnest cooperation of all the anti-liquor forces of the Nation. In a peculiar way, however, the special credit for this victory is due the legislative superintendent of the Anti-Saloon League, Rev. Edwin C. Dinwiddie.

Mr. Dinwiddie was one of the pioneers of the league movement, having been the second man called into the service by Dr. Howard H. Russell after the birth of the Ohio League at Oberlin. He began his work as a league man in December, 1893. In the Ohio legislative session of 1894 he assisted Superintendent Russell in the legislative work in behalf of the Haskell local option bill, after which he was made legislative superintendent of the Ohio league. After the Pennsylvania branch of the league was organized he became superintendent of the league in that State; and when national legislative offices were opened in Washington, D. C., in 1899, he was elected national legislative superintendent to look after the league's interest at the National Capital.

When the fight for prohibition in the State of Oklahoma came on Mr. Dinwiddie, after making a successful fight to secure a statehood bill in Congress favorable to the efforts on the part of the people for prohibition in Oklahoma, went to Oklahoma at the direction of the national league and personally took charge of the campaign for the prohibitory amendment to the State constitution. How well he managed that campaign is best evidenced by the vote on the proposed amendment, which resulted in the adoption of prohibition by a majority of over 18,000.

His most important and distinguished services, however, have been along the lines of national legislation. The anticanteen law, with the later provisions and appropriations for Army post canteen substitutes; the measure creating a special enforcement department and providing for appropriations by Congress from time to time to compel obedience to laws against the sale of liquor to Indians and in Indian countries; the abolition of the liquor canteens in State and national soldiers' homes; advanced temperance legislation for the District of Columbia; and many other measures, as well as the Webb-Kenyon interstate liquor shipment law, were secured largely under his direction as the national legislative officer of the league. So that to no other man is greater credit due for the remarkable progress of the temperance reform movement in the way of Federal legislation than to Mr. Dinwiddie.

Mr. McFADDEN. Mr. Chairman, I now yield to the gentleman from Colorado [Mr. TAYLOR].

Mr. TAYLOR of Colorado. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD, and to be placed in the back of the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Alabama [Mr. STEAGALL].

Mr. STEAGALL. Mr. Chairman, the gentleman who has just preceded me, the gentleman from New Jersey [Mr. PARKER], in speaking of the risk involved on loans on farm products and the danger of deterioration in such commodities, quoted some scripture which, I think, would be more appropriate if quoted in full. He said that "moth and rust do corrupt."

The farmers of this country have found out that thieves sometimes break through and steal. For the greater part of my life I have seen the farmers of the section where I live either denied credits or forced to borrow money at rates fixed by the lender and upon terms which forced them to dump their crops produced by a whole year of labor on the market within a period of a few weeks' time—the time and price practically dictated by the purchasers. Such a system is not right; it is not sound in morals; it is not good common sense. It is a foolish and indefensible economic policy for a great producing people. I wish I had time to tell you of the hardships and injustice that the people of my section of the country have had to endure as a result of such conditions. I rejoice that in some measure at least the situation has been relieved. Fortunately for the country, our Government for a few years was composed of men desirous of serving the masses of mankind and who had the patriotism, judgment, and foresight to formulate and establish a banking system which has met the requirements of the commercial, industrial, and manufacturing interests of the Nation. I refer to the Federal reserve system, which is one of the greatest legislative achievements ever accomplished since the foundation of the Government. During the brief period to which I have referred an act was passed by Congress which gave the farmers of the country a Federal land bank system which has met, to some extent at least, the needs of the small farmer and tenant for credits upon an amortized basis and at reasonable rates of interest. This legislation has been of vast benefit to the farmers of the country and to all others whose prosperity is dependent upon agriculture. The system has loaned about $1,000,000,000 to something like 300,000 farmers. About three-fourths of the amount loaned has been furnished through the Federal land banks—the balance through the joint-stock land banks. The system is being extended and simplified and the volume of loans is increasing rapidly. Its usefulness is growing and extending all the time. I am proud to have had an humble part, as a member of the Banking and Currency Committee of the House, in framing both the original Federal farm loan act and the various amendments which have been adopted. This act and the Federal reserve act marked a new era in the industrial and economic life of the country. Under their operation we have witnessed a prosperity never known before.

But the agricultural interests of the Nation require a personal-credit system furnishing money upon maturities suited to the production of crops that can be marketed within a period of one year and adapted to the raising and marketing of live stock. In response to this requirement, the bill before us undertakes to afford credit based on maturities from three months to three years, the purpose being to take care of the raising, fattening, and marketing of live stock and the growing and marketing of other crops. The bill amends the Federal reserve act so as to make farm paper eligible for rediscount by Federal reserve banks and extends the period of maturity from six months to nine months. If this legislation is successful in meeting the purposes for which it is passed, the farmers of the country will be able to market their crops in an orderly manner instead of having them dumped on the market faster than the demands of consumers require. The plan seeks especially to aid and encourage cooperative associations among farmers, which is highly desirable.

The War Finance Corporation has to some extent taken care of the peculiar needs which the bill before us seeks to meet. I want to say in this connection that the War Finance Corporation was a great blessing to the farmers of the South and West. It helped to stay the evils of depression and to revive and stabilize prices. Its benefits were by no means limited to farmers—it assisted and saved hundreds of little banks in agricultural sections that were overloaded with loans and advances to people engaged in agricultural pursuits. I should be seriously afraid of the results if we should terminate the activities of the War Finance Corporation without some system to take its place—some plan for meeting the needs of the farmer for credit extending a sufficient period to assist in the production and marketing of crops.

The bill makes provision for 12 intermediate credit banks, each having a capital of $5,000, to be furnished by the Government, the banks to be located in the same places as the Federal land banks and to be under the control and supervision

of the directors of the various land banks. Each intermediate credit bank is permitted to sell debentures to the extent of ten times its capital. The earnings of each bank are to be divided—one half going to the Government and the other half to a surplus fund until the Government shall be reimbursed the amount of capital subscribed.

The intermediate credit banks are given the benefit of tax exemption on their debentures. After the Government shall have been reimbursed, 10 per cent of the earnings of the intermediate credit banks goes into surplus and the balance to the Federal Government as franchise tax. The interest rate on the debentures of the intermediate credit banks shall not exceed 6 per cent. The intermediate credit banks are to purchase farm paper maturing not more than three years through banks, farm credit associations, live-stock loan companies, and the cooperative associations or producers. The discount rate shall not be more than 1 per cent higher than the rate paid on debentures, and farmers are not to be charged more than 1½ per cent above the discount rate.

The bill provides for the organization of agricultural credit corporations by private subscription, the minimum capital of each corporation to be $250,000. These banks are to deal in agricultural paper with maturity of six months or more. Provision is also made for the organization through private subscription of rediscount corporations with a capital of $1,000,000 or more with the power to handle farm paper and rediscount for agricultural corporations. Both these corporations, as well as the intermediate credit banks, are placed under the general control of the Federal Farm Loan Board and have the same interest restrictions as prescribed for intermediate credit banks, but are not given the benefits of tax exemption nor the right to issue debentures as provided in the original Capper bill. The plan is in many respects analogous to the Federal farm-loan system, but the two systems are kept entirely separate in every particular save in the manner of location and management. I think later on the bill may be amended and improved by fixing a plan for the ultimate repayment to the Treasury of all subscriptions to the capital stock of the intermediate credit banks and placing the ownership of the capital of these banks in private hands so that the Government may be disassociated as provided in the Federal farm loan act in the matter of the initial capital of the Federal land banks.

I do not share the view that this legislation will bring complete relief to the farmers of the country, but it will help to some extent, I have no doubt. I welcome the opportunity to give it my support for whatever of aid it may accomplish. To the extent that it affords a low interest rate and credits that will enable the farmer to market his products with some regard to the demands and with some regard to the rights of those who toil to produce those products it will be commended by all.

I wish to say, however, that a supply of credits is not the only essential to prosperity in the agricultural sections. There are other things fundamental in their nature and destructive in results that must be given attention before agriculture can become remunerative and attractive and before the tide that is sweeping the population from the farms to the cities can be turned back. The farmer can never prosper under a system that affords to others opportunity to buy farm products at his door and raise the price at their own sweet will before they reach the consumer. Not only is it essential that the farmer shall receive a fair share of the price paid for his products, but he must not be robbed by unfair profits and taxes on what he has to buy, and he must be relieved of exorbitant and destructive transportation charges. Until these problems are solved no credit system can bring the measure of prosperity in agricultural pursuits that is needful for the Nation's welfare. If we should go to-morrow and supply the gold necessary to discharge the debt of every farmer in the land and furnish him funds with which to make a year's crop, we should be confronted in less than five years by the same situation with which we are attempting to deal to-day unless we cure the other evils standing in the way of agricultural prosperity. These are the evils which make it possible for a small crop to sell for more than a large crop.

It creates the indefensible situation in which the South receives more for a cotton crop of 12,000,000 bales than for a crop of 16,000,000 bales. If there had ever been an overproduction of cotton or corn or wheat the inevitable results would be a surplus of cotton goods and cereals for the table. There has never been a time, even in our glorious southern climate, when men, women, and children, white and black, who plant, cultivate, pick, gin, and spin the cotton crop, had cotton clothes sufficient for their own comfort or the comfortable furnishing of their homes. There has never been an overproduction of anything necessary to feed or clothe mankind. There was never a more fallacious argument—a contention that treats the blessings of providence as a curse. A productive soil, a healthful climate, a fruitful return upon human toil, a bountiful harvest can never become a curse or misfortune in any land whose government is in the hands of men whose patriotism and statesmanship fit them to control the destinies of a Government such as ours. [Applause.]

Mr. ANDREWS of Nebraska. Mr. Chairman, I make the point of order that there is no quorum present.

The CHAIRMAN. The gentleman from Nebraska makes the point of order that there is no quorum present. The Chair will count.

Mr. ANDREWS of Nebraska. Mr. Chairman, I withdraw the point of order.

Mr. McFADDEN. Mr. Chairman, I yield five minutes to the gentleman from Texas [Mr. BLACK].

FARM CREDITS BILL.

Mr. BLACK. Mr. Chairman, in dealing with farm credits I think it may be properly said they are divided into three classes:

1. Acquisition credits, or credits to enable the farmer to purchase or help pay for a home.

Congress has already provided for acquisition credits by the Federal farm-loan banks, and could hardly expect to improve upon that system. It is working admirably. Under it the 12 Federal land banks have loaned about $700,000,000 to 232,000 borrowers, each of whom is a home owner; and the joint-stock land banks have loaned about $230,000,000 to about 25,000 farmers, each of whom is also a home owner. It may be confidently assumed that this system will continue to improve in usefulness and effectiveness and will become, as indeed it has already become, one of the Nation's most valuable financial institutions.

2. Production and maintenance credits: These credits are necessarily local in character. They depend upon the fertility and productivity of the soil which is being farmed, upon the climate, upon the regularity of the seasons, upon the intelligence, industry, and integrity of the borrower, and other factors of a local and personal nature. Credits of this kind will in the very nature of things rest rather largely between the borrower and the local bank. These requirements are for credit of sufficient maturity to make payment possible out of the proceeds of the farm. This means a credit running from six months to three years, depending upon the character of the commodities to be produced and marketed. In the case of crops six months may in some instances be quite sufficient, but in the case of live stock three years may be required. In times of money stress the local bank often finds itself scarce of funds to properly take care of this kind of paper. Therefore the bill now before us provides that the local bank can, with its indorsement and if the paper is otherwise sound, rediscount it with the intermediate credit banks which are to be established.

Also the bill contains a section which adds a new section to the Federal reserve act, to be known as section 13a, which provides that notes, drafts, and bills of exchange drawn for an agricultural purpose or based on live stock and with a maturity of as long as nine months shall be eligible for rediscount with the Federal reserve system. At present no paper having a greater maturity than six months can be rediscounted at the Federal reserve banks, and this change will greatly benefit the agricultural and live-stock sections of the country, and by increasing their prosperity will add to the prosperity of the whole country.

(3) Marketing credits. This last-named kind of credits is perhaps most needed of all. The difficulty with the present system is that the production and maintenance credits which the local bank has furnished to the farmer usually fall due right in the marketing season, and the local bank being a deposit bank and therefore under the necessity of keeping a certain part of its assets liquid frequently finds itself unable to furnish adequate marketing credits and therefore the farmers are put to the necessity of crowding their crops on the market during entirely too short a period, and this frequently results in disastrous declines in prices. It is perfectly natural that a market should decline if commodities are fed into it faster than the needs of the consuming public will absorb.

The bill which our Committee on Banking and Currency has reported and which we now have before us we think will furnish ample facilities for marketing credits to supplement those we already have and will especially provide an avenue where the cooperative marketing associations now so successful in

some States and so promising in others may be able to finance their operations. I will discuss the cooperative marketing movement more at length further on in my speech.

I shall not attempt, except in what I have already said, to discuss the pressing need for a system of intermediate credits. That is so well understood and generally agreed upon that it would seem a lengthy discussion of it is unnecessary. We recently had a Commission on Agricultural Inquiry which went very fully into the subject, filed a very valuable report dealing with credits and other phases of agricultural problems, and suggested legislation along the lines followed in this bill. One of the members of the commission was my colleague, HATTON W. SUMNERS, of my own State, in whose judgment and information on agricultural matters I have the greatest confidence.

OBJECTIONS TO THE BILL ANSWERED.

Those of us who favor this bill because we believe it presents a real workable plan for intermediate rural credits and insures the necessary capital to make the system a certain success from the very start are met with objections from two different sources.

First, there are some Members of Congress overconservative in their views, I think, who object to our plan because the Government is required to subscribe and pay the $60,000,000 initial capital stock of the 12 Federal intermediate credit banks. I suppose most of us will agree that if there could have been positive assurance that private capital in sufficient amounts would take hold of this matter and make it a success it would have been preferable for it to have been done that way. But it is a new enterprise, and there can be no assurance that private capital would invest in sufficient amounts to establish the system. The need is urgent, very urgent, as everyone posted on conditions will admit. Therefore the only right and proper thing to do is to set up a system which we have every assurance will work and work from the very beginning. We have ample precedent for the system established in this bill. When the Federal farm loan act was passed in 1916, there were plenty of overconservative, excellent gentlemen who took the position that the Government should not furnish any of the capital required to establish the banks, but that it should all be left to private initiative.

The need, however, for an adequate workable system of acquisition farm credits was imperative and had then already been too long delayed, and so Congress pushed aside these persuasive but not fundamental objections and provided that the Government should subscribe at least $750,000 of the stock for each one of the 12 Federal land banks. I take a good deal of pride and satisfaction in the fact that I urged and supported that bill. The banks were promptly established, and while perhaps the capital was really too small as a starter, the difficulties of the initial steps have now been overcome and the system is a complete success and has met the most optimistic predictions of its friends. Two-thirds of the Government's stock has been paid back, and at the rate loans are now being made it will not be very long until every dollar of the Government's original capital stock will have been returned to it and the Federal farm-loan banks will be operating entirely without Government capital and upon funds belonging to their own stockholders, plus funds obtained from the investing public by the sale of bonds. The plan of the intermediate credit banks provided for in this bill is of similar conception, and it is the hope of the committee that its results will be equally as gratifying both to Congress, who will be responsible for its creation, and to the general public, who will use its facilities.

There is also a much later precedent than the one which I have just mentioned for the furnishing of Government funds to make loans to a basic industry.

When the transportation act of 1920 was passed, section 210 of that act provided a revolving fund of $300,000,000 to be used for two purposes: (1) For the payment of judgments, awards, and decrees arising out of Federal control, and (2) to be loaned to such railroads as could make a proper showing of their needs to the Interstate Commerce Commission and could furnish satisfactory evidence to the commission of their ability to repay the loan at maturity.

The commission apportioned $40,000,000 of this fund as a reserve to pay the judgments, awards, and decrees against the Railroad Administration and $260,000,000 as a revolving fund to loan the railroads. The railroads are, of course, paying interest on this money at the rate of 6 per cent per annum, just as the farmers and live-stock men are to pay reasonable rates of interest on the Government money which will be loaned through these intermediate credit banks. I am confident that the Government will collect back most if not all of the money loaned to the carriers under the provisions of this section 210 of the transportation act, just as I am confident that most of the loans made under this intermediate credits act will be collected. But what I can not understand is how many of these gentlemen who enthusiastically supported the transportation act of 1920 throw up their hands in excited protest and say, "We can not support this farm credits bill, because it requires the Government to furnish the initial capital for the 12 intermediate credit banks."

Certainly these gentlemen can not rightfully contend that transportation is a more basic industry and has greater claims to Government consideration than agriculture. The producers of our great basic crops, like cotton, corn, wheat, and live stock, are certainly performing as useful a function to society as our common carriers. Both are absolutely essential to the welfare of the Nation. Certainly the critics of this bill can not contend that the financial needs of the railroads are greater than the financial needs of the farmers, because under the stimulation and assistance received under the terms of the transportation act of 1920 the carriers are in much improved condition and are now earning slightly in excess of 5 per cent per annum on their aggregate valuation as fixed by the Interstate Commerce Commission.

On the other hand, it is quite generally known that many farm products are selling at and below the 1913 price level and many farmers are not making the cost of production, much less a fair profit on their investment. So it is not only the duty of Congress but it would be clearly remiss in the performance of this duty if it did not do everything possible in a legislative way along sound and constructive lines to remedy this intolerable situation, so that the farmer and live-stock grower will again find himself on a sound and living economic basis.

Now, so much for that class of objectors. There is another class of objectors among the farmers themselves who say, "No; it is not more credits that we want but it is better markets. Give us a good market for our products and we will arrange for our own credits." Well, of course we will all grant that if markets had been good much of the present stress in agriculture would never have arisen, but it must not be overlooked that the wise and proper use of credits is an essential factor in establishing good markets. It takes money, and lots of it, to distribute in the channels of commerce the great basic agricultural commodities by orderly marketing. The cooperative marketing associations of producers, if they are to be a success, must have ways and means of financing themselves and must be able to do it at rates of interest which will be as moderate and reasonable as that which is paid by other large industries, such as the steel industry, the railroads, and so forth.

I think it will be admitted by most of those who have given any thought at all to the subject that cooperative marketing offers the most promising and likely hope of a solution to the difficult problem of finding profitable markets. I had much rather risk the farmers themselves working through cooperative organizations under wise and constructive leadership, solving market difficulties, than to risk setting up some Government bureau to buy and sell farm products and try to stabilize prices that way. But to do the one thing and avoid the other it is necessary for the cooperative organizations to have access to an adequate credit reservoir. This we think we have established in the bill now before us.

IF NOT THIS BILL, THEN WHAT ARE WE GOING TO DO?

If we are not going to provide a system of intermediate credits for farmers and live-stock growers, then what are we going to do? Are we going to ignore the situation and do nothing? It is just that sort of thing which ultimately brings on radical and unwise legislation.

Study human history and you will find that without exception the radical and destructive thing has been done because those in authority did not have the judgment and the foresight to do the reasonable and the constructive thing at the right time. Power may justly be compared to a great river which while kept within its due bounds is both beautiful and useful, but when it overflows its banks it is then too impetuous to be stemmed. It tears down all before it and brings destruction and desolation wherever it goes. Just so in this case. It is the duty of men in authority to try and do the wise and constructive thing so that the unwise and destructive thing will not be done, and thereafter become too impetuous to be stemmed and tear down all before it. It is because I believe that this bill is a wise and constructive measure and may well be expected to meet with success that I support and urge its passage.

Under leave to extend my remarks, I give a brief outline of what the bill does.

STATEMENT OF WHAT THE BILL DOES.

(1) An intermediate credits bank is set up in each of the 12 Federal land districts, to be managed by the "directors" of the Federal farm loan banks for the various districts.

(2) The United States Government will subscribe to the capital stock of each of the 12 intermediate credits banks up to an amount of $5,000,000 for each.

(3) One-half of the net annual earnings of the banks each year is to be paid to the United States Government in reimbursement of its stock and one-half is to be added to the surplus funds of the bank. So that ultimately the Government should be fully reimbursed while still owning the banks with the same original capital and a surplus of 100 per cent. After this has been accomplished, 10 per cent of the net earnings go annually to surplus and the residue to the Federal Government in the nature of a franchise tax.

(4) The intermediate credits banks are authorized to discount and to purchase agricultural and live-stock paper having a maturity of not less than six months nor more than three years, for and from banks, live-stock loan companies, and farmers' cooperative credits associations, and may also make loans direct to cooperative associations of producers under specified conditions.

(5) To provide additional loanable funds, collateral trust debentures bearing not more than 6 per cent interest may be issued by the intermediate credits banks in an amount not to exceed ten times their paid-in capital and surplus.

(6) Rates of discount may not exceed by more than 1 per cent the rate paid on debentures, and paper discounted must not involve a rate to the farmer higher than 1½ per cent above the discount rate.

(7) The debentures issued by the intermediate credits banks will be secured not only by specific collateral and the capital of the banks but each of the 12 banks assumes a contingent liability on all debentures issued by any other bank.

(8) The assets and liabilities of the intermediate credits bank will be separate and distinct from the assets and liabilities of the existing farm-mortgage land departments in each Federal land bank, so that farm-loan bonds as at present will in no respect be affected by the establishment of the intermediate credits banks.

(9) The intermediate credits banks will be under the general supervision of the Federal Farm Loan Board, and means are provided for the examination of institutions offering paper for discount and also examination of the specific security back of such paper.

(10) The Federal reserve act is amended by extending the term of discount to member banks on agricultural and live-stock paper from six months to nine months.

Some of the advantages which may be properly claimed for the bill are:

1. It utilizes existing credit machinery to the fullest possible extent.

2. It can be put into operation promptly and will reach every section of the United States.

3. Because it so largely utilizes existing machinery the necessary overhead expense can be held to a minimum.

4. It can be expanded to meet emergencies without requiring new legislation.

5. It will make available to the farmer credit for such term as corresponds with his period of production and make unnecessary the present practice of agreeing to repay before the borrowed capital has yielded returns to the borrower and user.

6. It will reduce the cost of credit to the farmers, particularly for sections remote from centers of surplus capital.

7. It will transform the farmers' intermediate credit paper into standardized investment securities which can be safely bought by investors anywhere without investigation of the specific security back of them.

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

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

Mr. LUCE. I yield the balance of my time to the gentleman from New York [Mr. COCKRAN].

[NOTE.—This is the last speech delivered by Hon. W. BOURKE COCKRAN, of New York, who died in Washington on the following day.

HAMILTON FISH, Jr.,
Member of Congress.]

Mr. COCKRAN. Mr. Chairman and gentlemen of the committee, I took the liberty of propounding some questions to the chairman of the Committee on Banking and Currency during his address, and on his answers I shall predicate what I have to say now. I asked him distinctly, and he answered with equal candor, if the purpose of this measure is to afford the farmers a chance to get more money on credit than they could obtain through the ordinary processes of commerce. Now, since everyone with money, including the banking business, is quite as anxious to loan as any borrower is to obtain, the only fair and sensible deduction from those statements is that the farmer, through this measure—I will not say the farmer, I mean the statesmen who are cultivating the farmer, I do not speak of the farmer who is cultivating the earth, but of those gentlemen who are cultivating the farmer—propose that he shall be able to obtain more money on his property than the property is worth.

SEVERAL MEMBERS. Oh, no.

Mr. COCKRAN. There can be no other meaning. Again I repeat he will have no difficulty whatever in getting all the money that his credit is worth. Now, if this additional sum which it is proposed to give the farmer could be obtained like manna rained from heaven and could be picked up in some place where it would not be contributed by somebody else, I would join in acclaim to that proposal. Now, you propose to give the farmer, as much as I would like to see him get it, money without adequate security, and that money provided for in this bill must be supplied by some one. Naturally you inquire who is to be the victim, who is to make good this benevolence. It is going to be you and me. Nobody else. So I ask the careful attention of this committee to the character of the proposal, to consider and weigh the facts and see if there be any justification whatever for the attempt to take money from one set of citizens—in other words take it out of the Treasury—for the benefit of a particular class. Now, to begin with, I think it important, if the committee will bear with me, to give a brief history of banking and its functions. I want to remind you that it is, in English-speaking countries, a very recent institution, about 230 years old.

Macaulay, in his History of England, points out that in the reign of Charles II there was not a bank in England, and yet there was a growing industry, and that industry needed the very facilities which banking now affords. He points out that at that time there had been in operation for more than three or four hundred years the great Bank of Venice, and that bank had operated through all the mutations and confusions that marked the collapse of the old feudal system. As Macaulay says, it was receiving deposits and loaning money while there was a Christian emperor still in Constantinople. It was loaning money before Columbus directed his ships across the western ocean, and it was still loaning money when an Ottoman emperor presided at the seat of the Cæsars, and while the discoveries of Columbus had resulted in the erection of numerous communities beyond the seas.

And more than that, the Bank of Amsterdam, which was a more recent institution, had existed for 150 years, had gone through a period of confusion on the Continent that was never matched until these recent experiences through which the world is passing to-day. He points out that at the terrible time during the French invasion of Holland, when, as we all know, the dikes were broken down and the country was flooded as a measure of defense, and the white flags were flying from the residence of the stadtholder, there was one place where all was order—peace, progress, and wholesome activity—and that was in the Bank of Amsterdam.

Now, these were so many private institutions; and he points out that the Government never interfered in banking when the interference has not worked disaster. The Bank of England practically gave banking facilities to the English market.

And let me right here explain just what banking is, and when gentlemen realize it and fully appreciate it I think they will be able to form a fair judgment on the character of this proposal.

Banking is the means by which persons engaged in trade, in manufacture, or exchange of commodities, can prosecute their business with less inactive capital than they would otherwise be compelled to employ.

Let me illustrate. If I am making tables or selling them I must, if I wish to remain in business, be ready at any moment to meet any demand that is made upon me, and I must meet it in the recognized currency of the country. If there were no banking facilities I would probably need to keep one-half of my capital idle. But by the operations of banking I can deposit 10 per cent of my capital in the bank, and a man engaged in selling tables, we will say, would deposit 10 per cent of his capital in the bank, and the man making shoes would deposit 10 per cent of his capital, and so on through all the multifarious branches of commerce and production. Men, by depositing small amounts of their capital, say 10 per cent, are able by their mutual accommodations to carry on business. If I need money to manufacture my tables I go to work and borrow, and when my tables are completed and sold I repay that loan, and that repayment not only discharges my indebtedness to the bank, but

it supplies funds for the shoemaker or the furniture dealer, in case they desire to borrow.

Now, the very business of banking is to keep trade of every kind and character active, and if the farmer can produce credit, if he can produce property, and is engaged in an occupation that will guarantee with reasonable certainty that he will be able to meet his debt, the bank is as anxious to lend the money as he is to obtain it, by the very nature of the commercial conditions.

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

Mr. COCKRAN. No; I regret I have not the time. Mr. Chairman, I ask leave to extend in my remarks on this question the sketch that Macaulay gave of the success of the Bank of England.

The CHAIRMAN. Is there objection to the gentleman's request?

There was no objection.

Mr. COCKRAN. It was found that this was an enormously profitable business, this business of banking. But there is nothing new in folly. The cry went forth over the country, "Let us have a land bank! Let us have a bank for the conduct of all land transactions." And Macaulay says they undertook to represent to the people that the miracles of Egypt would not be more marvelous than the results of loaning money on land. But the very essence of banking is the facilitation and the interchange and production of commodities produced from the land, and there is a totally different field of employment for capital in dealing with the land itself. Long loans belong to a totally different field of transactions.

The land bank was started in England. It was to do everything that is claimed for the land bank here, and it resulted in collapse almost before it got under way. But the English land bank did not propose to take several hundred million dollars out of the Public Treasury, as does this measure, and therefore you will have this bank working as long as that money lasts. But following the suggestion of the gentleman from Ohio [Mr. BURTON], let us assume that under the operation of this law large loans are made upon cattle and growing crops; I think they can loan up to 75 per cent of their value, and I have seen those values shrink over 50 per cent. What will be the security for those loans? How in the nature of things can these operations be prosecuted under the name of banking?

They are a permanent investment, a totally different branch of financial activity; they want to be encouraged, but when that is done they are conducted under the name and guise of banks to which they do not belong. Let us follow out the suggestion of the gentleman from Ohio [Mr. BURTON] for a second. Let us assume that the money is loaned to a great extent upon what is called farm products, say 75 per cent of the value, or on a great herd of cattle in Arizona or New Mexico or Texas, and then assume the appearance of a blizzard. Where will the money to meet that loan come from? Where can it be found? What happens then? Do you come back and ask for more money? Why should you not? You have discovered a way to open the Treasury; you have discovered a way to levy on your neighbors and fellow citizens, because nothing can be taken out of the Treasury by appropriation until it is put in by taxation. Having obtained $60,000,000 in this manner, what is to prevent your coming back for twelve hundred millions?

You will come on the floor and ask if we are going to be the base, hard-hearted wretches who will actually emphasize and make more bitter the visitations of Providence, when all we have to do to protect the country is to shell out two or three hundred millions more. How long do you think that will last? The gentleman from New Jersey [Mr. PARKER] has made a powerful suggestion, one fraught with great significance in this discussion. Aside from the fact that you are already projecting into the financial system of the country a vast mass of tax-exempt securities, you are creating this condition: That just so soon as there shall be any collapse in the credit underlying the loans made under the operation of this law the Government can not fall back on its exemption from liability. Oh, it is reserved in this act, you say; but technically and nominally it has the right to declare itself free of liability. But can it? The Government is tied up in the mere declaration of liability in the statute. It is held to it by the very nature of the transaction. The Government itself is the bank. Camouflage it as you may under the disguise of subscribing to the stock of a concern where it owns all the stock itself. It might as well come out and do this thing from the Treasury Department and have the credit, instead of skulking behind the disguise that takes away not only the title of its responsibility but at the same time conceals from the people the character of its obligations.

Mr. Chairman, I am perfectly certain that my good friends around me here are far from realizing the true character of this proposal. I know perfectly well that these Democrats would recoil from the idea of tolerating or encouraging a system by which one set of people are despoiled for the benefit of others. They have been very quick to denounce the ship subsidy bill, and I agree with them. This is exactly the same character as the tariff. There is no way by which the Government can interfere in private business except to oppress. You can not have a favorite appointed here without having a victim, because the Government has nothing of its own that it can give. Whatever it offers the farmer it must take from the rest of us. There is no magic source from which these enormous contributions can flow.

Mr. McSWAIN. I would like to know who are the victims of the Federal farm-loan associations.

Mr. COCKRAN. If there be default in these loans, as I believe there will be, we will all be their victims, including the farmers, who borrow, because they get no good from having a bankrupt concern on their hands. Do you want to undertake to relieve them from the necessity for and exercise of caution in the enterprise they undertake? You tell them that in some way or other they are entitled to take from the Government to meet the ordinary necessities for productive energy and enterprise, and if there be not such an idea in this measure, then there is no sense in it at all. I appeal to gentlemen on both sides of the House to realize that Government never interferes in private business without disaster, and that disaster is always brought about most rapidly and is of the most extensive character when it interferes with banking. There is nothing on this earth that is not produced by the labor of human hands, nothing that man could hope to possess or enjoy that is not the product of labor exercised on the bosom of the earth or on some product of the earth. Every attempt to enrich man by law means the despoiling of some for the benefit of others. If this be a natural operation of commerce, you need no law, you need no interference of Government. The eagerness of men to supply their capital will supply all that it is safe to lend the farmer. They would never lend him 75 per cent of the value of his flocks and herds, because they know that would be risky, if not making certain disaster to the loan and to the enterprise, but they will lend him all that it is safe to lend him, and that means all that it is safe for him to borrow.

The operations of commerce are regulated by laws as fixed as those that control the course of the seasons, and the amount a man may safely borrow is measured by two things. First, by his possessions, what he owns, what he has earned and saved, and second, by his character. When the amount of a loan can be determined by the pull—forgive me for using such a term, but it has a significance well understood—which an ambitious citizen can exercise upon the officers of a public institution, when the course of loans and business is controlled by the favoritism which a pull invites, then there is prepared for you disaster, the extent of which is difficult to measure. We are struggling away back now from a terrible condition. God knows whether the world will succeed in freeing itself from the calamities that are multiplying around it and the dangers that are constantly increasing in its pathway; but if it is to escape, it can be by one way only, and that is by the employment of every pair of human hands in active industry on the soil or some product of the soil. You can not induce the employment of human hands in industry unless you guarantee to every man the peaceful and secure enjoyment of all that he produces. When the day dawns that any number of citizens are taught to believe that there is a more rapid road to prosperity, to wealth to the possession of capital, than the employment of industry and the exercise of self-denial, and that a more rapid way is through the Treasury by the complaisance or the connivance of politicians, then the knell of this country's prosperity is sounded.

My friends, I have not the slightest idea that having once tasted this blood, those whose appetites are keen can be diverted from the satisfaction of it. But I do implore you in the name of all that we hold sacred, in the name of all that we have achieved, in our hope of prosperity and safety for the future, to pause before you launch the Government to the extent of $600,000,000 into the domain of private industry, where it has never entered without producing extensive and sometimes irreparable injury.

Mr. WINGO. Mr. Chairman, will the gentleman tell us whether he approves of the Federal reserve act?

Mr. COCKRAN. I will state that in many respects I do not. There are many features of it that I think are highly dangerous and the worst one is that which tends to encourage a man of the high and lofty instincts and mental capabilities of the

gentleman from Arkansas, not only to support, but to father this proposal of socialism.

The CHAIRMAN. The time of the gentleman from New York has expired.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Tennessee [Mr. DAVIS].

Mr. DAVIS of Tennessee. Mr. Chairman, I am for this bill and ask leave to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. DAVIS of Tennessee. Mr. Speaker, I shall support this bill not because it adequately meets the situation but because it is better than nothing. Those in authority have deferred until the closing days of Congress the serious consideration of rural-credits legislation to relieve the prostrate condition of agriculture. This bill by no means meets the wishes and expectations of real friends of the farmers. However, I shall gladly vote for it with the hope that it will prove of some benefit. If its provisions are sympathetically administered, I believe it will be of some considerable help. One thing which confirms me in the belief that it will probably be of some assistance is the fact that it is opposed by those Members of the House who always oppose every measure advanced in the interest of agriculture.

As stated by the gentleman from Arkansas [Mr. WINGO], we would not have had an opportunity to vote upon this measure had it not been for the persistent efforts of the Democrats. In fact, no measure designed to benefit agriculture has been considered or would have been considered by this Congress but for the zealous support and pressure of Democrats, joined by progressive Republicans from agricultural sections of the country. All such legislation has been wrung from an unwilling and unsympathetic majority, and against the wishes of the Republican leaders. By reason of such powerful opposition, such farm legislation as has been enacted by this Congress has been so restricted, conditioned, and "hamstrung" that it can not effectively operate in any substantial benefit to the farmer.

The only real constructive, far-reaching legislation ever enacted for the benefit of agriculture in this country was during the last Democratic administration. The last Republican Congress and the present Republican Congress have done infinitely more to the farmer than they have done for him. They had an opportunity to render the farmers a real service by accepting Ford's offer for Muscle Shoals, which would have resulted in the farmers obtaining fertilizer at one-half the present cost. This was demanded by the farmers throughout the country and by the people in general, but the Republican leaders steadfastly refused to even give the Congress an opportunity to vote upon the proposition.

As I have repeatedly stated, agriculture is given decidedly less consideration by the Government than any other industry, especially in view of the magnitude and importance of the industry and the large number employed therein. It is not only our basic industry and by far the largest and most important but also one in which every man, woman, and child in the Republic is vitally interested, because every citizen is a necessary consumer of farm products.

According to the last Federal census, our rural population, including those residing in small towns and villages, depending entirely on the farmers, constituted 48.6 per cent of our entire population, and yet this 48.6 per cent of our population receive on the average only 17 per cent of the total United States annual income. Our actual farm population constitutes 29.9 per cent of our whole population, residing upon 6,443,343 farms, as of January 1, 1920. The investment in farms and farm property in the United States is approximately $78,000,000,000. This is more than the invested capital of all industries—railroads, banks, and mines combined.

In their desperation those opposing any relief for the farmers have fallen into some amusing inconsistencies. For instance, some of them have argued that the securities provided by this bill would be so bad that the system would break down and the Government would incur heavy losses. On the other hand, the gentleman from New Jersey [Mr. PARKER], who so inveterately and loudly opposes all measures designed to alleviate the intolerable condition of agriculture, says that the securities authorized by this bill would be so attractive that they would prevent the refunding of Liberty bonds.

The gentleman from Massachusetts [Mr. LUCE], who is leading the fight against this measure, has said some very untrue and very unjust things about the farmers. For instance, among other things, he said:

> In the course of the Great War the American farmer profited more than any other class in the community. * * * This wonderful accession of prosperity to the class which, of all classes, in the community might, without intent of invidious suggestion, be called the profiteering class during the war—this wonderful accession of prosperity resulted in resort to comforts and luxuries not before that enjoyed and ended with the farmer having laid by little or nothing against the lean years.

This statement, which is expressive of the viewpoint of many city dwellers, is not only false and slanderous, but it is especially censurable coming from a spokesman of the manufacturing and capitalistic classes. Perhaps his attitude and his slanderous statement about farmers can be explained by his own statement, made in the same speech, that he is a director in an insurance company which is making farm loans in the Western States and his own admission, "I do represent the interests."

The wild statement of the gentleman from Massachusetts [Mr. LUCE] about farmers profiteering is absolutely refuted by official statistics.

Our farm population of 31,615,000, residing on 6,448,300 farms, with an investment of $78,000,000,000, obtained gross cash receipts of $15,418,000,000 in 1919, the peak year; and after $8,308,000,000 disbursements in farm operations they had left $7,110,000,000 with which to educate their children, pay doctors' bills, insurance, for clothing, food, and other necessaries of life. In 1920 their gross cash receipts were $11,300,000,000 and their disbursements in farm operations $8,787,000,000, leaving a balance of $2,513,000,000. In 1921 their gross cash receipts were $7,641,000,000 and their disbursements in farm operations $6,946,000,000, leaving a balance of $695,000,000. In 1922 their gross cash receipts were $8,962,000,000 and their disbursements in farm operations $7,334,000,000, leaving a balance of $1,628,000,000. It is thus seen that with an average farm investment of over $12,000 the average net receipts amounted to about $1,100 per farm, or $220 per farm resident, received in 1919, the year when the farmers received the largest amount in history; and of $390 per farm, or $78 per farm resident, in 1920; and of $107 per farm, or $21 per farm resident, in 1921; and of $252 per farm, or about $50 per farm resident, in 1922. The gentleman from Massachusetts [Mr. LUCE] talks about thrift, and yet with the large investments represented and with these farmers and most of the members of their families working from early morn until late at night, in the heat of summer and the rigors of winter, they were able to earn only the insignificant amounts stated. The gentleman from Massachusetts [Mr. LUCE] and those he represents know nothing about thrift as practiced by these hard-toiling farmers.

It is unnecessary to state that the average amount received by the farmers of the country, even in the most prosperous year in their history, did not equal the average amount received by the wage earners employed in factories, the building trades, and the various other industries, with no capital investment. For instance, according to the last Federal census, during the year 1919 the wages paid employees in manufacturing, including children and unskilled laborers, averaged $1,160; a large number of these wage earners were not heads of families, but frequently several members of the same family being so engaged. During the same year clerks, stenographers, and similar office employees working for manufacturing enterprises received an average of $1,392; superintendents and other supervisory employees received an average of $2,643. The salaried officials, 132,467 in number, of all the manufacturing concerns in this country, large and small, received an average salary of $5,356. It is a matter of common knowledge that the manufacturing corporations themselves profiteered to such an extent that they made fabulous profits. It is estimated that a thousand corporations of different kinds in this country made net profits of $19,000,000,000 during the World War.

The trifling incomes of those engaged in agriculture, even during their most prosperous years, pale into insignificance when compared to the incomes and profits made in practically all other lines of industry. Furthermore, I wish to call attention to the fact that farm operations not only require a large investment but also that it requires practically a year to produce and market any crop, with the result that the farmer is not generally able to turn over a dollar but once a year, whereas those engaged in manufacturing and trade turn their dollars over many times during the course of a year. For the volume of business done, much less capital is required than is the case with farms. For instance, according to the Federal census, during the year 1919 the capital investment in manufacturing in this country amounted to $44,456,593,771, owned and borrowed, and including water stock, and yet these factories sold their products of that year for $62,418,078,773; whereas during the same year the farmers of the country, with an investment of $77,924,100,338, received for their products of that year only $15,418,000,000. In other words, the manufac-

turers sold their products for 40 per cent more than their total capital investment, whereas the farmers were enabled to sell their products for only 20 per cent of their investment.

The national industries handling animal and food products, with a capital investment of $4,615,149,895 and with 684,672 employees, sold their products of the year for $12,438,890,851 (nearly three times the amount of their capital investment). In other words, concerns handling farm products with a capital investment less than one-seventeenth as large as the farm investments in this country and employing about 10 per cent as many people as the actual farm owners, not to mention the millions of others employed on the farms, receive more for their products than the amount received for all farm products in this country during any year in history, except in 1919, and but little less than the amount received for all farm products that year; the amount thus received by these industries handling farm products amounts to nearly 50 per cent more than the total gross receipts for all farm products during last year. Each and every industry handling farm products receives a larger profit for handling same a few days or a few weeks, and practically without risk, than the farmer receives for his year's toil and upon his investment. And yet men have the nerve to intimate that farmers are not thrifty and to talk of farmers indulging in extravagance. If farmers engaged in one-tenth the extravagance of those who are so ready to criticize them they would soon all go bankrupt.

It is true that during the war the farmers of the United States, patriotically responding to their country's call, exerted every endeavor to produce to the very limit; accordingly they produced large crops and prepared for market unusually large amounts of live stock, but this was all done at an abnormally high expense. They likewise received good prices for their products, as compared to pre-war products, but in turn they were compelled to pay even proportionately higher prices for practically everything they had to buy. The only correct criterion of the so-called prosperity enjoyed by the farmers during and following the war can only be gauged by the purchasing power of the farm dollar. Consequently I herewith insert in the RECORD a letter from the Secretary of Agriculture, together with a table giving the purchasing power of the farm dollar from 1890 to 1922, as follows:

DEPARTMENT OF AGRICULTURE,
Washington, February 27, 1923.

Hon. EWIN L. DAVIS,
House of Representatives.

DEAR MR. DAVIS: I am pleased to transmit herewith data relative to the purchasing power of the farm dollar as requested in your letter of February 17.

A satisfactory index number of the purchasing power of the farm dollar, 1860 to date, has not been prepared. The Joint Commission of Agricultural Inquiry prepared a series of index numbers from 1890 to 1920, and we have continued it to include 1922. A copy is transmitted herewith.

Sincerely yours, HENRY C. WALLACE,
Secretary.

(Inclosure.)

The purchasing power of the farmer's dollar since 1890.

(Includes food and farm products with all other products.)

	Cents.		Cents.
1890	83	1907	90
1891	89	1908	93
1892	87	1909	100
1893	87	1910	96
1894	85	1911	97
1895	85	1912	101
1896	81	1913	100
1897	86	1914	105
1898	88	1915	103
1899	83	1916	97
1900	86	1917	107
1901	92	1918	112
1902	95	1919	112
1903	88	1920	96
1904	93	1921	84
1905	90	1922	89
1906	88		

1913–1922, REVISED.

Source: The Agricultural Crisis and Its Causes. Report of the Joint Commission of Agricultural Inquiry, Part 1.

This represents the average purchasing power of all farm products measured in terms of all commodities, taking as a basis 100 per cent in 1913, the year before the World War began. It will be noted that the average purchasing power of the farm dollar during the four years of the World War was less than 105 per cent as compared with the purchasing power immediately preceding the World War. Does this show any great profits or prosperity? The figures answer emphatically in the negative. The increased purchasing power of the farm dollar was nothing as compared to the increased purchasing power of the manufacturing dollar, as well as that of numerous other industries.

However, it is exceedingly gratifying to me that the purchasing power of the farm dollar was greater under the last Democratic administration than it had been under the preceding Republican administrations, and very much greater than it has been during the present Republican administration. The average purchasing power of the farm dollar under the eight years of Wilson administration was 104 per cent, whereas it was only 94⅞ per cent during the eight preceding years under a Republican administration. The purchasing power of the farm dollar during the two years of the present Republican administration has only been 86.5 per cent.

The figures given represent the average purchasing power of the farm dollar measured in all commodities, including farm products. This is manifestly unfair to the farmers for the reason that they do not purchase farm products to the same extent that they purchase other products, nor to the same extent that other groups purchase farm products. The average purchasing power of all farm products in terms of all other commodities—excluding farm products—was only 67 per cent during the years 1921 and 1922, constituting by far the lowest purchasing power of the farm dollar in the history of the Republic. As evidence of the fact that the condition of the farmer in this respect is not improving—at least to any appreciable extent—I beg to call attention to the fact that the average purchasing power of the farm dollar in terms of all commodities, exclusive of farm products, was 68 per cent on January 1, 1923. This slight increase over the previous two years' average is easily traceable to the fact that there is always a slight advance in farm products during winter months. These indisputable official figures should certainly serve to demonstrate the fact that the farmers fare better under a Democratic administration than they do under a Republican administration.

The gentleman from Massachusetts [Mr. LUCE] is sufficiently acquainted with the facts and fair enough to concede—

> That the farmer was first hit by inflation and he suffered the worst. The outcome was that in 1921 his condition became lamentable, and he turned to Congress for relief. Whether or not the charges made by my Democratic friend from Arkansas just now are justifiable, the fact that the Republicans must stare in the face is that many months have passed without giving the farmer the full measure of relief he has asked.

Of course these are facts which no man can dispute. With every other industry turning to Congress for relief, and many of them asking and receiving special and undeserved favors, it was natural that the farmers should expect their Government to relieve the intolerable condition of agriculture. However, the farmer does not ask for special or personal favors; he seeks no subsidies, bounties, or other "hand-outs." He asks for nothing but a square deal and a fair chance. He asks for only a modicum of the consideration to which he is justly entitled, but which has steadfastly been denied him by the present administration. The pending bill certainly provides no higher or greater credit facilities for protecting his investments and carrying on his business than are already enjoyed by all other industries. This bill does not involve any unsound business principles and carries no special favors. Under its provisions the farmer can not borrow without giving adequate security, and the Government will not lose a dollar under its operations. The bill will not afford ample relief by any means, but we all realize that it is as favorable a bill as the Republican leaders will permit to pass. All that this bill does is to provide facilities by which the farmer may borrow upon gilt-edge security and at interest rates somewhat comparable to that obtaining in other industries. Having deprived him of a foreign market for his surplus products and having demoralized his domestic market, the Republican leaders have finally been induced by strong, persistent pressure to grant this crumb of comfort.

Having admitted that the farmer "was first hit by inflation and suffered the worst," and "that in 1921 his condition became lamentable," the only suggestion for his relief made by the gentleman from Massachusetts [Mr. LUCE] is as follows:

> Of course the one remedy when you raise more than the world will buy is to stop raising so much food. That is what we people in the manufacturing centers do. When men will not buy our shoes, or our cloth, or our other products, we shut down the factories.

First discussing this cold-blooded proposition seriously, it is impossible for farmers to tell a year in advance what the need for their products will be, or what size crops on the whole will be produced, in view of the uncertainty of weather conditions and the ravages of insects and other crop enemies. Even if they could look into the future, and desired to do so, they could not curtail or control crop production because of the millions engaged in agriculture, each of them on a comparatively small scale, and the inability to make and carry out such agreements. Furthermore, whenever efforts have been made to thus control crop production by general publicity programs, those not engaged in agriculture have severely condemned it and even referred to such efforts as criminal. Besides, the farmers as a class are not so cold-blooded as to desire to throw their tenants

and other help out of employment and permit their fields to remain idle.

Furthermore, there is no overproduction of farm products when it is considered that there are multitudes in foreign countries starving for the lack of such products which they would gladly buy if not prevented by our high tariff duties from selling their surplus commodities in exchange for our surplus farm products.

Of course, the manufacturers, comparatively few in number and with their compact organizations, can make and carry out agreements for the curtailment of production, even to the extent of creating a scarcity and holding up their prices, and many of them do not hesitate to do so, and let their employees find work where they can or go without employment. The manufacturer fixes the price at which he buys and the price at which he sells. The farmer can do neither. Of all the industries, agriculture is the most helpless in this respect. Furthermore, the manufacturers not only control their production, as suggested, but they ask for greater governmental favors than any other class of people, in spite of the fact that they are decidedly the most prosperous and wealthiest class of our citizens; but the worst of it is that they receive such favors in abundance, and at the expense of the masses of the people, as typified by the infamous Fordney-McCumber tariff bill recently enacted, for which the gentleman from Massachusetts [Mr. LUCE] voted, and which alone will exact tribute to the extent of $2,000,000,000 per year from the toiling farmers.

However, I fully agree with the argument of the gentleman from Massachusetts [Mr. LUCE] that the emergency tariff act hurt the farmers more than it helped them. It was known and predicted by those opposed to the passage of that hypocritical bill that it would have that effect. While its proponents claimed that it was for the benefit of the farmers, yet it was nothing but camouflage and a mere pretext to serve as a vehicle to impose high tariff duties upon manufactured goods under the guise of "compensatory duties." It not only largely diminished our foreign commerce and greatly reduced the foreign market for our farm products but utterly failed to increase or maintain the domestic price of farm products as it was claimed it would do. For example, that bill imposed a tariff of 35 cents per bushel on wheat which should be imported into this country; and the Republican leaders endeavored to lead the farmers to believe that it would increase the price of their wheat to that extent, although they knew that we are a great wheat-exporting Nation and that the price of wheat is fixed in Europe. The gentleman from Massachusetts [Mr. LUCE] states that "when the emergency tariff bill was passed the price of wheat was $1.33⅓, and in the course of the operations of the emergency tariff bill fell to 92.7 cents." Mr. LUCE, a zealous advocate of protective tariff duties on manufactured commodities, very correctly takes the position that farm products can not be effectively protected by tariff duties. With respect to the operation of the emergency tariff bill I wish to call attention to the further facts that, according to estimates of the United States Department of Agriculture, on June 1, 1920, the average price received for wheat by producers in the United States, including every type and grade, was $2.583 a bushel. On April 1, 1921, when the emergency tariff bill was under discussion, the average farm price of wheat per bushel in the United States was $1.335. On June 1, just after President Harding had signed the bill, it was $1.274; on July 1 it was $1.122; on August 1, $1.048; on September 1 it was $1.012; on November 1, $0.942; on December 1, $0.927. Throughout the year 1922, during all of which either the emergency tariff law or the permanent Fordney-McCumber tariff law was effective, the average farm price of wheat ranged between $0.887 and $1.21, the figure at the end of the year being about $0.96.

Everybody now knows that the emergency tariff bill did not help the price of farm products, but that the high duties upon manufactured commodities therein provided imposed heavy additional burdens upon the farmers. As a matter of fact, it actually decreased the prices of farm products in that it resulted in a large reduction of the export of our farm products by preventing the importation of manufactured articles from Europe and thus destroying Europe's ability to pay for our farm products by an exchange of commodities. When the American farmer can secure no adequate market for his wheat not needed for home consumption, then the surplus backs up at home, creating an oversupply which in turn depresses the domestic price as well as depriving him of a market for the surplus.

The situation created by the emergency tariff bill is continued and greatly augmented by the Fordney-McCumber tariff bill. In this connection I wish to call attention to the following illuminative facts:

In 1912, the last year under the previous Republican administration, and under the operation of the Payne-Aldrich Tariff Act, we exported 79,689,404 bushels of wheat. In 1913, the first year of the Wilson administration, we exported 142,879,597 bushels of wheat. Our wheat exports increased to 332,464,976 bushels in 1915, which, of course, was during the war in Europe. However, in 1919, the last year of the Democratic administration, we exported 287,401,579 bushels of wheat. Last year (1922), under this Republican administration, with the largest United States wheat production in history, with the exception of four years, we exported only 164,691,565 bushels of wheat, notwithstanding the fact that the export production of wheat in Russia and the Danube States is only about 13,000,000 bushels per annum as compared to 555,000,000 bushels before the war.

The situation with regard to wheat and the reasons therefor apply with equal force to practically all other farm products.

The proponents and apologists for the policies to which I have referred insist that conditions are improving and that the country is in a fairly prosperous condition. However, any increased prosperity is confined to the manufacturing, coal, and a few other industries, which are prospering at the expense of the masses, and to the cities where there is much activity in building operations, due to the enforced suspension of such during the war. It is poor comfort to the farmer to tell him that his neighbors are prospering in producing commodities of which his money will only purchase 67 per cent as much as it would prior to the war. However, as evidence of the fact that there is not as much prosperity even in business circles as the Republican propagandists would have us believe, it is only necessary to cite recent authentic statistics showing that the business failures in the United States during the last year were the largest on record, amounting to 22,400, an increase of 11.9 per cent over 1921 and 164 per cent over 1920. Prior to that time, under the Democratic administration, there were practically no failures.

In addition to the hard licks which the present administration has given the farmer by the tariff laws, the revenue laws, and otherwise, and their unwillingness or inability to do anything effective for his relief, it would seem that the farmer is also being hard hit locally. For instance, a canvass of the Department of Agriculture just completed shows that the average amount of State, county, and local taxes paid by the farmers throughout the country in 1922 to have been 70.9 cents per acre compared to 31.4 cents in 1914. The average taxes paid on farm lands in Tennessee was 19 cents per acre in 1914 and 53 cents per acre in 1922. Arizona was the only State in the Union in which there was not an increase in taxes on farm lands.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Texas [Mr. HUDSPETH].

Mr. HUDSPETH. Mr. Chairman, in addition to the great value that this bill will be to the farmer, it would save and preserve the great live-stock industry of the country, which I in part represent. I am for the bill and ask unanimous consent to extend and revise my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Maine [Mr. HERSEY].

Mr. HERSEY. Mr. Chairman, I want an opportuntly to give my reasons for voting for this bill and ask leave to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. HERSEY. Mr. Speaker, the bill under consideration, intended to give needed relief to the agricultural interests of the country, is not by any means perfect. I have been in Congress long enough to learn that no bill of this importance can pass both Houses without some compromise. Conflicting interests and diverse opinions must be reconciled to get the greatest good for the greatest number and at the same time to get as good a bill as possible under the circumstances. I shall support this legislation as the best in sight for the relief of the farmers at the present time.

The agricultural and stock-raising interests of the country have been the greatest sufferers during the days of reconstruction after the late World War. For the last three years the farmers and stock raisers in this Nation have not received for their products sufficient to pay the cost of production and mar-

keting. The result is inevitable. Every year the farmer and stock raiser has been doing business at a loss and hiring money to meet that loss, and increasing thereby his indebtedness against the farm. Banks and money lenders have almost ceased giving any relief to agriculture. National banks, of course, could not advance money upon real-estate mortgages. Trust companies and Federal farm-loan banks have exhausted their limit, so to speak, and find themselves unable to advance further assistance.

The farmer needs at the present moment further credits to tide him over until returns are made from next year's crop and the marketing of his live stock. To obtain the needed credit this bill has been presented to Congress and I hope it will pass before the close of the session.

Unless some relief is given to the agricultural interests of this country at once farmers will be discouraged, the boys will leave the farms in greater numbers than ever before, and there will be a limit to production, and general disaster to the whole Nation must be the inevitable result.

This bill provides, in brief, that agricultural credit shall be extended by two distinct and separate classes of relief. One organization under this bill is defined as "Federal intermediate credit banks."

In addition to the present Federal farm-loan banks there is to be organized and established 12 separate banks operating under the supervision of the present Federal Farm Loan Board. Each of these banks is to have a capital of $5,000,000, established out of the public funds. These 12 banks are to be located in the same places as the present Federal land banks and are to be operated under the same management—the Federal land banks.

These new banks are authorized to make loans to cooperative marketing associations. These associations are to be formed by farmers and the loans are to be made for agricultural purposes. These banks are to be authorized to issue and sell debentures when properly secured, as provided for under the law, and become good investments for the public. They carry tax-exempt privileges the same as the present farm-loan bonds, but at no time can the rate of interest exceed 6 per cent per annum.

The next organization formed under this bill is what is known as the "National Agricultural Credit Corporations." They are created along lines of the present national banking law, and they are under private initiative and capital. In other words, these farm organizations are to promote and organize banks with a minimum capital of $250,000. Authority is given for the creation of a rediscount bank with a minimum capital of $1,000,000. These national agricultural credit corporations are permitted to subscribe up to 20 per cent of their capital to the stock of the rediscount banks. They do not carry the tax-exempt privileges. They are under the supervision of the Comptroller of the Currency.

These two agencies when in operation are intended to take care of the present agricultural needs and it is expected that they will ultimately absorb the present War Finance Corporation.

The Sixty-seventh Congress, which is now about to close, has passed a large amount of legislation in the interest of and for the benefit of the farmers of the country. I have by voice and vote supported all these measures. I have not time to review these beneficial acts of legislation, but wish to quote from Senator CAPPER, of Kansas, the leader of the agricultural legislation in the present Congress. He has recently made a public statement in the matter of agricultural legislation in the present Congress, and I quote from his statement as follows:

In passing the "farm-bloc" measures, the cooperative marketing act, the antigrain gambling act, the packer and stockyards control act, the farmer emergency tariff, the act giving farmers representation on the board of the Federal reserve bank, the antifilled milk measure, the act extending to agriculture for one year the financial aid of the War Finance Corporation—with these and the farm credits act, embodying a complete rural credit system—Congress served the interests of all the people.

There is no quick and sure cure for the troubles of the farmer. Prices of farm products can not be increased by legislative enactment, but the laws just passed undoubtedly will be of material assistance to the producers of the country.

These acts tend to promote a square deal, and no more, for the American farmer. The grain trading act is to protect him from wheat pit gamblers who manipulate markets and take from him huge profits that should be his.

Putting a "dirt farmer" on the Federal reserve banking board insures the American farmer against the ruinous discrimination from which he suffered during the "deflation period" of 1919 and 1920, when the arbitrary ruling of the Reserve Board restricted farm credit and forced the banks in farming areas to pay "progressive discount rates."

By reviving the War Finance Corporation the Sixty-seventh Congress offered agriculture and live-stock producers a reservoir of credit amounting to $1,000,000,000, without which the effects of the arbitrary "deflation" policy of the Federal reserve bank would have had far more disastrous results. The money advanced by the War Finance Corporation saved the situation, and in some degree at least softened the blow.

With Secretary Wallace warning Armour and Morris that their proposed merger is in violation of the law, we shall soon see the packer and stockyards control act passed by the Sixty-seventh Congress fully tested. * * * The cooperative marketing act gives associations of farmers and producers a clear legal right to cooperate in selling their products.

The creation of two new banking systems to serve the farmer's needs for productive credit is the purpose of the farm credits act passed during the last hours of the session. The credit system created by the act provides both governmental and private banking machinery to afford credits for production, and is hailed by farm leaders as a great constructive achievement in behalf of agriculture.

I wish to say in closing that what the farmers and stock raisers need is not so much Federal credit—an opportunity to add to his debts—as it is a stabilized market where he can obtain a reasonable reward for his labor. In the formation of cooperative agricultural societies all over the Nation and the establishing of warehouses, the marketing of his crops in a businesslike way and cutting out the middleman, and with the benefits derived from the protective tariff against foreign imports, he will be in a position to establish himself in a way to control his home markets and to sell his surplus abroad.

There is one great relief that must come to him before he can be put upon the road to established prosperity, and that is the lowering of transportation rates, which now make the marketing of his crops almost prohibitive. The great transportation lines of the country were paralyzed during the late war under Government control. These roads were well-nigh wrecked by reckless management and the loss of billions of dollars. Since the return of the roads to private management and control they have been gradually recovering their old-time prosperity to such an extent that the Interstate Commerce Commission has recently ordered the issuance of mileage books at a much lower rate, and it is expected that reduced rates will be made upon all roads in the matter of freights.

The next Congress will work out the problem by better legislation, the result of experience in the control and management of the roads through the Interstate Commerce Commission. For the present, however, it is enough to say in answer to the criticism of Federal aid to the farmers that if this Government can loan millions to the railroads they ought to loan freely to the farmers, who have suffered the most in these days of reconstruction.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Utah [Mr. COLTON].

Mr. COLTON. Mr. Chairman, I am for the bill and ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. COLTON. Mr. Speaker, I am for this bill. I have given this measure my hearty support from the beginning. All the wealth of this world has come either directly or indirectly from the labor of the people and from the earth itself.

Agriculture is the basic industry of the earth. Men in all ages have turned to the soil. Our present civilization has come largely from those engaged in the agricultural industries. When these industries prosper the people are happy. When there is depression among those engaged in agricultural pursuits then there is unrest and unhappiness throughout the world. Such a condition reflects directly on the business condition of the whole world. It matters not how much money there is, if the home-owners and home-builders are unhappy there is unrest everywhere.

During the late war the price of most of the agricultural products were fixed by law and the profits limited. Surely no one will contend that there was any considerable profiteering among the farmers of this country. When the period of deflation came, following the war, the farmers were the first to feel the reaction. They have been struggling against great odds ever since. It is no idle talk to say that the depression has been so widespread that the whole industry has been threatened. This can not be traced to the idleness or lack of business ability and foresight on the part of the farmer. He has largely been the creature of circumstances over which he had no control. Some of the brightest minds, the most careful and calculating men in this country, have faced ruin during the last few years. From close study and observation I am convinced that personally every Member of this Congress has had it in his heart to do everything possible to help the farmer.

Mr. Speaker, it has been one of the big problems that this Congress has had to solve. The organization of the Federal reserve banks was hailed as the solution of all our financial troubles. The Federal reserve banks have done a good work

in some respects, but the farmer receives directly little help from this system. These banks do not meet the farmers' needs at all. Over 65 per cent, in numbers at least, of the banks in this country are not in the Federal reserve system. These banks are largely located in agricultural sections, and what will the farmer do in those places? Strictly commercial banks are not in a position to extend credit to the farmer, I mean such credit as he needs. The Federal farm-loan system does not supply all of his needs. In the handling of his crops the farmer has no need of a loan extending over a long period of years, nor is a loan of a few months sufficient to meet his needs. There is an intermediate time between these two systems which the provisions of this bill will meet, and that is the thing for which the farmer has been contending so long. What we are trying to do by means of this bill, and what I think we will succeed in doing, is to bring the great agricultural interests who produce the necessities of life in contact and give them the benefit of the great investment centers of the East where the money naturally concentrates. We want to give the farmer the same chance of getting easy money as the average business man has. Not to give him something for nothing, as the farmers and stock growers of this country are not begging anything. They simply want the same chance to live and carry on their business that is now given to other industries.

I have no patience with the criticism against this bill that it is putting the Government into business. I am not a believer in the Government engaging in private business, but the Government can aid and make possible opportunities for business. The Government made possible the great Federal bank system and the farm-loan banks, and has aided in making possible many industries. It is the duty of any Government to make it possible for its citizens to engage in legitimate pursuits and to aid in every way possible in the acquirement of property. Surely this would be true of the great agricultural industry, the very basic industry of our civilization. Because I believe this bill will so aid, and will supply a long needed credit which will go far toward stimulating agriculture in this country, I have supported and am supporting this measure.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from Ohio [Mr. FOSTER].

Mr. FOSTER. Mr. Chairman, I am for the bill and ask unanimous consent to extend my remarks in the RECORD.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, I yield to the gentleman from South Carolina [Mr. McSWAIN].

Mr. McSWAIN. Mr. Chairman, I intend to vote for this oft-promised, long-delayed, and partial relief to the farmers of America. I regard the bill as far from perfect, but under the circumstances am giving it my cordial support because it is a step in the right direction. But I think that before many years have passed the righteous and justifiable demands of the farmers will bring about legislation such as the distinguished ranking member of the Banking and Currency Committee on the Democratic side, the gentleman from Arkansas [Mr. WINGO], referred to in his speech.

It is interesting and somewhat amusing to consider the arguments made by the opponents to this bill. Some argue that the system is so unsound and unbusinesslike that the debentures will not sell in the money market and thus the scheme will fall flat of its own weight. Others argue that the legislation is unwise because these debentures will absorb all of the investment capital and prevent the refunding of Government bonds in the future. Some argue vociferously against the investment by the Government in the capital stock of the 12 banks, aggregating $60,000,000; and yet these same people praise the Federal farm-loan system, which was started by the use of Government money, and many of these same persons have voted for the revolving fund of hundreds of millions that have been loaned to the railroads, and, also, many have earnestly and zealously urged the adoption of the ship subsidy bill, which would annually take from the Treasury tens of millions of dollars a year of direct gifts to shipowners. It is also worthy of note that many who now oppose this system of intermediate credits very strongly urge the adoption of the high protective tariff for the benefit of the manufacturers.

Then, Mr. Chairman, practically all who now oppose this intermediate system of farm credits are loud in their praises of the Federal reserve system, which is avowedly for the benefit of the commercial and industrial interests. How can gentlemen argue that it is fair and patriotic and sound policy to use the power of government to benefit manufacturers and industry, and the merchant marine and the railroads, and to dig and buy canals, and to dredge rivers, and, yet, suddenly raise the cry of "communism" and "socialism" and "paternalism," and "bolshevism," and "sovietism," and all the other ugly "isms" when something is proposed that may indirectly stabilize and strengthen the basic and essential and indispensable industry of agriculture?

Note, Mr. Chairman, that I say that "the farmers may receive indirect benefit." Undoubtedly the "direct benefit" from this legislation will inure first to the banks, and then, to the investing public. The financial system set up by this bill merely enables the bank to accommodate the farmer if it wants to. The local bank, whether State or National, is the agency that passes on the security of the farmer, and arranges the terms of his loan, and decides whether or not he has moral credit. This system tries to fix it so the local banker can not honestly say to his farmer friend and neighbor: "You are honest, and your security is good, but you will need the money so long a time that I can not under the law, and under the banking rules, accommodate you." As a matter of fact, Mr. Chairman, I believe that the cashiers and presidents of the banks in the small towns and cities of our agricultural sections are in sympathy with the needs and interests of agriculture and the farmers, and that these bankers will avail themselves of the opportunities afforded by this bill to finance the production and orderly marketing of agricultural products. I have no patience with those who oppose this bill on the ground that it may enable the farmer to hold his crop perhaps several months for a better price. I gladly avow that this is one of the reasons why I support the bill. If any person in the world is entitled to the benefit of higher prices, it is the man whose skill and labor and patience have produced and brought into being the very things that all men must eat and wear in order to live.

I notice, Mr. Chairman, that several of those who have spoken against the bill have quoted a brief given out by the Secretary of the Treasury in opposition to what is called the Anderson-Lenroot bill. They roll it over their tongues as a sweet morsel that Mr. Mellon says that this bill "violates all the canons of sound banking." I assume that Mr. Mellon knows a great deal about the banking business, and especially about how to count interest and to pile up dividends for his stockholders. Whether he has ever studied banking in its scientific and economic aspects in relation to the public welfare I do not know, and no one has told us. I do not know Mr. Mellon and have never seen him but three times, but I have read something about him and find that he has the reputation of being about the second richest man in the United States, which means that he is the second richest man in the world; but just how many hundred millions he is worth I have no reliable information. However, I do think that old Robert Burns was about right when he said, "When self the wavering balance shake, 'tis seldom right adjusted." The first Congress of the United States must have had this in mind when it enacted what is now section 243 of the Revised Statutes, which was approved by President George Washington on September 2, 1789. It was charged in the Senate, on February 15 and February 24, 1922, that Mr. Mellon was and is violating that law. In like manner, it was charged in the House of Representatives, on March 7, 1922, that Mr. Mellon is violating section 243, which is a criminal statute, of the Revised Statutes. I do not know whether or not Mr. Mellon is "concerned or interested in carrying on the business of commerce or trade, directly or indirectly." I do not know what his business is and how his money is invested. It may be that he does not directly own any mercantile or commercial establishment.

It may be that he is only a stockholder and perhaps a director in corporations which may be carrying on trade or commerce. But if he is, I think that ownership of such stock is a rather "direct-indirect" interest. Of course, no one expects that the Secretary of the Treasury should be a pauper, but we do expect the Secretary of the Treasury to obey the law. The only sure foundation for the permanency of Republican and Democratic institutions is for the people to insist and assist in enforcing all the law, all the time, among all the classes, from the highest to the lowest. I do not know how wealthy the Secretary of Agriculture and the Secretary of Commerce are, but it is rather striking that they should both approve of the bill under consideration when, according to common report and reputation, they are poor men in comparison with Mr. Mellon. Many citizens who believe that the place to begin showing respect for the law is at the top and among the highest officials are asking why it is that Mr. Mellon has not issued a statement in response to the charges that were made a year ago in both Houses of Congress. One of these citizens is Mr. H. L. Scaife, a constituent of mine, who is counsel for the Women's Clean Government Organization. I have

known Mr. Scaife for more than 20 years, and I know him to be a gentleman of the highest character, of clean living, of disinterested patriotism, and a lawyer of no mean ability. When the World War broke out, though more than 40 years old and with a family dependent upon him, he volunteered and served in both the Air Service and the Infantry of the United States Army. He tells me that while in the Air Service he learned things that made his blood boil, and he formed a resolution that after the war he would do all in his power to expose any profiteering or other breach of public trust that he might discover. For a time he was in the employ of the Department of Justice in connection with what are called the "war fraud cases." I am told that as a result of his activities since his discharge from the Army about $40,000,000 have been refunded to the United States.

I do know that practically all of his time for the last four years has been devoted to a continuous and conscientious effort to discover any crookedness that may have been practiced upon the Government during the war. He is, therefore, not only a patriotic ex-soldier, but a crusader for civic righteousness and for public honesty in time of peace. There is documentary evidence that Secret Service men investigated him at Union, S. C., and at Clinton, S. C., and they must have reported that nothing could be found dishonorable in the record of H. L. Scaife. I therefore am inserting a letter written by Mr. Scaife to the Attorney General of the United States on February 14, 1923, and am informed that no reply thereto has been received. Of course, the Department of Justice is under no legal obligation to answer this letter, just as Mr. Mellon is under no legal obligation to explain whether or not he has any direct or indirect interest or concern in carrying on commerce or trade. But silence under such circumstances may lead to inferences disagreeable to the feelings and hurtful to the reputations of these highly honored Government officials. I therefore reproduce the letter above mentioned for the information of the Congress and the country:

WASHINGTON, D. C., *February 14, 1923.*

Hon. HARRY M. DAUGHERTY,
Attorney General of the United States,
Department of Justice, Washington, D. C.

(For the personal attention of the Attorney General.)

DEAR SIR: I am herewith inclosing a pamphlet entitled "What is the matter with the Treasury Department?" for the purpose of calling to your official attention the various allegations therein contained, and I am prepared to furnish to the proper grand jury evidence and names of witnesses to substantiate all charges made.

I especially desire to bring to your notice pages 35, 36, and the information set forth on the third and fourth covers which follow these pages, in which it is alleged that Hon. Andrew W. Mellon is occupying the position of Secretary of the Treasury in violation of section 243 of the Revised Statutes of the United States, and I am prepared to act at your direction in swearing out a warrant and appearing before a grand jury in the prosecution of the case.

It will be noted in the brief which will be found on pages 35 and 36 that we are not without a precedent in this matter. In the case of Alexander T. Stewart, exclusive of Sunday, 48 hours was the limit of time which President Grant allowed a very close personal friend to remain in the Cabinet under similar circumstances, after the law and the facts had been called to his attention.

To-day, we have for guidance the same law and a similar state of facts which existed in the Stewart case, in which the Chief Executive, the United States Senate, and the appointee bowed to the law and promptly relieved the situation before it became a national scandal. Not so in the case of Mr. Mellon. He retains possession and has shown no disposition to submit to the law. A year ago the case was called to the attention of Congress and the people, when the following statement was made on the floor of the Senate (CONGRESSIONAL RECORD, February 15 and 24, 1922, vol. 62, pp. 2605, 2607, 2608, 3013, 3014):

"Here is a Secretary who is violating the law every day of his life, thereby incurring the penalty of a fine or imprisonment, and of being forever afterwards incapacitated to hold office. 'I would like to have the Senator * * * express himself as to what the people will think as to the way our Government is being run when a criminal, unconvicted but disobeying the penal law openly and notoriously committing a crime, is left in charge of the national funds and the refunding of a foreign debt of $11,000,000,000.'"

Again, on March 7, 1922 (CONGRESSIONAL RECORD, vol. 62, pp. 3510–3512), ex-Judge CHARLES H. BRAND called the attention of the House of Representatives to this violation of law, and it is therefore reasonable to assume that Mr. Mellon's act in the premises is willful and flagrant.

It seems to me that a fundamental issue is involved, and its determination will settle the question as to whether or not the laws of the land are to be respected or whether there is a line of demarcation in social strata beyond which the law is inoperative; and if this be true, we might as well admit that agencies of the Government have overthrown the law in such cases.

I trust that in presenting the matter as forcibly as I know how you will not construe what I have written as indicating any opinion on my part that you will not give the matter proper consideration, or that, regardless of who the offender be, you would fail to take the necessary action to protect the interest of the Government. However, I do make the point that if an ordinary citizen were similarly situated he would be immediately arrested and brought before the court to answer for his offense.

Yours very truly,

H. L. SCAIFE.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. WHITE of Kansas. Mr. Chairman, I shall very greatly appreciate the indulgence of the committee if I may be permitted to speak out of order for the time for which I have been recognized to briefly call the attention of the committee to the subject of our immigration policy, our present immigration law, and proposed amendments thereto. I think I should state at this point that I am in favor of the policy of restriction of immigration into the United States. I favor the provision in the House Immigration and Naturalization Committee's substitute report for Senate Report No. 4092, which reduces the quota from 3 per cent in the present law to 2 per cent. Of course, no general analysis of the bill can be presented in the time allowed. What I desire more especially to do at this time is to direct your attention to what I regard as being very grave defects in the present law. First, I shall refer to the percentage or quota basis of the present law. It will be remembered that this law was substituted in the Senate for a bill based on administrative provision similar to the subdivisions A and B in section 4 of this bill, which provides for the admission of certain relatives of American citizens outside of the quota or as nonquota immigrants. It passed the House without serious opposition on March 20, 1920. I believe it should have become the law. And while I do not know what may have been in the minds of the Members of the other body of the Congress when considering the 3 per cent quota provision—I do not know what consideration may have been given to the administrative features of their substitute—I do know that circumstances have developed which have baffled all the calculation of its friends and have furnished the strongest weapons of assault in the hands of its opponents. Already twice in the course of its less than two years of operation has the very able chairman of the Immigration Committee reported resolutions to admit aliens arriving at our ports in excess of quotas in order to relieve cases of extreme hardship and in each instance the House and Senate have accorded the request. There is very grave doubt in the minds of thinking persons who have given this very important subject much careful investigation that the present percentage quota basis is at all sound and certainly two years of trial have proven its utter unworkability. I say the Congress should at once get to work and get some of the iron rigidity out of the law and get some flexibility, some humanity, into it.

I can not better illustrate what I mean than by here stating the substance of an article in an issue of the Washington Post of Sunday, February 18:

BABY BORN AT SEA BARS WHOLE FAMILY.

The birth of a baby at sea on the steamer *Rochambeau* has resulted in the detention at Ellis Island, of Mr. and Mrs. Moser Epstein and three children, of Warsaw, Poland, according to word received from New York by relatives here at Omaha to-day. They are bound for Omaha to join Reuben Epstein, brother of Moser. Relatives said that issuance of passports to Mr. and Mrs. Epstein and two children completed the authorized immigration quota from Poland for February. When they reached New York they found that the baby was excluded under the immigration law as its arrival aboard ship exceeded Poland's quota for the month.

Only a few months ago a mother came to New York from Russia, admissible under the quota. Her baby was born in Constantinople, and the Turkish quota being exhausted, the child was not admissible under the present law, which provides that for the purposes of the act nationality shall be determined by country of birth, a provision impossible of administration without constantly recurring extreme hardship. This situation will be corrected in the proposed bill, which provides that a minor child accompanied by its alien parent shall take the nationality of the parent, providing such parent is entitled to an immigration certificate.

A few weeks ago a soldier, 18 months a World War veteran, living at Birmingham, Ala., came before the Committee on Immigration and Naturalization and stated a most pitiful case. His mother, arriving at Philadelphia, was held on account of an exhausted quota, but was finally admitted on bond. His brother and sister were deported.

Cases I have cited—and there are hundreds of similar cases—prove the insurmountable obstacle in the way of the satisfactory administration of the present law.

I repeat, the percentage basis is impracticable. It is also unsound. It is exactly what creates the endless chain by letting in new initial immigration, thus broadening the basis of clamor for the admission of relatives. If the admissions were restricted to the relatives, as provided for in the substitute, and no quotas should be provided, it is my judgment that immigration would be almost entirely eliminated within the period of a very limited number of years, for the reason that the cases

of distressing emergency would be quickly disposed of and the rights of the citizen would be exhausted by the limitations in the bill, and those coming would have no rights thereunder.

This is most clearly stated in the report of Chairman JOHNSON, which is printed in the same document with the substitute from which I now quote:

CERTAIN RELATIVES OF CITIZENS.

The amendment recognizes the justice of giving to citizens of the United States the privilege of bringing to their own firesides certain close relatives, namely, a husband, wife, father, mother, unmarried minor child, unmarried minor brother or sister, or unmarried minor orphan niece or nephew. This does not permit future pyramiding as the parents of orphans are dead, and the parents of the others are identical with those of the relatives in the United States.

HIGHLY LIMITED PROVISIONS IN RE RELATIVES OF DECLARANTS.

The amendment grants this privilege in much more limited degree to aliens who have resided in the United States at least two years and who have been declarants for citizenship for at least one year. This line is limited to the husband, wife, and unmarried minor children, all of whom must comply with all of the restrictive provisions of the present immigration laws except the quota act.

NO "ENDLESS CHAIN" OF RELATIVES.

Objections to the effect that the admission of wives and children to aliens who have been here at least two years, and who have had first papers for at least one year, will result in an "endless chain" proposition, in that those first-paper aliens will ultimately have citiship papers and will then be able to bring fathers, mothers, and orphaned nieces and nephews, are unsound, in the opinion of the committee.

The bringing of such persons will not be in great numbers and does not open new lines of blood or collateral relationship. The only new families permissible are those few who may come as under certain exempted classes (minister and wife, etc.), and those who may come as "quota" immigrants.

Herein lies one of the prime reasons for reduction of quota to 2 per cent and establishment of base for quota on the 1890 census.

The plan is to admit the fewest possible number of new individuals—new seed—a top number of 186,437 annually, as against a possible 387,803 new family lines under present quota law.

Further, the gross immigration since the outbreak of war in Europe to date—eight and one-half years—has been small, and made up in considerable part of members of families endeavoring to unite.

Now is the time to reduce the possibility of the entrance of new individuals of new families to the lowest practical minimum, which the bill of the House committee does. It reduces rather than increases the endless-chain possibilities.

The committee believes that the preference clauses in the present quota act have resulted in many families being brought together.

Grandparents are denied admission as "nonquota" immigrants in order to prevent future appeals for admission from lines running to the grandparents. The latter must come within quotas or not at all.

The foregoing quotations from the report I believe prove conclusively that the admission of relatives as provided for in the substitute is the most restrictive and at the same time the most feasible and satisfactory plan that can be founded for the restriction and regulation of immigration, and effectually disposes of the objections of those whose prejudices have led them to illogical conclusions or who may have taken counsel entirely of their fears.

In further refutation of the charge that the proposed substitute will let in an excessive number of aliens or will open the doors to undesirables let me say that such a situation could not possibly be the case. By reference to section 8 of the substitute it will be seen that the restrictions are much more severe in the required guaranties that the immigrant shall not become a public charge than those in the present law. The applicant for admission must comply with all the requirements of the general law and in addition thereto an American citizen or a declarant who desires to secure the admission of a refugee who is a relative is required to file information satisfactory to the Commissioner of Immigration that he is able to and will support the person for whose admission the application is made, and this petition is required to be made under oath. Section 4 provides further that the petition must be accompanied by the statements of two responsible citizens of the United States.

I hear some one ask how many will it admit, and I answer I do not know definitely. It may admit 10,000; but if there shall be 10,001 or 10,002, you will not be required under this flexible arrangement to disregard the most sacred ties of blood and separate the mother from her child, the brother from his sister, or the husband from the wife. Therein lies one of the meritorious features of this bill. It has some flexibility, a quality entirely absent in the present law. But if we should admit under this bill providing for the admission of blood relatives a number approximating the extravagant calculations of some who have said we might admit 50,000, you will still fall far short of the aggregate provided for in the present 3 per cent law for the reason that the reduction of the quota from 3 per cent to 2 per cent will operate to bring about a greater reduction than the increase effected by the admission of relatives in the nonquota class. We have, as I believe, wisely entered upon a permanent policy of regulation and restriction of immigration. No doubt our social and industrial interests will be wisely conserved as a result of that policy. But certainly that does not mean that we are to at once extinguish all the kindlier instincts of humanity. I plead nothing in extenuation when I appeal to your sympathy, for I appeal yet more strongly to your sense of justice and a square deal. I say, I proclaim, it is not fair, it is not a square deal to any man whom we may admit under the law to enter this country, to whom we extend the privilege of citizenship, from whom we accept his contribution to the production of this country, whose services we requisition in time of war, to say to that man, "We refuse to allow you to bring your wife and your children to your own country, there to establish and perfect the home fireside, the home circle." We have the power to deny him this privilege, we have denied it, but to me it seems that it is an act of the greatest injustice and most prodigious folly.

This bill will operate, if it shall soon become a law, to relieve in a limited extent an emergency the most distressing, so far I know, in the history of mankind. It is needless to say I refer to the destruction of the city of Smyrna by fire and the expulsion of its Greek and Armenian inhabitants by the Turkish Government. I find myself thinking to-day of the victims of that indescribable disaster; on the 8th day of last September the Greek Army completed the evacuation of that city. On the 9th the Turkish Army entered, and on the 11th there ensued a scene of pillage, rapine, and murder, the most frightful the world has ever known in its most bloody annals. Too appalling for contemplation, so monstrous and abhorrently wicked as to beggar all description, it is not known—it can not and will not be known until the recording angel shall sound the call to judgment and the earth and seas shall give up their dead—the number of innocent persons who perished by fire and sword at Smyrna in the days between September 10 and 26, 1922. From the Smyrna vilayet there fled during those days to the islands and shores of Greece more than 300,000 Greeks and Armenians. Thousands of them have died from starvation, disease, and exposure. Thousands more are perishing and will perish without material aid from the people of other countries. But the American Congress has the power to make possible a great act of mercy and in doing so we jeopardize no public interest; disturb no social condition; repudiate no law; reverse no public policy; appropriate no public funds. All we have to do is to make it possible by the passage of this law to give to those distressed and dying people the relief which their American citizen relatives whose hearts are broken with the sorrows of their helpless dear ones, the victims of inhuman savagery, a chance to save their lives and administer to their wants; and who only wait our permission to do so at their own expense.

Gentlemen profess to be apprehensive for the consequences that may result from the enactment of this law. Gentlemen are willing to retain the quota system and admit initial aliens by the thousand who have no ties of blood, no bond of affection, no patriotic instinct to bind them to America, but fear to admit the wife and children of a good American citizen. They seem to think there is danger in the admission of the wives of American citizens. Gentlemen, my mind is not disturbed on that subject, not in the least. I do not believe the wife of an American citizen helping to build up the home, the most sacred institution in all the world, the basic foundation of our great American civilization, and of all civilization for that matter; the wife of that American citizen building up that home, administering to the happiness of her children, preparing their food, caring for their health, providing their clothing, anxious for their education, doing for them a thousand things that a mother's love inspires and impels her to do, will ever be a dangerous citizen. No, no; she will become a good citizen and her children and husband will be better American citizens for her presence in the home, and for her to come here, for her children to come here, will not weaken but will rather strengthen the social fabric, because it preserves the fireside upon which the whole structure is builded. Do not forget, gentlemen, we have here in this Republic an enormous surplus of food. To save from death some of those starving relatives of American citizens will not diminish our surplus. These victims of the unspeakable atrocities of Turkish savagery are dying by hundreds, by thousands, for want of clothing, for want of shelter, for want of food. I have said, and I repeat it, that I am influenced in a degree by my sympathies for those distressed refugees. Surely we can not put ourselves in position of saying that because we can not save all therefore we should save none. Do not misunderstand me. I would not admit one that is not otherwise admissible, I would not admit one who might not safely be admitted, but I would lift the quota so that those victims of Turkish persecution who are the near relatives of American citizens may be saved from the frightful fate that most surely awaits them if we do not enact this legislation. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

Mr. McFADDEN. Mr. Chairman, I yield——

Mr. GARRETT of Tennessee. I make the point of order there is no quorum present. I thought there was an agreement that we should recess at 6.30.

Mr. McFADDEN. The gentleman is in error. It was to be at the conclusion of general debate and there are four minutes remaining.

Mr. GARRETT of Tennessee. I withdraw the point.

Mr. WHITE of Kansas. Mr. Chairman, I ask unanimous consent to revise and extend my remarks.

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

Mr. SUMNERS of Texas. Mr. Chairman, I have listened with interest, as I always do, to my friend, the eloquent gentleman from New York, who has just addressed the committee. I agree with him to this extent, that there is danger of maladministration of this proposed law, with consequent public hurt. That, however, is true of practically all important legislation.

Owing to the fact that this bill was not available until yesterday and the House has been working under heavy pressure, I have not been able, analytically, to examine its provisions. I have had somewhat to do, however, in an advisory way with one of the three bills which in part was incorporated in this bill, and for a long time have had a special interest in the general subject being dealt with by this bill. While I do not agree with it in its entirety, I am giving it my support, because I believe as a whole it will bring a definite amount of relief where it is needed. My friend from New York has discussed this bill and criticized it as being unsound as a banking measure. As I view it, it is not a bill having to do with banking as that term is ordinarily used and understood.

It is a measure, judged by its chief characteristics, providing for the assemblage and sale of agricultural credits secured by chattels. It carries provision for governmental aid in setting up the machinery for establishing trade contact between those who may have this character of agricultural credits for sale and those who may have money to invest in such credits. It provides a character of governmental intermediary inspection of the credit base and supervision intended to protect the system, and to give the necessary assurance to the investing public to make it willing to purchase these evidences of debt.

With regard to the agencies through which the ordinary commercial institutions are financed, the Government now exercises inspection and supervision, the object being identical to that had in this bill—the preservation of solvency and public confidence. The plan here proposed is different from that because the nature of the thing being dealt with is different. The credit needs of agriculture are fundamentally different from those of the ordinary commercial institution. Much of the credit needs of agriculture can and will continue to be met by the ordinary commercial banks, but these banks are not equipped—their very constitution will not permit them—to supply the fundamental credit needs of agriculture.

In the first place the banks in agricultural communities are ordinarily of small capitalization. They require to keep their assets liquid. Whenever under great demand on the part of farmers such as we had in 1920 and 1921 when these banks went to the limit in trying to save their farmer patrons from ruin they failed in the effort to save the farmers but many of them were ruined in the attempt. For orderly marketing, for credit to prevent the sacrifice of growing herds, in short, to enable the products of agriculture to be marketed in response to the demand for use, rather than to be sacrificed under the pressure to get money advanced by institutions which require payment in order to keep themselves from becoming "frozen up," it is necessary that an additional credit extending facility be established. Not only does agriculture require this, but the banks serving agricultural communities require it. Year before last especially these banks were so "frozen up" that regardless of the general reservoirs of credit they could not function in establishing contact between the farmers and these reservoirs. They could not increase their rediscounts. Cattle pools were established, but the money could not be gotten to the ranchmen through these banks. It was necessary to find a route around them and to thaw them out from the rear. This is not a theory but a demonstrated fact. What was true of stockmen was true generally. So much for the necessities of the situation.

But the gentleman from New York says that this is a proposition to take something from all the people and give it to the farmers.

Nine years ago I had only recently come here. I made a speech in this Chamber, in which I discussed "the consumer's interest in the economic problems of the farmers and the duty of the Government to aid in their solution." I suggested then the duty of the Government to aid agriculture in dealing with the problem of marketing, suggesting the method which is now becoming a part of our national policy, and further said in that address a safe plan could be devised and put into successful operation by which, during the marketing period of our staple crops, money could be loaned on them at a low rate of interest and upon the surplus when the yield exceeds the necessities of the current year. I said, "I am not talking about any 'corntassel' currency. I am not making any bid for the farmers' votes or having a wild dream. I know that with such an organization as I have partially outlined, working with an organization controlling rural credits, money could be advanced upon the staple crops while they are in process of being marketed without danger of loss, without violating any principle of economics, and in conformity with proven business principles. The advancing of this money during the marketing period would largely prevent the present dumping methods in the sales of these crops. By a more gradual system of marketing a larger part of what the consumer must pay would go to those who produce. The consumer, therefore, would not have to pay as high a price as under present and prospective conditions he must pay in order to induce the producer to continue his work. European speculators, who purchase two-thirds of our cotton crop now rushed upon the market, the bulk of it in three months, take from the American balance of trade between forty and eighty million dollars annually.

"The movement of our crops in so limited a time is a severe tax upon our financial institutions and necessitates transportation facilities which during a large part of the year are not used."

I beg pardon for quoting from my speech delivered nine years ago; but I have been working and observing ever since that time. I knew then I was right, and I know it now. If we had done then what we are doing now this terrible tragedy of recent times might have been avoided. Many of our farmers who have been ruined might have been spared, and many of our banks which were ruined trying to save them would have their doors open to-day.

Talk about this being a grant of special benefit to farmers if you will to the detriment of the public! I say that if we can make the farmers of this country prosperous—I do not mean give them anything—just give them a chance and prosperity will extend into every business of the city just as the life-giving fluid comes up through the roots of the tree to make its fruit grow, its leaves green, and its trunk vigorous and strong, if the roots be kept healthy in fertile soil. We have just had a demonstration of what happens to the vocations of the city when the purchasing power of agriculture is paralyzed.

I believe in being cautious. I believe in making the soundness of every proposition the thing of first consideration. I do not believe in making a donation to the farmers. But there is a duty of government in the premises, a duty not to the farmers as against the public but a duty to the public to strengthen the economic structure of agriculture because it is the basic business. The loss of agricultural population and the loss of agricultural prosperity is a national loss and involves a danger to all the people of the Nation.

The thought and energy of the Nation have been so completely absorbed in city building and agriculture has been so universally regarded as an inexhaustible commissary, useful only to feed business, that the importance to the whole people of its relative decline has not yet become properly appreciated. I do not urge any claim of the agricultural classes for economic justice. I say that the time has come when the vital needs of all the people can be met only by giving to the agricultural classes economic justice by providing, among other things, credit facilities adjusted to the peculiar necessities of their business. I am going to quote again from what I said nine years ago. I said then the fact that the world is consuming its surplus of agricultural products, and that the country is losing its producers, is of infinitely more concern to the millions in the cities who must eat to live than it is to those remaining on the farm who produce primarily to sell. The number of producers has become relatively so small, the current volume of production so small, the number of consumers so large and the imperative demand so large that if we were to slip a cog in the machinery of production the problem would not be one of high cost of living merely, but this: Where at any price can we obtain the elements necessary to sustain life? When that time comes, as it must, unless we deal effectively with this situation, the people on the farms through whose hands these elements must pass can hold back enough for themselves and theirs, but what of the people in the cities with only a few days' supply?

The stimulus given by war conditions postponed the advance, but it is in progress again.

We are building up great cities. Who is going to feed their multiplying millions? This thing can not go on. This mighty

sweep of population from the country must be stopped. How are we going to do it?

It ought to be evident from what we know of our own condition that something must be done which has not heretofore been done. The poet, the orator, the publicists, and the efforts of the Government have all failed to turn back the tide sweeping in from the country upon the great centers of population. It is true that each individual who goes to your cities from the country adds one more name to some city directory; it is also true that he adds to the keenness of the struggle of those who live there, reduces the output of what they must have to sustain life, and adds his tax upon the diminishing production.

I grant, Mr. Speaker, that there was a time when the economic condition surrounding the business of agriculture did not so greatly concern those who live in the cities. Until comparatively recent times the children of those who farmed, as a general proposition, were likewise compelled to farm when they grew to maturity, because they did not know how to earn a living except by doing that which their parents had taught them as they assisted in the farm work. But the extension of educational advantages to the rural districts is liberating the farmers' children from an ancestral vocation, while the spread of democratic notions has opened to them every door of opportunity, and the modern cities are bidding for them. Those who do not farm should recognize that men are no longer compelled to farm through lack of opportunity to choose among the vocations of the country. Let us clearly understand now that they can be induced to farm only by the payment of as much net profit as a like investment of time, capital, and ability in any other business would bring. There is another phase which concerns the nonfarming classes. There can be no hope of reducing the cost of living by reducing the profits of the farmers, for the very evident reason that they are quitting at the present profit.

The only place where we can hope to make a reduction is in the charges upon production and distribution. The movement from the country to the town is not the cause with which we must deal; it is not a primary cause; it is a result. We must deal with the cause which is responsible for that movement. We read a good deal about the superior advantages offered by the country. Most of these articles are written by people who live in the cities or by people who have recently gone to the country, and who celebrated their change of residence by getting into the public prints. I have watched a number of such people, and almost without exception it takes only a few years for them to absorb all of the joys of the country, and, needless to say, they willingly go back to the hardships of the city. The scenes of the countryside and the lights of the silvery moon have mighty strong competitors in the moving-picture shows and the electric lights of the city, especially among people who have once been accustomed to them. But I recognize that these are not the sort of things which control the movements of the masses of the people, unless their civilization be in process of decay. Individuals make mistakes with reference to the change of residence, but the mass of population moves under the operation of irresistible economic law toward the centers of best opportunity. This law has controlled the migration of all ages, and will control it until the end of time. It is absurd to rely on this back-to-the-country sentiment or on any other sentiment to establish and maintain balance of population as between the country and city. We had as well face the true situation and deal with it as it is. This matter is controlled by unyielding economic laws—laws as unyielding as the law of gravitation. The movement of the mass of population shows where the best opportunities are as unerringly as the current of a stream shows the direction in which the lower level is to be found. Agriculture and the vocations of the city have been bidding against each other for the capital, the brawn, and the brains of the Nation, and the vocations of the city have been outbidding agriculture.

If we would turn back the tide, we must help agriculture to raise the bid. That is all there is to it. We must ourselves pay more for what we consume, or we must help our farmers to get a larger part of what we pay. We must give them cheaper interest rates, and lessen the hazards of their business. That is our only choice. The burden of high rates of interest, the loss of the thousands of carloads of food which rots in the fields and in the railroad yards while seeking a market, the robbery of unscrupulous commission men, the amount of loss resulting from dumping crops upon an oversupplied market, are being shifted to consumers, and we are feeling this weight. We will feel it more. The time is near at hand when we will pay every cent of these charges. The relative abandonment of agriculture and the corresponding decrease of the volume of production, and with the resultant increase in prices, will not cease until farming yields as much net profit as any other business would yield. To pay the net profit, insure the farmer this net profit, would, of course, necessitate the payment of all losses and charges connected with the business. In the price of the things we eat, therefore, we must pay for the food products which rot after production; we must pay the high interest charged to the farmers; we must pay the profit of the speculator who purchases from the farmer when he is forced to sell because of lack of credit.

This is a new condition which never before existed on the earth. While population has always moved toward the centers of best opportunity, it has before this time moved slowly and with great difficulty. The lack of opportunity to equip for any other business bound the members of each succeeding generation to the business of their respective ancestors. The bonds are being broken rapidly now, and if we will take the trouble to investigate, we will find the rule to be that when education liberates the country boy he goes to the city. Read the story of your last census report. Notice in the examination of your jury panels how many men now living in your towns and cities were born in the country and how few now living in the country were born in the cities. This is one of the far-reaching problems of modern society. It is of interest, Mr. Speaker, and should be profitable to examine somewhat into the development of this problem.

In the first half of the last century—notably between 1830 and 1840—the utilization of steam and of electricity brought about an industrial revolution upon the earth. The business of the country began to adjust itself to the changed conditions resulting from the application of these forces to the activities of men.

But agriculture was not able to move forward with the procession. The reason is clear, and does not reflect discredit upon the country. The industrial cities took many of its educated, ambitious young men. Those engaged in agriculture were widely scattered. Their duties confined them to their respective farms. The consumers of their products came to be strangers, living far away. Effective business organization of agriculture was impossible under these conditions, and it came to occupy the position of a commissary in the economic relations of the country. Its products are not now sold in the sense that the minds of the producers and consumers meet in agreement upon the price. Agriculture is at an economic disadvantage; other businesses feed upon it. That we may clearly understand the situation with which we must deal, it is well to recall that before the application of steam and electricity to transportation and to manufacturing and other industries there existed throughout the world a condition of relative independence in so far as the several communities as entities were concerned. Each community produced from necessity most of what it used and used most of what it produced. The wool, cotton, and flax raised in the several communities became, through the process of home manufacturing, the finished garments. The hides from the carcasses of home-grown animals went to the local tanner, then to the local leather workers, who were largely paid in barter. The local blacksmith and woodwork man made most of the farming implements. The miller ground the grain into meal and flour and took his pay in grain, and so on through the whole list of the simple requirements of that day. It is also worthy of notice that because of lack of transportation facilities each family carried a large surplus. Practically all of the people lived in the country. New York City, two centuries old, then had only 200,000 people; Boston had 60,000. Now over one-half of our families live in the cities and towns. They carry no surplus and no one is carrying any for them. The surplus accumulated during those times is being consumed. The food level of the world is being lowered, and this can not be stopped under the economic conditions which now surround agriculture; the system of marketing agricultural products will not tolerate a surplus.

With the application of steam and electricity the manufacturing energy formerly distributed throughout the country became concentrated in the cities. The shoe cobbler, no longer able to compete with the equipped factory, with its cheapened modes of transportation, moved to such places as Boston. The spinning wheel and family loom became relics of a bygone industrial age and their operatives went to centers like Fall River. The ox-team driver, unable to compete with the railroads, left the country and became an engineer. Agriculture, unorganized, deserted by many of those equipped for leadership, was hurled into the vortex of an industrial revolution, one of the chief results of which was the organization of every other business, the producing end and the selling end properly financed.

It is not possible under existing conditions to preserve equilibrium of population as between the country and the cities. There must be equality of advantage if there is to be a balance of population. When the products of the cities go to market they

do so in response to demand for use and have marked upon them a price which incorporates the cost of the material, the cost of production, maintenance of plant, and all other expenses, plus a profit. The farmer's products are sold at whatever price they will bring, regardless of cost of production, profit, or anything else. We hear a great deal about the law of supply and demand controlling prices. No such law exercises control over bargainers who are not equally advantageously situated. Under modern conditions this law has but a limited determining influence upon current sales. It can not be depended upon to insure justice. If two men were upon an island and one had all of the water and the other all of the food, and if the necessity of one to have water in order to live was a present necessity, while the other's necessity for food was not a present necessity, this law would not insure a just bargain between them. How can farmers hope to be protected in the sale of their current products when they are forced by unavoidable circumstances, frequently by pressure to pay a debt owing to a commercial bank, while the credit base is perfectly sound, to dump their crops upon the market in quantities in excess of the demand of the consuming market?

In this method of sale they can not hope to receive the protection of that law; they violate its provisions and must receive its penalty. I do not deny that that law is coming into control, but when it does the consumer will pay the price which the law would now decree were it in control, and the law of retribution will force society to pay with interest the penalties which the farmer's economic disadvantage now compels him to bear. The scramble of a hungry world for what he produces will take care of his profit, but will not improve any feature of the present situation. Increase of prices does not indicate improved economic conditions surrounding agriculture. It is the herald of coming hunger widespread. If we will not divide the benefits of a bountiful harvest with the producer, we are going to the cupboard one of these mornings and there will be nothing for breakfast. We are working toward a lower food-supply level, because a small crop brings more money to the producer than a big one, and just a little surplus knocks the bottom out of prices. In 1910 the southern farmers produced 12,000,000 bales of cotton. The world said that was not enough. The next year they produced 16,000,000 bales. They had to get up early and work late to raise and gather it. It cost them millions of dollars more to respond to this demand. The world's appreciation was shown by penalizing them $125,000,000. Is it any wonder that the country boy quits in disgust when a 16,000,000-bale crop brings $125,000,000 less than a 12,000,000-bale crop. The corn crop of 1912 was considerably larger than that of the preceding year, yet it brought $50,000,000 less money. This was the prewar period let us remember.

It is all right to reduce the price per unit when the number of units is larger, but to make the total price for the larger number of units less than the price for a smaller number of units is to bid for the smaller number of units, for a shortage of supply in the country. The thing which augments the danger of this situation is the uncertainty of the volume of any year's production. The insects or the drought may come and the brightest prospects be blighted. No one can guess when they will come. We must make it economically possible as it is physically possible to create and carry a surplus as a protection against the hazards of seasons and insects. This is the problem of all of the people, let our friends from the cities remember. All of the people must eat to live, while the farmer's greatest profit is when the people are hungry. If we will remove the penalty now imposed for a bountiful harvest, the productive energy of the country, undiscouraged, will go on with its work, and when the years of low production come we can eat the surplus carried over from the more fruitful years. It is said that the man who makes two blades of grass grow where one grew is a public benefactor, but we are offering mighty poor encouragement for the two-blade production, if the two blades bring less money than the one would have brought. Farmers do not now produce primarily to feed their families as they once did. They produce to sell for money.

If we can reduce the overhead expenses, if we can reduce the interest charges, if we can reduce the waste and the loss from the forced sales of farm products, if we can reduce the hazards of the business, the constituents of my friend from New York will have a chance to get cheaper food and to have a surer food supply than if this waste, this loss, and this hazard continues and they continue to drive the farmers from the fields to the cities. And if we can put agriculture on a sounder economic basis there will not be so many business failures in the cities and the working people there will be more sure of employment.

It is inevitable that sooner or later, and I believe it will be soon, those who must purchase the products of the farm in order to live must pay back to the farmer whatever he must pay for the money which he is required to borrow, and must pay for the hazard which his business is subject to by reason of inability to get credit, which results in financial loss.

The elimination of this waste, physical and economic, the maintenance of the balance of population as between the country and the city, and the creation of the ability to carry the surplus from the years of bountiful harvest to supplement the yield of the years of low production constitute a new problem which has come to challenge the genius of this generation, and we must deal with it upon the responsibility of our own judgment. None among the many problems which have come to us is more difficult or more far-reaching in the extent to which it touches the vital interest of all of the people.

Gentlemen may hesitate to commit the National Government to new activities, and it is well to hesitate to the extent of extreme caution. But we have no choice here. We are dealing with a problem as vital as life itself. To a large extent no generation can choose its activities. All of the generations of men who have lived before us have been shaping our task. Inexorable necessity drives us to its performance.

Government had its genesis in necessity. It exists for no other purpose than to afford the individuals who constitute it the machinery by which to promote the common good. When the necessities of a people change, the activities of their government must correspondingly change. When the individuals acting as such are not able to deal with a situation affecting the body of citizenship, the dealing with that situation becomes a solemn governmental duty. No agricultural organization has been strong enough to solve this problem. Were it possible to obtain it, the possession of such strength would give a power which the absolute monarchs of old never dreamed of having. Society will rue the day, if that day ever comes, when it drives the agricultural producer into such an organization as that.

This is not an extreme thing here proposed. It is the necessary safe thing to do.

It is my observation that the demands upon government which result in dangerous experiments and policies frequently, it would perhaps be safe to say usually, are traceable to the failure of government to do what it ought to do at the time it ought to do it. What is proposed by this bill has already been postponed too long. Let us not add to that delay. If we do, radicalism, dangerous to them and to the country, may develop among the farmers of this country such as we have not known before, and force the payment of a terrible penalty for the failure properly to discharge a governmental duty to all the people.

The CHAIRMAN. General debate having been concluded, by order of the House the committee recesses until 8.30.

Accordingly (at 7 o'clock and 35 minutes p. m.) the committee recessed until 8.30.

AFTER RECESS.

The recess having expired (at 8.30 o'clock p. m.), the committee resumed its sitting.

The CHAIRMAN. The clerk will read.

The Clerk read as follows:

Be it enacted, etc.,

TITLE I.

SHORT TITLE.

SECTION 1. That this title may be cited as "The Federal live stock and agricultural corporation loan act."

SEC. 2. That corporations for the purpose of providing credit facilities for the agricultural and live-stock industries of the United States, to be known as Federal Live Stock and Agricultural Loan Corporations, may be formed by any number of natural persons not less in any case than five. Such persons shall enter into articles of association which shall specify in general terms the object for which the corporation is formed, and may contain any other provisions, not inconsistent with law, which the corporation may see fit to adopt for the regulation of its business and the conduct of its affairs. Such articles of association shall be signed by the persons intending to participate in the organization of the corporation and thereafter shall be forwarded to the Comptroller of the Currency to be filed and preserved in his office.

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

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

The Clerk read as follows:

Mr. McFADDEN offers the following amendment (with notice that if adopted, he will move to strike out subsequent sections of the bill), namely:

"That when used in this act, the term 'Federal farm loan act' means the Federal farm loan act approved July 17, 1916, as amended, and the 'Federal reserve act' means the Federal reserve act approved December 23, 1913, as amended.

"SEC. 2. That section 1 of the Federal farm loan act is amended to read as follows:

"TITLE I.

"SECTION 1. That this act may be cited as the 'Federal farm loan act.' Its administration shall be under the direction and control of the Federal Farm Loan Board hereinafter created.

"SEC. 3. That the Federal farm loan act is amended by adding at the end thereof a new title, to read as follows:"

Mr. LUCE. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. LUCE. I entered the Hall when the clock hand was at 8.30 with the expectation of making a unanimous-consent request before the reading of the bill began. May I make that unanimous-consent request now?

The CHAIRMAN. The Chair thinks you may.

Mr. LUCE. I request that the reading of the bill be by paragraphs. The section of the bill upon which the Clerk has just entered covers 17 pages, and possibly 40 or 50 more or less independent provisions. I would submit that if these are taken up in accordance with the practice of the House we shall get into hopeless confusion in the handling of amendments, and I submit the suggestion that the bill be read by paragraphs or subsections, probably by paragraphs would be better, in order that we might avoid what otherwise would be a difficult situation.

The CHAIRMAN. Does the gentleman refer to the amendment?

Mr. LUCE. I do.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent that the amendment be read by paragraphs. Is there objection?

Mr. ANDERSON. Reserving the right to object, Mr. Chairman, this bill passed the Senate on the 16th of February after very long and careful consideration. It had been previously considered by the Commission on Agricultural Inquiry in part and was indorsed by the Federal Farm Loan Board, by the Federal Reserve Board, and by various other governmental agencies, and it has had very careful consideration. While ordinarily I should quite agree with the gentleman from Massachusetts [Mr. LUCE] in his request to read the bill by sections or paragraphs, at this stage of the session it is perfectly obvious that to read the bill by paragraphs is to kill it, and therefore I object.

The CHAIRMAN. The gentleman from Minnesota objects. The Clerk will resume the reading of the amendment.

Mr. LUCE. Mr. Chairman, I express a doubt that there is a quorum present.

The CHAIRMAN. The gentleman from Massachusetts suggests the absence of a quorum.

Mr. RAMSEYER. The gentleman did not make the point of no quorum. He just expressed a doubt as to there being a quorum.

The CHAIRMAN. The Chair will count. [After counting.] One hundred and two gentlemen are present—a quorum. The Clerk will read.

The Clerk read as follows:

SEC. 201. That the Federal Farm Loan Board shall have power to grant charters for 12 institutions to be known and styled as "intermediate credit banks."

Such institutions shall be established in the same cities as the 12 Federal land banks and the officers and directors of the several Federal land banks shall be ex officio officers and directors of the several intermediate credit banks hereby provided for.

And shall have power to employ and pay all clerks, bookkeepers, accountants, and other help necessary to carry on the business herein authorized.

Each intermediate credit bank shall have all the usual corporate powers of corporations doing a similar business and shall have power to sue and be sued both in law and equity, and for purposes of jurisdiction shall be deemed a citizen of the State where it is located.

Intermediate credit banks, when designated for that purpose by the Secretary of the Treasury, shall act as fiscal agents of the United States Government and perform such duties as shall be prescribed by the Secretary of the Treasury.

Upon default of any obligation any intermediate credit bank may be declared insolvent and placed in the hands of a receiver by the Federal Farm Loan Board and proceedings shall thereupon be had in accordance with the provisions of section 29 of the Federal farm loan act regarding national farm-loan associations.

The charters to such intermediate credit banks shall be granted upon application of the directors of the Federal land banks, which application shall be in such form as the Federal Farm Loan Board shall prescribe.

Such banks when chartered and established shall have power:

(a) Subject solely to such restrictions, limitations, and conditions as may be imposed by the Federal Farm Loan Board not inconsistent with the provisions of this act (1) to discount for, or purchase from, any national bank, State bank, trust company, agricultural credit corporation, incorporated live-stock loan company, savings institution, or cooperative bank, or cooperative credit or marketing association of agricultural producers organized under the laws of any State, or for any other intermediate credit bank, with its indorsement, any note, draft, bill of exchange, debenture, or other such obligation the proceeds of which have been advanced or used in the first instance for an agricultural purpose or for the raising, breeding, fattening, or marketing of live stock; (2) to buy or sell, with or without recourse, debentures issued by any other intermediate credit banks; and (3) to make loans or advances direct to any cooperative association organized under the laws of any State or the United States and composed of persons engaged in producing, or producing and marketing, staple agricultural products, or live stock, if the notes or other such obligations representing such loans are secured by warehouse receipts, and/or shipping documents covering such products, and/or by mortgages on live stock: *Provided*, That no such loan or advance shall exceed 75 per cent of the market value of the products covered by said warehouse receipts or shipping documents, or of the live stock covered by said mortgages, and under such rules and regulations as may be prescribed by the Federal Farm Loan Board: *Provided further*, That no intermediate credit bank shall discount paper for any national bank, State bank, or trust company which already has bills rediscounted equal to or exceeding the amount permitted by such bank or trust company under the laws of the jurisdiction creating the same: *And provided further*, That the total amount of all bills payable and rediscounts for agricultural credit corporations, incorporated live-stock loan companies, or cooperative banks, whether made by intermediate credit banks or elsewhere, shall never exceed ten times the paid-up capital stock and surplus of such organization: *And provided further*, That if the laws of any jurisdiction under which any bank or trust company receiving demand deposits is created do not impose a limit upon the rediscount privilege of such bank or trust company, then no paper shall be rediscounted for such bank or trust company which has already rediscounted paper equal to or exceeding five times its paid-up capital stock and surplus: *Provided*, That no intermediate credit bank shall discount for or purchase from any organization included in this act, with its indorsement, notes, drafts, bills of exchange, or other similar instruments or make loans or advances direct to any cooperative association organized under the laws of any State or the United States and composed of persons engaged in producing or producing and marketing staple agricultural products or live stock, in excess of limitations to be prescribed by the Federal Farm Loan Board which in no case on any class of paper shall exceed to any one borrower 20 per cent of the capital stock of said intermediate credit bank. Such loans or discounts must have a maturity at the time they are made or discounted by the intermediate credit bank of not less than six months nor more than three years. Any intermediate credit bank may in its discretion sell loans or discounts made under this subdivision, with or without its indorsement. Rates of interest or discount charged by the intermediate credit banks upon such loans and discounts shall be subject to the approval of the Federal Farm Loan Board. On the majority vote of the members of the Federal Farm Loan Board any intermediate credit bank shall be required to rediscount the discounted paper of any other intermediate credit bank at rates of interest to be fixed by the Federal Farm Loan Board.

(b) Subject to the approval of the Federal Farm Loan Board to issue and to sell collateral trust debentures or other similar obligations with a maturity at the time of issue of not more than five years, which shall be secured by at least a like face amount of cash, or notes or other such obligations discounted or purchased or representing loans made under subdivision (a): *Provided*, That no intermediate credit bank shall have power to issue or obligate itself for debentures or other obligations under the provisions of this section in excess of ten times the amount of the paid-up capital and surplus of such bank established under this act. The provisions of Title I relating to the preparation and issue of farm-loan bonds shall, so far as applicable, govern the preparation and issue of debentures or other such obligations issued under this subdivision; but the Federal Farm Loan Board shall prescribe rules and regulations governing the receipt, custody, substitution, and release of collateral instruments securing such debentures or other obligations, the right of substitution being hereby granted. Rates of interest upon debentures and other such obligations issued under this subdivision shall, subject to the approval of the Federal Farm Loan Board, be fixed by the intermediate credit bank making the issue, not exceeding 6 per cent per annum.

SEC. 202. That before making any discounts under the provisions of this act, each intermediate credit bank shall establish and promulgate a rate of discount to be approved by the Federal Farm Loan Board. Any intermediate credit bank which has made an issue of debentures under the provisions of this act may thereafter establish, with the approval of the Farm Loan Board, a rate of discount not exceeding by more than 1 per cent per annum the rate borne by its last preceding issue of debentures.

No organization entitled to the privileges of this act shall, without the approval of the Federal Farm Loan Board, be allowed to discount with any intermediate credit bank any note or other obligation upon which the original borrower has been charged a rate of interest exceeding by more than 1½ per cent per annum the discount rate of the Federal land bank at the time such loan was made.

An intermediate credit bank may, subject to the approval of the Federal Farm Loan Board, buy in the open market at or below par for its own account and retire at or before maturity any such debentures or obligations issued by it.

SEC. 203. That for the purpose of exercising the powers conferred by this title each intermediate credit bank shall have a subscribed capital stock of $5,000,000. Capital stock of such amount shall be divided into shares of $5 each and shall be subscribed, held, and paid by the Government of the United States. It shall be the duty of the Secretary of the Treasury to subscribe to such capital stock on behalf of the United States, such subscription to be subject to call in whole or in part by directors of the said banks upon 30 days' notice to the Secretary of the Treasury and with the approval of the Federal Farm Loan Board. The Secretary of the Treasury is authorized and directed to take out shares as called and to pay for the same out of any money in the Treasury not otherwise appropriated.

SEC. 204. That the Federal Farm Loan Board shall equitably apportion the joint expenses incurred by the farm-mortgage department operating under Title I of this act and the intermediate credit banks operating under Title II of this act in each intermediate credit bank, and shall assess against the intermediate credit banks in proportion to the capital and reserve of such bank its proportionate share of the expenses of any additional personnel in the farm loan bureau made necessary in connection with the operation of this provision. After all necessary expenses of an intermediate credit bank have been paid or provided for the net earnings shall be divided into equal parts and one-half thereof shall be paid to the United States and the balance shall be paid into a surplus fund until it shall amount to 100 per cent of the subscribed capital stock of such bank and that thereafter 10 per cent of such earnings shall be paid into the surplus. After the aforesaid requirements have been fully met, the then net earnings shall be paid to the United States as a franchise tax. The net earnings derived by the United States from intermediate credit banks shall, in the discretion of the Secretary of the Treasury, be used to supplement the gold reserve held against outstanding United States notes or shall be applied to the reduction of the outstanding bonded indebtedness of the United States under regulations to be prescribed

by the Secretary of the Treasury. Should an intermediate credit bank be dissolved or go into liquidation, any surplus remaining after the payment of all debts and any requirements as hereinbefore provided, the balance then remaining shall be paid to and become the property of the United States and shall be similarly applied.

SEC. 205. That any intermediate credit bank issuing debentures or other such obligations under section 201 shall be primarily liable therefor, and shall also be liable, upon presentation of the coupons for interest payments due upon any such debentures or obligations issued by any other intermediate credit bank and remaining unpaid in consequence of the default of the other intermediate credit bank. Any intermediate credit bank shall likewise be liable for such portion of the principal of debentures or obligations so issued as are not paid after the assets of such other intermediate credit bank have been liquidated and distributed. Such losses, if any, either of interest or of principal, shall be assessed by the Federal Farm Loan Board against solvent intermediate credit banks liable therefor in proportion to the amount of capital stock, surplus, and debentures or other such obligations which each may have outstanding at the time of such assessment. Every intermediate credit bank shall, by appropriate action of its board of directors duly recorded in its minutes, obligate itself to become liable on debentures and other such obligations as provided in this section.

SEC. 206. That in order to enable each intermediate credit bank to carry out the purposes of this act, the Comptroller of the Currency is hereby authorized and directed, upon the request of any intermediate credit bank, (a) to furnish for the confidential use of such bank such reports, records, and other information as he may have available relating to the financial condition of national banks through or for which the intermediate credit bank has made or contemplates making discounts, and (b) to make through his examiners, for the confidential use of the intermediate credit bank, examinations of organizations through or for which the intermediate credit bank has made or contemplates making discounts or loans: *Provided*, That no such examination shall be made without the consent of such organization except where such examination is required by law: *Provided*, That the Federal Farm Loan Board shall have authority to require that any organization except State banks, trust companies, and savings associations shall, as a condition precedent to securing rediscount privileges with the intermediate credit bank of its district, file with such bank its written consent to its examination as may be directed by the Federal Farm Loan Board by land-bank examiners; and State banks, trust companies and savings associations may be in like manner required to file their written consent that reports of their examination by constituted authorities may be furnished by such authorities upon request to the intermediate credit bank of their district. Every such association shall make to the Federal Farm Loan Board not less than three reports during each year according to the form which may be prescribed by the Federal Farm Loan Board, verified by the oath or affirmation of the president, or secretary, or treasurer, of each intermediate credit bank and attested by the signature of at least three of the directors. Each report shall exhibit, in detail and under appropriate heads, the resources and liabilities of the bank at the close of business on any past day specified by the Federal Farm Loan Board within five days from the receipt of a request or requisition therefor from the board, and in the same form in which it is made to the Federal Farm Loan Board shall be published in a newspaper published in the place where such association is established, or if there is no newspaper in the place, then in the one published nearest thereto, in the same county, at the expense of the bank; and such proof of publication shall be furnished as may be required by the Federal Farm Loan Board. The Federal Farm Loan Board shall also have power to call for special reports from any particular bank whenever in its judgment the same are necessary for a full and complete knowledge of its condition. Land-bank appraisers are authorized, upon the request of any intermediate credit bank and with the approval of the Federal Farm Loan Board, to investigate and make a written report upon the products covered by warehouse receipts, shipping documents, and the live stock covered by mortgages which are security for notes or other such obligations representing any loan to any organization, under subdivision (a) of section 201. Land-bank examiners are authorized, upon the request of any intermediate credit bank and with the approval of the Federal Farm Loan Board, to examine and make a written report upon the condition of any organization except national banks to which the intermediate credit bank contemplates making any such loan.

SEC. 207. That the Federal Farm Loan Board is authorized to make such rules and regulations, not inconsistent with law, as it deems necessary for the efficient execution of the provisions of this title.

SEC. 208. The privileges of tax exemption accorded under Title I, section 26, of this act shall apply also to each intermediate credit bank, including its capital, reserve or surplus, and the income derived therefrom, and the debentures issued under Title II of this act shall be deemed and held to be instrumentalities of the Government and shall enjoy the same tax exemptions as are accorded farm-loan bonds in said section. The word "instrumentalities" as used in this section shall be neither construed nor advertised to mean "obligations."

AGRICULTURAL CREDIT CORPORATIONS.

SEC. 209. That corporations for the purpose of providing credit facilities for the agricultural and live-stock industries of the United States, to be known as agricultural credit corporations, may be formed by any number of natural persons not less in any case than five. Such persons shall enter into articles of association which shall specify the object for which the corporation is formed. Such articles of association shall be signed by the persons intending to participate in the organization of the corporation and be forwarded to the Federal Farm Loan Board to be filed and preserved in its office.

REQUISITES OF ARTICLES AND CERTIFICATE.

SEC. 210. That persons signing such articles of association shall make an organization certificate which shall specifically state the name of the corporation to be organized, the place where its office is to be located, the State or States in which its operations are to be carried on, the amount of its capital stock, and the number of shares into which the same shall be divided, and that the certificate is made to enable the subscribers to avail themselves of the advantages of this act.

The name of each corporation organized under this act shall include the words "agricultural credit corporation."

The organization certificate and articles of association shall be acknowledged before some judge of a court of record or notary public and shall, together with the acknowledgment thereof duly authenticated by the seal of such court or notary, be transmitted to the Federal Farm Loan Board, who shall file, record, and carefully preserve the same in its office.

Upon making and filing the articles of association and organization certificate with the Federal Farm Loan Board, and when the Federal Farm Loan Board has approved the same and issued a written permit to begin business, the corporation shall be and become a body corporate, and shall have power—

(1) To adopt and use a corporate seal.

(2) To have succession for a period of 50 years unless sooner dissolved by the act of shareholders owning two-thirds of its stock or by act of Congress or unless its charter shall be forfeited for violation of law.

(3) To make contracts.

(4) To sue and be sued, complain and defend in any court of law or equity.

(5) To elect or appoint directors and by its board of directors to appoint such officers and employees as may be deemed proper; to define their authority and duties; to fix their salaries; in its discretion to require bonds of any of them and to fix the penalty thereof; and to dismiss at pleasure any of such officers or employees.

(6) To prescribe by its board of directors by-laws not inconsistent with law or the regulations of the Federal Farm Loan Board defining the manner in which its general business may be conducted, its shares of stock be transferred, its directors and officers be elected or appointed, its property transferred, and the privileges granted to it by law be exercised and enjoyed.

(7) To exercise by its board of directors or duly authorized officers or agents all powers specifically granted by the provisions of this act, and such incidental powers as shall be necessary to carry on the business for which it is incorporated, within the limitations prescribed by this act, but such corporation shall transact no business except such as is incidental and necessarily preliminary to its organization until authorized in writing by the Federal Farm Loan Board to commence business under the provisions of this act.

(8) The affairs of each corporation organized under the provisions of this act shall be managed by not less than five directors, who shall be elected by the stockholders at a meeting to be held at any time before the corporation is authorized by the Federal Farm Loan Board to commence business, and afterwards at meetings to be held on such day in January of each year as may be provided in the articles of association. The directors so elected shall hold office for one year, and until their successors are elected and have qualified. Every director and other officer of the corporation shall, before entering upon the duties of his office, take and subscribe an oath before a notary public or other official having a seal and authorized to administer oaths, conditioned for the faithful performance of the duties of his office. Such oath shall be in such form as may be prescribed by the Federal Farm Loan Board and shall be filed in the office of the Federal Farm Loan Board. Any vacancy in the board shall be filled by appointment by the remaining directors, and any director so appointed shall hold his place until the next election.

SEC. 211. That each corporation so organized shall have power under such rules and regulations as the Federal Farm Loan Board may prescribe:

(1) To make advances upon, to discount, rediscount, or purchase, and to sell or negotiate, with or without its indorsement or guaranty, notes, drafts, or bills of exchange, and to accept drafts or bills of exchange, which—

(a) Are issued or drawn for an agricultural purpose, or the proceeds of which have been or are to be used for an agricultural purpose;

(b) Have a maturity, at the time of discount, purchase, or acceptance, not exceeding nine months;

(c) Are secured at the time of discount, purchase, or acceptance by warehouse receipts or other like documents conveying or securing title to nonperishable and readily marketable agricultural products, or by chattel mortgages or other like instruments conferring a first and paramount lien upon live stock which are being fattened for market.

(2) To make advances upon or to discount, rediscount, or purchase, and to sell or negotiate, with or without its indorsement or guaranty, notes secured by chattel mortgages conferring a first and paramount lien upon maturing or breeding live stock or dairy herds, and having a maturity at the time of discount, rediscount, or purchase not exceeding three years.

(3) To subscribe for, acquire, own, buy, sell, and otherwise deal in Treasury certificates of indebtedness, bonds, or other obligations of the United States to such extent as its board of directors may determine.

(4) To act, when requested by the Secretary of the Treasury, as fiscal agent of the United States, and to perform such services as the Secretary of the Treasury may require in connection with the issue, sale, redemption, or repurchase of bonds, notes, Treasury certificates of indebtedness, or other obligations of the United States.

(5) To purchase, hold, acquire, and dispose of shares of the capital stock of any corporation organized under the provisions of section 8 of this act, in an amount not to exceed at any time 20 per cent of its paid-in and unimpaired capital and surplus.

(6) To purchase, hold, and convey real estate for the following purposes, and for no others:

(a) Such as shall be necessary for its accommodation in the transaction of its business.

(b) Such as shall be mortgaged to it in good faith by way of security for debts previously contracted.

(c) Such as shall be conveyed to it in satisfaction of loans or advances made or debts previously contracted in the course of its dealings.

(d) Such as it shall purchase at sales under judgments, decrees, or mortgages held by the corporation or shall purchase to secure debts due to it.

Any obligation referred to in paragraphs 1 or 2 of this section which is secured by chattel mortgage upon live stock of an estimated market value at least equal to the face amount of such obligation may be additionally secured by mortgage or deed of trust upon real estate or by other securities, under such regulations as may be made by the Federal Farm Loan Board.

LIMITATIONS.

SEC. 212. Except as hereinafter in section 215 provided, no corporation organized under this act shall incur liabilities, whether direct or contingent, in excess of ten times its paid-in and unimpaired capital and surplus; nor shall any such corporation make advances to or hold notes or other direct obligations of any person or corporation, or have outstanding acceptances for any person or corporation, in an amount exceeding 20 per cent of the paid-in and unimpaired capital and sur-

plus of such corporation, unless such advances, notes, acceptances, or other obligations are adequately secured by warehouse receipts representing readily marketable and nonperishable agricultural commodities, in which event the amount of such advances to, or notes or other direct obligations of, or acceptances for, such one person, association, or corporation shall not exceed 50 per cent of such paid-in and unimpaired capital and surplus. No such corporation shall purchase, own, or deal in any live stock except live stock taken in the course of liquidation of obligations held by it.

INTEREST RATES.

SEC. 213. Any corporation organized under the provisions of this act may charge on any loan or discount made, or upon any note, bill of exchange, or other evidence of debt, interest at a rate not exceeding by more than 1½ per cent the rate of discount of the intermediate credit bank of the district at the time such loan is made or credit extended.

The taking, receiving, reserving, or charging a rate of interest greater than is allowed by the preceding paragraph, when knowingly done, shall be deemed a forfeiture of the entire interest which the note, bill, or other evidence of debt carries with it or which has been agreed to be paid thereon. In case the greater rate of interest has been paid the person by whom it has been paid or his legal representative may recover back in an action in the nature of an action for debt twice the amount of the interest thus paid from the corporation taking or receiving the same, provided such action is commenced within two years from the time the usurious interest was collected.

CAPITAL STOCK.

SEC. 214. That no corporation organized under the provisions of this act shall be permitted to commence business with a paid-in capital of less than $250,000; and no permit to begin business shall be issued to any such corporation by the Federal Farm Loan Board until there shall have been filed with it a certificate signed by the president or treasurer and by individuals comprising a majority of the board of directors of such corporation showing that at least 50 per cent of the authorized capital stock of such corporation has been paid in in cash; and the remainder of the capital stock of such corporation shall be paid in installments of at least 10 per cent each on the whole amount of the capital, and the entire authorized capital stock shall be paid in within six months from the date upon which such corporation shall be authorized by the Federal Farm Loan Board to commence business. The payment of each installment shall be certified to the Federal Farm Loan Board under oath by the president or cashier of such corporation.

The capital stock of any such corporation may be increased at any time with the approval of the Federal Farm Loan Board by a vote of two-thirds of the holders of its issued and outstanding capital stock, or by written consent of all of its shareholders without a meeting and without a formal vote; and may be reduced in like manner: *Provided*, That in no event shall such capital stock be reduced to an amount less than one-tenth of its then outstanding indebtedness, direct or contingent, or to an amount less than $250,000, nor without at the same time reducing proportionately their outstanding liabilities. No corporation except as herein provided, shall withdraw or permit to be withdrawn, either in the form of dividends or otherwise, any portion of its paid-in capital, and section 5204 of the United States Revised Statutes, prohibiting the payment of unearned dividends or the withdrawal of capital of national banks, shall be held to apply to corporations organized under the provisions of this act.

The provisions and limitations contained in section 5136 of the United States Revised Statutes, relative to transfer of the shares of the capital stock of national banks, shall apply to corporations organized under the provisions of this act.

Whenever any shareholder or his assigns fails, upon demand of the Federal Farm Loan Board, to pay his subscription or any part thereof on stock of such corporation subscribed to by him, the directors of the corporation, after 15 days' notice, shall proceed in the manner prescribed by section 5141 of the United States Revised Statutes for the collection of unpaid subscriptions to stock of national banks.

Section 5144 of the United States Revised Statutes, which relates to the right of shareholders of national banks to vote by proxy, shall be held to apply to shareholders of corporations organized or doing business under the provisions of this act.

REDISCOUNT CORPORATIONS.

SEC. 215. That corporations having an authorized capital stock of $1,000,000 or over may be organized under the provisions of this act, to exercise all the powers enumerated in section 212, except that in lieu of the powers conferred in subsections 1 and 2 of said section 211 such corporations shall have power:

(1) Upon the indorsement of any corporation organized under the terms of this act, or of any bank or trust company which is a member of the Federal reserve system, to rediscount for such corporation, bank, or trust company, notes, drafts, or bills of exchange which conform to the requirements of subsections 1 and 2 of section 211 of this act.

(2) To discount or purchase notes, drafts, or bills of exchange issued or drawn by cooperative associations of producers of agricultural products, provided such notes, drafts, or bills of exchange are secured at the time of discount or purchase by warehouse receipts or other like documents conveying or securing title to nonperishable and readily marketable agricultural products, and have a maturity at the time of discount or purchase not exceeding nine months.

(3) To sell or negotiate with or without recourse any note, draft, or bill of exchange discounted or purchased hereunder.

Corporations organized under the provisions of this section shall not be subject to the limitations contained in section 212, but the Federal Farm Loan Board may, by general regulations, from time to time prescribe the amount of indebtedness, direct or contingent, which such corporations may incur, and the aggregate amount of paper of different types which such corporations may rediscount for any one corporation.

Corporations with powers limited, as provided in this section, shall not be subject to the requirements as to deposit of bonds or other obligations of the United States, as provided in section 216 of this act.

PERMIT TO BEGIN BUSINESS.

SEC. 216. That no corporation organized under this act, except corporations with powers limited, as provided in section 215, shall commence business until it has deposited with the Federal reserve bank of the district wherein it has its principal place of business, bonds or other obligations of the United States in an aggregate face amount at least 25 per cent of its paid-in capital stock. Each such corporation shall at all times keep on deposit with such Federal reserve bank an amount of such bonds or other obligations of the United States at least equal in face value to 7½ per cent of the aggregate indebtedness of such corporation, direct or contingent, said amount to include the 25 per cent deposited as hereinbefore provided. Except as hereinafter provided, such bonds or other obligations shall be held by such Federal reserve bank, subject to the direction and control of the Federal Farm Loan Board, in trust for the equal and pro rata protection and benefit of all holders of notes, debentures, drafts, bills of exchange, or acceptances upon which such corporation may be directly or contingently liable. Upon receipt of proper evidence that the amount of such bonds or other obligations of the United States so deposited exceeds 7½ per cent of such aggregate indebtedness, the Federal Farm Loan Board may release such excess, provided that the amount remaining on deposit shall in no event be reduced below 25 per cent of the paid-in capital stock of such corporation. Under such regulations as the Federal Farm Loan Board may prescribe, a Federal reserve bank may, upon request of the corporation which deposited the same, sell any such bonds or obligations for account of such corporation, and permit such corporation to use the proceeds thereof for the protection or preservation of any property pledged or mortgaged as security for obligations owned or indorsed by the corporation. If by reason of such sale the face amount of such bonds or other obligations of the United States remaining on deposit with such Federal reserve bank shall be less than 7½ per cent of such aggregate indebtedness of the corporation, no further advances shall be made, or notes, drafts, or bills of exchange discounted, rediscounted, accepted, or purchased, by such corporation until sufficient additional bonds or other obligations of the United States have been deposited to make good the deficiency.

In determining whether to grant permission to do business to any corporation organized under the provisions of this act the Federal Farm Loan Board shall take into account the extent to which the laws of the State or States in which the corporation will do business afford adequate protection to advances made upon the security of warehouse receipts covering agricultural commodities or chattel mortgages upon live stock with respect to (a) bonding, licensing, and inspection of warehouses; (b) recordation of chattel mortgages or deeds of trust on live stock; (c) recordation of brands or other identifying marks on live stock; (d) reporting and recording of interstate shipments and slaughter of live stock; and (e) right of mortgagee to release a portion of the mortgaged property without prejudice to the priority of lien as against junior lienors or other creditors of the mortgagor.

SEC. 217. That all agricultural credit corporations organized under the provisions of this act shall be under the supervision of the Federal Farm Loan Board, which shall be charged with the execution of all laws of the United States relating to the organization, regulation, and control of such corporations. The Farm Loan Board shall exercise the same general power of supervision over agricultural credit corporations organized under the provisions of this act as is now exercised by the Comptroller of the Currency over national banks organized under the laws of the United States.

The Federal Farm Loan Board is hereby authorized to employ such additional examiners, clerks, and other employees as it shall deem necessary to carry out the provisions of this act as to agricultural credit corporations and to assign to duty in the office of the Farm Loan Bureau in Washington such examiners and assistant examiners as it shall deem necessary to assist in the performance of the work of that bureau, and shall assess against the several agricultural credit corporations, in proportion to their total assets, a sum sufficient to pay the expenses of such examiners, clerks, and employees for the ensuing half year. Each such corporation shall pay the amount so assessed against it to the Treasurer of the United States, subject to the order of the Federal Farm Loan Board. The salaries of such additional examiners, assistant examiners, clerks, and other employees shall be fixed in advance by the Federal Farm Loan Board.

BANKS MEMBERS OF THE FEDERAL RESERVE SYSTEM MAY BECOME STOCKHOLDERS.

SEC. 218. That any member bank of the Federal reserve system may file application with the Comptroller of the Currency for permission to invest an amount not exceeding in the aggregate 6 per cent of its paid-in capital stock and surplus in the stock of one or more of the corporations organized, or doing business, under the provisions of this act, and upon approval of such application may purchase such stock. The Comptroller of the Currency shall have discretion to approve or reject such application in whole or in part.

TAXATION.

SEC. 219. That taxation by a State of the shares in corporations organized or reorganized under the provisions of this act, or of dividends derived therefrom, or of the income of said corporations, or real estate owned by them, shall be such only as is or may be authorized by law in the case of national banking associations.

SEC. 220. That the moneys of corporations organized under the provisions of this act may be kept on deposit subject to check in any member bank of the Federal reserve system.

The Federal reserve banks are hereby authorized to act as depositories for and fiscal agents of any of the corporations organized under the provisions of this act in the general performance of the powers conferred by this title.

SEC. 221. That all corporations not organized under the provisions of this act are prohibited from using the words "agricultural credit" as part of their corporate name, and any violation of this prohibition committed after the passage of this act shall subject the party charged therewith with a penalty of $50 for each day during which it is committed or repeated.

SEC. 222. That any agricultural or live-stock financing corporation incorporated by special law of any State or organized under the general laws of any State and having an unimpaired capital sufficient to entitle it to become an agricultural credit corporation under the provisions of this act, may, by the vote of the shareholders owning not less than 51 per cent of the capital stock of such corporation, with the approval of the Federal Farm Loan Board, be converted into an agricultural credit corporation under this act, with any name approved by the Federal Farm Loan Board: *Provided, however*, That the said conversion shall not be in contravention of the State law. In such case the articles of association and organization certificate may be executed by a majority of the directors of the corporation, and the certificate shall declare that the owners of 51 per cent of the capital stock have authorized the directors to make such certificate and to change or convert the corporation into an agricultural credit corporation under this act. A majority of the directors, after executing the articles of association and the organization certificate, shall have power to execute all other papers and to do whatever may be required to make its organization perfect and complete as an agricultural credit corporation. The shares of any such corporation may continue to be

for the same amount each as they were before the conversion, and the directors may continue to be directors of the corporation until others are elected or appointed. When the Federal Farm Loan Board has given to such corporation a certificate that the provisions of this act have been complied with, such corporation, and all its stockholders, owners, and employees, shall have the same powers and privileges and shall be subject to the same duties, liabilities, and regulations, in all respects, as shall have been prescribed by this act for corporations originally organized as agricultural credit corporations.

CONSOLIDATION OF CORPORATIONS ORGANIZED UNDER THIS ACT.

SEC. 223. That any two or more corporations organized under the provisions of this act, with the approval of the Federal Farm Loan Board, may consolidate into one corporation under the charter of either or any of the existing corporations on such terms and conditions as may be lawfully agreed upon by a majority of the board of directors of each corporation proposing to consolidate, such agreement to be ratified and confirmed by the affirmative vote of the shareholders of each of such corporations owning at least two-thirds of its capital stock outstanding, at a meeting to be held on the call of the directors after publishing notice of the time, place, and object of the meeting for four consecutive weeks in some newspaper published in the place where the said corporation is located, and if no newspaper is published in the place then in a paper published nearest thereto, and after sending such notice to each shareholder of record by registered mail at least 10 days prior to said meeting: *Provided, however*, That the capital stock of such consolidated corporation shall not be less than $250,000 paid in if the corporations consolidated are organized to exercise the powers covered by section 4, and provided that the capital stock of such consolidated corporation shall not be less than $1,000,000 paid in if the corporations consolidated are those organized under section 8: *And provided further*, That when such consolidation shall have been effected and approved by the Federal Farm Loan Board any shareholder of either of the corporations so consolidated who has not voted for such consolidation may give notice to the board of directors of the corporation in which he is interested, within 20 days from the date of the certificate of approval of the Federal Farm Loan Board, that he dissents from the plan of consolidation as adopted and approved, whereupon he shall be entitled to receive the value of the shares so held by him, to be ascertained by an appraisal made by a committee of three persons, one to be selected by the shareholder, one by the directors, and the third by the two so chosen; and in case the value so affixed shall not be satisfactory to the shareholder, he may within five days after being notified of the appraised appeal to the Federal Farm Loan Board, who shall cause a reappraisal to be made, which shall be final and binding; and if said reappraisal shall exceed the value affixed by said committee the corporation shall pay the expense of the reappraisal, otherwise the appellant shall pay said expense; and the value so ascertained and determined shall be deemed to be a debt due and be forthwith paid to said shareholder by said corporation, and the shares so paid shall be surrendered and after due notice sold at public auction within 30 days after the final appraisement provided for by this act.

Where corporations consolidate under the provisions of this act, all of the rights, franchises, and interest of said corporations shall be consolidated in and to every species of property, personal and mixed, and choses in action thereto belonging, and shall be deemed to be transferred to and vested in the corporation into which it is consolidated without any deed or other transfer, and the said consolidated corporation shall hold and enjoy the same and all rights of property, franchises, and interest, in the same manner and to the same extent as they were held and enjoyed by the corporations so consolidated therewith.

INSOLVENCY, RECEIVERSHIP, AND LIQUIDATION.

SEC. 224. That whenever any agricultural credit corporation organized under the provisions of this act shall be dissolved and its rights, privileges, and franchises declared forfeited, as prescribed in the preceding section, or whenever any creditor of any such corporation shall have obtained a judgment against it in any court of record and made application accompanied by a certificate from the clerk of the court, stating that such judgment has been rendered and has remained unpaid for the space of 30 days, or whenever the Federal Farm Loan Board shall become satisfied of the insolvency of such corporation, it may, after due examination of its affairs in either case, appoint a receiver who shall proceed to wind up the affairs of such corporation. The receiver so appointed shall exercise the powers and be subject to the restrictions of receivers of national banks; and the Federal Farm Loan Board shall have the same powers and duties in connection with the administration of such receivership as the Comptroller of the Currency has in reference to the receivership of national banks.

Shareholders' agents for shareholders of agricultural credit corporations organized under the provisions of this act may be appointed in the manner prescribed by section 522 of the national bank act, being the act of June 30, 1876, as amended, and shall have the same general powers and duties and be subject to the same restrictions as shareholders' agents of a national bank.

Any agricultural credit corporation organized under the provisions of this act may go into liquidation and be closed by the vote of its shareholders owning two-thirds of its stock. Whenever a vote is taken to go into liquidation it shall be the duty of the board of directors to cause notice of this fact to be certified under the seal of the corporation by its president or cashier to the Federal Farm Loan Board and publication thereof to be made for a period of two months in a newspaper published in the city or town in which the corporation is located, or if no newspaper is there published, in the newspaper published nearest thereto, that the corporation is closing up its affairs and notifying its creditors to present their claims against the corporation for payment. All such claims shall be presented to and approved by a liquidating agent to be appointed by the board of directors of such corporation, with the approval of the Federal Farm Loan Board, and the affairs of such corporation shall be liquidated by such agent and under the supervision of the Federal Farm Loan Board.

PENALTY FOR VIOLATION OF THE PROVISIONS OF THIS ACT.

SEC. 225. That any officer, director, agent, or employee of an intermediate credit bank or agricultural credit corporation organized under the provisions of this act who embezzles, abstracts, or willfully misapplies any of the moneys, funds, or credits of such corporation, or who, without authority from the directors, draws any order or bill of exchange, makes any acceptance, issues, puts forth, or assigns any note, debenture, bond, draft, bill of exchange, mortgage, judgment, or decree, or who makes any false entry in any book, report, or statement of such corporation with intent in any case to injure or defraud such corporation or any other company or person, or to deceive any officer of such corporation or the Federal Farm Loan Board, or any agent or examiner appointed to examine the affairs of such corporation; and every receiver of such corporation who with like intent to defraud or injure embezzles, abstracts, purloins, or willfully misapplies any of the moneys, funds, or assets of the corporation, and every person who with like intent aids or abets any officer, director, agent, employee, or receiver in any violation of this section shall be deemed guilty of a misdemeanor, and upon conviction thereof in any district court of the United States shall be fined not more than $5,000, or shall be imprisoned for not more than five years, or both, at the discretion of the court.

Whoever (1) makes any statement, knowing it to be false, for the purpose of obtaining for himself or for any other person, firm, corporation, or association any advance, or extension or renewal of an advance, or any release or substitution of security, from a corporation organized under the provisions of this act, or for the purpose of influencing in any other way the action of such corporation, shall be punished by a fine of not more than $10,000, or by imprisonment for not more than five years, or both.

Whoever willfully overvalues any security by which any such advance is secured shall be punished by a fine of not more than $5,000, or by imprisonment for not more than two years, or both.

Any examiner appointed under this act who shall accept a loan or gratuity from any organization examined by him, or from any person connected with any such organization in any capacity, or who shall disclose the names of borrowers to other than the proper officers of such organization, without first having obtained expressed permission in writing from the farm-loan commission or from the board of directors of such organization, except when ordered to do so by court of competent jurisdiction or by direction of the Congress of the United States, or of either House thereof, or any committee of Congress, or of either House, duly authorized, shall be punished by a fine of not exceeding $5,000 or by imprisonment of not exceeding one year, or both, and may be fined a further sum equal to the money so loaned or gratuity given, and shall forever thereafter be disqualified from holding office as an examiner under the provisions of this act. No examiner while holding such office shall perform any other service for compensation for any bank or banking or loan association or for any person connected therewith in any capacity.

(a) Whoever, being an officer, director, employee, agent, or attorney of an intermediate credit bank, or agricultural credit corporation organized under the provisions of this act, stipulates for or receives or consents or agrees to receive any fee, commission, gift, or thing of value from any person, firm, or corporation for procuring or endeavoring to procure for such person, firm, or corporation, or for any other person, firm, or corporation, any loan from any such corporation or extension or renewal of loan or substitution of security, or the purchase or discount or acceptance of any paper, note, draft, check, or bill of exchange by any such corporation, shall be deemed guilty of a misdemeanor and shall be imprisoned for not more than one year and fined not more than $5,000, or both.

SEC. 226. That all agricultural-credit corporations organized under this title for the purposes of all actions by or against them, real, personal, or mixed, and all suits in equity, shall be deemed citizens of the States in which they are respectively located.

SEC. 227. That if any clause, sentence, paragraph, or part of this act shall for any reason be adjudged by any court of competent jurisdiction to be invalid, such judgment shall not affect, impair, or invalidate the remainder of this act, but shall be confined in its operation to the clause, sentence, paragraph, or part thereof directly involved in the controversy in which such judgment shall have been rendered. The right to amend, alter, or repeal this act is hereby expressly reserved.

SEC. 4. That the second paragraph of section 3 of the Federal farm loan act be amended to read as follows:

"Said Federal Farm Loan Board shall consist of seven members, including the Secretary of the Treasury, who shall be a member and chairman ex officio, and six members to be appointed by the President of the United States, by and with the advice and consent of the Senate. Of the six members to be appointed by the President, not more than three shall be appointed from one political party, and all six of said members shall be citizens of the United States and shall devote their entire time to the business of the Federal Farm Loan Board; they shall receive an annual salary of $10,000, payable monthly, together with actual necessary traveling expenses. One of the additional members of the Federal Farm Loan Board, hereby provided for, shall be appointed for a term expiring August 6, 1929, and one for a term expiring August 6, 1931, and thereafter the terms of all members of the Federal Farm Loan Board shall be as in this section otherwise provided for."

SEC. 5. That the eighth paragraph of section 3 of the act of Congress approved July 17, 1916, known as the Federal farm loan act, be amended to read as follows:

"The salaries and expenses of the Federal Farm Loan Board and farm-loan registrars and examiners authorized under this section shall, after June 30, 1923, be paid by the Federal and joint-stock land banks in proportion to their gross assets, as follows:

"The Farm Loan Board shall, prior to June 30, 1923, and each six months thereafter, estimate the expenses and salaries of the Federal Farm Loan Board, its officers and employees, farm-loan registrars, deputy registrars, the examiners and reviewing appraisers, and apportion the same amongst the Federal and joint-stock land banks in proportion to their gross assets at the time of such apportionment and make an assessment upon each of such banks pursuant to such apportionment, payable on the 1st of July or January next ensuing. The funds collected pursuant to such assessments shall be deposited with the Treasurer of the United States, to be disbursed in payment of such salaries and expenses on appropriations duly made by Congress for such purpose.

"If any deficiency shall occur in such fund during the half-year period for which it was estimated, the Farm Loan Board shall have authority to make immediate assessment covering such deficiency against the Federal and joint-stock land banks upon the same basis as the original assessment. If at the end of the six months' period there shall remain a surplus in such fund, it shall be deducted from the estimated expenses of the next ensuing six months' period when assessment is made for such period. Land-bank appraisers shall receive such compensation as the Federal Farm Loan Board shall fix and shall be paid by the Federal land banks and the joint-stock land banks which they serve in such proportion and in such manner as the Federal Farm Loan Board shall order."

SEC. 6. That the seventh subdivision of section 4 of the Federal farm loan act be amended to read as follows:

"Seventh. To exercise, by its board of directors or duly authorized officers or agents, subject to law, all such incidental powers as shall be necessary to carry on the business herein described.

"After the subscriptions to stock in any Federal land bank by national farm-loan associations, hereinafter authorized, shall have reached the sum of $100,000 the officers and directors of said land bank shall be chosen as herein provided and shall, upon becoming duly qualified, take over the management of said land bank from the temporary officers selected under this section.

"The board of directors of every Federal land bank shall be selected as hereinafter specified and shall consist of seven members. Three of said directors shall be known as local directors and shall be chosen by and be representative of national farm-loan associations and borrowers through agencies; three shall be known as district directors and shall be appointed by the Federal Farm Loan Board and represent the public interest. The term of office of local and district directors shall be three years.

"Within 30 days from the approval of this act and thereafter, at least two months before each election, the Federal Farm Loan Board shall divide each land-bank district into three divisions, as nearly equal as possible, according to number of borrowers and the voting strength of national farm-loan associations and borrowers through agencies, and the farm loan commissioner shall thereupon notify each association and agency in writing that an election is to be held for one local director from each of said divisions and requesting each association and agency to nominate one candidate for each division. Within 10 days of receipt of such notice each national farm-loan association and borrower through agencies shall forward nominations of residents of their respective divisions for one director for such division to said farm loan commissioner. The farm loan commissioner shall then prepare a list of candidates for local directors, consisting of the 10 persons receiving the highest number of votes from national farm-loan associations and borrowers through agencies for each division.

"At least one month before said election the farm loan commissioner shall mail to each national farm-loan association and to each borrower through agencies the list of candidates for their respective divisions. The directors of each national farm-loan association shall cast the vote of said association for one of the candidates on said list and shall forward said vote to the said farm loan commissioner within 10 days after said list of candidates is received. In voting under this section each association shall be entitled to cast a number of votes equal to the total voting strength of the stockholders in association meetings, and each borrower through agencies shall be entitled to cast one vote for each share of stock held by him in the Federal land bank not exceeding 20 shares, and shall forward said vote to the said farm loan commissioner within 10 days after said list of candidates is received. The candidate receiving the highest number of votes in his division shall be declared elected as local director of the Federal land bank district from his division. In case of a tie, the farm loan commissioner shall determine the choice. The nominations from which the list of candidates is prepared, and the votes of the respective associations and borrowers through agencies for such candidates, as counted, shall be tabulated and preserved, subject to examination by any candidate, for at least one year after the result of the election is announced.

"The Federal Farm Loan Board shall designate one of the district directors to serve until December 31, 1924, one to serve until December 31, 1925, and one to serve until December 31, 1926. After their first appointment each district director shall be appointed for a term of three years. At the first regular meeting of the board of directors of each Federal land bank the local directors shall designate one of their members to serve until December 31, 1924, one to serve until December 31, 1925, and one to serve until December 31, 1926. Thereafter each local director shall be chosen as hereinbefore provided and shall hold office for a term of three years. Any vacancies that may occur in the board of directors shall be filled for the unexpired term in the manner provided herein for the original selection of such directors. At the same time that the associations and borrowers through agencies nominate the candidates for the local directors, each association and each borrower through agencies shall also nominate one candidate for director at large for the entire district, and from the three persons having the greatest number of votes for nominee for director at large, the Farm Loan Board shall select a director at large, whose term of office shall terminate on the 31st day of December, 1925, and every three years thereafter. Such seventh director may be removed by the Farm Loan Board for neglect of duty, incapacity for the work, or malfeasance in office, after charges duly preferred and a hearing had thereon, and in such cases the associations of the district shall in like manner nominate candidates for another director at large, to fill the vacancy, for whom the Farm Loan Board shall in same manner select a successor, but any person who is removed can not be nominated to succeed himself. The board of directors thus selected shall, upon qualification, immediately take over the management of each bank.

"Directors of Federal land banks shall have been for at least two years residents of the district for which they are appointed or elected, and a local director shall be a resident of his division when elected. No district director of a Federal land bank shall during his continuance in office act as an officer, director, or employee of any other institution, association, or partnership engaged in banking or in the business of making or selling land-mortgage loans.

"Directors of the Federal land bank shall receive, in addition to any compensation otherwise provided, a reasonable allowance for necessary expenses in attending meetings of their boards, to be paid by the respective Federal land banks. Any compensation that may be provided by boards of directors of the Federal land banks for directors, officers, or employees shall be subject to the approval of the Federal Farm Loan Board."

SEC. 7. That the fourth paragraph of section 7 of the Federal farm loan act be amended by adding thereto the following: "No such secretary-treasurer shall engage in the making of land-mortgage loans eligible at a Federal land bank through or for any other land-mortgage company or agency, and the making of any such loan by any secretary-treasurer shall forthwith work a forfeiture of his office."

SEC. 8. That section 29 of the Federal farm loan act be amended by adding thereto the following:

"Upon liquidation of any national farm-loan association the stock in the Federal land bank held by such association shall be canceled and the Federal land bank shall thereupon issue to the borrowers, through such association, an amount of stock in the Federal land bank equal to the amount of stock held by such borrowers in the liquidated association, such stock to be held by the bank as collateral to the loans of such borrowers and to be paid off and retired at par in the same manner as stock held by borrowers in farm-loan associations, and the Federal land bank shall pay to the borrowers holding such stock the same dividends as are paid to national farm-loan associations by such bank. The personal liability of the stockholders in such liquidated association to the association shall survive such liquidation and shall be vested in the bank in that district, which may enforce the same as fully as the association could if in existence."

SEC. 9. That the fourth paragraph of section 12 of the Federal farm loan act be amended to read as follows:

"Fourth. Such loans may be made for the following purposes, and for no other:

"(a) To provide for the purchase of land for agricultural uses.

"(b) To provide for the purchase of equipment, fertilizers, and live stock necessary for the proper and reasonable operation of the mortgaged farm, the term 'equipment' to be defined by the Federal Farm Loan Board.

"(c) To provide buildings and for the improvement of farm lands, the term 'improvement' to be defined by the Federal Farm Loan Board.

"(d) To liquidate indebtedness of the owner of the land mortgaged incurred for agricultural purposes, or incurred prior to January 1, 1922."

And that the seventh paragraph of said section be amended by striking out the figures "$10,000" and inserting in lieu thereof "$16,000," so that the paragraph as amended shall read:

"Seventh. The amount of loans to any one borrower shall in no case exceed a maximum of $16,000, nor shall any loan be for a less sum than $100: *Provided*, That if any Federal land bank shall have an application for loan in excess of $16,000 which it desires to make it may submit such application to the Federal Farm Loan Board, and said board, if satisfied with the security tendered and that the loan is for proper purposes and in the interest of agricultural development, may authorize the making of such loan if not in excess of $25,000: *Provided further*, That preference shall be given to applications for loans of $10,000 and under."

SEC. 10. That section 21 of the Federal farm loan act be amended by adding the following as subdivision (a):

"(a) Whenever it shall appear desirable to issue consolidated bonds of the 12 Federal land banks and to sell them through a common selling agency, and the Federal land banks shall, by resolution, consent to the same, the banks may issue and sell said bonds as hereinafter provided.

"Every bond so issued shall be signed by the farm loan commissioner and attested by the secretary of the Federal Farm Loan Board, and their signatures may be either written or engraved thereon and shall recite in the face of the bond the fact that it is the joint and several obligations of the 12 Federal land banks, and shall in all respects be governed by the provisions of the Federal farm loan act not inconsistent herewith.

"The consolidated bonds issued under this provision shall be made payable at any Federal land bank, and may be made payable at any Federal reserve bank or banks designated in the face of the bond.

"Each Federal land bank on whose behalf consolidated bonds shall be issued under this provision shall in all respects be bound by the act of the farm loan commissioner and the secretary of the Federal Farm Loan Board in executing such bonds.

"Every Federal land bank, before participation in a consolidated issue, as herein provided, shall by appropriate action of its board of directors, duly recorded in its minutes, obligate itself to become liable on Federal farm-loan bonds, as provided in this section, and be bound by the action of the farm loan commissioner and the secretary of the Federal Farm Loan Board in executing the same.

"Every farm-loan bond issued hereunder shall contain in the face thereof a certificate, signed by the farm loan commissioner, to the effect that it is issued under the authority of the Federal farm loan act, has the approval in form and issue of the Federal Farm Loan Board, and is legal and regular in all respects; that it is not taxable by national, State, municipal, or local authority; that it is issued against collateral security consisting of obligations of the United States Government or indorsed first mortgages on farm lands at least equal in amount to the bonds issued; and that all Federal land banks are liable for the payment of each bond.

"When any Federal land bank shall desire to participate in a consolidated issue of farm-loan bonds, it shall make application to the Federal Farm Loan Board for the approval on its behalf of such issue and tender to the registrar approved farm mortgages or obligations of the United States Government as security therefor, and no banks shall participate in such consolidated issue until such application has been approved by the Federal Farm Loan Board. Each bank shall pay when due, without notice, all bonds and coupons issued on its behalf hereunder.

"If any Federal land bank shall fail to pay its proportion of interest or principal as herein prescribed, the Federal Farm Loan Board shall immediately call upon the other Federal land banks for the amount necessary to make said payment, the assessments to be made in proportion to the capital stock of each, which assessments shall be forthwith paid by said banks.

"The presidents of the 12 Federal land banks shall constitute the bond committee of the Federal land banks and shall select a chairman from among their number. The vice president may act in place of the president on the president's request or in case he fails to act.

"When an issue of consolidated bonds is contemplated, the bond committee shall determine the amount of such issue, the rate of interest which it is to bear, and the participation of the several banks therein, and submit their recommendations to the Federal Farm Loan Board for approval. When approved by the Federal Loan Board, the bonds shall be executed by the farm loan commissioner and the secretary of the Federal Farm Loan Board, as herein provided.

"The expenses of the bond committee and of the sale of bonds shall be charged against the several land banks in proportion to their participation in the proceeds.

"The presidents of the Federal land banks shall receive no additional compensation for their services as members of the bond committee, but shall be paid necessary traveling expenses."

SEC. 11. Section 22 of the Federal farm loan act is hereby amended as follows:

In paragraph 7, under the head "In the case of a Federal land bank," in subdivision (a), after the word "by," insert the words "or in behalf of," so that said subdivision shall read:

"(a) To pay off farm-loan bonds issued by or in behalf of said bank as they mature."

And in subdivision (b), after the word "par," insert the word "Federal"; and after the word "bonds" strike out the words "issued

by said bank or by any other Federal land bank," so that said subdivision shall read:

"(b) To purchase at or below par Federal farm-loan bonds."

SEC. 12. Section 25 of the Federal farm loan act is hereby amended to read as follows:

"SEC. 25. That if there shall be default under the terms of any indorsed first mortgage held by a Federal land bank under the provisions of this act, the national farm-loan association through which said mortgage was received by said Federal land bank shall be notified of said default. Said association may thereupon be required, within 30 days after such notice, to make good such default, either by payment of the amount unpaid thereon in cash or by the substitution of an equal amount of Federal farm-loan bonds, with all unmatured coupons attached."

SEC. 13. That section 27 of the Federal farm loan act be amended to read as follows:

"SEC. 27. That farm-loan bonds issued under the provisions of this act by Federal land banks or joint-stock land banks shall be a lawful investment for all fiduciary and trust funds and may be accepted as security for all public deposits.

"Any member bank of the Federal reserve system may buy or sell farm-loan bonds issued under the authority of this act and debentures or collateral trust notes issued by any intermediate credit bank.

"Any Federal reserve bank may buy or sell farm-loan bonds with a maturity from date of purchase not exceeding nine months."

SEC. 14. That section 5202 of the Revised Statutes, as amended, is amended by adding at the end thereof a new paragraph to read as follows:

"Eighth. Liabilities incurred under the provisions of subdivision (a) of section 201 of the Federal farm loan act, approved July 17, 1916, as amended."

SEC. 15. That a joint committee be appointed, to consist of three Members of the Banking and Currency Committee of the Senate, to be appointed by the President thereof, and five Members of the Banking and Currency Committee of the House of Representatives, to be appointed by the Speaker thereof. Vacancies occurring in the membership of the committee shall be filled in the same manner as the original appointment.

That said joint committee is authorized to inquire into the effect of the present limited membership of State banks and trust companies in the Federal reserve system upon financial conditions in the agricultural sections of the United States; the reasons which actuate eligible State banks and trust companies in failing to become members of the Federal reserve system; what administrative measures have been taken and are being taken to increase such membership; and whether or not any change should be made in existing law, or in rules and regulations of the Federal Reserve Board, or in methods of administration, to bring about in the agricultural districts a large membership of such banks or trust companies in the Federal reserve system.

That said committee is authorized to sit at any time during the sessions or recesses of the Congress and conduct its hearings at Washington or at any other place in the United States, to send for persons, books, and papers, to administer oaths, and to employ experts deemed necessary by such committee, a clerk, and a stenographer to report such hearings as may be had in connection with any subject which may be before said committee, such stenographer's services to be rendered at a cost not exceeding $1.25 per printed page, the expenses involved in carrying out this resolution to be paid in equal parts out of the contingent funds of the Senate and House of Representatives.

The committee shall from time to time report to both the Senate and the House of Representatives the results of its inquiries, together with its recommendations, and may prepare and submit bills or resolutions embodying such recommendations, and the final report of said committee shall be submitted not later than January 31, 1924.

SEC. 15. That paragraph 9 of section 9 of the Federal reserve act, as amended, is amended to read as follows:

"No applying bank shall be admitted to membership in a Federal reserve bank unless (a) it possesses a paid-up, unimpaired capital sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the national bank act, or (b) it possesses a paid-up, unimpaired capital of at least 60 per cent of the amount sufficient to entitle it to become a national banking association in the place where it is situated under the provisions of the national bank act and, under penalty of loss of membership, complies with rules and regulations which the Federal Reserve Board shall prescribe fixing the time within which and the method by which the unimpaired capital of such bank shall be increased out of net income to equal the capital which would have been required if such bank had been admitted to membership under the provisions of subdivision (a) of this paragraph: *Provided*, That every such rule or regulation shall require the applying bank to set aside annually not less than 20 per cent of its net income of the preceding year as a fund exclusively applicable to such capital increase."

SEC. 16. That section 18 of the Federal reserve act, as amended, is hereby further amended by striking out the proviso at the end of the second paragraph of said section, and inserting in lieu thereof the following:

"Upon the indorsement of any of its member banks, which shall be deemed a waiver of demand, notice, and protest by such bank as to its own indorsement exclusively, and subject to regulations and limitations to be prescribed by the Federal Reserve Board, any Federal reserve bank may discount or purchase bills of exchange payable at sight or on demand which are drawn to finance the domestic shipment of nonperishable, readily marketable staple agricultural products and are secured by bills of lading or other shipping documents conveying or securing title to such staples: *Provided, however*, That all such bills of exchange shall be forwarded promptly for collection, and demand for payment shall be made with reasonable promptness after the arrival of such staples at their destination: *Provided further*, That no such bill shall in any event be held by or for the account of a Federal reserve bank for a period in excess of 90 days. In discounting such bills Federal reserve banks may compute the interest to be deducted on the basis of the estimated life of each bill and adjust the discount after payment of such bills to conform to the actual life thereof."

SEC. 17. That section 13 of the Federal reserve act, as amended, is hereby further amended by striking out the fourth paragraph thereof and inserting in lieu thereof the following:

"Any Federal reserve bank may discount acceptances of the kinds hereinafter described, which have a maturity at the time of discount of not more than 90 days' sight, exclusive of days of grace, and which are indorsed by at least one member bank: *Provided*, That such acceptances if drawn for an agricultural purpose and secured at the time of acceptance by warehouse receipts or other such document conveying or securing title covering readily marketable staples may be discounted with a maturity at the time of discount of not more than six months' sight, exclusive of days of grace."

SEC. 18. That the Federal reserve act, as amended, be further amended by adding at the end of section 13 a new section, to be numbered section 13a, and to read as follows:

"SEC. 13a. Upon the indorsement of any of its member banks, which shall be deemed a waiver of demand, notice, and protest by such bank as to its own indorsement exclusively, any Federal reserve bank may, subject to regulations and limitations to be prescribed by the Federal Reserve Board, discount notes, drafts, and bills of exchange issued or drawn for an agricultural purpose, or based upon live stock, and have a maturity, at the time of discount, exclusive of days of grace, not exceeding nine months, and such notes, drafts, and bills of exchange may be offered as collateral security for the issuance of Federal reserve notes under the provisions of section 16 of the Federal reserve act as amended: *Provided, however*, That notes, drafts, and bills of exchange with maturities in excess of six months shall not be eligible as a basis for the issuance of Federal reserve notes unless secured by warehouse receipts or other such negotiable documents conveying or securing title to readily marketable staple agricultural products or by chattel mortgage upon live stock which is being fattened for market.

"That any Federal reserve bank may, subject to regulations and limitations to be prescribed by the Federal Reserve Board, rediscount such notes, drafts, and bills for any intermediate credit bank, except that no Federal reserve bank shall rediscount for an intermediate credit bank any such note or obligation which bears the indorsement of a nonmember State bank or trust company which is eligible for membership in the Federal reserve system, in accordance with section 9 of the Federal reserve act.

"Any Federal reserve bank may also buy and sell debentures and other such obligations issued by an intermediate credit bank under Title II of the Federal farm loan act, but only to the same extent as and subject to the same limitations as those upon which it may buy and sell bonds issued under Title I of said act.

"Notes, drafts, or bills of exchange issued or drawn by cooperative marketing associations composed of producers of agricultural products shall be deemed to have been issued or drawn for an agricultural purpose, within the meaning of this section, if the proceeds thereof have been or are to be advanced by such association to any members thereof for an agricultural purpose, or have been or are to be used by such association in making payments to any members thereof on account of agricultural products delivered by such members to the association, or if such proceeds have been or are to be used by such association to meet expenditures incurred or to be incurred by the association in connection with the grading, processing, packing, preparation for market, or marketing of any agricultural product handled by such association for any of its members: *Provided, however*, That the express enumeration in this paragraph of certain classes of paper of cooperative marketing associations as eligible for rediscount shall not be construed as rendering ineligible any other class of paper of such associations which is now eligible for rediscount.

"The Federal Reserve Board may, by regulation, limit to a percentage of the assets of a Federal reserve bank the amount of notes, drafts, acceptances, or bills having a maturity in excess of three months, but not exceeding six months, exclusive of days of grace, which may be discounted by such bank, and the amount of notes, drafts, bills, or acceptances having a maturity in excess of six months, but not exceeding nine months, which may be discounted by such bank."

SEC. 19. That section 13 of the Federal reserve act, as amended, be further amended by adding after the words "being eligible for discount" and before the words "but such definition shall not include," the words: "And the notes, drafts, and bills of exchange of factors issued as such, making advances exclusively to producers of staple agricultural products in their raw state shall be eligible for such discount."

SEC. 20. That the act approved April 13, 1920, being Public, No. 170, Sixty-sixth Congress, entitled "An act to amend the act approved December 23, 1913, known as the Federal reserve act," be, and the same is hereby, repealed.

During the reading of the foregoing the following colloquy occurred:

Mr. BANKHEAD. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. BANKHEAD. Do I understand that the bill is being read by sections?

The CHAIRMAN. The amendment is being read by sections.

Mr. DOWELL. It is one entire amendment.

Mr. LUCE. Mr. Chairman, I wish to make an inquiry as to where the reading had reached; what page and section, please?

The CHAIRMAN. Page 70, line 9.

Later,

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

Mr. DOWELL. Mr. Chairman, I make the point of order that the reading has not been completed.

The CHAIRMAN. The Clerk will resume the reading of the amendment.

The Clerk resumed and concluded the reading of the amendment.

Mr. BYRNES of South Carolina. Mr. Chairman, I have an amendment that I desire to offer.

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

The CHAIRMAN. The gentleman from South Carolina is recognized.

Mr. McFADDEN. Mr. Chairman, what became of my amendment?

The CHAIRMAN. The amendment of the gentleman from Pennsylvania is pending. The Chair understands the gentleman from South Carolina is offering an amendment to the amendment.

Mr. BYRNES of South Carolina. Yes; to the amendment, under the rules. The amendment of the gentleman from Pennsylvania [Mr. McFADDEN] includes the whole business.

The CHAIRMAN. The Clerk will report the amendment offered by the gentleman from South Carolina [Mr. BYRNES].

The Clerk read as follows:

Amendment by Mr. BYRNES of South Carolina: On page 98, after section 20, amend by adding the following section:

"SEC. 21. That the time during which the War Finance Corporation may make advances and purchase notes, drafts, bills of exchange, or other securities under the terms of sections 21, 22, 23, and 24 of the War Finance Corporation act, as amended, is further extended up to and including December 31, 1923: *Provided*, That if any application for an advance or for the purchase by the War Finance Corporation of notes, drafts, bills of exchange, or other securities is received at the office of the corporation in the District of Columbia on or before December 31, 1923, such application may be acted upon and approved, and the advance may be made or the notes, drafts, or other securities purchased at any time prior to January 31, 1924.

"SEC. 22. That the second paragraph of section 12 of Title I of the War Finance Corporation act, as amended, is further amended to read as follows:

"'The power of the corporation to issue notes or bonds may be exercised at any time prior to January 31, 1927, but no such bonds or notes shall mature later than June 30, 1927.'

"SEC. 23. (a) That paragraph 3 of section 15 of Title I of such act, as amended, is amended by striking out at the beginning of such paragraph the words 'beginning July 1, 1923,' and inserting in lieu thereof the words 'beginning January 1, 1924.'

"(b) Paragraph 4 of such section, as amended, is amended by striking out at the beginning of such paragraph the words 'After July 1, 1923,' and inserting in lieu thereof the words 'After January 1, 1924.'"

Mr. ANDERSON. Mr. Chairman, I reserve a point of order on the amendment. It is not germane to the bill or the section.

Mr. McFADDEN. I understand the purpose of the gentleman from South Carolina is to continue the War Finance Corporation until December 31, 1923, to cover the period of time between this and the time when these institutions would be organized to take care of the pressing needs which the War Finance Corporation is now serving.

Mr. BYRNES of South Carolina. Solely for that purpose. The sections I have offered are couched in the language of the original bill, which put the date as March 1. The committee states that they have eliminated those provisions from the bill because they did not believe in having two agencies at the same time.

I agree with them, and if there was any assurance that the machinery provided in this bill would be put into operation by July 1, I certainly would not want to continue the War Finance Corporation. But we know from experience that it is most likely that it will be five or six months, and possibly longer, before the intermediate credit system is put into operation. I think it extremely important that we should continue the War Finance Corporation until this machinery is put into operation to carry on the work.

Mr. McFADDEN. Under that statement I will raise no objection.

Mr. BYRNES of South Carolina. My only purpose is to provide for the interim before the credit system goes into effect.

Mr. STEAGALL. I rose to say that the members of the Banking and Currency Committee on this side of the House are ready to accept the amendment.

Mr. BURTON. Mr. Chairman, may I ask the gentleman from Pennsylvania a question? When is it anticipated that the amount provided for these banks will be available?

Mr. McFADDEN. As soon as the preliminary work of the organization can be provided for.

Mr. BURTON. You regard the provision in the bill as carrying the necessary amount, $60,000,000?

Mr. McFADDEN. Yes.

Mr. ANDERSON. Mr. Chairman, I withdraw the reservation of the point of order.

Mr. STAFFORD. I reserve the point of order. I want to know if there is any disposition on the part of either side of the House to use this as a handle to vote $10,000,000 for the purchase of fertilizer?

Mr. BYRNES of South Carolina. I think this has nothing to do with it.

Mr. STAFFORD. It might be used as a handle?

Mr. BYRNES of South Carolina. As far as I am concerned it has nothing to do with it. I do not think it would be germane.

Mr. STAFFORD. It might be used as a handle to carry out that extraneous proposition.

Mr. BYRNES of South Carolina. I do not think it would be possible to do it. It would not be germane.

Mr. STAFFORD. This amendment is not germane to this bill; but if I can be assured that there will be no such intention——

Mr. BLACK. In the Senate bill this identical clause was contained, but stricken out by the House committee.

Mr. STAFFORD. With the assurance that there is no disposition to do that, I withdraw my reservation of the point of order.

The CHAIRMAN. The question is on the amendment offered by the gentleman from South Carolina to the committee amendment offered by the gentleman from Pennsylvania.

The amendment to the amendment was agreed to.

Mr. LUCE. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: On page 51, strike out section 208 and insert in lieu thereof the following: "The capital and surplus of any farm credit department and the income derived therefrom shall be exempt from Federal, State, municipal, and local taxation, but such exemption shall not apply to any debentures or other obligations issued under authority of this title or to any income derived therefrom."

Mr. LUCE. Mr. Chairman, a few weeks ago the House, in evident response to what might almost be called a universal demand from the American people, voted by more than the requisite two-thirds to submit to the legislatures of the States a constitutional amendment which would put an end to the evils supposed to arise from issuing tax-exempt securities. To repeat the arguments so powerfully advanced on that occasion would be superfluous. It is probable that the vote cast represented the mature judgment of every Member who voted. The subject has been under discussion in the press, on the platform, and at almost every street corner for many months. The National House of Representatives is peculiarly responsive to public opinion. In this instance I think it exercised a deliberate judgment. The matter was thoroughly canvassed here; all the arguments were presented for and against. Can it be presumed that any considerable part of the two-thirds of the Members of this House who but a few weeks ago believed it was unwise to continue the practice of issuing tax-exempt securities have changed their minds? My recollection is that long before this amendment was voted upon the Commission of Agricultural Inquiry, in framing this bill, what is known as the Lenroot-Anderson bill, showed its judgment in omitting from that bill the provision for tax exemption. That was an admirable commission, and in its personnel were various able gentlemen who were by the public press accredited with being members of the organization that is supposed to voice the sentiment of the agricultural part of the community.

We may assume in frowning upon tax exemptions that they voiced the will of the farmers themselves. We know that the people of the Nation, if the House of Representatives does express the popular will, have voiced their opinion. There can be but one answer given by any man who voted against tax exemption. He will give you the sordid, selfish answer that so long as the getting is good "we want to get our share." Could anything be on a lower plane of moral sentiment? What will be thought of a public servant who by a solemn vote declares that a thing is wrong, and then but a few days afterwards changes his vote in order that his neighbors may get the advantage of this selfish provision? I appeal not to the judgment of those who voted against tax exemption; I appeal to the consciences of those who voted against tax exemption.

Mr. McFADDEN. Mr. Chairman, I am not in disaccord with what the gentleman has said in regard to tax-exempt securities in the least. I call his attention and the attention of the Members of the House, however, to the fact that while the House did pass on this subject, the general subject of tax exemption, there is yet another body still to pass upon it, and that until the States and the other body have passed upon it, there is now no law to prevent the issuance of tax-exempt securities. It was not the intention of the House to deprive the farm-loan system or the States and municipalities of the right of issuing tax-exempt securities in the meantime. Therefore, I say it is not fair at this time to discriminate against these securities and not give tax-exemption privileges to these securities, so long as there is no law at present to prevent it. I am heartily in favor of the amendment of the Constitution against tax-exempt securities. I hope the Senate will pass it and that the States will ratify it, but until they do, I think this organization should have the right equal with the others. [Applause.]

Mr. BLACK. Mr. Chairman, I do not think this amendment should be adopted. The gentleman from Massachusetts [Mr. LUCE] this afternoon dwelt nearly altogether in his criticism of this bill upon the theory that it violates some fundamental principle of banking. We have set up already a commercial system of banking which is functioning well and have made the chief corner stone for that system the Federal reserve banking system. At one time there were more than $3,000,000,000 in Federal reserve notes which were being used by commercial enter-

prises and agricultural enterprises and the people in general, and those notes are not taxed in any way except in a franchise tax that is paid to the Government by the Federal reserve banks. We are setting up in this system a governmental agency to be known as the intermediate credit banks. These banks are not banks of issue. They have no power to issue Federal reserve notes upon their paper, because we recognize that no paper should be made the basis for Federal reserve notes except that which is liquid paper. We have provided in the bill that one half of the surplus earnings of the intermediate credits bank shall be used, first, to retire the amount that the Federal Government advances as capital stock and that the other half shall be added to the surplus, and when the surplus reaches that point that it equals the capital stock, after that 10 per cent is added to the surplus only and the other 90 per cent goes into the Treasury of the United States as a franchise tax. I can not see any difference in principle between that system of handling the matter and the way that we handle franchise tax on Federal reserve notes. Therefore, I think it would be a mistake to adopt the amendment of the gentleman from Massachusetts, and I earnestly urge its rejection.

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

The CHAIRMAN. Debate on the amendment is exhausted. The motion to strike out the last word is not a proper motion. The Chair will state for the information of all gentlemen that the parliamentary situation is as follows: A substitute amendment has been offered by the gentleman from Pennsylvania [Mr. MCFADDEN] which embraces the entire bill, which it is proposed to substitute for the Senate bill. An amendment has been offered to that substitute and is pending, and debate upon it has been exhausted. A motion to strike out the last word is not in order. If any gentleman wishes to ask unanimous consent——

Mr. QUIN. Mr. Chairman, I ask unanimous consent to proceed for five minutes in opposition to the amendment.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. QUIN. Mr. Chairman, in my judgment the Republican Party is to be congratulated upon bringing out this bill. If a man will carefully read the bill he will see that it will do as much good as the farm loan act itself. This reaches a separate line of credit that the farmers of this country need. The gentleman from Massachusetts [Mr. LUCE] now proposes to cripple and hamstring this measure before it gets started. The farm-loan bonds are rightfully exempted from taxation. That institution is now operating all right. This system of loans on staple agricultural products in warehouses, as guaranteed in this measure to operate properly, must have its bonds and debentures and obligations exempted from taxation, local and everywhere else. Yet the gentleman from Massachusetts, who is a member of the committee, who knows that he is striking at the vitals of this measure, now proposes his amendment for the very purpose of breaking down the system before it can possibly get into operation.

Is it possible that he does not believe that the farmers of the United States under the very measure that he helps to bring out this report upon are entitled to this line of credit? If they are entitled to it, why should he want to handicap them and fix it so that their bonds will not sell; or if they do sell, they must sell below par, and thus make the farmer pay a higher rate of interest? It is as plain as it can be that the gentleman's amendment is intended to force the farmers to pay a higher rate of interest. While I voted against the resolution to amend the Constitution to place a tax on those securities that are now exempt, I would rather see these farmers' cooperative association bonds and debentures exempted than to see county and municipal bonds exempted, if I had to take one or the other. We are plowing now near the very heart of the question of the farmer's credit on his agricultural products which he stores in the warehouses. For all these years we have been pleading to give him a long term of credit at a low rate of interest on his products after they have been harvested so he can hold same for a just and fair price. If you place on this bill this amendment offered by the gentleman from Massachusetts, you are bound to handicap the system and put it on the down grade from the very beginning. I hope the amendment will be rejected.

Mr. MCFADDEN. Mr. Chairman, I ask unanimous consent that the gentleman from New York [Mr. MILLS] may address the House for five minutes.

The CHAIRMAN. Is there objection?

There was no objection.

Mr. MILLS. Mr. Chairman and gentlemen of the committee, I propose to vote for this bill. I believe in the Lenroot-Anderson bill. I believe it is essentially sound, I believe it is desirable, I believe it should be enacted into law, and I propose to vote for this bill even though I do not like some of the other features. [Applause.] In reference to these tax-exempt securities, I am not going to talk about them as a matter of principle but as a matter of business. You are providing for debentures amounting to $600,000,000 a year, Assuming that the average rate of interest will be 5 per cent, that is $30,000,000 a year. These debentures are not going to be taken up by the small investor. They are short-time securities and will be taken up by large investors and at the average rate, let us say, of 40 per cent. Forty per cent of $15,000,000 is some $6,000,000. That is what it is going to cost the Government of the United States every single year in order to grant this tax-exempt privilege. What is possibly gained? In the long run I deny that there is going to be any gain, because at the rate tax-exempt securities are being issued the tax-exempt privilege in the next four or five years will not be worth anything, with an unlimited amount of tax-exempt securities having only a limited market among the very rich. But assuming it is worth what it is to-day—a half of 1 per cent, and it has repeatedly been demonstrated that is all that the tax-exempt privilege is worth to-day—half of 1 per cent on $600,000,000 is $3,000,000, and the difference between what you are losing in taxes, namely, $6,000,000 and the $3,000,000, is exactly what it is going to cost the Government of the United States because these are Government institutions. Now, you can not defend it as a business proposition. Figure it out in dollars and cents. And when it comes to the matter of principle, why, we are solemnly going on record in favor of issuing $600,000,000 of tax-exempt securities a year.

I say there is not the slightest doubt if this bill goes through in this form it marks the death knell of the graduated income tax in this country, because the graduated income tax and tax-exempt securities can not live side by side. For the sake of the farmer, for the sake of these new institutions which are to be created, for the sake of a sound taxing system, for the sake of every principle of justice and equity, I beg of you gentlemen to support the amendment offered by the gentleman from Massachusetts. [Applause.]

The CHAIRMAN. The time of the gentleman has expired.

The question is on agreeing to the amendment offered by the gentleman from Massachusetts.

The question was taken, and the Chair announced the noes appeared to have it.

On a division (demanded by Mr. LUCE and Mr. STAFFORD) there were—ayes 27, noes 124.

So the amendment was rejected.

Mr. LUCE. Mr. Chairman, I offer the following amendment.

The CHAIRMAN. The Clerk will report the amendment.

The Clerk read as follows:

Amendment offered by Mr. LUCE: Page 41, line 17, strike out from lines 17 and 18 the words "agricultural credit corporation," and in lines 19 and 20 the words "or cooperative banks, or cooperative credit or marketing associations of agricultural producers."

Mr. LUCE. Mr. Chairman, this amendment is presented in part to emphasize the fact that the original Lenroot-Anderson bill, which did receive the indorsement that our friend from Minnesota has called to our attention, has been seriously and dangerously changed since it left the hands of its authors. It is not the bill that has received the approval in question. There has been inserted in the bill an exceedingly dangerous provision. Dangerous it is in the eyes of the chief financial adviser of the Nation, the Secretary of the Treasury, who points out that the paper will bear the indorsement of the discounting institutions, and the next step in our analysis is to determine the value of this indorsement.

In the original Lenroot-Anderson bill, which had the approval of the Joint Commission of Agricultural Inquiry, the discounting institution could be a national or State bank or a trust company, savings institution, or incorporated live-stock loan company. In the bill as it passed the Senate there are added rural credit corporations, incorporated farm credit companies, cooperative banks, and cooperative credit or marketing associations. The additions are important.

National banks, and to a large degree State banks, savings institutions, and trust companies, are subject to limitations under State or National law and to periodic inspections by State or National examiners. They are required to keep a minimum cash reserve; their investments are frequently limited; there is usually double liability on the part of stockholders; and any tendency toward unsound practices can be quickly checked by State or National banking authorities. Incorporated live-stock loan companies are generally formed on a substantial scale and take only secured paper. In the original

bill, therefore, some reliance could have been placed on the indorsement of the discounting institution.

No such safeguards surround the operations of the institutions added by the revised Lenroot-Anderson bill. Rural credit corporations, incorporated farm credit companies, cooperative banks, or cooperative credit or marketing associations are enumerated, but not defined, in the new bill; hence it is impossible to ascertain under what limitations they will operate. There is no requirement that they be subject to periodic inspection, State or National. There is no requirement that they maintain a cash reserve or maintain their capital in liquid form. There is no limitation on the amount which such an institution may lend to one borrower—a limitation essential to sound banking. There is no requirement that capital be paid in cash. In the case of cooperative credit associations—a vague and undefined term—there is no requirement that there be any capital at all.

He points out in this authoritative manner that it is proposed to discount the paper of these organizations and sell debentures against them to the confiding and innocent public, and that those concerns are not subject to the safeguards which have been found necessary in the case of the national banking system for the prudent conduct of the banking business.

Mr. ANDERSON. Mr. Chairman, I rise in opposition to the amendment. It is true that the bill as recommended by the Joint Commission of Agricultural Inquiry did not contain the language to which the gentleman from Massachusetts [Mr. LUCE] referred. However, the gentleman from Massachusetts overlooks, and I am afraid the Secretary of the Treasury overlooked, one very important provision of this subdivision of the act. If gentlemen will notice the language of the bill they will see that it starts out with these words:

Subject solely to such restrictions, limitations, and conditions as may be imposed by the Federal Farm Loan Board not inconsistent with the provisions of this act.

These intermediate credit banks may discount notes for the institutions enumerated in the section. The Federal Farm Loan Board, under the authority which this section gives, might require any form of organization which it thought necessary on the part of these cooperative credit agencies. It might require them to have any capital which it thought necessary for the safety of the institutions themselves and for the security of the notes which the intermediate credit banks might discount. It might require any other condition that might be suggested to their minds which they might think necessary for their own protection or for the protection of those who buy the debentures of the intermediate credit banks. There is nothing unsound, nothing unsafe, in this provision. It is subject to governmental supervision in every respect.

I should like to point out in this connection also a thing which I think has been overlooked to some extent in this debate, and perhaps overlooked in the consideration of Members of the House in their study of the provisions of this bill. One of the difficulties in the western section of the country is that they are held at the mercy of the existing financial institutions. One of the objects of a provision of this kind is to furnish a route around the State and National banks where they fail to perform the function which the law imposes upon them at rates which are consistent with the service rendered.

This makes possible the organization of cooperative banks in localities which are now not adequately served by existing institutions. It furnishes a route around existing institutions and furnishes the potential competition which will keep interest rates in these sections of the country at a reasonable level.

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

The CHAIRMAN. Is there objection?

There was no objection.

Mr. BARKLEY. Mr. Chairman, I would not detain the House with remarks about this amendment at this hour except that it affects institutions and interests in my State and other States in the Union in a way which would not only handicap but perhaps destroy entirely the discount of paper through these intermediate banks if the amendment of the gentleman from Massachusetts [Mr. LUCE] were adopted.

There have grown up in the last five years some 50 to 75 cooperative marketing associations in the United States for the purpose of selling farm products in a cooperative way. Many of these associations contain from 50,000 to 100,000 individual growers. They deliver their crops to the association. It may be that an association, by reason of being in a position to borrow money from the bank or from the War Finance Corporation, as has been the case during the past two years, is in a position to advance as much as 50 per cent of the value of the crop to the farmer or grower. That advance is absolutely essential in order to enable him to meet his immediate financial demands.

Now, if the amendment of the gentleman from Massachusetts [Mr. LUCE] is adopted, it would be impossible for these farm cooperative marketing associations through any of these intermediate institutions set up in this bill to borrow any money before the period required by the farmer for the delivery of his crop, and, of course, until the delivery of his crop the farmer would receive nothing whatever until the association had been able to sell his crop, which the individual grower had turned over to the cooperative association. Now, it is evident that any such handicap as that would not only work injury to the cooperative associations but it would be destructive of them by making it impossible for them to obtain funds with which to make any advance to the individual farmers, and thereby produce a situation which would tend to destroy the cooperative marketing associations.

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

Mr. BARKLEY. Yes.

Mr. LUCE. Is not the gentleman aware of the fact that in the so-called Capper bill, incorporated in this bill, provision was made which in the eyes of many experts was intended to cover that situation?

Mr. BARKLEY. It does not cover the situation. Under the gentleman's amendment, even if the Capper bill enabled them to obtain credit up to 50 per cent of the value of the crop that had been pooled with them, it would not enable the members of the cooperative associations to take their warehouse receipts to these intermediate credit banks and rediscount them in order to obtain additional funds which they might desire advanced to the individual growers of the crop. Therefore I hope the amendment will be defeated.

The CHAIRMAN. The question is on the amendment of the gentleman from Massachusetts.

The question was taken, and the amendment was rejected.

Mr. LANHAM. Mr. Chairman, I offer the following amendment.

The Clerk read as follows:

Amendment offered by Mr. LANHAM: Page 55, line 20, after the word "exceeding," strike out the word "nine" and insert in lieu thereof the word "twelve."

Mr. LANHAM. Mr. Chairman, this is a measure which seeks to give relief to those engaged in agriculture and the raising of live stock by providing financial agencies and facilities designed to promote the orderly marketing of their products. Certainly the purpose is a laudable one. The farmer and the cattleman have felt keenly the process of deflation and reconstruction, and upon them have rested many of the burdens incidental thereto. Not only are they entitled to proper relief as patriotic citizens who have labored faithfully for the Nation in its times of stress, but the activities which they represent are basic and fundamental, and upon their preservation in proper vigor depends the welfare and the very life of our country.

It is well, then, that this matter of rural credits is receiving legislative consideration, but it is regrettable that the bill is presented so late in the session. A subject of such vital importance deserves more study than the very limited time now available will permit. Furthermore, the entire measure as now presented to us is in the form of an amendment to the Senate bill. Its reading for amendment, paragraph by paragraph, is thus precluded and the careful scrutiny which the importance of the measure merits is thus prevented. It is quite natural under these circumstances that the bill in many of its features is not altogether what many of us would have it, but we who wish to adopt some proper method of relieving the distressing conditions in marketing are forced by the parliamentary situation to accept it in its entirety or leave the producers of the Nation in their present plight. Perhaps any objectionable features may be cured by amendment in some subsequent session of the Congress.

Mr. Chairman, I have offered an amendment to one of the provisions of section 211. I shall read a part of the context in order that the purpose of the amendment may be better understood. Section 211 contains, in part, the following language:

SEC. 211. That each corporation so organized shall have power under such rules and regulations as the Federal Farm Loan Board may prescribe:

(1) To make advances upon, to discount, rediscount, or purchase, and to sell or negotiate, with or without its indorsement or guaranty, notes, drafts, or bills of exchange, and to accept drafts or bills of exchange, which—

(a) Are issued or drawn for an agricultural purpose, or the proceeds of which have been or are to be used for an agricultural purpose;

(b) Having a maturity, at the time of discount, purchase, or acceptance, not exceeding nine months; and

(c) Are secured at the time of discount, purchase, or acceptance by warehouse receipts or other like documents conveying or securing title to nonperishable and readily marketable agricultural products, etc.

The amendment I have offered is to subdivision (b), having reference to the maturity of paper, and would substitute the term of 12 months for the 9 months provided for in the bill.

This measure, I repeat, is brought before us with the avowed purpose that it is designed to help the producer in marketing. My amendment proposes to do more effectively that very thing in those classes of cases to which it has reference. The orderly marketing of many of our staple crops requires a period of 12 months. Of course, the change of this term of maturity from 9 months to 12 months would be merely permissive, not mandatory, but it would enable the people in sections of the country where nonperishable and readily marketable crops are produced to have the proper advantage of this full period for the marketing of their crops in an orderly manner.

The farmer, Mr. Chairman, does not find himself in the same situation as the merchant in the matter of his financial needs. The merchant sells by the season. Spring clothes are sold in the spring, fall clothes in the fall. Both the wholesaler and the retailer may be satisfied in their credit demands by short-term paper. Thirty, sixty, or ninety days will usually suffice.

The law makes provision for their demands; but the producer of agricultural products is naturally not so fortunate in turning over his stuff speedily. Each season does not have with him a separate and complete financial identity. He must plant in one season, harvest in another, and possibly sell in a third or a fourth. Summer clothes may be sold and used only in the summer, but cotton and wheat are in demand the year around, and are just as necessary one month as another.

And so the farmer is in need of a different standard when we come to provide for his credit requirements. And we must bear this in mind in legislation of the character now before us if we are to do adequate justice to him.

For instance, let us consider for a moment the item of wheat. In the old days the farmer sold it when he threshed it and took what he could get for it. Fortunately the advance of progress has left this old system largely behind us, and to-day there are improved facilities for storage and better opportunities for marketing. The adoption of my amendment would allow the gradual and orderly marketing of the product throughout the crop year; the means of financing it would be available for a full year instead of nine months. Is not the farmer entitled to this consideration? If it is our purpose to help him in this regard, why not be sure that we are doing it?

I understand that with reference to this commodity, wheat, and, in fact, with reference to nonperishable farm products in general, the tariffs of the railroads prescribe that it may be stored in transit for a period of 10 months, and this storage privilege does not increase the through rate from the point of origin to the final destination of consumption. And, in addition to this storage privilege of 10 months, for such commodities as whole grains a further period of two months is permitted at another stopping point for the purpose of milling. In other words, there is a privilege of a total of 12 months' storage in transit without any extra cost of carriage. If grain may take advantage of these opportunities, should it not be provided with proper conditions of financing throughout the 12 months' term? Should not the two terms, in fact, be concurrent? There is no question of the security. It is nonperishable. Maturity at nine months may force the owner of the grain to throw his commodity on the market at an unsatisfactory time of low prevailing prices. The increase of the time of maturity to 12 months will afford the owner an opportunity to market his product at any time during this 12 months' period. I think the growers of wheat and cotton and other nonperishable products are entitled to this consideration, and I sincerely trust that it may be given them.

Mr. STEVENSON. Mr. Chairman, this provision is uniform and runs through the entire measure. There is only once that paper is provided to be discounted and rediscounted in the whole measure which runs over nine months, and that is paper secured by a breeder of cattle, which may run three years.

The ablest man that has ever been before the committee in my experience on this question is Aaron Shapiro, who represents practically all the cooperative market associations of America and who gave us more light on this subject than any other man that has been before the committee, and so far as my experience goes more than the balance of them all. He said that nine months was all they needed, and it ought to be fixed at that, and there was no necessity for any 12 months' paper in the orderly marketing proposition. Nine months after the crops are made is time enough for the marketing. Here is the whole proposition: The ablest man in America on that subject, and certainly the ablest man we have seen, has said that was the proper limit to put on the thing, and it is uniform throughout the bill and it ought to be maintained. [Applause.]

Now, this bill repeals the progressive rate of interest law for the Federal reserve banks. That law was reported by the Banking and Currency Committee and passed on the representation that banks in New York were borrowing many times their just proportion of funds from the Federal reserve bank at 3 per cent and loaning on call at 9 to 15 per cent, and they wanted the right to advance the rate on them without advancing the general rate. However, when they put the law in effect, it was never applied in New York and was only applied in Atlanta, Dallas, and Kansas City. Faith was broken with our committee and this House and this repeal is the result.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Texas.

The question was taken, and the amendment was rejected.

Mr. BANKHEAD. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. BANKHEAD: Page 40, line 8, after the word "as" and before the word "intermediate," insert the word "Federal," so that it will read "Federal intermediate credit banks."

Mr. BANKHEAD. Mr. Chairman and gentlemen of the committee, this amendment is not offered in any captious spirit, because I am thoroughly and sincerely in favor of the principles incorporated in the bill. It is merely offered for the purpose of undertaking to secure some uniformity in the descriptive nomenclature of these numerous Federal banking establishments which have already been established and which we are now seeking to establish in this section. I invoke the attention especially of the coauthor of the Anderson-Lenroot amendment, and of the members of the Committee on Banking and Currency to the amendment that I have offered. For instance, we call the great Federal system of ours the Federal reserve system, and that instantly identifies it as a Federal institution. Then coming on down the line we have established the Federal farm-loan system, another branch of the Federal financial activities. Then we have established the Federal land banks in conformity with that same descriptive principle, and it seems to me that in setting up a new independent agency such as we are seeking to establish in this system—namely, these intermediate credit banks—we should certainly conform to the principle and, as a matter of identity to the intelligence and understanding not only of those who are expert in financial affairs but of the ordinary layman of the country, call these new instrumentalities Federal agencies and designate them as Federal intermediate credit banks.

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

Mr. BANKHEAD. I have only a moment.

Mr. EDMONDS. I suggest that probably it would be a good thing to follow the names of the banks in North Dakota that failed, and call them nonpartisan banks.

Mr. BANKHEAD. I think that is rather beside the mark. I am undertaking to make an argument that I hope will appeal to the good judgment of the committee. I can readily understand what the gentleman from Minnesota [Mr. ANDERSON] had in mind in this designation. It is expressive of a purpose, an intermediate gap, as has been explained in the debate, between the short-term accommodations provided by the Federal reserve system and the long-term accommodations provided by the Federal farm-loan system, an intermediate step in the process. I think it is very proper, in a descriptive way, to call these new banks intermediate credit banks, but I certainly do believe that it would add dignity and convey a better and more general understanding of the purpose and authority of these institutions to agree to the amendment that I have offered, and instead of the name of the banks being merely intermediate credit banks, which is rather an unusual phrase in banking terminology, they should be known as Federal intermediate credit banks. I hope this suggestion will appeal to the judgment of the committee, and especially to the members of the Committee on Banking and Currency, and if they will accept it I am sure that the amendment will be adopted.

Mr. McFADDEN. Mr. Chairman, I simply wish to call attention to the fact that if the gentleman's amendment should prevail the other changes throughout the bill would have to be made in some 50 places.

Mr. BANKHEAD. That would be very simple. I think the gentleman could obtain unanimous consent to have the change made.

Mr. McFADDEN. In addition to that we have been trying in this legislation to get away, so that people would not get

confused with the names Federal Farm Loan Board, Federal reserve act. We have tried to get as far away as we could, so as to stop confusion. While I have no serious objection to the amendment myself, I hope it will not prevail at this time.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Alabama.

The amendment was rejected.

Mr. DAVILA. Mr. Chairman, I offer the following amendment, which I send to the desk.

The Clerk read as follows:

Amendment offered by Mr. DAVILA: Page 86, line 10, after the word "under," add a new paragraph, as follows: "*Provided further*, That section 4, as amended by the act of February 27, 1921, authorizing the establishment of a branch bank in Porto Rico and providing that loans made by such branch bank when so established shall not exceed the sum of $5,000 to any one borrower, is hereby amended by striking out '$5,000' and substituting therefor '$10,000.'"

Mr. DAVILA. Mr. Chairman, this amendment provides for an increase in the loans in Porto Rico from $5,000 to $10,000. It has been twice voted upon by this House during the consideration of the Strong bill, and in both cases it was carried by a considerable majority. I expect that there will be no opposition to our reasonable request and that the amendment will be again voted favorably by the House. We are not asking for the full measure of the present bill. We are asking only for $5,000 more. According to the present situation our farmers are entitled to only $5,000.

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

Mr. DAVILA. Yes.

Mr. McFADDEN. I will say to the gentleman that I shall raise no objections to the amendment.

Mr. DAVILA. I thank the gentleman. I want only to say one more word. The President of the United States to-day has satisfied the wishes of the people of Porto Rico with the appointment of the distinguished and able gentleman from Iowa, Judge TOWNER, for Governor of Porto Rico. [Applause.] I want to express my gratitude to the President of the United States for the great service that he has rendered to the people of Porto Rico and to the whole Nation in this appointment.

The CHAIRMAN. The question is on the amendment offered by the gentleman from Porto Rico.

The amendment was agreed to.

Mr. WILLIAMSON. Mr. Chairman, I offer the following amendment which I send to the Clerk's desk and ask to have read.

The Clerk read as follows:

Amendment offered by Mr. WILLIAMSON: At the end of section 9, on page 86, amend by inserting new paragraph as follows:

"That section 15 of the Federal farm loan act be amended by adding thereto the following paragraph:

"*Provided*, That whenever it shall appear to the Federal Farm Loan Board that national farm-loan associations have not been formed, or that the local farm-loan association fails, neglects, or refuses to serve properly the needs of its territory in any locality, and that there are no agents properly serving same, said board may, in its discretion, authorize Federal land banks to make loans on farm lands in such locality upon the direct application of any prospective borrower, subject to the same conditions and restrictions as now apply to loans made through national farm-loan associations so far as same may be applicable, including subscription to the extent of 5 per cent of the amount of his loan to the capital stock of the Federal land bank making such loan. Such borrowers shall be held individually responsible, equally and ratably, and not one for another, for all contracts, debts, and engagements of such bank to the extent of the amount of stock owned by them at par value thereof, in addition to the amount paid in and represented by their shares of stock."

Mr. WILLIAMSON. Mr. Chairman——

Mr. JONES of Texas. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. JONES of Texas. Where is the amendment offered; at what point

Mr. WILLIAMSON. At the end of section 9, page 86.

Mr. JONES of Texas. I make the point of order on the amendment, Mr. Chairman, that it is not germane to the section.

Mr. WILLIAMSON. Will the gentleman reserve the point of order?

Mr. JONES of Texas. I will reserve it.

Mr. WILLIAMSON. Mr. Chairman, this amendment is intended to take the place of the provision which originally appeared in the Strong bill, by which agents were provided in cases where the local Federal farm-loan associations did not take care of the local situation in making loans to people who desired to borrow money from the Federal farm-loan banks. If my amendment is adopted it will be possible for farmers, in those localities where there are no Federal farm-loan associations or where such associations refuse to receive as new members persons desiring to make loans or where there are no agents under the present law or such agents for some reason or other will not make loans, to obtain loans from the Federal farm-loan banks upon their own application made direct to the banks.

This amendment avoids entirely the objections which were raised upon the floor of this House to the agents provided for in the Strong bill, and at the same time it will make the system practically operative in every part of the land, regardless of whether or not there are enough people desiring farm loans in any one locality to organize an association. I might state in this connection that I have submitted this amendment to Mr. STRONG, and he tells me he is in favor of it. I have also submitted it to the chairman of the committee, and I do not understand that he is opposed to it in any way. I have also submitted the amendment in substantially the same form to the Federal Farm Loan Board, and I have a letter here from Mr. Lobdell, which I shall be glad to make part of the record, in which he unequivocally indorses the amendment and says that he thinks it ought to be adopted, in order that the Federal farm loan banking system may operate more satisfactorily and give greater service to the people whom it is intended to serve, particularly in those communities where such service is now impossible. It seems to me, gentlemen, that this amendment will in no way endanger the Federal farm-loan banks or character of the security upon which loans are placed, but, upon the other hand, if adopted, I know it will bring relief to hundreds and thousands of people scattered all over the country who have not been able to secure loans because there has not been a local farm-loan association or any local agent from whom such loan could be procured. In other words, we have hundreds of communities scattered all over the Nation that to-day have no channel of any kind or character through which the individual borrower can utilize the money in the hands of the Federal farm-loan banks for the purpose of making farm loans. Gentlemen, I hope that no member of the Banking and Currency Committee will object to this amendment as prepared and that this committee will vote for the adoption of this amendment. If adopted, it will, in the words of Mr. Lobdell, "materially assist in the extension of the service of the Federal land banks to persons in communities where the same is now impossible."

Mr. WINGO. Mr. Chairman, the proposition submitted by the gentleman is just an incomplete portion of section 5 that you struck out from the Strong bill the other day. I opposed section 5 of the Strong bill as originally drawn because I thought that it meant the death knell of the local farm-loan associations. We finally got it amended in committee so it was a sensible proposition, but we had a fight on this floor and it was stricken out. I know when I am licked, and in the Committee on Banking and Currency, when we came to put in the Strong bill, I agreed that the only fair way to the House was to insert the Strong bill as it passed the House the other day, with one possible exception; that men who had fought to strike out section 5 said there was one provision for which I contended, and that is to prevent the private mortgage companies from controlling the local association by getting control of the local secretaries. That is the only part of section 5 that the committee unloaded on the House. We were square with you, and I said the House had settled the Strong bill, and it ought not to have to fight it over again. I appreciate what my friend wants to do and what he proposes to do. He proposes to set up an agency to make direct loans, and he only took one feature of that provision and left out all of those necessary provisions that must be gone into in detail covering the stock subscriptions and liability, upon the question of resources that should be built up, and the delinquent payments upon the direct borrower.

In other words, he has left out the safeguards that are essential. If you are going to have direct loans, it would defeat the very purpose of direct loans if you authorized them to be made wide open. Why, under the gentleman's amendment, should any farmer stay in any local association? He could escape the joint liability that he owes upon his stock subscription to his little local association. Why, under the gentleman's amendment, if there was a delinquent payment on any direct loan, the bank would have to stand the loss out of its surplus that really belongs to the stockholders of the cooperative association.

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

Mr. WINGO. Yes.

Mr. WILLIAMSON. I want to call the gentleman's attention to the fact that I specifically provided for that very thing.

Mr. WINGO. No; the gentleman has not done that, although the gentleman thinks he has. He had one proposition, the liability equal and ratable.

Mr. WILLIAMSON. Under the same conditions as loans made by the Federal Farm Loan Board.

Mr. WINGO. You can not do it, although you think you can. I have great respect for the gentleman's ability as a lawyer, but if he studies this question he will admit that section 5 was dangerous unless you insert every safeguard that was represented by four or five paragraphs which he leaves out. So I ask the House to vote down this proposition.

The CHAIRMAN. The time of the gentleman from Arkansas has expired. The question is on agreeing to the amendment offered by the gentleman from South Dakota.

The question was taken, and the amendment was rejected.

Mr. ROACH. Mr. Chairman, I offer an amendment as a substitute.

The CHAIRMAN. The gentleman from Missouri offers an amendment as a substitute, which the Clerk will report.

The Clerk read as follows:

Amendment offered by Mr. ROACH: Page 91, line 12, strike out all of section 15 down to and including line 25, on page 92, and insert in lieu thereof the following new section:

"SEC. 15. That paragraph 1 of section 7 of the Federal reserve act, as amended by act approved March 3, 1919, be amended by striking out all of said paragraph and substituting the following:

"'After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. After the aforesaid dividend claims have been fully met, the whole of the net earnings shall be paid into a surplus fund until it shall amount to 100 per cent of the subscribed capital of such bank, and thereafter 10 per cent of such net earnings shall be paid into the surplus. Any balance of the net earnings—that is, any balance remaining after the payments into the surplus fund have been made as aforesaid—shall be paid as follows: An amount not to exceed 10 per cent of the paid-in capital of the Federal reserve bank and not to exceed one-half of the said balance shall be paid to stockholders in extra dividends, and the remainder shall be paid into the United States Treasury as a franchise tax.'"

Mr. WINGO. Mr. Chairman, I reserve a point of order on that.

The CHAIRMAN. The gentleman from Arkansas reserves a point of order on the amendment.

Mr. WINGO. Will the gentleman from Pennsylvania make a point of order or reserve it?

Mr. McFADDEN. I will reserve it.

Mr. WINGO. Is it offered as an amendment or as a substitute?

Mr. ROACH. I offer this as an amendment to the substitute.

Mr. WINGO. As a substitute to this particular section?

Mr. ROACH. Yes; a substitute amendment.

Mr. Chairman and gentlemen of the committee, I realize the fact that it is after 10 o'clock at night and also the fact that the committee has been in session for a long while, and under such conditions it would be hard to get the consideration that an important amendment of this character deserves. But I want to state to the committee that the amendment that I have offered is not a new question at all before the Committee on Banking and Currency. The amendment that I have offered is practically, if not substantially, in the same language as a bill which was introduced by a member of the Committee on Banking and Currency, the gentleman from New Jersey [Mr. APPLEBY], and referred to and considered at some length by the committee. It also involves the same principle of a similar provision carried in the Lenroot-Anderson bill that passed the Senate.

In order that you may understand in just as few brief words as I can put it the object of this amendment, you will observe that in the section which I propose to strike out of the present bill my amendment provides for a joint committee to be appointed to consist of three members of the Committee on Banking and Currency of the Senate, to be appointed by the President thereof, and five members of the Committee on Banking and Currency of the House of Representatives, to be appointed by the Speaker thereof, and vacancies in the membership shall be filled in the same way as the original appointments. Among the other duties of this committee, they are authorized to inquire into the effect of the present limited membership of State banks and trust companies in the Federal reserve system and into the financial conditions in the agricultural sections, and so forth.

I believe that my amendment, if adopted, would offer a solution of the question that is proposed to be investigated, and, summed up in a few words, it is simply this, that there is not a greater membership on the part of State banks and trust companies because they realize that under the present law it is an unprofitable investment and arrangement for them to make.

My amendment proposes, after deducting all the expenses of the operation of the Federal reserve banks, and after paying out certain moneys provided, then the profits that accrue will be distributed among the member banks. In support of that amendment I desire to have read by the Clerk, in my time, a letter from one of the leading bankers in Missouri.

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

Mr. ROACH. Mr. Chairman, I ask unanimous consent for three minutes more time.

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

There was no objection.

Mr. ROACH. In that time I ask that the letter be read.

The CHAIRMAN. Without objection, the letter will be read.

The Clerk read as follows:

JEFFERSON CITY, MO., *January 18, 1923.*

Hon. SID C. ROACH,
Member of Congress, Washington, D. C.

DEAR MR. ROACH: I desire to call your attention to the late published "Comparative statements of revenues and liabilities, expenses, and earnings of the Federal Reserve Bank of St. Louis." You doubtless can obtain a copy of this from the Federal reserve bank in St. Louis, if you have not already a copy. I desire to call your attention to the comparative balance sheet, in which you will note that the Federal reserve bank has capital paid in $4,827,450 and surplus $9,664,672.92.

The point I want to make is this, that the capital and surplus belong to the member banks which form the Federal reserve bank. We are carrying our part of the capital in the Federal reserve bank, one-half paid up, upon which we receive 6 per cent annual dividend. Under the provisions of the law we are compelled, like all national banks, to have stock in the Federal reserve bank. We are also compelled to maintain a large reserve with the Federal reserve bank, upon which we receive no interest whatever, while other correspondents pay interest upon daily balances. We contend that the above surplus should be capitalized and that we should be credited with fully paid-up capital stock in the Federal reserve bank, and then that we should receive 6 per cent upon the par value of the stock. You, of course, are aware of the fact that the earnings in the Federal reserve bank should belong to the member banks. We ought to have some relief from the present condition. We recognize that the Federal reserve system is a good one, but there is no reason why the member banks should not be entitled to participate in the earnings upon the investment. This is a business proposition, and it seems to me there should be no question about the justice of our contention. Will you kindly look into this matter and give an expression of your views?

Thanking you in advance, and with best wishes, I am,

Your friend,

A. A. SPEER, *President.*

Mr. ROACH. Mr. Chairman, there is no question but that this condition should be corrected, and the amendment that I have offered would correct it, and I hope it will be adopted.

Mr. APPLEBY. Mr. Chairman, I ask unanimous consent to discuss the amendment for five minutes.

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

There was no objection.

Mr. APPLEBY. Mr. Chairman and gentlemen, as my friend from Missouri [Mr. ROACH] stated, the amendment offered by him was a bill which I introduced a year ago, calling for a fair division of the net profits of the Federal reserve system as between the Government and the stockholders of the member banks. The bill in question was taken up in the Senate and incorporated in both the Lenroot and Anderson bill and the Capper bill, and passed the Senate. The only change in the matter was the question of percentage of dividends.

When this question came before our Committee on Banking and Currency the section was taken out of both the Lenroot and Capper bills and in lieu thereof was inserted an amendment calling for an investigating committee. My opposition to that in the committee and on this floor is this: The Federal reserve banks of the country were started, so far as the actual money is concerned, by the membership of the national banks. An effort is being made to get the State banks and trust companies into the Federal reserve system. I want to say as a bank director of a State bank in my county for some 30 years, I have advocated that State banks should join the Federal system, and the reply has been that they can make more money by staying out than they can by going in the system. In other words, the State banks and trust companies can get 2 per cent on their daily balances with their correspondents, consequently it pays these banks and trust companies better to stay out than it does to go in. What I want to see is a restoration of that clause in this bill granting large dividends to member banks in the Federal reserve system. That section was in the bills referred to above when passed by the Senate.

In one year, 1920–21, the net profits of the Federal reserve system were $60,000,000. The member banks received but $6,000,000 on their subscribed stocks—one-tenth. I have some figures I want to read into the RECORD. The net earnings of the 12 Federal reserve banks during the period they have operated have been $391,000,000 in round figures. This amount has been divided under the law in three ways—dividends, fran-

chise tax, and surplus. The dividends paid the stockholders some $37,000,000, franchise tax to the Government during the same period some $135,000,000. Surplus accumulated and carried by the 12 Federal reserve banks during the same period some $218,000,000. Between the franchise tax and the surplus there has been $353,000,000 paid into the Government and some $37,000,000 returned to the shareholders of the banks, or almost a ratio of 10 to 1 in favor of the system.

The question of erection of expensive buildings for Federal reserve banks throughout the United States has caused a good deal of unfavorable comment on the system. These enormous expenditures for buildings has been paid out of the earnings of the local country and city banks.

What I am after in this amendment is to make the bill so attractive that the State banks and trust companies will become members of the Federal reserve system and make the system what its designers intended it to be, an institution comprising the membership of a great majority of the banking institutions of the United States.

Mr. ROACH. Will the gentleman yield?

Mr. APPLEBY. Yes.

Mr. ROACH. The gentleman is a member of the Committee on Banking and Currency. I will inquire if that committee had Governor Harding before it?

Mr. APPLEBY. Yes.

Mr. ROACH. Was his attention invited to this particular amendment?

Mr. APPLEBY. Yes; Governor Harding appeared before our committee and gave as his individual opinion that this particular bill for a 50–50 dividend of the net profits was fair and equitable and, in his opinion, the best bill offered on this important subject.

The CHAIRMAN. The time of the gentleman from New Jersey has expired.

Mr. McFADDEN. Mr. Chairman, I make a point of order against the amendment, that it is not germane to this section of the bill and not germane to the bill.

Mr. APPLEBY. Mr. Chairman, I do not know the parliamentary situation. This subject matter was in the Senate bill and it seems to me it ought to go in here if we can get votes enough to put it in.

Mr. WINGO. Mr. Chairman, the point of order is that this particular section is a substitute for the section providing for a joint committee of the two Houses to conduct an investigation during the recess between now and the next session to consider this question and another question that might involve the question of the member banks not coming in. But nowhere does it say that it shall take up the question of dividends. There is no place in the bill where there is any provision that covers the dividend of the Federal reserve banks at all. The only mention of the Federal reserve system in this bill is one section that covers agricultural paper, the rediscount section of the Federal reserve act. There is nothing that covers the question of stock dividends or anything of that kind; but, even if that were not true, it is not germane to the section to which it is offered.

Mr. APPLEBY. Mr. Chairman, I would say that this committee on investigation which is asked for in the bill before us to go around the country at the expense of the Government did not appear in the bills sent over by the Senate. My contention is that this substitute offered in this bill takes the place of the amendments to the Federal reserve act contained in both the Lenroot and the Capper bills as they passed the Senate.

Mr. ROACH. And further this amendment deals with the particular subject under discussion as to the membership of the Federal reserve banks, and it seems to me that for that reason it is both pertinent and germane to the subject contained in section 15 of the substitute.

Mr. PARKER of New Jersey. Mr. Chairman, I have not examined the original bill thoroughly, but I understand from the gentleman from New Jersey [Mr. APPLEBY] that it is a part of the matter that was struck out by this substitute, and if so, it can be restored, because it is before the House.

Mr. APPLEBY. The question of the advisability of appointing a joint committee to investigate the question as to why the State banks and trust companies do not join the Federal reserve system has been well covered by the numerous letters from leading bankers read before our committee. The consensus of opinion expressed in those letters was to the effect that while the member banks were pleased with the accumulation of profits made yearly by the Federal reserve system, still they maintained that the best way to satisfy their stockholders was to have a better and more equitable division of the net profits. A number of letters were received from the trust companies, as well as the State banks in New Jersey and elsewhere, stating that they would be glad to have their institutions become members of the Federal reserve system if larger dividends could be assured to those institutions.

I am of the opinion that if such a committee of investigation is created, the report which, if rendered by the committee, will be substantially the same as the outline of my bill, H. R. 12208, which I introduced on June 28, 1922. In the meantime this important matter, which has been before the Banking and Currency Committee for the past 18 months, will be delayed another year, and likewise the very large percentage, 75 per cent or more, of all of the banks in the country will await the decision of Congress as to whether or not the Federal reserve act will be amended in this particular. In my judgment now is the time to dispose of this dividend question when the Federal reserve act is being amended.

Mr. ANDERSON. Mr. Chairman, I am in entire sympathy with the purpose of the gentleman from Missouri [Mr. ROACH] to get the State banks into the Federal reserve system, but that has nothing to do with the question of whether this particular amendment is germane to this bill at this point. The amendment which the gentleman offers is an amendment to that part of the Federal reserve act which provides for the disposition of earnings of the Federal reserve banks. It is offered as an amendment, by way of substitute, for section 15 of the bill, which provides for the appointment of the commission to study the general question of all of the factors which are influencing the State banks to stay out of the Federal reserve system.

The section to which this is offered as an amendment is not an amendment to the Federal reserve act at all. It is a separate and distinct proposition. It certainly can not be that an amendment dealing with the earnings of the Federal reserve banks which is not dealt with in this bill at all, or any portion of it, can be germane to an independent proposition carried in the committee amendment. I submit that the amendment is not in order.

The CHAIRMAN. Is there anything in the substitute bill dealing with the Federal reserve act?

Mr. ANDERSON. Yes.

The CHAIRMAN. To what extent does that deal with it?

Mr. ANDERSON. The only provision in this committee amendment dealing with the Federal reserve system has to do entirely with the discount provisions of the Federal reserve act. It deals with nothing else.

Mr. PARKER of New Jersey. Mr. Chairman, on page 32 of the Senate bill the Chair will find by section 201 it was provided as follows:

> After all necessary expenses of a Federal reserve bank have been paid or provided for, the stockholders shall be entitled to receive an annual dividend of 6 per cent on the paid-in capital stock, which dividend shall be cumulative. Out of any net earnings remaining after the aforesaid dividend claims have been fully met there shall be paid each year to the United States as a franchise tax such an amount as will make the aggregate amount so paid for the year 1922 and subsequent years equal to the aggregate amount of the cumulative dividends paid to the stockholding member banks for such years. After the full amount of the franchise tax shall have been paid to the United States the balance of the net earnings of any year shall be paid into a surplus fund until it shall amount to 100 per cent of subscribed capital, and thereafter when net earnings in any year exceed 12 per cent an extra dividend of not to exceed 3 per cent may be distributed to the stockholders, and 10 per cent of the remaining net earnings shall be paid into the surplus, and 90 per cent shall be paid to the United States as an additional franchise tax.

That provides for dividends and that is struck out, and while it may not be quite in order to offer a substitute for that particular section, this certainly can be offered as a new section taking the place of what is stricken out.

The CHAIRMAN. This amendment is an ordinary motion to strike out and insert other language. If the bill were an original bill, of course, it would not be germane to the particular section. The Chair entertains considerable doubt whether that rule with reference to germaneness to a section applies when we are considering one amendment. However, it seems perfectly clear that the proposed amendment must be germane to the amendment, which is in this case the House bill. The Chair has examined the House bill and does not think the slight reference to the Federal reserve act in the amendment is sufficient to make this amendment germane to the amendment. The gentleman from New Jersey [Mr. PARKER] suggests that in the original Senate bill there are provisions to which this would be germane. That may be true, but that is not presented at this time. The Chair therefore sustains the point of order.

Mr. McFADDEN. Mr. Chairman, Members have been very patient to-night and I am anxious to get through with this bill to-night if I can. I move that all debate upon this amendment and all amendments thereto close in 15 minutes.

The CHAIRMAN. The question is on the motion of the gentleman from Pennsylvania that all debate upon the amendment and all amendments thereto close in 15 minutes.

The motion was agreed to.

Mr. LUCE. Mr. Chairman, I had risen to my feet to propound a parliamentary inquiry before the vote was taken.

The CHAIRMAN. The gentleman will state it.

Mr. LUCE. That is as to whether the motion to close debate is debatable.

The CHAIRMAN. It is not.

Mr. YOUNG. Mr. Chairman, a parliamentary inquiry.

The CHAIRMAN. The gentleman will state it.

Mr. YOUNG. This will not prevent the submission of amendments?

The CHAIRMAN. This does not prevent the offering of amendments.

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

The CHAIRMAN. Is there objection?

There was no objection.

Mr. JONES of Texas. Mr. Chairman, I offer the following amendment, which I send to the desk.

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

The Clerk read as follows:

Amendment offered by Mr. JONES of Texas: Page 59, line 10, after the word "than," strike out the figures "$250,000" and insert the figures "$100,000," and on page 60, line 12, strike out the figures "$250,000" and insert in lieu thereof the figures "$100,000."

Mr. JONES of Texas. Mr. Chairman, I intend to support this bill. The measure has only been available for two days. However, I understand this is not the fault of the House Banking and Currency Committee, for that committee has been working night and day since the action of the Senate, and they deserve the thanks of the House for their efforts.

I do not think the bill will accomplish all that some seem to think, nor do I believe it is as bad as some have painted it. It is regrettable that the party in power delayed so long before they seriously undertook work for the relief of the agricultural interests.

I desire to call attention to this one thing. The agricultural credit corporation provided for in this measure is the medium, if any is created by this bill, for the actual operation of getting in touch with the folks who need the money. In the original Capper bill the minimum limit of capital stock was put at $250,000. If I am in error in my statement I would like to be corrected by some members of the Committee on Banking and Currency. In the original Capper bill, as I say, it was put at $250,000. I understand the reason for requiring so large a capital stock was that under the terms of the original Capper bill the local agricultural credit corporations were given the authority to issue debentures and bonds.

Under the terms of this bill they are not given this privilege, and therefore I can see no reason why a corporation which is not given the right to issue debentures should not be permitted to be organized in the far-away sections for a less amount than $250,000. Many banks are organized for much less than that. The principal thing that these corporations will be able to do will be to rediscount paper and carry on business of similar character in the handling of funds which belong to the corporation. They are not deposit banks, so that the necessity of a large capital stock of $250,000 will not exist as it existed in the original Capper bill. I call attention of the committee to the fact that on page 6 of the Capper bill, section 4, that these agricultural credit corporations were given the power.

To issue, subject to such regulations as the Comptroller of the Currency may prescribe, collateral trust notes or debentures.

In the consolidated measure that provision is stricken out, so that they are simply a medium for coming in touch with those who want to get money. If you leave the minimum at $250,000 you are driving these corporations to the financial centers, whereas they ought to run out and touch the people in the far-away sections. If it is advisable to adopt this system at all it seems to me it would be advisable to allow corporations of $100,000 paid-up capital stock to handle this matter in the rural sections or in the small-town sections, where it would be very difficult to get five or more than five men with sufficient liquid funds to subscribe $250,000 capital stock. Since the power to issue debentures and collateral trust notes has been eliminated in this bill I can see no reason in the world for not allowing these smaller local corporations.

This is an extremely important amendment, for if the figure is left at $250,000 it will be necessary in some instances for the borrower to get in touch with a credit corporation hundreds of miles away, whereas if smaller corporations were permitted the same element of safety could be had with a great deal of added convenience.

I shall support this measure because I think that in so far as it functions at all it will tend to reduce interest rates. There are some provisions that I do not like, but in spite of these in the hurried consideration that I have been able to give it it appears to have something of merit.

The CHAIRMAN. The question is on the adoption of the amendment of the gentleman from Texas.

The question was taken, and the amendment was adopted.

Mr. BURTON. Mr. Chairman, I offer an amendment to strike out from the proposed amendment sections 201 to 205, inclusive, on pages 40 to 51.

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

The Clerk read as follows:

Amendment offered by Mr. BURTON: Beginning on page 40, strike out all of sections 201 to 208, inclusive, ending on page 51.

Mr. BURTON. Mr. Chairman, this measure as it now appears before us——

Mr. HERRICK. Mr. Chairman, I rise to propound a parliamentary inquiry.

The CHAIRMAN. The gentleman can not take the gentleman off his feet.

Mr. HERRICK. I want to submit a parliamentary inquiry.

The CHAIRMAN. Does the gentleman from Ohio yield?

Mr. BURTON. I prefer the gentleman from Oklahoma should wait until after I shall have finished.

The CHAIRMAN. The gentleman from Oklahoma can not take the gentleman off his feet by a parliamentary inquiry.

Mr. HERRICK. If the gentleman from Ohio will yield——

Mr. BURTON. I should prefer——

Mr. HERRICK. I want to inquire of the Chair——

The CHAIRMAN. The gentleman from Ohio has the floor and declines to yield for a parliamentary inquiry.

Mr. BURTON. This measure in the form in which it now appears is concededly a bill of shreds and patches. We had originally passed in the Senate what was called the Capper bill for the organization of private corporations. That is stricken out in its entirety and instead there are three other bills which compose this measure. The first proposition, known as the Lenroot-Anderson bill, creates corporations of $5,000,000 each, the stock for which shall be subscribed, 12 in number, by the Federal Government. There is a kind of pleasing camouflage in the provision that the shares shall be $5 each, as if the poor man were invited to come in at the door. There is a section providing for corporations of $250,000 each. Then a portion of the Strong bill is inserted, and then in addition to that by an amendment to-night we are inserting a paragraph that the life of the War Finance Corporation shall be extended until the 30th of December next. Probably that is the prelude to an indefinite extension. So you have three or four methods or agencies for doing the same thing, that which could have been done simply.

What I specially object to is that the Government should embark in the business of banking. Many Republican orators with trumpet tongues proclaimed against the Government going into business, and yet will you adopt a bill which involves this Nation in the perilous business of banking, which contains a threat fourfold worse than the shipping enterprise or taking possession of the railroads, for it means that the very source of credit and of the strength of the country is to be taken away from private enterprise, where it belongs, and given into the hands of bureaucracy, throwing the doors wide open for favoritism, saying to those who are denied credit by ordinary agencies which have been functioning since the very beginning of the Government, "We will afford you credit"—dangerous thought it is—"and tax the people of the United States to give you credit which does not belong to you"? Will this House, which just a few weeks ago voted more than 2 to 1 against issuing further tax-free securities, to-night or to-morrow put its seal of approval upon a measure which proposes to issue what in the long run may be many billions of further tax-free securities, piling Pelion upon Osa, piling upon that which is already too much, until under the present graduated system of tax the millionaire and great investors can go scot free without the payment of his share of taxation?

Mr. Chairman, I submit that proposition to the committee at this time. [Applause and cries of "Vote!"]

Mr. WOODS of Virginia. Mr. Chairman, I rise in opposition to the amendment.

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

Mr. WOODS of Virginia. Mr. Chairman, I had hoped to have sufficient time to discuss more at length than is possible on this occasion this measure in the interest of agriculture.

I deplore the fact that the charge has been made here that this is class legislation. It has been made by such eminent gentlemen as the gentleman from Massachusetts [Mr. LUCE], the gentleman from Ohio [Mr. BURTON], and the gentleman from New York [Mr. HUSTED], and when I speak of these gentlemen as "eminent" I mean just that. I would despise myself were I to urge legislation for any particular class to the detriment or the injustice of any other class. Our one aim in legislation should be to give to all classes of our citizens equal rights and equal opportunity for the full exercise and the full enjoyment of reward for individual thrift and enterprise and industry. With all deference to these patriotic gentlemen whom I have mentioned, I must say that, reduced to its last analysis, the arguments which they have put forth so eloquently in opposition to this measure could have been made with well-nigh equal force against the Federal reserve act, which all of us recognize not only held firm the financial structure in this country but stabilized it for the world, was a most potent factor in winning the war, and has finally made the American dollar the standard of value throughout the world.

In asking for this legislation in behalf of agriculture, I am not speaking for a class, but in behalf of legislation that will prove beneficial to all classes—consumers as well as producers. These gentlemen represent great industrial centers. Agriculture is but another form of industry and more than that it is the basic and most important industry, because upon it depends the food supply of the people. Nothing can effect agriculture that does not effect all classes of our people. I would go as far as these gentlemen to keep Government out of business. It is a sound principle, but in looking at agriculture we must have a broader vision. My own district is 50 per cent or more urban, and in behalf of this legislation I am speaking for the benefit of the people of my cities as well as for the rural communities of my district. I am endeavoring to get the people of our great cities to realize the fact that the problem of agriculture is the problem of the consumer.

I do not expect any great relief from the proposition of cooperation, though I favor it, because of the segregated situation of those engaged in agriculture. This condition hinders complete cooperation. All classes of our people must catch the realization that the man who is engaged in agriculture must have a just return on his investment and a fair reward for his labor, and if he does not get it what will happen? He will quit—as he is quitting gradually—and when he quits all of us who eat will feel the pinch. Agriculture is sick, and I can point you to the unerring symptoms of that illness. Take your census reports from 1880 to 1920, and you will be amazed at the portentous drift of our population from farm to city. That report shows the city population living in towns of 2,500 and over has increased from 29 per cent to 51.8 per cent in 40 years. Do we need any other proof to show the discouraging conditions surrounding agriculture? The boys are not staying on the farm where the hardiest manhood and the purest patriotism is produced.

Another symptom of the unhealthy condition of agriculture may be found in the fact that in 1919 the agricultural products of the country had a market value—I speak in round numbers—of $13,000,000,000; in 1920 the market value was nine billions and in 1921 approximately six billions. Fortunately there was a slight advance in the value of the farmers' crops in 1922, but no other enterprise could endure such radical reductions in its income, and it speaks well for the splendid fiber of the American farmer that he has stood up under this abnormal deflation as well as he has. Another bad symptom is apparent in our rapidly increasing importations of food products in the past 20 years.

Importations.	1900	1920
Cattle	$2,257,684	$45,081,179
Meat	1,214,148	20,581,219
Butter	9,769	10,916,770
Cheese	1,761,613	6,180,972
Seeds	1,795,048	113,032,112
Sugar	100,250,974	688,127,380
Tobacco	13,297,223	78,164,290
Wool	20,260,936	212,848,568

This shows, deplorable as it is, that we are becoming an industrial rather than an agricultural Nation.

Under this bill agriculture is asking that no special benefit be conferred upon it, but that it be given an equal chance in the way of credits that is enjoyed by other enterprises. Under our present financial system, commerce and manufacturing, which need only short-time credits, find accommodation. Agriculture from its essential nature needs the longer credit—nine months—which this bill gives. We have by legislation stabilized banking; we have enacted legislation in aid of the railroads; we have by our Federal reserve act provided adequate credits in aid of commerce and industry, which need only, in the main, short-term credits, but the agricultural products from their very nature consume long time in their production and necessarily considerable time in their marketing unless the middleman or speculator is to be given an undue advantage.

WE MUST EQUAL CREDITS TO AGRICULTURE.

Prior to the cooperation and organization of the farmers they had little voice in legislation. Though the farmers are the largest contributors to the railroads and to the banks they have no voice in the management of either. It behooves us as representing, without discrimination, all interests and all classes, to pass this legislation which has a tendency at least to give to agriculture an equal opportunity with other enterprises. In spite of all that this legislation does and all that we can do here, the farmer must remain somewhat handicapped because of the fact that whereas every other successful business enterprise must maintain three departments—its purchasing, its producing, and its selling department—agriculture can have but one, and that is the producing department. The farmer has no voice in the price he shall pay for what he buys, and heretofore has had little voice in fixing the price he shall receive.

As a general proposition I am with these other gentlemen in favor of urging self-reliance and thrift and enterprise in the individual—giving to individual initiative and effort its just reward, leaving it unhampered by the restrictions of Government—but at the same time we must see to it that equal opportunity and equal protection from exploitation is given to the farmer. Up to this time he has not enjoyed this equality. This bill simply gives him the credits which the Government has provided for other enterprises and the credit he needs, safeguarded, I trust, in such a manner that losses will be minimized.

There are but few things that the Federal Government can do for the individual engaged in agriculture, but these few things it should do. First, by scientific cooperation it can aid in the prevention of his live-stock diseases and in the production of better crops by the knowledge its experts can furnish him. Second, it can furnish a better system of transportation and at more reasonable rates, so as to give the farmer a greater percentage of the prices paid by the consumer. He is now receiving only about 38 cents on each dollar paid by the consumer for his commodities. Third, by Federal aid to highways the Federal Government can make living conditions in the country more tolerable, and in the fourth place, by extending him reasonable credits, as this bill seeks to do, under proper safeguards, it can prevent exploitation of agriculture and can also enable the farmer to maintain a proper balance between production and consumption. These are the functions of the Federal Government which the States are powerless to exercise.

I trust it will be the pleasure of this body to pass this bill and give to agriculture that justice which has long been withheld.

The CHAIRMAN. The time of the gentleman from Virginia has expired. The question is on agreeing to the amendment offered by the gentleman from Ohio.

Mr. WOODS of Virginia. Mr. Chairman, I ask unanimous consent to extend my remarks in the RECORD.

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

There was no objection.

The question was taken, and the amendment was rejected.

Mr. LUCE. Mr. Chairman, I move to amend the bill, on page 49, line 16, by striking out the word "associations"; on lines 20 and 21, by striking out the word "association"; on line 4, of page 50, by striking out the word "bank"; on line 10, on page 50, by striking out the word "association"; on line 13, page 50, by striking out the word "bank."

Mr. Chairman, has the time for debate expired?

The CHAIRMAN. It has.

Mr. LUCE. I ask unanimous consent to address the House for two minutes.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to address the House for two minutes. Is there objection?

Mr. HERRICK. I object.

The CHAIRMAN. The question is on agreeing to the amendment offered by the gentleman from Massachusetts.

The question was taken, and the amendment was rejected.

Mr. BRIGGS. Mr. Chairman, I move that the section numbers be corrected on page 93. It should be section 16 following section 15 on page 91. They should be corrected accordingly.

There are two sections bearing the same number; section 15, on page 91, and section 15, on page 93.

The CHAIRMAN. Without objection, the sections will be renumbered.

There was no objection.

The CHAIRMAN. The question now is on the amendment offered by the gentleman from Pennsylvania.

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

Mr. LUCE. Mr. Chairman, I ask unanimous consent to address the House for two minutes.

The CHAIRMAN. The gentleman from Massachusetts asks unanimous consent to address the House for two minutes. Is there objection?

There was no objection.

Mr. LUCE. Mr. Speaker, with other members of the committee I worked as late as this at night trying to perfect this bill. We worked until our brains were fagged. The amendment I presented was an error for which I was probably in part responsible because I was looked to for corrections of this sort. I want to call the attention of the committee to the fact that in its impatience it has exposed the country to imperfections which we ought to have an opportunity to correct. If it is the judgment of the House or the committee that it shall proceed without giving opportunity to perfect the bill it must accept the responsibility. I desire to wash my own hands of the responsibility for failing to call the attention of the committee to these changes which ought to be made.

Mr. McFADDEN. Mr. Chairman, I ask unanimous consent that the subsequent sections of the Senate bill be stricken out.

The CHAIRMAN. The gentleman from Pennsylvania asks unanimous consent that the subsequent sections of the Senate bill be stricken out. Is there objection?

There was no objection.

Mr. McFADDEN. Mr. Chairman, I move that the committee do now rise and report the bill to the House with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

The motion was agreed to.

Accordingly the committee rose; and the Speaker pro tempore, Mr. CAMPBELL of Kansas, having resumed the chair, Mr. SANDERS of Indiana, 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. 4280 and had directed him to report the same back with an amendment, with the recommendation that the amendment be agreed to and that the bill as amended do pass.

Mr. LUCE. Mr. Speaker, I make the point of order that there is no quorum present.

The SPEAKER pro tempore. Will the gentleman from Massachusetts withhold that point of order?

Mr. LUCE. I will.

SENATE BILLS REFERRED.

Under clause 2 of Rule XXIV, Senate bills of the following titles were taken from the Speaker's table and referred to their appropriate committees, as indicated below:

S. 4500. An act authorizing the appointment of William Schuyler Woodruff as an Infantry officer, United States Army; to the Committee on Military Affairs.

S. 4639. An act to remit the duty on a carillon of bells to be imported for Grace Church, Plainfield, N. J.; to the Committee on Ways and Means.

ENROLLED BILLS SIGNED.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that they had examined and found truly enrolled bills of the following titles, when the Speaker pro tempore signed the same:

H. R. 13978. An act granting the consent of Congress to the Hudson River Bridge Co. at Albany to maintain two bridges already constructed across the Hudson River;

H. R. 14317. An act granting permission to Capt. Norman Randolph, United States Army, to accept the decoration of the Spanish Order of Military Merit of Alfonso XIII;

H. R. 7267. An act granting permission to Mrs. R. S. Abernethy, of Lincolnton, N. C., to accept the decoration of the bust of Bolivia; and

H. R. 10677. An act for the relief of Quincy R. Craft.

ENROLLED BILLS PRESENTED TO THE PRESIDENT FOR HIS APPROVAL.

Mr. RICKETTS, from the Committee on Enrolled Bills, reported that February 27 they had presented to the President of the United States, for his approval, the following bills:

H. R. 14254. An act 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.

H. R. 13660. 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.

H. J. Res. 460. Joint resolution accepting the sword of Gen. Richard Montgomery.

ENROLLED BILL AND JOINT RESOLUTION SIGNED.

The SPEAKER announced his signature to enrolled bills of the following titles:

S. J. Res. 270. Joint resolution concerning lands devised to the United States Government by the late Joseph Battell, of Middlebury, Vt.; and

S. 4589. An act to authorize the county of Hennepin, in the State of Minnesota, to construct a bridge and approaches thereto across the Minnesota River at a point suitable to the interests of navigation.

LEAVE OF ABSENCE.

By unanimous consent, leave of absence was granted as follows:

To Mr. BURTNESS, at the request of Mr. YOUNG of North Dakota, for the remainder of the session, on account of sickness.

To Mr. DENISON, for the remainder of the session, on account of serious illness in his family.

EXTENSION OF REMARKS.

Mr. KLINE of Pennsylvania. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD by inserting a short address, in 8-point type, delivered by myself Monday before the Pennsylvania Society at Washington.

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

There was no objection.

The extension of remarks referred to is here printed in full as follows:

Mr. KLINE, of Pennsylvania. Mr. Speaker, in accordance with permission granted by unanimous consent of the House to extend my remarks in the RECORD, by printing an address delivered by me on Monday evening last, at the New Willard Hotel, before the Pennsylvania Society, of Washington, D. C., I insert the following:

"Mr. President, ladies, and gentlemen, whenever I meet a Pennsylvanian, I like to ascertain in what part of the State he or she lives. So I will tell you that my home is in Sunbury, where the sun always shines and the birds always sing and the flowers always bloom!

"Some years ago I stood at the Golden Gate in California, and as I looked out over the water I thought to myself: 'Well, we have a Golden Gate at our front door, and I never knew it.' And so we have.

"When President Benjamin Harrison was our Nation's Chief Executive, he passed through our town, and from the rear platform of the rear car of his train he delivered the most beautiful address to which it has ever been my privilege to listen. That address was thought out en route from Harrisburg to Sunbury and was prompted by the beautiful scenery along the valley of the Susquehanna. But that beautiful scenery is not confined to the valley of the Susquehanna. It is everywhere throughout the length and breadth of our Commonwealth. The mountains and valleys and rivers and rivulets combine to make our State, our empire, if you please, 'a thing of beauty and a joy forever.'

"And I am going to tell you something else: Pennsylvania not only has beautiful scenery, but if there is any land under the stars that can produce more beautiful girls, I should like to see them. In my opinion, it can not be done.

"Pennsylvania stands for industry. Last summer I traveled possibly 1,800 miles by automobile among the hills and mountains and valleys of our State and I was delighted beyond expression with the marvelous industry of our farmers. Everywhere I saw wonderful fields of grain, indicating the best and most intensive farming. I kept thinking 'There are cattle on a thousand hills and a thousand grain fields in the valleys.' I declare to you that if all the land in United States of America and her possessions were tilled with the same intensity as is the land of Pennsylvania, America could feed the world. We may be proud, indeed, that our Pennsylvania farmers are setting such a remarkable lesson in industry to the people of the world.

"Pennsylvania is a musical State. It used to be said that in Snyder county, which is just across the river from my home, every farmhouse had a musical instrument; and now I see it stated that in the farmhouses of that county radio has been installed, that the farmer and his family may gather round the fireside at evening time and listen to the music of artists from Pitts-

burgh, Philadelphia, Chicago, New York, or wherever it may be. And what is true of Snyder County is likewise true, in a large degree, of the entire State. The people are fond of good music and they have it.

"A few evenings ago I was talking with a beautiful southern girl, and she was very much amazed when I told her that every one of the great southern melodies had been written by a Pennsylvanian. She could not believe it at first, but I had the facts so well in hand that she was convinced, though much against her will. And I tell you, friends, that every Pennsylvanian should be proud of the fact that 'Old Black Joe,' 'The Old Folks at Home,' 'My Old Kentucky Home,' and 'Swanee River,' were all written by Stephen Collins Foster, of Pittsburgh, Pa. And I declare to you that if I were a multi-millionaire, I should be proud to erect at his grave a beautiful monument, in memory of one who wrote those folk songs and set music ringing in the hearts of the people around the world; for those songs have been sung everywhere. I hope that some day such a monument will be erected.

"Pennsylvania stands for service. You all know of the wonderful service rendered by our soldiers in the Civil War; and you all, doubtless, know of the wonderful service rendered by our Twenty-eighth Division in the World War. So great was their gallantry that they came to be known as the Iron Division. And I am proud to remind you that that famous Iron Division was trained by my friend and distinguished fellow townsman, Maj. Gen. Charles Maxwell Clement, of Sunbury.

"PENNSYLVANIA.

"'I love her rocks and rills,
Her woods and templed hills;
My heart with rapture thrills,
Like that above.'"

Mr. SUTHERLAND. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the Alaskan fisheries.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. SUTHERLAND. Mr. Speaker, Rex Beach, famous author, former Alaskan, entered the literary field some 20 years ago with a magazine article entitled "The looting of Alaska." The story was based on the struggle of exploiters to obtain control of the bonanza placer gold mines of Nome through the aid of corrupt Federal officials.

The more recent looting of Alaska pertains to the red-salmon fisheries of the much-exploited Territory. This looting consists of the delivery of the Nation's greatest natural food supply and Alaska's largest resource over to the Chicago-San Francisco Fish Trust by the United States Bureau of Fisheries of the Department of Commerce.

HISTORY OF THE LOOTING.

On February 17, 1922, by Executive order all that section of the Alaska Peninsula west of a line drawn from Sutvik Island, in the Pacific, to Cape Menchikof, in Bering Sea, to False Pass, at the extremity of the peninsula, and embracing approximately 1,200 miles of seacoast to the limit of Territorial waters over which the United States has jurisdiction, was designated as a fishery reservation.

On November 3, 1922, by similar Executive order, a second reservation was created, which embraced all the waters of Bristol Bay not contained in the former order of reservation, together with all Territorial waters of the Pacific from Sutvik Island eastward to Kenai Peninsula, and including the waters of Cook Inlet.

HOW THESE RESERVATIONS WERE OBTAINED.

The first-mentioned reservation was obtained by the attorney for Libby, McNeil & Libby, a canning corporation controlled by Swift & Co., Chicago packers. This attorney came to Washington early in 1922 and approached the Department of Agriculture with a request for the creation of a bird reservation which would automatically become a fishery reservation, but was informed by that department that it would not be a party to the creation of a private monopoly in the Alaskan salmon-packing industy. Afterwards, through the efforts of the United States Bureau of Fisheries of the Department of Commerce, the Executive order was issued. No notice of the intention of the Department of Commerce to create this reservation was given to the people most vitally interested—the coastal population of Alaska—nor to their representative in Congress, nor to the general public, but it was accomplished surreptitiously at the instigation of the attorney for the packers.

THE SECOND RESERVATION.

The proposal of the second reservation was advertised in Pacific coast publications and the Delegate from Alaska notified. The Delegate voiced the opposition of the people of Alaska against placing the salmon fisheries of the Territory in the keeping of the United States Bureau of Fisheries without regulatory statutes by Congress, for the reason that no such authority over public fisheries had ever been lodged with individuals in the world's history of the industry, and, furthermore, he was well aware of the fact that the United States Bureau of Fisheries has been under the absolute control and domination of the commercial fishing interests for many years. He was also aware of the fact that the reservation scheme originated with the salmon packers for the purpose of obtaining exclusive rights to the valuable red salmon waters of Alaska, and to thus create a private monopoly in the industry and not for the purpose of conserving the fish supply. The recent parceling out of the public rights of fishery in these reservations to the Fish Trust by the Bureau of Fisheries confirms the opinion held regarding the purpose of the reservation.

LETTER OF PROTEST AGAINST RESERVATIONS.

AUGUST 16, 1922.

Hon. HERBERT C. HOOVER,
Secretary of Commerce, Washington, D. C.

MY DEAR MR. SECRETARY: Your letter of the 1st instant in re the proposed creation of another fishery reserve in western Alaska by presidential proclamation is at hand, and I thank you for compliance with my telegraphic request from Sitka, Alaska, on April 11 last, viz, that an opportunity be given me to discuss this policy of creating fishery reserves on the Alaskan coast, upon which the Department of Commerce seems to be entering.

Speaking for all of the people of Alaska except a very few individuals who may be pecuniarily benefited by the proposed action of your department, I will state that they are opposed to the creation of these reserves, and inasmuch as the proposed action is essentially the granting of a monopoly of one of the Nation's natural food resources to a few individuals or corporations, and therefore unfair, unjust, and un-American in principle, I am quite sure that a majority of the people of the United States would be opposed to the creation of such a monopoly.

There has been no public demand for these fishery reserves in Alaska, nor did the idea of their most recent creation originate with the United States Bureau of Fisheries, which, I assume, advocates this new reserve, but rather with a few individuals who desire a monopoly of the industry of canning red salmon on the sections of the Alaskan coast which are to be designated as fishery reserves.

These men representing the cannery corporations are not in any sense residents of the Territory, nor have they any interest in its welfare or development; their sole interest in Alaska is the exploitation of her natural food resources, and the preservation of this food supply for future generations is given no consideration in the scramble to obtain dividends for the present hour.

If the signs of the times permit of any interpretation of their meaning, it is that we have reached a period in our national history where the American people are demanding that legislation in the interest of the many shall have the first consideration of those who have been selected to administer the Government, and that the conditions that have obtained in the past whereby legislative and bureaucratic effort has been directed toward conferring benefits upon a favored few shall cease.

The people of Alaska are as deeply concerned with the depletion of salmon in their home waters as the Department of Commerce is; but I, as their Representative in Congress, respectfully submit that your proposed method of preventing further depletion by the creation of a monopoly in the interest of nonresident canners whereby they will decide who shall participate in the Alaskan fisheries of salmon, can not appeal to any fair-minded person, Alaskan or States resident, as just or equitable.

Your proposed method for prevention of further depletion of the Alaskan salmon fishery is not in any respect in accordance with the system successfully adopted by other fishery countries whose migratory fish supply has been preserved, nor is it consonant with the free and common right of fishery which is recognized as the basis of fishery laws by all progressive nations, and, furthermore, under the interpretation of the Supreme Court of the United States, is recognized as one of the rights guaranteed by the American Constitution.

The constitutional free right of fishery expounded repeatedly by the courts can not in any way be exercised under the monopolistic system which this reservation method of dealing with the situation establishes.

The granting of exclusive manufacturing rights in the reserved zones, to salmon canners, by the United States Bureau of Fisheries carries with it the exclusive right of fishery which is in violation of American principles and traditions.

The traditional American theory is that the fish of the ocean are for whoever desires to take them, under such regulations and restrictions as governmental agencies may prescribe for the purpose of allowing sufficient escapement of mature fish to replenish the general supply by nature's process of reproduction of species, but it was never intended by nature that some certain individuals should appropriate to themselves the exclusive right of fishery in any waters nor was it the intention of the framers of the Constitution that any agency of government should present a few favored persons or corporations with exclusive rights to a great natural food supply which is naturally the common property of all the people.

The great basic principle of fishery laws in all countries whose migratory fish supply has been preserved is, and always has been, the equitable distribution of employment or the common and proportionate good of all the inhabitants, and there can not be any other basis of legislation that will tend toward the establishment and development of a stable fishing population in any country.

The proposed reservation system of dealing with the Alaskan salmon fisheries would simply operate to the benefit of a chosen few and would prevent the development of a permanent fishing population, such as we desire for Alaska and such as has been developed in other fishery countries under just and equitable administration of fishery laws.

The requisite theory of all fishery laws and regulations pertaining to migratory fish was laid down in Europe over 60 years ago by Alex Russell, a Scotch authority on fisheries, in language as follows:

"It is a peculiarity of fishery property that it can not be used as absolutely at the owner's disposal, to 'make the best of,' like some other kinds of property. A man exercising ingenuity or industry, working by the most effective means, and at all seasons, to take as much as possible out of his own land, is free to do so, because, however much he

may take from that source, he is taking nothing from his neighbors. But a man who exercises ingenuity and industry to take as many fish as possible out of his fishery, these fish being travelers and neither natives nor residents, makes a proportionate reduction from the share naturally falling to his neighbors. If his neighbors did not follow or better his example, they would lose their share; if they did, the amount of capture would be in excess of the recuperative powers of nature, and there would be nothing to share. *It is a necessity of the present division and competition of interests in fisheries that the law can permit only uniform machinery or a limited degree of efficiency; in other words, it is necessary that each owner of a fishery shall not be allowed to use what he may discover to be the most effective means of taking fish.*"

Upon this basis the fishery laws of the British Islands and other European countries have been enacted, and it is a most striking commentary on the fishery laws of these countries that their migratory fisheries have been preserved and increased while the migratory fisheries of the United States have steadily decreased until to-day the last remaining supply of consequence, that of Alaska, is nearing its extermination.

I note the statement in paragraph 2 of your letter that "the department has availed itself of all the regulatory functions delegated to it up to the present time," and I must take pronounced difference with the department in that assertion.

Under the provisions of the fishery act of 1906 the Secretary of Commerce has had full power to restrict and prohibit fishing in any stream in Alaska and to a distance of 500 yards from the mouths thereof, but for a period of years past unrestricted fishing has been permitted within the areas over which the Secretary of Commerce has jurisdiction, and as a result some of our finest salmon streams have been ruined.

This season's report to the Bureau of Fisheries from the Copper River section of Alaska is that the salmon fishery is a total failure and thus we learn that the salmon of this great river, formerly one of the finest fish streams, carrying a superior variety of red fish, are virtually exterminated, and the only explanation of this calamity is that the United States Bureau of Fisheries permitted unrestricted fishing on that stream without any regard for the law of 1906 that gave to the Secretary of Commerce restrictive and prohibitory powers which should have been invoked when the inevitable destruction of the fisheries of the Copper River was evident to all observers.

Recent reports from Karluk, Alaska, tell us of the further decline of that once magnificent red salmon stream known to the Russians as the "River of Life." To-day cannery men are struggling to scrape the last fish from the Karluk waters, and doubtless the Bureau of Fisheries will soon close the stream to commercial fishing, or, to use a metaphorical analogy, "lock the stable door now that the horse is stolen," as was done in the case of the Copper River.

Had the Bureau of Fisheries asserted its authority to restrict fishing in this stream in the past under the act of 1906 there would still be an abundant supply of fish at Karluk.

The enumeration of destroyed salmon streams in Alaska could be continued for many pages, but it is sufficient to say that throughout all the southeastern section of the coast there are numerous streams that once carried a splendid run of salmon, but are now entirely barren of fish life, while within the areas covered by the jurisdiction of the Department of Commerce under the act of 1906 stand the frameworks of abandoned fishing appliances which serve as memorials of a vanished fish life and as monuments to the incompetency of the United States Bureau of Fisheries in the past.

Sincerely yours,

_____,

Delegate from Alaska.

CUTTING UP THE MELON.

There was a joyous gathering of the members of the Fish Trust and the small fry whom they were gracious enough to permit to be present and receive a few small slices at San Francisco on November 28, soon after the second reservation was obtained.

The United States Commissioner of Fisheries and his special adviser, Dr. Charles Henry Gilbert, were present, but the process of cutting and dividing the melon was conducted entirely by the head of the trust, the Alaska Packers' Association. The history of the whole infamous performance is contained in the certified record of the proceedings, and for brazen audacity in dividing up the public property of the people of the United States by private selfish interests there is nothing recorded in American history with which to make comparison. But listen to the record, verbatim, and then compare it with the rules and allotments of exclusive privileges promulgated by the Bureau of Fisheries and see how faithfully those custodians of public rights carried out the orders of the trust.

Mr. Henry F. Fortmann, of the Alaska Packers' Association: Our company operating in the entire district, Mr. Commissioner, I have included the entire district in our letter, and if there be no objection, I will read the whole letter.

SAN FRANCISCO, *November 25, 1922.*

To the UNITED STATES BUREAU OF FISHERIES.

GENTLEMEN: The Alaska Packers' Association offers you the following suggestions and data for the regulation, etc., of the new Alaska salmon reservation:

I did not know the name of the reservation at the time.

The reservation to be divided into the following four districts, and two of these districts into fishing zones:

1. Kodiak Island and South of Alaska Peninsula district.
2. Afognak Island district.
3. Cook Inlet district.
4. Bering Sea district.

1. Kodiac Island and South of Alaska Peninsula district.

Zone 1. To include the waters of Kodiak Island from Cape Ugat northeasterly, easterly, and southwesterly to Three Saints Bay, and to include Whale Island, Spruce Island, Wood Island, Long Island, Ugak Island, and Sitkalidak Island; and that takes in the eastern portion of the island, gentlemen.

Zone 2. From Three Saints Bay southerly, southwesterly, and northeasterly to Low Cape, and to include the Trinity Islands, Alaktalik Island, Chirikof Island, and the Semidi Islands. That takes in the southwestern portion, including Alitak.

Zone 3. From Low Cape northerly and northeasterly to Cape Ugatand, to include the section of this reservation lying along the southerly shore of the Alaska Peninsula as far north as Cape Douglas. That takes in the Red River and all the northwesterly section.

2. Afognak Island district to include Afognak and all other islands lying between Kupreanof Strait and the Kenai Peninsula. This entire district to comprise one fishing zone.

3. Cook Inlet district: All waters northerly from Cape Douglas, including Kamishak Bay, Cook Inlet, Kulk Arm, Turnagain Arm, Kachemak Bay, and extending to the easterly limit of the reservation. This entire district to comprise one fishing zone.

4. Bering Sea district.

Zone 1. From Cape Menshikof northerly along the shores of the Alaska Peninsula to 58° north latitude—that is about midway between Ugashak and Egagak.

Zone 2. From the shore of the Alaska Peninsula, at 58° north latitude, northwesterly to Cape Constantine.

Zone 3. All waters of the Bering Sea included in the reservation but not included in zones 1 and 2.

Then follow the suggestions for regulations:

"All salmon canneries and salteries in this reservation to operate under licenses or permits to be issued by the Bureau of Fisheries. Canneries and salteries must confine their fishing to the zone for which their licenses have been issued.

"Each salmon cannery or saltery now operating to be given a rating based on its largest pack previous to the establishment of this reservation. In making ratings, further consideration to be given original locators.

"Licenses or permits for number of cases or barrels to be packed in any season shall be issued after this year prior to October 1.

"Should such licenses or permits call for lesser amounts than previous largest packs, a uniform percentage of reduction is to be made, based on all the established ratings of the canneries and salteries in each district or zone of this reservation.

Salt salmon: Barrels to be computed at 200 pounds net, half barrels at 100 pounds net.

Cases of canned salmon: One case of forty-eight 1-pound tall tins to be equal to one case of 96 half-pound tins or two cases of 48 half-pound tins.

And now comes the most interesting paragraph of the rules submitted by the trust. Any individual who ever had ambitions to prepare red salmon in Bristol Bay in exercise of his equality of citizenship will note that the language in which it is couched constitutes a command to the Bureau of Fisheries, and one may rest assured that the command will be carried out most subserviently by the bureau. This is just what the reservation was created for by the trust. The irony contained in the words that provide that Bristol Bay may be opened up to independent citizens of the United States outside of the trust "when the Bureau of Fisheries is convinced that further restrictions are unnecessary" might be amusing to a Mephistopheles, but to an American citizen it means abrogation of his inherent rights by selfish, exploiting interests through their influence over officials whose first duty should be to protect every citizen in those rights:

No licenses or permits are to be issued for additional salmon canneries, salteries, or other salmon-preserving establishments in this reservation until after existing canneries and salteries have been permitted to operate without restriction for a sufficient length of time to convince the Bureau of Fisheries that further restrictions are unnecessary.

Here is another order of the trust that was complied with by the Bureau of Fisheries:

No purse seines, small-meshed gill nets, or power gill net boats to be permitted to be operated or used in salmon fishing in this reservation.

Here is another order of the trust that was carried out implicitly by the bureau:

No roving operating licenses or permits to be issued to floating canneries or salteries.

And this is the way the apportionment of the spoils of Bristol Bay was arranged by the trust. The Alaska Packers' Association and Libby, McNeil & Libby took 60.5 per cent of the red fish and permitted the 10 little fellows to divide up the balance of 39.5 per cent.

The scheme for dividing up the spoils consisted of the allotment of a certain number of boats to each cannery, to be operated in certain zones, and under this system the fisherman becomes the tenant of the cannery man and can not fish anywhere but in the cannery man's zone.

To-day Bristol Bay is closed to all cannery operators other than those favored by the Bureau of Fisheries and to all fishermen other than those favored by the trust. All competition in the fishery has ceased and the Fish Trust reigns supreme over its watery realm. The rule of law has been superseded by the rule of men.

The heritage of future generations of Alaska has become the heritage of future Chicagoans and San Franciscans.

METHODS OF THE TRUST SOUTH OF THE PENINSULA.

In this section the waters are zoned largely for the operation of automatic fishing gear. The gear of the independent fishermen is discriminated against, while the appliances that have been condemned by all progressive fishing countries are

approved by the trust, and, of course, are approved by the Bureau of Fisheries.

In this district only those who won the favor of the Commissioner of Fisheries are permitted to operate.

CHIGNIK BAY.

In this section it has been decided by the bureau that all the salmon belong to the Alaska Packers' Association, Booth Fisheries Co., and Columbia River Packers' Association, and no independent fishermen are permitted to operate in the adjacent ocean while the three corporations hold their monopoly in Chignik Lagoon.

This is in complete reversal of all principles of fishery law, but the principles that appeal to men who stand for the square deal mean nothing to the trust nor to the Bureau of Fisheries.

One of the oldest and best-known salmon fishermen of the Pacific coast applied for a permit to operate a little cannery at Castle Bay, approximately 30 miles from Chignik Lagoon. I quote from the reply of the bureau in refusal of his permit:

The fish which would be caught by the traps you desire to erect are believed to constitute a part of the Chignik run, and the operation of these traps would mean further inroads upon the Chignik fishery.

And thus the salmon swimming 30 miles distant from the fishing grounds of the trust are their property and must not be disturbed by any interloping American citizen.

KARLUK RIVER.

The fish in this stream have been given exclusively to the Alaska Packers' Association and the Booth Fisheries Co., of San Francisco and Chicago, respectively. These operators of the Fish Trust are permitted to operate a weir in the river while all fishermen are ordered by the bureau to keep away from the ocean in the vicinity of the river and to not place their gear within many miles of Karluk stream.

One incident of the Karluk monopoly serves to illustrate the general ruthless disregard for public rights in the administration of the fishery reservation by the trust and the bureau.

Two young men who fished independently at Karluk in the season of 1922 applied to the bureau for permission to fish there in 1923, but were refused on the ground that the fish of Karluk belonged to the trust. These two young men were fishing in Alaska when the war broke out and both entered the service, one in the Army and one in the Navy, and at the close of the war they both returned to fishing. The right of fishery that they had exercised before the war was taken away from them and given to the Fish Trust.

They gave all to the service of their country and were certainly entitled to protection of their rights by the Government they had served.

WAR RECORD OF THE TRUST.

The identical corporations to whom the fishery rights taken away from these two men were given by the Bureau of Fisheries were among the very worst offenders against our Government during the war. They are the cannery companies who prepared decomposed and putrid salmon and sold it to the Army for use of the soldiers and sailors, including the two young men whom they have driven off from the Karluk fishing grounds. These corporations were held to be "greater enemies to our country than the enemies against whom our soldiers were fighting" by the committee on investigation of expenditures in the War Department, Hon. W. J. GRAHAM, Illinois, chairman; and today loyal, patriotic men, residents of Alaska, are forced to forego their natural right of fishery in order that this class of profiteers may prosper under the fostering care of the Department of Commerce.

CANNERS OF DECOMPOSED SALMON.

The management of the red-salmon trust of Alaska is centered in three powerful corporations of Chicago and San Francisco, viz, Libby, McNeil & Libby, of Chicago, controlled by Swift & Co., Chicago packers; Booth Fisheries Co., of Chicago, who operate in Alaska under the name of Northwestern Fisheries Co.; and the Alaska Packers' Association, of San Francisco, a subsidiary of the California Packing Corporation. The records of the Bureau of Chemistry show that these three corporations prepared and sold to the War Department during the crisis 760,944 cans of decomposed salmon for soldiers' food, and the testimony before the committee on investigation showed conclusively that it was putrid when it was placed in the cans.

And yet the Department of Commerce, knowing well the traitorous part played by these corporations during the war, passes over to their control the exclusive right of fishery in Alaskan waters, such as Karluk stream, and forbids loyal citizens of the Territory to fish there.

Under the administration of the Alaskan fisheries by the Department of Commerce these unprincipled, traitorous men are rewarded for their perfidy in war time by exclusive grants to great water areas which have always been considered the common property of all the people, who should be defended in their rights by the law; but in the administration of the Department of Commerce all laws are suspended in the Alaska fishery reservations and autocracy rules, bestowing its favors on the disloyal and profiteering class and discriminating against the loyal and patriotic.

WAR GRAFT WORKED UNDER THE GUISE OF PATRIOTISM.

The graft whereby the War Department was mulcted out of millions of dollars was conducted under the guise of self-sacrificing patriotism. The fisheries graft under the reservation scheme was ostensibly based on conservation. The old axiom that "Patriotism is the last resort of the scoundrel," should also apply to conservation, for under the guise of conservation the people of Alaska have been robbed of their right of fishery and their children of their heritage. One of the principal beneficiaries of the grab of red salmon is Frank M. Warren, of Portland, Oreg.

This individual, for many years the recognized lobbyist of the salmon-canning interests, was particularly active here in Washington in obtaining the southwestern Alaska fisheries reserve. During the war he served on the staff of Food Commissioner Hoover at the self-sacrificing salary of $1 a year. His duty as food controller of the Pacific coast did not seem to interfere to any material extent with his usual line of work here in Washington, as is shown by the record of the hearings held by the Committee on Expenditures in the War Department.

The testimony given before the committee by Commander Emory D. Stanley, acting member of the food purchase board:

Mr. REAVIS. I do not know whether you know anything about this or not, Commander, but information has come to me from another source, and I want to ask you about it. Unfortunately I can not recall the name of the man just at this moment, but was there not in the employ of the Government, as a dollar-a-year man, an individual who was insisting all the time on the Government paying more money to these salmon canners?

Commander STANLEY. The man who did the most, within my knowledge, to obtain an increased provisional price and to induce the food purchase board to fix the civilian price as the final price for the Army and the Navy was a man by the name of Warren.

Mr. REAVIS. Frank Warren?

Commander STANLEY. I believe it was Frank Warren.

Mr. REAVIS. He was a dollar-a-year man?

Commander STANLEY. He was a salmon packer, or, at least, represented salmon packers in his business relations, and I believe that he was an employee of the Food Administration as a representative on the west coast at a dollar a year.

Mr. REAVIS. And he was in Washington a good deal, was he not?

Commander STANLEY. He was during the summer and fall of 1918; yes, sir.

Mr. REAVIS. Did he come to see you with reference to increasing the price to the canners?

Commander STANLEY. I do not remember that he came to see me personally. He appeared a number of times before the food purchase board.

Mr. REAVIS. Always insisting, I suppose, on an increased price to be paid to the canners, when he appeared before you?

Commander STANLEY. Yes; that appeared to be his mission.

Mr. REAVIS. Have you any idea how many times he appeared before the food purchase board on such a mission? I know you can not give it accurately, but you could possibly approximate.

Commander STANLEY. I do not think he personally appeared before the board more than once or twice.

Mr. REAVIS. What other activity do you know that he was engaged in with reference to increasing the price for the canners other than his appearance before the food purchase board?

Commander STANLEY. He wrote several letters on the subject, and I know that he took it up with Mr. Hoover and other members of the Food Administration at different times.

Mr. REAVIS. Was he a salmon canner?

Commander STANLEY. I believe he is; yes, sir.

Mr. REAVIS. Do you know what company he is connected with?

Commander STANLEY. He is listed in the canners' directory as president of the Warren Packing Co., Portland, Oreg., packers of salmon.

Mr. REAVIS. This gentleman, you say it is your understanding, was acting in the Food Administration for the Government on the salmon industry or on the purchase of salmon?

Commander STANLEY. Yes; I understand so.

Mr. REAVIS. And he was at the same time selling to the Government his own product; or do you know whether that was true or not?

Commander STANLEY. No.

Mr. REAVIS. Well, it must have been true if we commandeered all the product.

Commander STANLEY. We commandeered from every firm, and if he actually was a member of a company canning Alaska salmon we commandeered from him. Of course, you understand, his name might be in the firm and he might not have any stock in it at all.

Mr. REAVIS. And the only thing that he was brought in touch with you while he was working for the Government was his insistence on the Government paying more money to the canners?

Commander STANLEY. He was very active in that respect.

REWARD BY ONE DEPARTMENT; PROSECUTION BY ANOTHER.

The anomalous condition that now obtains in Washington with regard to the attitudes of two governmental departments toward the salmon profiteers is a strange commentary on our system of government by bureaus.

While the Department of Justice is engaged in assembling evidence for indictment of these men, the Department of Commerce is engaged in dealing out to them exclusive privileges in

Alaskan waters. While the Department of Justice is preparing complaints in civil suits to compel these war profiteers to disgorge some of their fraudulent gains, the Department of Commerce is enhancing the value of their stock holdings to an extent immeasurably more than enough to offset any recovery that can be made of the amount grafted from the War Department in excess of what the Navy paid for its salmon supply during the war.

These war profiteers are now here in Washington with their attorneys lobbying against remedial legislation for the Alaskan fisheries. Their attitude as lobbyists is that of brazen arrogance. When they approach officials of the Department of Justice their attitude is that of suppliants whining for immunity.

THE GO-BETWEENS IN THE FISHERIES GRAB.

When any exclusive privilege is obtained from the Government there are always some individuals of minor standing in the various departments who are used by the beneficiaries to advance the proposition by their approval, and inasmuch as these minor officials have specialized in the particular subject involved their approbation of the project is accepted by the higher authorities.

In the Alaska fisheries grab the go-betweens were Mr. Henry O'Malley, United States Commissioner of Fisheries, and Dr. Charles Henry Gilbert, professor of zoology at Leland Stanford University, scientific adviser to the Bureau of Fisheries. Mr. O'Malley was the choice of the Fish Trust for the office of commissioner. It is a significant fact that the first name on the list of the board of trustees of Stanford University, where Doctor Gilbert is employed, is that of Frank B. Anderson, chairman of the finance committee of the university and director of the Alaska Packers' Association, the principal beneficiary of the grab. Another regent of the university is Hon. Herbert C. Hoover, Secretary of Commerce, who sanctions the grab.

One would naturally believe that men of high standing in business, society, and politics such as those I have mentioned would have some conscience where public rights are concerned, but the money power is always able to lull any sense of righteousness when there is a melon to cut. And so Mr. O'Malley and Doctor Gilbert in servile obedience to the Fish Trust obeyed its infamous dictum and delivered to its custody those public rights supposedly guaranteed by the Constitution.

The records of Congress show that in the past the monopolists of Alaska's resources have always been able to find some member of the faculty of Stanford University who was willing to prostitute his scientific profession to further their ends, and thus history only repeats itself in the case of the Alaska salmon grab.

On August 14, 1912 (CONGRESSIONAL RECORD, p. 11770), Senator HITCHCOCK, of Nebraska, spoke as follows regarding the work of Stanford University scientists in the interest of the Seal Island fur monopoly:

> Take the first one, David Starr Jordan, president of Stanford University. There is a strange significance in the fact that every one of these experts who has made an earnest effort in the direction of this butchery through all these years has some relation to gentlemen interested in the butchery. One of the partners in the corporation which is guilty of destroying this herd is a trustee of the Leland Stanford University, or was a trustee.

The following opinion of the integrity of Leland Stanford University scientists was expressed by the House Committee on Expenditures in the Department of Commerce on April 14, 1914:

> Your committee find in further evidence the proof that the Russian sealing records of 1800–1834 have been deliberately falsified by the report of Dr. David Starr Jordan on fur-seal investigations, parts 1–4, 1898. * * * That Doctor Jordan and his associates who prepared this false-based report aforesaid did so to shield and conceal the truth as to the ruinous work of the land killing by the lessees on the Pribilof Islands.

As recently as February 2, 1922, Senator HITCHCOCK, of Nebraska, in condemnation of these scientists and members of the Bureau of Fisheries, said at hearings before the Senate Commerce Committee:

> Mr. Chairman, the vice is in the fact that the bureaus come in close contact with the contractors, and they always tend to give monopolies, they always tend to side with the contractors, and they always tend to take their side of the proposition. It is so in this case, it is so in the salmon-fisheries case, it is so in every case where a public asset is being exploited.

CONSERVATION IN ALASKA.

When Presidents Roosevelt and Taft issued their Executive orders withdrawing certain coal and forest lands in Alaska from entry, there is no question that some citizens were deprived of rights that they had acquired by strict compliance with the law, but no one has yet questioned the integrity of purpose of the bureau chiefs who prevailed upon the Executives to take this action for the prevention of monopoly in public resources; but in the case of the Alaska fisheries, the reservation policy was urged upon the grounds of conservation, when the sole purpose in the minds of those who originated the proposition was the granting of a monopoly to the red-salmon trust. The proposition was conceived and engineered to completion by the Fish Trust, and now the Department of Commerce hypocritically pretends that it was projected in the interest of conservation. It is conservation in the interest of a privileged class and in injury to the public.

When such palpable grabs of great natural resources are aided and abetted by public officials who pretend that the thing is done in the public interest, we naturally wonder whither we are drifting under bureaucratic administration and where we will finally terminate. It is irksome to the loyal American citizenry of Alaska to be governed by representatives of bureaus located 5,000 miles from the Territory; but when the representatives of these bureaus, acting under the domination of a few nonresidents, conspire to take away the natural as well as constitutional rights of this citizenry the condition becomes unbearable.

Congress has refused to act in the past and still refuses to act for their relief, and while Congress holds aloof the Fish Trust secures full control of our natural food supply upon which the people of the Territory depend more than upon any other resource for a livelihood.

THE FISH TRUST'S IDEA OF CONSERVATION AS APPLIED BY THE DEPARTMENT OF COMMERCE.

The following items of the allotments to the trust by the bureau, as published in the Pacific Fisherman of January, serve to show most conclusively that conservation is not the object of the reservation plan:

1. Karluk: Every fisherman and canner in Alaska knows that Karluk is an almost totally depleted stream, and yet the Fish Trust is permitted to take one-half of the salmon that pass up the stream to spawn.
2. Chignik: This is another depleted stream which has been passed over to the trust with permission to take the same amount of fish therefrom as were taken last year.
3. Of the seven canneries on the peninsula which have limitations placed upon their pack for 1923, the aggregate of their limit is exactly 25,233 cases more than they packed in 1922. This is conservation with a vengeance. Small packers were refused permits, but the favored corporations were given an increase in their pack limit. Equity and fair dealing are not within the ethics of the Fish Trust or the bureau when a perfect monopoly is being created.
4. Port Moller: The average pack per year of the Pacific American Fisheries Co. at this place for the years 1916 to 1921, inclusive, was 62,639 cases of red salmon, but for purposes of conservation the bureau fixes the pack limit at 80,000 cases.
5. A very striking illustration of the working of conservation under monopolistic dictatorship is shown in the allotment or limit placed upon the cannery of Libby, McNeil & Libby at Kenai, Cook Inlet. This cannery is permitted to pack 40,000 cases in 1923. The average pack at this cannery for the past four years was 28,432 cases. The pack of the cycle year of 1919 was 19,946 cases. Under just what theory of propagation the salmon run at Kenai increases over 100 per cent in a four-year cycle will have to be explained by the scientific gentlemen of the bureau. Fishermen will explain that science does not enter into the question. The answer is that the will of the trust must be done.
6. Two canneries in the island section have received an increase of 13,653 cases for their joint pack.

CONSERVATION OF FISH AS PRACTICED BY STATES AND NATIONS.

The only system of preserving the supply of migratory fish that is recognized by countries where monopoly does not prevail, is that which fixes the limit of fishing areas at such a distance from the spawning streams that there will be a sufficient escapement of mature fish to replenish the general supply. All progressive fishing countries and States place a limit on the size or efficiency of fishing appliances. Uniformity of gear is recognized as one great essential to conservation of fish supplies by fishing countries. When every citizen who wishes to fish can catch an amount equal to that of his neighbor and still have sufficient escapement the fisheries are regulated properly. This regulation is not a very difficult matter, as is evidenced by the fishery nations and States which have accomplished it. The destruction of great fisheries comes always from monopolistic methods of fishing.

THE CURSE OF MONOPOLY IN ALASKA.

It is recorded in Bancroft's History of Alaska that upon the return of the remnants of Bering's crew of discovery to Okhotsk in 1742, bringing a few sea-otter skins, the monopolistic fever became prevalent almost immediately, and in a few years after the discovery the exclusive rights of sea-otter fishing was granted to one favored company.

Nothing was known of the land discovered by Bering except that somewhere in the North Pacific lay a new land upon which fur-bearing animals were said to abound, but this was enough to arouse the avarice of those who were in a position to obtain favors from the imperial rulers through their friends the bureaucrats.

The history of the early Russian occupation of Alaska is a cruel story of struggle for monopolistic privileges in fisheries and furs, which culminated in the appointment of Alexander Baranof, chief factor of the Russian American Fur Co., as Governor of Russian America, and from the date of his appoint-

ment—1789—till the American occupancy all power and authority was vested in the monopoly. All prior rights of seal fishery were swept aside, and those who were engaged in the industry of preparing sealskins for the China market were ordered by Baranof to abandon their business and leave the country in 1800.

In his disregard for the rights of others, Baranof was but little more ruthless than the United States Bureau of Fisheries of the present day in its denial of the right of fishery to those other than its favored friends.

The exclusive privileges given to Baranof and his associates by imperial decree were obtained not by direct intercourse with the throne but through the influence of little bureaucrats who cringed before the wealthy fur traders, just as our representatives of the Department of Commerce cringe before the Chicago-San Francisco Fish Trust. Monopolistic privileges were obtained in Imperial Russia in those early days in much the same way that they are obtained to-day in republican America. The little bureaucrats were just close enough to the seat of Russian power to obtain privileges for their friends and patrons, just as their American counterparts of to-day, in absolute contempt for those rights which American citizens presume are guaranteed to them, override those rights and deliver the salmon fisheries of Alaska to their friends the packers. The fact that a great trust has been placed by Executive order with the United States Bureau of Fisheries to be exercised in equity and justice for the benefit of all the people seems to be beyond the comprehension of the representatives of the Bureau of Fisheries. Their conception of a great public trust is on an exact parity with the Russian conception of imperial days, namely, to be administered solely for the benefit of the wealthy few. Surely the American residents of the northern Territory are worthy of relief from conditions forced upon them by the representatives of the Government to which they owe allegiance, which are as unbearable as the conditions forced upon the residents of Russian America by ukase of the Czar.

Mr. ANDREWS of Nebraska. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD in 8-point type on Senate Joint Resolution 253.

The SPEAKER. Is there objection to the request of the gentleman from Nebraska?

There was no objection.

Mr. ANDREWS of Nebraska. Mr. Speaker and Members of the House, I invite your attention to Senate Joint Resolution 253, which passed the Senate on the 13th instant, and was referred on the 14th instant to the Committee on Election of President, Vice President, and Representatives in Congress. It was returned to the House by that committee on February 22, 1923, with certain amendments, as explained in House Report No. 1690.

I need not consume the time of the House in explanation of the reasons which called for the amendments. In order that the subject matter might be presented in concise form, your committee recommended that all after the resolving clause be stricken out and one amendment inserted in lieu thereof. It seems advisable to state as concisely as possible the changes that would follow the adoption of the proposed amendment to the Federal Constitution.

The first and most important change would be the shortening of the period of 13 months which now intervenes between the election of a new Congress in November and its first regular session in December of the following year. Under existing provisions of the Constitution and statutes the terms of Members begin and end on the 4th of March of the odd years.

The proposed amendment would make the 4th day of January the date of the beginning and ending of the terms of Senators and Representatives and also the date for the convening of the new Congress in the absence of statutory provision to the contrary. This change would reduce that period of 13 months to 2 months. Thus, the Members elected to each Congress would have a period of two months only between the date of their election and the date on which they would begin active service. This change would also practically eliminate the necessity for special sessions of Congress.

Each regular session, beginning on the 4th of January, would have the period of an entire year before it for the transaction of the business of the country pressing for consideration and action. To accomplish these results it is necessary to change the dates for the beginning and ending of the terms of President and Vice President, Senators and Representatives also. As the length of their terms is fixed by the Constitution for four, six, and two years, respectively, with the 4th day of March as the date for beginning and ending of such constitutional terms, a constitutional amendment is necessary to change to January 4 for Senators and Representatives and January 24 for President and Vice President in order to inaugurate the new plan. This change will affect the length of terms of President and Vice President and Representatives once and will affect three different groups of Senators.

If this proposed amendment should be submitted to the States at this session of Congress, it is possible for it to become effective in 1925. It is probable, however, that it would not become effective before 1927 for Senators and Representatives and 1929 for President and Vice President. When the change is made it will be necessary to shorten the terms of certain retiring or incoming officials. The Members who may be serving in the closing Congress and will not be Members of the next Congress would have their terms shortened by two months under the terms of this resolution. Some have urged that the terms of incoming officials be shortened and that the terms of the outgoing officials should be extended to the full constitutional limit for which they were originally elected.

This resolution as passed by the Senate is based upon the latter principle, while the House committee recommends the adoption of the former. Your committee advocates the former principle because it does not seem proper that outgoing Representatives, for instance, should be given an opportunity to organize the House in which they would serve only 60 days. An additional reason appears in connection with the election of a President. It would be possible that outgoing Members, having been elected two years before the presidential campaign, might wield the balance of power in the election of a President in the House if such an election were thrown into the House. Aside from these reasons, your committee might have found its way clear to concur in the view of the Senate upon this point.

It also seemed advisable to fix a definite date, December 15, following the ratification of the article on which the proposed amendment would take effect. The fixing of these definite dates would remove many uncertainties and give exact recognition to the constitutional provisions fixing the terms of President and Vice President, Senators, and Representatives for exact periods of time.

The House amendment makes only a slight change in section 3 of the Senate resolution by indicating the 4th day of January as the definite date on which the Congress should assemble instead of saying the first Monday in January. Section 3 of the House resolution contains some additional matter which, in the judgment of your committee, might become very important in the event of failure on the part of the House to elect a President before the 24th of January, and also the failure of the Senate to elect a Vice President at the same time.

I need not quote section 3 in full as you have it in the printed form that can be secured from the document room.

A request has been made for a special rule under which this resolution can be considered at this session and the cooperation of the majority leader has been solicited in securing that rule. If the special rule should be refused it will then become necessary to seek recognition from the Speaker to make a motion to suspend the rules and pass the resolution. There would be no disadvantage so far as the voting is concerned, because a two-thirds majority must be recorded for the resolution in any event.

I sincerely hope that the chairman of the Committee on Rules, the majority leader of the House, and the Speaker also, will find the way clear to cooperate with the committee in the prompt passage of this resolution.

We are now within reach of victory in this important reform. It means economy in a large measure and a direct and favorable response to the sentiment of the country. Agricultural organizations have requested it. Organized labor has requested it. Industrial interests in many lines have requested it, and the deliberate judgment of a vast majority of the thinking people of the United States stand in sympathy with the movement. The American Bar Association urges its adoption. The language of the House amendment eliminates ambiguity and has stood the test of all the criticism that has been turned upon it. Then will the leadership of this House refuse the consideration of this proposition? With all of these interests calling for action, I will not permit myself to believe that the leaders of the House will say, "No" unless their own action compels me to do so. Let us have consideration and action upon this important question now.

Mr. COLE of Iowa. Mr. Speaker, I ask unanimous consent to insert in the RECORD in 8-point type a speech delivered last night by former Governor Shaw, ex-Secretary of the Treasury.

The SPEAKER pro tempore. The gentleman from Iowa asks unanimous consent to extend his remarks in the RECORD in the manner indicated. Is there objection?

Mr. STAFFORD. Reserving the right to object, on what subject?

Mr. COLE of Iowa. On the ship subsidy. It is a short address.

Mr. BLANTON. We do not want any post mortems held and I object.

Mr. LANKFORD. Mr. Speaker, I ask unanimous consent to extend my remarks in the RECORD on the bill just passed and on the subject of taxation.

The SPEAKER pro tempore. Is there objection?

There was no objection.

Mr. LANKFORD. Mr. Speaker, the Denver Post some time ago carried a poem of Don Lupton on the tax question. I wish to quote practically all his poem and then add a few lines of my own hurried composition such as they are. This poem shows how many people now feel they are being taxed. In many respects the picture is not much overdrawn. Here is the poem:

Tax the people, tax with care,
Tax to help the millionaire,
Tax the farmer, tax his fowl,
Tax the dog and tax his howl,
Tax his hen and tax her egg,
And let the bloomin' mud sill beg.
Tax his pig and tax his squeal,
Tax his boots, run down at heel;
Tax his horses, tax his lands,
Tax his blisters on his hands.
Tax his plow and tax his clothes,
Tax his rag that wipes his nose;
Tax his house and tax his bed,
Tax the bald spot on his head.
Tax the ox and tax the ass,
Tax his "Henry," tax the gas;
Tax the road that he must pass
And make him travel o'er the grass.
Tax his cow and tax the calf,
Tax him if he dares to laugh;
He is but a common man,
So tax the cuss just all you can.
Tax the lab'rer, but be discreet,
Tax him for walking on the street.
Tax his bread and tax his meat,
Tax the shoes clear off his feet.
Tax the pay roll, tax the sale,
Tax all his hard-earned paper kale;
Tax his pipe and tax his smoke,
Teach him government is no joke.
Tax their coffins, tax their shrouds,
Tax their souls beyond the clouds,
Tax all business, tax the shop;
Tax their incomes, tax their stocks;
Tax the living, tax the dead,
Tax the unborn before they're fed.
Tax the water, tax the air,
Tax the sunlight, if you dare,
Tax them all, and tax them well,
I leave off the last line or two
And add the following lines in lieu.
I admit they are quite odd and new,
But they have the merit of being true.
Now they want to tax the man
Who helps the farmer all he can;
A burden on the farm-loan plan
They think will surely work its ban,
For they have recently began
To look and think and closely scan
To help still more the wealthy clan
By taxing unto death the man
Who helps the farmer all he can.
They want to tax the right to borrow,
And add even greater, deeper sorrow,
With taxes and debts, and, oh, the horror!
With no cash to-day and none to-morrow,
And even denied the right to borrow.
Oh, why can't all good people see,
When farm-loan bonds are sold tax free,
Money will more easy be
For the farmers and for you and me,
From the mountains to the sea.

Mr. Speaker, this Congress is all the while putting on bended backs additional burdens and helping the fellow who could best live without governmental aid. No aid of much consequence has been or will be given the farmer by this Congress before adjournment.

Mr. Speaker, on former occasions I have said what I now repeat. The farmers need three great factors to help them in the great task of feeding and clothing the world. They need a marketing system as nearly directly from the producer to the consumer as is humanly possible. What has this Congress done along this line? Absolutely nothing. The farmers need all necessary fertilizers at a reasonable price. Several bills touching the nitrate question, the Muscle Shoals question, and kindred questions have been introduced, but none of them have yet become law and I fear very much will not be passed at this session of Congress.

Much has been said about rural credit legislation, another thing the farmers need, but nothing worth while along this line has passed or will pass. It is not my purpose now to argue that the farmers need these three pieces of legislation. I have argued this heretofore and will do so in the future.

The seed which falls on stony ground does not spring up and the words which fall on deaf ears might as well never be said. Everyone here knows the farmers need these three great reliefs. This is the reason they do not pass. If there was only some way to make many Members of Congress believe cheaper fertilizers, a better marketing system, and a more perfect rural credit system meant more burdens for the farmers and greater profits for middlemen, guano trusts, and Wall Street, then enough help would spring up overnight to pass good measures along all these lines. If one-tenth the time had been put on help for the farmers that has been put on hurt for the farmers, then some relief would have been obtained long since.

This Congress has created for the farmers millions of burdens and has given them pennies of relief. This Congress has made the farmers worlds of promises and given them ashes of help. This Congress has pointed the farmers to a heaven of expectations and given them a consuming torment of realities. The farmers need not expect any wholesome legislation from this Congress. No great moves will come in behalf of the farmers and the great common people until Congress "is born again."

This Congress has gone the limit of taking from "him that hath not" and giving unto "him that hath," of taking from the poor and giving to the rich, and of making heavier the burdens of the great common people for the benefit of a big rich.

A few days ago two burglars in Washington decided to burglarize a home.

Toby kept a watch at a safe distance while Tony went through the house. After Tony returned from the search the following conversation occurred: Toby said, "Did you get anything?" Tony said, "No; a blamed Republican politician lives there." Toby replied, "Great Scott! did you lose anything then?"

Mr. STAFFORD. Mr. Speaker, I make the point of order that no quorum is present.

EXTENSION OF REMARKS.

Mr. TAYLOR of Colorado. Mr. Speaker, John Franklin Shafroth, a Member of the House of Representatives from Colorado from 1895 to 1904, governor of his State from 1909 to 1913, United States Senator from 1913 to 1919, passed away at his home in Denver on February 20, 1922.

Mr. Shafroth was one of the last survivors of a notable group of Colorado statesmen whose influence extended far beyond the borders of the Commonwealth that has so greatly profited by their pioneering labors. Teller, Wolcott, Patterson, Hughes, Shafroth, a succession of Senators mighty in intellect, strong of purpose and great in achievement, have left a heritage of deed and example of which our State is justly proud. It is fitting that in this Chamber where Mr. Shafroth won his first spurs, a record, though brief and inadequate, of the honorable and important part he played in the momentous events of his time, should be enrolled.

Of all the gifts with which John F. Shafroth was endowed, his greatest blessing was an unaffected good will toward his fellow man. This virtue in him was the source from which sprang all those qualities of fine manhood that attracted multitudes of followers and held their esteem and affection. There was something within him which resisted all the influences of high position, wealth, and social exclusiveness to make of him other than he most aspired to be—a plain, everyday, friendly citizen. Much as he was thrown during his active and busy career with those who were of the classes rather than of the masses, Mr. Shafroth never assumed their viewpoint or grew away from the rank and file of the people who placed their confidence in him.

The superficial distinctions of office—the tinsel and the decorations—never appealed to him. He was as unaffected, as approachable, while governor or United States Senator as he was in the capacity of private citizen. His door was always open to all comers, and he was as readily stopped upon the street by stranger or intimate as the humblest resident of the State.

A man of unquestioned ability, a man without sham or pretense, a man of sturdy integrity, a man of large political as well as moral courage. Even those who disagreed with his policies and platforms could not quarrel with his principles or withhold from him the hand of fellowship and their strong personal admiration and regard. No public official anywhere ever devoted over 20 years of his life to more honest, conscientious, earnest, and wonderfully efficient service to his constituents and to his country than John Shafroth did. Colorado never had a more faithful son. One who fought side by side with Mr. Shafroth in many a political struggle, who preceded him in the governorship, was his colleague in the United States Senate, and at all times his warm friend, Hon. Charles S.

Thomas, has written an eloquent and richly deserved appreciation of his late associate which very properly finds a place in this RECORD, and I am pleased to insert it, as follows:

SENATOR SHAFROTH.

[By Charles S. Thomas.]

"John Franklin Shafroth was born at Fayetteville, Mo., on June 9, 1854. He was educated at the University of Michigan, graduating from that institution in 1875. He was admitted to the bar in 1876, practiced in Missouri until 1879, when he removed to Colorado and made his home in Denver. There he applied himself to the pursuit of his chosen profession, rose rapidly to deserved prominence at the bar, and within a few years became one of its most successful and distinguished members.

"In 1887 he was elected to the office of city attorney, and reelected in 1889 by an increased majority. During his incumbency of this position he devoted himself unremittingly to the familiarization and discharge of its duties, which, owing to the phenomenal expansion of the city at that time, were many and varied. He also specialized in the law of mines and mining, then a pioneer branch of jurisprudence, the outgrowth of the application of a national mining code to deposits of mineral within the public domain, made subject to private occupation and ownership. This branch of the practice was both novel and unique. Its rewards were always generous, sometimes prodigal. Its precedents were yet to be established, its pathway largely uncharted. It had peculiar fascinations for Mr. Shafroth, in that he could identify himself with its first beginnings, aid in its evolution, specialize in it for material advantage and contribute to the stabilization of the characteristic pursuit of his adopted commonwealth. All these objects he rapidly realized.

"In 1894, Mr. Shafroth was elected to the Fifty-fourth Congress. He was reelected in 1896, 1898, and 1900, respectively, to the Fifty-fifth and Fifty-sixth and Fifty-seventh Congresses, thus serving for an unbroken period of 8 years in the House of Representatives. He brought to that body a mind trained by study and experience for the solution of the many problems then confronting the Congress and a physique of heroic proportions capable of sustaining any burden which might be laid upon it.

"Those were the days of bimetallism. The demonetization of silver in 1873, and the difficult years which followed had made a national issue of the demand for free coinage at the historic ratio. The question had long ago attracted and had received Mr. Shafroth's attention. He had studied it from every angle and mastered its intricacies to the last detail. Not until he had familiarized himself with its history and with the fundamental principles of monetary science did he formulate his convictions. But having thus investigated he announced his conclusions without hesitation and maintained them to the end of his life. He believed in bimetallism as he believed in his country. He became its ardent and enthusiastic supporter. He was both its apostle and its advocate. He proclaimed the doctrine in the Halls of Congress and out of them. He labored for the cause unselfishly and unceasingly. He regarded a return to the system of free coinage of both gold and silver as the indispensable condition of permanent growth and prosperity. So believing, his conviction was as strong as life and far stronger than any considerations of party affiliation, should the two come into collision. On that conviction he could not compromise.

"Mr. Shafroth was elected in 1894 as a Republican but upon a free silver platform. He was a delegate from his State to the Republican National Convention of 1896 as a colleague of the late Senator Henry M. Teller, charged by his constituency to demand the full recognition of that great issue, and to cooperate with him to that end at all times. This he did with alacrity. The rejection of the principle of bimetallism by that convention was signalized by the withdrawal of a large section of western delegates, including the entire delegation from Colorado. It ended for all time the affiliation of Mr. Shafroth with his old party. For a time he became a silver Republican. He was renominated for Congress by the organization bearing that name, and received the Democratic indorsement. He was returned in 1898 by the same combination. In 1900, he ran and was reelected as a Democrat, after which to the day of his death he cast his fortunes with the National Democratic organization.

"Although wedded to the cause of free coinage, Mr. Shafroth, as a Representative in Congress, neither forgot nor overlooked other affairs of a public concern coming within the domain of national legislation. He was a constant and persistent advocate of economy in public administration. He abhorred all forms of indebtedness both public and private. And it is here appropriate to stress the fact that he never filled an administrative position without turning back into the Treasury a considerable part of the moneys appropriated for the expense of such administration.

"Mr. Shafroth's greatest achievement in the House was the reclamation act. If the late Senator Newlands, then a colleague of Mr. Shafroth in that body, was the sponsor for this great act of legislation, Mr. Shafroth was its mentor. Without the irrepressible and tenacious persistence of the latter it could not have been enacted. With all due consideration to the former, it is perhaps equally true that the cooperation of both was indispensable to the success of the measure. It was a stupendous, beneficent, and far-reaching scheme of national legislation, large enough to be the monument not only of these two statesmen but of the Congress which conceived and brought it forth.

"Mr. Shafroth was the Democratic nominee for Representative to the Fifty-eighth Congress in 1902. On the face of the returns he was elected, and receiving the certificate he took his seat the succeeding year. His election being contested by the Hon. Robert W. Bonynge, his opponent, and the testimony disclosing the deposit of a large number of spurious Democratic ballots in the city and county of Denver, Mr. Shafroth declined to continue the contest, informed the House that he could not retain a seat under an election tainted with any suspicion of fraud, and voluntarily surrendered the contested position to his adversary. His action, almost without precedent, was universally applauded. An eastern journalist, enthusiastically commending him to public approval, dubbed him "Honest John," a sobriquet which afterwards always clung to him.

"Retiring from Congress in 1904, he again resumed his practice, only to accept the Democratic nomination for Representative in 1904. On this occasion he was defeated. The next four years were busy and profitable ones. During that period he easily reestablished himself at the bar as the active junior partner in the firm of Rogers & Shafroth.

"But in 1908 his party again summoned him to its leadership. It gave him the nomination for Governor of the State, to which high position he was triumphantly elected. So well did he serve the people that his renomination and reelection by an increased majority came as an inevitable consequence.

"In his administration of State affairs Governor Shafroth was inspired by two predominating policies, efficiency in government and economy in public expenditures. He kept in constant touch with every subdivision of the executive department, was at all times thoroughly informed upon the condition and operation of all State institutions. No detail of their affairs escaped his observation. At the close of each term of his office he not only covered back in to the treasury a very considerable portion of the governor's contingent fund, but was able to render a most gratifying report of the condition of the executive agencies of the State government. In all these activities he had the good fortune to have at all times the active and cordial cooperation of his colleagues and subordinates.

"As the end of his second term approached Governor Shafroth announced his candidacy for a seat in the Senate of the United States. He entered the race against two distinguished competitors and after a spirited campaign was chosen at the primaries by a handsome plurality and won at the ensuing election by the enormous plurality of 51,311 over his nearest competitor. He took his seat in the Senate on March 4, 1913, and served in that capacity through the most eventful and critical period of the Nation's existence.

"Senator Shafroth was at all times an undeviating and enthusiastic supporter of the Wilson administration and was prominently identified with much of the conspicuous legislation of that time. As chairman of the Committee on Pacific Islands and Porto Rico he aided in the preparation and in the Senate had charge of the bill organizing that Territory. It was a piece of legislation of prime importance, being in fact a charter of government for 1,300,000 people. It presented many intricate and perplexing angles. Some of its provisions were bitterly contested. Fortunately for Porto Rico, Senator Shafroth had mastered every detail of the subject and visited Porto Rico to study the needs and familiarize himself with the views of the people. Thus equipped he met and overcame opposition, and the bill passed the Senate and became a law near the close of the Sixty-fourth Congress.

"As a member of the Committee on Banking and Currency, Senator Shafroth took an active part in the framing and enactment of the Federal reserve banking act. This crowning achievement of the Wilson administration, undoubtedly the most perfect of all banking codes, was the result of months of unremitting labor, which began with the assembling of the

Sixty-third Congress, and culminated in the passage of the bill on December 23, 1913. His support of the Underwood and canal toll bills was less conspicuous but equally effective.

"When war with Germany became inevitable, American sentiment, both in and out of Congress, rapidly crystallized behind the administration, and patriotism became the dominant note in our national life. Senator Shafroth foresaw the inevitable with the sinking of the *Lusitania*. He became an advocate of preparedness. He had no illusions about Germany and her ultimate designs upon America. The crisis found him awaiting it. He quickly responded to every request of the Government. Without hesitation he supported every war measure for men, for money, and for materials. He halted not nor hesitated over any of them. His one impulse was to aid the Government and win the war. His three sons entered the service with their father's blessing and approval and served, one in the Navy the others in France, throughout the war. Standing upon the firm ground of personal knowledge, I do not hesitate to affirm that no sincerer patriot nor more zealous lover of his country than Senator Shafroth ever entered the Senate of the United States.

"Senator Shafroth was a lifelong believer in equal suffrage. He was active in securing its adoption by the State of Colorado in 1893, and advocated it unceasingly in the Congress during his membership in the House and Senate. He persisted in keeping it to the front at all times, and his efforts contributed largely to the ultimate acceptance of the nineteenth amendment by the Sixty-sixth Congress.

"Senator Shafroth was renominated in 1918, but was unsuccessful in the poll of that year. Retiring from the Senate in March, 1919, he was requested by Secretary Lane to administer the law known as the war mineral act, designed to reimburse those who, at the request of the Government, had incurred liabilities in the effort to locate and recover rare minerals needed for the due prosecution of the war. Complying with the Secretary's request, he assumed that duty and discharged it during the next two years to the complete satisfaction of the department. Here also, in this his last public service, he adjudicated and paid all just and equitable claims covered by the bill, away within the limit of the appropriations, covering the balance back into the Public Treasury.

"With this service the public life of Senator Shafroth terminated. He spent the greater part of the ensuing year in Europe, visiting many of its countries, and particularly those forming the theater of the Great War. Returning in the early winter of 1921 he again settled down to the more prosaic environment of professional life, when without warning he was stricken with hemorrhage of the brain and passed away, leaving to his family the record of a long, useful, and honored life filled with good deeds and noble achievements.

"Senator Shafroth's domestic life was almost ideal in its character and environment. He was blessed with the companionship of an affectionate and sympathetic wife. Of his four children three survive him, good citizens all, and worthy of the name they bear.

"Senator Shafroth was a devoted friend. He drew men to him and held their esteem and affection. His was a well-balanced mentality, running to no extremes of judgment or emotion, calm, reflective, logical, and considerate. He was neither impulsive nor yet reserved. He was a respecter of the rights and opinions of others, not given to hasty judgments nor ever confusing problems and principles with the personality of those opposing him. He was persistent in championing that which he finally espoused and in antagonizing that which his reason rejected. He was cautious in reaching final conclusions. Once formed they became the guides and mentors of his public and private conduct. He was intensely human; too much so to arouse resentment or develop animosities.

"In debate he was always earnest, ofttimes vehement, but never offensive. He respected the convictions of others and made due allowance for the fallibility of human judgment. He was a student both of men and of things. He kept himself well informed upon all matters of current concern, and was therefore always abreast of the times. And he was possessed of a capacity for hard work, coupled with a love of application which made him one of the most industrious of public servants. He was kindly, patient, generous, lovable, gifted. He loved his fellow man; was a devoted husband and father; an able, conscientious, diligent, and enlightened official. The integrity of his public and private life was beyond reproach. To the Nation and the State, to the community he called his home, to wife, children, and to friends he gave the best he had.

"Senator Shafroth was not gifted with the rare power of persuasive eloquence. He never sought to enthrall but rather to persuade. His appeals were not to the emotions but to reason and the eternal verity of things. He was 'rich in saving common sense.'

"He recognized his limitations, yet was never sensible of his powers. When the need was, he marshaled all his faculties, utilized them as occasion required. Eminently practical, he sought results without courting display. He was a great and useful public servant and an able statesman, a profound lawyer, a splendid, public-spirited citizen. His life should be a course of encouragement to the youth striving through difficulties to attain the goals of honor and success, his example a constant reminder of the possibilities available to industry, character, persistence, integrity, and a lofty sentiment of service and citizenship."

The Young Men's Democratic League of Colorado has sent me a eulogy which expresses so well its esteem and affection in which Senator Shafroth was held by the young men of our State that I am going to add their tribute, as follows:

"In pursuance of our practice, your committee submits this statement, in memoriam, of Hon. John F. Shafroth, our member, who recently 'passed on.'

"Your committee can not refrain from saying to you that we realize full well our inability to measure in words our grief at his going.

"He was born in Missouri in 1854, and he died in Colorado February 20, 1922, while he was yet a young man, as life is now reckoned.

"His was an unusual career. He started at the bottom, and by sheer courage, persistence, and hard work, went to the top.

"Nothing spectacular or sensational about his doings. Just patient, sensible endeavor, doing faithfully and well the duties he undertook, marking a high standard in the discharge of public affairs.

"He graduated at Ann Arbor at 21, was admitted to the bar at 22, was city attorney of Denver at 33, in Congress at 40, governor at 54, United States Senator at 58. Here is a record to emulate; achievement that will live forever; always onward and upward; greater, more important duties; greater, more important responsibilities; and he discharged them all and finished in the great respect and love of the people of Denver, of Colorado, and the Nation, whom he served and loved so well.

"During his many years of service to our State he came to know nearly everybody in Denver and great numbers throughout the State, and everybody knew him. They never thought of him as Congressman or Governor or Senator, but they thought of him as plain John Shafroth or as "Honest John," a title that came to him by a public exemplification of sterling honesty, as startling as it was unusual, and it went flaming throughout the land—an actually honest man has been found in public life. It cost him his seat in Congress, but he did not count the cost. He must be right with himself; he could not quarrel with his conscience. It was Shafroth; it was Shafroth's way; for honesty was not a policy with him, it was ingrained in his nature, a part of his great growth, that singled him from the many and made for his wonderfully useful career.

"He was a man of fundamentals; he thought in entireties, and comprehended matters in mass. He had wonderfully accurate views of the effects of legislation and was immensely practical in his notions. He was not a theorist; he was never in the air; he was never in doubt, having once reached a conclusion; but with his feet on the ground he always met and disposed of large questions with a sureness that always inspired confidence in others and insured success to him.

"A party platform was to him a covenant with the people to be kept and fulfilled, and he would not tolerate party success that did not keep faith with the people, and a legislature that failed in regular session to enact certain platform party pledges, was immediately reconvened, and a program of desirable performance submitted, which was speedily passed. The opposition could not withstand his just and righteous demands; and the people were proudly for him in his stand, and they made him a United States Senator shortly thereafter.

"His life was full of endeavor, complete responses to duty, dotted with good deeds, marked with magnanimity and kindness to others, in perfect accord with his friends, in harmony with our best thought and example, a steady increasing, inspiring success to its very end.

"And now he has gone. He had been our leader for years, but never so much needed as now. Who will take his place and lead the way?

"We well remember when he was last with us, himself and the sweetheart of his youth, the mother of his children, the heart and love that inspired his notable career. None then present thought those were his last words to us, for none of us can dip into the future or lift the veil that marks the limits of the present.

"When we heard he was ill we did not feel alarmed, for we all knew his prodigal strength and his great, stout heart, and we felt no fear. But none can tell and none may ever know. We thought he was getting well, but instead he was silently slipping away. God's finger touched him and he slept.

"There are three sons and the mother. What a legacy they have in his memory. We have love for them all. We are all touched by their great loss; but if we knew his wish we feel sure it would be—

"'Let there be no sadness of farewell when I embark.'

"Let us heed what his wish would be, keep his memory green in our hearts, keep his example always before us, and make our lives better, remembering his.

"And so farewell.

"HOWELL N. HAWKINS,
"GEO. F. DUNKLEE,
"LEE CHAMPION,
"*Committee.*

"Unanimously adopted by the Young Men's Democratic League March 4, 1922.

"EDWARD V. DUNKLEE, *President.*

"Attest:

"ALBERT G. CRAIG, *Secretary.*"

ADJOURNMENT.

Mr. McFADDEN. Mr. Speaker, I move that the House do now adjourn.

The motion was agreed to.

Accordingly the House (at 11 o'clock and 18 minutes p. m.) adjourned until to-morrow, Thursday, March 1, 1923, at 12 o'clock noon.

EXECUTIVE COMMUNICATIONS, ETC.

1024. Under clause 2 of Rule XXIV, a letter from the Acting Governor of the Federal Reserve Board, transmitting the ninth annual report of the Federal Reserve Board covering operations for the year 1922 (certain exhibits and schedules to complete the report are now in preparation and will be transmitted later), was taken from the Speaker's table and referred to the Committee on Banking and Currency.

REPORTS OF COMMITTEES ON PUBLIC BILLS AND RESOLUTIONS.

Under clause 2 of Rule XIII,

Mr. RAYBURN: Committee on Interstate and Foreign Commerce. H. R. 12378. A bill granting the consent of Congress to maintain a bridge across the Rio Grande River; with amendments (Rept. No. 1733). Referred to the House Calendar.

Mr. KIESS: Committee on Printing. H. R. 13981. A bill to amend section 6 of an act entitled "An act making appropriations for the construction, repair, and preservation of certain public works on rivers and harbors, and for other purposes," approved June 5, 1920; without amendment (Rept. No. 1734). Referred to the Committee of the Whole House on the state of the Union.

Mr. FESS: Committee on the Library. H. R. 14145. A bill for the erection of a monument to Henry B. F. Macfarland in the District of Columbia; without amendment (Rept. No. 1735). Referred to the Committee of the Whole House on the state of the Union.

Mr. FESS: Committee on the Library. H. J. Res. 417. A joint resolution in relation to a monument to commemorate the services and sacrifices of the women of the United States of America, its insular possessions, and the District of Columbia in the World War; without amendment (Rept. No. 1736). Referred to the Committee of the Whole House on the state of the Union.

Mr. FOCHT: Committee on the District of Columbia. S. 2568. An act to amend section 196 of the Code of Law for the District of Columbia; without amendment (Rept. No. 1738). Referred to the Committee of the Whole House on the state of the Union.

Mr. IRELAND: Committee on Accounts. H. Res. 497. A resolution providing for the purchase and installation of an electromechanical voting system in the House of Representatives; without amendment (Rept. No. 1739). Referred to the House Calendar.

PUBLIC BILLS, RESOLUTIONS, AND MEMORIALS.

Under clause 3 of Rule XXII, bills, resolutions, and memorials were introduced and severally referred as follows:

By Mr. WINSLOW: A bill (H. R. 14443) for the relief of certain disbursing agents under the Department of Commerce; to the Committee on Interstate and Foreign Commerce.

By Mr. WEBSTER: A bill (H. R. 14444) granting the consent of Congress to the maintenance and operation, or reconstruction, maintenance, and operation, of an existing bridge across the Columbia River between the town of Marcus, Wash., and a point across the river opposite thereto, all in Stevens County, Wash.; to the Committee on Interstate and Foreign Commerce.

By Mr. HOGAN: A bill (H. R. 14445) to authorize and direct the Secretary of War to sell to John Kissel nitrate plant No. 1, nitrate plant No. 2, the Waco quarry, the interest of the Government in the Gorgas Warrior River steam plant, and to lease to the corporation to be incorporated by John Kissel Dam No. 2 and Dam No. 3, including power stations when constructed as provided herein, and for other purposes, all in the State of Alabama; to the Committee on Military Affairs.

By Mr. LANGLEY: A joint resolution (H. J. Res. 462) authorizing the President of the United States to lease certain lands in the District of Columbia, and pay rental from revenues derived from the operation of the Government hotels for Government workers; to the Committee on Public Buildings and Grounds.

By the SPEAKER (by request): Memorial of the Legislature of the State of Massachusetts favoring the passage of the ship subsidy bill; to the Committee on the Merchant Marine and Fisheries.

Also (by request), memorial of the Legislature of the State of Massachusetts relative to retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

By Mr. DALLINGER: Memorial of the Legislature of the State of Massachusetts relative to retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

By Mr. FROTHINGHAM: Memorial of the Legislature of the State of Massachusetts relative to retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

Also, memorial of the Legislature of the State of Massachusetts, urging Congress to adopt the so-called ship subsidy bill; to the Committee on the Merchant Marine and Fisheries.

By Mr. GALLIVAN: Memorial of the Legislature of the State of Massachusetts, relative to retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

By Mr. HAWLEY: Memorial of the Legislature of the State of Oregon, requesting Congress to enact legislation permitting the distribution of political reading matter as second-class postage; to the Committee on the Post Office and Post Roads.

By Mr. TAGUE: Memorial of the Legislature of the State of Massachusetts, relative to retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

Also, memorial of the Legislature of the State of Massachusetts in favor of the ship subsidy bill, so called; to the Committee on the Merchant Marine and Fisheries.

By Mr. TINKHAM: Memorial of the Legislature of the State of Massachusetts urging the passage of the ship subsidy bill; to the Committee on the Merchant Marine and Fisheries.

Also, memorial of the Legislature of the State of Massachusetts relative to retirement of disabled emergency officers of the United States Army; to the Committee on Military Affairs.

PRIVATE BILLS AND RESOLUTIONS.

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

By Mr. HICKS: A bill (H. R. 14446) authorizing the Secretary of War to donate to the village of Massapequa, N. Y., one German cannon or fieldpiece; to the Committee on Military Affairs.

Also, a bill (H. R. 14447) authorizing the Secretary of War to donate to the village of Southold, N. Y., one German cannon or fieldpiece; to the Committee on Military Affairs.

By Mr. TINCHER: A bill (H. R. 14448) granting a pension to Ernestine Romeiser; to the Committee on Invalid Pensions.

PETITIONS, ETC.

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

7481. By the SPEAKER (by request): Petition of John J. Leonard Post, No. 70, Veterans of Foreign Wars of the United States, urging Congress to enact into law the Bursum bill (S. 1565); to the Committee on Military Affairs.

7482. By Mr. GALLIVAN: Petition of Dorchester Post. No. 498, Veterans of Foreign Wars, William Hornemann, com-

mander, Dorchester, Mass., urging and petitioning Congress to enact at once into law the Bursum bill (S. 1565); to the Committee on Military Affairs.

7483. By Mr. GRIEST: Petition of George Shiffer Council, 177, Order of Independent Americans, Lancaster, Pa., protesting against any increase in the 3 per cent quota in restriction of immigration, etc.; to the Committee on Immigration and Naturalization.

7494. Also, petition of Ephrata Grange, No. 1815, advocating passage of the filled milk bill; to the Committee on Agriculture.

7485. By Mr. KISSEL: Petition of Friends of American Writers (Inc.), Chicago, Ill., regarding a bill in Congress to make the daisy the national flower of the United States; to the Committee on the Library.

7486. Also, petition of Savings Bank of Kewanee, Kewanee, Ill., urging the passage of the Norbeck-Nelson foreign credits bill for agriculture; to the Committee on Banking and Currency.

SENATE.

THURSDAY, *March 1, 1923.*

The Senate met at 11 o'clock a. m.

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

Our Father, in the passage of the months Thou art teaching us important lessons, and we recognize that our times are in Thy hands. Thou dost dispose of us according to Thy good pleasure, always having in mind our highest and best interests. We ask Thy favor this morning, and as we ask favor for guidance in our duties and responsibilities we would not forget the sudden sorrow that has come upon the other House of legislation, and beseech of Thee to minister to those in the grief of this hour and ever help at all times with the infinite consolation in Thyself. Through Jesus Christ, our Lord. Amen.

Upon request of Mr. LODGE and by unanimous consent the reading of the Journal of yesterday's proceedings was dispensed with and the Journal was approved.

MESSAGE FROM THE HOUSE.

A message from the House of Representatives, by Mr. Overhue, its enrolling clerk, announced that the House had passed a bill (H. R. 14435) making appropriations to provide additional compensation for certain civilian employees of the Governments of the United States and the District of Columbia during the fiscal year ending June 30, 1924, in which it requested the concurrence of the Senate.

ENROLLED BILLS AND JOINT RESOLUTION SIGNED.

The message also announced that the Speaker pro tempore of the House had signed the following enrolled bills and joint resolution; and they were thereupon signed by the Vice President:

S. 4589. An act to authorize the county of Hennepin, in the State of Minnesota, to construct a bridge and approaches thereto across the Minnesota River at a point suitable to the interests of navigation;

H. R. 7267. An act granting permission to Mrs. R. S. Abernethy, of Lincolnton, N. C., to accept the decoration of the bust of Bolivar;

H. R. 10677. An act for the relief of Quincy R. Craft;

H. R. 14317. An act granting permission to Capt. Norman Randolph, United States Army, to accept the decoration of the Spanish Order of Military Merit of Alfonso XIII; and

S. J. Res. 270. Joint resolution concerning lands devised to the United States Government by the late Joseph Battell, of Middlebury, Vt.

HOUSE BILL REFERRED.

H. R. 14435. An act making appropriations to provide additional compensation for certain civilian employees of the Governments of the United States and the District of Columbia during the fiscal year ending June 30, 1924, was read twice by its title and referred to the Committee on Appropriations.

PETITIONS AND MEMORIALS.

The VICE PRESIDENT laid before the Senate the following resolutions of the Legislature of New Mexico, which were referred to the Committee on the Judiciary:

SANTA FE, N. MEX., *February 28, 1923.*

Hon. CALVIN COOLIDGE,
Vice President, Washington, D. C.:

The Legislature of the State of New Mexico to-day unanimously passed the following joint memorial:

"*Be it resolved by the Legislature of the State of New Mexico*—

"Whereas the President of the United States has nominated Hon. Orpie Leon Phillips as Federal judge for the district of New Mexico; Therefore be it

"*Resolved by the Legislature of the State of New Mexico*, That the Senate of the United States be requested to immediately confirm such nomination and appointment; and be it further

"*Resolved*, That a copy of this resolution be sent by wire to the Vice President of the United States and to Hon. A. A. JONES and Hon. H. O. BURSUM, United States Senators from New Mexico."

JAMES F. HINKLE,
Governor of New Mexico.
JOSE A. BACA,
President of the Senate.
BYRON O. BEALL,
Speaker of the House of Representatives.

Mr. LODGE presented the following resolutions of the Senate of the Commonwealth of Massachusetts, which were ordered to lie on the table:

THE COMMONWEALTH OF MASSACHUSETTS, 1923.

Resolutions in favor of the ship subsidy bill, so called.

Whereas there is pending before Congress the ship subsidy bill, so called, for the preservation of American commercial independence and a necessary naval auxiliary in time of war; and

Whereas the enactment of such legislation will be of direct and immediate benefit to New England and to the United States of America: Therefore be it

Resolved, That the Senate of Massachusetts urges upon Congress the importance and desirability of adopting the said ship subsidy bill; and be it further

Resolved, That copies of these resolutions be sent by the clerk of the senate to each Senator and Representative in Congress from this Commonwealth.

SENATE, *February 26, 1923.*

Adopted:

WILLIAM H. SANGER, *Clerk.*

A true copy.
Attest:

WILLIAM H. SANGER,
Clerk of the Senate.

Mr. LODGE presented telegrams in the nature of petitions from the Massachusetts State Chamber of Commerce, of Boston, Mass., and the Associated Industries of Massachusetts, praying that a committee be appointed to study the immigration problem during the recess of Congress, which were referred to the Committee on Immigration.

Mr. MOSES presented a memorial of sundry citizens of Manchester and Auburn, all in the State of New Hampshire, 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. LADD presented resolutions of the Minnesota State Federation of National Farm Loan Associations, favoring repeal of the tax-free provision in existing law as applied to joint-stock land bank bonds, which were referred to the Committee on Finance.

Mr. ROBINSON presented the petition of R. L. Belt and sundry other citizens of Wellsville, Tenn., favoring the adoption of the amendment submitted by Mr. ROBINSON to the so-called ship subsidy bill relative to the prevention of accidents at sea, which was referred to the Committee on Commerce.

REPORTS OF COMMITTEES.

Mr. SPENCER, from the Committee on Indian Affairs, to which was referred the bill (H. R. 6568) for the relief of the Red Lake Band of Chippewa Indians of the State of Minnesota, and for other purposes, reported it without amendment and submitted a report (No. 1251) thereon.

Mr. DILLINGHAM, from the Committee on Immigration, submitted a report (No. 1252) to accompany the joint resolution (S. J. Res. 82) providing for immigration to relieve the emergency caused by an acute shortage of labor in the Territory of Hawaii, heretofore reported by him.

Mr. PAGE, from the Committee on Naval Affairs, to which was referred the bill (H. R. 12138) for the relief of Frank A. Jahn, reported it without amendment and submitted a report (No. 1253) thereon.

Mr. REED of Pennsylvania, from the Committee on Military Affairs, to which was referred the joint resolution (H. J. Res. 222) for the relief of Ramon B. Harrison, reported it with an amendment and submitted a report (No. 1254) thereon.

Mr. CALDER, from the Committee to Audit and Control the Contingent Expenses of the Senate, to which was referred the joint resolution (S. J. Res. 288) authorizing the appointment of a committee to investigate the leases and contracts executed by the United States Veterans' Bureau, and for other purposes, reported it without amendment.

DISTRICT STREET RAILWAY INVESTIGATION.

Mr. CALDER. From the Committee to Audit and Control the Contingent Expenses of the Senate I report back favorably, without amendment, the resolution (S. Res. 456) to investigate certain matters relating to the street railway systems in the District of Columbia, and I ask unanimous consent for its present consideration.

Mr. EDGE. Mr. President, I must object temporarily to the consideration of the resolution. I understand the Senator